

ModernGraham Valuation

Freeport-McMoRan
Inc



Company Name:

Company Ticker FCX

Date of Analysis

5/9/2018

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	\$22,656,698,590	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.33	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		
5. Earnings Growth		-101.51%	Fail
6. Moderate PEmg Ratio	PEmg < 20	-11.99	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.64	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	2.33	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.93	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 Score		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	-\$1.31
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	-\$18.97
MG Value based on 0% Growth	-\$11.12
Market Implied Growth Rate	-10.24%

MG Opinion

Current Price	\$15.68
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D

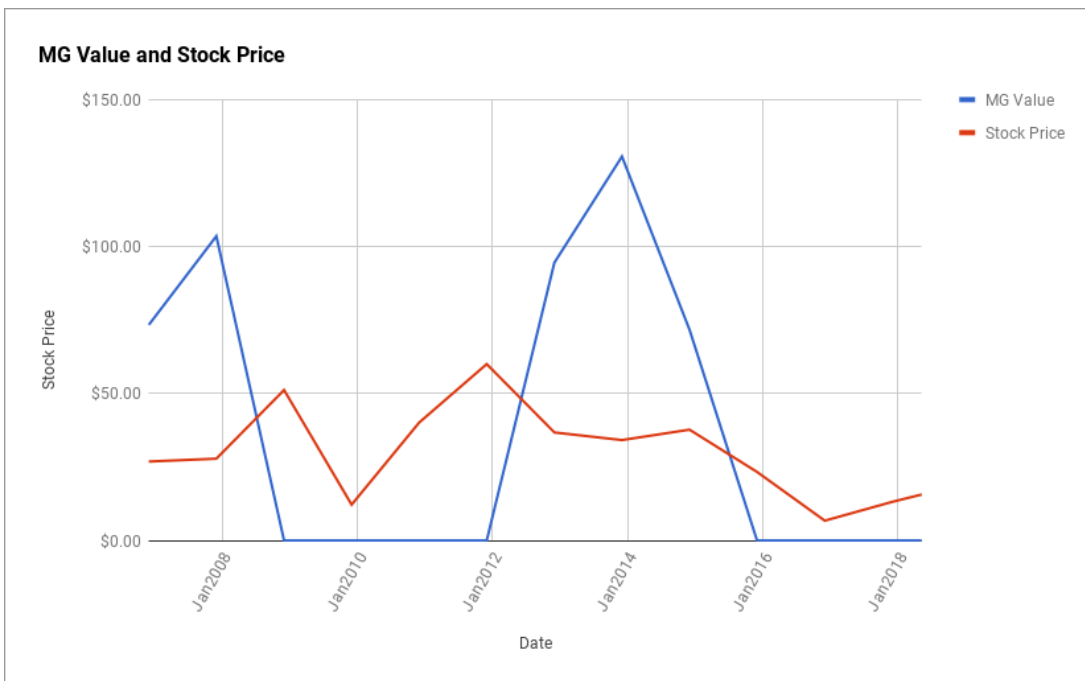
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$12.26
Graham Number	\$14.73
PEmg	-11.99
Current Ratio	2.33
PB Ratio	2.64
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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	\$1.75	Next Fiscal Year Estimate	-\$1.31
Dec2017	\$1.25	Dec2017	-\$2.68
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	Balance Sheet Information	
Dec2000	\$0.13	3/1/2018	
Dec1999	\$0.31	Total Current Assets	\$10,106,000,000
Dec1998	\$0.34	Total Current Liabilities	\$4,344,000,000
		Long-Term Debt	\$11,123,000,000
		Total Assets	\$36,637,000,000
		Intangible Assets	\$0
		Total Liabilities	\$27,981,000,000
		Shares Outstanding (Diluted Average)	1,458,000,000





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

- [Most Overvalued Stocks of the S&P 500 – March 2017](#)
- [Freeport-McMoRan Inc Valuation – January 2017 \\$FCX](#)
- [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](#)

Other ModernGraham posts about related companies

- [Newmont Mining Corp Valuation – March 2018 \\$NEM](#)
- [Lucara Diamond Corp Valuation – March 2018 \\$TSE-LUC](#)
- [MAG Silver Corp Valuation – Initial Coverage \\$TSE:MAG](#)
- [Osisko Gold Royalties Ltd Valuation – Initial Coverage \\$TSE:OR](#)
- [Alcoa Corp Valuation – Initial Coverage \\$AA](#)
- [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](#)