

ModernGraham Valuation

Company Name:

Quest Diagnostics Inc

Company Ticker DGX

Date of Analysis

1/26/2016



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	\$9,399,440,029	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.45	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	84.18%	Pass
6. Moderate PEmg Ratio	PEmg < 20	15.19	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.09	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	1.45	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	6.93	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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.36
MG Growth Estimate	4.58%
MG Value	\$77.04
MG Value based on 3% Growth	\$63.22
MG Value based on 0% Growth	\$37.06
Market Implied Growth Rate	3.35%

MG Opinion

Current Price	\$66.23
% of Intrinsic Value	85.97%
Opinion	Fairly Valued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$26.46
Graham Number	\$58.30
PEmg	15.19
Current Ratio	1.45
PB Ratio	2.09
Dividend Yield	2.22%
Number of Consecutive Years of Dividend Growth	1

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	\$4.74	Next Fiscal Year Estimate	\$4.36
Dec2014	\$3.81	Dec2014	\$4.10
Dec2013	\$5.54	Dec2013	\$4.15
Dec2012	\$3.46	Dec2012	\$3.46
Dec2011	\$2.92	Dec2011	\$3.34
Dec2010	\$4.05	Dec2010	\$3.40
Dec2009	\$3.87	Dec2009	\$3.00
Dec2008	\$2.97	Dec2008	\$2.55
Dec2007	\$1.74	Dec2007	\$2.34
Dec2006	\$2.94	Dec2006	\$2.54
Dec2005	\$2.66	Dec2005	\$2.19
Dec2004	\$2.35	Dec2004	\$1.79
Dec2003	\$2.02	Dec2003	\$1.34
Dec2002	\$1.62	Dec2002	\$0.88
Dec2001	\$0.83	Dec2001	\$0.43
Dec2000	\$0.54	Dec2000	\$0.19
Dec1999	-\$0.03	Dec1999	\$0.01
Dec1998	\$0.22	Balance Sheet Information Sep2015	
Dec1997	-\$0.19	Total Current Assets	\$1,648,000,000
Dec1996	\$0.00	Total Current Liabilities	\$1,133,000,000
Dec1995	\$0.00	Long-Term Debt	\$3,571,000,000
		Total Assets	\$10,074,000,000
		Intangible Assets	\$6,899,000,000
		Total Liabilities	\$5,485,000,000
		Shares Outstanding (Diluted Average)	145,000,000





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.

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