

ModernGraham Valuation

Company Name:

Devon Energy Corp

Company Ticker DVN

Date of Analysis

7/18/2016



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	\$19,917,622,494	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.13	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	1260.91%	Pass
6. Moderate PEmg Ratio	PEmg < 20	-4.13	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.82	Fail

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	1.13	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	34.84	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	-\$9.22
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	-\$133.65
MG Value based on 0% Growth	-\$78.35
Market Implied Growth Rate	-6.32%

MG Opinion

Current Price	\$38.11
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$40.67
Graham Number	\$0.00
PEmg	-4.13
Current Ratio	1.13
PB Ratio	2.82
Current Dividend	\$0.96
Dividend Yield	2.52%
Number of Consecutive Years of Dividend Growth	6

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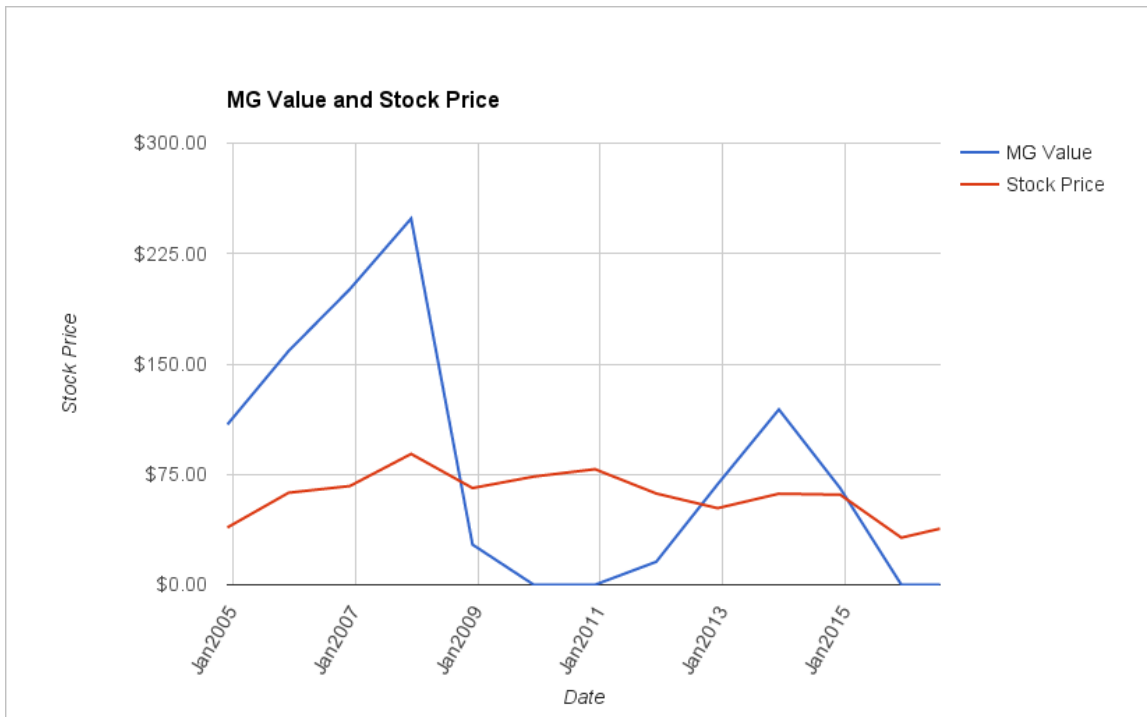
[Yahoo Finance](#)

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EPS History		EPSmg History	
Next Fiscal Year Estimate	-\$1.43	Next Fiscal Year Estimate	-\$9.22
Dec2015	-\$35.55	Dec2015	-\$10.14
Dec2014	\$3.91	Dec2014	\$3.37
Dec2013	-\$0.06	Dec2013	\$3.09
Dec2012	-\$0.52	Dec2012	\$3.82
Dec2011	\$11.25	Dec2011	\$5.27
Dec2010	\$10.31	Dec2010	\$2.47
Dec2009	-\$5.58	Dec2009	-\$0.29
Dec2008	-\$4.85	Dec2008	\$2.91
Dec2007	\$8.00	Dec2007	\$6.46
Dec2006	\$6.34	Dec2006	\$5.22
Dec2005	\$6.26	Dec2005	\$4.13
Dec2004	\$4.38	Dec2004	\$2.83
Dec2003	\$4.04	Dec2003	\$1.91
Dec2002	\$0.31	Dec2002	\$0.80
Dec2001	\$0.36	Dec2001	\$0.99
Dec2000	\$2.75	Dec2000	\$1.18
Dec1999	\$0.73	Balance Sheet Information 3/1/2016	
Dec1998	-\$0.63	Total Current Assets	\$2,950,000,000
Dec1997	\$1.09	Total Current Liabilities	\$2,600,000,000
Dec1996	\$0.76	Long-Term Debt	\$12,195,000,000
		Total Assets	\$28,637,000,000
		Intangible Assets	\$5,856,000,000
		Total Liabilities	\$22,227,000,000
		Shares Outstanding (Diluted Average)	474,000,000





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

- [58 Companies in the Spotlight This Week – 1/31/15](#)
- [Devon Energy Corporation Annual Valuation – 2015 \\$DVN](#)
- [14 Companies in the Spotlight This Week – 1/18/14](#)
- [ModernGraham Valuation: Devon Energy Corp \(DVN\)](#)

Other ModernGraham posts about related companies

- [Noble Energy Inc Valuation – July 2016 \\$NBL](#)
- [Diamond Offshore Drilling Inc Valuation – July 2016 \\$DO](#)
- [Nabors Industries Ltd Valuation – July 2016 \\$NBR](#)
- [Transocean Ltd Valuation – July 2016 \\$RIG](#)
- [ONEOK Inc Valuation – July 2016 \\$OKE](#)
- [Marathon Oil Corp Valuation – July 2016 \\$MRO](#)
- [Hess Corp Valuation – July 2016 \\$HES](#)
- [EQT Corporation Valuation – July 2016 \\$EQT](#)
- [QEP Resources Inc Valuation – July 2016 \\$QEP](#)
- [Suburban Propane Partners Valuation – June 2016 \\$SPH](#)