

ModernGraham Valuation

Company Name:

CVS Health Corp

Company Ticker CVS

Date of Analysis

3/20/2017



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$80,002,117,799	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.18	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	112.33%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	15.91	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.30	Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.18	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	5.35	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago Score		Pass

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.94
MG Growth Estimate	9.17%
MG Value	\$132.67
MG Value based on 3% Growth	\$71.68
MG Value based on 0% Growth	\$42.02
Market Implied Growth Rate	3.71%

MG Opinion

Current Price	\$78.67
% of Intrinsic Value	59.30%
Opinion	Undervalued
MG Grade	B+

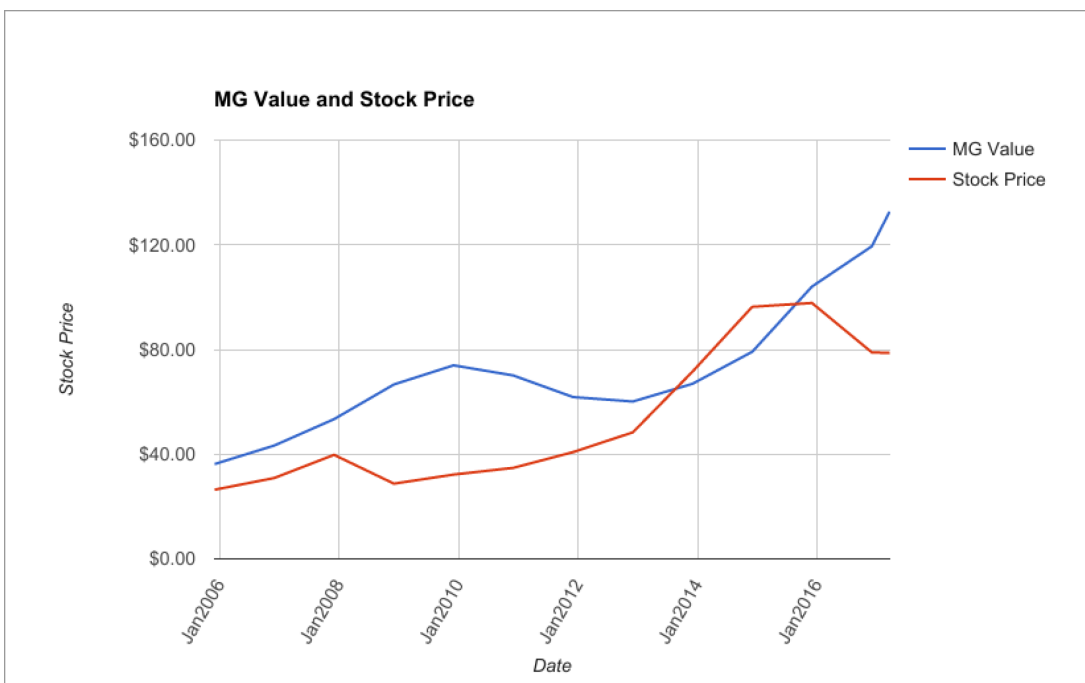
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$24.64
Graham Number	\$67.31
PEmg	15.91
Current Ratio	1.18
PB Ratio	2.30
Current Dividend	\$1.70
Dividend Yield	2.16%
Number of Consecutive Years of Dividend Growth	14

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.80	Next Fiscal Year Estimate	\$4.94
Dec2016	\$4.90	Dec2016	\$4.36
Dec2015	\$4.63	Dec2015	\$3.92
Dec2014	\$3.96	Dec2014	\$3.43
Dec2013	\$3.74	Dec2013	\$3.07
Dec2012	\$3.02	Dec2012	\$2.68
Dec2011	\$2.57	Dec2011	\$2.45
Dec2010	\$2.49	Dec2010	\$2.31
Dec2009	\$2.55	Dec2009	\$2.13
Dec2008	\$2.18	Dec2008	\$1.83
Dec2007	\$1.92	Dec2007	\$1.57
Dec2006	\$1.60	Dec2006	\$1.34
Dec2005	\$1.45	Dec2005	\$1.13
Dec2004	\$1.10	Dec2004	\$0.94
Dec2003	\$1.03	Dec2003	\$0.85
Dec2002	\$0.88	Dec2002	\$0.74
Dec2001	\$0.50	Dec2001	\$0.64
Dec2000	\$0.92	Balance Sheet Information 12/1/2016	
Dec1999	\$0.78	Total Current Assets	\$31,042,000,000
Dec1998	\$0.48	Total Current Liabilities	\$26,250,000,000
Dec1997	\$0.10	Long-Term Debt	\$25,615,000,000
		Total Assets	\$94,462,000,000
		Intangible Assets	\$51,760,000,000
		Total Liabilities	\$57,632,000,000
		Shares Outstanding (Diluted Average)	1,079,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- [CVS Health Corp Valuation – December 2015 Update \\$CVS](#)
- [22 Companies in the Spotlight This Week – 11/29/14](#)
- [CVS Health Corporation Annual Valuation – 2014 \\$CVS](#)
- [10 Companies in the Spotlight This Week – 11/30/2013](#)
- [ModernGraham Valuation: CVS Caremark \(CVS\)](#)

Other ModernGraham posts about related companies

- [Target Corp Valuation – March 2017 \\$TGT](#)
- [Foot Locker Inc Valuation – Initial Coverage \\$FL](#)
- [Ulta Beauty Inc Valuation – Initial Coverage \\$ULTA](#)
- [Kohl's Corporation Valuation – March 2017 \\$KSS](#)
- [Stamps.com Inc Valuation – Initial Coverage \\$STMP](#)
- [Kirkland's Inc Valuation – Initial Coverage \\$KIRK](#)
- [Dollar Tree Inc Valuation – February 2017 \\$DLTR](#)
- [Staples Inc Valuation – February 2017 \\$SPLS](#)
- [Stein Mart Inc Valuation – Initial Coverage \\$SMRT](#)
- [J C Penney Company Inc Valuation – Initial Coverage \\$JCP](#)