

ModernGraham Valuation

Company Name:

Zoetis Inc

Company Ticker ZTS

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	\$41,107,369,275	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.06	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	1571.05%	Pass
5. Earnings Growth	PEmg < 20	43.92	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	19.62	Fail
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	4.06	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.10	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	\$1.95
MG Growth Estimate	15.00%
MG Value	\$75.00
MG Value based on 3% Growth	\$28.25
MG Value based on 0% Growth	\$16.56
Market Implied Growth Rate	17.71%

MG Opinion

Current Price	\$85.56
% of Intrinsic Value	114.08%
Opinion	Overvalued
MG Grade	C-

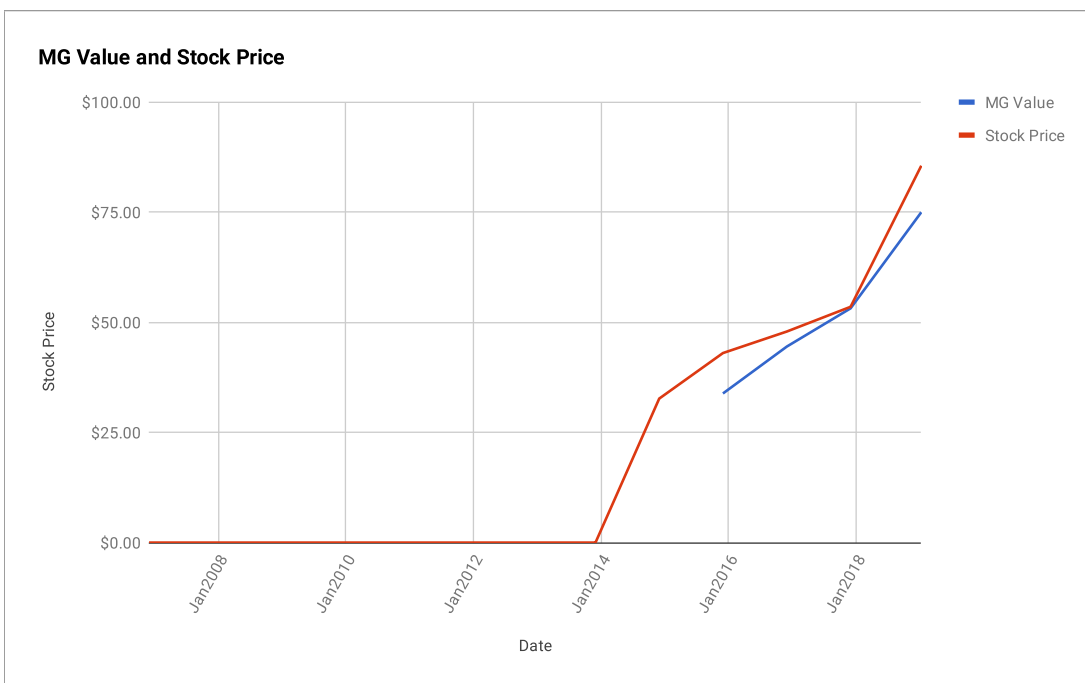
Stage 3: Information for Further Research

