



Model updated:04 February 2014

Running the numbers

North America

United States

Health Care Facilities and Services

HCA Holdings, Inc.

Reuters: HCA.N

Bloomberg: HCA US

Buy

Price (3 Feb 13) USD 48.46

Target Price USD 58.00

52 Week range USD 35.21 - 51.41

Market Cap (m) USDm 22,292

EURm 16,491

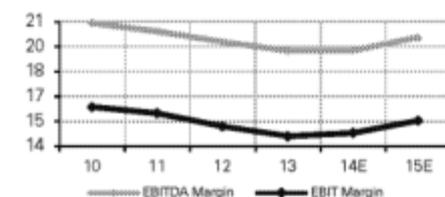
Company Profile

HCA operates the largest private health care system in the U.S. through a network of acute care hospitals, outpatient facilities, clinics and other patient care delivery settings. HCA's operations include 162 hospitals and 112 freestanding surgery centers across 20 states throughout the U.S. and England.

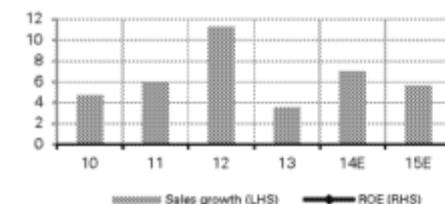
Price Performance



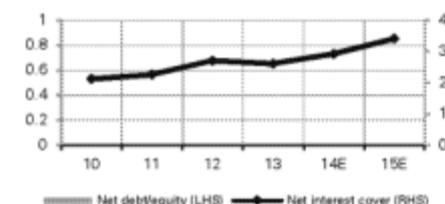
Margin Trends



Growth & Profitability



Solvency



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Fiscal year end 31-Dec

Financial Summary

	2010	2011	2012	2013	2014E	2015E
DB EPS (USD)	2.76	2.85	3.74	3.42	3.92	4.77
Reported EPS (USD)	2.76	4.97	3.49	3.37	3.92	4.77
DPS (USD)	0.00	0.00	0.00	0.00	0.00	0.00
BVPS (USD)	-27.27	-16.65	-21.03	-15.00	-11.14	-6.21

Valuation Metrics

	2010	2011	2012	2013	2014E	2015E
Price/Sales (x)	0.7	0.5	0.4	0.5	0.6	0.6
P/E (DB) (x)	17.2	9.5	7.5	11.8	12.4	10.2
P/E (Reported) (x)	17.2	5.4	8.0	11.9	12.4	10.2
P/BV (x)	nm	nm	nm	nm	nm	nm
FCF yield (%)	8.7	18.9	18.2	9.5	8.5	10.5
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
EV/Sales	1.7	1.4	1.3	1.4	1.4	1.2
EV/EBITDA	8.2	6.7	6.4	7.2	7.1	6.2
EV/EBIT	10.8	8.9	8.6	9.9	9.5	8.2

Income Statement (USDm)

	2010	2011	2012	2013	2014E	2015E
Sales	28,035	29,682	33,013	34,182	36,566	38,655
EBITDA	5,868	6,061	6,531	6,574	7,048	7,749
EBIT	4,447	4,596	4,852	4,821	5,236	5,812
Pre-tax profit	2,231	3,561	2,894	2,946	3,440	4,105
Net income	1,207	2,465	1,605	1,556	1,802	2,228

Cash Flow (USDm)

	2010	2011	2012	2013	2014E	2015E
Cash flow from operations	3,085	3,933	4,175	3,680	4,088	4,580
Net Capex	-1,288	-1,398	-1,832	-1,910	-2,200	-2,200
Free cash flow	1,797	2,535	2,343	1,770	1,888	2,380
Equity raised/(bought back)	0	1,003	0	-500	0	0
Dividends paid	0	0	0	0	0	0
Net inc/(dec) in borrowings	2,533	-1,589	1,724	-692	-1,000	-2,000
Other investing/financing cash flows	-4,231	-1,987	-3,735	-869	-494	-512
Net cash flow	99	-38	332	-291	394	-132
Change in working capital	-199	-129	-3,663	-4,272	-3	-77

Balance Sheet (USDm)

	2010	2011	2012	2013	2014E	2015E
Cash and cash equivalents	411	373	705	414	808	676
Property, plant & equipment	11,352	12,834	13,185	13,619	14,008	14,270
Goodwill	2,693	5,251	5,539	5,903	5,903	5,903
Other assets	9,396	8,440	8,646	8,895	9,252	9,614
Total assets	23,852	26,898	28,075	28,831	29,969	30,463
Debt	28,225	27,052	28,930	28,376	27,376	25,376
Other liabilities	6,421	6,880	7,486	5,858	6,194	6,460
Total liabilities	34,646	33,912	36,416	34,234	33,570	31,836
Total shareholders' equity	-10,794	-7,014	-8,341	-5,403	-3,601	-1,373
Net debt	27,814	26,679	28,225	27,962	26,568	24,700

Key Company Metrics

	2010	2011	2012	2013	2014E	2015E
Sales growth (%)	4.7	5.9	11.2	3.5	7.0	5.7
DB EPS growth (%)	13.1	3.3	31.0	-8.5	14.6	21.8
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA Margin (%)	20.9	20.4	19.8	19.2	19.3	20.0
EBIT Margin (%)	15.9	15.5	14.7	14.1	14.3	15.0
ROE (%)	nm	nm	nm	nm	nm	nm
Net debt/equity (%)	nm	nm	nm	nm	nm	nm
Net interest cover (x)	2.1	2.3	2.7	2.6	2.9	3.4

DuPont Analysis

	2010	2011	2012	2013	2014E	2015E
EBIT margin (%)	15.9	15.5	14.7	14.1	14.3	15.0
x Asset turnover (x)	1.2	1.2	1.2	1.2	1.2	1.3
x Financial cost ratio (x)	0.5	0.6	0.6	0.6	0.7	0.7
x Tax and other effects (x)	0.5	1.0	0.5	0.5	0.5	0.5
= ROA (post tax) (%)	5.0	9.7	5.8	5.5	6.1	7.4
x Financial leverage (x)	-2.3	-2.5	-3.1	-3.4	-4.9	-7.5
= ROE (%)	-11.5	-24.4	-17.9	-18.8	-29.9	-55.5
annual growth (%)	-5.4	-111.6	26.7	-4.7	-59.4	-85.7
x NTA/share (avg) (x)	-23.9	-20.3	-19.5	-18.0	-13.1	-8.6
= Reported EPS	2.76	4.97	3.49	3.37	3.92	4.77
annual growth (%)	13.2	80.1	-29.7	-3.6	16.3	21.8

Source: Company data, Deutsche Bank estimates