

ModernGraham Valuation

Company Name:

Company Ticker UHS

Date of Analysis

8/22/2017

Universal Health
Services, Inc.



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	\$10,381,065,518	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.33	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 years using 3 year averages at beginning and end	215.99%	Pass
5. Earnings Growth	PEmg < 20	15.50	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.19	Pass
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	1.33	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	9.05	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 Score		Pass

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$7.00
MG Growth Estimate	9.89%
MG Value	\$197.91
MG Value based on 3% Growth	\$101.47
MG Value based on 0% Growth	\$59.48
Market Implied Growth Rate	3.50%

MG Opinion

Current Price	\$108.48
% of Intrinsic Value	54.81%
Opinion	Undervalued
MG Grade	B

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$40.98
Graham Number	\$92.07
PEmg	15.50
Current Ratio	1.33
PB Ratio	2.19
Current Dividend	\$0.40
Dividend Yield	0.37%
Number of Consecutive Years of Dividend Growth	3

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$8.03	Next Fiscal Year Estimate	\$7.00
Dec2016	\$7.14	Dec2016	\$6.25
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	Balance Sheet Information 6/1/2017	
Dec1999	\$0.61	Total Current Assets	\$1,763,160,000
Dec1998	\$0.60	Total Current Liabilities	\$1,322,229,000
Dec1997	\$0.51	Long-Term Debt	\$3,988,912,000
		Total Assets	\$10,552,487,000
		Intangible Assets	\$3,803,386,000
		Total Liabilities	\$5,739,633,000
		Shares Outstanding (Diluted Average)	97,042,000





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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