

Sonic Healthcare (SHL: \$A41.17)

Sonic Healthcare adds \$A278 million (1.4%) in MCap, top heavyweight rise in Health care sector Monday September 27, 2021 16:00 AEST

Sonic Healthcare Limited (ASX:SHL), Australia's largest Health care company by market cap, has increased 58.0c (1.4%) from its previous trading session to close at \$A41.17. Compared with the All Ordinaries Index which rose 41.4 points (0.5%) in the day, the relative price increase was 0.9%.

It posted the highest rise in MCap \$A277.8 million with the most influence on the Health care sector. Its MCap is \$A19.7 billion.

There were 1,119,439 shares worth \$A46.1 million traded today. The volume was 1.1 times the average daily trading volume of 1 million shares.

Figure 1: Stock Identifiers

ISIN	AU000000SHL7
PermID	4295856965

Fig 2: Stock Summary

52-Week Range	\$A29.83-\$A43.43
Market Cap	\$A19.7 billion
Shares Outstanding	478,983,467
EPS Growth (%)	148.6
Relative Strength (3 mo)	69

Fig 3: Technical Indicators

Name	Value	Comment
RSI	38.3	Neutral
MACD	0.01	Buy
William % R	-65.7	Neutral
MFI	29.9	Neutral

Fig 4: Moving Averages

Name	Value	Comment
P/MAP50	1.0	Price/MAP50 above 1 and rising
P/MAP200	1.15	Price/MAP200 above 1 and rising

Fig 5: Financials Summary

Year ended Jun	FY2021	FY2020	FY2019
Sales (\$ B)	6.4	5	4.5
Pretax (\$)	1.3B	510M	527M
Net (\$ M)	959.5	385	401.1
EPS (AUD)	2.76	1.11	1.225

Bullish Signals

Uptrend

Today's Volatility:

- The 5.2% discount to 12-month high of \$A43.43 against the 38.0% premium to 12-month low of \$A29.83 suggests the stock continues to push for new highs.

Fig 6: Price/Moving Average Price and MACD:

- The Price/MAP of 1.15 for SHL is higher than the Price/MAP for the All Ordinaries Index of 1.08.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 41.59 minus the 26-day EMA of 41.59 is positive suggesting a bullish signal.
- The price to 50-day EMAP ratio is 1.0, a bullish indicator. In the past 50 days this ratio has exceeded 1.0, 49 times suggesting further upside. The 50-day EMAP has increased to \$A40.85. An increase is another bullish indicator.
- The price to 200-day MAP ratio is 1.15, a bullish indicator. In the past 200 days this ratio has exceeded 1.15, 43 times suggesting further upside. The 50-day MAP of \$A41.13 is higher than the 200-day MAP of \$A35.71, a bullish indicator. The 200-day MAP has increased to \$A35.71. An increase is another bullish indicator.

Past Month:

- In the past three months the stock has hit a new 52-week high twenty-six times, pointing to a significant uptrend.

Fig 7: High Price Performance Indicators and rank of Sonic Healthcare in the Australian market:

Description	SHL Value	Rank In Market
MCap	\$A19.7 billion	In Top 2%
Today's Trading Turnover	\$A46.1 million	In Top 3%

Oversold/Bullish Signals:

- The Stochastic indicator of 19.4 has pierced the oversold line of 20; this indicates the price is close to its 14-day low and is likely to revert to an uptrend.

Short Selling:

- The current short volume is 0.9 times its own historical average of 0.03%.

Undervaluation [compared with sector average]

Price/Earnings and Earnings Yield:

- Price/Earnings of 14.9 [38.7]. We estimate Sonic Healthcare stock is trading at a current year P/E of 8.7 and a forward year P/E of 5. The P/E of 14.9 plus annual inflation in the Australia of 0.9% adds up to 15.8, well within the value benchmark Rule of 19.

- Earnings yield of 6.7% is 4.8 times the 10-year bond yield of 1.4%.

Price to Sales:

- Price/Sales of 2.2 [2.5]. We estimate Sonic Healthcare stock is trading at a current year Price/Sales of 1.9 and a forward year Price/Sales of 1.6.

MCap/Total Assets:

- Tobin's Q Ratio, defined as MCap divided by Total Assets, is 1.7. Compared with the rest of the market the stock is undervalued.

Undervaluation Indicator and rank of Sonic Healthcare in the Australian market:

Description	Value	Rank In Market
Price/Earnings/Growth	0.1	In Top 2%