

ModernGraham Valuation

Company Name:

LabCorp

Company Ticker LH

Date of Analysis

3/26/2018



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	\$16,787,005,571	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.31	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	99.28%	Pass
5. Earnings Growth	PEmg < 20	17.45	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.51	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	1.31	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	9.88	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 Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$9.44
MG Growth Estimate	9.13%
MG Value	\$252.63
MG Value based on 3% Growth	\$136.89
MG Value based on 0% Growth	\$80.25
Market Implied Growth Rate	4.48%

MG Opinion

Current Price	\$164.74
% of Intrinsic Value	65.21%
Opinion	Undervalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$67.91
Graham Number	\$131.30
PEmg	17.45
Current Ratio	1.31
PB Ratio	2.51
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		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	\$11.42	Dec2017	\$9.44
Dec2016	\$12.21	Dec2016	\$8.02
Dec2015	\$7.02	Dec2015	\$5.91
Dec2014	\$4.35	Dec2014	\$5.42
Dec2013	\$5.91	Dec2013	\$5.87
Dec2012	\$6.25	Dec2012	\$5.74
Dec2011	\$5.99	Dec2011	\$5.36
Dec2010	\$5.11	Dec2010	\$4.93
Dec2009	\$5.29	Dec2009	\$4.66
Dec2008	\$4.98	Dec2008	\$4.17
Dec2007	\$4.16	Dec2007	\$3.61
Dec2006	\$3.93	Dec2006	\$3.18
Dec2005	\$3.24	Dec2005	\$2.69
Dec2004	\$2.71	Dec2004	\$2.30
Dec2003	\$2.45	Dec2003	\$1.96
Dec2002	\$2.11	Dec2002	\$1.56
Dec2001	\$1.77	Dec2001	\$1.16
Dec2000	\$1.27	Balance Sheet Information	
Dec1999	\$0.81	12/1/2017	
Dec1998	\$0.29	Total Current Assets	\$2,682,600,000
	\$0.50	Total Current Liabilities	\$2,046,100,000
		Long-Term Debt	\$6,286,800,000
		Total Assets	\$16,568,000,000
		Intangible Assets	\$11,870,800,000
		Total Liabilities	\$9,738,000,000
		Shares Outstanding (Diluted Average)	103,900,000





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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[Zimmer Biomet Holdings Inc Valuation – March 2018 \\$ZBH](#)
[Henry Schein Inc Valuation – March 2018 \\$HSIC](#)
[Medtronic PLC Valuation – March 2018 \\$MDT](#)
[UnitedHealth Group Inc Valuation – February 2018 \\$UNH](#)
[VCA Inc Valuation – Initial Coverage \\$WOOF](#)
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