

ModernGraham Valuation

Company Name:

Phillips 66

Company Ticker PSX

Date of Analysis

8/30/2016



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	\$41,614,811,700	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.22	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	61133.33%	Pass
5. Earnings Growth	PEmg < 20	13.84	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.84	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	1.22	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.27	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		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.73
MG Growth Estimate	15.00%
MG Value	\$220.68
MG Value based on 3% Growth	\$83.11
MG Value based on 0% Growth	\$48.72
Market Implied Growth Rate	2.67%

MG Opinion

Current Price	\$79.33
% of Intrinsic Value	35.95%
Opinion	Undervalued
MG Grade	C

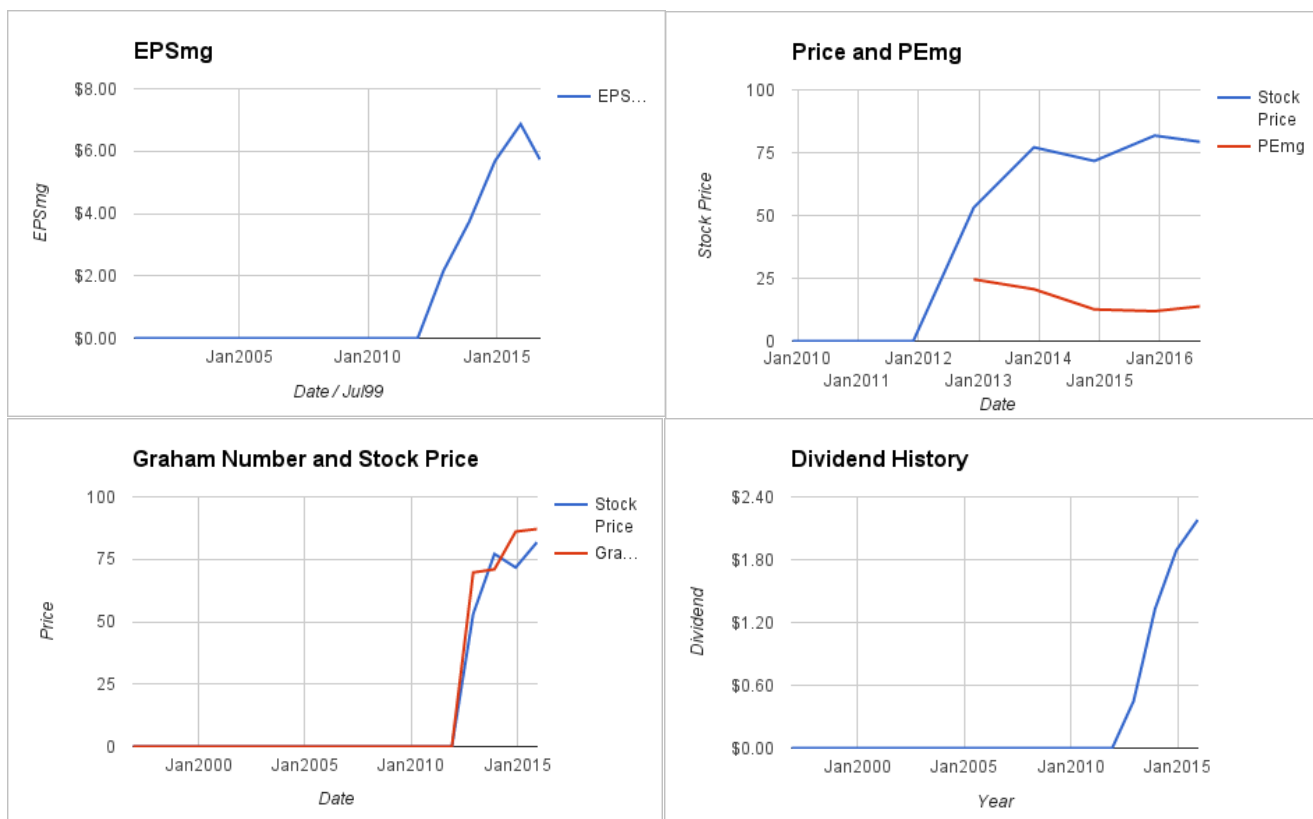
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$28.01
Graham Number	\$47.65
PEmg	13.84
Current Ratio	1.22
PB Ratio	1.84
Current Dividend	\$2.31
Dividend Yield	2.91%
Number of Consecutive Years of Dividend Growth	5

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.31	Next Fiscal Year Estimate	\$5.73
Dec2015	\$7.73	Dec2015	\$6.87
Dec2014	\$8.33	Dec2014	\$5.68
Dec2013	\$6.02	Dec2013	\$3.73
Dec2012	\$6.48	Dec2012	\$2.16
Dec2011	\$0.00	Dec2011	\$0.00
Dec2010	\$0.00	Dec2010	\$0.00
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Dec2001	\$0.00
Dec2000	\$0.00	Dec2000	\$0.00
Dec1999	\$0.00	Balance Sheet Information 6/1/2016	
Dec1998	\$0.00	Total Current Assets	\$12,643,000,000
Dec1997	\$0.00	Total Current Liabilities	\$10,400,000,000
Dec1996	\$0.00	Long-Term Debt	\$7,330,000,000
		Total Assets	\$50,361,000,000
		Intangible Assets	\$4,171,000,000
		Total Liabilities	\$27,519,000,000
		Shares Outstanding (Diluted Average)	531,060,000





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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