

ModernGraham Valuation

Company Name:

Marathon Oil

Company Ticker MRO

Date of Analysis

3/26/2018



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	\$13,824,028,886	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.30	Fail
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	-195.31%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	-6.63	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.18	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	1.30	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	9.19	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	-\$2.45
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	-\$35.58
MG Value based on 0% Growth	-\$20.86
Market Implied Growth Rate	-7.56%

MG Opinion

Current Price	\$16.27
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$9.10
Graham Number	\$0.00
PEmg	-6.63
Current Ratio	1.30
PB Ratio	1.18
Current Dividend	\$0.20
Dividend Yield	1.23%
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	\$0.00	Next Fiscal Year Estimate	-\$2.45
Dec2017	-\$6.73	Dec2017	-\$2.83
Dec2016	-\$2.61	Dec2016	-\$0.37
Dec2015	-\$3.26	Dec2015	\$1.17
Dec2014	\$4.46	Dec2014	\$3.38
Dec2013	\$2.47	Dec2013	\$2.86
Dec2012	\$2.23	Dec2012	\$3.17
Dec2011	\$4.13	Dec2011	\$3.79
Dec2010	\$3.61	Dec2010	\$3.98
Dec2009	\$2.06	Dec2009	\$4.39
Dec2008	\$4.95	Dec2008	\$5.30
Dec2007	\$5.69	Dec2007	\$5.06
Dec2006	\$7.25	Dec2006	\$4.25
Dec2005	\$4.22	Dec2005	\$2.47
Dec2004	\$1.86	Dec2004	\$1.47
Dec2003	\$2.13	Dec2003	\$1.18
Dec2002	\$0.83	Dec2002	\$0.72
Dec2001	\$0.53	Balance Sheet Information 12/1/2017	
Dec2000	\$0.68	Total Current Assets	\$2,566,000,000
Dec1999	\$0.87	Total Current Liabilities	\$1,968,000,000
Dec1998	\$0.86	Long-Term Debt	\$5,494,000,000
		Total Assets	\$22,012,000,000
		Intangible Assets	\$115,000,000
		Total Liabilities	\$10,304,000,000
		Shares Outstanding (Diluted Average)	850,000,000





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

- [18 Companies in the Spotlight This Week – 3/21/15](#)
- [Marathon Oil Corporation Annual Valuation – 2015 \\$MRO](#)
- [19 Companies in the Spotlight This Week – 3/15/14](#)
- [Marathon Oil Corp \(MRO\) Annual Valuation](#)

Other ModernGraham posts about related companies

- [EQT Corporation Valuation – March 2018 \\$EQT](#)
- [Helmerich & Payne Inc Valuation – March 2018 \\$HP](#)
- [Chesapeake Energy Corp Valuation – March 2018 \\$CHK](#)
- [Williams Companies Inc Valuation – March 2018 \\$WMB](#)
- [Exxon Mobil Corp Valuation – February 2018 \\$XOM](#)
- [Chevron Corp Valuation – February 2018 \\$CVX](#)
- [Seven Generations Energy Ltd Valuation – Initial Coverage \\$TSE:VII](#)
- [Pioneer Natural Resources Valuation – September 2017 \\$PXD](#)
- [Gulfport Energy Corp Valuation – Initial Coverage \\$GPOR](#)
- [Schlumberger Limited Valuation – July 2017 \\$SLB](#)