

ModernGraham Valuation

Company Name:

Company Ticker MCK

Date of Analysis

McKesson
Corporation

3/21/2019



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	\$23,379,630,473	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.02	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	146.96%	Pass
6. Moderate PEmg Ratio	PEmg < 20	11.26	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.53	Pass

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	1.02	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	8.51	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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$10.83
MG Growth Estimate	13.49%
MG Value	\$384.02
MG Value based on 3% Growth	\$156.98
MG Value based on 0% Growth	\$92.02
Market Implied Growth Rate	1.38%

MG Opinion

Current Price	\$121.88
% of Intrinsic Value	31.74%
Opinion	Undervalued
MG Grade	B

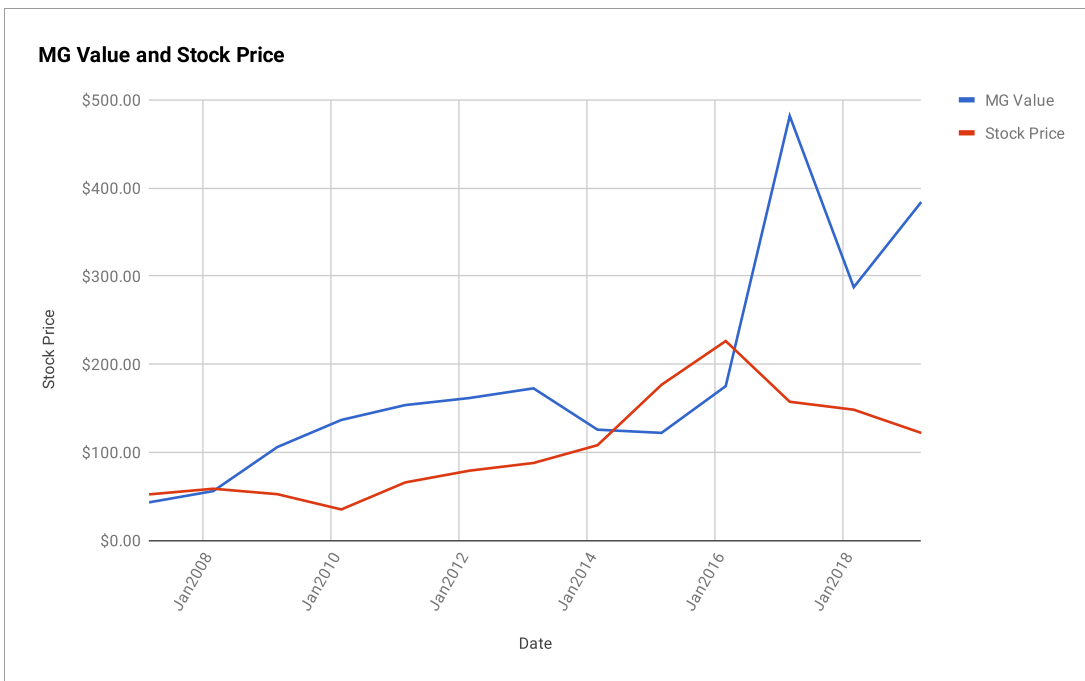
Stage 3: Information for Further Research

