

ModernGraham Valuation

Company Name:

Lucara Diamond Corp

Company Ticker TSE:LUC

Date of Analysis

3/13/2018



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	\$878,045,081	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	5.84	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	-553.10%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	10.45	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.68	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	5.84	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	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 Score		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$0.22
MG Growth Estimate	15.00%
MG Value	\$8.43
MG Value based on 3% Growth	\$3.18
MG Value based on 0% Growth	\$1.86
Market Implied Growth Rate	0.98%

MG Opinion

Current Price	\$2.29
% of Intrinsic Value	27.15%
Opinion	Undervalued
MG Grade	B

Stage 3: Information for Further Research

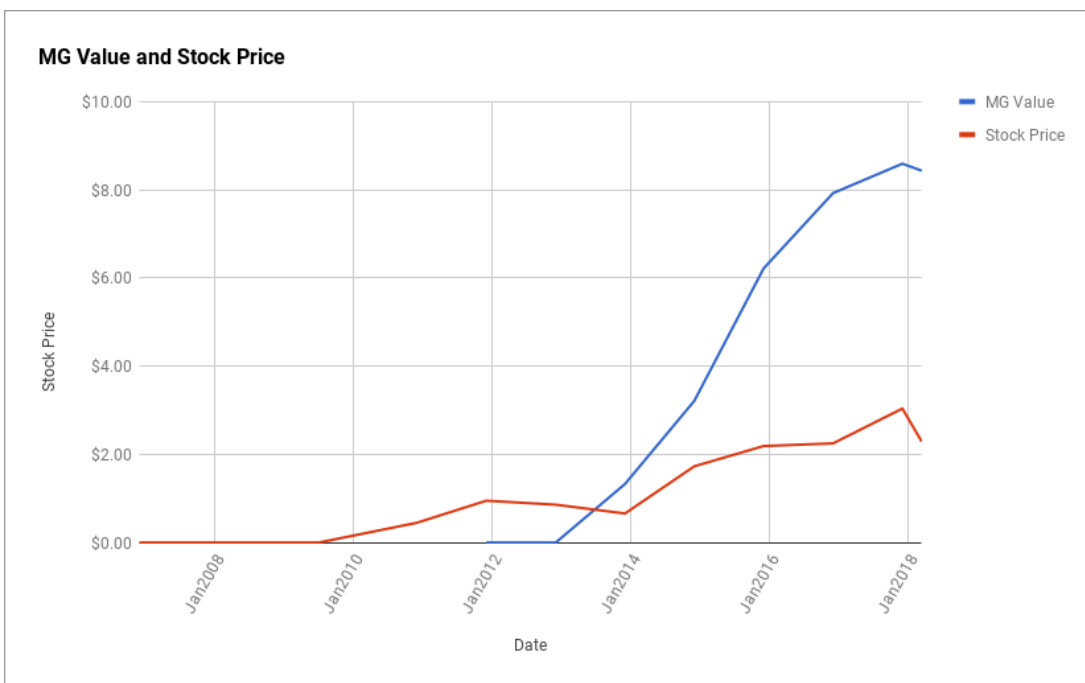
Net Current Asset Value (NCAV)	-\$0.03
Graham Number	\$1.96
PEmg	10.45
Current Ratio	5.84
PB Ratio	2.68
Current Dividend	\$0.10
Dividend Yield	4.28%
Number of Consecutive Years of Dividend Growth	4

