

# ModernGraham Valuation

Company Name:

Zoetis Inc

Company Ticker

ZTS

Date of Analysis

10/28/2015



## 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	\$21,344,560,102	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.11	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	10600.00%	Pass
5. Earnings Growth	PEmg < 20	43.05	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	18.43	Fail
7. Moderate Price to Assets			

*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	2.11	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.86	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		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.01
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$38.76</b>
MG Value based on 3% Growth	\$14.60
MG Value based on 0% Growth	\$8.56
Market Implied Growth Rate	17.28%

### MG Opinion

Current Price	\$43.34
% of Intrinsic Value	111.83%
<b>Opinion</b>	<b>Overvalued</b>

## Stage 3: Information for Further Research

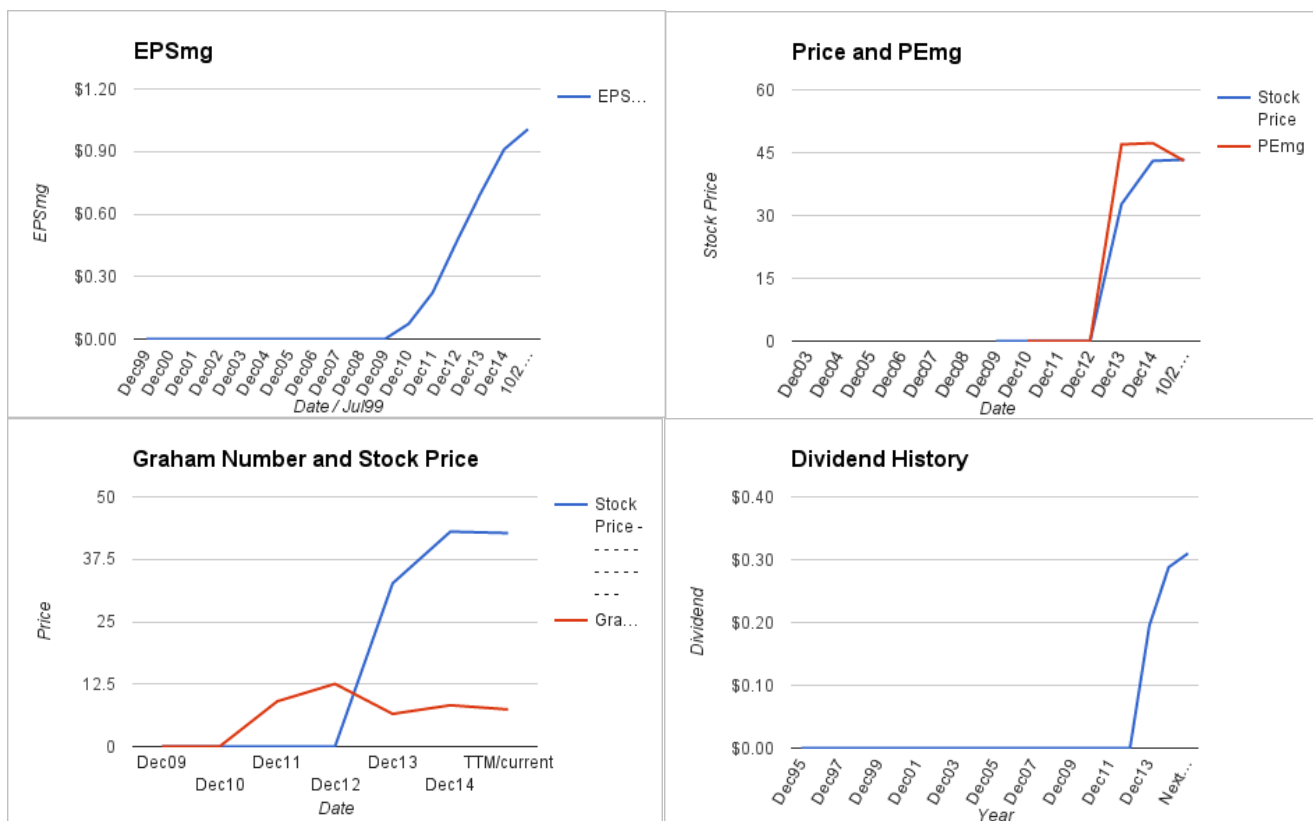
Net Current Asset Value (NCAV)	-\$4.21
Graham Number	\$7.43
PEmg	43.05
Current Ratio	2.11
PB Ratio	18.43
Dividend Yield	0.72%
Number of Consecutive Years of Dividend Growth	3

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.04	Next Fiscal Year Estimate	\$1.01
Dec14	\$1.16	Dec14	\$0.91
Dec13	\$1.01	Dec13	\$0.70
Dec12	\$0.87	Dec12	\$0.46
Dec11	\$0.49	Dec11	\$0.22
Dec10	\$0.22	Dec10	\$0.07
Dec09	\$0.00	Dec09	\$0.00
Dec08	\$0.00	Dec08	\$0.00
Dec07	\$0.00	Dec07	\$0.00
Dec06	\$0.00	Dec06	\$0.00
Dec05	\$0.00	Dec05	\$0.00
Dec04	\$0.00	Dec04	\$0.00
Dec03	\$0.00	Dec03	\$0.00
Dec02	\$0.00	Dec02	\$0.00
Dec01	\$0.00	Dec01	\$0.00
Dec00	\$0.00	Dec00	\$0.00
Dec99	\$0.00	Dec99	\$0.00
Dec98	\$0.00	<b>Balance Sheet Information                      Jun15</b>	
Dec97	\$0.00	Total Current Assets	\$3,316,000,000
Dec96	\$0.00	Total Current Liabilities	\$1,572,000,000
Dec95	\$0.00	Long-Term Debt	\$3,243,000,000
		Total Assets	\$6,598,000,000
		Intangible Assets	\$1,864,000,000
		Total Liabilities	\$5,422,000,000
		Shares Outstanding (Diluted Average)	500,173,000





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

[The Best Companies of the Pharmaceuticals Industry – August 2015](#)  
[The 16 Best Stocks For Value Investors This Week – 8/1/15](#)  
[Zoetis Inc. Analysis – July 2015 Update \\$ZTS](#)  
[27 Companies in the Spotlight This Week – 4/4/15](#)  
[Zoetis Inc. Quarterly Valuation – March 2015 \\$ZTS](#)

Other  
ModernGraham  
posts about related  
companies

[Biogen Inc. Valuation – October 2015 Update \\$BIIB](#)  
[Perrigo Company PLC Analysis – October 2015 Update \\$PRGO](#)  
[Amgen Inc. Analysis – September 2015 Update \\$AMGN](#)  
[Pfizer Inc Analysis – September 2015 Update \\$PFE](#)  
[Johnson & Johnson Analysis – September 2015 Update \\$JNJ](#)  
[Celgene Corporation Analysis – September 2015 Update \\$CELG](#)  
[Allergan PLC Analysis – August 2015 Update \\$AGN](#)  
[The Best Companies of the Pharmaceuticals Industry – August 2015](#)  
[Alexion Pharmaceuticals Inc. Analysis – August 2015 Update \\$ALXN](#)  
[Akorn Inc. Analysis – Initial Coverage \\$AKRX](#)