

ModernGraham Valuation

Company Name:

Company Ticker VLO

Date of Analysis

2/28/2017

Valero Energy
Corporation



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	\$30,887,683,432	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.02	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-424.71%	Fail
5. Earnings Growth	PEmg < 20	12.26	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.57	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	2.02	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
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.54
MG Growth Estimate	10.79%
MG Value	\$166.75
MG Value based on 3% Growth	\$80.38
MG Value based on 0% Growth	\$47.12
Market Implied Growth Rate	1.88%

MG Opinion

Current Price	\$67.95
% of Intrinsic Value	40.75%
Opinion	Undervalued
MG Grade	B

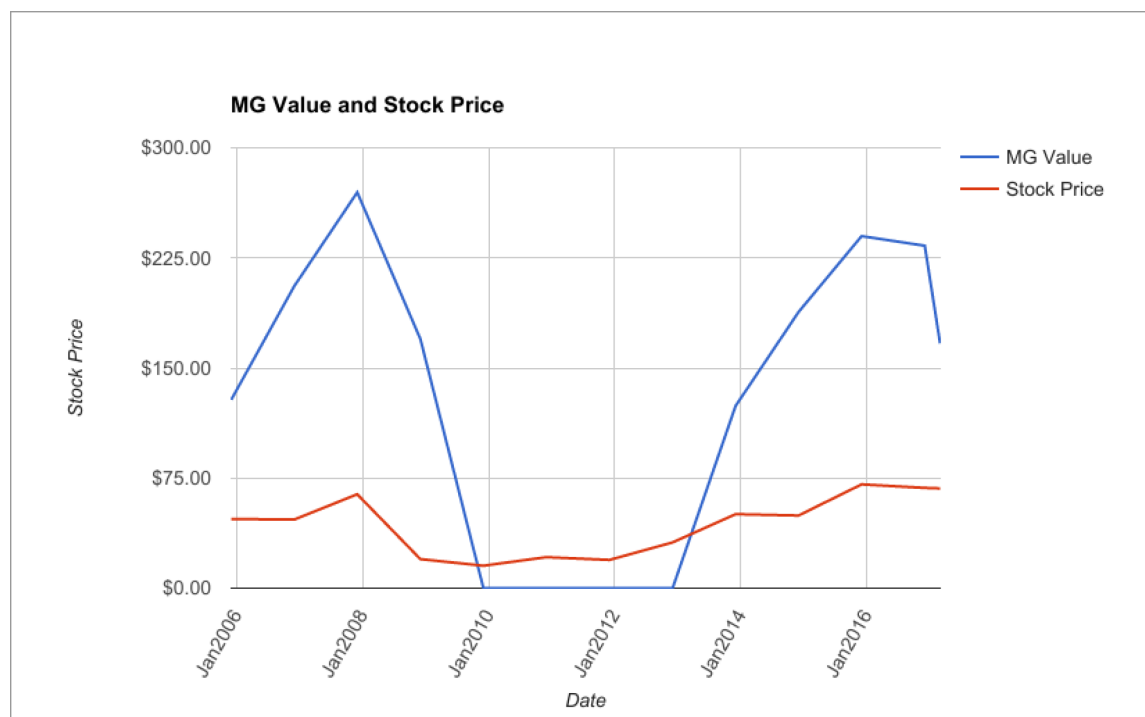
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$20.15
Graham Number	\$64.46
PEmg	12.26
Current Ratio	2.02
PB Ratio	1.57
Current Dividend	\$2.40
Dividend Yield	3.53%
Number of Consecutive Years of Dividend Growth	7

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	\$4.15	Next Fiscal Year Estimate	\$5.54
Dec2016	\$4.94	Dec2016	\$6.06
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	Balance Sheet Information 12/1/2016	
Dec1999	\$0.06	Total Current Assets	\$16,800,000,000
Dec1998	-\$0.21	Total Current Liabilities	\$8,328,000,000
Dec1997	\$0.44	Long-Term Debt	\$0
		Total Assets	\$46,173,000,000
		Intangible Assets	\$148,000,000
		Total Liabilities	\$26,149,000,000
		Shares Outstanding (Diluted Average)	464,000,000





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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[10 Low PE Stocks for the Enterprising Investor – July 2016](#)
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[California Resources Corp Valuation – Initial Coverage \\$CRC](#)
[Crew Energy Inc Valuation – Initial Coverage \\$TSE:CR](#)
[Exxon Mobil Corp Valuation – February 2017 \\$XOM](#)
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