

# ModernGraham Valuation

Valero Energy  
Corporation



Company Name:

Company Ticker VLO

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	\$35,530,599,884	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.65	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	184.13%	Pass
6. Moderate PEmg Ratio	PEmg < 20	12.05	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.58	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	1.65	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.28	Fail
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

<b>Defensive</b>	<b>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$7.06
MG Growth Estimate	2.00%
<b>MG Value</b>	<b>\$88.28</b>
MG Value based on 3% Growth	\$102.38
MG Value based on 0% Growth	\$60.02
Market Implied Growth Rate	1.77%

### MG Opinion

Current Price	\$85.08
% of Intrinsic Value	96.37%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>B</b>

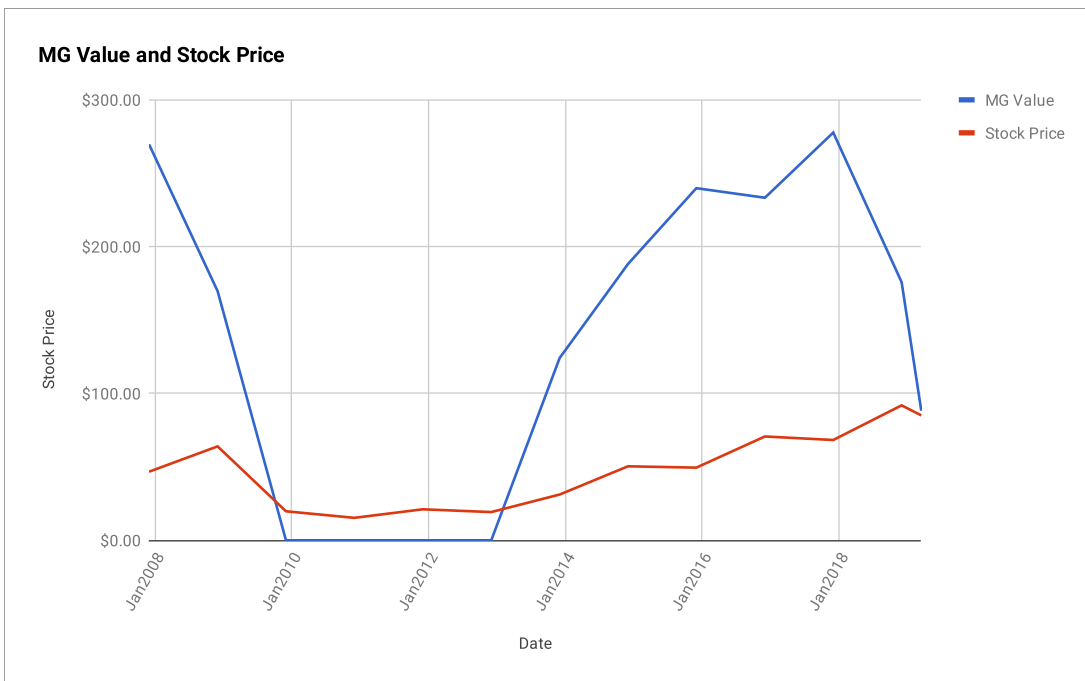
## Stage 3: Information for Further Research

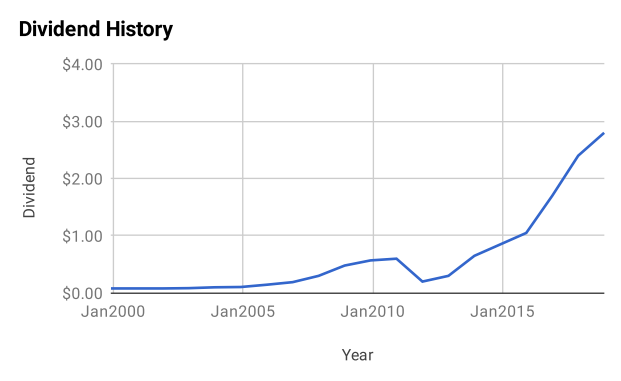
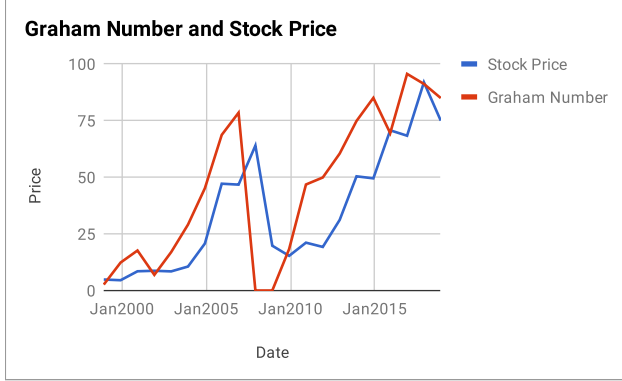
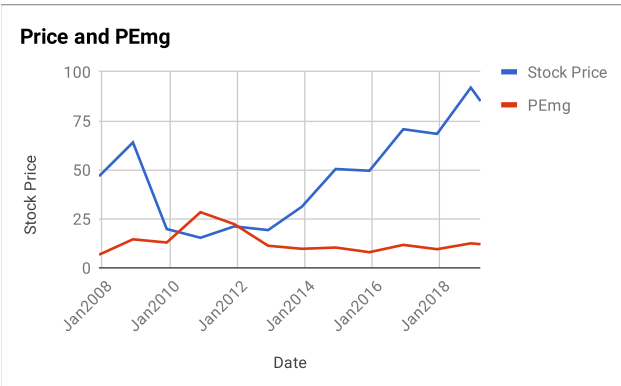
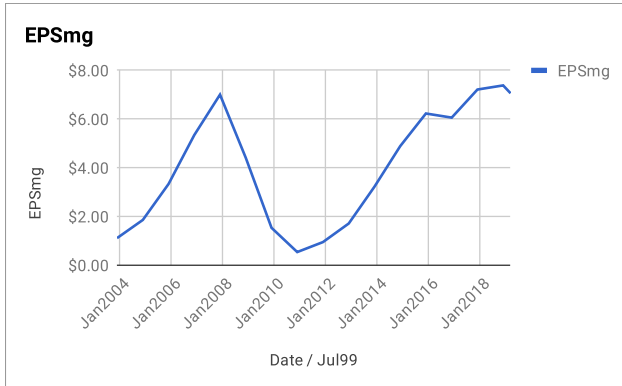
Net Current Asset Value (NCAV)	-\$23.10
Graham Number	\$84.94
PEmg	12.05
Current Ratio	1.65
PB Ratio	1.58
Current Dividend	\$3.20
Dividend Yield	3.76%
Number of Consecutive Years of Dividend Growth	8

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.28	Next Fiscal Year Estimate	\$7.06
Dec2018	\$7.29	Dec2018	\$7.38
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	<b>Balance Sheet Information 12/1/2018</b>	
Dec2001	\$2.21	Total Current Assets	\$17,675,000,000
Dec2000	\$1.40	Total Current Liabilities	\$10,724,000,000
Dec1999	\$0.06	Long-Term Debt	\$8,871,000,000
		Total Assets	\$50,155,000,000
		Intangible Assets	\$567,000,000
		Total Liabilities	\$27,424,000,000
		Shares Outstanding (Diluted Average)	422,000,000





**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**
- [Vlaero Energy Corp Valuation – June 2018 \\$VLO](#)
  - [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](#)

- 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](#)