

ModernGraham Valuation

Company Name:

National-Oilwell
Varco, Inc.



Company Ticker NOV

Date of Analysis

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	\$12,899,566,370 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.12 Pass
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	-82.51% Fail
5. Earnings Growth	PEmg < 20	28.25 Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	0.78 Pass
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	3.12 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.52 Pass
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	\$1.18
MG Growth Estimate	-4.25%
MG Value	\$4.10
MG Value based on 3% Growth	\$17.12
MG Value based on 0% Growth	\$10.04
Market Implied Growth Rate	9.87%

MG Opinion

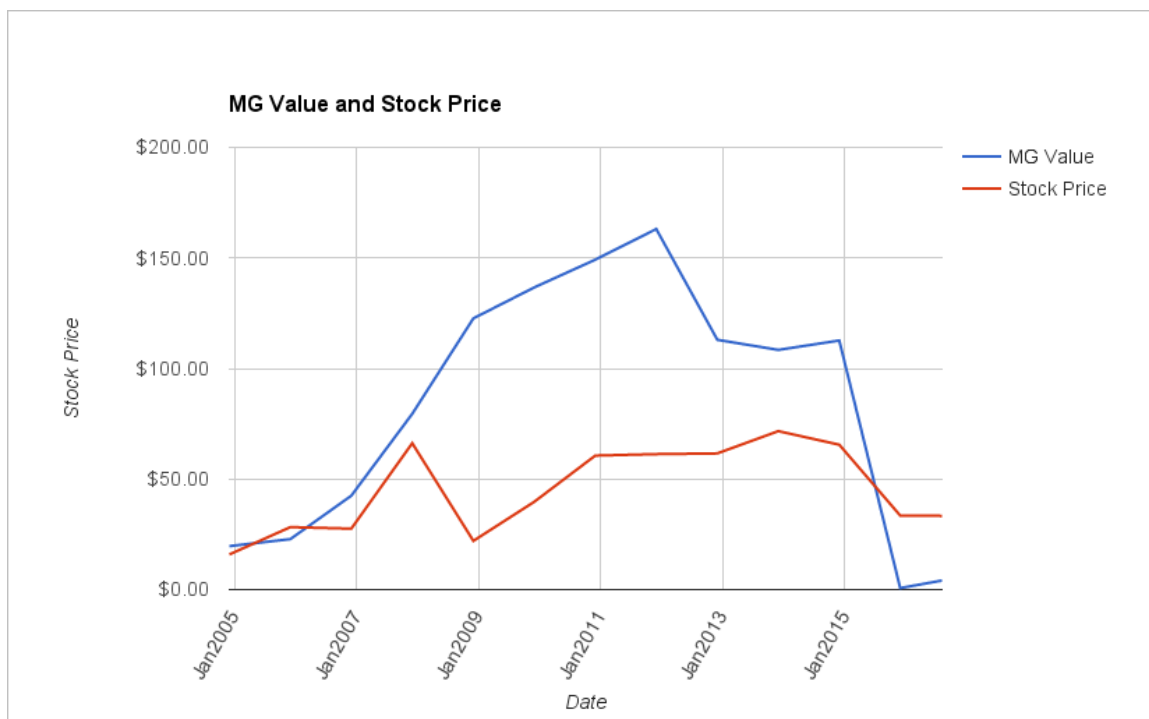
Current Price	\$33.35
% of Intrinsic Value	813.15%
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$4.10
Graham Number	\$0.00
PEmg	28.25
Current Ratio	3.12
PB Ratio	0.78
Current Dividend	\$1.43
Dividend Yield	4.29%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	-\$1.70	Next Fiscal Year Estimate	\$1.18
Dec2015	-\$1.99	Dec2015	\$3.07
Dec2014	\$5.82	Dec2014	\$5.45
Dec2013	\$5.44	Dec2013	\$5.07
Dec2012	\$5.83	Dec2012	\$4.79
Dec2011	\$4.70	Dec2011	\$4.24
Dec2010	\$3.98	Dec2010	\$3.88
Dec2009	\$3.52	Dec2009	\$3.55
Dec2008	\$4.90	Dec2008	\$3.19
Dec2007	\$3.76	Dec2007	\$2.07
Dec2006	\$1.94	Dec2006	\$1.10
Dec2005	\$0.91	Dec2005	\$0.66
Dec2004	\$0.64	Dec2004	\$0.51
Dec2003	\$0.45	Dec2003	\$0.41
Dec2002	\$0.45	Dec2002	\$0.38
Dec2001	\$0.64	Dec2001	\$0.36
Dec2000	\$0.08	Dec2000	\$0.23
Dec1999	\$0.02	Balance Sheet Information 6/1/2016	
Dec1998	\$0.65	Total Current Assets	\$9,204,000,000
Dec1997	\$0.49	Total Current Liabilities	\$2,947,000,000
Dec1996	\$0.00	Long-Term Debt	\$3,268,000,000
		Total Assets	\$23,784,000,000
		Intangible Assets	\$10,695,000,000
		Total Liabilities	\$7,666,000,000
		Shares Outstanding (Diluted Average)	375,000,000





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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