

ModernGraham Valuation

Company Name:

Company Ticker VLO
Date of Analysis

Valero Energy Corporation

8/20/2016



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	\$25,240,282,478	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.87	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	482.30%	Pass
6. Moderate PEmg Ratio	PEmg < 20	10.18	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.25	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	1.87	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	Pass
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	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.39
MG Growth Estimate	15.00%
MG Value	\$207.39
MG Value based on 3% Growth	\$78.11
MG Value based on 0% Growth	\$45.79
Market Implied Growth Rate	0.84%

MG Opinion

Current Price	\$54.82
% of Intrinsic Value	26.43%
Opinion	Undervalued
MG Grade	B

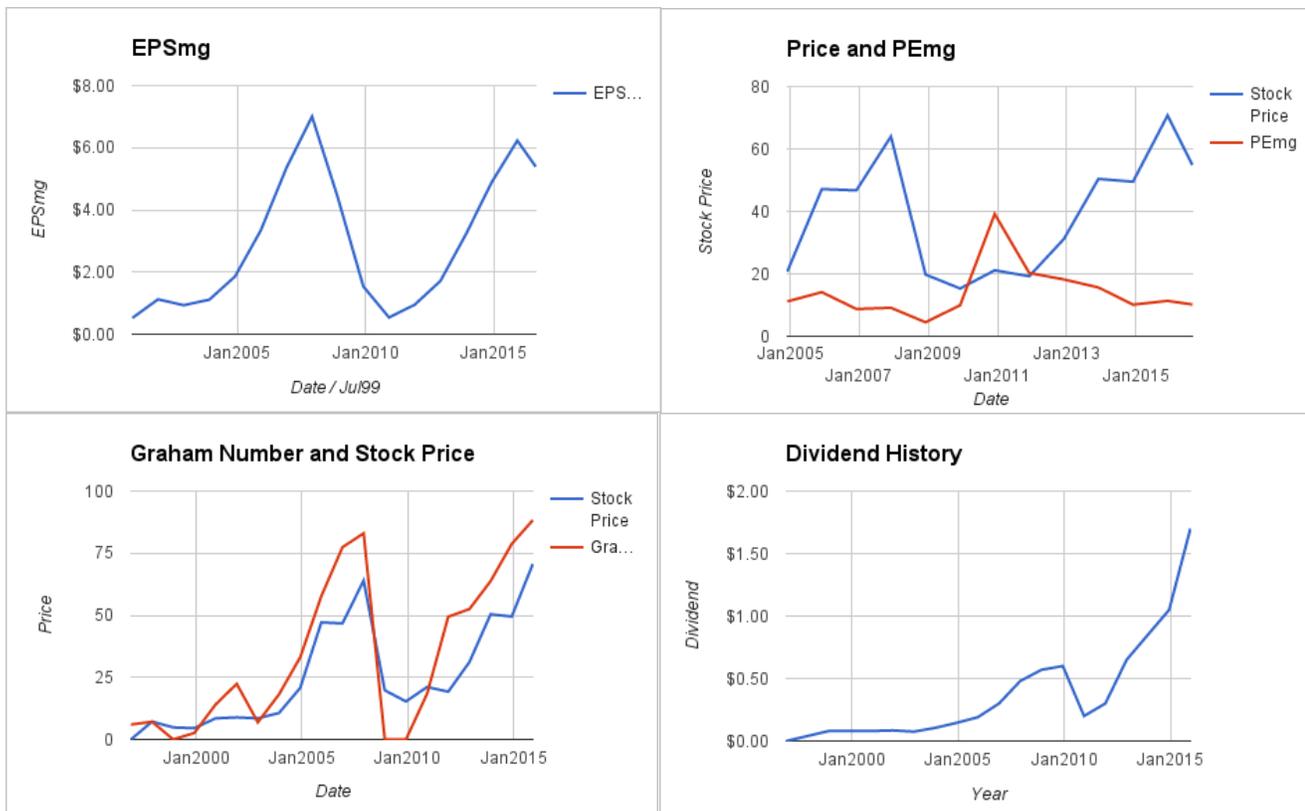
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$18.50
Graham Number	\$54.08
PEmg	10.18
Current Ratio	1.87
PB Ratio	1.25
Current Dividend	\$2.10
Dividend Yield	3.83%
Number of Consecutive Years of Dividend Growth	6

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.92	Next Fiscal Year Estimate	\$5.39
Dec2015	\$7.99	Dec2015	\$6.23
Dec2014	\$6.85	Dec2014	\$4.89
Dec2013	\$4.97	Dec2013	\$3.22
Dec2012	\$3.75	Dec2012	\$1.71
Dec2011	\$3.68	Dec2011	\$0.95
Dec2010	\$0.57	Dec2010	\$0.54
Dec2009	-\$3.67	Dec2009	\$1.54
Dec2008	-\$2.16	Dec2008	\$4.41
Dec2007	\$8.88	Dec2007	\$7.00
Dec2006	\$8.64	Dec2006	\$5.34
Dec2005	\$6.10	Dec2005	\$3.33
Dec2004	\$3.27	Dec2004	\$1.86
Dec2003	\$1.27	Dec2003	\$1.11
Dec2002	\$0.21	Dec2002	\$0.93
Dec2001	\$2.21	Dec2001	\$1.12
Dec2000	\$1.40	Dec2000	\$0.52
Dec1999	\$0.06	Balance Sheet Information	
Dec1998	-\$0.21	6/1/2016	
Dec1997	\$0.44	Total Current Assets	\$16,180,000,000
Dec1996	\$0.36	Total Current Liabilities	\$8,652,000,000
		Long-Term Debt	\$0
		Total Assets	\$45,452,000,000
		Intangible Assets	\$0
		Total Liabilities	\$24,876,000,000
		Shares Outstanding (Diluted Average)	470,000,000





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.

Recommended Reading:

Other ModernGraham posts about the company

- [10 Low PE Stock Picks for the Enterprising Investor – August 2016](#)
- [10 Most Undervalued Companies for the Enterprising Investor – July 2016](#)
- [Dividend Investors Should Research These 10 Stocks – July 2016](#)
- [10 Low PE Stocks for the Enterprising Investor – July 2016](#)
- [5 Companies for Value Investors with a High Beta – July 2016](#)

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- [Chevron Corp Valuation – August 2016 \\$CVX](#)
- [Exxon Mobil Corporation Valuation – August 2016 \\$XOM](#)
- [National-Oilwell Varco Inc Valuation – August 2016 \\$NOV](#)
- [Newfield Exploration Co Valuation – August 2016 \\$NFX](#)
- [EOG Resources Inc Valuation – July 2016 \\$EOG](#)
- [Noble Corp PLC Valuation – July 2016 \\$NE](#)
- [Baker Hughes Inc Valuation – July 2016 \\$BHI](#)
- [Rowan Companies PLC Valuation – July 2016 \\$RDC](#)
- [ConocoPhillips Valuation – July 2016 \\$COP](#)
- [Devon Energy Corp Valuation – July 2016 \\$DVN](#)