

# ModernGraham Valuation

Concho Resources  
Inc



Company Name:

Company Ticker CXO

Date of Analysis

3/16/2019

## 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	\$20,771,509,312	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.04	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	97.50%	Pass
5. Earnings Growth	PEmg < 20	23.04	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.10	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	1.04	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	79.13	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		Pass

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$4.49
MG Growth Estimate	8.54%
<b>MG Value</b>	<b>\$114.93</b>
MG Value based on 3% Growth	\$65.17
MG Value based on 0% Growth	\$38.20
Market Implied Growth Rate	7.27%

### MG Opinion

Current Price	\$103.55
% of Intrinsic Value	90.10%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>D+</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$30.71
Graham Number	\$83.04
PEmg	23.04
Current Ratio	1.04
PB Ratio	1.10
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

### Useful Links:

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[Morningstar](#)  
[MSN Money](#)  
[Seeking Alpha](#)  
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.27	Next Fiscal Year Estimate	\$4.49
Dec2018	\$13.25	Dec2018	\$4.35
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	<b>Balance Sheet Information 12/1/2018</b>	
Dec2001	\$0.00	Total Current Assets	\$1,409,000,000
Dec2000	\$0.00	Total Current Liabilities	\$1,356,000,000
Dec1999	\$0.00	Long-Term Debt	\$4,194,000,000
		Total Assets	\$26,294,000,000
		Intangible Assets	\$2,243,000,000
		Total Liabilities	\$7,526,000,000
		Shares Outstanding (Diluted Average)	199,155,000





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

[Concho Resources Inc Valuation – June 2018 \\$CXO](#)  
[Most Overvalued Stocks of the S&P 500 – March 2017](#)  
[Concho Resources Inc Valuation – Initial Coverage \\$CXO](#)

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[Halliburton Co Valuation – March 2019 #HAL](#)  
[Kinder Morgan Inc Valuation – February 2019 \\$KMI](#)  
[National Oilwell Varco Inc Valuation – February 2019 \\$NOV](#)  
[Diamondback Energy Inc Valuation – February 2019 \\$FANG](#)  
[TechnipFMC PLC Valuation – February 2019 \\$FTI](#)  
[Marathon Petroleum Corp Valuation – February 2019 \\$MPC](#)  
[Baker Hughes, a GE Co Valuation – February 2019 \\$BHGE](#)  
[EOG Resources Inc Valuation – February 2019 \\$EOG](#)  
[ConocoPhillips Valuation – February 2019 \\$COP](#)