

MARKET CAP

US\$13.7b

LAST UPDATED

2021/08/30 23:07 UTC

DATA SOURCES

Company Financials +

1 | Executive Summary

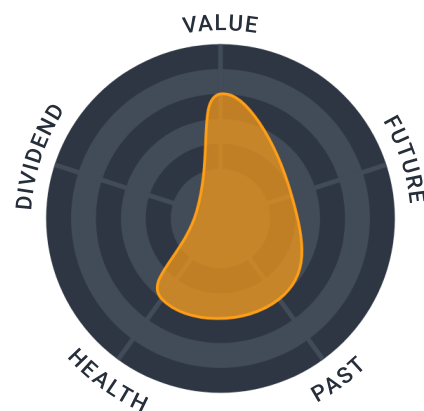
DaVita Inc. provides kidney dialysis services for patients suffering from chronic kidney failure or end stage renal disease (ESRD).

REWARDS

- ★ Trading at 32.8% below our estimate of its fair value ▶
- ★ Earnings are forecast to grow 5.52% per year ▶

RISK ANALYSIS

- ⚠ Has a high level of debt ▶
- ⚠ Significant insider selling over the past 3 months ▶



Good value with acceptable track record.

SIMILAR COMPANIES



Cigna
NYSE:CI



UnitedHealth Group
NYSE:UNH



Anthem
NYSE:ANTM

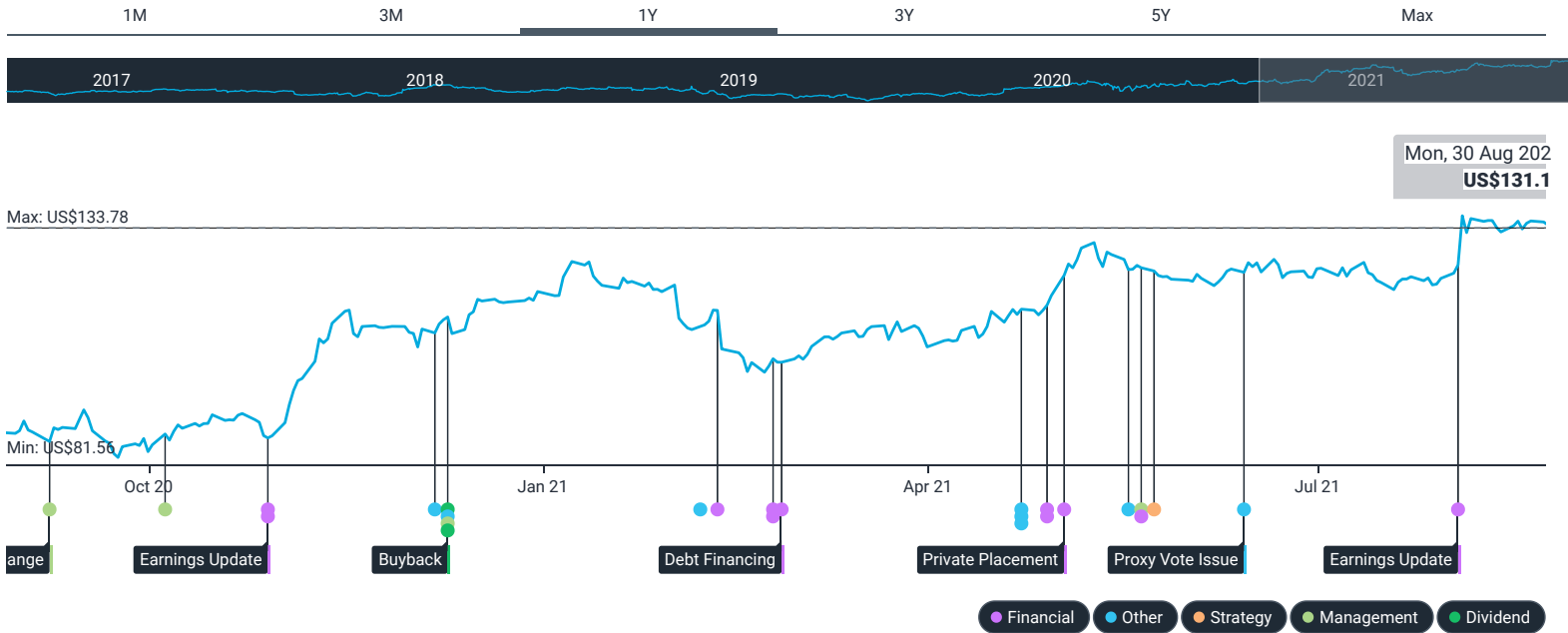
Shareholder returns

	DVA	Industry	Market
7 Day	-1.0%	-0.2%	1.7%
30 Day	9.1%	-2.0%	2.7%
90 Day	9.4%	-2.5%	5.7%
1 Year	51.2%	29.5%	30.0%
3 Year	89.3%	35.2%	53.4%
5 Year	102.4%	93.9%	101.9%
Include Dividend Returns			

2 | Share Price & News

How has DaVita's share price performed over time and what events caused price changes?

2.1 | Latest Share Price and Events



✔ **Stable Share Price:** DVA is less volatile than 75% of US stocks over the past 3 months, typically moving +/- 3% a week.

✔ **Volatility Over Time:** DVA's weekly volatility (3%) has been stable over the past year.

2.2 | Market Performance

7 Day Return

-1.0%

DVA

-0.2%

US Healthcare

1.7%

US Market

1 Year Return

51.2%

DVA

29.5%

US Healthcare

30.0%

US Market

✔ **Return vs Industry:** DVA exceeded the US Healthcare industry which returned 29.1% over the past year.

✔ **Return vs Market:** DVA exceeded the US Market which returned 29.3% over the past year.

3 | Valuation

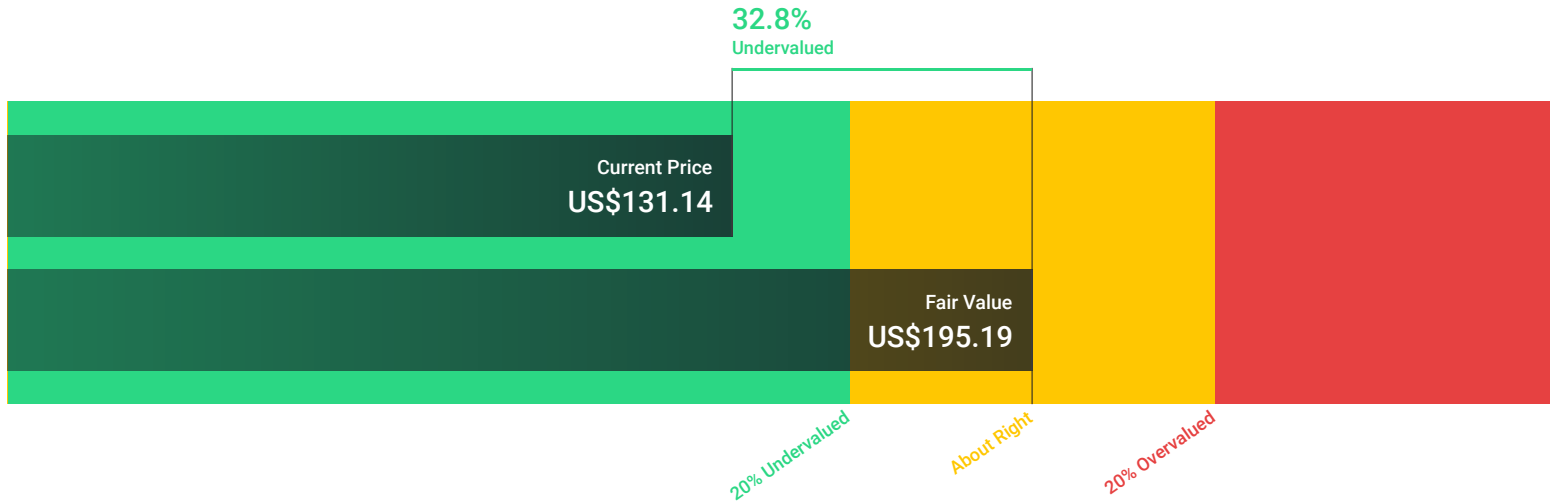


Is DaVita undervalued compared to its fair value and its price relative to the market?

