

Ticker: **ARLP**
Name: **Alliance Resource Partners LP**
Industry: **Oil, Gas & Consumable Fuels**

Current Price: **\$19.07**
Shares Outstanding **130,200,000**
Market Cap **\$2,482,914,000**

Prepared By MyMoneyTrainer On: **2/21/19**

Write Up

I purchased this stock back in November 2017 @ \$18.35. These are my thoughts after reviewing this when I completed my initial purchase in 2017:

PRO #1 - First coal based MLP (formed in 1999). 2nd largest coal producer in the country. 1.8 b tons in reserves 37 m tons sold in 2016 (49 years available).

PRO #2 - I love the annual reports talk about 'long haul'.

PRO #3 - Workforce is union free.

PRO #4 - Low debt and much lower debt to equity over 10-year period (lowest in most recent quarter). They spent downturn of 2016 bolstering the balance sheet (including lowering payouts).

PRO #5 - MLP eliminates double taxation.

CON #1 - Coal is out of fashion...but there is no way we don't wind up figuring out how to burn this stuff without polluting. FACT!

CON #2 - Only 4 analysts follow them.

CON #3 - I'm not actually excited about owning an MLP...I guess. This is a MLP (no corporate income tax). I researched owning these in my ROTH. It will seemingly trigger the UBTI/UBIT tax rules (which I do not want to get into). Need to own this in my taxable account (if at all). Income (distributions/dividends) will be treated as income for me upon tax time.

CON #4 - Tax reform in Senate right now might impact creation of new MLPs (not impact existing ones).

So, one of the biggest things that looks different for this business is the large increase in shares outstanding. What the heck happened?!?! Was I diluted? This is a restructuring in the corporate structure. The 2017 annual report says: "The Alliance Partnerships also took the first step toward simplifying our structure through an Exchange Transaction. The Exchange Transaction eliminated AHGP's incentive distribution rights and converted its general partner interest in exchange for the issuance of 56,100,000 ARLP common units. Completed in July, it further enhanced our capital markets capacity and access. We are also moving forward to complete the process of fully simplifying the Alliance Partnership structure, which will result in ARLP being the only publicly traded reporting entity". So this is related to the sister company AHGP - Alliance Holdings GP, L.P. They are merging these two entities into ARLP. This should not be dilutive overall. Honestly, I don't claim to understand why they had the two entities to begin with and how the merging really impacts my position in ARLP overall. My take is it is not a big deal but I could be completely wrong on this.

These guys think like owners...long term owners...because they are. Insiders have 21% ownership and insiders are still buying (with Directors buying in \$19.55-\$19.85 late last year). When I read the annual reports and see the language they use and match that up with their ownership I know these guys are going to run the company to their benefit. I really like this aspect of this business...A LOT!

My one major sticking point with this entire investment is just the fact that it is coal production. Coal is a dirty fuel, a declining industry, and a huge target for all the upcoming green energy investment. It could also be on the wrong side of legislation/legislatures who want to make people using coal pay extra for using it (which could have an impact on pricing and demand). I don't view either of these risks as being outside the realm of possibility as the whims of governments can change based on who is in elected power. Currently there is not too much bad on this front worldwide (other than generally the world is moving away from coal usage) but this could change and impact the company greatly. All that said, I don't think we stop using coal anytime soon (maybe ever) and there will be a need for the country's second largest coal producer to continue to produce (and to use up their 49 years of available supply).

In general, I like this company and will likely add to my position in it a bit at this time based on this updated analysis. I don't really find too much wrong with this investment and the things I look at show a high degree of certainty. I've been reinvesting the dividends since I purchased this. With the really high yield associated with this that has not been insignificant. I think going forward I will up my investment to be in line with my target allocation and then no longer reinvest the dividends and just let those flow into my account. At the current rate the investment will pay for itself in a few years (and hopefully I'll then have the original investment plus some extra capital to invest elsewhere). I might also just keep reinvesting too since I think the value is right and I like the company. Hmmm! Not sure yet!

I'm sharing my analysis here. If you have thoughts on it I'd love to hear them hit me up on Twitter @mymoneytrainer

Certainty Rating

Test #0 - SUPER QUICK VALUATION	118%						
Estimated 'Intrinsic Value' Between: Between \$20.49 (107% of current price) and \$34.75 (182% of current price)							
Expected Return:	17.7%						
Test #1 - SCREEN SELECTION	73%						
Valuation Score	20.05	81%	Quality Score	18.60	65%		
Test #2 - INDUSTRY METRICS COMPARE	85%						
Average:	85%						
Test #3 - PRICE HISTORY COMPARE	83%						
Price/Earnings:	85%	Price/Sales:	70%	Price/Free CF:	75%	Price/Book:	100%
Test #4 - VALUATION SCENARIOS	106%						
Best Case - Expected Return:	18.2%	Last 10 Year Average - Expected Return:		21.7%			
Stress Test - Expected Return:	14.7%	Combined - Expected Return:		16.9%			
Test #5 - FINANCIALS REVIEW	89%						
Sales Growth:	85%	Gross Profit:	75%	Debt To Equity:	100%		
Earnings Growth:	90%	Operating Margin:	75%	Dividend Sustainability:	100%		
Sales Per Share Growth:	90%	Cap Ex:	80%				
Earnings Per Share Growth:	90%	Free Cash Flow:	100%				
Test #6 - BUYING / OWNERSHIP	100%						
Shares Outstanding / Buyback Program:	100%	Insider Ownership / Activity:		100%			
Test #7 - GOOD BUSINESS CHECK	88%						
Return "Moat" Assessment:	93%	Leverage Assessment:		100%			
Business "Moat" Assessment:	72%	Compounding Assessment:		100%			
Competition "Moat" Assessment:	60%	Management Assessment:		100%			
Test #8 - MY GUT	100%						
Other's Analysis:	100%	PROS:	100%	Management Assessment:	100%		
		CONS:	100%	Moat / Competition Assessment:	60%		
Test #9 - TECHNICALS / TIMING	100%						
Point & Figure:	100%	50/200 Day:	100%	MACD:	100%		
		RSI:	100%	Money Flow:	100%		
Certainty Grand Total:	94%						

