

ModernGraham Valuation

Zimmer Biomet
Holdings Inc



Company Name:

Company Ticker ZBH

Date of Analysis

1/10/2019

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	\$21,072,760,062	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.89	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	46.03%	Pass
5. Earnings Growth	PEmg < 20	22.42	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.74	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	1.89	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	4.05	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

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.61
MG Growth Estimate	1.45%
MG Value	\$52.60
MG Value based on 3% Growth	\$66.86
MG Value based on 0% Growth	\$39.20
Market Implied Growth Rate	6.96%

MG Opinion

Current Price	\$103.38
% of Intrinsic Value	196.54%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$42.09
Graham Number	\$77.93
PEmg	22.42
Current Ratio	1.89
PB Ratio	1.74
Current Dividend	\$0.96
Dividend Yield	0.93%
Number of Consecutive Years of Dividend Growth	2

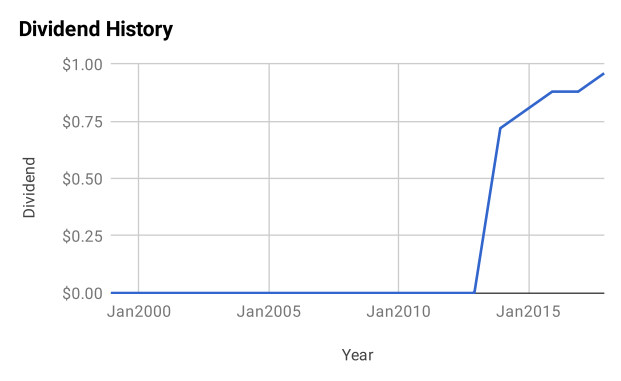
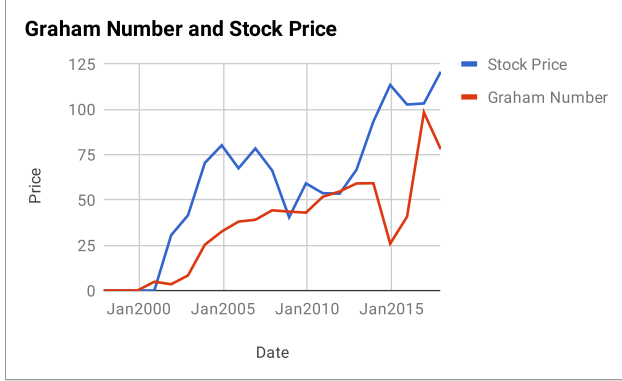
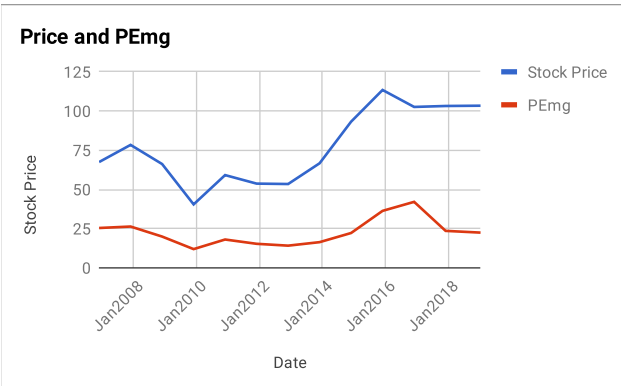
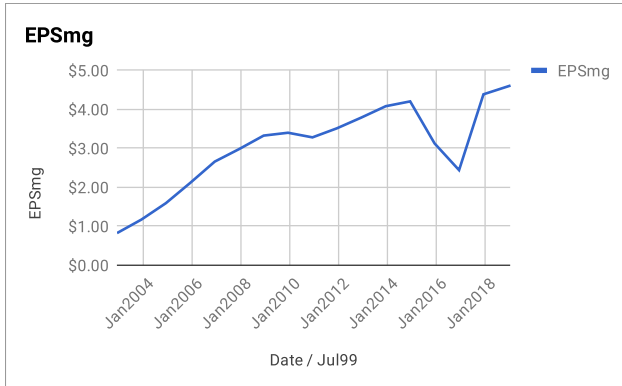
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.66	Next Fiscal Year Estimate	\$4.61
Dec2017	\$8.90	Dec2017	\$4.39
Dec2016	\$1.51	Dec2016	\$2.44
Dec2015	\$0.77	Dec2015	\$3.13
Dec2014	\$4.20	Dec2014	\$4.20
Dec2013	\$4.54	Dec2013	\$4.08
Dec2012	\$4.29	Dec2012	\$3.79
Dec2011	\$4.03	Dec2011	\$3.51
Dec2010	\$2.97	Dec2010	\$3.28
Dec2009	\$3.32	Dec2009	\$3.40
Dec2008	\$3.72	Dec2008	\$3.33
Dec2007	\$3.26	Dec2007	\$2.98
Dec2006	\$3.40	Dec2006	\$2.66
Dec2005	\$2.93	Dec2005	\$2.11
Dec2004	\$2.19	Dec2004	\$1.59
Dec2003	\$1.64	Dec2003	\$1.17
Dec2002	\$1.31	Dec2002	\$0.82
Dec2001	\$0.77	Balance Sheet Information 9/1/2018	
Dec2000	\$0.91	Total Current Assets	\$4,513,300,000
Dec1999	\$0.00	Total Current Liabilities	\$2,391,200,000
Dec1998	\$0.00	Long-Term Debt	\$8,597,400,000
		Total Assets	\$25,382,000,000
		Intangible Assets	\$18,421,000,000
		Total Liabilities	\$13,159,000,000
		Shares Outstanding (Diluted Average)	205,400,000





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.

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