

# ModernGraham Valuation

## Company Name:

Company Ticker ZBH  
Date of Analysis

Zimmer Biomet  
Holdings Inc

6/11/2016



## 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	\$23,683,841,548	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.36	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	24.85%	Fail
5. Earnings Growth	PEmg < 20	26.19	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.49	Pass
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	3.36	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.12	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	\$4.55
MG Growth Estimate	3.02%
<b>MG Value</b>	<b>\$66.24</b>
MG Value based on 3% Growth	\$66.02
MG Value based on 0% Growth	\$38.70
Market Implied Growth Rate	8.84%

### MG Opinion

Current Price	\$119.23
% of Intrinsic Value	179.98%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>C-</b>

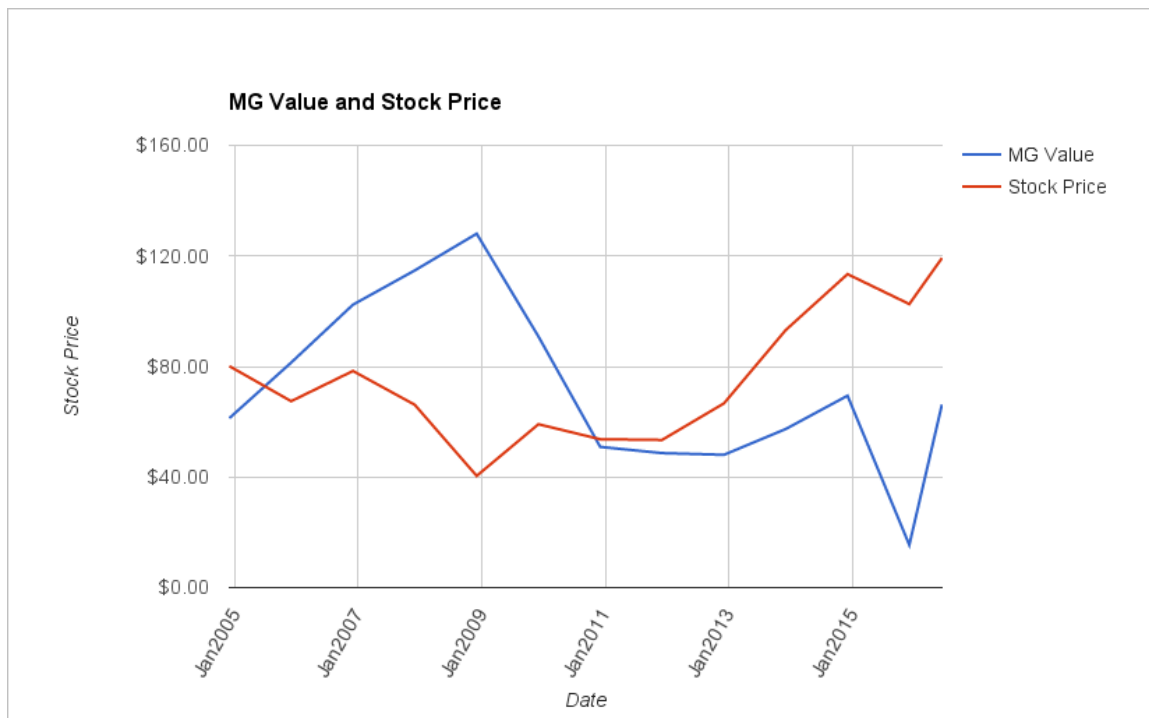
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$57.21
Graham Number	\$92.86
PEmg	26.19
Current Ratio	3.36
PB Ratio	2.49
Current Dividend	\$0.90
Dividend Yield	0.75%
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	\$7.90	Next Fiscal Year Estimate	\$4.55
Dec2015	\$0.77	Dec2015	\$3.10
Dec2014	\$4.19	Dec2014	\$4.17
Dec2013	\$4.43	Dec2013	\$4.04
Dec2012	\$4.29	Dec2012	\$3.79
Dec2011	\$4.03	Dec2011	\$3.51
Dec2010	\$2.97	Dec2010	\$3.28
Dec2009	\$3.32	Dec2009	\$3.40
Dec2008	\$3.72	Dec2008	\$3.33
Dec2007	\$3.26	Dec2007	\$2.98
Dec2006	\$3.40	Dec2006	\$2.66
Dec2005	\$2.93	Dec2005	\$2.11
Dec2004	\$2.19	Dec2004	\$1.59
Dec2003	\$1.64	Dec2003	\$1.17
Dec2002	\$1.31	Dec2002	\$0.82
Dec2001	\$0.77	Dec2001	\$0.50
Dec2000	\$0.91	Dec2000	\$0.30
Dec1999	\$0.00	<b>Balance Sheet Information 3/1/2016</b>	
Dec1998	\$0.00	Total Current Assets	\$5,082,000,000
Dec1997	\$0.00	Total Current Liabilities	\$1,514,600,000
Dec1996	\$0.00	Long-Term Debt	\$11,117,400,000
		Total Assets	\$26,297,300,000
		Intangible Assets	\$18,617,100,000
		Total Liabilities	\$16,637,600,000
		Shares Outstanding (Diluted Average)	202,000,000





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

[Zimmer Biomet Holdings Inc. Analysis – September 2015 Update \\$ZBH](#)

Other  
ModernGraham  
posts about related  
companies

[Waters Corporation Valuation – May 2016 \\$WAT](#)

[Align Technology Inc Valuation – May 2016 \\$ALGN](#)

[C.R. Bard Inc Stock Valuation – February 2016 \\$BCR](#)

[Psychemedics Corp Stock Valuation – February 2016 \\$PMD](#)

[Patterson Companies Inc Stock Valuation – February 2016 \\$PDCO](#)

[Edwards Lifesciences Corp Valuation – February 2016 \\$EW](#)

[Baxter International Inc Valuation – February 2016 \\$BAX](#)

[Cerner Corporation Valuation – February 2016 Update \\$CERN](#)

[Henry Schein Inc Valuation – February 2016 Update \\$HSIC](#)

[Medtronic PLC Valuation – January 2016 Update \\$MDT](#)