

ModernGraham Valuation

Labrador Iron Ore
Royalty Corporation



Company Name:

Company Ticker TSE:LIF

Date of Analysis

9/11/2018

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	\$1,620,000,000	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.90	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	-20.25%	Fail
5. Earnings Growth	PEmg < 20	14.23	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.88	Pass
7. Moderate Price to Assets			

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	1.90	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		Fail
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.78
MG Growth Estimate	-2.03%
MG Value	\$7.89
MG Value based on 3% Growth	\$25.79
MG Value based on 0% Growth	\$15.12
Market Implied Growth Rate	2.86%

MG Opinion

Current Price	\$25.31
% of Intrinsic Value	320.74%
Opinion	Overvalued
MG Grade	C+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$1.75
Graham Number	\$19.93
PEmg	14.23
Current Ratio	1.90
PB Ratio	2.88
Current Dividend	\$1.00
Dividend Yield	3.95%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.97	Next Fiscal Year Estimate	\$1.78
Dec2017	\$2.46	Dec2017	\$1.69
Dec2016	\$1.22	Dec2016	\$1.37
Dec2015	\$0.85	Dec2015	\$1.58
Dec2014	\$1.63	Dec2014	\$2.06
Dec2013	\$2.33	Dec2013	\$2.25
Dec2012	\$1.56	Dec2012	\$2.23
Dec2011	\$2.80	Dec2011	\$2.45
Dec2010	\$3.11	Dec2010	\$2.17
Dec2009	\$1.18	Dec2009	\$1.67
Dec2008	\$2.76	Dec2008	\$1.75
Dec2007	\$1.27	Dec2007	\$1.19
Dec2006	\$1.48	Dec2006	\$1.05
Dec2005	\$1.35	Dec2005	\$0.78
Dec2004	\$0.32	Dec2004	\$0.51
Dec2003	\$0.92	Dec2003	\$0.60
Dec2002	\$0.19	Dec2002	\$0.46
Dec2001	\$0.49	Balance Sheet Information 6/1/2018	
Dec2000	\$0.79	Total Current Assets	\$32,996,000
Dec1999	\$0.52	Total Current Liabilities	\$17,338,000
Dec1998	\$0.59	Long-Term Debt	\$0
		Total Assets	\$707,453,000
		Intangible Assets	\$0
		Total Liabilities	\$145,268,000
		Shares Outstanding (Diluted Average)	64,000,000





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.

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