Test #0 - SUPER QUICK VALUATION - Expected Case - Based On 1) NPV Earnings, 2) 5 Year DCF Free Cash Flow, 3) 10 Year NPV Cash Flow.

Tells Us Quickly If It Makes Sense To Even Dive Deeper (No Sense In Investing Unless Margin Of Safety Exists And Likelihood Of Decent Returns Is High).
 Multiples Of RFRR Are Good (Meaning This Model Kicks Out Higher Certainty Ratings For Higher Multiples).

Net Present Value Calculator (AKA Ben Graham Formula) (Run Assuming Zero Growth)

20-year AAA Corporate Bond Rate	4.0%	https://fred.stlouisfed.org/series/AAA	Last Updated:	1/3/19
EPS	\$2.41			
Constant PE (0% perpetual growth)	8.5			
Company's Perpetual Growth Rate	0.0%			
Minimum Risk Free Rate of Return	2.4%	https://fred.stlouisfed.org/series/TB3MS	Last Updated:	1/3/19
Graham's Intrinsic Value (Original Formula)	\$20.49			
% of Current Price	107%	BUY - Current Price Is Below IV		
Graham's Intrinsic Value (Revised Formula)	\$34.75			
% of Current Price	182%	BUY - Current Price Is Below IV		

5 Year Discounted Free Cash Flow (Owners Earnings) Calculator (AKA NPV) (Run Assuming Zero Growth)

Perpetual Growth Rate **0.0%** Explanation: Run at zero perpetual growth to be super conservative.

		Discount Rate/WACC	PV of CFs	+ Terminal Value	= PV	
Last 3 Year Average:	\$5.69	28.0%	\$14.40	\$20.32	\$19.02	0.3%
Last 10 Year Average:	\$3.84	18.7%	\$11.81	\$20.51	\$19.14	-0.4%
		23.4%				

Year	FCFPS
2008	\$0.75
2009	-\$0.62
2010	\$3.14
2011	\$3.89
2012	\$1.78
2013	\$4.60
2014	\$5.68
2015	\$5.90
2016	\$7.20
2017	\$6.37
2018	\$3.49

TTM FCF: \$455,000,000

Explanation: The number of shares outstanding has changed from 74mmish to 131mmish. This obviously diluted the FCFPS in 2018.

10 Year NPV of Future Cashflows (Run Assuming Updated EPS (using most likely future annual estimate) & DPS and Zero Growth)

Return On Shareholder's Equity	29.5%	
Retained To Equity	4.2%	14%
Dividends Percent	25.3%	

Current and Projected Shareholder Equity and Projected Earnings

	Equity Base	EquityPS	Earnings	EarningsPS	Dividends	DivsPS	Added To Base	RetainedPS
2018	\$1,063,734,000	\$8.17	\$313,782,000	\$2.41	\$269,514,000	\$2.07	\$44,268,000	\$0.34
2019	\$1,108,002,000	\$8.51	\$313,782,000	\$2.41	\$269,514,000	\$2.07	\$44,268,000	\$0.34
2020	\$1,152,270,000	\$8.85	\$313,782,000	\$2.41	\$269,514,000	\$2.07	\$44,268,000	\$0.34
2021	\$1,196,538,000	\$9.19	\$313,782,000	\$2.41	\$269,514,000	\$2.07	\$44,268,000	\$0.34
2022	\$1,240,806,000	\$9.53	\$313,782,000	\$2.41	\$269,514,000	\$2.07	\$44,268,000	\$0.34
2023	\$1,285,074,000	\$9.87	\$313,782,000	\$2.41	\$269,514,000	\$2.07	\$44,268,000	\$0.34
2024	\$1,329,342,000	\$10.21	\$313,782,000	\$2.41	\$269,514,000	\$2.07	\$44,268,000	\$0.34
2025	\$1,373,610,000	\$10.55	\$313,782,000	\$2.41	\$269,514,000	\$2.07	\$44,268,000	\$0.34
2026	\$1,417,878,000	\$10.89	\$313,782,000	\$2.41	\$269,514,000	\$2.07	\$44,268,000	\$0.34
2027	\$1,462,146,000	\$11.23	\$313,782,000	\$2.41	\$269,514,000	\$2.07	\$44,268,000	\$0.34
2028	\$1,506,414,000	\$11.57	\$313,782,000	\$2.41	\$269,514,000	\$2.07	\$44,268,000	\$0.34

