

ModernGraham Valuation

Company Name:

Company Ticker HP
Date of Analysis

Helmerich & Payne,
Inc.

6/23/2016



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	\$7,397,317,771	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.93	Pass
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	-19.61%	Fail
6. Moderate PEmg Ratio	PEmg < 20	20.52	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.55	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	3.93	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.45	Pass
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	\$3.34
MG Growth Estimate	-2.05%
MG Value	\$14.72
MG Value based on 3% Growth	\$48.41
MG Value based on 0% Growth	\$28.38
Market Implied Growth Rate	6.01%

MG Opinion

Current Price	\$68.52
% of Intrinsic Value	465.60%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$7.22
Graham Number	\$0.00
PEmg	20.52
Current Ratio	3.93
PB Ratio	1.55
Current Dividend	\$2.75
Dividend Yield	4.02%
Number of Consecutive Years of Dividend Growth	20

Useful Links:

[ModernGraham tagged articles](#) [Morningstar](#)
[Google Finance](#) [MSN Money](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	-\$0.74	Next Fiscal Year Estimate	\$3.34
Sep2015	\$3.87	Sep2015	\$5.35
Sep2014	\$6.46	Sep2014	\$5.66
Sep2013	\$6.79	Sep2013	\$4.90
Sep2012	\$5.34	Sep2012	\$3.87
Sep2011	\$3.99	Sep2011	\$3.24
Sep2010	\$1.45	Sep2010	\$2.99
Sep2009	\$3.32	Sep2009	\$3.57
Sep2008	\$4.34	Sep2008	\$3.31
Sep2007	\$4.27	Sep2007	\$2.42
Sep2006	\$2.77	Sep2006	\$1.32
Sep2005	\$1.23	Sep2005	\$0.63
Sep2004	\$0.05	Sep2004	\$0.43
Sep2003	\$0.18	Sep2003	\$0.65
Sep2002	\$0.63	Sep2002	\$0.88
Sep2001	\$1.42	Sep2001	\$0.97
Sep2000	\$0.82	Sep2000	\$0.75
Sep1999	\$0.43	Balance Sheet Information 3/1/2016	
Sep1998	\$1.00	Total Current Assets	\$1,460,377,000
Sep1997	\$0.85	Total Current Liabilities	\$371,328,000
Sep1996	\$0.74	Long-Term Debt	\$492,919,000
		Total Assets	\$7,025,105,000
		Intangible Assets	\$0
		Total Liabilities	\$2,243,005,000
		Shares Outstanding (Diluted Average)	108,466,000





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

- [Helmerich & Payne Inc Valuation – November 2015 Update \\$HP](#)
- [Dividend Growth Stocks for the Intelligent Investor – November 2015](#)
- [10 Undervalued Companies for the Defensive Dividend Stock Investor – November 2015](#)
- [10 Companies Benjamin Graham Would Invest In Today – October 2015](#)
- [Dividend Growth Stocks for the Intelligent Investor – October 2015](#)

Other ModernGraham posts about related companies

- [Chesapeake Energy Corp Valuation – June 2016 \\$CHK](#)
- [AGL Resources Inc Valuation – June 2016 \\$GAS](#)
- [Pioneer Natural Resources Valuation – June 2016 \\$PXN](#)
- [Williams Companies Inc Valuation – June 2016 \\$WMB](#)
- [Western Refining Inc. Valuation – June 2016 \\$WNR](#)
- [Cameron International Company Valuation – May 2016 \\$CAM](#)
- [FMC Technologies Inc Valuation – March 2016 \\$FTI](#)
- [Phillips 66 Valuation – March 2016 \\$PSX](#)
- [Valero Energy Corp Valuation – February 2016 \\$VLO](#)
- [Schlumberger Ltd Valuation – February 2016 \\$SLB](#)