

ModernGraham Valuation

Company Name:

Company Ticker MCK
Date of Analysis

McKesson
Corporation

6/9/2018



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	\$29,995,548,994	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.01	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	145.53%	Pass
6. Moderate PEmg Ratio	PEmg < 20	13.52	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.98	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	1.01	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	14.97	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

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$10.76
MG Growth Estimate	13.30%
MG Value	\$377.58
MG Value based on 3% Growth	\$155.96
MG Value based on 0% Growth	\$91.43
Market Implied Growth Rate	2.51%

MG Opinion

Current Price	\$145.37
% of Intrinsic Value	38.50%
Opinion	Undervalued
MG Grade	B

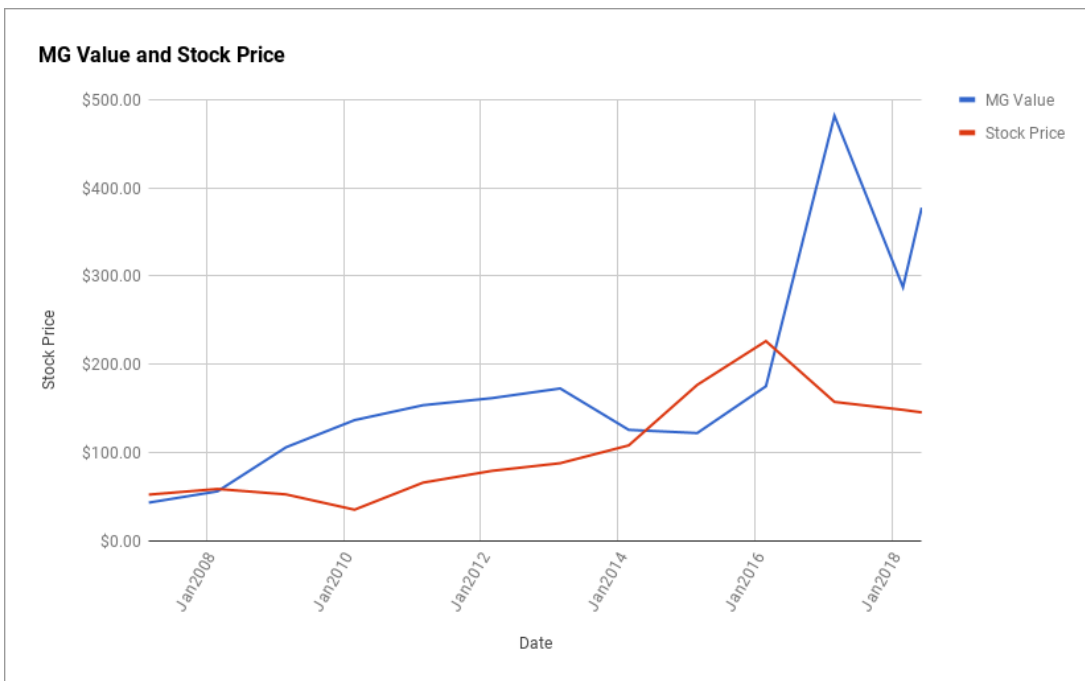
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$64.02
Graham Number	\$120.24
PEmg	13.52
Current Ratio	1.01
PB Ratio	2.98
Current Dividend	\$1.30
Dividend Yield	0.89%
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	\$13.24	Next Fiscal Year Estimate	\$10.76
Mar2018	\$0.32	Mar2018	\$9.30
Mar2017	\$22.73	Mar2017	\$12.51
Mar2016	\$9.70	Mar2016	\$7.11
Mar2015	\$6.27	Mar2015	\$5.70
Mar2014	\$5.41	Mar2014	\$5.33
Mar2013	\$5.59	Mar2013	\$5.08
Mar2012	\$5.59	Mar2012	\$4.62
Mar2011	\$4.57	Mar2011	\$3.99
Mar2010	\$4.62	Mar2010	\$3.55
Mar2009	\$2.95	Mar2009	\$2.75
Mar2008	\$3.32	Mar2008	\$2.46
Mar2007	\$2.99	Mar2007	\$1.94
Mar2006	\$2.38	Mar2006	\$1.44
Mar2005	-\$0.53	Mar2005	\$0.96
Mar2004	\$2.19	Mar2004	\$1.66
Mar2003	\$1.88	Mar2003	\$1.33
Mar2002	\$1.43	Balance Sheet Information 3/1/2018	
Mar2001	-\$0.17	Total Current Assets	\$37,136,000,000
Mar2000	\$2.55	Total Current Liabilities	\$36,685,000,000
Mar1999	\$0.31	Long-Term Debt	\$6,751,000,000
		Total Assets	\$60,381,000,000
		Intangible Assets	\$15,026,000,000
		Total Liabilities	\$50,324,000,000
		Shares Outstanding (Diluted Average)	206,000,000





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

- [McKesson Corp Valuation – August 2017 \\$MCK](#)
- [McKesson Corp Valuation – July 2016 \\$MCK](#)
- [47 Companies in the Spotlight This Week – 5/16/15](#)
- [McKesson Corporation Annual Valuation – 2015 \\$MCK](#)
- [18 Companies in the Spotlight This Week – 5/17/14](#)

Other ModernGraham posts about related companies

- [Stamps.com Inc Valuation – June 2018 \\$STMP](#)
- [Kirkland's Inc Valuation – June 2018 \\$KIRK](#)
- [Stein Mart Inc Valuation – June 2018 \\$SMRT](#)
- [J.C. 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](#)