

# ModernGraham Valuation

## Company Name:

Company Ticker CMC

Date of Analysis

1/13/2017

Commercial Metals  
Company



## 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	\$2,283,218,139	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.58	Pass
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	411.76%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	32.35	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.79	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	2.58	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.64	Pass
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
	Score		

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$0.63
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$24.26</b>
MG Value based on 3% Growth	\$9.14
MG Value based on 0% Growth	\$5.36
Market Implied Growth Rate	11.92%

### MG Opinion

Current Price	\$20.38
% of Intrinsic Value	84.02%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>B-</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$2.06
Graham Number	\$12.47
PEmg	32.35
Current Ratio	2.58
PB Ratio	1.79
Current Dividend	\$0.48
Dividend Yield	2.36%
Number of Consecutive Years of Dividend Growth	0

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$0.60	Next Fiscal Year Estimate	\$0.63
Aug2016	\$0.47	Aug2016	\$0.73
Aug2015	\$0.67	Aug2015	\$0.77
Aug2014	\$0.95	Aug2014	\$0.58
Aug2013	\$0.66	Aug2013	\$0.24
Aug2012	\$1.78	Aug2012	\$0.09
Aug2011	-\$1.12	Aug2011	-\$0.36
Aug2010	-\$1.81	Aug2010	\$0.42
Aug2009	\$0.18	Aug2009	\$1.71
Aug2008	\$1.97	Aug2008	\$2.40
Aug2007	\$2.92	Aug2007	\$2.37
Aug2006	\$2.89	Aug2006	\$1.85
Aug2005	\$2.32	Aug2005	\$1.17
Aug2004	\$1.11	Aug2004	\$0.54
Aug2003	\$0.17	Aug2003	\$0.28
Aug2002	\$0.36	Aug2002	\$0.34
Aug2001	\$0.23	Aug2001	\$0.33
Aug2000	\$0.39	<b>Balance Sheet Information 11/1/2016</b>	
Aug1999	\$0.40	Total Current Assets	\$1,912,670,000
Aug1998	\$0.35	Total Current Liabilities	\$740,451,000
Aug1997	\$0.32	Long-Term Debt	\$755,161,000
		Total Assets	\$3,002,580,000
		Intangible Assets	\$66,114,000
		Total Liabilities	\$1,672,647,000
		Shares Outstanding (Diluted Average)	116,605,000





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

#N/A

Other  
ModernGraham  
posts about related  
companies

[Nucor Corporation Valuation – December 2016 \\$NUE](#)  
[Nucor Corp Valuation – August 2016 \\$NUE](#)  
[United States Steel Corp Valuation – July 2016 \\$X](#)  
[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](#)  
[United States Steel Corporation Annual Valuation – 2015 \\$X](#)