ModernGraham Valuation

Company Name:

Valero Energy Corporation



Company Ticker VLO
Date of Analysis

6/3/2018

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.

Adequate Size of the Enterprise	Market Cap > \$2Bil	\$53,352,079,515 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.70 Fail
3. Earnings Stability	Positive EPS for 10 years prior	Fail
Dividend Record	Dividend Payments for 10 years prior	Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at	
5. Earnings Growth	beginning and end	3368.97% Pass
6. Moderate PEmg Ratio	PEmg < 20	17.79 Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.33 Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.70 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.08 Pass
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	Pass
	Score	

83.82%

Suitability

MG Opinion

Defensive No Enterprising Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$6.96
MG Growth Estimate	6.36%
MG Value	\$147.67
MG Value based on 3% Growth	\$100.91
MG Value based on 0% Growth	\$59.15
Market Implied Growth Rate	4.64%
Current Price	\$123.78

% of Intrinsic Value
Opinion Fairly Valued

MG Grade B-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$18.96
Graham Number	\$82.85
PEmg	17.79
Current Ratio	1.70
PB Ratio	2.33
Current Dividend	\$2.80
Dividend Yield	2.26%
Number of Consecutive Years of Dividend	
Growth	7

Morningstar

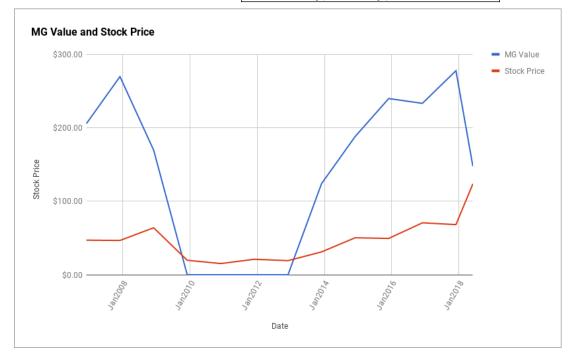
Useful Links: ModernGraham tagged articles

 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.02	Next Fiscal Year Estimate	\$6.96
Dec2017	\$9.16	Dec2017	\$7.21
Dec2016	\$4.94	Dec2016	\$6.06
Dec2015	\$7.99	Dec2015	\$6.23
Dec2014	\$6.85	Dec2014	\$4.89
Dec2013	\$4.97	Dec2013	\$3.22
Dec2012	\$3.75	Dec2012	\$1.71
Dec2011	\$3.68	Dec2011	\$0.95
Dec2010	\$0.57	Dec2010	\$0.54
Dec2009	-\$3.67	Dec2009	\$1.54
Dec2008	-\$2.16	Dec2008	\$4.41
Dec2007	\$8.88	Dec2007	\$7.00
Dec2006	\$8.64	Dec2006	\$5.34
Dec2005	\$6.10	Dec2005	\$3.33
Dec2004	\$3.27	Dec2004	\$1.86
Dec2003	\$1.27	Dec2003	\$1.11
Dec2002	\$0.21	Dec2002	\$0.93
Dec2001	\$2.21	Balance Sheet Information	3/1/2018
Dec2000	\$1.40	Total Current Assets	\$18,260,000,000
Dec1999	\$0.06	Total Current Liabilities	\$10,752,000,000
Dec1998	-\$0.21	Long-Term Debt	\$8,086,000,000
		Total Assets	\$49,376,000,000
		Intangible Assets	\$0
		Total Liabilities	\$26,451,000,000
		Shares Outstanding (Diluted Average)	432,000,000





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 11 Best Stocks for Value Investors This Week - 3/4/17

Valero Energy Corp Valuation – February 2017 \$VLO

Most Undervalued Stocks of the S&P 500 – February 2017

10 Undervalued Stocks for the Enterprising Investor – February 2017

10 Best Dividend Paying Stocks for the Enterprising Investor – February 2017

Other ModernGraham posts about related companies Andeavor Valuation - May 2018 \$ANDV

<u>Halliburton Co Valuation – May 2018 \$HAL</u>

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