

ModernGraham Valuation

Company Name:

CVS Health Corp

Company Ticker CVS

Date of Analysis

6/8/2018



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	\$67,191,099,067	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.37	Pass
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	131.54%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	11.64	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.74	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	2.37	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.48	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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.67
MG Growth Estimate	9.80%
MG Value	\$159.44
MG Value based on 3% Growth	\$82.24
MG Value based on 0% Growth	\$48.21
Market Implied Growth Rate	1.57%

MG Opinion

Current Price	\$66.03
% of Intrinsic Value	41.41%
Opinion	Undervalued
MG Grade	A

Stage 3: Information for Further Research

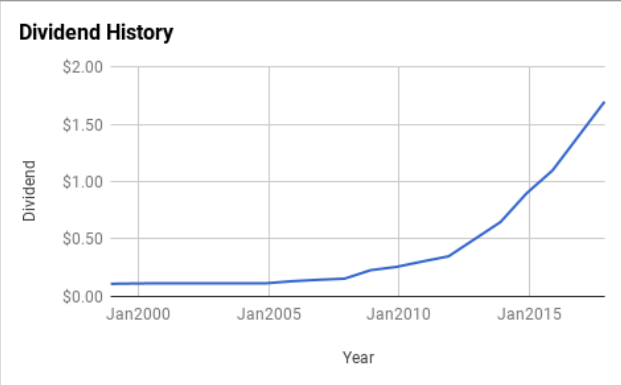
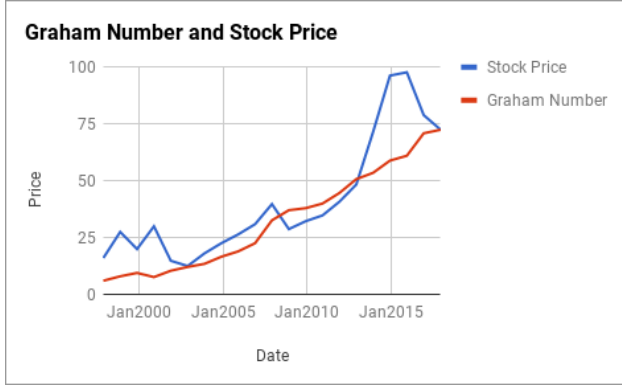
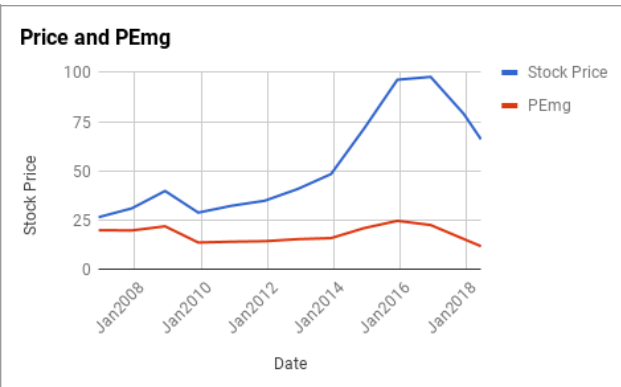
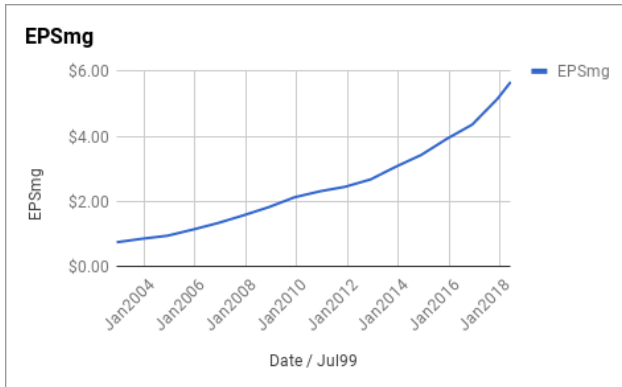
Net Current Asset Value (NCAV)	-\$24.20
Graham Number	\$72.47
PEmg	11.64
Current Ratio	2.37
PB Ratio	1.74
Current Dividend	\$2.00
Dividend Yield	3.03%
Number of Consecutive Years of Dividend Growth	14

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	\$6.28	Next Fiscal Year Estimate	\$5.67
Dec2017	\$6.44	Dec2017	\$5.16
Dec2016	\$4.90	Dec2016	\$4.36
Dec2015	\$4.63	Dec2015	\$3.92
Dec2014	\$3.96	Dec2014	\$3.43
Dec2013	\$3.74	Dec2013	\$3.07
Dec2012	\$3.02	Dec2012	\$2.68
Dec2011	\$2.57	Dec2011	\$2.45
Dec2010	\$2.49	Dec2010	\$2.31
Dec2009	\$2.55	Dec2009	\$2.13
Dec2008	\$2.18	Dec2008	\$1.83
Dec2007	\$1.92	Dec2007	\$1.57
Dec2006	\$1.60	Dec2006	\$1.34
Dec2005	\$1.45	Dec2005	\$1.13
Dec2004	\$1.10	Dec2004	\$0.94
Dec2003	\$1.03	Dec2003	\$0.85
Dec2002	\$0.88	Dec2002	\$0.74
Dec2001	\$0.50	Balance Sheet Information 3/1/2018	
Dec2000	\$0.92	Total Current Assets	\$71,798,000,000
Dec1999	\$0.78	Total Current Liabilities	\$30,248,000,000
Dec1998	\$0.48	Long-Term Debt	\$61,552,000,000
		Total Assets	\$135,139,000,000
		Intangible Assets	\$51,503,000,000
		Total Liabilities	\$96,462,000,000
		Shares Outstanding (Diluted Average)	1,019,000,000





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:

- Other ModernGraham posts about the company**
- [6 Best Stocks for Value Investors This Week – 3/26/17](#)
 - [CVS Health Corp Valuation – March 2017 \\$CVS](#)
 - [CVS Health Corp Valuation – December 2015 Update \\$CVS](#)
 - [22 Companies in the Spotlight This Week – 11/29/14](#)
 - [CVS Health Corporation Annual Valuation – 2014 \\$CVS](#)

- Other ModernGraham posts about related companies**
- [JC Penney Company Valuation – June 2018 \\$JCP](#)
 - [Shoe Carnival Inc Valuation – June 2018 \\$SCVL](#)
 - [Aaron's Inc Valuation – June 2018 \\$AAN](#)
 - [GameStop Corp Valuation – June 2018 \\$GME](#)
 - [Urban Outfitters Inc Valuation – June 2018 \\$URBN](#)
 - [Ulta Beauty Inc Valuation – June 2018 \\$ULTA](#)
 - [Kohl's Corporation Valuation – June 2018 \\$KSS](#)
 - [Dollar Tree Inc Valuation – May 2018 \\$DLTR](#)
 - [TJX Companies Inc Valuation – May 2018 \\$TJX](#)
 - [Tractor Supply Co Valuation – April 2018 \\$TSCO](#)