

ModernGraham Valuation



Company Name:

Rowan Companies
PLC

Company Ticker RDC

Date of Analysis

7/24/2016

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	\$1,918,017,178	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.48	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	-92.31%	Fail
6. Moderate PEmg Ratio	PEmg < 20	21.91	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	0.41	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	3.48	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.58	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

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$0.73
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	\$10.61
MG Value based on 0% Growth	\$6.22
Market Implied Growth Rate	6.71%

MG Opinion

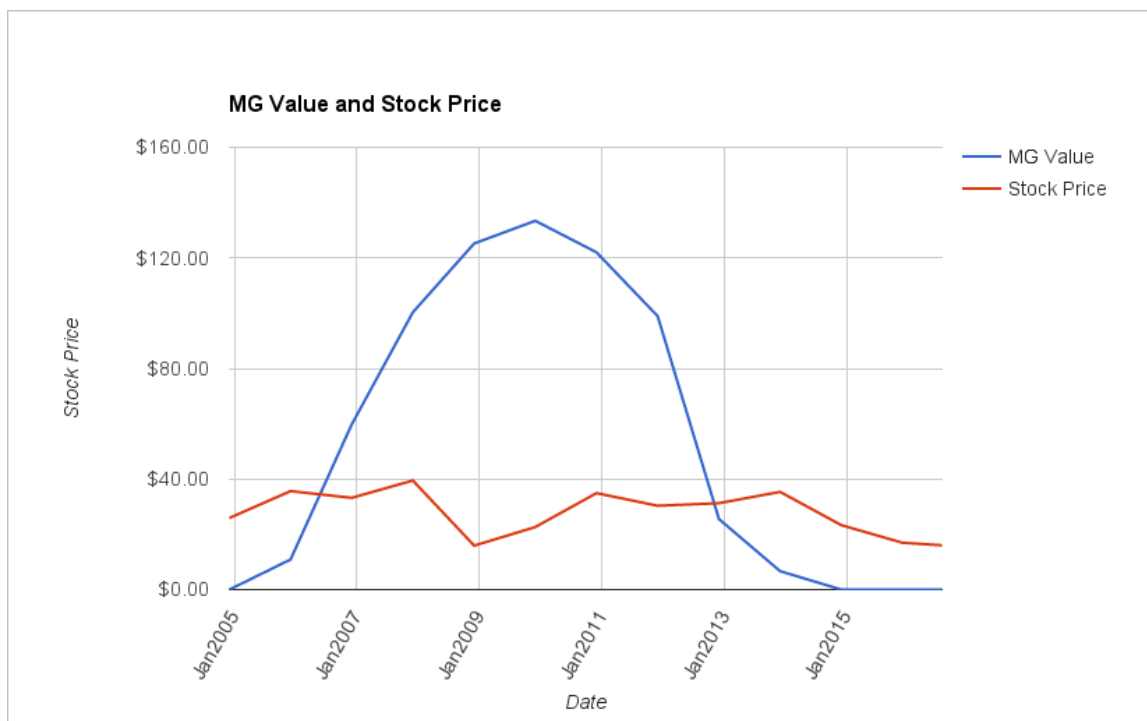
Current Price	\$16.04
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$19.48
Graham Number	\$30.40
PEmg	21.91
Current Ratio	3.48
PB Ratio	0.41
Current Dividend	\$0.40
Dividend Yield	2.49%
Number of Consecutive Years of Dividend Growth	3

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.05	Next Fiscal Year Estimate	\$0.73
Dec2015	\$0.75	Dec2015	\$0.99
Dec2014	-\$0.93	Dec2014	\$1.46
Dec2013	\$2.03	Dec2013	\$2.76
Dec2012	\$1.46	Dec2012	\$3.20
Dec2011	\$5.83	Dec2011	\$4.01
Dec2010	\$2.36	Dec2010	\$3.17
Dec2009	\$3.24	Dec2009	\$3.47
Dec2008	\$3.77	Dec2008	\$3.25
Dec2007	\$4.31	Dec2007	\$2.61
Dec2006	\$2.85	Dec2006	\$1.55
Dec2005	\$2.08	Dec2005	\$0.85
Dec2004	-\$0.01	Dec2004	\$0.31
Dec2003	-\$0.08	Dec2003	\$0.46
Dec2002	\$0.90	Dec2002	\$0.74
Dec2001	\$0.80	Dec2001	\$0.74
Dec2000	\$0.74	Dec2000	\$0.77
Dec1999	-\$0.12	Balance Sheet Information	
Dec1998	\$1.43	3/1/2016	
Dec1997	\$1.65	Total Current Assets	\$1,041,844,000
Dec1996	\$0.70	Total Current Liabilities	\$299,257,000
		Long-Term Debt	\$2,655,043,000
		Total Assets	\$8,392,127,000
		Intangible Assets	\$0
		Total Liabilities	\$3,492,094,000
		Shares Outstanding (Diluted Average)	125,802,000





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

- [27 Companies in the Spotlight This Week – 4/4/15](#)
- [Rowan Companies plc Annual Valuation – 2015 \\$RDC](#)
- [17 Companies in the Spotlight This Week – 3/29/14](#)
- [Rowan Companies \(RDC\) Annual Valuation – 2014](#)

Other ModernGraham posts about related companies

- [ConocoPhillips Valuation – July 2016 \\$COP](#)
- [Devon Energy Corp Valuation – July 2016 \\$DVN](#)
- [Noble Energy Inc Valuation – July 2016 \\$NBL](#)
- [Diamond Offshore Drilling Inc Valuation – July 2016 \\$DO](#)
- [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](#)