

ModernGraham Valuation

Company Name:

ONEOK, Inc.

Company Ticker OKE

Date of Analysis

7/12/2016



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	\$10,211,492,028	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.56	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	-8.01%	Fail
6. Moderate PEmg Ratio	PEmg < 20	36.55	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	35.70	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	0.56	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-10.76	Fail
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	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.33
MG Growth Estimate	-2.69%
MG Value	\$4.14
MG Value based on 3% Growth	\$19.25
MG Value based on 0% Growth	\$11.28
Market Implied Growth Rate	14.03%

MG Opinion

Current Price	\$48.52
% of Intrinsic Value	1173.23%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$67.39
Graham Number	\$6.34
PEmg	36.55
Current Ratio	0.56
PB Ratio	35.70
Current Dividend	\$2.44
Dividend Yield	5.03%
Number of Consecutive Years of Dividend Growth	14

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.31	Next Fiscal Year Estimate	\$1.33
Dec2015	\$1.16	Dec2015	\$1.38
Dec2014	\$1.49	Dec2014	\$1.50
Dec2013	\$1.27	Dec2013	\$1.52
Dec2012	\$1.71	Dec2012	\$1.62
Dec2011	\$1.68	Dec2011	\$1.55
Dec2010	\$1.55	Dec2010	\$1.47
Dec2009	\$1.44	Dec2009	\$1.50
Dec2008	\$1.48	Dec2008	\$1.55
Dec2007	\$1.40	Dec2007	\$1.52
Dec2006	\$1.34	Dec2006	\$1.48
Dec2005	\$2.53	Dec2005	\$1.39
Dec2004	\$1.15	Dec2004	\$0.79
Dec2003	\$0.61	Dec2003	\$0.61
Dec2002	\$0.70	Dec2002	\$0.60
Dec2001	\$0.43	Dec2001	\$0.55
Dec2000	\$0.74	Dec2000	\$0.60
Aug1999	\$0.52	Balance Sheet Information 3/1/2016	
Aug1998	\$0.56	Total Current Assets	\$991,021,000
Aug1997	\$0.53	Total Current Liabilities	\$1,764,460,000
Aug1996	\$0.48	Long-Term Debt	\$8,320,451,000
		Total Assets	\$15,501,149,000
		Intangible Assets	\$1,014,284,000
		Total Liabilities	\$15,214,261,000
		Shares Outstanding (Diluted Average)	211,071,000





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

- [5 Speculative and Overvalued Companies to Avoid – March 2015](#)
- [28 Companies in the Spotlight This Week – 2/28/15](#)
- [OneOK Inc. Annual Valuation – 2015 \\$OKE](#)
- [16 Companies in the Spotlight This Week – 3/1/14](#)
- [OneOK Inc. \(OKE\) Annual Valuation](#)

Other ModernGraham posts about related companies

- [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](#)
- [Chesapeake Energy Corp Valuation – June 2016 \\$CHK](#)
- [AGL Resources Inc Valuation – June 2016 \\$GAS](#)
- [Pioneer Natural Resources Valuation – June 2016 \\$PXD](#)
- [Williams Companies Inc Valuation – June 2016 \\$WMB](#)