# **ModernGraham Valuation**

## **Company Name:**

Concho Resources Inc



\$19,891,726,651 Pass

Company Ticker CXO

Date of Analysis 3/2/2017

1. Adequate Size of the Enterprise

#### 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.

2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.73 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	
<ol><li>Earnings Growth</li></ol>	beginning and end	-291.30% Fail
6. Moderate PEmg Ratio	PEmg < 20	-64.21 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.34 Fail

Market Cap > \$2Bil

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	0.73 Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-13.26 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
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\$132.18

Score

Suitability

MG Opinion

Defensive No Enterprising No

#### Stage 2: Determination of Intrinsic Value

EPSmg	-\$2.06
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	-\$29.85
MG Value based on 0% Growth	-\$17.50
Market Implied Growth Rate	-36.35%

Current Price

% of Intrinsic Value N/A
Opinion Overvalued
MG Grade D

#### Stage 3: Information for Further Research

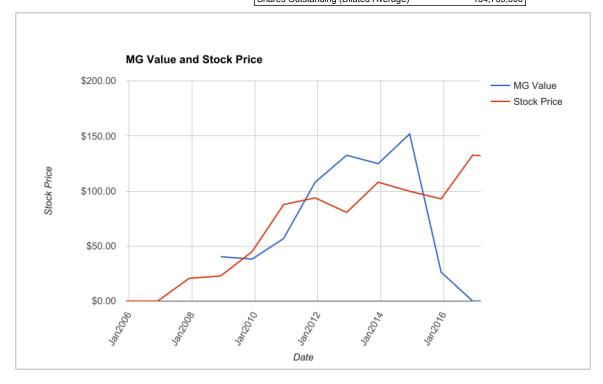
Net Current Asset Value (NCAV)	-\$29.31
Graham Number	\$0.00
PEmg	-64.21
Current Ratio	0.73
PB Ratio	2.34
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Morningstar

Useful Links: ModernGraham tagged articles

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EPS History		EPSmg History	
Next Fiscal Year			
Estimate	• • • • • • • • • • • • • • • • • • • •	Next Fiscal Year Estimate	-\$2.06
Dec2016	-\$10.85	Dec2016	-\$1.90
Dec2015	\$0.54	Dec2015	\$2.86
Dec2014	\$4.88	Dec2014	\$3.94
Dec2013	\$2.39	Dec2013	\$3.24
Dec2012	\$4.15	Dec2012	\$3.44
Dec2011	\$5.28	Dec2011	\$2.80
Dec2010	\$2.18	Dec2010	\$1.48
Dec2009	-\$0.12	Dec2009	\$0.99
Dec2008	\$3.46	Dec2008	\$1.05
Dec2007	\$0.38	Dec2007	-\$0.32
Dec2006	\$0.59	Dec2006	-\$0.69
Dec2005	-\$0.70	Dec2005	-\$1.16
Dec2004	-\$3.48	Dec2004	-\$1.16
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Dec2001	\$0.00
Dec2000	\$0.00	Balance Sheet Information	12/1/2016
Dec1999	\$0.00	Total Current Assets	\$546,494,000
Dec1998	\$0.00	Total Current Liabilities	\$753,186,000
Dec1997	\$0.00	Long-Term Debt	\$2,740,580,000
		Total Assets	\$12,119,326,000
		Intangible Assets	\$24,232,000
		Total Liabilities	\$4,496,633,000
		Shares Outstanding (Diluted Average)	134,755,000





#### 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 #N/A

Other ModernGraham posts about related companies

Suncor Energy Inc Valuation – Initial Coverage \$TSE:SU
CST Brands Inc Valuation – Initial Coverage \$CST
Valero Energy Corp Valuation – February 2017 \$VLO
Tidewater Inc Valuation – February 2017 \$TDW
Occidental Petroleum Corp Valuation – February 2017 \$OXY
Carrizo Oil & Gas Inc Valuation – Initial Coverage \$CRZO
Denbury Resources Inc Valuation – February 2017 \$DNR
California Resources Corp Valuation – Initial Coverage \$CRC
Crew Energy Inc Valuation – Initial Coverage \$TSE:CR

Murphy Oil Corporation Valuation - March 2017 \$MUR