

ModernGraham Valuation

Company Name:

Company Ticker CLF

Date of Analysis

1/11/2017

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	\$2,481,271,232	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.16	Pass
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 beginning and end	-681.14%	Fail
5. Earnings Growth	PEmg < 20	-0.90	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	-1.29	Fail
7. Moderate Price to Assets			

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	2.16	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	5.84	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		Fail
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	-\$10.78
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	-\$156.37
MG Value based on 0% Growth	-\$91.66
Market Implied Growth Rate	-4.70%

MG Opinion

Current Price	\$9.66
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$12.69
Graham Number	\$0.00
PEmg	-0.90
Current Ratio	2.16
PB Ratio	-1.29
Current Dividend	\$0.00
Dividend Yield	0.00%
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	\$0.58	Next Fiscal Year Estimate	-\$10.78
Dec2015	-\$5.13	Dec2015	-\$13.99
Dec2014	-\$47.52	Dec2014	-\$14.44
Dec2013	\$2.37	Dec2013	\$2.51
Dec2012	-\$6.32	Dec2012	\$2.99
Dec2011	\$11.48	Dec2011	\$6.96
Dec2010	\$7.49	Dec2010	\$4.40
Dec2009	\$1.63	Dec2009	\$2.84
Dec2008	\$4.76	Dec2008	\$3.32
Dec2007	\$2.57	Dec2007	\$2.42
Dec2006	\$2.60	Dec2006	\$1.91
Dec2005	\$2.50	Dec2005	\$1.21
Dec2004	\$2.95	Dec2004	\$0.39
Dec2003	-\$0.40	Dec2003	-\$0.78
Dec2002	-\$2.33	Dec2002	-\$0.76
Dec2001	-\$0.29	Dec2001	\$0.10
Dec2000	\$0.22	Dec2000	\$0.34
Dec1999	\$0.05	Balance Sheet Information 9/1/2016	
Dec1998	\$0.63	Total Current Assets	\$699,600,000
Dec1997	\$0.60	Total Current Liabilities	\$323,500,000
Dec1996	\$0.65	Long-Term Debt	\$2,195,900,000
		Total Assets	\$1,772,900,000
		Intangible Assets	\$0
		Total Liabilities	\$3,317,200,000
		Shares Outstanding (Diluted Average)	206,279,000





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:

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

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

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

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