

ModernGraham Valuation

Company Name:

Steel Dynamics, Inc.

Company Ticker STLD

Date of Analysis

8/27/2018



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	\$10,612,900,907	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.61	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	440.11%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	16.29	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.03	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	3.61	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.85	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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.82
MG Growth Estimate	15.00%
MG Value	\$108.47
MG Value based on 3% Growth	\$40.85
MG Value based on 0% Growth	\$23.95
Market Implied Growth Rate	3.90%

MG Opinion

Current Price	\$45.90
% of Intrinsic Value	42.32%
Opinion	Undervalued
MG Grade	B

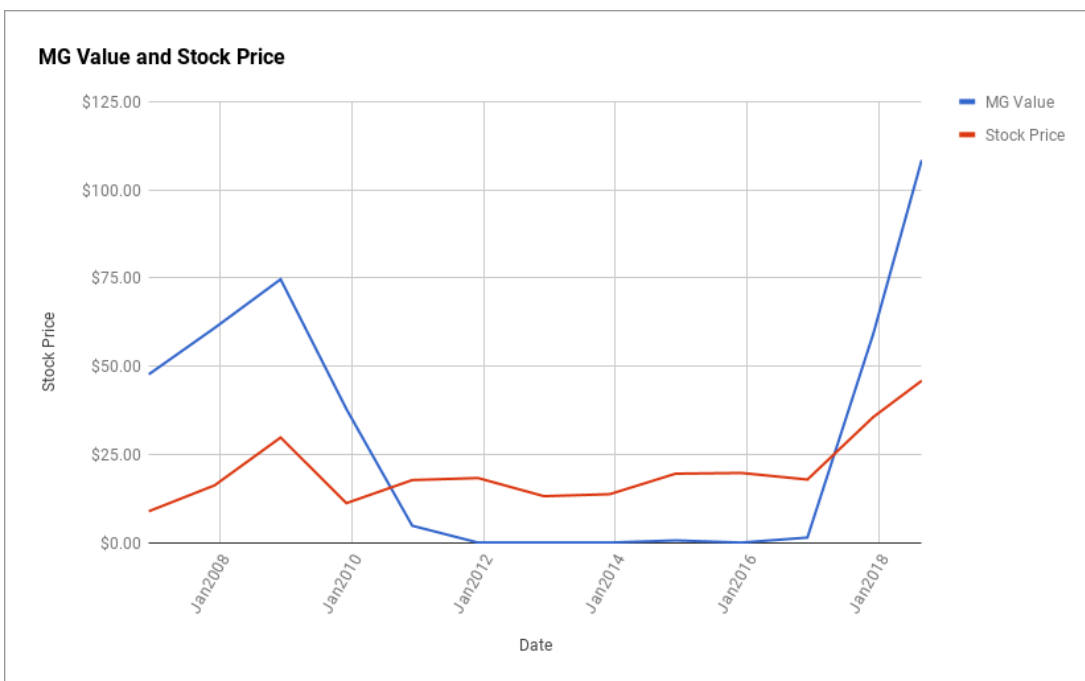
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$0.42
Graham Number	\$39.49
PEmg	16.29
Current Ratio	3.61
PB Ratio	3.03
Current Dividend	\$0.62
Dividend Yield	1.35%
Number of Consecutive Years of Dividend Growth	5

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	
Dec2017	\$4.91	Dec2017	\$2.82
Dec2016	\$3.36	Dec2016	\$1.57
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	Balance Sheet Information	
Dec2000	\$0.02	6/1/2018	
Dec1999	\$0.29	Total Current Assets	\$3,817,664,000
Dec1998	\$0.21	Total Current Liabilities	\$1,058,586,000
	\$0.16	Long-Term Debt	\$2,352,127,000
		Total Assets	\$7,504,521,000
		Intangible Assets	\$751,429,000
		Total Liabilities	\$3,916,002,000
		Shares Outstanding (Diluted Average)	236,945,000





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 [Steel Dynamics Inc Valuation – Initial Coverage \\$STLD](#)

ModernGraham
posts about the
company

Other [Carpenter Technology Corp Valuation – August 2018 \\$CRS](#)

ModernGraham [Commercial Metals Co Valuation – July 2018 \\$CMC](#)

posts about related [United States Steel Corp Valuation – June 2018 \\$X](#)

companies [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](#)