

ModernGraham Valuation

Company Name:

Andeavor

Company Ticker ANDV

Date of Analysis

5/15/2018



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	\$21,343,031,583	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.41	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 beginning and end	839.00%	Pass
5. Earnings Growth	PEmg < 20	16.33	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.26	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	1.41	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	4.50	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 Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$8.65
MG Growth Estimate	13.88%
MG Value	\$313.63
MG Value based on 3% Growth	\$125.39
MG Value based on 0% Growth	\$73.50
Market Implied Growth Rate	3.92%

MG Opinion

Current Price	\$141.23
% of Intrinsic Value	45.03%
Opinion	Undervalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$83.22
Graham Number	\$103.18
PEmg	16.33
Current Ratio	1.41
PB Ratio	2.26
Current Dividend	\$2.28
Dividend Yield	1.61%
Number of Consecutive Years of Dividend Growth	6

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		Next Fiscal Year Estimate	
Dec2017	\$7.39	Dec2017	\$8.65
Dec2016	\$10.81	Dec2016	\$8.77
Dec2015	\$6.12	Dec2015	\$7.37
Dec2014	\$12.36	Dec2014	\$7.39
Dec2013	\$6.44	Dec2013	\$4.49
Dec2012	\$3.00	Dec2012	\$3.07
Dec2011	\$5.25	Dec2011	\$2.72
Dec2010	\$3.81	Dec2010	\$1.55
Dec2009	-\$0.21	Dec2009	\$0.98
Dec2008	-\$1.01	Dec2008	\$2.01
Dec2007	\$2.00	Dec2007	\$3.53
Dec2006	\$4.06	Dec2006	\$3.96
Dec2005	\$5.73	Dec2005	\$3.36
Dec2004	\$3.60	Dec2004	\$1.89
Dec2003	\$2.38	Dec2003	\$0.95
Dec2002	\$0.58	Dec2002	\$0.33
Dec2001	-\$0.97	Dec2002	\$0.23
Dec2000	\$1.05	Balance Sheet Information	
Dec1999	\$0.88	3/1/2018	
Dec1998	\$0.96	Total Current Assets	
	-\$0.43	\$6,409,000,000	
		Total Current Liabilities	
		\$4,546,000,000	
		Long-Term Debt	
		\$8,386,000,000	
		Total Assets	
		\$28,841,000,000	
		Intangible Assets	
		\$4,980,000,000	
		Total Liabilities	
		\$19,209,000,000	
		Shares Outstanding (Diluted Average)	
		153,800,000	





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author held a long position in ANDV 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

- [10 Low PE Stock Picks for the Enterprising Investor – April 2017](#)
- [Most Undervalued Stocks of the S&P 500 – February 2017](#)
- [10 Undervalued Stocks for the Enterprising Investor – February 2017](#)
- [14 Best Stocks for Value Investors This Week – 2/11/17](#)
- [Tesoro Corporation Valuation – February 2017 \\$TSO](#)

Other ModernGraham posts about related companies

- [Halliburton Co Valuation – May 2018 \\$HAL](#)
- [National Oilwell Varco Inc Valuation – May 2018 \\$NOV](#)
- [Newfield Exploration Co Valuation – May 2018 \\$NFX](#)
- [Kinder Morgan Inc Valuation – May 2018 \\$KMI](#)
- [Range Resources Corp Valuation – May 2018 \\$RRC](#)
- [Phillips 66 Valuation – April 2018 \\$PSX](#)
- [Baker Hughes, a GE Co Valuation – April 2018 \\$BHGE](#)
- [Marathon Petroleum Corp Valuation – April 2018 \\$MPC](#)
- [TechnipFMC PLC Valuation – April 2018 \\$FTI](#)
- [EOG Resources Inc Valuation – April 2018 \\$EOG](#)