

ModernGraham Valuation



Alliance Resource
Partners, L.P.

Company Name:

Company Ticker ARLP

Date of Analysis

7/1/2018

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	\$2,428,544,196	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.15	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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		
5. Earnings Growth		-4.63%	Fail
6. Moderate PEmg Ratio	PEmg < 20	6.37	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.93	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	1.15	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	10.28	Fail
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		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.88
MG Growth Estimate	-4.02%
MG Value	\$1.34
MG Value based on 3% Growth	\$41.77
MG Value based on 0% Growth	\$24.49
Market Implied Growth Rate	-1.06%

MG Opinion

Current Price	\$18.35
% of Intrinsic Value	1373.62%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$5.41
Graham Number	\$22.52
PEmg	6.37
Current Ratio	1.15
PB Ratio	1.93
Current Dividend	\$1.88
Dividend Yield	10.25%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.57	Next Fiscal Year Estimate	\$2.88
Dec2017	\$2.80	Dec2017	\$3.14
Dec2016	\$3.39	Dec2016	\$3.33
Dec2015	\$2.11	Dec2015	\$3.38
Dec2014	\$4.77	Dec2014	\$3.93
Dec2013	\$3.63	Dec2013	\$3.40
Dec2012	\$3.06	Dec2012	\$3.09
Dec2011	\$4.07	Dec2011	\$2.86
Dec2010	\$3.34	Dec2010	\$2.13
Dec2009	\$1.78	Dec2009	\$1.51
Dec2008	\$1.20	Dec2008	\$1.35
Dec2007	\$1.53	Dec2007	\$1.35
Dec2006	\$1.52	Dec2006	\$1.18
Dec2005	\$1.42	Dec2005	\$0.92
Dec2004	\$0.86	Dec2004	\$0.62
Dec2003	\$0.63	Dec2003	\$0.45
Dec2002	\$0.56	Dec2002	\$0.32
Dec2001	\$0.27	Balance Sheet Information 3/1/2018	
Dec2000	\$0.25	Total Current Assets	\$294,106,000
Dec1999	\$0.12	Total Current Liabilities	\$256,493,000
Dec1998	\$0.00	Long-Term Debt	\$386,703,000
		Total Assets	\$2,243,414,000
		Intangible Assets	\$136,399,000
		Total Liabilities	\$1,002,448,000
		Shares Outstanding (Diluted Average)	130,819,000





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 [Alliance Resource Partners LP Valuation – September 2016 \\$ARLP](#)
[Alliance Resource Partners LP Analysis – Initial Coverage \\$ARLP](#)

Other ModernGraham posts about related companies [Freeport-McMoRan Inc Valuation – May 2018 \\$FCX](#)
[Newmont Mining Corp Valuation – March 2018 \\$NEM](#)
[Lucara Diamond Corp Valuation – March 2018 \\$TSE-LUC](#)
[MAG Silver Corp Valuation – Initial Coverage \\$TSE:MAG](#)
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