

# ModernGraham Valuation

## Company Name:

Company Ticker UHS  
Date of Analysis

Universal Health  
Services, Inc. Class B

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.*

1. 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
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	166.52%	Pass
5. Earnings Growth	PEmg < 20	14.37	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.01	Pass
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	1.19	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 Score		Pass

### Suitability

<b>Defensive</b>	<b>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

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

### MG Opinion

Current Price	\$112.14
% of Intrinsic Value	52.27%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B</b>

## 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

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	\$9.09	Dec2017	\$7.80
Dec2016	\$7.81	Dec2016	\$6.92
Dec2015	\$7.14	Dec2015	\$6.25
Dec2014	\$6.76	Dec2014	\$5.60
Dec2013	\$5.42	Dec2013	\$4.78
Dec2012	\$5.14	Dec2012	\$4.22
Dec2011	\$4.53	Dec2011	\$3.54
Dec2010	\$4.04	Dec2010	\$2.87
Dec2009	\$2.34	Dec2009	\$2.24
Dec2008	\$2.64	Dec2008	\$2.16
Dec2007	\$1.96	Dec2007	\$1.89
Dec2006	\$1.59	Dec2006	\$1.83
Dec2005	\$2.28	Dec2006	\$1.87
Dec2004	\$2.00	Dec2005	\$1.59
Dec2003	\$1.38	Dec2004	\$1.32
Dec2002	\$1.60	Dec2003	\$1.20
Dec2001	\$1.37	Dec2002	\$0.94
Dec2000	\$0.80	<b>Balance Sheet Information 3/1/2018</b>	
Dec1999	\$0.75	Total Current Assets	\$1,884,726,000
Dec1998	\$0.61	Total Current Liabilities	\$1,579,577,000
	\$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](#)

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[Mettler-Toledo International Inc Valuation – June 2018 \\$MTD](#)  
[Envision Healthcare Corp Valuation – June 2018 \\$EVHC](#)  
[DaVita Inc Valuation – June 2018 \\$DVA](#)  
[Danaher Corp Valuation – May 2018 \\$DHR](#)  
[Agilent Technologies Inc Valuation – May 2018 \\$A](#)  
[Cooper Companies Inc Valuation – May 2018 \\$COO](#)  
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