

# ModernGraham Valuation

Company Name:

Quest Diagnostics Inc

Company Ticker DGX

Date of Analysis

4/5/2018



## 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	\$13,487,536,990	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.24	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	52.77%	Pass
5. Earnings Growth	PEmg < 20	18.30	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.84	Fail
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	1.24	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	15.05	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$5.46
MG Growth Estimate	4.97%
<b>MG Value</b>	<b>\$100.54</b>
MG Value based on 3% Growth	\$79.10
MG Value based on 0% Growth	\$46.37
Market Implied Growth Rate	4.90%

### MG Opinion

Current Price	\$99.83
% of Intrinsic Value	99.29%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>D+</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$30.54
Graham Number	\$73.29
PEmg	18.30
Current Ratio	1.24
PB Ratio	2.84
Current Dividend	\$1.35
Dividend Yield	1.35%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	\$5.46
Dec2017	\$6.55	Dec2017	\$4.89
Dec2016	\$5.50	Dec2016	\$4.53
Dec2015	\$4.51	Dec2015	\$4.40
Dec2014	\$4.87	Dec2014	\$4.10
Dec2013	\$3.81	Dec2013	\$4.15
Dec2012	\$5.54	Dec2012	\$3.46
Dec2011	\$3.46	Dec2011	\$3.34
Dec2010	\$2.92	Dec2010	\$3.40
Dec2009	\$4.05	Dec2009	\$3.00
Dec2008	\$3.87	Dec2008	\$2.55
Dec2007	\$2.97	Dec2007	\$2.34
Dec2006	\$1.74	Dec2006	\$2.54
Dec2005	\$2.94	Dec2005	\$2.19
Dec2004	\$2.66	Dec2004	\$1.79
Dec2003	\$2.35	Dec2003	\$1.34
Dec2002	\$2.02	Dec2002	\$0.88
Dec2001	\$1.62	<b>Balance Sheet Information</b>	
Dec2000	\$0.83	<b>12/1/2017</b>	
Dec1999	\$0.54	Total Current Assets	\$1,306,000,000
Dec1998	-\$0.03	Total Current Liabilities	\$1,057,000,000
	\$0.22	Long-Term Debt	\$3,748,000,000
		Total Assets	\$10,503,000,000
		Intangible Assets	\$7,454,000,000
		Total Liabilities	\$5,582,000,000
		Shares Outstanding (Diluted Average)	140,000,000





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:

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