

ModernGraham Valuation



Company Name:

Tenet Healthcare Corp

Company Ticker THC

Date of Analysis

7/17/2016

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	\$2,961,259,250	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.20	Fail
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	-66.30%	Fail
6. Moderate PEmg Ratio	PEmg < 20	324.35	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.72	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	1.20	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	16.67	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$0.09
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	\$1.33
MG Value based on 0% Growth	\$0.78
Market Implied Growth Rate	157.92%

MG Opinion

Current Price	\$29.84
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	F

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$182.37
Graham Number	\$15.06
PEmg	324.35
Current Ratio	1.20
PB Ratio	4.72
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	\$1.60	Next Fiscal Year Estimate	\$0.09
Dec2015	-\$1.41	Dec2015	-\$0.50
Dec2014	\$0.12	Dec2014	\$0.56
Dec2013	-\$1.32	Dec2013	\$1.19
Dec2012	\$1.30	Dec2012	\$2.40
Dec2011	\$0.48	Dec2011	\$2.61
Dec2010	\$8.16	Dec2010	\$3.09
Dec2009	\$1.48	Dec2009	\$0.42
Dec2008	\$0.20	Dec2008	-\$1.63
Dec2007	-\$0.76	Dec2007	-\$4.12
Dec2006	\$0.56	Dec2006	-\$5.82
Dec2005	-\$0.76	Dec2005	-\$7.64
Dec2004	-\$22.64	Dec2004	-\$8.81
Dec2003	-\$12.68	Dec2003	-\$1.03
May2002	\$6.24	May2002	\$4.42
May2001	\$5.25	May2001	\$3.00
May2000	\$2.56	May2000	\$1.85
May1999	\$2.11	Balance Sheet Information	
May1998	\$2.24	3/1/2016	
May1997	-\$2.24	Total Current Assets	\$5,129,000,000
May1996	\$4.35	Total Current Liabilities	\$4,268,000,000
		Long-Term Debt	\$14,350,000,000
		Total Assets	\$23,766,000,000
		Intangible Assets	\$8,808,000,000
		Total Liabilities	\$23,141,000,000
		Shares Outstanding (Diluted Average)	98,768,000





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

- [30 Companies in the Spotlight This Week – 5/23/15](#)
- [Tenet Healthcare Corporation Annual Valuation – 2015 \\$THC](#)
- [16 Companies in the Spotlight This Week – 5/24/14](#)
- [Tenet Healthcare Corp 2014 Annual Valuation \\$THC](#)

Other ModernGraham posts about related companies

- [Laboratory Corp of America Holdings Valuation – July 2016 \\$LH](#)
- [Medtronic PLC Valuation – July 2016 \\$MDT](#)
- [Intuitive Surgical Inc Valuation – July 2016 \\$ISRG](#)
- [Cardinal Health Inc Valuation – July 2016 \\$CAH](#)
- [PerkinElmer Inc Valuation – July 2016 \\$PKI](#)
- [Varian Medical Systems Inc Valuation – July 2016 \\$VAR](#)
- [St. Jude Medical Inc Valuation – June 2016 \\$STJ](#)
- [Zimmer Biomet Holdings Inc Valuation – June 2016 \\$ZBH](#)
- [Waters Corporation Valuation – May 2016 \\$WAT](#)
- [Align Technology Inc Valuation – May 2016 \\$ALGN](#)