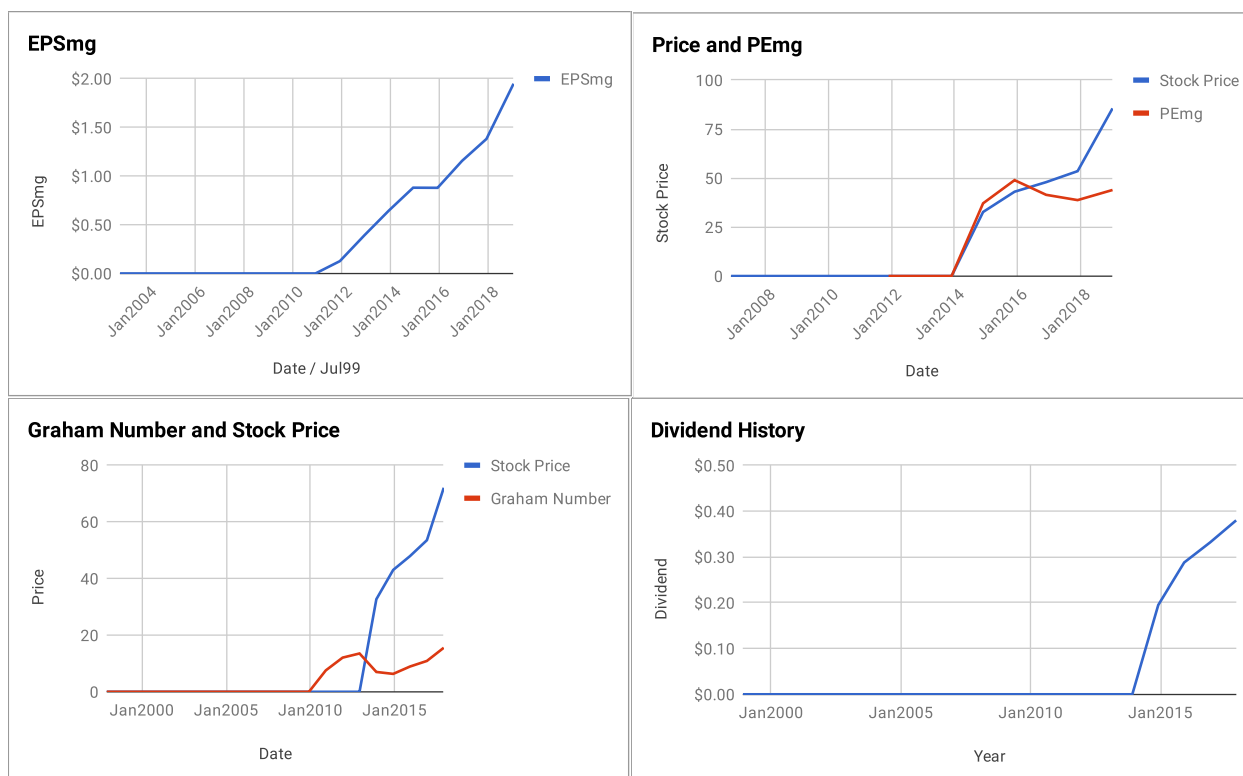
Net Current Asset Value (NCAV)	-\$8.78
Graham Number	\$15.55
PEmg	43.92
Current Ratio	4.06
PB Ratio	19.62
Current Dividend	\$0.42
Dividend Yield	0.49%
Number of Consecutive Years of Dividend Growth	5

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		Next Fiscal Year Estimate	
	\$2.95		\$1.95
Dec2017	\$1.75	Dec2017	\$1.38
Dec2016	\$1.65	Dec2016	\$1.16
Dec2015	\$0.68	Dec2015	\$0.88
Dec2014	\$1.16	Dec2014	\$0.88
Dec2013	\$1.01	Dec2013	\$0.64
Dec2012	\$0.87	Dec2012	\$0.39
Dec2011	\$0.38	Dec2011	\$0.13
Dec2010	\$0.00	Dec2010	\$0.00
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
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	
Dec2000	\$0.00	9/1/2018	
Dec1999	\$0.00	Total Current Assets	\$4,076,000,000
Dec1998	\$0.00	Total Current Liabilities	\$1,003,000,000
		Long-Term Debt	\$6,441,000,000
		Total Assets	\$10,459,000,000
		Intangible Assets	\$4,657,000,000
		Total Liabilities	\$8,341,000,000
		Shares Outstanding (Diluted Average)	485,800,000





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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[Zoetis Inc. Valuation – October 2015 Update \\$ZTS](#)
[The Best Companies of the Pharmaceuticals Industry – August 2015](#)
[The 16 Best Stocks For Value Investors This Week – 8/1/15](#)

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[Ligand Pharmaceuticals Inc Valuation – September 2018 \\$LGND](#)
[Supernus Pharmaceuticals Inc Valuation – August 2018 \\$SUPN](#)
[Lannett Co Inc Valuation – August 2018 \\$LCI](#)
[Spectrum Pharmaceuticals Inc Valuation – August 2018 \\$SPPI](#)
[Akorn Inc Valuation – July 2018 \\$AKRX](#)
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[Bristol-Myers Squibb Company Valuation – June 2018 \\$BMY](#)