

ModernGraham Valuation

Company Name:

Psychomedics Corp.

Company Ticker

PMD

Date of Analysis

8/25/2016



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	\$117,802,761	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.00	Pass
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 years using 3 year averages at beginning and end	-20.70%	Fail
5. Earnings Growth	PEmg < 20	43.99	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	9.86	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	2.00	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.83	Pass
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		Fail

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$0.49
MG Growth Estimate	-1.60%
MG Value	\$2.59
MG Value based on 3% Growth	\$7.07
MG Value based on 0% Growth	\$4.14
Market Implied Growth Rate	17.75%

MG Opinion

Current Price	\$21.44
% of Intrinsic Value	828.63%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$0.41
Graham Number	\$4.82
PEmg	43.99
Current Ratio	2.00
PB Ratio	9.86
Current Dividend	\$0.60
Dividend Yield	2.80%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$0.48	Next Fiscal Year Estimate	\$0.49
Dec2015	\$0.28	Dec2015	\$0.52
Dec2014	\$0.60	Dec2014	\$0.63
Dec2013	\$0.72	Dec2013	\$0.61
Dec2012	\$0.57	Dec2012	\$0.55
Dec2011	\$0.67	Dec2011	\$0.55
Dec2010	\$0.50	Dec2010	\$0.53
Dec2009	\$0.29	Dec2009	\$0.60
Dec2008	\$0.57	Dec2008	\$0.74
Dec2007	\$0.85	Dec2007	\$0.78
Dec2006	\$0.94	Dec2006	\$0.68
Dec2005	\$0.78	Dec2005	\$0.48
Dec2004	\$0.54	Dec2004	\$0.32
Dec2003	\$0.23	Dec2003	\$0.22
Dec2002	\$0.24	Dec2002	\$0.24
Dec2001	\$0.04	Dec2001	\$0.27
Dec2000	\$0.32	Dec2000	\$0.40
Dec1999	\$0.44	Balance Sheet Information 6/1/2016	
Dec1998	\$0.44	Total Current Assets	\$9,470,000
Dec1997	\$0.44	Total Current Liabilities	\$4,727,000
Dec1996	\$0.45	Long-Term Debt	\$3,920,000
		Total Assets	\$23,543,000
		Intangible Assets	\$0
		Total Liabilities	\$11,688,000
		Shares Outstanding (Diluted Average)	5,454,000





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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