NPV of future cashflows	\$238.86	1% In Money	EPS Estimates	Avg	Low	High
	\$118.60	2% In Money	Consensus 19 (#4)	\$2.92	\$2.78	\$3.03
	\$78.64	3% In Money	Consensus 20 (#4)	\$2.61	\$2.41	\$2.78
	\$58.74	4% In Money				
	\$46.86	5% In Money				
	\$38.97	6% In Money				
	\$33.36	7% In Money				
	\$29.17	8% In Money	Average	\$2.77	\$2.60	\$2.91
	\$25.92	9% In Money				
	\$23.33	10% In Money				
	\$21.22	11% In Money				
	\$19.46	12% In Money				
	\$17.98	13% Too Expensive				
	\$16.71	14% Too Expensive				
	\$15.62	15% Too Expensive				
	\$14.66	16% Too Expensive				
	\$13.81	17% Too Expensive				
	\$13.06	18% Too Expensive				
	\$12.39	19% Too Expensive				
	\$11.78	20% Too Expensive				
	\$11.23	21% Too Expensive				
	\$10.73	22% Too Expensive				
	\$10.28	23% Too Expensive				
	\$9.86	24% Too Expensive				
	\$9.47	25% Too Expensive				

Explanation: In my original analysis I used \$2.14 as my forward earning estimate.

The current low estimate from the 4 analyst for this stock is \$2.41 for 2020. I'll use that for this analysis.

Expected Return - 5 Year DCF	23.4%
Expected Return - 10 NPV Cash Flows	12%
Expected Return Average	17.7%

Certainty Rating	
107%	Graham's Intrinsic Value (Original Formula)
182%	Graham's Intrinsic Value (Revised Formula)
120%	5 Year Discounted Free Cash Flow
75%	10 Year NPV of Future Cashflows
105%	Average
118%	Total

Hurdle Returns (vs. Risk Free)		
2.4%	0x	0%
4.7%	1x	15%
7.1%	2x	30%
9.5%	3x	45%
11.9%	4x	60%
14.2%	5x	75%
16.6%	6x	90%
19.0%	7x	105%
21.3%	8x	120%

Explanation: NA

Test #1 - SCREEN SELECTION - Expect Investment To Score Highly On Both Valuation AND Quality Criteria.

Tells Us Quickly If It Makes Sense To Even Dive Deeper (No Sense In Investing Unless Margin Of Safety Exists And Likelihood Of Decent Returns Is High).

Valuation Scoring (Max Possible Score 25.25)

		5.00	Base (+5) – PE (FYF) vs. Market PE
		5.00	Base (+5) – PE (FYF) vs. Industry
20.05	Total Valuation Score	5.00	Base (+5) – PE (FYF) vs. Static Hurdle (Case Shiller Mean)
79%	Percent of Max Possible Score	1.00	Extra Credit (+1) – PE (TTM) vs. Market PE
82%	Percent of Current Universe	1.00	Extra Credit (+1) – PE (MRFY) vs. Market PE
81%	Combined	0.40	Extra Credit (+1) – Sales (TTM) vs. Industry
		1.00	Extra Credit (+1) – CF (MRFY) vs. Industry
		1.00	Extra Credit (+1) – CF (MRFY) vs. Market
		0.40	Extra Credit (+1) – BV (MRQ) vs. Industry
		0.00	Extra Credit (+2) – PEG (TTM) vs. Market
		0.00	Extra Credit (+.25) – Analyst – Schwab
		0.00	Extra Credit (+.25) – Analyst – Morningstar
		0.00	Extra Credit (+.25) – Analyst – Credit Suisse
		0.00	Extra Credit (+.25) – Analyst – Ned Davis
		0.00	Extra Credit (+.25) – Analyst – S&P Cap IQ Earnings and Div Rank
		0.00	Extra Credit (+.25) – Analyst – S&P CFRA
		0.00	Extra Credit (+.25) – Analyst – Argus
		0.00	Extra Credit (+.25) – Analyst – Market Edge
		0.25	Extra Credit (+.25) – Analyst – Reuters

Certainty Rating	
Valuation:	81%
Quality:	65%
Combined:	73%

Quality Scoring (Max Possible Score 26.50)

		1.00	Base (+1) – Positive PE (FYF)
		1.00	Base (+1) – Positive Net Profit Margin
18.60	Total Quality Score	1.00	Base (+1) – Positive Price To Cash Flow
70%	Percent of Max Possible Score	1.00	Base (+1) – Positive Cash Flow Per Share
60%	Percent of Current Universe	1.00	Base (+1) – Positive ROE
65%	Combined	1.00	Base (+1) – Positive ROI
		0.00	Base (+1) – Quick Ratio Greater Than Static Hurdle
		0.00	Base (+1) – Quick Ratio Higher Than Industry
		1.10	Base (+1) – Current Ratio Greater Than Static Hurdle
		0.00	Base (+1) – Current Ratio Higher Than Industry
		1.00	Base (+5) – Debt To Equity Lower Than Static Hurdle
		5.00	Base (+5) – Debt To Equity Lower Than Industry
		1.50	Base (+1) – Net Profit Margin Higher Than Industry
		0.00	Base (+1) – Industry ROE vs. Market ROE
		1.50	Base (+1) – ROE vs. Industry
		0.00	Base (+1) – Industry ROI vs. Market ROI
		1.50	Base (+1) – ROI vs. Industry
		1.00	Base (+1) – Market Cap
		0.00	Extra Credit (+.25%) – Morningstar Moat
		0.00	Extra Credit (+.25%) – Morningstar Stewardship

Explanation: Valuation scores are lower because there is no analyst coverage available.

Test #2 - INDUSTRY METRICS COMPARE - Is it a good deal compared to other companies in the industry?

