ModernGraham Valuation

Company Name:

Laboratory Corp. of America Holdings



Company Ticker Date of Analysis

1/24/2019

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.

	Adequate Size of the Enterprise	Market Cap > \$2Bil	\$13,766,796,246 Pass
:	2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.55 Fail
;	Earnings Stability	Positive EPS for 10 years prior	Pass
	Dividend Record	Dividend Payments for 10 years prior	Fail
		Increase of 33% in EPS in past 10 years using 3 year averages at	
	5. Earnings Growth	beginning and end	86.48% Pass
(6. Moderate PEmg Ratio	PEmg < 20	15.53 Pass
	7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.93 Pass

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

Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.55 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	5.13 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	Pass
	Score	

Suitability

Defensive No No Enterprising

Stage 2: Determination of Intrinsic Value

EPSING	\$8.78
MG Growth Estimate	7.45%
MG Value	\$205.57
MG Value based on 3% Growth	\$127.37
MG Value based on 0% Growth	\$74.66
Market Implied Growth Rate	3.52%

MG Opinion

Opinion	Undervalued
% of Intrinsic Value	66.37%
Current Price	\$136.44

MG Grade C-

Stage 3: Information for Further Research

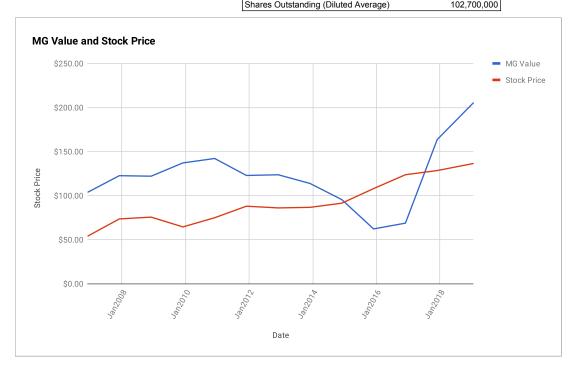
Net Current Asset Value (NCAV)	-\$59.78
Graham Number	\$119.38
PEmg	15.53
Current Ratio	1.55
PB Ratio	1.93
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Morningstar

Useful Links: ModernGraham tagged articles

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

EPS History		EPSmg History	
Next Fiscal Year		Nort Final Van Fatinata	¢0.70
Estimate	• • • •	Next Fiscal Year Estimate	\$8.78
Dec2017	\$12.21	Dec2017	\$8.02
Dec2016	\$7.02	Dec2016	\$5.91
Dec2015	\$4.35	Dec2015	\$5.42
Dec2014	\$5.91	Dec2014	\$5.87
Dec2013	\$6.25	Dec2013	\$5.74
Dec2012	\$5.99	Dec2012	\$5.36
Dec2011	\$5.11	Dec2011	\$4.93
Dec2010	\$5.29	Dec2010	\$4.66
Dec2009	\$4.98	Dec2009	\$4.17
Dec2008	\$4.16	Dec2008	\$3.61
Dec2007	\$3.93	Dec2007	\$3.18
Dec2006	\$3.24	Dec2006	\$2.69
Dec2005	\$2.71	Dec2005	\$2.30
Dec2004	\$2.45	Dec2004	\$1.96
Dec2003	\$2.11	Dec2003	\$1.56
Dec2002	\$1.77	Dec2002	\$1.16
Dec2001	\$1.27	Balance Sheet Information	9/1/2018
Dec2000	\$0.81	Total Current Assets	\$3,274,300,000
Dec1999	\$0.29	Total Current Liabilities	\$2,106,200,000
Dec1998	\$0.50	Long-Term Debt	\$5,992,000,000
	·	Total Assets	\$16,661,400,000
		Intangible Assets	\$11,353,600,000
		Total Liabilities	\$9,413,300,000
		Shares Outstanding (Diluted Average)	102,700,000





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

<u>Laboratory Corporation of America Holdings Valuation – March 2018 \$LH</u>

<u>Laboratory Corp of America Holdings Valuation – July 2016 \$LH</u>

47 Companies in the Spotlight This Week - 5/16/15

<u>Laboratory Corporation of America Holdings Annual Valuation – 2015 \$LH</u>

15 Companies in the Spotlight This Week – 5/3/2014

Other ModernGraham posts about related companies PerkinElmer Inc Valuation – January 2019 \$PKI

Cardinal Health Inc Valuation – January 2019 \$CAH

Varian Medical Systems Inc Valuation – January 2019 \$VAR

Zimmer Biomet Holdings Inc Valuation – January 2019 \$ZBH

Henry Schein Inc Valuation - January 2019 \$HSIC

Medtronic PLC Valuation – January 2019 \$MDT

<u>UnitedHealth Group Inc Valuation – November 2018 \$UNH</u>

<u>Luminex Corp Valuation – October 2018 \$LMNX</u>

LHC Group Inc Valuation – September 2018 \$LHCG

Chartwell Retirement Residences Valuation - August 2018 \$TSE:CSH.UN