

# ModernGraham Valuation

Commercial Metals  
Company



## Company Name:

Company Ticker CMC

Date of Analysis

7/30/2018

## 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	\$2,636,401,087	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.90	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-172.46%	Fail
6. Moderate PEmg Ratio	PEmg < 20	30.75	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.83	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	3.90	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.77	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$0.73
MG Growth Estimate	3.98%
<b>MG Value</b>	<b>\$12.03</b>
MG Value based on 3% Growth	\$10.59
MG Value based on 0% Growth	\$6.21
Market Implied Growth Rate	11.13%

## MG Opinion

Current Price	\$22.47
% of Intrinsic Value	186.75%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>C+</b>

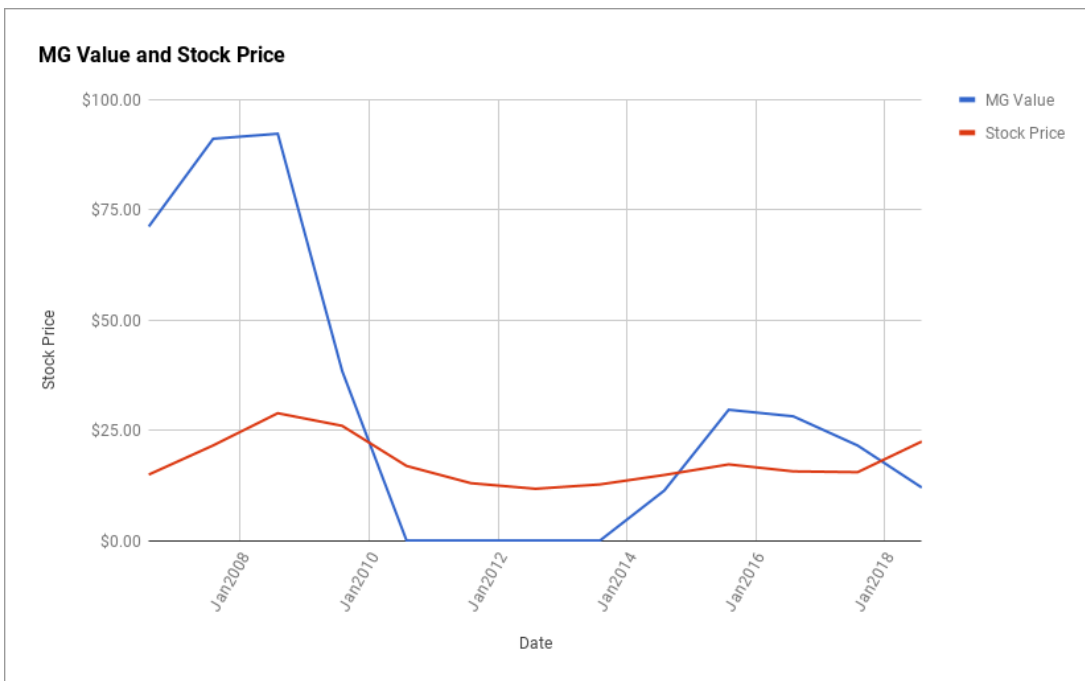
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$1.71
Graham Number	\$17.61
PEmg	30.75
Current Ratio	3.90
PB Ratio	1.83
Current Dividend	\$0.48
Dividend Yield	2.14%
Number of Consecutive Years of Dividend Growth	0

## Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.14	Next Fiscal Year Estimate	\$0.73
Aug2017	\$0.39	Aug2017	\$0.56
Aug2016	\$0.47	Aug2016	\$0.73
Aug2015	\$0.67	Aug2015	\$0.77
Aug2014	\$0.95	Aug2014	\$0.58
Aug2013	\$0.66	Aug2013	\$0.24
Aug2012	\$1.78	Aug2012	\$0.09
Aug2011	-\$1.13	Aug2011	-\$0.37
Aug2010	-\$1.81	Aug2010	\$0.42
Aug2009	\$0.18	Aug2009	\$1.71
Aug2008	\$1.97	Aug2008	\$2.40
Aug2007	\$2.92	Aug2007	\$2.37
Aug2006	\$2.89	Aug2006	\$1.85
Aug2005	\$2.32	Aug2005	\$1.17
Aug2004	\$1.11	Aug2004	\$0.54
Aug2003	\$0.17	Aug2003	\$0.27
Aug2002	\$0.36	Aug2002	\$0.33
Aug2001	\$0.23	<b>Balance Sheet Information 5/1/2018</b>	
Aug2000	\$0.39	Total Current Assets	\$1,994,956,000
Aug1999	\$0.40	Total Current Liabilities	\$511,936,000
Aug1998	\$0.35	Long-Term Debt	\$1,139,103,000
		Total Assets	\$3,245,493,000
		Intangible Assets	\$64,316,000
		Total Liabilities	\$1,792,591,000
		Shares Outstanding (Diluted Average)	118,255,000





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

- [15 Best Stocks for Value Investors This Week – 1/14/17](#)
- [Commercial Metals Company Valuation – Initial Coverage \\$CMC](#)

Other ModernGraham posts about related companies

- [United States Steel Corp Valuation – June 2018 \\$X](#)
- [Nucor Corporation Valuation – May 2018 \\$NUE](#)
- [Labrador Iron Ore Royalty Corp Valuation – Initial Coverage \\$TSE:LIF](#)
- [SunCoke Energy Inc Valuation – Initial Coverage \\$SXC](#)
- [Steel Dynamics Inc Valuation – Initial Coverage \\$STLD](#)
- [Carpenter Technology Corp Valuation – Initial Coverage \\$CRS](#)
- [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](#)