Compare a variety of financial valuation metrics of the company against the other companies in its industry to ensure a margin of safety.

Industry: Oil, Gas & Consumable Fuels

Number of Companies In Industry: 97

	Industry	Stock		
Average Price/Earnings (FYF):	20.2	5.5	Better	100%
Average Price/Earnings (TTM):	19.9	5.9	Better	100%
Average Price/Earnings (MRFY):	28.3	6.1	Better	100%
Average Price/Book (MRQ):	2.5	1.8	Better	100%
Average Price/Sales (TTM):	1.7	1.2	Better	100%
Average Price/Cash Flow (MRFY):	9.2	4.1	Better	100%
Average PEG (TTM):	4.3	NA		
Average Debt To Equity (MRQ):	168.0%	34.0%	Better	100%
Average Net Profit Margin (MRFY):	5.0%	16.9%	Better	100%
Average Return On Equity (TTM):	7.1%	32.6%	Better	100%
Average Return On Assets (MRFY):	2.7%	17.7%	Better	100%
Average Quick Ratio (MRQ):	1.3	0.9	Worse	0%
Average Current Ratio (MRQ):	1.3	1.1	Worse	0%
Average Cash Flow Per Share (TTM):	\$4.99	\$5.09	Better	100%

Average (Certainty Rating): 85%

Explanation: NA

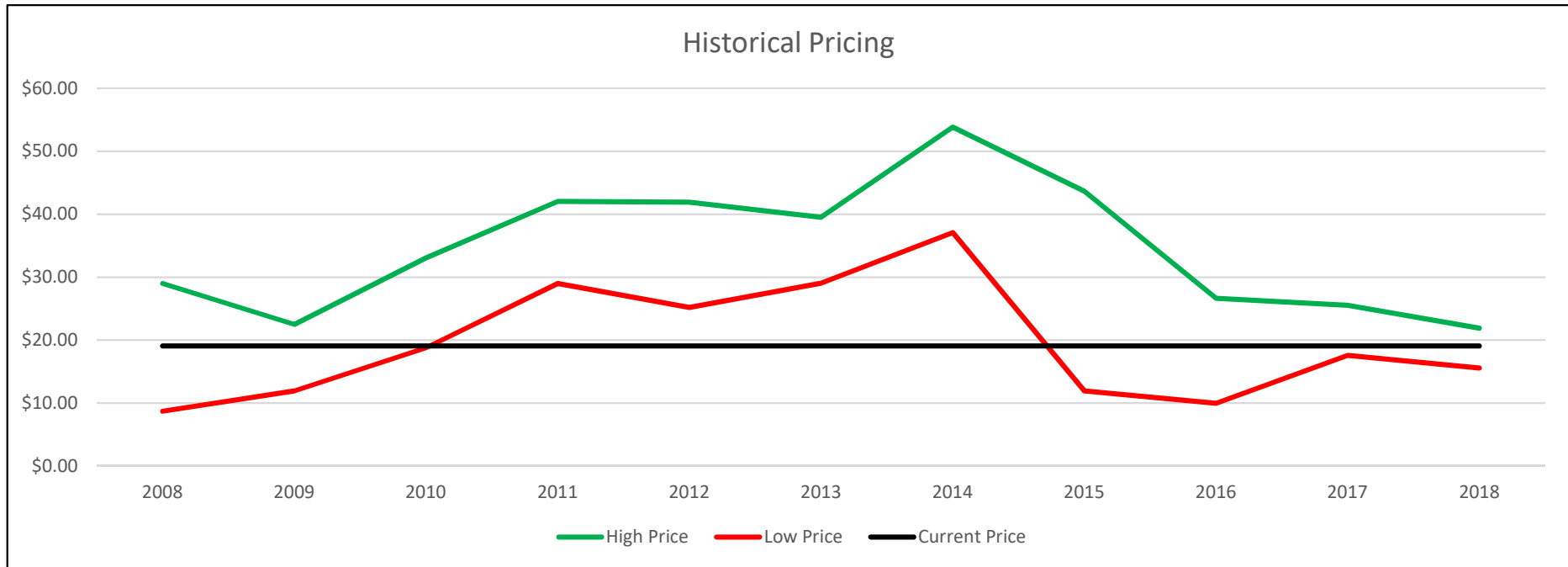
Test #3 - PRICE HISTORY COMPARE - Is it a good deal based on its own history? "Price is what you pay, value is what you get!"

Compare a variety of financial valuation metrics of the company against the historical prices of the company to ensure a margin of safety.

Historical Pricing				
Year	High Price	Low Price	Volume	Shares Out
2008	\$29.00	\$8.70	244,192	73,000,000
2009	\$22.50	\$11.94	200,427	73,000,000
2010	\$33.06	\$18.76	211,629	73,000,000
2011	\$42.05	\$29.00	196,169	74,000,000
2012	\$41.90	\$25.21	217,088	74,000,000
2013	\$39.50	\$29.03	135,316	74,000,000
2014	\$53.84	\$37.08	174,963	74,000,000
2015	\$43.65	\$11.93	285,960	74,000,000
2016	\$26.65	\$9.95	335,638	74,000,000
2017	\$25.55	\$17.60	302,850	99,000,000
2018	\$21.90	\$15.55	446,845	131,000,000

Max Price Movements		
	Drawdown	Gain
0%	70%	233%
0%	47%	88%
0%	43%	76%
0%	31%	45%
0%	40%	66%
0%	27%	36%
0%	31%	45%
0%	73%	266%
0%	63%	168%
0%	31%	45%
0%	29%	41%

