

ModernGraham Valuation

Company Name:

Company Ticker LH

Date of Analysis

7/12/2016

Laboratory Corp. of
America Holdings



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	\$13,977,779,726 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.67 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	45.14% Pass
5. Earnings Growth	PEmg < 20	21.03 Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.73 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	1.67 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	5.42 Fail
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	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$6.48
MG Growth Estimate	3.14%
MG Value	\$95.69
MG Value based on 3% Growth	\$93.94
MG Value based on 0% Growth	\$55.07
Market Implied Growth Rate	6.27%

MG Opinion

Current Price	\$136.25
% of Intrinsic Value	142.38%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

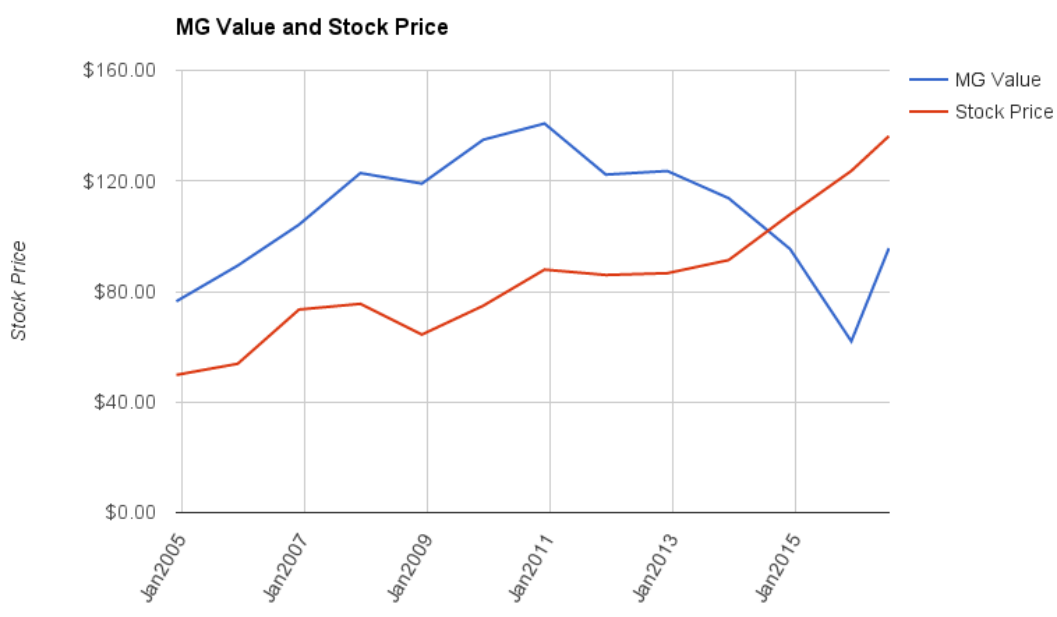
Net Current Asset Value (NCAV)	-\$62.73
Graham Number	\$99.64
PEmg	21.03
Current Ratio	1.67
PB Ratio	2.73
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$8.72	Next Fiscal Year Estimate	\$6.48
Dec2015	\$4.34	Dec2015	\$5.41
Dec2014	\$5.91	Dec2014	\$5.87
Dec2013	\$6.25	Dec2013	\$5.74
Dec2012	\$5.99	Dec2012	\$5.36
Dec2011	\$5.11	Dec2011	\$4.93
Dec2010	\$5.29	Dec2010	\$4.66
Dec2009	\$4.98	Dec2009	\$4.17
Dec2008	\$4.16	Dec2008	\$3.61
Dec2007	\$3.93	Dec2007	\$3.19
Dec2006	\$3.24	Dec2006	\$2.71
Dec2005	\$2.71	Dec2005	\$2.32
Dec2004	\$2.45	Dec2004	\$1.99
Dec2003	\$2.22	Dec2003	\$1.59
Dec2002	\$1.77	Dec2002	\$1.16
Dec2001	\$1.27	Dec2001	\$0.59
Dec2000	\$0.81	Dec2000	-\$0.11
Dec1999	\$0.30	Balance Sheet Information 3/1/2016	
Dec1998	\$0.50	Total Current Assets	\$2,744,900,000
Dec1997	-\$2.65	Total Current Liabilities	\$1,642,700,000
Dec1996	-\$3.13	Long-Term Debt	\$5,969,500,000
		Total Assets	\$14,410,400,000
		Intangible Assets	\$9,662,800,000
		Total Liabilities	\$9,243,900,000
		Shares Outstanding (Diluted Average)	103,600,000





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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