

ModernGraham Valuation

Company Name:

Company Ticker NOV
Date of Analysis

National-Oilwell
Varco, Inc.

2/4/2016



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	\$10,661,950,971	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.49	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	24.12%	Fail
6. Moderate PEmg Ratio	PEmg < 20	6.59	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	0.60	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	2.49	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.51	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		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.36
MG Growth Estimate	0.44%
MG Value	\$40.92
MG Value based on 3% Growth	\$63.23
MG Value based on 0% Growth	\$37.07
Market Implied Growth Rate	-0.96%

MG Opinion

Current Price	\$28.73
% of Intrinsic Value	70.22%
Opinion	Undervalued

Stage 3: Information for Further Research

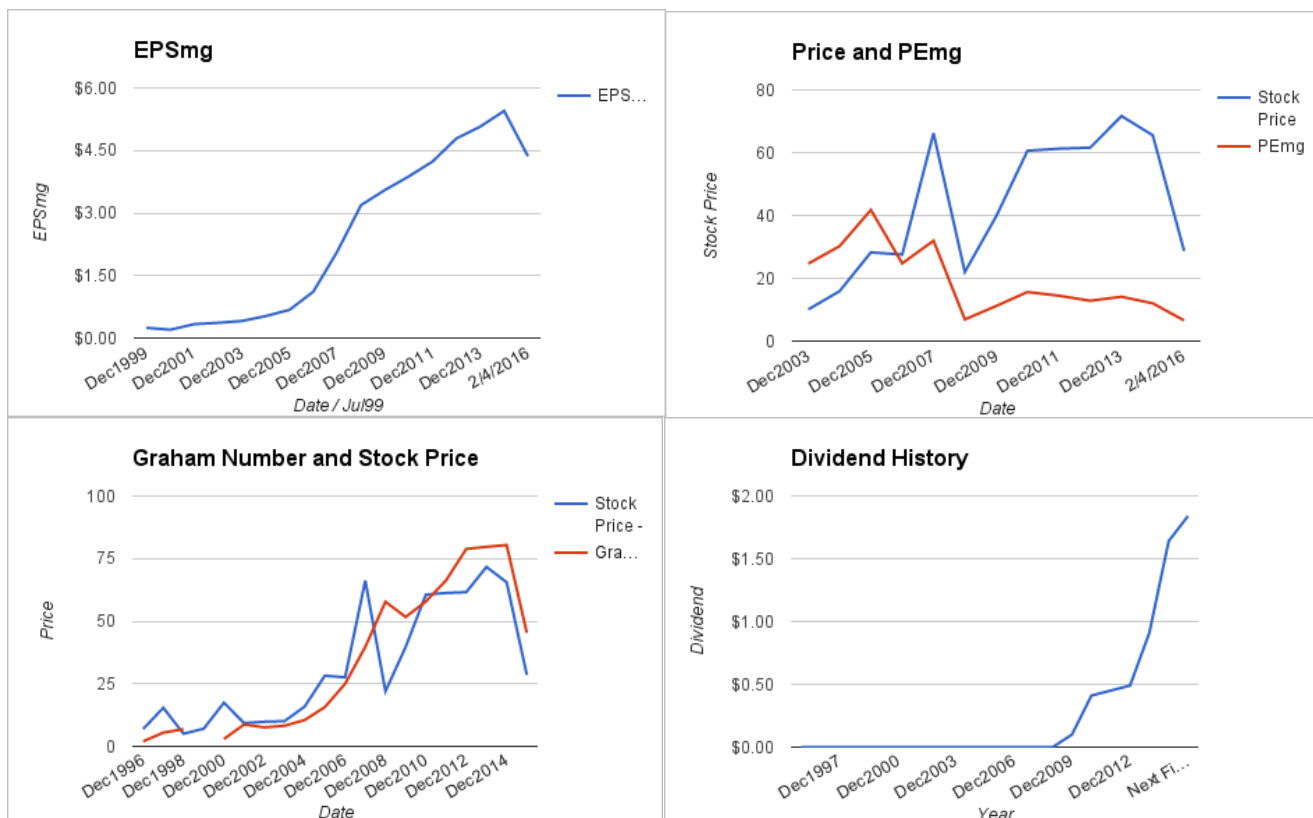
Net Current Asset Value (NCAV)	\$3.76
Graham Number	\$45.29
PEmg	6.59
Current Ratio	2.49
PB Ratio	0.60
Dividend Yield	6.40%
Number of Consecutive Years of Dividend Growth	7

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	\$1.89	Next Fiscal Year Estimate	\$4.36
Dec2014	\$5.82	Dec2014	\$5.45
Dec2013	\$5.44	Dec2013	\$5.07
Dec2012	\$5.83	Dec2012	\$4.79
Dec2011	\$4.70	Dec2011	\$4.24
Dec2010	\$3.98	Dec2010	\$3.88
Dec2009	\$3.52	Dec2009	\$3.55
Dec2008	\$4.90	Dec2008	\$3.19
Dec2007	\$3.76	Dec2007	\$2.07
Dec2006	\$1.94	Dec2006	\$1.11
Dec2005	\$0.91	Dec2005	\$0.68
Dec2004	\$0.67	Dec2004	\$0.53
Dec2003	\$0.47	Dec2003	\$0.41
Dec2002	\$0.45	Dec2002	\$0.36
Dec2001	\$0.64	Dec2001	\$0.33
Dec2000	\$0.08	Dec2000	\$0.20
Dec1999	-\$0.07	Dec1999	\$0.25
Dec1998	\$0.60	Balance Sheet Information Sep2015	
Dec1997	\$0.50	Total Current Assets	\$12,933,000,000
Dec1996	\$0.08	Total Current Liabilities	\$5,193,000,000
Dec1995	\$0.00	Long-Term Debt	\$3,981,000,000
		Total Assets	\$29,628,000,000
		Intangible Assets	\$12,552,000,000
		Total Liabilities	\$11,502,000,000
		Shares Outstanding (Diluted Average)	381,000,000





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

- [10 Low PE Stocks for the Enterprising Investor – February 2016](#)
- [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](#)

Other
ModernGraham
posts about related
companies

- [Southwestern Energy Company Valuation – February 2016 Update \\$SWN](#)
- [Apache Corporation Valuation – January 2016 Update \\$APA](#)
- [Anadarko Petroleum Corp Valuation – January 2016 Update \\$APC](#)
- [Cabot Oil & Gas Corp Valuation – December 2015 Update \\$COG](#)
- [Helmerich & Payne Inc Valuation – November 2015 Update \\$HP](#)
- [Murphy Oil Corporation Valuation – November 2015 Update \\$MUR](#)
- [Denbury Resources Inc. Valuation – November 2015 Update \\$DNR](#)
- [Western Refining Inc. Valuation – October 2015 Update \\$WNR](#)
- [Valero Energy Corporation Valuation – October 2015 Update \\$VLO](#)
- [Schlumberger Limited Valuation – October 2015 Update \\$SLB](#)