ModernGraham Valuation

Company Name:

McKesson Corporation



5.01 Fail

Company Ticker Date of Analysis

7/6/2016

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.

5. Earnings Growth

6. Moderate PEmg Ratio

7. Moderate Price to Assets

MCK

Adequate Size of the Enterprise	Market Cap > \$2Bil	\$43,163,381,578 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.10 Fail
3. Earnings Stability	Positive EPS for 10 years prior	Pass
4. Dividend Record	Dividend Payments for 10 years prior	Pass
	Increase of 33% in EPS in past 10	

PB Ratio < 2.5 OR PB*PEmg < 50

years using 3 year averages at beginning and end 169.70% Pass 20.41 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	1.10 Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.94 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 No

Stage 2: Determination of Intrinsic Value

EPSmg	\$9.40
MG Growth Estimate	12.76%
MG Value	\$319.76
MG Value based on 3% Growth	\$136.32
MG Value based on 0% Growth	\$79.91
Market Implied Growth Rate	5.95%

MG Opinion

Current Price \$191.88 % of Intrinsic Value 60.01%

Opinion Undervalued MG Grade C-

Stage 3: Information for Further Research

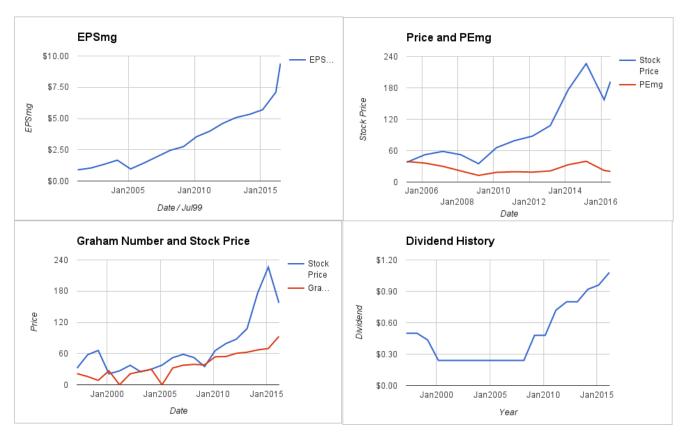
Net Current Asset Value (NCAV)	-\$39.49
Graham Number	\$109.35
PEmg	20.41
Current Ratio	1.10
PB Ratio	5.01
Current Dividend	\$1.08
Dividend Yield	0.56%
Number of Consecutive Years of Dividend Growth	4

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EPS History		EPSmg History	
Next Fiscal Year Estimate	¢40.40	Next Fiscal Year Estimate	60.40
	*		\$9.40
Mar2016	\$9.70	Mar2016	\$7.11
Mar2015	\$6.27	Mar2015	\$5.70
Mar2014	\$5.41	Mar2014	\$5.33
Mar2013	\$5.59	Mar2013	\$5.08
Mar2012	\$5.59	Mar2012	\$4.62
Mar2011	\$4.57	Mar2011	\$3.99
Mar2010	\$4.62	Mar2010	\$3.55
Mar2009	\$2.95	Mar2009	\$2.75
Mar2008	\$3.32	Mar2008	\$2.46
Mar2007	\$2.99	Mar2007	\$1.94
Mar2006	\$2.38	Mar2006	\$1.44
Mar2005	-\$0.53	Mar2005	\$0.96
Mar2004	\$2.19	Mar2004	\$1.67
Mar2003	\$1.88	Mar2003	\$1.34
Mar2002	\$1.43	Mar2002	\$1.04
Mar2001	-\$0.17	Mar2001	\$0.90
Mar2000	\$2.57	Balance Sheet Information	3/1/2016
Mar1999	\$0.31	Total Current Assets	\$38,437,000,000
Mar1998	\$0.80	Total Current Liabilities	\$35,071,000,000
Mar1997	\$1.49	Long-Term Debt	\$6,535,000,000
		Total Assets	\$56,563,000,000
		Intangible Assets	\$12,807,000,000
		Total Liabilities	\$47,639,000,000
		Shares Outstanding (Diluted Average)	233,000,000





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.

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