K-SEA Transportation Partners LP (KSP) 10/8/09

KSP operates as a marine transportation and logistics company, mainly in petroleum products in the US. For 2009 the company operated 69 tank barges, and 66 tugboats servicing oil companies, oil refiners, and oil traders. KSP was founded in 1959 and is headquartered in East Brunswick, New Jersey.

Current Price	$21.04
52 Week High	$24.59
52 Week Low	$10.80
One Yr Target	$22.50
Market Cap (in billions)	$0.40
P/E (Trailing)	23.76
P/E(1 Yr Forward)	15.47
P/E/G	5.13
ROA	1.81%
ROE	4.96%
EPS	$0.89
Beta	0.25
Annualized Dividend	$3.08
Dividend Yield	14.64%
Analyst Consensus	2.50
Debt to Equity	1.64

Annual EPS

2005	$0.60	
2006	$1.55	158.33%
2007	$1.95	25.81%
2008	$0.88	-54.87%
2009E	$0.89	0.63%

Annual Revenue (in millions)

2005	$182.77	
2006	$226.57	23.96%
2007	$326.28	44.01%
2008	$330.46	1.28%

Annual Net Income (in millions)

2005	$5.90	
2006	$15.82	168.14%
2007	$25.67	62.26%
2008	$13.95	-45.66%

Free Cash Flows (in millions)

2005	$11.02	
2006	$26.42	139.75%
2007	$27.23	3.07%
2008	$41.88	53.80%

Required Rate of Return

5.59%

Dividend Growth Model

Present Value of 2014 Price	n/a
Holding Period Return (5 years)	n/a

Expected Annualized Return Model

Present Value of 2014 Price	$23.60
Holding Period Return (5 years)	2.75%

Residual Income Model

Intrinsic Stock Price	$17.39

Analysis

Positives

Low Beta is nice, it could help to offset some riskier stocks in a portfolio

Nice dividend yield

Negatives

Stock price is overvalued according to the two applicable valuation models

Financial Statements

Balance Sheet is decent, but carries poor current asset/current liability ratios

EPS, Revenue, and Net Income have fallen in the past year, a poor sign of the Income Statement

Cash Flows are somewhat volatile, yet have been positive for the past four years

Industry Analysis

Company is of average size for the industry

Financial Ratios are generally below average when compared to competitors

Summary

KSP's financial ratios are pretty average, but it has an excellent Beta and good dividend yield. Financial Statements are average, with revenue streams having been hurt in recent years by falling oil prices and the overall economic conditions. The valuation models are discouraging; with the RI and EAR models saying the stock is overvalued, though the DG model is not applicable due to the dividend growth being higher than the required rate of return. KSP would look to benefit greatly from a rise in oil prices. More production from oil companies would mean more transport for everyone. KSP faces the challenges of the Jones Act and an aging fleet, meaning their market share may shrink in the future. Overall, KSP earns a **hold** rating.