Average:	\$34.51	\$19.52	43%	77%
Max:	\$53.84	\$37.08	31%	45%
Min:	\$21.90	\$8.70	60%	152%
AT High vs. AT Low:	\$53.84	\$8.70	84%	519%



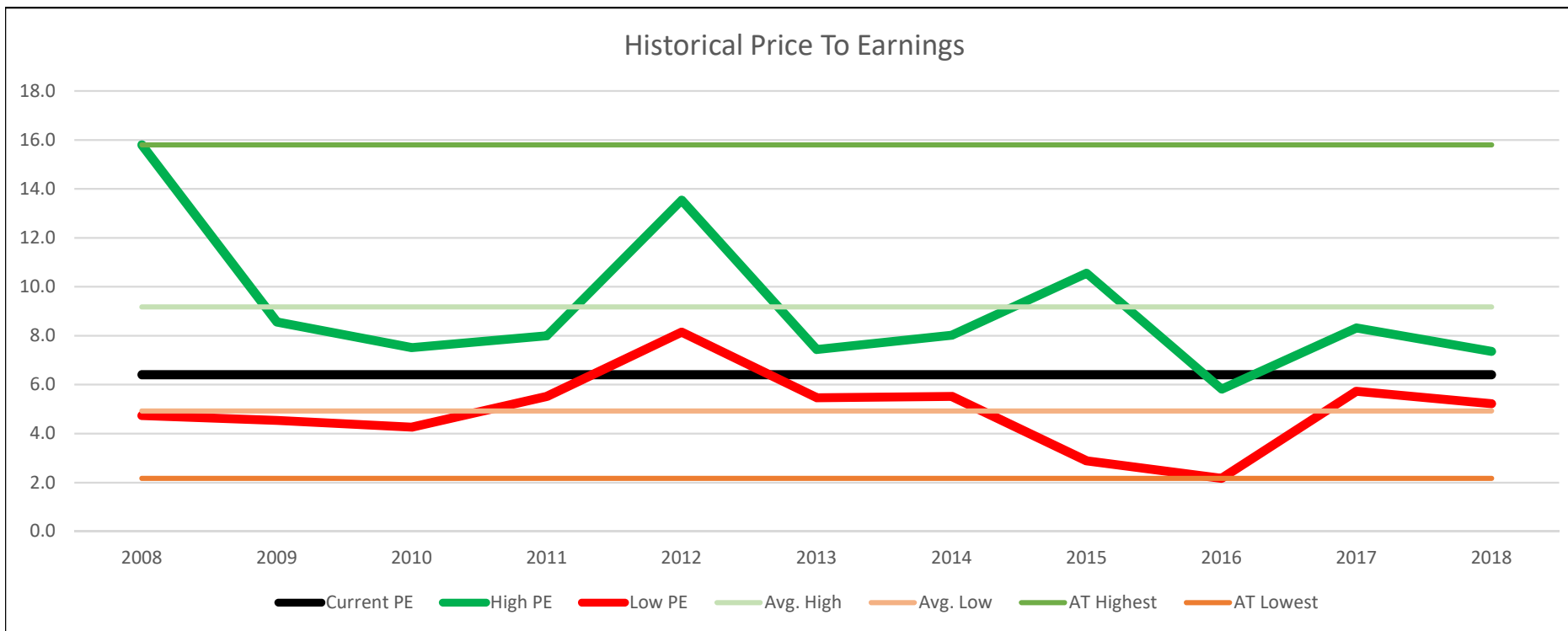
Explanation: [NA](#)

Price To Earnings Over Time

Price to Earnings Over Time				
Year	EPS	Earnings	High PE	Low PE
2008	\$1.84	\$134,000,000	15.8	4.7
2009	\$2.63	\$192,000,000	8.6	4.5
2010	\$4.40	\$321,000,000	7.5	4.3
2011	\$5.26	\$389,000,000	8.0	5.5
2012	\$3.09	\$229,000,000	13.5	8.1
2013	\$5.31	\$393,000,000	7.4	5.5
2014	\$6.72	\$497,000,000	8.0	5.5
2015	\$4.14	\$306,000,000	10.6	2.9
2016	\$4.58	\$339,000,000	5.8	2.2
2017	\$3.07	\$304,000,000	8.3	5.7
2018	\$2.98	\$390,000,000	7.4	5.2

Average:	\$4.00	\$317,636,364	9.2	4.9
Max:	\$6.72	\$497,000,000	15.8	8.1
Min:	\$1.84	\$134,000,000	5.8	2.2

