ModernGraham Valuation

Company Name:

Cliffs Natural Resources Inc



\$2,481,271,232 Pass

Company Ticker CLF Date of Analysis

1/11/2017

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

| 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 | |
| 5. Earnings Growth | beginning and end | -681.14% Fail |
| 6. Moderate PEmg Ratio | PEmg < 20 | -0.90 Fail |
| 7. Moderate Price to Assets | PB Ratio < 2.5 OR PB*PEmg < 50 | -1.29 Fail |

Market Cap > \$2Bil

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

MG Opinion

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% |
| | |
| Current Price | \$9.66 |

Current Price

% of Intrinsic Value N/A Opinion Overvalued MG Grade

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 | _ |
| | |

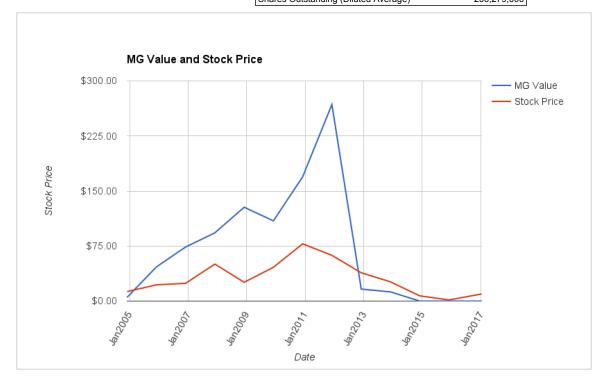
Growth

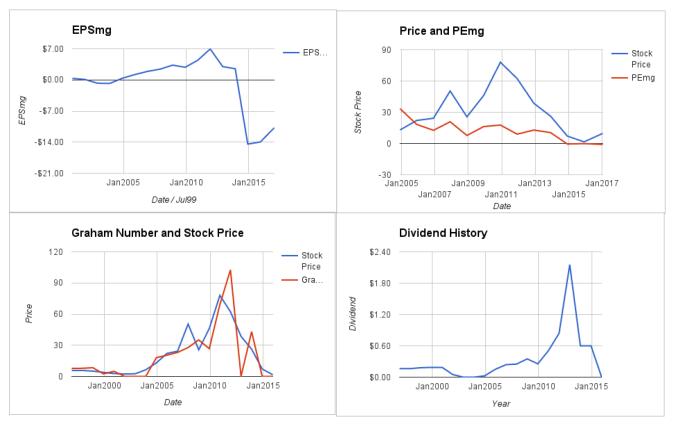
Morningstar

Useful Links: ModernGraham tagged articles

Google Finance **MSN Money** Yahoo Finance Seeking Alpha **GuruFocus SEC Filings**

| EPS History | | EPSmg History | |
|------------------|----------|--------------------------------------|-----------------|
| Next Fiscal Year | | | |
| Estimate | ***** | 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:

Other ModernGraham posts about the company Cliffs Natural Resources Inc. Analysis – August 2015 Update \$CLF

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 Valuation - December 2016 \$NUE

Nucor Corp Valuation – August 2016 \$NUE

<u>United States Steel Corp Valuation – July 2016 \$X</u>

Nucor Corp Valuation – February 2016 Update \$NUE

Allegheny Technologies Inc. Valuation - November 2015 Update \$ATI

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

<u>United States Steel Corporation Annual Valuation – 2015 \$X</u>