

ModernGraham Valuation

Company Name:

Company Ticker CXO

Date of Analysis

3/2/2017

Concho Resources
Inc



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	\$19,891,726,651	Pass
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
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at 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

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
	Score		

Suitability

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%

MG Opinion

Current Price	\$132.18
% 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

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	-\$0.25	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

- [Murphy Oil Corporation Valuation – March 2017 \\$MUR](#)
- [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](#)