

# ModernGraham Valuation

Allegheny  
Technologies  
Incorporated



## Company Name:

Company Ticker ATI

Date of Analysis

11/24/2015

## 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  | \$1,409,722,802 | Fail |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2  | 2.85            | Pass |
| 3. Earnings Stability                      | Positive EPS for 10 years prior  |                 | Fail |
| 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 | -103.07%        | Fail |
| 6. Moderate PEmg Ratio                     | PEmg < 20  | -219.31         | Fail |
| 7. Moderate Price to Assets                | PB Ratio < 2.5 OR PB*PEmg < 50   | 0.57            | 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            | 2.85 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1              | 1.10 | 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

|                     |           |
|---------------------|-----------|
| <b>Defensive</b>    | <b>No</b> |
| <b>Enterprising</b> | <b>No</b> |

## Stage 2: Determination of Intrinsic Value

|                             |               |
|-----------------------------|---------------|
| EPSmg                       | -\$0.06       |
| MG Growth Estimate          | -4.25%        |
| <b>MG Value</b>             | <b>\$0.00</b> |
| MG Value based on 3% Growth | -\$0.84       |
| MG Value based on 0% Growth | -\$0.49       |
| Market Implied Growth Rate  | -113.91%      |

### MG Opinion

|                      |                   |
|----------------------|-------------------|
| Current Price        | \$12.72           |
| % of Intrinsic Value | N/A               |
| <b>Opinion</b>       | <b>Overvalued</b> |

## Stage 3: Information for Further Research

|  |          |
|--|----------|
| Net Current Asset Value (NCAV)                 | -\$15.44 |
| Graham Number                                  | #NUM!    |
| PEmg   | -219.31  |
| Current Ratio                                  | 2.85     |
| PB Ratio                                       | 0.57     |
| Dividend Yield                                 | 5.66%    |
| Number of Consecutive Years of Dividend Growth | 0        |

### Useful Links:

[ModernGraham tagged articles](#)  
[Google Finance](#)

[Morningstar](#)  
[MSN Money](#)

| EPS History               |         | EPSmg History                                 |                 |
|---------------------------|---------|---|-----------------|
| Next Fiscal Year Estimate | -\$1.98 | Next Fiscal Year Estimate                     | -\$0.06         |
| Dec14                     | -\$0.03 | Dec14   | \$0.97          |
| Dec13                     | \$1.44  | Dec13   | \$1.37          |
| Dec12                     | \$1.43  | Dec12   | \$1.57          |
| Dec11                     | \$1.97  | Dec11   | \$2.15          |
| Dec10                     | \$0.72  | Dec10   | \$2.80          |
| Dec09                     | \$0.32  | Dec09   | \$4.06          |
| Dec08                     | \$5.67  | Dec08   | \$5.44          |
| Dec07                     | \$7.26  | Dec07   | \$4.40          |
| Dec06                     | \$5.61  | Dec06   | \$2.30          |
| Dec05                     | \$3.59  | Dec05   | \$0.35          |
| Dec04                     | \$0.22  | Dec04   | -\$1.06         |
| Dec03                     | -\$3.89 | Dec03   | -\$1.16         |
| Dec02                     | -\$0.82 | Dec02   | \$0.54          |
| Dec01                     | -\$0.31 | Dec01   | \$1.52          |
| Dec00                     | \$1.60  | Dec00   | \$2.51          |
| Dec99                     | \$3.13  | Dec99   | \$2.76          |
| Dec98                     | \$2.43  | <b>Balance Sheet Information</b> <b>Sep15</b> |                 |
| Dec97                     | \$3.73  | Total Current Assets                          | \$2,098,600,000 |
| Dec96                     | \$2.40  | Total Current Liabilities                     | \$737,100,000   |
| Dec95                     | \$0.00  | Long-Term Debt                                | \$1,501,600,000 |
|                           |         | Total Assets                                  | \$6,161,100,000 |
|                           |         | Intangible Assets                             | \$780,200,000   |
|                           |         | Total Liabilities                             | \$3,755,400,000 |
|                           |         | Shares Outstanding (Diluted Average)          | 107,300,000     |





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

[26 Companies in the Spotlight This Week – 11/22/14](#)

[Allegheny Technologies Inc. Annual Valuation – 2014 \\$ATI](#)

[ModernGraham Valuation: Allegheny Technologies \(ATI\)](#)

Other  
ModernGraham  
posts about related  
companies

[Nucor Corporation Analysis – September 2015 Update \\$NUE](#)

[Cliffs Natural Resources Inc. Analysis – August 2015 Update \\$CLF](#)

[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](#)