32.8%

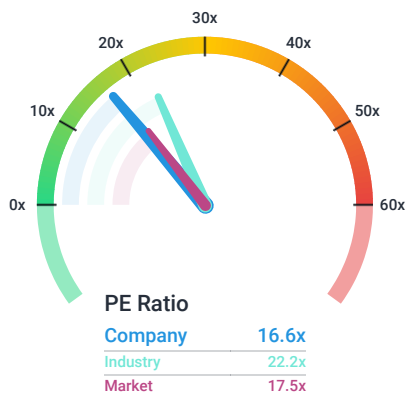
Undervalued compared to fair value

3.1 | Share Price vs. Fair Value



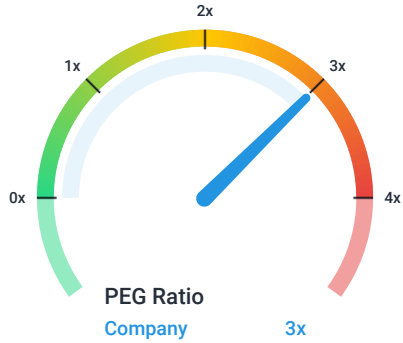
- ✓ **Below Fair Value:** DVA (\$131.14) is trading below our estimate of fair value (\$195.19)
- ✓ **Significantly Below Fair Value:** DVA is trading below fair value by more than 20%.

3.2 | Price To Earnings Ratio



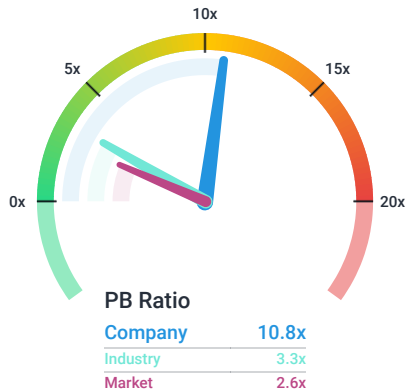
- ✓ **PE vs Industry:** DVA is good value based on its PE Ratio (16.6x) compared to the US Healthcare industry average (21.7x).
- ✓ **PE vs Market:** DVA is good value based on its PE Ratio (16.6x) compared to the US market (17.6x).

3.3 | Price to Earnings Growth Ratio



⊗ **PEG Ratio:** DVA is poor value based on its PEG Ratio (3x)

3.4 | Price to Book Ratio



⊗ **PB vs Industry:** DVA is overvalued based on its PB Ratio (10.8x) compared to the US Healthcare industry average (3.5x).

4 | Future Growth

Analysis Checks 2/6

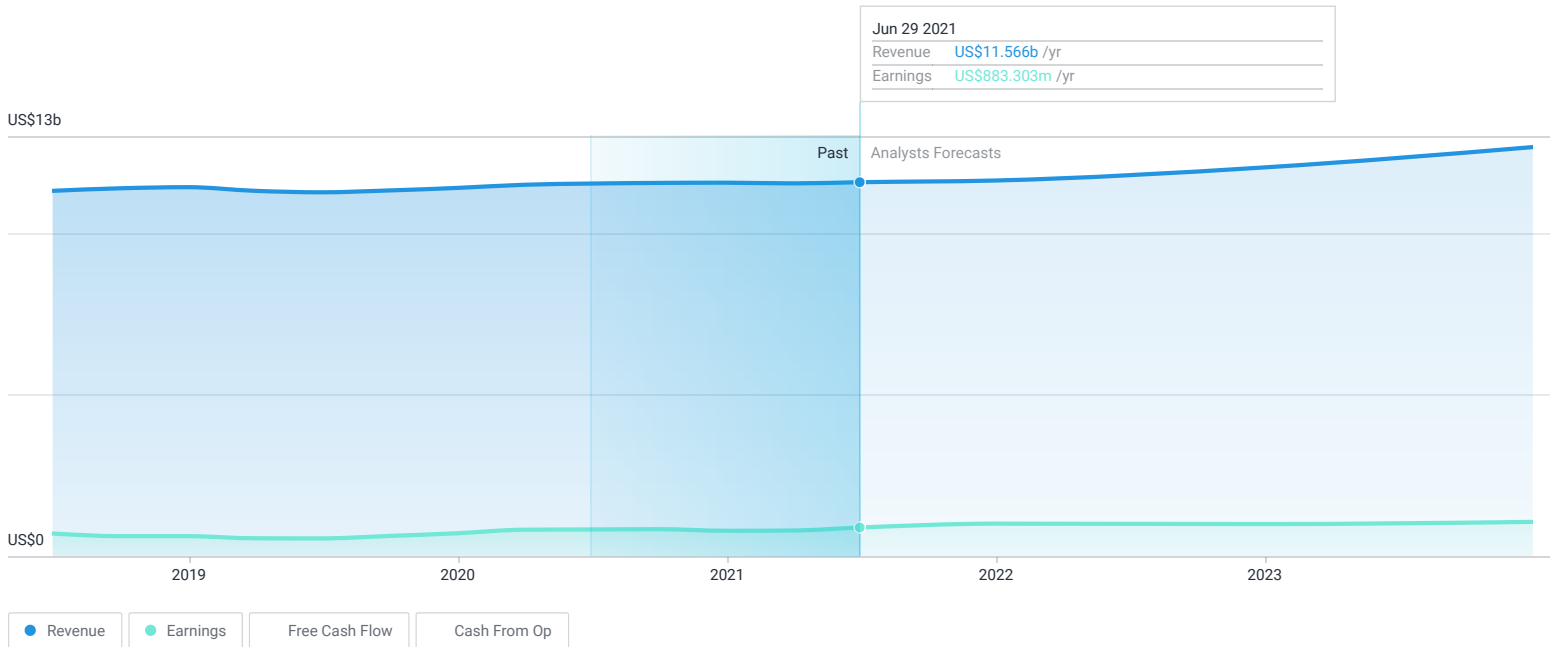


How is DaVita forecast to perform in the next 1 to 3 years based on estimates from 7 analysts?

