

# ModernGraham Valuation



## Company Name:

Diamond Offshore  
Drilling Inc

Company Ticker DO

Date of Analysis

7/13/2016

## 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	\$3,703,279,779	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.61	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	-95.24%	Fail
6. Moderate PEmg Ratio	PEmg < 20	24.41	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	0.83	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	1.61	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	8.46	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.03
MG Growth Estimate	-4.25%
<b>MG Value</b>	<b>\$0.00</b>
MG Value based on 3% Growth	\$14.99
MG Value based on 0% Growth	\$8.79
Market Implied Growth Rate	7.96%

### MG Opinion

Current Price	\$25.24
% of Intrinsic Value	N/A
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>F</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$15.56
Graham Number	\$16.59
PEmg	24.41
Current Ratio	1.61
PB Ratio	0.83
Current Dividend	\$0.50
Dividend Yield	1.98%
Number of Consecutive Years of Dividend Growth	0

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[Google Finance](#) [MSN Money](#)  
[Yahoo Finance](#) [Seeking Alpha](#)  
[GuruFocus](#) [SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$0.40	Next Fiscal Year Estimate	\$1.03
Dec2015	-\$2.00	Dec2015	\$2.02
Dec2014	\$2.81	Dec2014	\$4.41
Dec2013	\$3.95	Dec2013	\$5.66
Dec2012	\$5.18	Dec2012	\$6.89
Dec2011	\$6.92	Dec2011	\$7.78
Dec2010	\$6.87	Dec2010	\$7.97
Dec2009	\$9.89	Dec2009	\$7.85
Dec2008	\$9.43	Dec2008	\$6.05
Dec2007	\$6.12	Dec2007	\$3.75
Dec2006	\$5.12	Dec2006	\$2.19
Dec2005	\$1.91	Dec2005	\$0.69
Dec2004	-\$0.06	Dec2004	\$0.18
Dec2003	-\$0.37	Dec2003	\$0.40
Dec2002	\$0.47	Dec2002	\$0.92
Dec2001	\$1.26	Dec2001	\$1.27
Dec2000	\$0.53	Dec2000	\$1.34
Dec1999	\$1.11	<b>Balance Sheet Information 3/1/2016</b>	
Dec1998	\$2.66	Total Current Assets	\$615,034,000
Dec1997	\$1.93	Total Current Liabilities	\$380,987,000
Dec1996	\$1.18	Long-Term Debt	\$1,980,049,000
		Total Assets	\$6,944,599,000
		Intangible Assets	\$0
		Total Liabilities	\$2,749,819,000
		Shares Outstanding (Diluted Average)	137,206,000





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

- [28 Companies in the Spotlight This Week – 2/28/15](#)
- [Diamond Offshore Drilling Inc. Annual Valuation – 2015 \\$DO](#)
- [22 Companies in the Spotlight This Week – 11/29/14](#)
- [Diamond Offshore Drilling Inc. Quarterly Valuation – November 2014 \\$DO](#)
- [18 Companies to Research This Week – 8/30/2014](#)

Other ModernGraham posts about related companies

- [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](#)
- [Spectra Energy Corp Valuation – June 2016 \\$SE](#)
- [Helmerich & Payne Inc Valuation – June 2016 \\$HP](#)