ModernGraham Valuation

Company Name: Psychemedics Corp.

Company Ticker PMD

Date of Analysis 11/9/2015

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	$61,480,094	Fail
2.	Sufficiently Strong Financial Condition	Current Ratio > 2	2.60	Pass
3.	Earnings Stability	Positive EPS for 10 years prior		Pass
4.	Dividend Record	Dividend Payments for 10 years prior		Pass
5.	Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-28.14%	Fail
6.	Moderate PEmg Ratio	PEmg < 20	20.62	Fail
7.	Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.04	Fail

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	2.60	Pass
2.	Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.80	Pass
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

Defensive	**No**
Enterprising	**Yes**

Stage 2: Determination of Intrinsic Value

EPSmg	$0.55
MG Growth Estimate	0.07%
MG Value	**$4.76**
MG Value based on 3% Growth	$7.98
MG Value based on 0% Growth	$4.68
Market Implied Growth Rate	6.06%

MG Opinion

Current Price	$11.34
% of Intrinsic Value	238.47%
Opinion	**Overvalued**

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-$0.30
Graham Number	$4.36
PEmg	20.62
Current Ratio	2.60
PB Ratio	5.04
Dividend Yield	5.29%
Number of Consecutive Years of Dividend Growth	0

Useful Links:

ModernGraham tagged articles | Morningstar

Google Finance | MSN Money

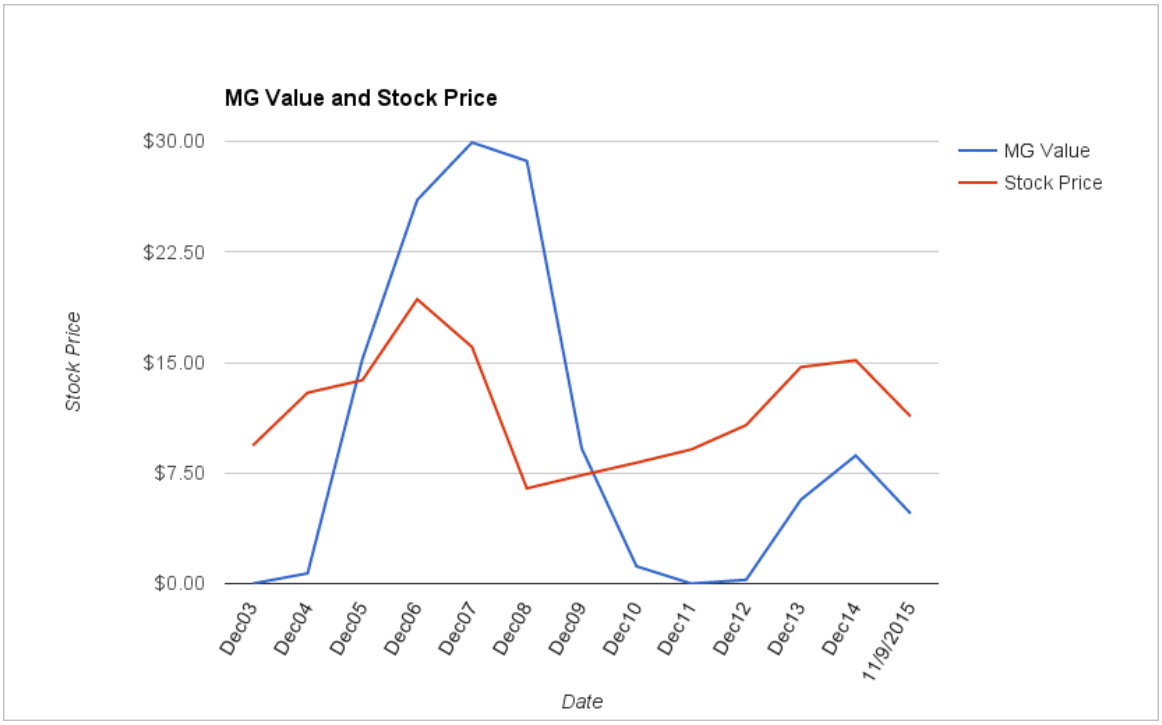
Yahoo Finance | Seeking Alpha

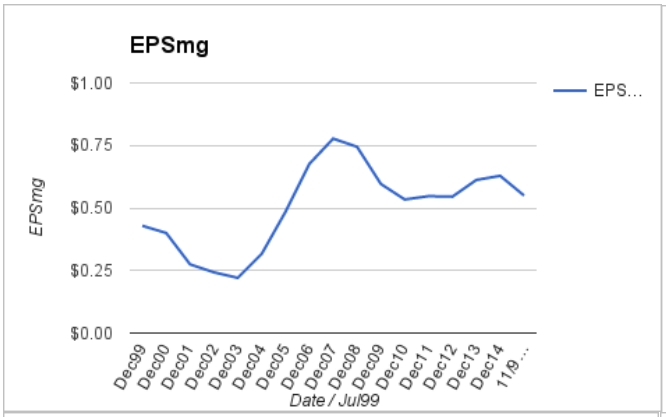
GuruFocus | SEC Filings

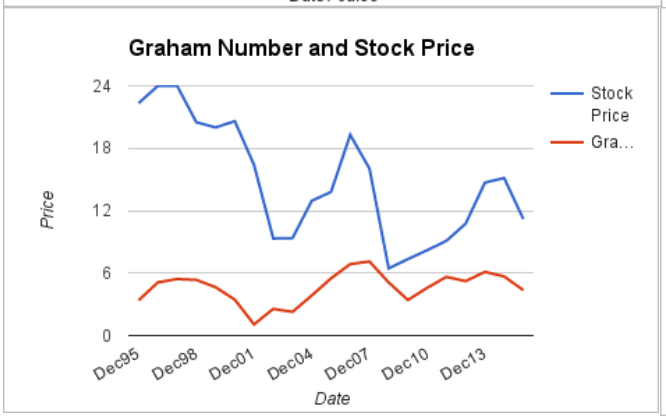
EPS History	
Next Fiscal Year Estimate	$0.38
Dec14	$0.60
Dec13	$0.72
Dec12	$0.57
Dec11	$0.67
Dec10	$0.50
Dec09	$0.29
Dec08	$0.57
Dec07	$0.85