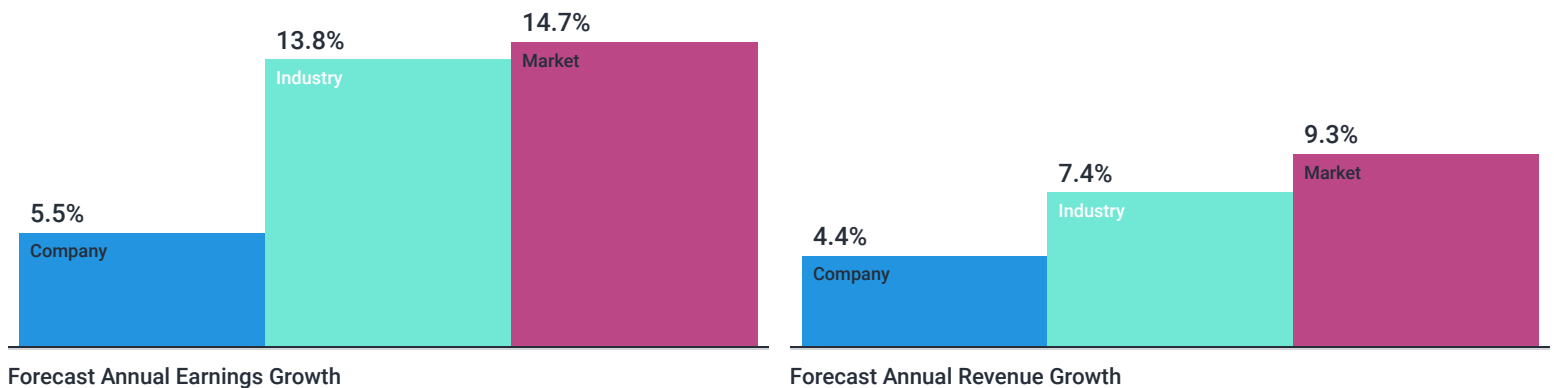
5.5%

Forecasted annual earnings growth

4.1 | Earnings and Revenue Growth Forecasts

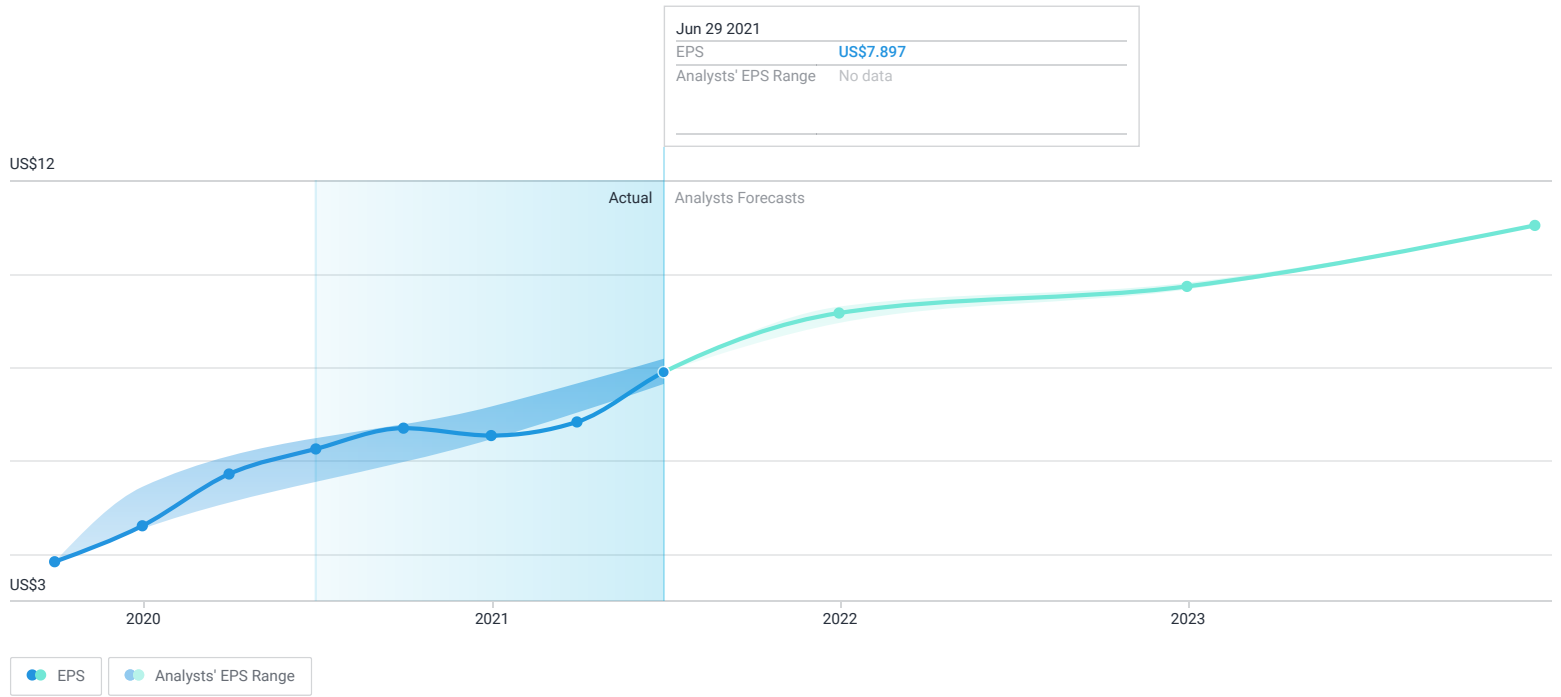


4.2 | Analyst Future Growth Forecasts

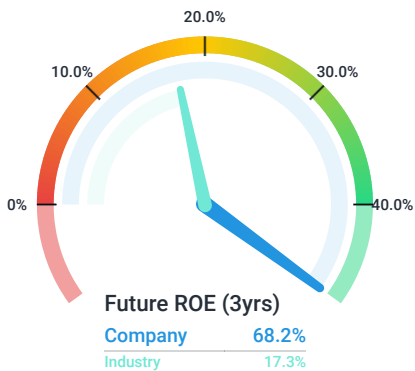


- ✓ **Earnings vs Savings Rate:** DVA's forecast earnings growth (5.5% per year) is above the savings rate (2%).
- ✗ **Earnings vs Market:** DVA's earnings (5.5% per year) are forecast to grow slower than the US market (14.7% per year).
- ✗ **High Growth Earnings:** DVA's earnings are forecast to grow, but not significantly.
- ✗ **Revenue vs Market:** DVA's revenue (4.4% per year) is forecast to grow slower than the US market (9.3% per year).
- ✗ **High Growth Revenue:** DVA's revenue (4.4% per year) is forecast to grow slower than 20% per year.

4.3 | Earnings per Share Growth Forecasts



4.4 | Future Return on Equity



✔ Future ROE: DVA's Return on Equity is forecast to be very high in 3 years time (68.2%).

5 | Past Performance

Analysis Checks 3/6

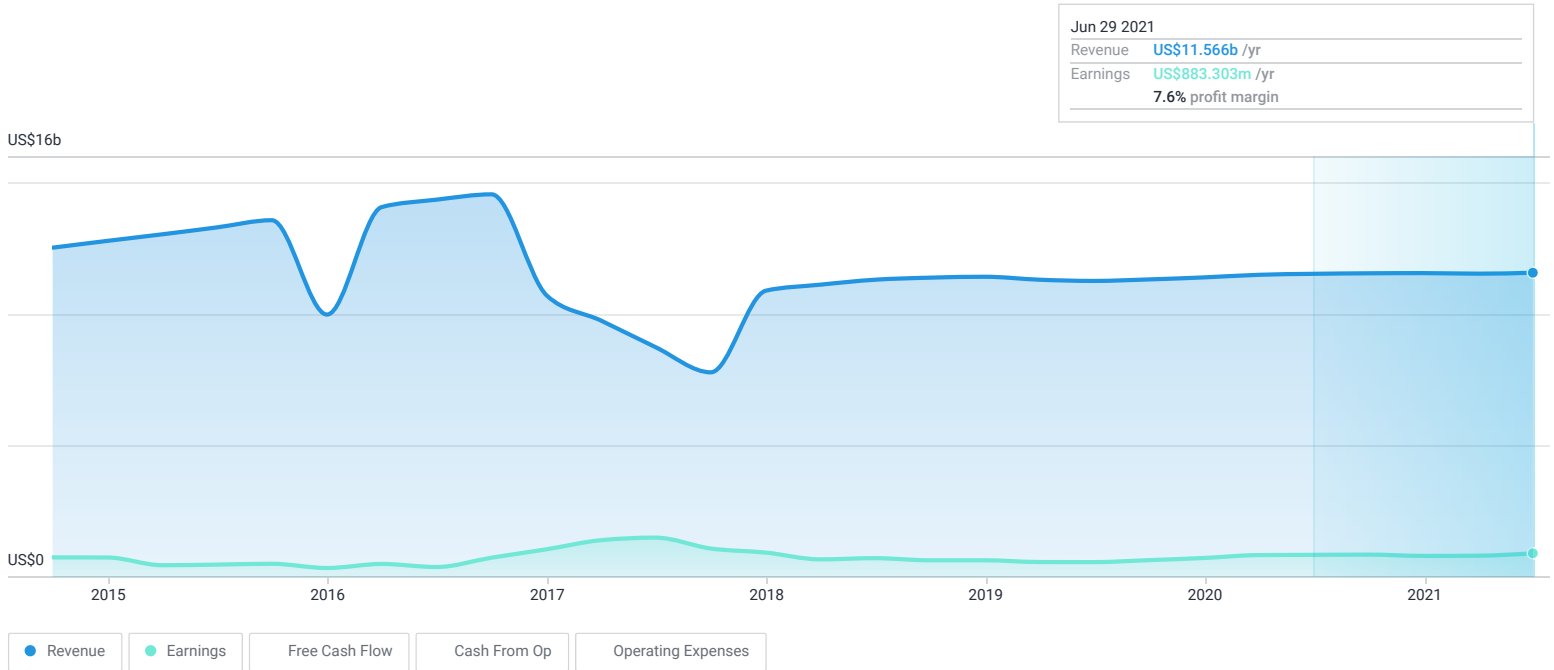


How has DaVita performed over the past 5 years?

