ModernGraham Valuation

Company Name: LHC Group, Inc.

Company Ticker LHCG

Date of Analysis 3/15/2017

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	$920,199,736	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.86	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	-11.47%	Fail
6. Moderate PEmg Ratio	PEmg < 20	27.03	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.27	Pass

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	1.86	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.26	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
	Score		

Suitability

Defensive	**No**
Enterprising	**No**

Stage 2: Determination of Intrinsic Value

EPSmg		$1.88
MG Growth Estimate		8.19%
MG Value		**$46.73**
MG Value based on 3% Growth		$27.23
MG Value based on 0% Growth		$15.96
Market Implied Growth Rate		9.26%

MG Opinion

Current Price		$50.76
% of Intrinsic Value		108.62%
Opinion	**Fairly Valued**	
MG Grade	**D+**	

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-$3.91
Graham Number	$32.65
PEmg	27.03
Current Ratio	1.86
PB Ratio	2.27
Current Dividend	$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

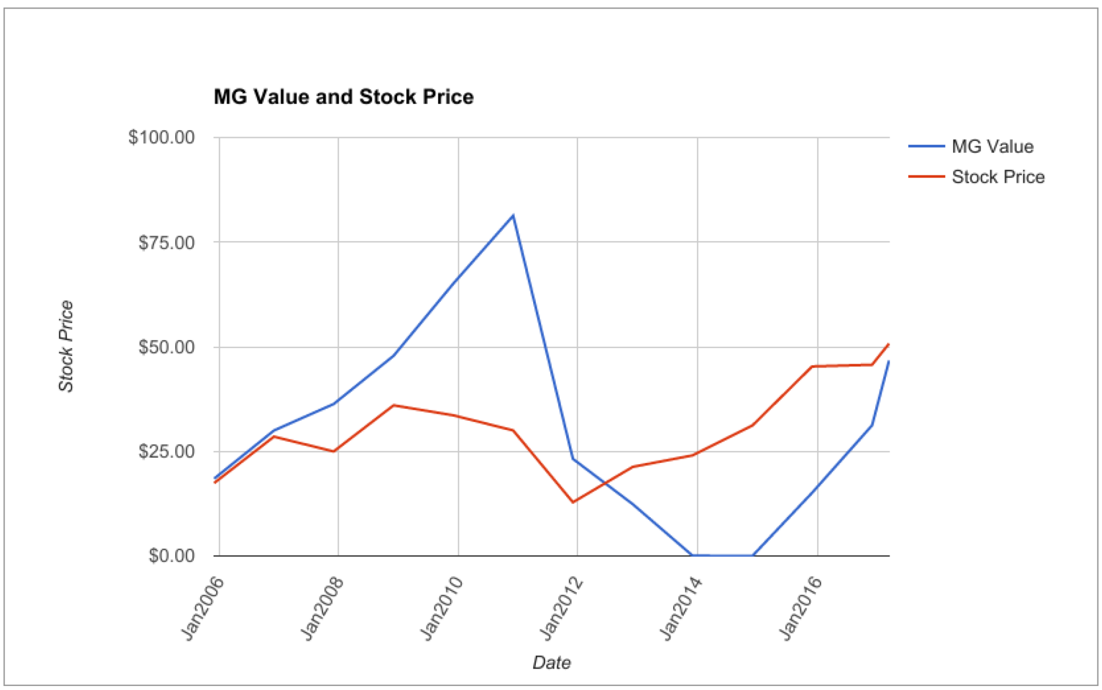
Useful Links:

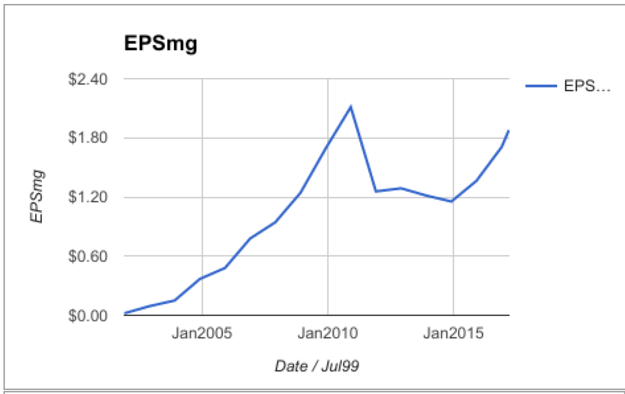
ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

