

ModernGraham Valuation

Company Name:

Steel Dynamics, Inc.

Company Ticker

STLD

Date of Analysis

2/27/2017



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	Market Cap > \$2Bil	\$8,694,484,748	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.11	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	4.03%	Fail
5. Earnings Growth	PEmg < 20	31.06	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.99	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	4.11	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.06	Pass
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		Pass
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.15
MG Growth Estimate	6.54%
MG Value	\$24.73
MG Value based on 3% Growth	\$16.62
MG Value based on 0% Growth	\$9.74
Market Implied Growth Rate	11.28%

MG Opinion

Current Price	\$35.59
% of Intrinsic Value	143.89%
Opinion	Overvalued
MG Grade	C

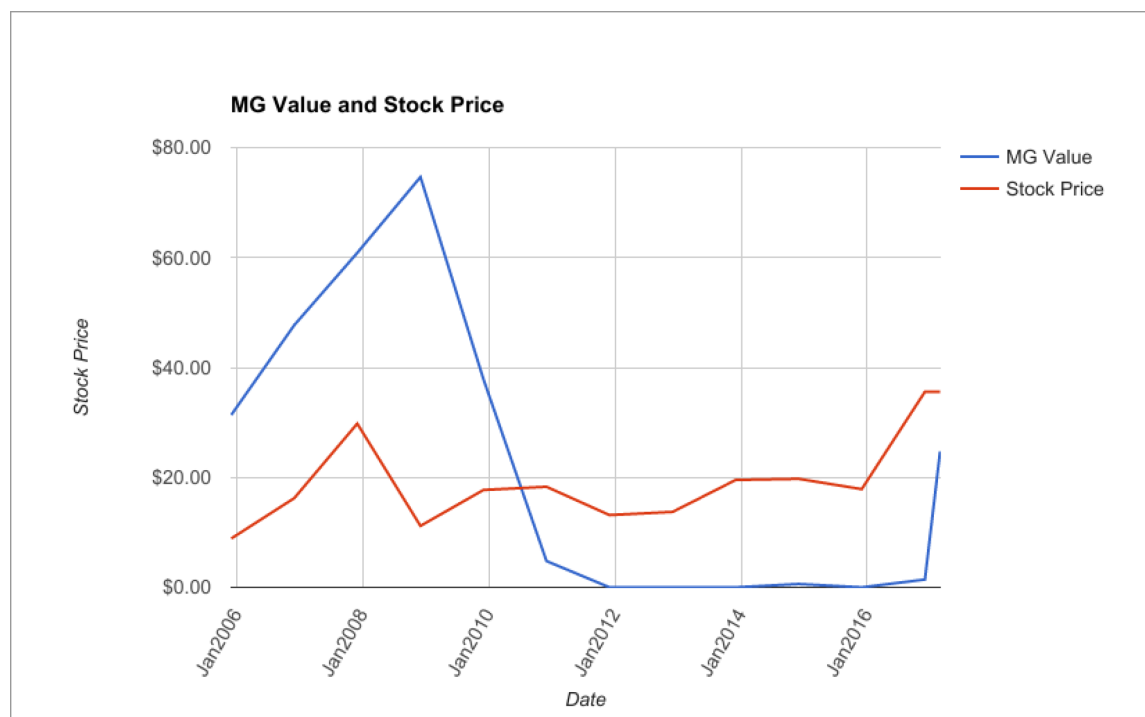
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$2.31
Graham Number	\$23.70
PEmg	31.06
Current Ratio	4.11
PB Ratio	2.99
Current Dividend	\$0.56
Dividend Yield	1.57%
Number of Consecutive Years of Dividend Growth	3

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	\$2.08	Dec2016	\$1.15
Dec2015	\$1.56	Dec2015	\$0.67
Dec2014	-\$0.54	Dec2014	\$0.34
Dec2013	\$0.67	Dec2013	\$0.80
Dec2012	\$0.83	Dec2012	\$0.80
Dec2011	\$0.73	Dec2011	\$0.85
Dec2010	\$1.22	Dec2010	\$1.02
Dec2009	\$0.64	Dec2009	\$1.07
Dec2008	-\$0.04	Dec2008	\$1.35
Dec2007	\$2.38	Dec2007	\$1.94
Dec2006	\$2.01	Dec2006	\$1.58
Dec2005	\$1.89	Dec2005	\$1.24
Dec2004	\$1.09	Dec2004	\$0.81
Dec2003	\$1.32	Dec2003	\$0.60
Dec2002	\$0.23	Dec2002	\$0.24
Dec2001	\$0.41	Dec2001	\$0.24
Dec2000	\$0.02	Dec2001	\$0.16
Dec1999	\$0.29	Balance Sheet Information 12/1/2016	
Dec1998	\$0.21	Total Current Assets	\$2,929,675,000
Dec1997	\$0.16	Total Current Liabilities	\$712,815,000
Dec1997	\$0.23	Long-Term Debt	\$2,353,194,000
		Total Assets	\$6,423,732,000
		Intangible Assets	\$677,328,000
		Total Liabilities	\$3,496,712,000
		Shares Outstanding (Diluted Average)	245,511,000





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

[Commercial Metals Company Valuation – Initial Coverage \\$CMC](#)
[Cliffs Natural Resources Inc Valuation – January 2017 \\$CLF](#)
[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](#)