

ModernGraham Valuation

Company Name:

Henry Schein, Inc.

Company Ticker HSIC

Date of Analysis

1/6/2019



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	\$11,356,631,000	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.30	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	71.93%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	24.03	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.35	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	1.30	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.04	Pass
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		Pass
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.10
MG Growth Estimate	4.56%
MG Value	\$54.64
MG Value based on 3% Growth	\$44.95
MG Value based on 0% Growth	\$26.35
Market Implied Growth Rate	7.77%

MG Opinion

Current Price	\$74.50
% of Intrinsic Value	136.35%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$5.08
Graham Number	\$39.02
PEmg	24.03
Current Ratio	1.30
PB Ratio	3.35
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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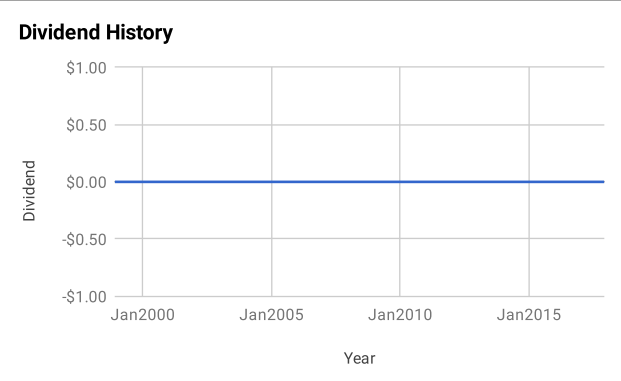
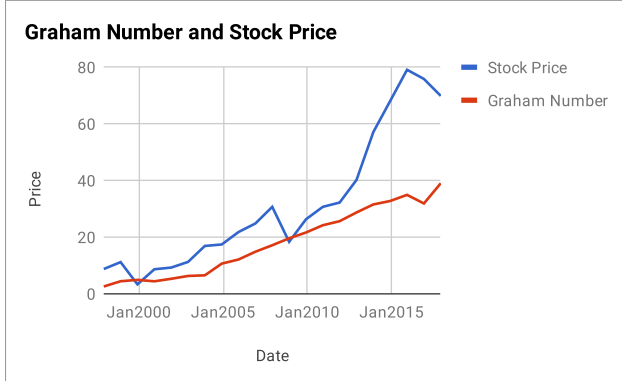
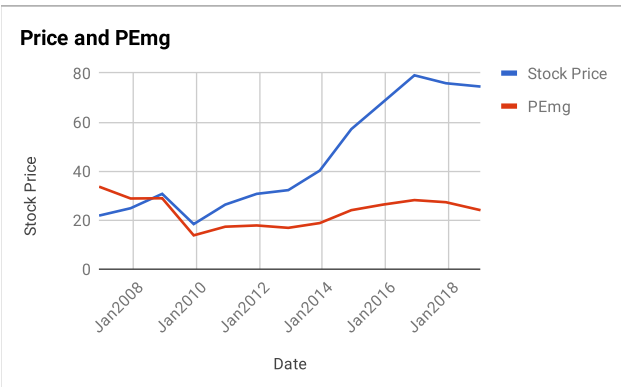
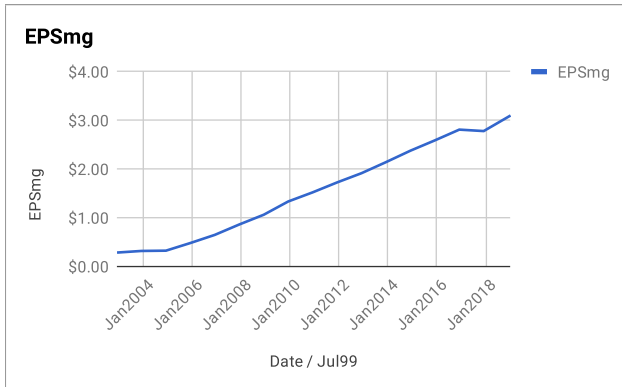
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.70	Next Fiscal Year Estimate	\$3.10
Dec2017	\$2.57	Dec2017	\$2.78
Dec2016	\$3.10	Dec2016	\$2.81
Dec2015	\$2.85	Dec2015	\$2.59
Dec2014	\$2.72	Dec2014	\$2.38
Dec2013	\$2.47	Dec2013	\$2.14
Dec2012	\$2.16	Dec2012	\$1.92
Dec2011	\$1.99	Dec2011	\$1.73
Dec2010	\$1.75	Dec2010	\$1.52
Dec2009	\$1.72	Dec2009	\$1.33
Dec2008	\$1.32	Dec2008	\$1.06
Dec2007	\$1.18	Dec2007	\$0.86
Dec2006	\$0.91	Dec2006	\$0.65
Dec2005	\$0.79	Dec2005	\$0.48
Dec2004	\$0.33	Dec2004	\$0.32
Dec2003	\$0.36	Dec2003	\$0.32
Dec2002	\$0.31	Dec2002	\$0.29
Dec2001	\$0.25	Balance Sheet Information 9/1/2018	
Dec2000	\$0.34	Total Current Assets	\$4,193,952,000
Dec1999	\$0.30	Total Current Liabilities	\$3,229,785,000
Dec1998	\$0.10	Long-Term Debt	\$1,000,315,000
		Total Assets	\$8,390,310,000
		Intangible Assets	\$3,303,882,000
		Total Liabilities	\$4,973,594,000
		Shares Outstanding (Diluted Average)	153,614,000





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

- [Henry Schein Inc Valuation – March 2018 \\$HSIC](#)
- [Henry Schein Inc Valuation – July 2016 \\$HSIC](#)
- [Henry Schein Inc Valuation – February 2016 Update \\$HSIC](#)
- [Henry Schein Inc. Valuation – October 2015 Update \\$HSIC](#)
- [The Best Companies of the Medical Industry – September 2015](#)

Other ModernGraham posts about related companies

- [UnitedHealth Group Inc Valuation – November 2018 \\$UNH](#)
- [Luminex Corp Valuation – October 2018 \\$LMNX](#)
- [LHC Group Inc Valuation – September 2018 \\$LHCG](#)
- [Chartwell Retirement Residences Valuation – August 2018 \\$TSE:CSH.UN](#)
- [STERIS PLC Valuation – August 2018 \\$STE](#)
- [CryoLife Inc Valuation – August 2018 \\$CRY](#)
- [Charles River Laboratories International Inc Valuation – August 2018 \\$CRL](#)
- [Surmodics Inc Valuation – August 2018 \\$SRDX](#)
- [Conmed Corp Valuation – August 2018 \\$CNMD](#)
- [Invacare Corp Valuation – July 2018 \\$IVC](#)