

ModernGraham Valuation

Company Name:

Company Ticker SEM

Date of Analysis

Select Medical
Holdings Corporation

7/28/2018



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	\$2,711,073,425	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.66	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	78.89%	Pass
6. Moderate PEmg Ratio	PEmg < 20	19.65	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.80	Fail

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	1.66	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	8.37	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

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.06
MG Growth Estimate	3.54%
MG Value	\$16.54
MG Value based on 3% Growth	\$15.39
MG Value based on 0% Growth	\$9.02
Market Implied Growth Rate	5.57%

MG Opinion

Current Price	\$20.85
% of Intrinsic Value	126.09%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$30.52
Graham Number	\$11.87
PEmg	19.65
Current Ratio	1.66
PB Ratio	2.80
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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	\$1.02	Next Fiscal Year Estimate	\$1.06
Dec2017	\$1.33	Dec2017	\$1.05
Dec2016	\$0.87	Dec2016	\$0.92
Dec2015	\$0.99	Dec2015	\$0.92
Dec2014	\$0.91	Dec2014	\$0.86
Dec2013	\$0.82	Dec2013	\$0.80
Dec2012	\$1.05	Dec2012	\$0.71
Dec2011	\$0.71	Dec2011	\$0.48
Dec2010	\$0.48	Dec2010	\$0.32
Dec2009	\$0.61	Dec2009	\$0.20
Dec2008	-\$0.04	Dec2008	\$0.00
Dec2007	\$0.05	Dec2007	\$0.02
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Balance Sheet Information 3/1/2018	
Dec2000	\$0.00	Total Current Assets	\$1,041,341,000
Dec1999	\$0.00	Total Current Liabilities	\$625,731,000
Dec1998	\$0.00	Long-Term Debt	\$3,478,021,000
		Total Assets	\$5,968,643,000
		Intangible Assets	\$3,743,258,000
		Total Liabilities	\$5,003,366,000
		Shares Outstanding (Diluted Average)	129,816,000





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 [Select Medical Holdings Corp Valuation – Initial Coverage \\$SEM](#)

Other ModernGraham posts about related companies [Chemed Corp Valuation – July 2018 \\$CHE](#)
[Inogen Inc Valuation – July 2018 \\$INGN](#)
[Tenet Healthcare Corp Valuation – June 2018 \\$THC](#)
[Universal Health Services Inc Valuation – June 2018 \\$UHS](#)
[Dentsply Sirona Inc Valuation – June 2018 \\$XRAY](#)
[IDEXX Laboratories Inc Valuation – June 2018 \\$IDXX](#)
[Hologic Inc Valuation – June 2018 \\$HOLX](#)
[Mettler-Toledo International Inc Valuation – June 2018 \\$MTD](#)
[Envision Healthcare Corp Valuation – June 2018 \\$EVHC](#)
[DaVita Inc Valuation – June 2018 \\$DVA](#)