Dec06	$0.94
Dec05	$0.78
Dec04	$0.54
Dec03	$0.23
Dec02	$0.24
Dec01	$0.04
Dec00	$0.32
Dec99	$0.44
Dec98	$0.44
Dec97	$0.44
Dec96	$0.44
Dec95	$0.27

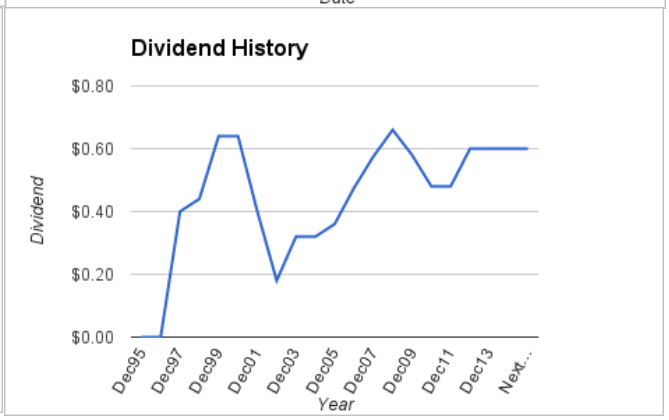
EPSmg History	
Next Fiscal Year Estimate	$0.55
Dec14	$0.63
Dec13	$0.61
Dec12	$0.55
Dec11	$0.55
Dec10	$0.53
Dec09	$0.60
Dec08	$0.74
Dec07	$0.78
Dec06	$0.68
Dec05	$0.48
Dec04	$0.32
Dec03	$0.22
Dec02	$0.24
Dec01	$0.27
Dec00	$0.40
Dec99	$0.43

Balance Sheet Information	Sep15
Total Current Assets	$9,499,000
Total Current Liabilities	$3,655,000
Long-Term Debt	$4,677,000
Total Assets	$23,328,000
Intangible Assets	$0
Total Liabilities	$11,128,000
Shares Outstanding (Diluted Average)	5,425,000









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

Psychemedics Corporation Analysis – August 2015 Update $PMD
21 Companies in the Spotlight This Week – 5/9/15
Psychemedics Corporation Quarterly Valuation – May 2015 $PMD
Psychemedics Corporation Quarterly Valuation – January 2015 $PMD
13 Companies in the Spotlight This Week – 10/4/14

Other ModernGraham posts about related companies

C.R. Bard Inc. Valuation – November 2015 Update $BCR
Henry Schein Inc. Valuation – October 2015 Update $HSIC
Medtronic PLC Valuation – October 2015 Update $MDT
PerkinElmer Inc. Analysis – October 2015 Update $PKI
Quest Diagnostics Inc. Analysis – October 2015 Update $DGX
Stryker Corporation Analysis – October 2015 Update $SYK
The Best Companies of the Medical Industry – September 2015
Zimmer Biomet Holdings Inc. Analysis – September 2015 Update $ZBH
Waters Corporation Analysis – September 2015 Update $WAT
Patterson Companies Inc. Analysis – September 2015 Update $PDCO