Certainty Rating	85%
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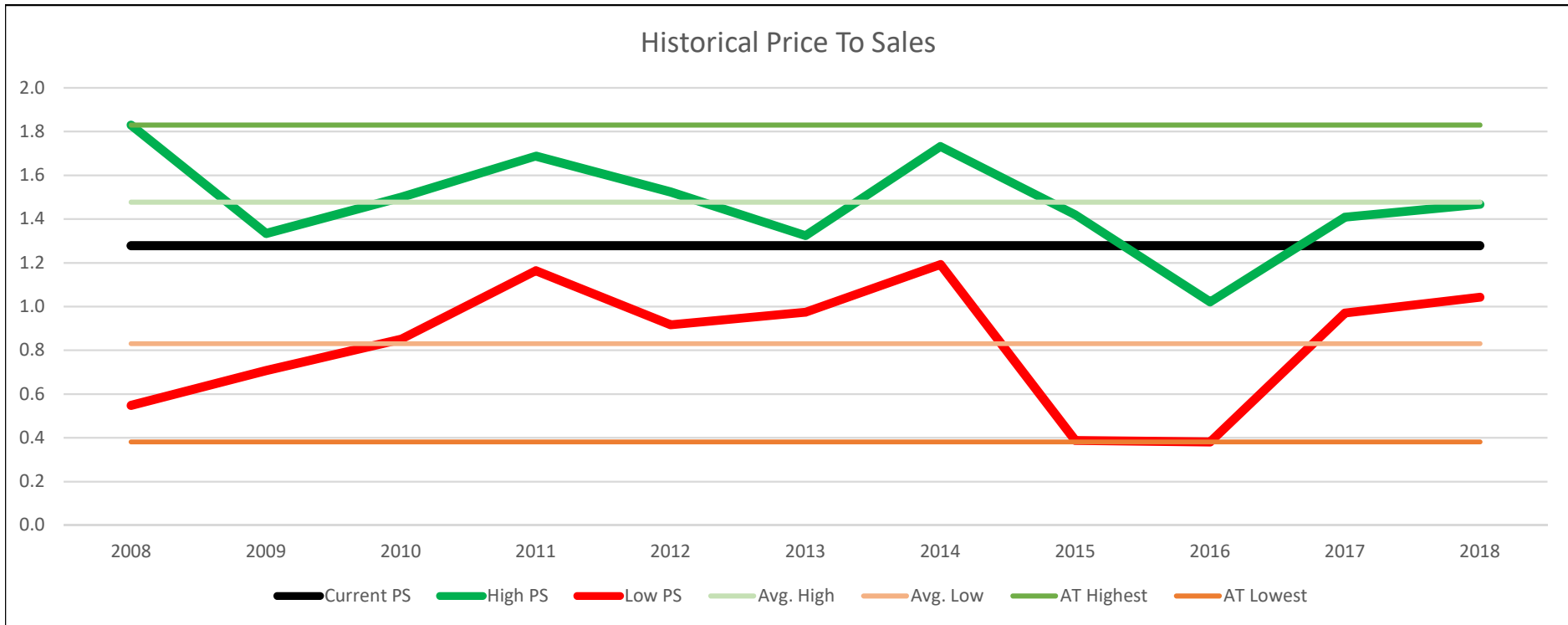
Explanation: Currently at 6.4x which is closer to the average low of 4.9x than the average high of 9.2x.

Price To Sales Over Time

Price to Sales Over Time				
Year	SPS	Sales	High PS	Low PS
2008	\$15.85	\$1,157,000,000	1.8	0.5
2009	\$16.86	\$1,231,000,000	1.3	0.7
2010	\$22.05	\$1,610,000,000	1.5	0.9
2011	\$24.92	\$1,844,000,000	1.7	1.2
2012	\$27.49	\$2,034,000,000	1.5	0.9
2013	\$29.81	\$2,206,000,000	1.3	1.0
2014	\$31.09	\$2,301,000,000	1.7	1.2
2015	\$30.73	\$2,274,000,000	1.4	0.4
2016	\$26.09	\$1,931,000,000	1.0	0.4
2017	\$18.14	\$1,796,000,000	1.4	1.0
2018	\$14.92	\$1,954,000,000	1.5	1.0

Average:	\$23.45	\$1,848,909,091	1.5	0.8
Max:	\$31.09	\$2,301,000,000	1.8	1.2
Min:	\$14.92	\$1,157,000,000	1.0	0.4

Certainty Rating	70%
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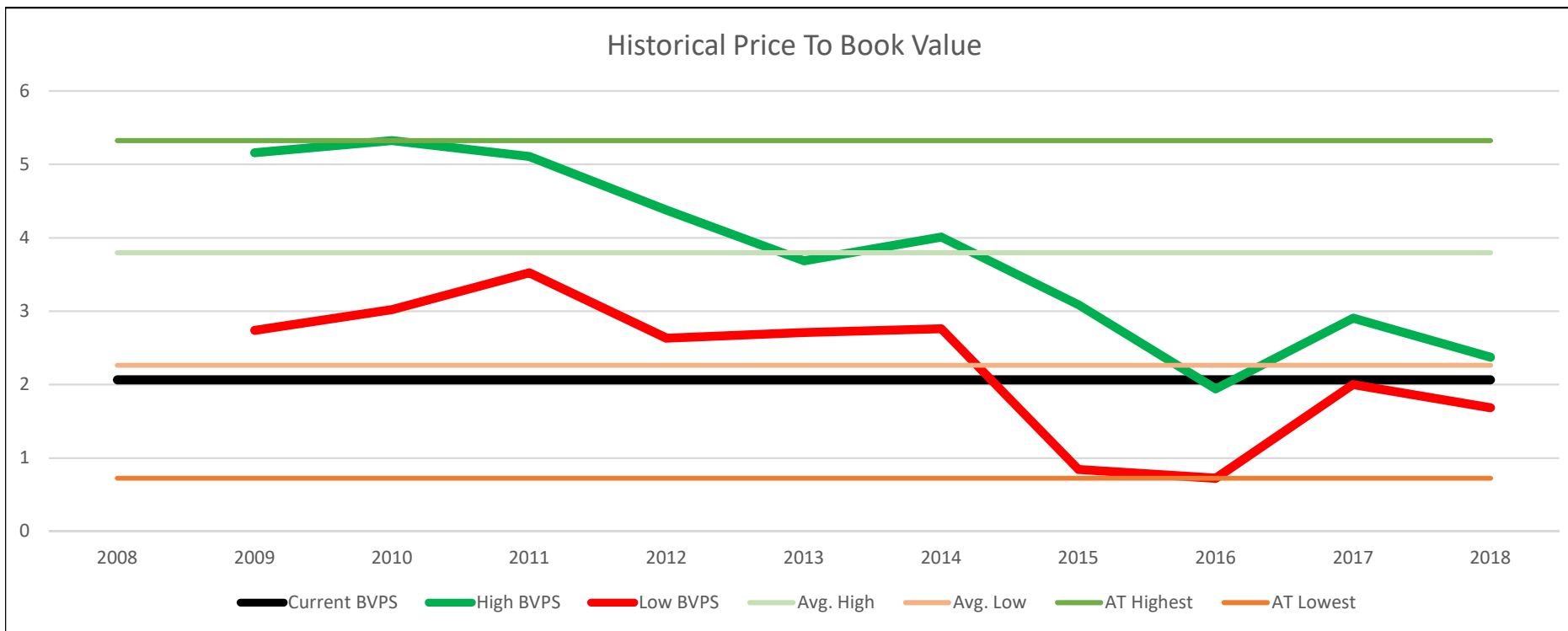
Explanation: At 1.3x this is closer to the average high of 1.5x versus the average low of .8x.

