

ModernGraham Valuation

Company Name:

Company Ticker CLF

Date of Analysis

8/24/2015

Cliffs Natural
Resources Inc



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	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	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	
5. Earnings Growth		Fail
6. Moderate PEmg Ratio	PEmg < 20	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	Fail

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	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	Fail
3. Earnings Stability	Positive EPS for 5 years prior	Fail
4. Dividend Record	Currently Pays Dividend	Pass
5. Earnings Growth	EPSmg greater than 5 years ago	Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	-14.13
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	-\$204.82
MG Value based on 0% Growth	-\$120.07
Market Implied Growth Rate	-4.36%

MG Opinion

Current Price	\$3.09
% of Intrinsic Value	N/A
Opinion	Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$20.56
PEmg	-0.22
Current Ratio	1.82
PB Ratio	-0.25
Dividend Yield	14.56%
Number of Consecutive Years of Dividend Growth	0

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	-\$5.55	Next Fiscal Year Estimate	-\$14.13
Dec14	-\$47.52	Dec14	-\$14.44
Dec13	\$2.37	Dec13	\$2.51
Dec12	-\$6.32	Dec12	\$2.99
Dec11	\$11.48	Dec11	\$6.96
Dec10	\$7.49	Dec10	\$4.40
Dec09	\$1.63	Dec09	\$2.84
Dec08	\$4.76	Dec08	\$3.32
Dec07	\$2.57	Dec07	\$2.42
Dec06	\$2.60	Dec06	\$1.91
Dec05	\$2.50	Dec05	\$1.21
Dec04	\$2.95	Dec04	\$0.39
Dec03	-\$0.40	Dec03	-\$0.78
Dec02	-\$2.33	Dec02	-\$0.76
Dec01	-\$0.29	Dec01	\$0.10
Dec00	\$0.22	Dec00	\$0.34
Dec99	\$0.05	Dec99	\$0.43
Dec98	\$0.63	Balance Sheet Information Jun15	
Dec97	\$0.60	Total Current Assets	\$1,382,200,000
Dec96	\$0.65	Total Current Liabilities	\$758,400,000
Dec95	\$0.60	Long-Term Debt	\$2,887,400,000
		Total Assets	\$2,609,400,000
		Intangible Assets	\$0
		Total Liabilities	\$4,533,200,000
		Shares Outstanding (Diluted Average)	153,232,000



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** [18 Companies to Research This Week – 8/30/2014](#)
[Cliffs Natural Resources Inc. Annual Valuation – 2014 \\$CLF](#)

**Other
ModernGraham
posts about related
companies** [Nucor Corporation Analysis – June 2015 Update \\$NUE](#)
[Nucor Corporation Quarterly Valuation – March 2015 \\$NUE](#)
[United States Steel Corporation Annual Valuation – 2015 \\$X](#)
[Nucor Corporation Quarterly Valuation – December 2014 \\$NUE](#)
[Allegheny Technologies Inc. Annual Valuation – 2014 \\$ATI](#)
[Cliffs Natural Resources Inc. Annual Valuation – 2014 \\$CLF](#)