ModernGraham Valuation

Company Name:

Universal Health Services, Inc.



Company Ticker UHS
Date of Analysis

8/22/2017

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.

 Adequate Size of the Enterprise 	Market Cap > \$2Bil	\$10,381,065,518 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.33 Fail
Earnings Stability	Positive EPS for 10 years prior	Pass
Dividend Record	Dividend Payments for 10 years prior	Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at	
5. Earnings Growth	beginning and end	215.99% Pass
Moderate PEmg Ratio	PEmg < 20	15.50 Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.19 Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

 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	Pass
	Score	

Score

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

Outstan	Hardenielised
% of Intrinsic Value	54.81%
Current Price	\$108.48

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

Morningstar

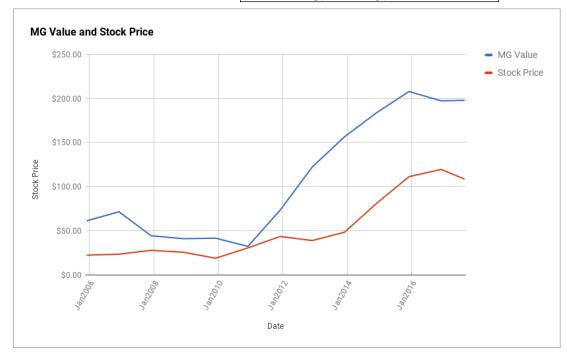
Useful Links: ModernGraham tagged articles

 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

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.

Recommended Reading:

Other ModernGraham posts about the company <u>Universal Health Services Inc. Analysis – Initial Coverage \$UHS</u>

Other ModernGraham posts about related companies <u>Telefex Inc Valuation – Initial Coverage \$TFX</u> <u>BIO-TECHNE Corp Valuation – Initial Coverage \$TECH</u>

<u>LifePoint Health Inc Valuation – Initial Coverage \$LPNT</u>

<u>Psychemedics Corp Valuation – April 2017 \$PMD</u>

<u>Community Health Systems Valuation – Initial Coverage \$CYH</u>

Patterson Companies Inc Valuation – April 2017 \$PDCO

<u>Luminex Corp Valuation – Initial Coverage \$LMNX</u>

C R Bard Inc Valuation - March 2017 \$BCR

LHC Group Inc Valuation - Initial Coverage \$LHCG

Dentsply Sirona Inc Valuation - March 2017 \$XRAY