

# ModernGraham Valuation

## Company Name:

Company Ticker DO  
Date of Analysis

Diamond Offshore  
Drilling Inc

6/30/2018



## 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                                                                | \$2,938,364,489 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2                                                                  | 4.51            | Pass |
| 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 | -115.58%        | Fail |
| 5. Earnings Growth                         | PEmg < 20                                                                          | -21.84          | Fail |
| 6. Moderate PEmg Ratio                     | PB Ratio < 2.5 OR PB*PEmg < 50                                                     | 0.76            | Fail |
| 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                  | 4.51 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1                    | 2.88 | 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                       | -\$0.96       |
| MG Growth Estimate          | -4.25%        |
| <b>MG Value</b>             | <b>\$0.00</b> |
| MG Value based on 3% Growth | -\$13.85      |
| MG Value based on 0% Growth | -\$8.12       |
| Market Implied Growth Rate  | -15.17%       |

### MG Opinion

|                      |                   |
|----------------------|-------------------|
| Current Price        | \$20.86           |
| % of Intrinsic Value | N/A               |
| <b>Opinion</b>       | <b>Overvalued</b> |
| <b>MG Grade</b>      | <b>D</b>          |

## Stage 3: Information for Further Research

|                                                |          |
|------------------------------------------------|----------|
| Net Current Asset Value (NCAV)                 | -\$11.15 |
| Graham Number                                  | \$0.00   |
| PEmg                                           | -21.84   |
| Current Ratio                                  | 4.51     |
| PB Ratio                                       | 0.76     |
| Current Dividend                               | \$0.00   |
| Dividend Yield                                 | 0.00%    |
| Number of Consecutive Years of Dividend Growth | 0        |

### Useful Links:

[ModernGraham tagged articles](#)  
[Google Finance](#)  
[Yahoo Finance](#)  
[GuruFocus](#)  
[Morningstar](#)  
[MSN Money](#)  
[Seeking Alpha](#)  
[SEC Filings](#)

| EPS History               |         | EPSmg History                                                                                                                                                                                                                                                                                                         |         |
|---------------------------|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Next Fiscal Year Estimate | -\$1.10 | Next Fiscal Year Estimate                                                                                                                                                                                                                                                                                             | -\$0.96 |
| Dec2017                   | \$0.13  | Dec2017                                                                                                                                                                                                                                                                                                               | -\$0.44 |
| Dec2016                   | -\$2.72 | Dec2016                                                                                                                                                                                                                                                                                                               | -\$0.01 |
| Dec2015                   | -\$2.00 | Dec2015                                                                                                                                                                                                                                                                                                               | \$2.02  |
| Dec2014                   | \$2.81  | Dec2014                                                                                                                                                                                                                                                                                                               | \$4.41  |
| Dec2013                   | \$3.95  | Dec2013                                                                                                                                                                                                                                                                                                               | \$5.66  |
| Dec2012                   | \$5.18  | Dec2012                                                                                                                                                                                                                                                                                                               | \$6.89  |
| Dec2011                   | \$6.92  | Dec2011                                                                                                                                                                                                                                                                                                               | \$7.78  |
| Dec2010                   | \$6.87  | Dec2010                                                                                                                                                                                                                                                                                                               | \$7.97  |
| Dec2009                   | \$9.89  | Dec2009                                                                                                                                                                                                                                                                                                               | \$7.84  |
| Dec2008                   | \$9.42  | Dec2008                                                                                                                                                                                                                                                                                                               | \$6.05  |
| Dec2007                   | \$6.12  | Dec2007                                                                                                                                                                                                                                                                                                               | \$3.75  |
| Dec2006                   | \$5.12  | Dec2006                                                                                                                                                                                                                                                                                                               | \$2.19  |
| Dec2005                   | \$1.91  | Dec2005                                                                                                                                                                                                                                                                                                               | \$0.69  |
| Dec2004                   | -\$0.06 | Dec2004                                                                                                                                                                                                                                                                                                               | \$0.18  |
| Dec2003                   | -\$0.37 | Dec2003                                                                                                                                                                                                                                                                                                               | \$0.40  |
| Dec2002                   | \$0.47  | Dec2002                                                                                                                                                                                                                                                                                                               | \$0.92  |
| Dec2001                   | \$1.26  | <b>Balance Sheet Information</b> <b>3/1/2018</b><br>Total Current Assets \$879,969,000<br>Total Current Liabilities \$195,026,000<br>Long-Term Debt \$1,972,638,000<br>Total Assets \$6,193,083,000<br>Intangible Assets \$0<br>Total Liabilities \$2,413,451,000<br>Shares Outstanding (Diluted Average) 137,495,000 |         |
| Dec2000                   | \$0.53  |                                                                                                                                                                                                                                                                                                                       |         |
| Dec1999                   | \$1.11  |                                                                                                                                                                                                                                                                                                                       |         |
| Dec1998                   | \$2.66  |                                                                                                                                                                                                                                                                                                                       |         |
|                           |         |                                                                                                                                                                                                                                                                                                                       |         |
|                           |         |                                                                                                                                                                                                                                                                                                                       |         |





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**

- [5 Speculative and Overvalued Companies to Avoid – July 2016](#)
- [Diamond Offshore Drilling Inc Valuation – July 2016 \\$DO](#)
- [28 Companies in the Spotlight This Week – 2/28/15](#)
- [Diamond Offshore Drilling Inc. Annual Valuation – 2015 \\$DO](#)
- [22 Companies in the Spotlight This Week – 11/29/14](#)

**Other ModernGraham posts about related companies**

- [Cabot Oil & Gas Corp Valuation – June 2018 \\$COG](#)
- [Concho Resources Inc Valuation – June 2018 \\$CXO](#)
- [Vlaero Energy Corp Valuation – June 2018 \\$VLO](#)
- [Occidental Petroleum Corp Valuation – June 2018 \\$OXY](#)
- [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](#)