

# ModernGraham Valuation

Company Name:

Tesoro Corporation

Company Ticker TSO

Date of Analysis

2/7/2017



## 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	\$9,721,849,220	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.90	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	379.60%	Pass
6. Moderate PEmg Ratio	PEmg < 20	11.67	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.81	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	1.90	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.93	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

Score

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$7.14
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$274.92</b>
MG Value based on 3% Growth	\$103.54
MG Value based on 0% Growth	\$60.70
Market Implied Growth Rate	1.59%

### MG Opinion

Current Price	\$83.35
% of Intrinsic Value	30.32%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B</b>

## Stage 3: Information for Further Research

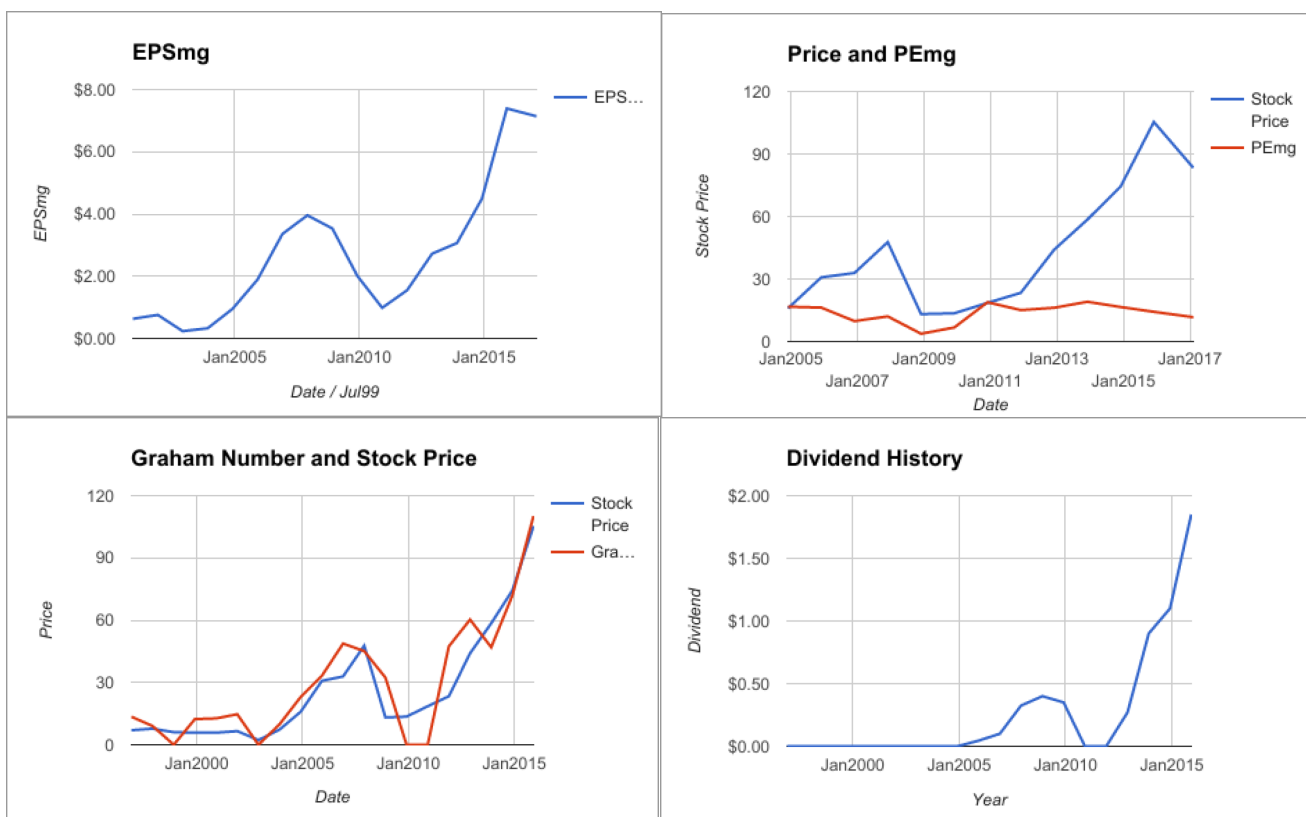
Net Current Asset Value (NCAV)	-\$62.03
Graham Number	\$75.72
PEmg	11.67
Current Ratio	1.90
PB Ratio	1.81
Current Dividend	\$2.05
Dividend Yield	2.46%
Number of Consecutive Years of Dividend Growth	5

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.42	Next Fiscal Year Estimate	\$7.14
Dec2015	\$12.36	Dec2015	\$7.39
Dec2014	\$6.44	Dec2014	\$4.49
Dec2013	\$3.00	Dec2013	\$3.07
Dec2012	\$5.25	Dec2012	\$2.72
Dec2011	\$3.81	Dec2011	\$1.55
Dec2010	-\$0.21	Dec2010	\$0.98
Dec2009	-\$1.01	Dec2009	\$2.01
Dec2008	\$2.00	Dec2008	\$3.53
Dec2007	\$4.06	Dec2007	\$3.96
Dec2006	\$5.73	Dec2006	\$3.36
Dec2005	\$3.60	Dec2005	\$1.89
Dec2004	\$2.38	Dec2004	\$0.95
Dec2003	\$0.58	Dec2003	\$0.33
Dec2002	-\$0.97	Dec2002	\$0.23
Dec2001	\$1.05	Dec2001	\$0.76
Dec2000	\$0.88	Dec2000	\$0.63
Dec1999	\$0.96	<b>Balance Sheet Information 9/1/2016</b>	
Dec1998	-\$0.43	Total Current Assets	\$5,105,000,000
Dec1997	\$0.57	Total Current Liabilities	\$2,693,000,000
Dec1996	\$1.41	Long-Term Debt	\$4,667,000,000
		Total Assets	\$18,005,000,000
		Intangible Assets	\$1,287,000,000
		Total Liabilities	\$12,505,000,000
		Shares Outstanding (Diluted Average)	119,300,000





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**

- [Tesoro Corporation Analysis – October 2015 Update \\$TSO](#)
- [14 Companies in the Spotlight This Week – 10/18/14](#)
- [Tesoro Corporation Annual Stock Valuation – 2014 \\$TSO](#)

**Other ModernGraham posts about related companies**

- [Kelt Exploration Ltd Valuation – Initial Coverage \\$TSE:KEL](#)
- [Canadian National Resources Ltd Valuation – Initial Coverage \\$TSE:CNQ](#)
- [Halliburton Company Valuation – January 2017 \\$HAL](#)
- [Just Energy Group Inc Valuation – Initial Coverage \\$TSE:JE](#)
- [SM Energy Co Valuation – Initial Coverage \\$SM](#)
- [Kinder Morgan Inc Valuation – January 2017 \\$KMI](#)
- [South Jersey Industries Inc Valuation – Initial Coverage \\$SJI](#)
- [Secure Energy Services Inc Valuation – Initial Coverage \\$TSE:SES](#)
- [Surge Energy Inc Valuation – Initial Coverage \\$TSE:SGY](#)
- [Range Resources Corp Valuation – January 2017 \\$RRC](#)