

# ModernGraham Valuation

Express Scripts  
Holding Company



## Company Name:

Company Ticker ESRX

Date of Analysis

4/11/2018

## 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	\$39,206,101,300	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.67	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	251.12%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	10.34	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.*

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	0.67	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-2.54	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

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$6.74
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$259.59</b>
MG Value based on 3% Growth	\$97.77
MG Value based on 0% Growth	\$57.31
Market Implied Growth Rate	0.92%

## MG Opinion

Current Price	\$69.72
% of Intrinsic Value	26.86%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>C+</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$42.54
Graham Number	\$79.82
PEmg	10.34
Current Ratio	0.67
PB Ratio	2.19
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

## Useful Links:

[ModernGraham tagged articles](#)  
[Google Finance](#)  
[Yahoo Finance](#)  
[GuruFocus](#)

[Morningstar](#)  
[MSN Money](#)  
[Seeking Alpha](#)  
[SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$8.85	Next Fiscal Year Estimate	\$6.74
Dec2017	\$7.74	Dec2017	\$5.23
Dec2016	\$5.39	Dec2016	\$3.69
Dec2015	\$3.56	Dec2015	\$2.74
Dec2014	\$2.64	Dec2014	\$2.31
Dec2013	\$2.25	Dec2013	\$2.12
Dec2012	\$1.76	Dec2012	\$2.01
Dec2011	\$2.53	Dec2011	\$2.01
Dec2010	\$2.17	Dec2010	\$1.65
Dec2009	\$1.56	Dec2009	\$1.30
Dec2008	\$1.54	Dec2008	\$1.09
Dec2007	\$1.08	Dec2007	\$0.80
Dec2006	\$0.84	Dec2006	\$0.62
Dec2005	\$0.67	Dec2005	\$0.48
Dec2004	\$0.45	Dec2004	\$0.34
Dec2003	\$0.40	Dec2003	\$0.27
Dec2002	\$0.32	Dec2002	\$0.19
Dec2001	\$0.20	<b>Balance Sheet Information 12/1/2017</b>	
Dec2000	-\$0.02	Total Current Assets	\$11,957,100,000
Dec1999	\$0.25	Total Current Liabilities	\$17,846,400,000
Dec1998	\$0.08	Long-Term Debt	\$14,981,500,000
		Total Assets	\$54,255,800,000
		Intangible Assets	\$40,725,600,000
		Total Liabilities	\$36,136,200,000
		Shares Outstanding (Diluted Average)	568,400,000





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

- [Express Scripts Inc. Analysis – 2015 Update \\$ESRX](#)
- [19 Companies in the Spotlight This Week – 7/26/14](#)
- [Express Scripts Holding Company Annual Valuation – 2014 \\$ESRX](#)

Other ModernGraham posts about related companies

- [Stryker Corp Valuation – April 2018 \\$SYK](#)
- [Cerner Corporation Valuation – April 2018 \\$CERN](#)
- [Quest Diagnostics Inc Valuation – April 2018 \\$DGX](#)
- [Laboratory Corporation of America Holdings Valuation – March 2018 \\$LH](#)
- [Intuitive Surgical Inc valuation – March 2018 \\$ISRG](#)
- [PerkinElmer Inc Valuation – March 2018 \\$PKI](#)
- [Cardinal Health Inc Valuation – March 2018 \\$CAH](#)
- [Varian Medical Systems Inc Valuation – March 2018 \\$VAR](#)
- [Zimmer Biomet Holdings Inc Valuation – March 2018 \\$ZBH](#)
- [Henry Schein Inc Valuation – March 2018 \\$HSIC](#)