

ModernGraham Valuation

Company Name:

National-Oilwell
Varco, Inc.



Company Ticker NOV

Date of Analysis

10/16/2015

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	\$14,922,479,750	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.50	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	20.43%	Fail
6. Moderate PEmg Ratio	PEmg < 20	9.19	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	0.80	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	2.50	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.49	Pass
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		Fail

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.23
MG Growth Estimate	-0.02%
MG Value	\$35.80
MG Value based on 3% Growth	\$61.34
MG Value based on 0% Growth	\$35.96
Market Implied Growth Rate	0.35%

MG Opinion

Current Price	\$38.88
% of Intrinsic Value	108.60%
Opinion	Fairly Valued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$4.82
Graham Number	\$40.65
PEmg	9.19
Current Ratio	2.50
PB Ratio	0.80
Dividend Yield	4.73%
Number of Consecutive Years of Dividend Growth	7

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	\$1.50	Next Fiscal Year Estimate	\$4.23
Dec14	\$5.82	Dec14	\$5.45
Dec13	\$5.44	Dec13	\$5.07
Dec12	\$5.83	Dec12	\$4.79
Dec11	\$4.70	Dec11	\$4.24
Dec10	\$3.98	Dec10	\$3.88
Dec09	\$3.52	Dec09	\$3.55
Dec08	\$4.90	Dec08	\$3.19
Dec07	\$3.76	Dec07	\$2.07
Dec06	\$1.94	Dec06	\$1.11
Dec05	\$0.91	Dec05	\$0.68
Dec04	\$0.67	Dec04	\$0.53
Dec03	\$0.47	Dec03	\$0.41
Dec02	\$0.45	Dec02	\$0.36
Dec01	\$0.64	Dec01	\$0.33
Dec00	\$0.08	Dec00	\$0.20
Dec99	-\$0.07	Dec99	\$0.25
Dec98	\$0.60	Balance Sheet Information Jun15 Total Current Assets \$14,167,000,000 Total Current Liabilities \$5,672,000,000 Long-Term Debt \$4,154,000,000 Total Assets \$31,225,000,000 Intangible Assets \$12,764,000,000 Total Liabilities \$12,298,000,000 Shares Outstanding (Diluted Average) 388,000,000	
Dec97	\$0.50		
Dec96	\$0.08		
Dec95	\$0.00		





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

[The Best Companies of the Oil & Gas Industry – August 2015](#)
[The 20 Best Stocks For Value Investors This Week – 7/25/15](#)
[National Oilwell Varco Analysis – July 2015 Update \\$NOV](#)
[5 Undervalued Companies for Value Investors with a High Beta – July 2015](#)
[5 Undervalued Companies for the Defensive Investor Near 52 Week Lows – July 2015](#)

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[Cameron International Company Analysis – September 2015 Update \\$CAM](#)
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[Kinder Morgan Inc. Analysis – September 2015 Update \\$KMI](#)
[Range Resources Corporation Analysis – August 2015 Update \\$RRC](#)
[Helmerich & Payne Inc. Analysis – August 2015 Update \\$HP](#)
[FMC Technologies Inc. Analysis – August 2015 Update \\$FTI](#)
[Denbury Resources Inc. Analysis – August 2015 Update \\$DNR](#)
[Western Refining Inc. Analysis – Initial Coverage \\$WNR](#)
[WPX Energy Inc. Analysis – 2015 Update \\$WPX](#)