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Eastman Kodak Death Watch

Posted: July 5, 2011 at 10:45 am



Eastman Kodak ([NYSE: EK](#)) has been on and off life support for years. Its shares trade just above \$3 down from nearly \$30 in mid-2007 and and \$75 in 1999.

Kodak has posted a net loss four of the last five years. Revenue has dropped from \$13.3 billion in 2006 to \$7.2 billion last year. Kodak missed the transition from film to digital photography which has [cost](#) it dearly.

First quarter 2011 results were dismal. "First-quarter sales were \$1.322 billion, a 31% decrease from the year-ago quarter, primarily due to a \$550 million non-recurring intellectual property licensing transaction in the year-ago period," the company said.

The company's consumer ink-jet operation is critical to Kodak's current success and that sector is increasingly competitive. Its [enterprise](#) graphics business is much more promising. It is hard to make the case that the division can carry Kodak.

Kodak has been locked in an intellectual property battle with Apple (NASDAQ: AAPL) and Research-In-Motion (NASDAQ: RIMM). There was hope that Kodak would be able to get hundreds of millions of dollars in license fees because of [patent infringement](#). The probability of that began to disappear last week. As Forbes wrote, "Kodak's case against Apple and Research in Motion will continue, but that the odds for a big billion-dollar win for Kodak now seem small."

At what point does Kodak become a dead [company](#) as far as Wall St. is concerned? The shares traded as low as \$2.24 when the market bottomed in March 2009. Certainly if the stock falls below \$2 for any extended period, investors have abandoned the company because they believe it is no longer viable.

Douglas A. McIntyre

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