

ModernGraham Valuation

Company Name:

Company Ticker NFJ
Date of Analysis

Newfield Exploration
Co.

12/22/2016



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	\$8,487,399,424	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.54	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	484.25%	Pass
6. Moderate PEmg Ratio	PEmg < 20	-6.16	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	9.38	Fail

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	1.54	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	7.74	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	-\$6.97
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	-\$101.05
MG Value based on 0% Growth	-\$59.23
Market Implied Growth Rate	-7.33%

MG Opinion

Current Price	\$42.94
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$11.99
Graham Number	\$0.00
PEmg	-6.16
Current Ratio	1.54
PB Ratio	9.38
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	-6.49	Next Fiscal Year Estimate	-6.97
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	1.78	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	9/1/2016
Dec1998	-0.78	Total Current Assets	\$899,000,000
Dec1997	0.54	Total Current Liabilities	\$585,000,000
Dec1996	0.52	Long-Term Debt	\$2,430,000,000
		Total Assets	\$4,213,000,000
		Intangible Assets	\$0
		Total Liabilities	\$3,297,000,000
		Shares Outstanding (Diluted Average)	200,000,000





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

- [5 Speculative and Overvalued Companies to Avoid – June 2015](#)
- [Newfield Exploration Company Analysis – 2015 Annual Update \\$NFX](#)
- [20 Companies in the Research Spotlight This Week – June 7, 2014](#)
- [Newfield Exploration Co. 2014 Annual Valuation \\$NFX](#)

Other ModernGraham posts about related companies

- [Phillips 66 Valuation – August 2016 \\$PSX](#)
- [FMC Technologies Inc Valuation – August 2016 \\$FTI](#)
- [Marathon Petroleum Corp Valuation – August 2016 \\$MPC](#)
- [Magellan Midstream Partners LP Valuation – August 2016 \\$MMP](#)
- [Enesco PLC Valuation – August 2016 \\$ESV](#)
- [Enterprise Products Partners LP Valuation – August 2016 \\$EPD](#)
- [Tidewater Inc Valuation – August 2016 \\$TDW](#)
- [Occidental Petroleum Corp Valuation – August 2016 \\$OXY](#)
- [Valero Energy Corporation – August 2016 \\$VLO](#)
- [Chevron Corp Valuation – August 2016 \\$CVX](#)