Price To Book Over Time

Price to Book Over Time				
Year	BVPS	Book Value	High BVPS	Low BVPS
2008				
2009	\$4.36	\$318,280,000	5.2	2.7
2010	\$6.21	\$453,330,000	5.3	3.0
2011	\$8.23	\$609,020,000	5.1	3.5
2012	\$9.57	\$708,180,000	4.4	2.6
2013	\$10.71	\$792,540,000	3.7	2.7
2014	\$13.43	\$993,820,000	4.0	2.8
2015	\$14.14	\$1,046,360,000	3.1	0.8
2016	\$13.72	\$1,015,280,000	1.9	0.7
2017	\$8.80	\$871,200,000	2.9	2.0
2018	\$9.23	\$1,209,130,000	2.4	1.7

Average:	\$9.84	\$801,714,000	3.8	2.3
Max:	\$14.14	\$1,209,130,000	5.3	3.5
Min:	\$4.36	\$318,280,000	1.9	0.7

Certainty Rating	100%
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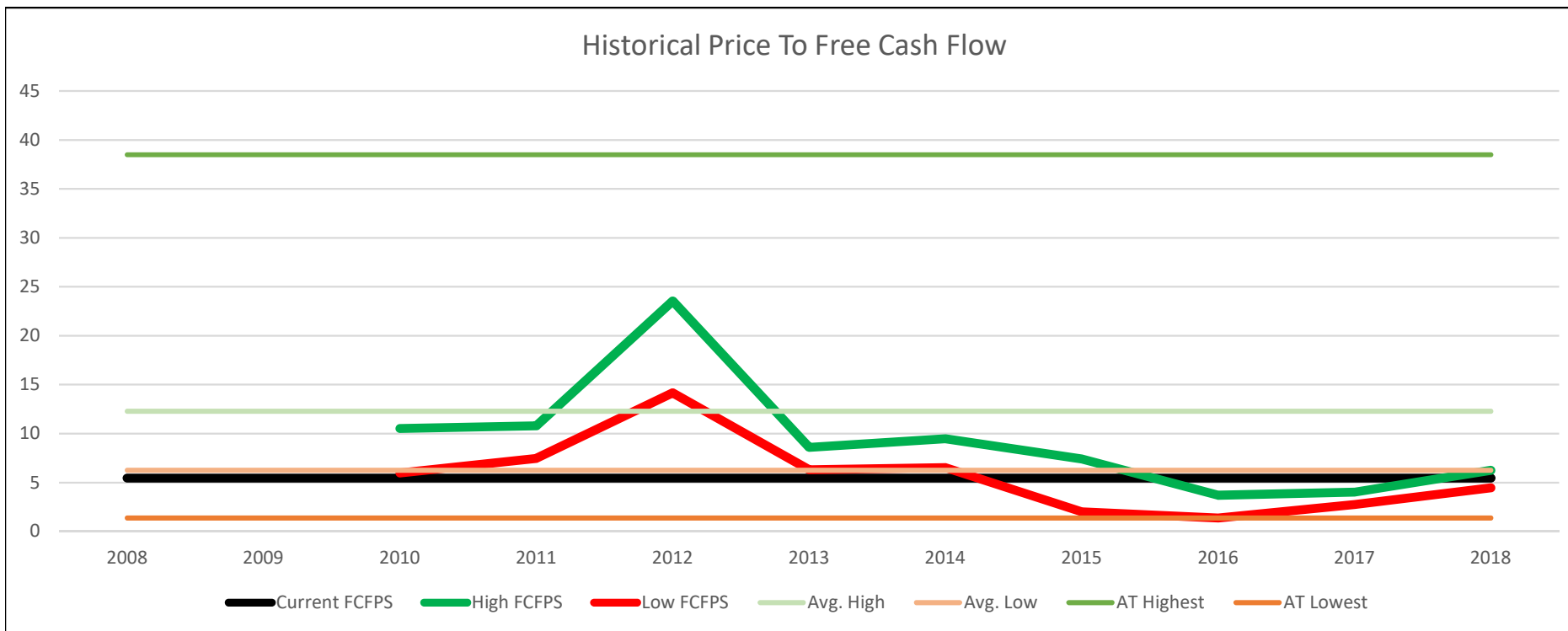
Explanation: At 2.0x it is currently trading below the average low of 2.3x (well below the average high of 3.8x).

