

ModernGraham Valuation

Company Name:

Company Ticker UHS
Date of Analysis

Universal Health
Services, Inc.

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	\$11,592,776,660	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.27	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	212.76%	Pass
6. Moderate PEmg Ratio	PEmg < 20	19.17	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.75	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	1.27	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	10.33	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	\$6.27
MG Growth Estimate	11.57%
MG Value	\$198.32
MG Value based on 3% Growth	\$90.88
MG Value based on 0% Growth	\$53.27
Market Implied Growth Rate	5.33%

MG Opinion

Current Price	\$120.12
% of Intrinsic Value	60.57%
Opinion	Undervalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$36.91
Graham Number	\$84.63
PEmg	19.17
Current Ratio	1.27
PB Ratio	2.75
Current Dividend	\$0.40
Dividend Yield	0.33%
Number of Consecutive Years of Dividend Growth	3

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$7.18	Next Fiscal Year Estimate	\$6.27
Dec2015	\$6.76	Dec2015	\$5.60
Dec2014	\$5.42	Dec2014	\$4.78
Dec2013	\$5.14	Dec2013	\$4.22
Dec2012	\$4.53	Dec2012	\$3.54
Dec2011	\$4.04	Dec2011	\$2.87
Dec2010	\$2.34	Dec2010	\$2.24
Dec2009	\$2.64	Dec2009	\$2.16
Dec2008	\$1.96	Dec2008	\$1.89
Dec2007	\$1.59	Dec2007	\$1.83
Dec2006	\$2.28	Dec2006	\$1.87
Dec2005	\$2.00	Dec2005	\$1.59
Dec2004	\$1.38	Dec2004	\$1.32
Dec2003	\$1.60	Dec2003	\$1.20
Dec2002	\$1.37	Dec2002	\$0.94
Dec2001	\$0.80	Dec2001	\$0.70
Dec2000	\$0.75	Dec2000	\$0.63
Dec1999	\$0.61	Balance Sheet Information 6/1/2016	
Dec1998	\$0.60	Total Current Assets	\$1,606,753,000
Dec1997	\$0.51	Total Current Liabilities	\$1,268,034,000
Dec1996	\$0.41	Long-Term Debt	\$3,499,375,000
		Total Assets	\$9,540,930,000
		Intangible Assets	\$3,585,892,000
		Total Liabilities	\$5,237,952,000
		Shares Outstanding (Diluted Average)	98,389,000





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:

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ModernGraham
posts about the
company

[Universal Health Services Inc. Analysis – Initial Coverage \\$UHS](#)

Other
ModernGraham
posts about related
companies

[C R Bard Inc Valuation – August 2016 \\$BCR](#)

[Psychemedics Corp Valuation – August 2016 \\$PMD](#)

[Patterson Companies Inc Valuation – August 2016 \\$PDCO](#)

[Edwards Lifesciences Corp Valuation – August 2016 \\$EW](#)

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[Quest Diagnostics Inc Valuation – July 2016 \\$DGX](#)

[Tenet Healthcare Corp Valuation – July 2016 \\$THC](#)