# **ModernGraham Valuation**

## **Company Name:**

**Universal Health** Services, Inc. Class B



Company Ticker Date of Analysis

6/28/2018

#### 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.

Adequate Size of the Enterprise	Market Cap > \$2Bil	\$10,686,605,970 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.19 Fail
3. Earnings Stability	Positive EPS for 10 years prior	Pass
Dividend Record	Dividend Payments for 10 years prior	Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at	
5. Earnings Growth	beginning and end	166.52% Pass
Moderate PEmg Ratio	PEmg < 20	14.37 Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.01 Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

<ol> <li>Sufficiently Strong Financial Condition</li> </ol>	Current Ratio > 1.5	1.19 Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	12.44 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 Yes Enterprising

### Stage 2: Determination of Intrinsic Value

EPSmg	\$7.80
MG Growth Estimate	9.50%
MG Value	\$214.56
MG Value based on 3% Growth	\$113.15
MG Value based on 0% Growth	\$66.33
Market Implied Growth Rate	2.94%

MG Opinion

Opinion	Undervalued
% of Intrinsic Value	52.27%
Current Price	\$112.14

MG Grade В

# Stage 3: Information for Further Research

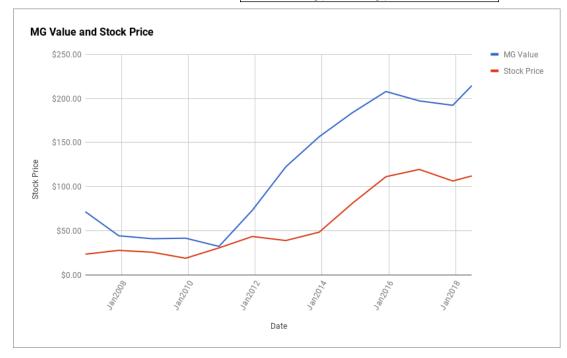
Net Current Asset Value (NCAV)	-\$40.69
Graham Number	\$104.07
PEmg	14.37
Current Ratio	1.19
PB Ratio	2.01
Current Dividend	\$0.40
Dividend Yield	0.36%
Number of Consecutive Years of Dividend Growth	0

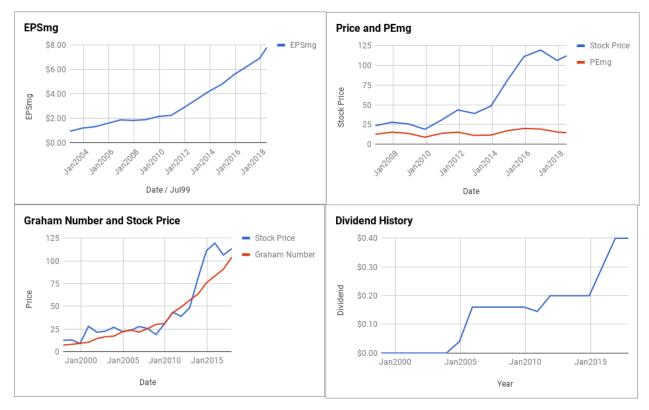
Morningstar

Useful Links: ModernGraham tagged articles

> Google Finance MSN Money Yahoo Finance Seeking Alpha **GuruFocus SEC Filings**

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$9.09	Next Fiscal Year Estimate	\$7.80
Dec2017	\$7.81	Dec2017	\$6.92
Dec2016	\$7.14	Dec2016	\$6.25
Dec2015	\$6.76	Dec2015	\$5.60
Dec2014	\$5.42	Dec2014	\$4.78
Dec2013	\$5.14	Dec2013	\$4.22
Dec2012	\$4.53	Dec2012	\$3.54
Dec2011	\$4.04	Dec2011	\$2.87
Dec2010	\$2.34	Dec2010	\$2.24
Dec2009	\$2.64	Dec2009	\$2.16
Dec2008	\$1.96	Dec2008	\$1.89
Dec2007	\$1.59	Dec2007	\$1.83
Dec2006	\$2.28	Dec2006	\$1.87
Dec2005	\$2.00	Dec2005	\$1.59
Dec2004	\$1.38	Dec2004	\$1.32
Dec2003	\$1.60	Dec2003	\$1.20
Dec2002	\$1.37	Dec2002	\$0.94
Dec2001	\$0.80	Balance Sheet Information	3/1/2018
Dec2000	\$0.75	Total Current Assets	\$1,884,726,000
Dec1999	\$0.61	Total Current Liabilities	\$1,579,577,000
Dec1998	\$0.60	Long-Term Debt	\$3,795,087,000
		Total Assets	\$11,023,517,000
		Intangible Assets	\$3,843,126,000
		Total Liabilities	\$5,737,495,000
		Shares Outstanding (Diluted Average)	94,683,000





#### 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 Universal Health Services Inc Valuation – August 2017 \$UHS
Universal Health Services Inc Valuation – August 2016 \$UHS
Universal Health Services Inc. Analysis – Initial Coverage \$UHS

Other ModernGraham posts about related companies <u>Dentsply Sirona Inc Valuation – June 2018 \$XRAY</u> <u>IDEXX Laboratories Inc Valuation – June 2018 \$IDXX</u>

Hologic Inc Valuation – June 2018 \$HOLX

<u>Mettler-Toledo International Inc Valuation – June 2018 \$MTD</u>
<u>Envision Healthcare Corp Valuation – June 2018 \$EVHC</u>

DaVita Inc Valuation - June 2018 \$DVA

<u>Danaher Corp Valuation – May 2018 \$DHR</u>

Agilent Technologies Inc Valuation - May 2018 \$A

Cooper Companies Inc Valuation - May 2018 \$COO

Edwards Lifesciences Corp Valuation - May 2018 \$EW