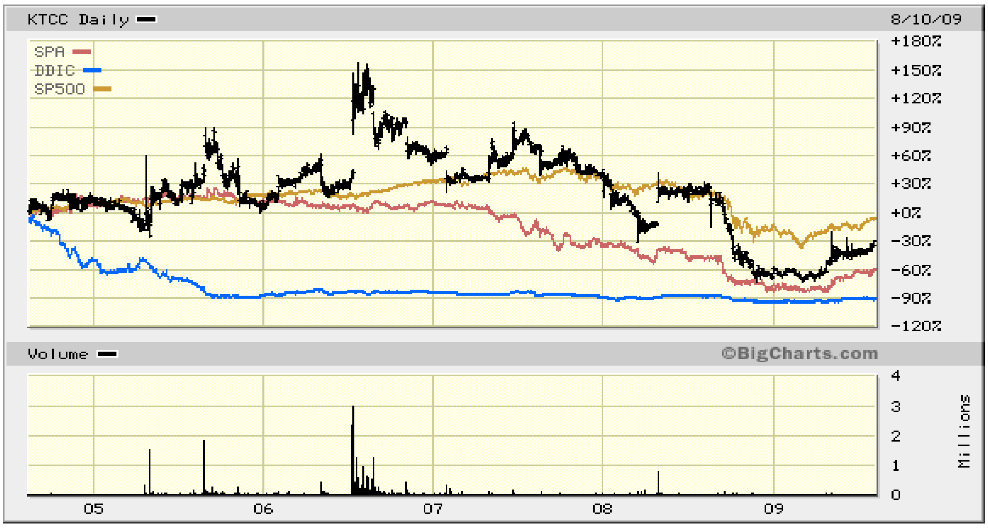
Key Tronic Corp. (KTCC) 8/10/09

KTCC provides electronic manufacturing services to original providers in the US, Mexico, and China. The services include product design and manufacturing or existing computer hardware plus prototype builds. KTCC also manufactures keyboards and other input devices for personal computers. Founded in 1968 the company is headquartered in Spokane Valley, Washington.

Current Price	$2,06
52 Week High	$2,10
52 Week Low	$1,95
One Yr Target	n/a
Market Cap (in billions)	$0,21
P/E (Trailing)	6,21
P/E(1 Yr Forward)	n/a
P/E/G	n/a
ROA	3,71%
ROE	7,02%
EPS	$0,33
Beta	0,89
Annualized Dividend	$0,00
Dividend Yield	0,00%
Analyst Consensus	n/a



Annual EPS		
2005	$0,44	
2006	$0,97	120,45%
2007	$0,51	-47,42%
2008	$0,54	5,88%
2009E	$0,33	-38,57%

Annual Revenue (in millions)		
2005	$202,88	
2006	$187,70	-7,48%
2007	$201,71	7,46%
2008	$204,12	1,19%

Annual Net Income (in millions)		
2005	$4,38	
2005	$9,75	122,60%
2007	$5,23	-46,36%
2008	$5,58	6,69%

Required Rate of Return	
	10,06%

Dividend Growth Model	
Present Value of 2013 Price	n/a
Holding Period Return (5 years)	n/a

Expected Annualized Return Model	
Present Value of 2013 Price	$3,87
Holding Period Return (5 years)	15,43%

Residual Income Model	
Intrinsic Stock Price	$1,25

Analysis

Positives

Stable stock price with a Beta < 1

Low P/E suggest that the stock price is cheap and possibly a good value

Undervalued according to EAR model and clears the hurdle rate of return

Negatives

Doesn't currently pay any dividends

Overvalued according to the RI model

Financial Statements

Very good looking Balance Sheet with strong asset/liability ratios and increasing equity

Volatile Revenue and Net Income over several years but nice ability to increase in previous year

Decent Cash Flows but previous year's decline is a negative sign

Industry Analysis

Smaller company in the industry

Better than average ability to show profits in recent down year

Profit margins are in line with industry average

Summary

KTCC is a somewhat difficult company to value due to reduced input ratios. KTCC is a stable stock with ratios that suggest it may be purchased for a value price. The EAR and RI valuation models are conflicting on the stock's underlying value. KTCC shows to be a better than average run company but also had reductions in revenue and net income even before the economic downturn. KTCC should rebound to have increased revenues and profits in future years, but some doubt still remains and therefore KTCC earns a **hold** rating.