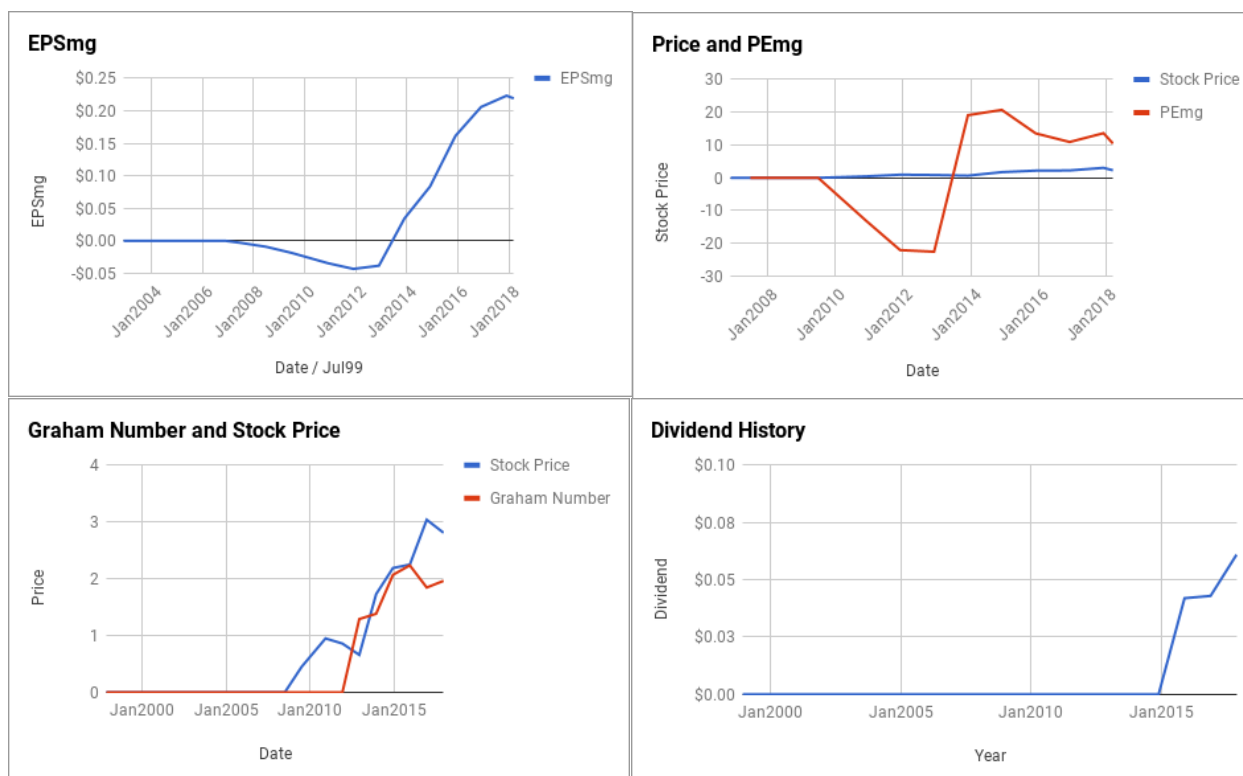
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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	\$0.20	Dec2017	\$0.22
Dec2016	\$0.22	Dec2016	\$0.22
Dec2015	\$0.24	Dec2015	\$0.21
Dec2014	\$0.27	Dec2014	\$0.16
Dec2013	\$0.15	Dec2013	\$0.08
Dec2012	\$0.18	Dec2012	\$0.03
Dec2011	-\$0.02	Dec2011	-\$0.04
Dec2010	-\$0.05	Dec2010	-\$0.04
Dec2009	-\$0.06	Dec2009	-\$0.03
Jul2009	-\$0.03	Jul2009	-\$0.02
Jul2008	-\$0.02	Jul2008	-\$0.01
Jul2007	-\$0.01	Jul2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Balance Sheet Information	
Dec2000	\$0.00	12/1/2017	
Dec1999	\$0.00	Total Current Assets	\$128,865,000
Dec1998	\$0.00	Total Current Liabilities	\$22,058,000
		Long-Term Debt	\$0
		Total Assets	\$467,131,000
		Intangible Assets	\$0
		Total Liabilities	\$139,362,000
		Shares Outstanding (Diluted Average)	383,976,000





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

- [10 Undervalued Stocks for the Enterprising Investor – August 2017](#)
- [10 Best Stocks for Value Investors This Week – 7/22/17](#)
- [10 Low PE Stock Picks for the Enterprising Investor – July 2017](#)
- [Lucara Diamond Corp Valuation – Initial Coverage \\$TSE:LUC](#)

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- [MAG Silver Corp Valuation – Initial Coverage \\$TSE:MAG](#)
- [Osisko Gold Royalties Ltd Valuation – Initial Coverage \\$TSE:OR](#)
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- [New Gold Inc \(USA\) Valuation – Initial Coverage \\$NGD](#)
- [Dominion Diamond Corp Valuation – Initial Coverage \\$TSE:DDC](#)
- [Lundin Mining Co Valuation – Initial Coverage \\$TSE:LUN](#)
- [Lucara Diamond Corp Valuation – Initial Coverage \\$TSE:LUC](#)
- [Teck Resources Ltd Valuation – Initial Coverage \\$TSE:TECK.B](#)
- [Consol Energy Inc Valuation – March 2017 \\$CNX](#)
- [Stillwater Mining Company Valuation – Initial Coverage \\$SWC](#)