-4.2%

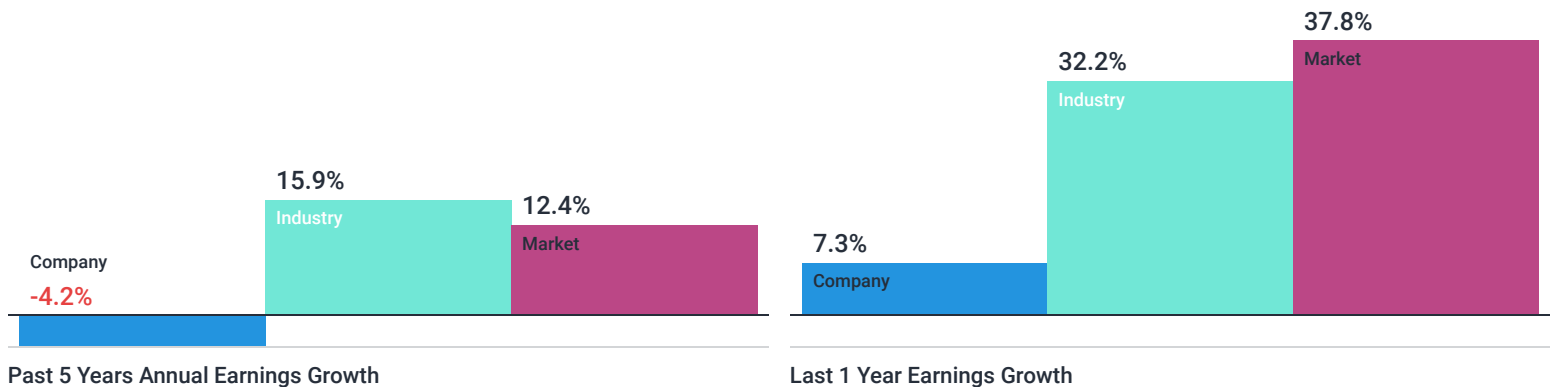
Historical annual earnings growth

5.1 | Earnings and Revenue History



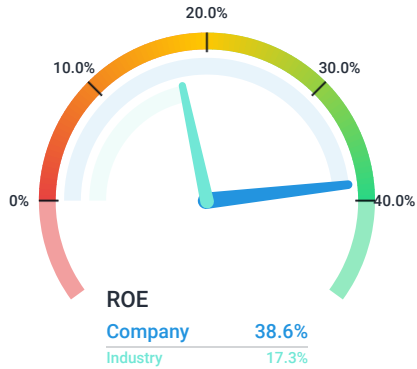
- ✔ **Quality Earnings:** DVA has high quality earnings.
- ✔ **Growing Profit Margin:** DVA's current net profit margins (7.6%) are higher than last year (7.1%).

5.2 | Past Earnings Growth Analysis



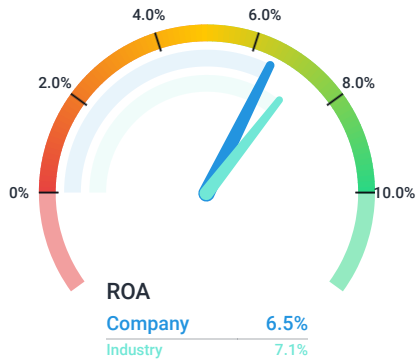
- ✘ **Earnings Trend:** DVA's earnings have declined by 4.2% per year over the past 5 years.
- ✔ **Accelerating Growth:** DVA's earnings growth over the past year (7.3%) exceeds its 5-year average (-4.2% per year).
- ✘ **Earnings vs Industry:** DVA earnings growth over the past year (7.3%) underperformed the Healthcare industry 32.2%.

5.3 | Return on Equity

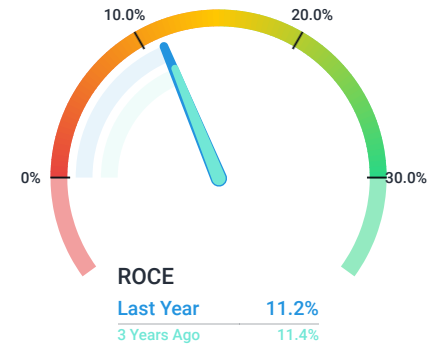


⊗ **High ROE:** Whilst DVA's Return on Equity (38.56%) is high, this metric is skewed due to their high level of debt.

