

ModernGraham Valuation

Company Name:

Henry Schein, Inc.

Company Ticker

HSIC

Date of Analysis

7/30/2016



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	\$14,874,774,263	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.65	Fail
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	109.33%	Pass
5. Earnings Growth	PEmg < 20	31.47	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	5.14	Fail
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	1.65	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.52	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.75
MG Growth Estimate	7.50%
MG Value	\$135.17
MG Value based on 3% Growth	\$83.38
MG Value based on 0% Growth	\$48.88
Market Implied Growth Rate	11.49%

MG Opinion

Current Price	\$180.98
% of Intrinsic Value	133.89%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$5.03
Graham Number	\$72.61
PEmg	31.47
Current Ratio	1.65
PB Ratio	5.14
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.60	Next Fiscal Year Estimate	\$5.75
Dec2015	\$5.69	Dec2015	\$5.17
Dec2014	\$5.44	Dec2014	\$4.75
Dec2013	\$4.93	Dec2013	\$4.28
Dec2012	\$4.32	Dec2012	\$3.83
Dec2011	\$3.97	Dec2011	\$3.46
Dec2010	\$3.49	Dec2010	\$3.05
Dec2009	\$3.44	Dec2009	\$2.69
Dec2008	\$2.67	Dec2008	\$2.21
Dec2007	\$2.36	Dec2007	\$1.90
Dec2006	\$1.82	Dec2006	\$1.64
Dec2005	\$1.70	Dec2005	\$1.50
Dec2004	\$1.43	Dec2004	\$1.33
Dec2003	\$1.53	Dec2003	\$1.19
Dec2002	\$1.32	Dec2002	\$0.94
Dec2001	\$1.01	Dec2001	\$0.66
Dec2000	\$0.68	Dec2000	\$0.45
Dec1999	\$0.61	Balance Sheet Information 3/1/2016	
Dec1998	\$0.20	Total Current Assets	\$3,271,003,000
Dec1997	-\$0.02	Total Current Liabilities	\$1,987,504,000
Dec1996	\$0.47	Long-Term Debt	\$666,283,000
		Total Assets	\$6,600,570,000
		Intangible Assets	\$2,528,360,000
		Total Liabilities	\$3,686,872,000
		Shares Outstanding (Diluted Average)	82,739,000





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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