

ModernGraham Valuation

Company Name:

CVS Health Corp

Company Ticker CVS

Date of Analysis

12/11/2015



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	\$105,177,963,614	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.43	Fail
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	119.47%	Pass
6. Moderate PEmg Ratio	PEmg < 20	23.42	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.81	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	1.43	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.87	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

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.98
MG Growth Estimate	9.38%
MG Value	\$108.55
MG Value based on 3% Growth	\$57.73
MG Value based on 0% Growth	\$33.84
Market Implied Growth Rate	7.46%

MG Opinion

Current Price	\$93.23
% of Intrinsic Value	85.89%
Opinion	Fairly Valued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$21.80
Graham Number	\$60.18
PEmg	23.42
Current Ratio	1.43
PB Ratio	2.81
Dividend Yield	1.42%
Number of Consecutive Years of Dividend Growth	12

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	\$4.81	Next Fiscal Year Estimate	\$3.98
Dec14	\$3.96	Dec14	\$3.43
Dec13	\$3.74	Dec13	\$3.07
Dec12	\$3.02	Dec12	\$2.68
Dec11	\$2.57	Dec11	\$2.45
Dec10	\$2.49	Dec10	\$2.31
Dec09	\$2.55	Dec09	\$2.13
Dec08	\$2.18	Dec08	\$1.83
Dec07	\$1.92	Dec07	\$1.57
Dec06	\$1.60	Dec06	\$1.34
Dec05	\$1.45	Dec05	\$1.13
Dec04	\$1.10	Dec04	\$0.94
Dec03	\$1.03	Dec03	\$0.85
Dec02	\$0.88	Dec02	\$0.74
Dec01	\$0.50	Dec01	\$0.64
Dec00	\$0.92	Dec00	\$0.64
Dec99	\$0.78	Dec99	\$0.38
Dec98	\$0.48	Balance Sheet Information Sep15	
Dec97	\$0.10	Total Current Assets	\$30,753,000,000
Dec96	\$0.26	Total Current Liabilities	\$21,434,000,000
Dec95	-\$0.90	Long-Term Debt	\$26,771,000,000
		Total Assets	\$92,362,000,000
		Intangible Assets	\$50,639,000,000
		Total Liabilities	\$55,188,000,000
		Shares Outstanding (Diluted Average)	1,121,000,000





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:

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[CVS Health Corporation Annual Valuation – 2014 \\$CVS](#)
[10 Companies in the Spotlight This Week – 11/30/2013](#)
[ModernGraham Valuation: CVS Caremark \(CVS\)](#)

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[Nordstrom Inc. Valuation – October 2015 Update \\$JWN](#)
[Tractor Supply Company Valuation – October 2015 Update \\$TSCO](#)
[Coach Inc. Valuation – October 2015 Update \\$COH](#)
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