5.4 | Return on Assets



5.5 | Return on Capital Employed



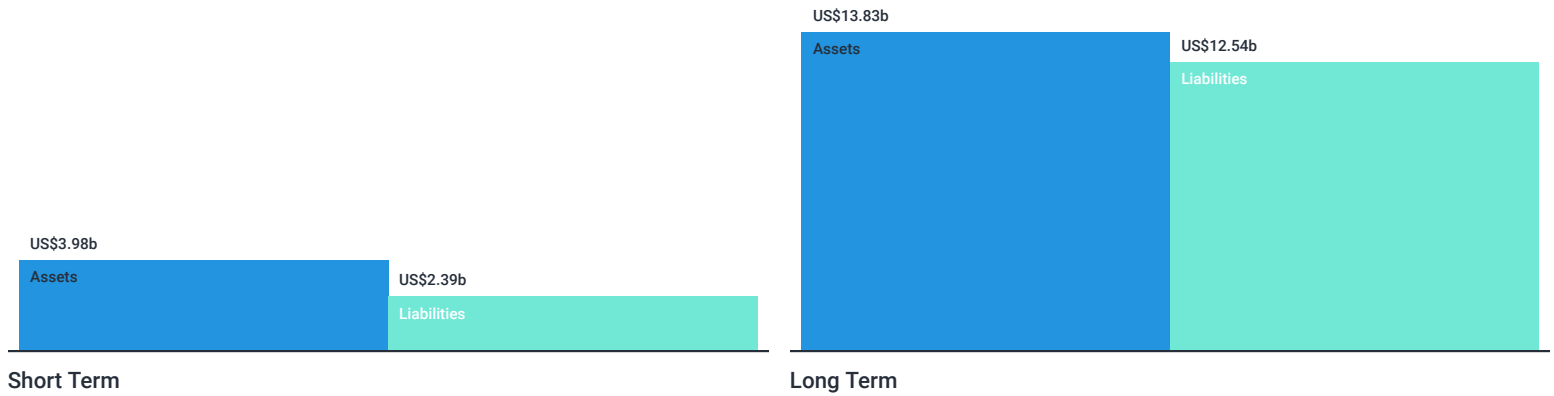
6 | Financial Health

Analysis Checks 3/6



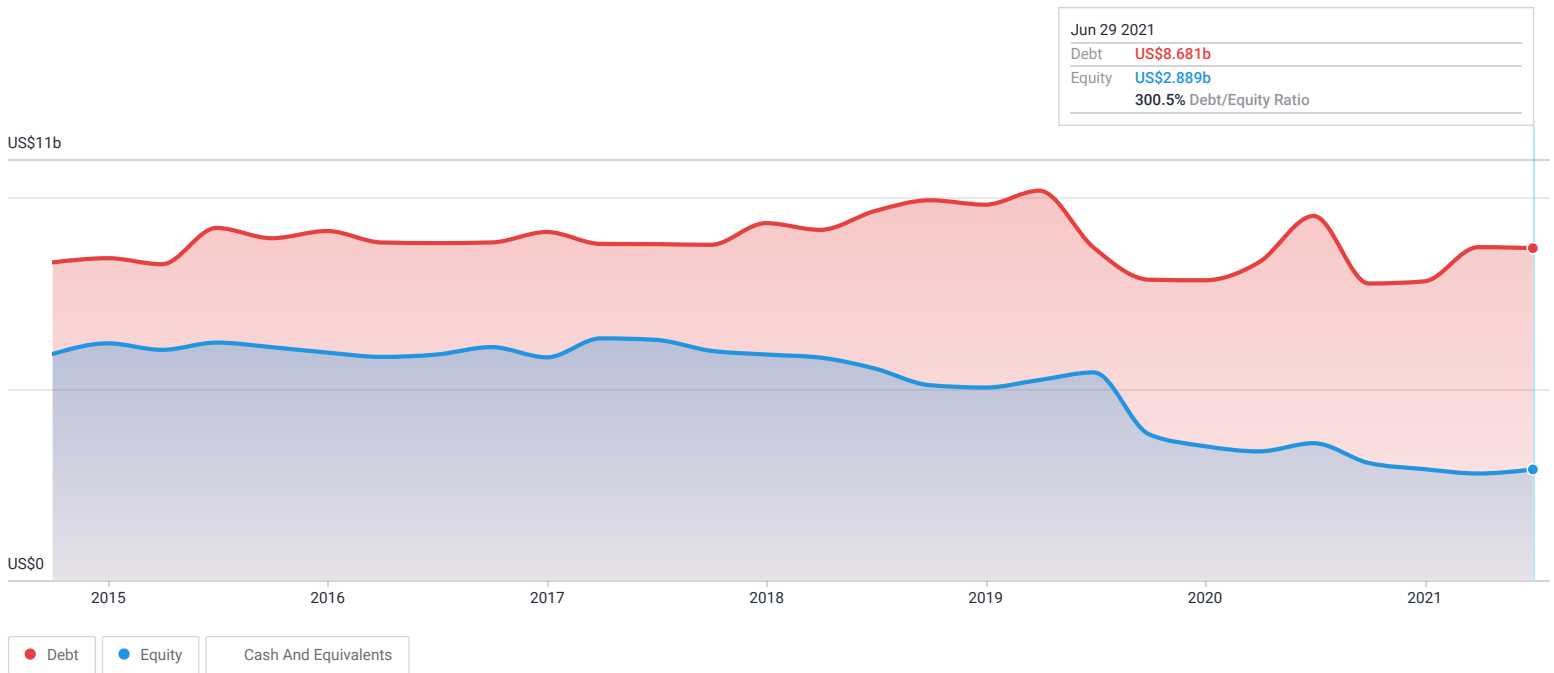
How is DaVita's financial position?

6.1 | Financial Position Analysis



- ✔ Short Term Liabilities: DVA's short term assets (\$4.0B) exceed its short term liabilities (\$2.4B).
- ✘ Long Term Liabilities: DVA's short term assets (\$4.0B) do not cover its long term liabilities (\$12.5B).

6.2 | Debt to Equity History and Analysis



- ✘ Debt Level: DVA's debt to equity ratio (300.5%) is considered high.
- ✘ Reducing Debt: DVA's debt to equity ratio has increased from 149.4% to 300.5% over the past 5 years.
- ✔ Debt Coverage: DVA's debt is well covered by operating cash flow (20.8%).
- ✔ Interest Coverage: DVA's interest payments on its debt are well covered by EBIT (6.4x coverage).

6.3 | Balance Sheet

Assets

Long term & Other Assets US\$7.7b	Receivables US\$2.6b
Physical Assets US\$6.4b	Cash & Short term Investments US\$1.1b

Liabilities + Equity

Debt US\$8.7b	Equity US\$2.9b
Other Liabilities US\$5.9b	Accounts Payable US\$276.2m

7 | Dividend

Analysis Checks 0/6

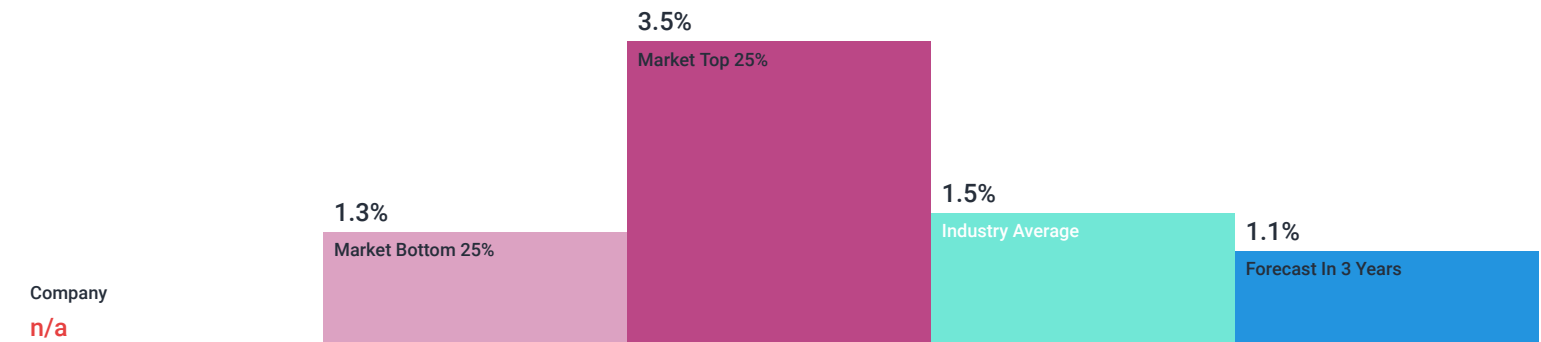


What is DaVita current dividend yield, its reliability and sustainability?

