

ModernGraham Valuation

Company Name:

Company Ticker FCX

Date of Analysis

1/31/2017

Freeport-McMoRan
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	\$22,242,334,978	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.45	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	145.95%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	-5.31	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.83	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	2.45	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.40	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
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	-\$3.10
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	-\$44.90
MG Value based on 0% Growth	-\$26.32
Market Implied Growth Rate	-6.91%

MG Opinion

Current Price	\$16.45
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$14.77
Graham Number	\$0.00
PEmg	-5.31
Current Ratio	2.45
PB Ratio	3.83
Current Dividend	\$0.05
Dividend Yield	0.30%
Number of Consecutive Years of Dividend Growth	1

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		Next Fiscal Year Estimate	
Dec2016	-\$3.16	Dec2016	-\$3.76
Dec2015	-\$11.31	Dec2015	-\$2.83
Dec2014	-\$1.26	Dec2014	\$1.86
Dec2013	\$2.64	Dec2013	\$3.39
Dec2012	\$3.19	Dec2012	\$2.46
Dec2011	\$4.78	Dec2011	\$1.37
Dec2010	\$4.57	Dec2010	-\$0.34
Dec2009	\$1.47	Dec2009	-\$2.13
Dec2008	-\$14.86	Dec2008	-\$2.95
Dec2007	\$3.75	Dec2007	\$2.69
Dec2006	\$3.32	Dec2006	\$1.91
Dec2005	\$2.34	Dec2005	\$1.06
Dec2004	\$0.43	Dec2004	\$0.40
Dec2003	\$0.49	Dec2003	\$0.37
Dec2002	\$0.44	Dec2002	\$0.30
Dec2001	\$0.27	Dec2001	\$0.26
Dec2000	\$0.13	Balance Sheet Information 12/1/2016	
Dec1999	\$0.31	Total Current Assets	\$10,435,000,000
Dec1998	\$0.34	Total Current Liabilities	\$4,265,000,000
Dec1997	\$0.53	Long-Term Debt	\$14,795,000,000
		Total Assets	\$37,317,000,000
		Intangible Assets	\$0
		Total Liabilities	\$31,266,000,000
		Shares Outstanding (Diluted Average)	1,410,000,000





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

[Freeport-McMoRan Inc. Analysis – September 2015 Update \\$FCX](#)
[17 Companies in the Spotlight This Week – 9/20/2014](#)
[FreePort-McMoRan Inc. Annual Stock Valuation – September 2014 \\$FCX](#)
[5 Undervalued Companies with a High Beta – September 2014](#)
[5 Companies to Research with the Lowest PEmg Ratio for the Enterprising Investor – August 2014](#)

Other
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posts about related
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[Ivanhoe Mines Ltd Valuation – Initial Coverage \\$TSE:IVN](#)
[Cloud Peak Energy Inc Valuation – Initial Coverage \\$CLD](#)
[Centerra Gold Inc Valuation – Initial Coverage \\$TSE:CG](#)
[IAMGOLD Corp Valuation – Initial Coverage \\$IMG](#)
[Silver Wheaton Corp Valuation – December 2016 \\$SLW](#)
[Century Aluminum Co Valuation – Initial Coverage \\$CENX](#)
[Goldcorp Inc Valuation – August 2016 \\$GG](#)
[Alliance Resource Partners LP Valuation – September 2016 \\$ARLP](#)
[Silver Wheaton Corp Valuation – August 2016 \\$SLW](#)