ModernGraham Valuation

Company Name:

Concho Resources Inc



Company Ticker 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.

 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	
5. Earnings Growth	beginning and end	97.50% Pass
Moderate PEmg Ratio	PEmg < 20	23.04 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.10 Pass

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	Pass
	Score	

Suitability

Defensive No Nο Enterprising

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.49
MG Growth Estimate	8.54%
MG Value	\$114.93
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%

Opinion **Fairly Valued** MG Grade D+

Stage 3: Information for Further Research

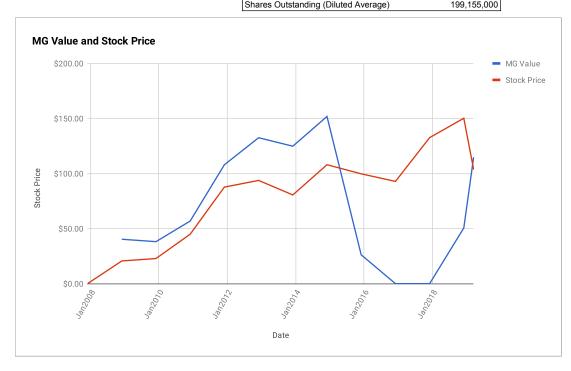
Net Current Asset Value (NCAV)	-\$30.71
Graham Number	\$83.04
PEmg	23.04
Current Ratio	1.04
PB Ratio	1.10
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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	\$3.27	Next Fiscal Year Estimate	\$4.49
Dec2018	\$13.25		\$4.35
Dec2017	\$6.41	Dec2017	\$0.16
Dec2016	-\$10.85		-\$1.90
Dec2015	\$0.54		\$2.86
Dec2014	\$4.88		\$3.94
Dec2013	\$2.39		\$3.24
Dec2012	\$4.15		\$3.44
Dec2011	\$5.28	Dec2011	\$2.80
Dec2010	\$2.18		\$1.48
Dec2009	-\$0.12		\$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	Balance Sheet Information	12/1/2018
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

Other ModernGraham posts about related companies

Phillips 66 Valuation – March 2019 #PSX
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