1.10%

Forecast Dividend Yield

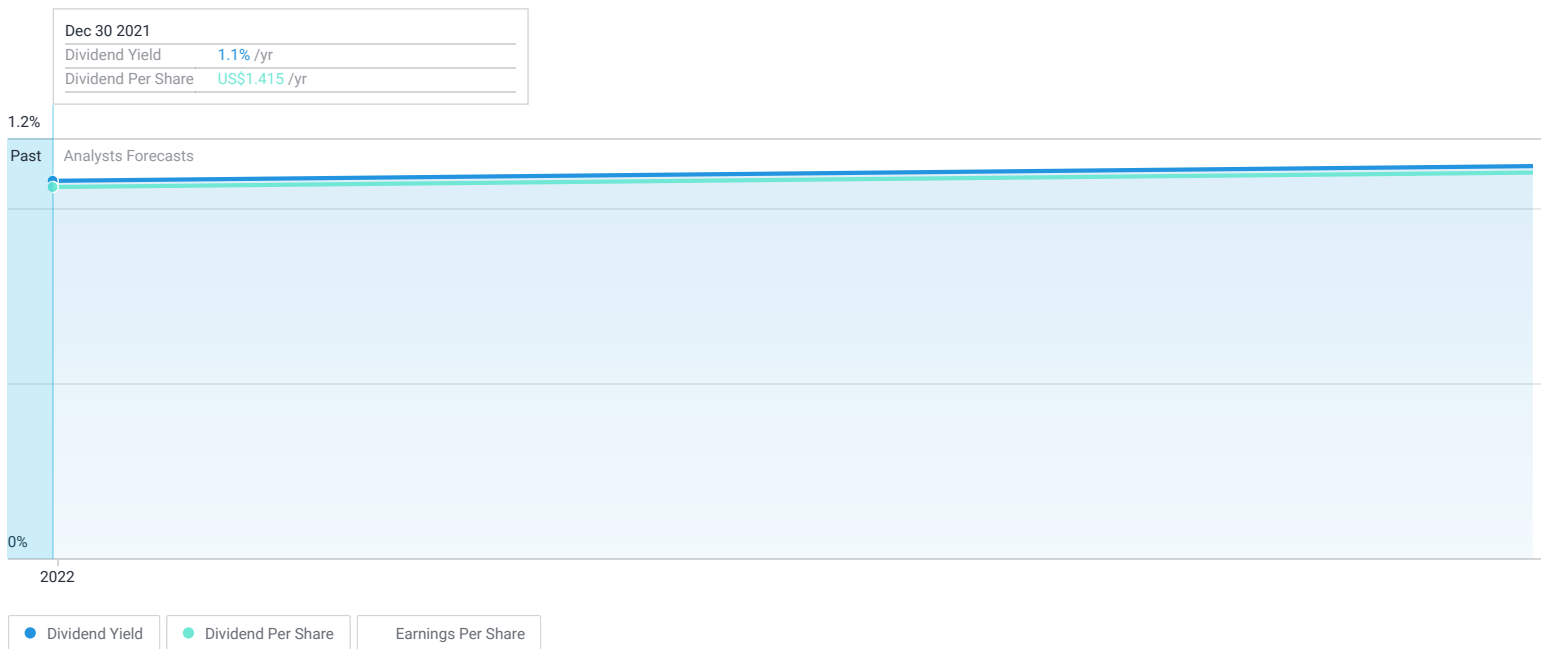
7.1 | Dividend Yield vs Market



Current Dividend Yield Vs Market & Industry

- Notable Dividend:** Unable to evaluate DVA's dividend yield against the bottom 25% of dividend payers, as the company has not reported any recent payouts.
- High Dividend:** Unable to evaluate DVA's dividend yield against the top 25% of dividend payers, as the company has not reported any recent payouts.


7.2 | Stability and Growth of Payments



- Stable Dividend:** Insufficient data to determine if DVA's dividends per share have been stable in the past.
- Growing Dividend:** Insufficient data to determine if DVA's dividend payments have been increasing.


7.3 | Current Payout to Shareholders



 **Dividend Coverage:** Insufficient data to calculate payout ratio to determine if its dividend payments are covered by earnings.

7.4 | Future Payout to Shareholders



 **Future Dividend Coverage:** No need to calculate the sustainability of DVA's dividend in 3 years as they are not forecast to pay a notable one for the US market.

8 | Management

How experienced are the management team and are they aligned to shareholders interests?

5.3yrs

Average management tenure

8.1 | CEO

Javier Rodriguez (50 yo)

2.17yrs

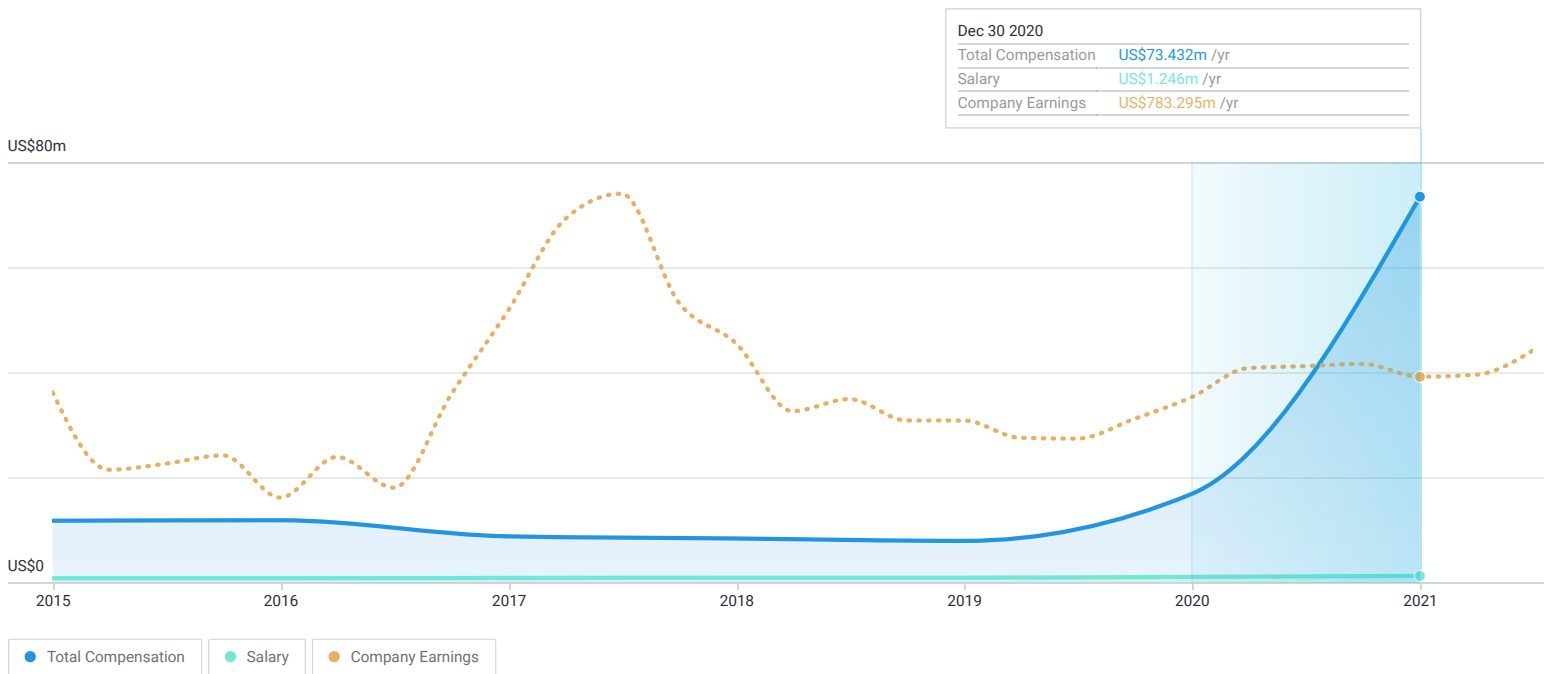
Tenure

US\$73,432,365

Compensation

Mr. Javier J. Rodriguez serves as Independent Director at Gilead Sciences, Inc. since June 15, 2020. He has been Chief Executive Officer and Executive Director of DaVita Inc. since June 1, 2019. Mr. Rodriguez has been the Chief Executive Officer of Dialysis and Related Lab Services Business and served as its Chief Executive Officer of Kidney Care Division at DaVita Inc. since March 2014 until 2019. He serves as Director at Denver Metro Chamber of Commerce. Mr. Rodriguez served as the President of DaVita Inc. since February 2012. Previously, he served as Senior Vice President of DaVita Inc. from 2006 to February 2012. He joined DaVita in 1998. From 2004 to 2006, he served as Vice President of Operations of DaVita Inc. From 2000 to 2003, he served as Vice President of payor contracting of DaVita Inc. From 1998 to 2000, he served with DaVita in various other Director positions. Prior to joining DaVita, he worked for Baxter Healthcare Corporation in Finance from 1995-1996. He also served as Director of Operations for CBS Marketing Inc. in Mexico City. Mr. Rodriguez was recognized by Modern Healthcare list of 100 Most Influential People in Healthcare in both 2019 and 2020. In 2015, he was named one of the Top 10 Leaders by Hispanic Executive magazine. Mr. Rodriguez holds a BS in Finance and Marketing from Boston College. He earned his MBA from Harvard Business School and completed an executive program at Stanford Graduate School of Business.

