

ModernGraham Valuation

Company Name:

Zoetis Inc

Company Ticker ZTS

Date of Analysis

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	\$23,364,570,602	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.84	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	12166.67%	Pass
6. Moderate PEmg Ratio	PEmg < 20	38.87	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	20.32	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	2.84	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.08	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	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.22
MG Growth Estimate	15.00%
MG Value	\$46.94
MG Value based on 3% Growth	\$17.68
MG Value based on 0% Growth	\$10.36
Market Implied Growth Rate	15.18%

MG Opinion

Current Price	\$47.39
% of Intrinsic Value	100.95%
Opinion	Fairly Valued
MG Grade	C

Stage 3: Information for Further Research

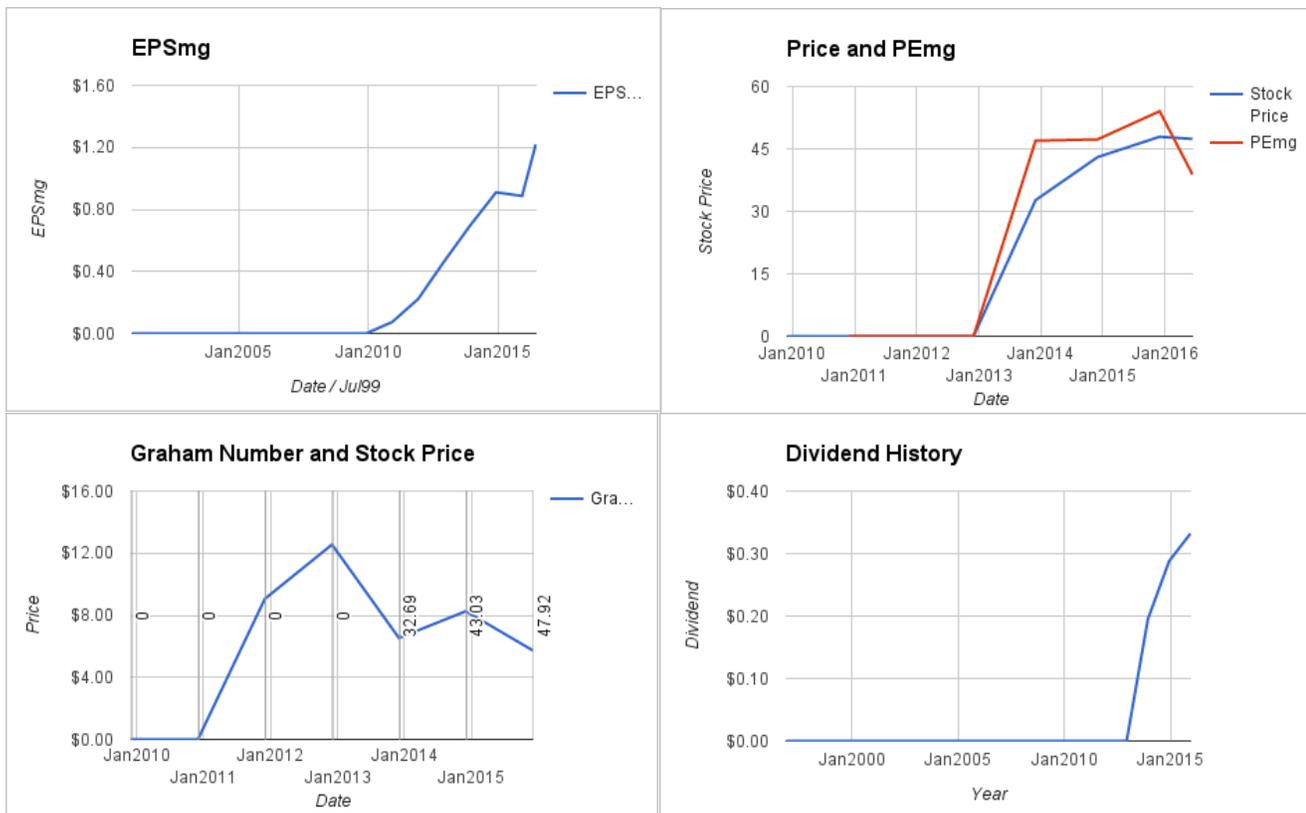
Net Current Asset Value (NCAV)	-\$5.97
Graham Number	\$9.85
PEmg	38.87
Current Ratio	2.84
PB Ratio	20.32
Current Dividend	\$0.44
Dividend Yield	0.93%
Number of Consecutive Years of Dividend Growth	4

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.84	Next Fiscal Year Estimate	\$1.22
Dec2015	\$0.68	Dec2015	\$0.89
Dec2014	\$1.16	Dec2014	\$0.91
Dec2013	\$1.01	Dec2013	\$0.70
Dec2012	\$0.87	Dec2012	\$0.46
Dec2011	\$0.49	Dec2011	\$0.22
Dec2010	\$0.22	Dec2010	\$0.07
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Dec2001	\$0.00
Dec2000	\$0.00	Dec2000	\$0.00
Dec1999	\$0.00	Balance Sheet Information 3/1/2016	
Dec1998	\$0.00	Total Current Assets	\$3,307,000,000
Dec1997	\$0.00	Total Current Liabilities	\$1,163,000,000
Dec1996	\$0.00	Long-Term Debt	\$4,464,000,000
		Total Assets	\$7,453,000,000
		Intangible Assets	\$2,669,000,000
		Total Liabilities	\$6,288,000,000
		Shares Outstanding (Diluted Average)	499,500,000





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

- [Zoetis Inc. Valuation – October 2015 Update \\$ZTS](#)
- [The Best Companies of the Pharmaceuticals Industry – August 2015](#)
- [The 16 Best Stocks For Value Investors This Week – 8/1/15](#)
- [Zoetis Inc. Analysis – July 2015 Update \\$ZTS](#)
- [27 Companies in the Spotlight This Week – 4/4/15](#)

Other
ModernGraham
posts about related
companies

- [Merck & Co Inc Valuation – March 2016 \\$MRK](#)
- [Bristol-Myers Squibb Company Valuation – February 2016 \\$BMY](#)
- [Amgen Inc Valuation – February 2016 \\$AMGN](#)
- [Merck & Co Inc Valuation – March 2016 \\$MRK](#)
- [Bristol-Myers Squibb Company Valuation – February 2016 \\$BMY](#)
- [Amgen Inc Valuation – February 2016 \\$AMGN](#)
- [Pfizer Inc Valuation – February 2016 \\$PFE](#)
- [Biogen Inc Valuation – February 2016 Update \\$BIIB](#)
- [Perrigo Co PLC Valuation – January 2016 Update \\$PRGO](#)
- [Pfizer Inc Valuation – February 2016 \\$PFE](#)