

ModernGraham Valuation

Company Name:

Company Ticker NFX
Date of Analysis

Newfield Exploration
Co.

8/7/2016



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	\$8,914,053,706 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.97 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	496.96% Pass
5. Earnings Growth	PEmg < 20	-6.36 Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	10.28 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	0.97 Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-127.89 Fail
3. Earnings Stability	Positive EPS for 5 years prior	Fail
4. Dividend Record	Currently Pays Dividend	Fail
5. Earnings Growth	EPSmg greater than 5 years ago	Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	-\$7.12
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	-\$103.27
MG Value based on 0% Growth	-\$60.54
Market Implied Growth Rate	-7.43%

MG Opinion

Current Price	\$45.28
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$14.02
Graham Number	\$0.00
PEmg	-6.36
Current Ratio	0.97
PB Ratio	10.28
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	-\$6.95	Next Fiscal Year Estimate	-\$7.12
Dec2015	-\$21.18	Dec2015	-\$6.04
Dec2014	\$6.52	Dec2014	\$1.46
Dec2013	\$0.94	Dec2013	-\$0.99
Dec2012	-\$8.80	Dec2012	-\$1.84
Dec2011	\$3.99	Dec2011	\$1.38
Dec2010	\$3.91	Dec2010	\$0.38
Dec2009	-\$4.18	Dec2009	-\$0.68
Dec2008	-\$2.88	Dec2008	\$1.41
Dec2007	\$3.44	Dec2007	\$3.38
Dec2006	\$4.58	Dec2006	\$3.07
Dec2005	\$2.73	Dec2005	\$2.16
Dec2004	\$2.63	Dec2004	\$1.78
Dec2003	\$1.79	Dec2003	\$1.29
Dec2002	\$0.81	Dec2002	\$0.90
Dec2001	\$1.28	Dec2001	\$0.83
Dec2000	\$1.47	Dec2000	\$0.54
Dec1999	\$0.40	Balance Sheet Information 6/1/2016	
Dec1998	-\$0.78	Total Current Assets	\$638,000,000
Dec1997	\$0.54	Total Current Liabilities	\$657,000,000
Dec1996	\$0.52	Long-Term Debt	\$2,430,000,000
		Total Assets	\$4,285,000,000
		Intangible Assets	\$0
		Total Liabilities	\$3,413,000,000
		Shares Outstanding (Diluted Average)	198,000,000





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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