8.2 | CEO Compensation Analysis



⊗ **Compensation vs Market:** Javier's total compensation (\$USD73.43M) is above average for companies of similar size in the US market (\$USD11.30M).

⊗ **Compensation vs Earnings:** Javier's compensation has increased by more than 20% in the past year.

8.3 | Leadership Team

Name	Position	Tenure	Compensation	Ownership
 Javier Rodriguez	CEO & Executive Director	2.17yrs	US\$73.43m	0.16% \$ 21.8m
 Joel Ackerman	CFO & Treasurer	4.42yrs	US\$5.24m	0.065% \$ 9.0m
 Kathleen Waters	Chief Legal and Public Affairs Officer	5.25yrs	US\$4.22m	0.020% \$ 2.7m
 James Hearty	Chief Compliance Officer	3.42yrs	US\$1.81m	0.0026% \$ 361.5k
 Michael Staffieri	Chief Operating Officer of Kidney Care	7.42yrs	US\$7.72m	0.041% \$ 5.7m
 John Winstel	Chief Accounting Officer	1.42yrs	no data	no data
 Jim Gustafson	Vice President of Investor Relations	no data	no data	no data
 Bill Myers	Vice President of Marketing & Communications	no data	no data	no data
 Kenny Gardner	Chief People Officer	no data	no data	no data
 Atul Mathur	Executive Vice President of Global Operations	5.92yrs	no data	no data
 Abdulkareem Alsuwaida	Chief Medical Officer - Saudi Operations	7.17yrs	no data	no data
 Dinesh Kumar	Senior Vice President of Clinical Transformation	5.92yrs	no data	no data

Show less

5.3yrs

Average Tenure




52yo

Average Age



Experienced Management: DVA's management team is seasoned and experienced (5.3 years average tenure).

8.4 | Board Members

Name	Position	Tenure	Compensation	Ownership
 Javier Rodriguez	CEO & Executive Director	2.17yrs	US\$73.43m	0.16% \$ 21.8m
 John Nehra	Independent Director	20.75yrs	US\$312.47k	0.061% \$ 8.4m
 Charles Berg	Director	14.42yrs	US\$302.47k	0.019% \$ 2.7m
 Barbara Desoer	Independent Director	5.83yrs	US\$394.97k	0.010% \$ 1.4m
 Paul Diaz	Independent Director	14.08yrs	US\$337.72k	0.012% \$ 1.6m
 Phyllis Yale	Independent Director	5.08yrs	US\$326.89k	0.0095% \$ 1.3m
 Pamela Arway	Independent Chairman	1.17yrs	US\$456.65k	0.018% \$ 2.5m
 Paula Price	Independent Director	0.92yr	US\$75.77k	0.00071% \$ 97.6k


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5.5yrs

Average Tenure

63.5yo

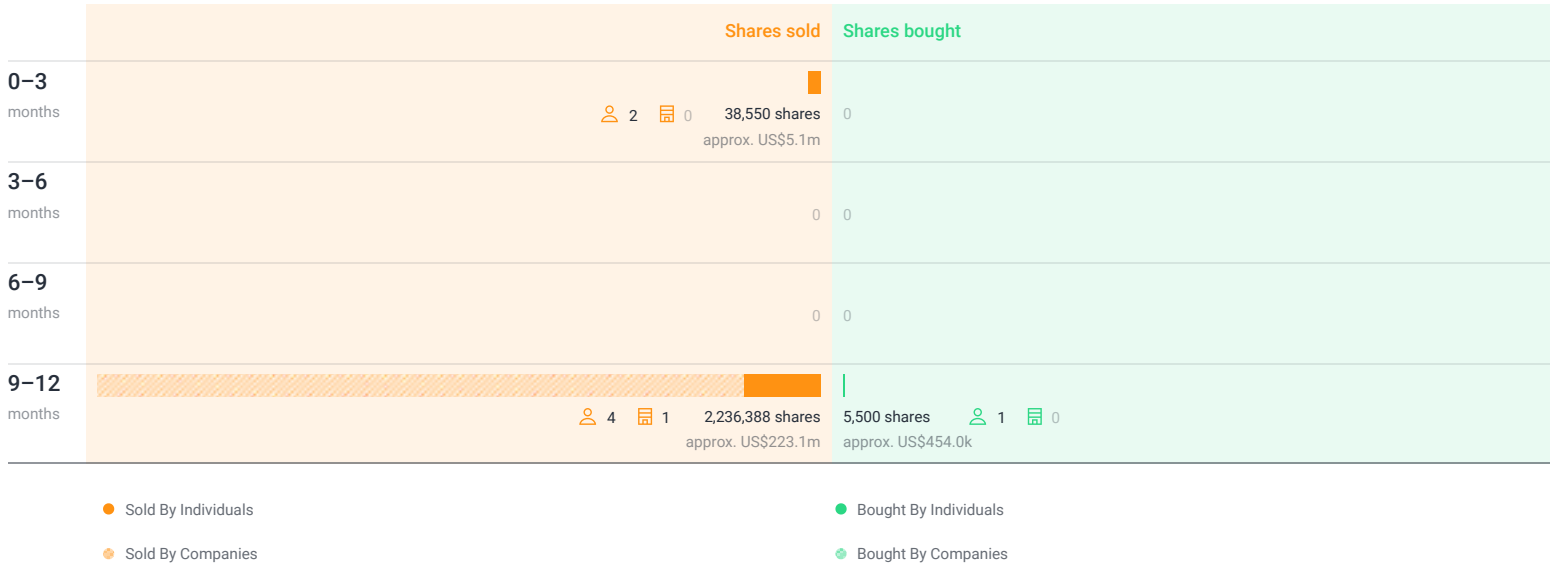
Average Age

 **Experienced Board:** DVA's board of directors are considered experienced (5.5 years average tenure).

9 | Ownership

Who are the major shareholders and have insiders been buying or selling?

9.1 | Insider Trading Volume



⊗ **Insider Buying:** DVA insiders have only sold shares in the past 3 months.

9.2 | Recent Insider Transactions

Date	Value	Name	Entity	Role	Shares	Max Price
04 Aug 21	Sell US\$4,960,146	Joel Ackerman	Individual		37,760	US\$131.36
04 Aug 21	Sell US\$104,804	Paula Price	Individual		790	US\$132.66
29 Nov 20	Sell US\$2,743,515	Michael Staffieri	Individual		25,000	US\$109.74
16 Nov 20	Sell US\$154,068	Barbara Desoer	Individual		1,388	US\$111.00
09 Nov 20	Sell US\$1,050,129	Kathleen Waters	Individual		10,000	US\$105.77
22 Sep 20	Buy US\$461,188	John Nehra	Individual		5,500	US\$84.60
16 Sep 20	Sell US\$176,000,000	Berkshire Hathaway Inc.	Company		2,000,000	US\$88.00
16 Sep 20	Sell US\$17,600,000	Ted Weschler	Individual		200,000	US\$88.00

9.3 | Ownership Breakdown

State or Government **0.02%**

24,391 shares

Individual Insiders **2.9%**

3,048,725 shares

General Public **7.5%**

7,834,138 shares

Public Companies **34.4%**

36,095,570 shares

Institutions **55.1%**


























57,797,176 shares



✔ **Dilution of Shares:** Shareholders have not been meaningfully diluted in the past year.