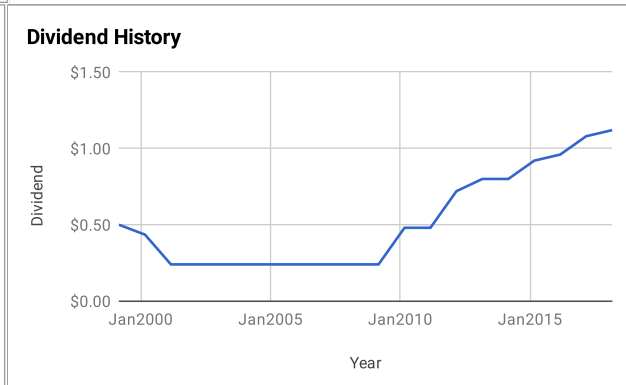
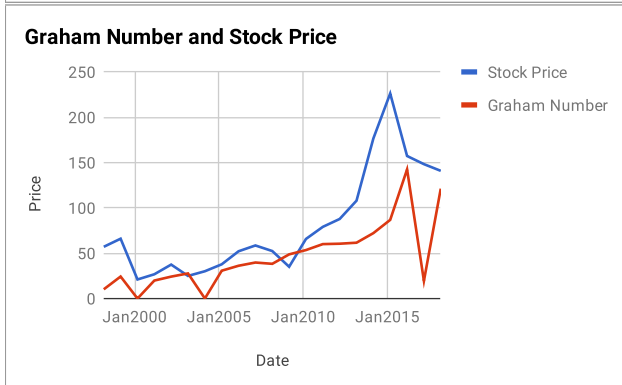
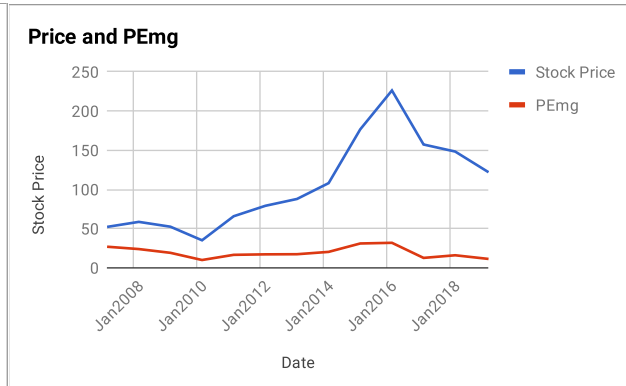
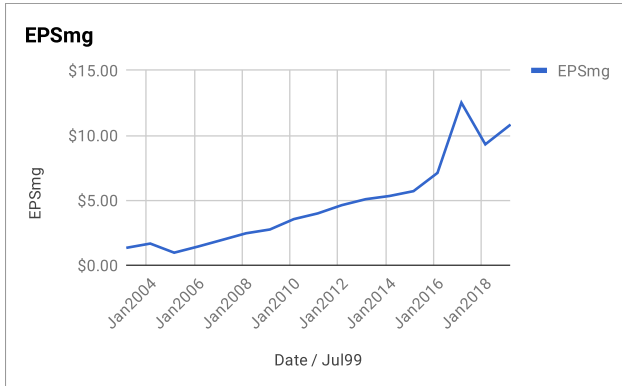
Net Current Asset Value (NCAV)	-\$68.22
Graham Number	\$121.19
PEmg	11.26
Current Ratio	1.02
PB Ratio	2.53
Current Dividend	\$1.30
Dividend Yield	1.07%
Number of Consecutive Years of Dividend Growth	5

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	\$13.45	Next Fiscal Year Estimate	\$10.83
Mar2018	\$0.32	Mar2018	\$9.30
Mar2017	\$22.73	Mar2017	\$12.51
Mar2016	\$9.70	Mar2016	\$7.11
Mar2015	\$6.27	Mar2015	\$5.70
Mar2014	\$5.41	Mar2014	\$5.33
Mar2013	\$5.59	Mar2013	\$5.08
Mar2012	\$5.59	Mar2012	\$4.62
Mar2011	\$4.57	Mar2011	\$3.99
Mar2010	\$4.62	Mar2010	\$3.55
Mar2009	\$2.95	Mar2009	\$2.75
Mar2008	\$3.32	Mar2008	\$2.46
Mar2007	\$2.99	Mar2007	\$1.94
Mar2006	\$2.38	Mar2006	\$1.44
Mar2005	-\$0.53	Mar2005	\$0.96
Mar2004	\$2.19	Mar2004	\$1.66
Mar2003	\$1.88	Mar2003	\$1.33
Mar2002	\$1.43	Balance Sheet Information 12/1/2018	
Mar2001	-\$0.17	Total Current Assets	\$38,319,000,000
Mar2000	\$2.55	Total Current Liabilities	\$37,424,000,000
Mar1999	\$0.31	Long-Term Debt	\$7,616,000,000
		Total Assets	\$61,011,000,000
		Intangible Assets	\$14,439,000,000
		Total Liabilities	\$51,622,000,000
		Shares Outstanding (Diluted Average)	195,000,000





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**
- [5 Undervalued Companies for the Defensive Investor Near 52 Week Lows – August 2018](#)
 - [McKesson Corp Valuation – June 2018 \\$MCK](#)
 - [McKesson Corp Valuation – August 2017 \\$MCK](#)
 - [McKesson Corp Valuation – July 2016 \\$MCK](#)
 - [47 Companies in the Spotlight This Week – 5/16/15](#)

- Other ModernGraham posts about related companies**
- [Hologic Inc Valuation – March 2019 #HOLX](#)
 - [Mettler-Toledo International Inc Valuation – March 2019 #MTD](#)
 - [DaVita Inc Valuation – March 2019 #DVA](#)
 - [Danaher Corp Valuation – March 2019 #DHR](#)
 - [Agilent Technologies Inc Valuation – March 2019 #A](#)
 - [ResMed Inc Valuation – March 2019 #RMD](#)
 - [Cooper Companies Inc Valuation – March 2019 #COO](#)
 - [Edwards Lifesciences Corp Valuation – March 2019 \\$FEW](#)
 - [Boston Scientific Corporation Valuation – March 2019 \\$BSX](#)
 - [Baxter International Inc Valuation – March 2019 \\$BAX](#)