

## AMNF Valuations

**All numbers below are in millions of dollars unless otherwise noted. And unless otherwise noted all numbers are from the last TTM period.**

**Current share price is \$2.25 as of 6/15/2015**

### EBIT and Cash Valuation

- $5.6 \text{ in EBIT} \times 8 \text{ (multiple)} = 44.8 + 3 \text{ CC\&E} = 47.8 / 32.1 \text{ (number of shares)} = \$1.49 \text{ per share.}$
- $5.6 \text{ in EBIT} \times 11 \text{ (multiple)} = 61.6 + 3 \text{ CC\&E} = 64.6 / 32.1 \text{ (number of shares)} = \$2.01 \text{ per share.}$

### Asset Reproduction Valuation

Assets:	Book Value:	Reproduction Value:	Notes
<b>Current Assets</b>			
Cash And Cash Equivalents	3	3	
Accounts Receivable (Net)	4	3.4	
Inventories	2	1	
Prepaid Expenses	1	0	
<b>Total Current Assets</b>	10	7.4	
PP&E Net	1	1	~\$7 million in PP&E that's been depreciated already.
<b>Total Assets</b>	11	8.4	

- $8.4 / 32.1 = \$0.26 \text{ per share.}$

## Relative Valuations

- $EV/EBIT = 70.1/5.6 = 12.51$
- $EBIT/EV \text{ earnings yield} = 7.99\%$
- $EV/FCF = 70.1/3.25 = 21.57$
- $FCF/EV \text{ earnings yield} = 4.6\%$

## My Thoughts

Whether you consider its cash flow, operating earnings, or assets, Armanino Foods is overvalued by a huge amount.

The only way Armanino is fairly/undervalued now is if I were to value it like I value companies with huge and long term sustained competitive advantages. Think of companies like Hershey, Altria, Philip Morris, etc.

Armanino has none of these. So valuing it like this makes no sense to me.

If the valuation comes down – or Armanino starts earning more profit – than I will look at possibly investing in them.

But for now it's time to look for another case study candidate.