

# ModernGraham Valuation

Concho Resources  
Inc



Company Name:

Company Ticker CXO

Date of Analysis

6/4/2018

## 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	\$18,954,472,477	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.65	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	-119.89%	Fail
5. Earnings Growth	PEmg < 20	136.72	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.94	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	0.65	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-6.08	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 Score		Fail

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$0.93
MG Growth Estimate	-4.25%
<b>MG Value</b>	<b>\$0.00</b>
MG Value based on 3% Growth	\$13.49
MG Value based on 0% Growth	\$7.91
Market Implied Growth Rate	64.11%

### MG Opinion

Current Price	\$127.15
% of Intrinsic Value	N/A
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>F</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$26.43
Graham Number	\$63.40
PEmg	136.72
Current Ratio	0.65
PB Ratio	1.94
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

### Useful Links:

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[GuruFocus](#)

[Morningstar](#)  
[MSN Money](#)  
[Seeking Alpha](#)  
[SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.98	Next Fiscal Year Estimate	\$0.93
Dec2017	\$6.41	Dec2017	\$0.16
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	<b>Balance Sheet Information 3/1/2018</b>	
Dec2000	\$0.00	Total Current Assets	\$719,000,000
Dec1999	\$0.00	Total Current Liabilities	\$1,109,000,000
Dec1998	\$0.00	Long-Term Debt	\$2,370,000,000
		Total Assets	\$14,381,000,000
		Intangible Assets	\$22,000,000
		Total Liabilities	\$4,643,000,000
		Shares Outstanding (Diluted Average)	148,462,000





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

[Most Overvalued Stocks of the S&P 500 – March 2017](#)  
[Concho Resources Inc Valuation – Initial Coverage \\$CXO](#)

Other  
ModernGraham  
posts about related  
companies

[Andeavor Valuation – May 2018 \\$ANDV](#)  
[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](#)  
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