

ModernGraham Valuation

Company Name:

Company Ticker CF

Date of Analysis

9/24/2015

CF Industries
Holdings, 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	\$10,786,579,558	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.81	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	231.57%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	10.75	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.65	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	1.81	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	7.49	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		Pass

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.31
MG Growth Estimate	11.27%
MG Value	\$133.62
MG Value based on 3% Growth	\$62.43
MG Value based on 0% Growth	\$36.60
Market Implied Growth Rate	1.12%

MG Opinion

Current Price	\$46.28
% of Intrinsic Value	34.64%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$23.36
Graham Number	\$31.16
PEmg	10.75
Current Ratio	1.81
PB Ratio	2.65
Dividend Yield	2.59%
Number of Consecutive Years of Dividend Growth	5

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	\$2.45	Next Fiscal Year Estimate	\$4.31
Dec14	\$5.42	Dec14	\$4.93
Dec13	\$4.95	Dec13	\$4.29
Dec12	\$5.72	Dec12	\$3.65
Dec11	\$4.40	Dec11	\$2.46
Dec10	\$1.07	Dec10	\$1.42
Dec09	\$1.48	Dec09	\$1.39
Dec08	\$2.43	Dec08	\$1.15
Dec07	\$1.31	Dec07	\$0.42
Dec06	\$0.12	Dec06	-\$0.04
Dec05	-\$0.41	Dec05	-\$0.10
Dec04	\$0.25	Dec04	\$0.04
Dec03	-\$0.07	Dec03	-\$0.05
Dec02	-\$0.10	Dec02	-\$0.03
Dec01	\$0.00	Dec01	\$0.00
Dec00	\$0.00	Dec00	\$0.00
Dec99	\$0.00	Dec99	\$0.00
Dec98	\$0.00	Balance Sheet Information Jun15	
Dec97	\$0.00	Total Current Assets	\$1,366,400,000
Dec96	\$0.00	Total Current Liabilities	\$753,500,000
Dec95	\$0.00	Long-Term Debt	\$4,592,600,000
		Total Assets	\$10,998,400,000
		Intangible Assets	\$2,090,800,000
		Total Liabilities	\$6,882,500,000
		Shares Outstanding (Diluted Average)	236,100,000





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

- [10 Most Undervalued Companies for the Defensive Investor – September 2015](#)
- [10 Companies Benjamin Graham Would Invest In Today – September 2015](#)
- [10 Low PE Stocks for the Defensive Investor – August 2015](#)
- [10 Most Undervalued Companies for the Defensive Investor – August 2015](#)
- [5 Low PE Stocks for the Defensive Investor – July 2015](#)

Other
ModernGraham
posts about related
companies

- [Monsanto Company Analysis – September 2015 Update \\$MON](#)
- [Mosaic Company Analysis – July 2015 Update \\$MOS](#)
- [CF Industries Holdings Analysis – June 2015 Update \\$CF](#)
- [Mosaic Inc. Quarterly Valuation – April 2015 \\$MOS](#)
- [CF Industries Holdings Inc. Quarterly Valuation – March 2015 \\$CF](#)
- [Mosaic Company Quarterly Valuation – January 2015 \\$MOS](#)
- [CF Industries Holdings Inc. Quarterly Valuation – December 2014 \\$CF](#)
- [Mosaic Company Quarterly Stock Valuation – October 2014 \\$MOS](#)
- [CF Industries Holding Company Quarterly Stock Valuation – September 2014 \\$CF](#)
- [Monsanto Company Quarterly Valuation – June 2014 \\$MON](#)