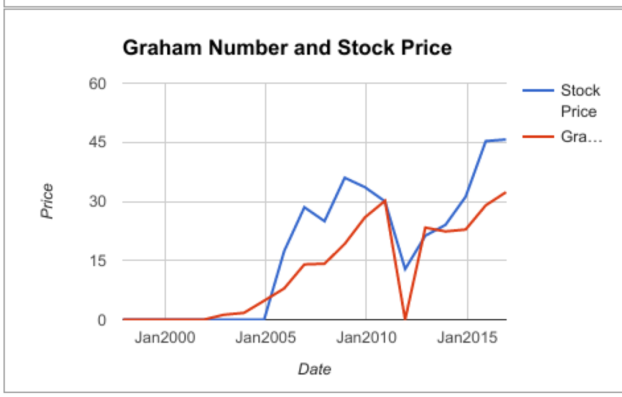
EPS History	
Next Fiscal Year Estimate	$2.11
Dec2016	$2.07
Dec2015	$1.84
Dec2014	$1.26
Dec2013	$1.30
Dec2012	$1.53
Dec2011	-$0.73
Dec2010	$2.68
Dec2009	$2.43
Dec2008	$1.69
Dec2007	$1.11
Dec2006	$1.27
Dec2005	$0.59
Dec2004	$0.76
Dec2003	$0.23
Dec2002	$0.23
Dec2001	$0.06
Dec2000	$0.00
Dec1999	$0.00
Dec1998	$0.00
Dec1997	$0.00

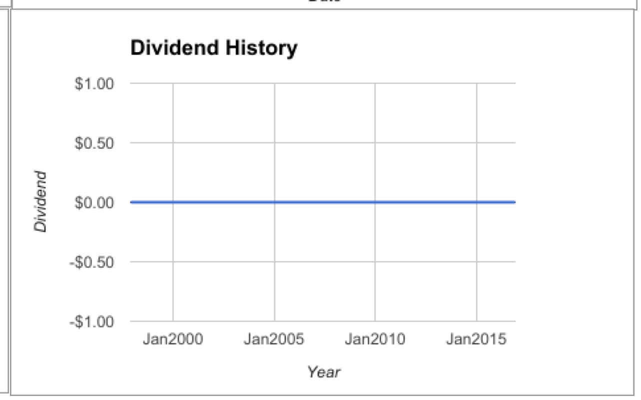
EPSmg History	
Next Fiscal Year Estimate	$1.88
Dec2016	$1.71
Dec2015	$1.36
Dec2014	$1.15
Dec2013	$1.21
Dec2012	$1.29
Dec2011	$1.26
Dec2010	$2.11
Dec2009	$1.69
Dec2008	$1.24
Dec2007	$0.94
Dec2006	$0.78
Dec2005	$0.48
Dec2004	$0.37
Dec2003	$0.15
Dec2002	$0.09
Dec2001	$0.02

Balance Sheet Information	**12/1/2016**
Total Current Assets	$149,741,000
Total Current Liabilities	$80,467,000
Long-Term Debt	$87,544,000
Total Assets	$614,071,000
Intangible Assets	$409,323,000
Total Liabilities	$218,945,000
Shares Outstanding (Diluted Average)	17,683,000









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	#N/A
Other ModernGraham posts about related companies	Dentsply Sirona Inc Valuation – March 2017 $XRAY Landauer Inc Valuation – Initial Coverage $LDR IDEXX Laboratories Inc Valuation – Initial Coverage $IDXX Hologic Inc Valuation – Initial Coverage $HOLX Mettler-Toledo International Inc Valuation – Initial Coverage $MTD Envision Healthcare Corp Valuation – Initial Coverage $EVHC UnitedHealth Group Inc Valuation – February 2017 $UNH Davita Inc Valuation – February 2017 $DVA Steris PLC Valuation – Initial Coverage $STE Danaher Corporation Valuation – February 2017 $DHR