

# ModernGraham Valuation

Company Name:

Cardinal Health Inc

Company Ticker CAH

Date of Analysis

7/2/2016



## 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	\$25,745,700,701	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.15	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	-1.04%	Fail
6. Moderate PEmg Ratio	PEmg < 20	22.75	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.86	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	1.15	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.79	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>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$3.44
MG Growth Estimate	3.69%
<b>MG Value</b>	<b>\$54.67</b>
MG Value based on 3% Growth	\$49.90
MG Value based on 0% Growth	\$29.25
Market Implied Growth Rate	7.12%

### MG Opinion

Current Price	\$78.29
% of Intrinsic Value	143.19%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>C-</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$15.26
Graham Number	\$45.15
PEmg	22.75
Current Ratio	1.15
PB Ratio	3.86
Current Dividend	\$1.55
Dividend Yield	1.98%
Number of Consecutive Years of Dividend Growth	20

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<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.40	Next Fiscal Year Estimate	\$3.44
Jun2015	\$3.62	Jun2015	\$2.89
Jun2014	\$3.38	Jun2014	\$2.48
Jun2013	\$0.97	Jun2013	\$2.13
Jun2012	\$3.06	Jun2012	\$2.76
Jun2011	\$2.72	Jun2011	\$2.81
Jun2010	\$1.77	Jun2010	\$2.94
Jun2009	\$3.18	Jun2009	\$3.44
Jun2008	\$3.57	Jun2008	\$3.47
Jun2007	\$4.77	Jun2007	\$3.35
Jun2006	\$2.33	Jun2006	\$2.66
Jun2005	\$2.41	Jun2005	\$2.75
Jun2004	\$3.35	Jun2004	\$2.76
Jun2003	\$3.10	Jun2003	\$2.31
Jun2002	\$2.30	Jun2002	\$1.80
Jun2001	\$1.88	Jun2001	\$1.45
Jun2000	\$1.59	Jun2000	\$1.15
Jun1999	\$1.09	<b>Balance Sheet Information 3/1/2016</b>	
Jun1998	\$0.99	Total Current Assets	\$22,291,000,000
Jun1997	\$0.74	Total Current Liabilities	\$19,385,000,000
Jun1996	\$0.51	Long-Term Debt	\$5,195,000,000
		Total Assets	\$34,055,000,000
		Intangible Assets	\$9,150,000,000
		Total Liabilities	\$27,342,000,000
		Shares Outstanding (Diluted Average)	331,000,000





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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[Cardinal Health Inc. Annual Valuation – 2015 \\$CAH](#)

[14 Companies in the Spotlight This Week – 1/4/14](#)

[ModernGraham Valuation: Cardinal Health \(CAH\)](#)

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[Zimmer Biomet Holdings Inc Valuation – June 2016 \\$ZBH](#)

[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](#)

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