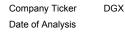
# **ModernGraham Valuation**

**Company Name:** 

**Quest Diagnostics Inc** 



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 b	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

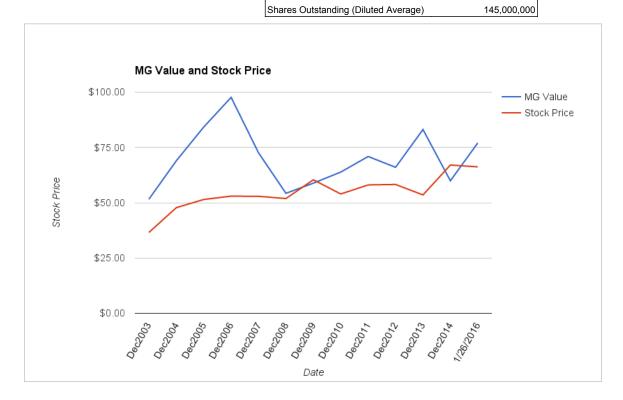
#### Suitability

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: Info	rmation 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	

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
		Change Outstanding (Diluted Augusta)	445 000 000





#### 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	8 Best Stocks For Value Investors This Week – 10/13/15
	Quest Diagnostics Inc. Analysis – October 2015 Update \$DGX
	The Best Companies of the Medical Industry – September 2015
	The 9 Best Stocks For Value Investors This Week – 7/18/15
	Quest Diagnostics Inc. Analysis – July 2015 Update \$DGX
Other ModernGraham posts about related companies	Dentsply International Inc Valuation – November 2015 Update \$XRAY
	UnitedHealth Group Inc. Valuation – November 2015 Update \$UNH
	DaVita HealthCare Partners Inc Valuation – November 2015 Update \$DVA
	Align Technology Inc. Valuation – November 2015 Update \$ALGN
	Varian Medical Systems Inc. Valuation – November 2015 Update \$VAR
	Psychemedics Corporation Valuation – November 2015 Update \$PMD
	C.R. Bard Inc. Valuation – November 2015 Undate \$BCR

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