

ModernGraham Valuation

Company Name:

Transocean LTD

Company Ticker

RIG

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	\$4,759,763,365	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.82	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-108.98%	Fail
5. Earnings Growth	PEmg < 20	-173.51	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	0.32	Fail
7. Moderate Price to Assets			

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	1.82	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.43	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		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	-\$0.07
MG Growth Estimate	14.49%
MG Value	-\$2.77
MG Value based on 3% Growth	-\$1.07
MG Value based on 0% Growth	-\$0.63
Market Implied Growth Rate	-91.01%

MG Opinion

Current Price	\$12.84
% of Intrinsic Value	-463.00%
Opinion	Undervalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$18.65
Graham Number	\$0.00
PEmg	-173.51
Current Ratio	1.82
PB Ratio	0.32
Current Dividend	\$1.05
Dividend Yield	8.18%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	-\$0.20	Next Fiscal Year Estimate	-\$0.07
Dec2015	\$2.16	Dec2015	-\$1.19
Dec2014	-\$5.29	Dec2014	-\$3.03
Dec2013	\$3.87	Dec2013	-\$1.38
Dec2012	-\$0.62	Dec2012	-\$2.17
Dec2011	-\$17.79	Dec2011	-\$0.48
Dec2010	\$2.99	Dec2010	\$8.41
Dec2009	\$9.84	Dec2009	\$10.31
Dec2008	\$13.09	Dec2008	\$9.31
Dec2007	\$14.14	Dec2007	\$6.35
Dec2006	\$4.28	Dec2006	\$1.32
Dec2005	\$2.13	Dec2005	-\$0.66
Dec2004	\$0.47	Dec2004	-\$2.03
Dec2003	\$0.06	Dec2003	-\$2.83
Dec2002	-\$11.69	Dec2002	-\$3.28
Dec2001	\$0.80	Dec2001	\$1.06
Dec2000	\$0.51	Dec2000	\$1.25
Dec1999	\$0.53	Balance Sheet Information 3/1/2016	
Dec1998	\$3.41	Total Current Assets	\$4,700,000,000
Dec1997	\$1.38	Total Current Liabilities	\$2,588,000,000
Dec1996	\$1.09	Long-Term Debt	\$7,253,000,000
		Total Assets	\$26,245,000,000
		Intangible Assets	\$0
		Total Liabilities	\$11,487,000,000
		Shares Outstanding (Diluted Average)	364,000,000





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.

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