

ModernGraham Valuation

Company Name:

Zoetis Inc

Company Ticker ZTS

Date of Analysis

3/10/2018



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	\$42,173,573,667	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.85	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	764.79%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	45.01	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	23.44	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	3.85	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.59	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		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.88
MG Growth Estimate	15.00%
MG Value	\$72.30
MG Value based on 3% Growth	\$27.23
MG Value based on 0% Growth	\$15.96
Market Implied Growth Rate	18.25%

MG Opinion

Current Price	\$84.52
% of Intrinsic Value	116.90%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

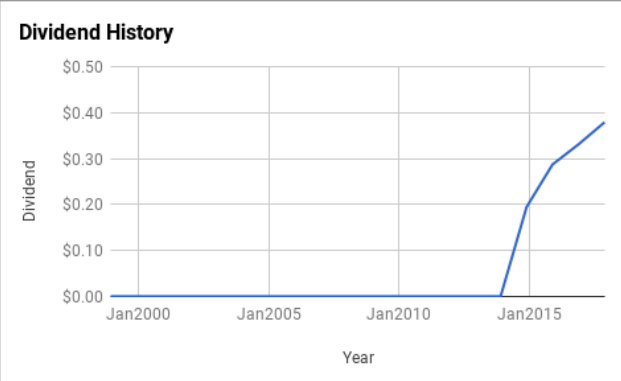
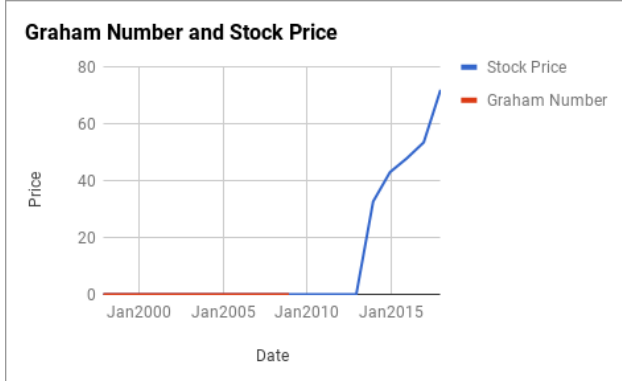
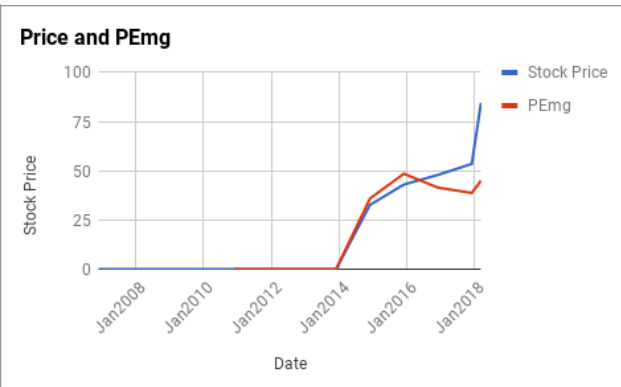
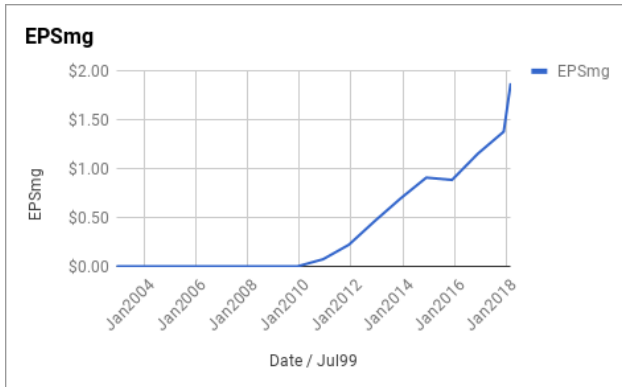
Net Current Asset Value (NCAV)	-\$5.29
Graham Number	\$14.98
PEmg	45.01
Current Ratio	3.85
PB Ratio	23.44
Current Dividend	\$0.42
Dividend Yield	0.50%
Number of Consecutive Years of Dividend Growth	5

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	\$2.74	Next Fiscal Year Estimate	\$1.88
Dec2017	\$1.75	Dec2017	\$1.38
Dec2016	\$1.65	Dec2016	\$1.16
Dec2015	\$0.68	Dec2015	\$0.89
Dec2014	\$1.16	Dec2014	\$0.91
Dec2013	\$1.01	Dec2013	\$0.70
Dec2012	\$0.87	Dec2012	\$0.46
Dec2011	\$0.49	Dec2011	\$0.22
Dec2010	\$0.22	Dec2010	\$0.07
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Balance Sheet Information 12/1/2017	
Dec2000	\$0.00	Total Current Assets	\$4,217,000,000
Dec1999	\$0.00	Total Current Liabilities	\$1,094,000,000
Dec1998	\$0.00	Long-Term Debt	\$4,953,000,000
		Total Assets	\$8,586,000,000
		Intangible Assets	\$2,779,000,000
		Total Liabilities	\$6,816,000,000
		Shares Outstanding (Diluted Average)	490,944,000





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

- [Zoetis Inc. Valuation – October 2015 Update \\$ZTS](#)
- [The Best Companies of the Pharmaceuticals Industry – August 2015](#)
- [The 16 Best Stocks For Value Investors This Week – 8/1/15](#)
- [Zoetis Inc. Analysis – July 2015 Update \\$ZTS](#)
- [27 Companies in the Spotlight This Week – 4/4/15](#)

Other ModernGraham posts about related companies

- [Gilead Sciences Inc Valuation – March 2018 \\$GILD](#)
- [Pfizer Inc Valuation – February 2018 \\$PFE](#)
- [Merck & Co Inc Valuation – February 2018 \\$MRK](#)
- [Johnson & Johnson Valuation – February 2018 \\$JNJ](#)
- [Bristol-Myers Squibb Co Valuation – September 2017 \\$BMY](#)
- [Momenta Pharmaceuticals Inc Valuation – Initial Coverage \\$MNTA](#)
- [Depomed Inc Valuation – Initial Coverage \\$DEPO](#)
- [Endo International PLC Valuation – July 2017 \\$ENDP](#)
- [Biogen Inc Valuation – July 2017 \\$BIIB](#)
- [Mylan NV Valuation – March 2017 \\$MYL](#)