9.4 | Top Shareholders

Top 25 shareholders own 72.76% of the company

Ownership	Name	Shares	Current Value	Change %	Portfolio %	
34.44%	Berkshire Hathaway Inc.	36,095,570	\$4.7b	0%	no data	
7.64%	The Vanguard Group, Inc.	8,010,576	\$1.1b	-3.52%	0.02%	
5.52%	BlackRock, Inc.	5,786,622	\$758.9m	-3.4%	0.01%	
3.14%	State Street Global Advisors, Inc.	3,288,566	\$431.3m	-2.35%	0.02%	
2.23%	LSV Asset Management	2,335,635	\$306.3m	0.31%	0.47%	
2.03%	Ted Weschler	2,131,176	\$279.5m	0%	no data	
1.96%	Dimensional Fund Advisors L.P.	2,054,006	\$269.4m	-9.49%	0.05%	
1.57%	Norges Bank Investment Management	1,649,210	\$216.3m	0%	0.02%	
1.36%	Gates Capital Management, Inc.	1,428,484	\$187.3m	1.83%	5.62%	
1.31%	Invesco Capital Management LLC	1,374,314	\$180.2m	1.16%	0.13%	
1.3%	Boston Partners Global Investors, Inc.	1,363,314	\$178.8m	-5.47%	0.12%	
1.29%	Geode Capital Management, LLC	1,355,456	\$177.8m	-3.79%	0.02%	
1.2%	Citadel Advisors LLC	1,257,695	\$164.9m	177.85%	0.19%	
0.87%	DPM Capital LLC	911,549	\$119.5m	-33.1%	97.55%	
0.84%	Eaton Vance Management	878,064	\$115.1m	-2.69%	0.04%	
0.82%	Northern Trust Global Investments	854,696	\$112.1m	-6.32%	0.02%	
0.74%	BMO Global Asset Management	776,956	\$101.9m	17.55%	0.04%	
0.7%	UBS Asset Management	730,731	\$95.8m	15.97%	0.01%	
0.61%	BNY Mellon Asset Management	642,103	\$84.2m	-66.57%	0.02%	
0.59%	Charles Schwab Investment Management, Inc.	620,357	\$81.4m	0.16%	0.02%	
0.59%	Legal & General Investment Management Limited	618,838	\$81.2m	1.25%	0.02%	
0.55%	Glenview Capital Management, LLC	573,096	\$75.2m	34.45%	1.27%	
0.5%	Nordea Investment Management AB	527,980	\$69.2m	-16.62%	0.05%	
0.48%	Deutsche Asset & Wealth Management	503,512	\$66.0m	0.78%	0.02%	
0.47%	Todd Asset Management LLC	487,729	\$64.0m	19.45%	1.43%	

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10 | Company Information

DaVita Inc.'s company bio, employee growth, exchange listings and data sources

10.1 | Key Information



Name: **DaVita Inc.**

Ticker: **DVA**

Exchange: **NYSE**

Founded: **1994**

Industry: **Health Care Services**

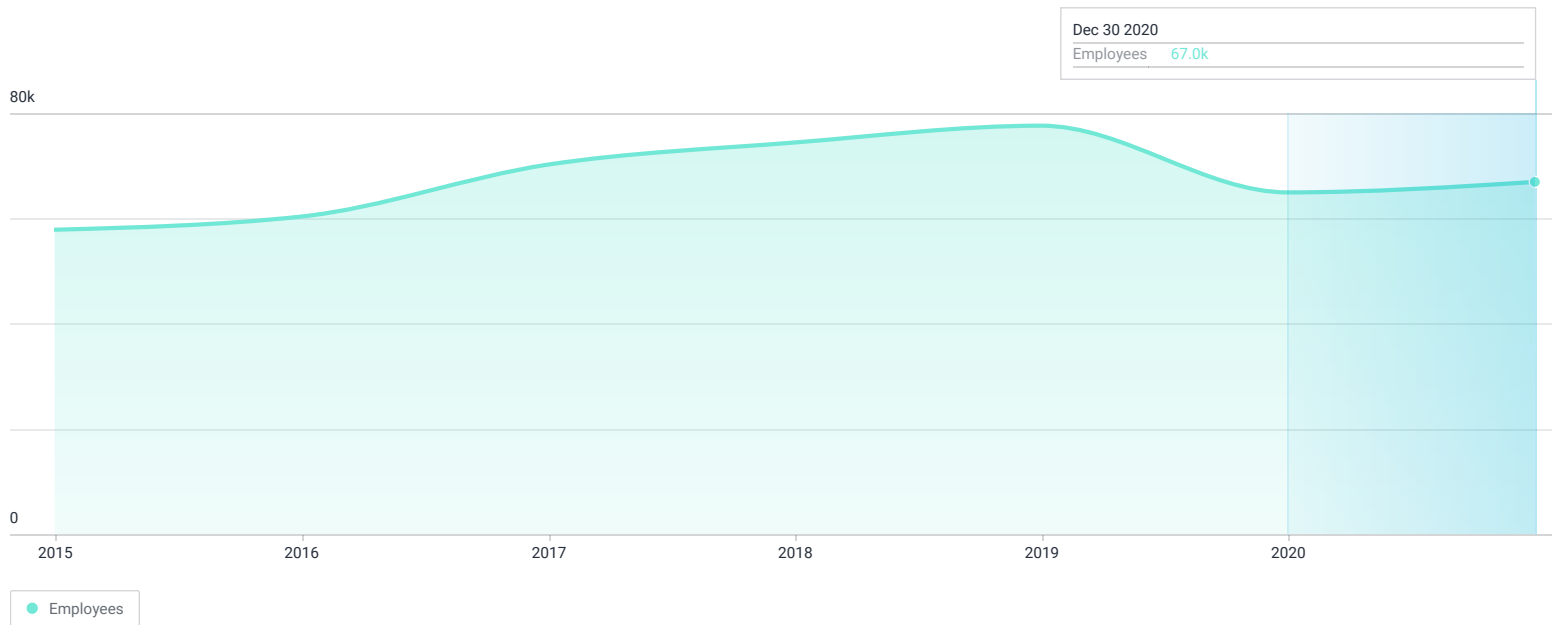
Sector: **Healthcare**

Market Cap: **US\$13.743b**

Shares outstanding: **104.80m**

Website: <https://www.davita.com>

10.2 | Number of Employees



10.3 | Location



DaVita Inc.
2000 16th Street
Denver
Colorado
80202
United States



10.4 | Listings

Ticker	Exchange	Primary Security	Security Type	Country	Currency	Listed on
DVA	NYSE (New York Stock Exchange)	Yes	Common Stock	US	USD	Oct 1995
TRL	DB (Deutsche Boerse AG)	Yes	Common Stock	DE	EUR	Oct 1995
0I7E	LSE (London Stock Exchange)	Yes	Common Stock	GB	USD	Oct 1995
DVA *	BMV (Bolsa Mexicana de Valores)	Yes	Common Stock	MX	MXN	Oct 1995
DVAI34	BOVESPA (Bolsa de Valores de Sao Paulo)		BDR EACH REP 1 COM USD0.001	BR	BRL	May 2019

10.5 | Biography

DaVita Inc. provides kidney dialysis services for patients suffering from chronic kidney failure or end stage renal disease (ESRD). The company operates kidney dialysis centers and provides related lab services in outpatient dialysis centers. It also provides outpatient, hospital inpatient, and home-based hemodialysis services; owns clinical laboratories that provide routine laboratory tests for dialysis and other physician-prescribed laboratory tests for ESRD patients; and management and administrative services to outpatient dialysis centers. In addition, the company provides disease management services; vascular access services; clinical research programs; physician services; and comprehensive care services. As of December 31, 2020, it provided dialysis and administrative services in the United States through a network of 2,816 outpatient dialysis centers serving approximately 204,200 patients; and operated 321 outpatient dialysis centers located in 10 countries outside of the United States serving approximately 36,700 patients. Further, the company provides acute inpatient dialysis services in approximately 900 hospitals and related laboratory services in the United States. The company was formerly known as DaVita HealthCare Partners Inc. and changed its name to DaVita Inc. in September 2016. DaVita Inc. was incorporated in 1994 and is headquartered in Denver, Colorado.

[Show less](#)

10.6 | Company Analysis and Financial Data Status

Data	Last Updated (UTC time)
Company Analysis	2021/08/30 23:07
End of Day Share Price	2021/08/30 00:00
Earnings	2021/06/30
Annual Earnings	2020/12/31