

ModernGraham Valuation

Valero Energy Corporation



Company Name:

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.

1. 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
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	3368.97%	Pass
5. Earnings Growth	PEmg < 20	17.79	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.33	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	1.70	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 Score		Pass

Suitability

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%

MG Opinion

Current Price	\$123.78
% of Intrinsic Value	83.82%
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

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	\$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](#)
- [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](#)