Price To Free Cash Flow Over Time

Price to Free Cash Flow Over Time				
Year	FCFPS	Free Cash Flow	High FCFPS	Low FCFPS
2008	\$0.75	\$55,000,000	38.5	11.5
2009	-\$0.62	-\$45,260,000		
2010	\$3.14	\$229,220,000	10.5	6.0
2011	\$3.89	\$287,860,000	10.8	7.5
2012	\$1.78	\$131,720,000	23.5	14.2
2013	\$4.60	\$340,400,000	8.6	6.3
2014	\$5.68	\$420,320,000	9.5	6.5
2015	\$5.90	\$436,600,000	7.4	2.0
2016	\$7.20	\$532,800,000	3.7	1.4
2017	\$6.37	\$630,630,000	4.0	2.8
2018	\$3.49	\$457,795,699	6.3	4.4

Average:	\$3.84	\$316,098,700	12.3	6.3
Max:	\$7.20	\$630,630,000	38.5	14.2
Min:	-\$0.62	-\$45,260,000	3.7	1.4

Certainty Rating	75%
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Explanation: At 6.3x it is trading right at the average low and about half the average high. Some of the older values are skewing the averages higher however. So low BUT not low.

Test #4 - VALUATION SCENARIOS - 1) Best Case, 2) Stress Test (50% Reduction In Expected) 3) Last 10 Year Earnings Average.

Since Valuation Models Can Be Made To Spit Out Any Result Anyone Wants We Make Sure To Run Several Conservative Scenarios. Multiples Of RFRR Are Good.

Best Case (with expected growth)**Net Present Value Calculator (AKA Ben Graham Formula) (Run Assuming Zero Growth)**

20-year AAA Corporate Bond Rate	4.0%	https://fred.stlouisfed.org/series/AAA	Last Updated:	1/3/19
EPS	\$2.61			
Constant PE (0% perpetual growth)	8.5			
Company's Perpetual Growth Rate	0.0%			
Minimum Risk Free Rate of Return	2.4%	https://fred.stlouisfed.org/series/TB3MS	Last Updated:	1/3/19
Graham's Intrinsic Value (Original Formula)	\$22.19			
% of Current Price	116%	BUY - Current Price Is Below IV		
Graham's Intrinsic Value (Revised Formula)	\$37.63			
% of Current Price	197%	BUY - Current Price Is Below IV		

5 Year Discounted Free Cash Flow (Owners Earnings) Calculator (AKA NPV) (Run Assuming Expected Growth)

Perpetual Growth Rate	0.0%	Explanation:	NA			
	Discount Rate/WACC	PV of CFs	+ Terminal Value	= PV		
Morningstar Current	\$5.69	28.0%	\$14.40	\$20.32	\$19.02	0.3%
Brokerage CF (TTM)	\$3.84	18.7%	\$11.81	\$20.51	\$19.14	-0.4%
		23.4%				

Explanation: NA

10 Year NPV of Future Cashflows (Run Assuming Updated EPS (using best case future annual estimate) & DPS and Expected Growth)

Return On Shareholder's Equity	31.9%	
Retained To Equity	6.6%	21%
Dividends Percent	25.3%	

Current and Projected Shareholder Equity and Projected Earnings

	Equity Base	EquityPS	Earnings	EarningsPS	Dividends	DivsPS	Added To Base	RetainedPS
2018	\$1,063,734,000	\$8.17	\$339,822,000	\$2.61	\$269,514,000	\$2.07	\$70,308,000	\$0.54
2019	\$1,134,042,000	\$8.71	\$339,822,000	\$2.61	\$269,514,000	\$2.07	\$70,308,000	\$0.54
2020	\$1,204,350,000	\$9.25	\$339,822,000	\$2.61	\$269,514,000	\$2.07	\$70,308,000	\$0.54
2021	\$1,274,658,000	\$9.79	\$339,822,000	\$2.61	\$269,514,000	\$2.07	\$70,308,000	\$0.54
2022	\$1,344,966,000	\$10.33	\$339,822,000	\$2.61	\$269,514,000	\$2.07	\$70,308,000	\$0.54
2023	\$1,415,274,000	\$10.87	\$339,822,000	\$2.61	\$269,514,000	\$2.07	\$70,308,000	\$0.54
2024	\$1,485,582,000	\$11.41	\$339,822,000	\$2.61	\$269,514,000	\$2.07	\$70,308,000	\$0.54
2025	\$1,555,890,000	\$11.95	\$339,822,000	\$2.61	\$269,514,000	\$2.07	\$70,308,000	\$0.54

2026	\$1,626,198,000	\$12.49	\$339,822,000	\$2.61	\$269,514,000	\$2.07	\$70,308,000	\$0.54
2027	\$1,696,506,000	\$13.03	\$339,822,000	\$2.61	\$269,514,000	\$2.07	\$70,308,000	\$0.54
2028	\$1,766,814,000	\$13.57	\$339,822,000	\$2.61	\$269,514,000	\$2.07	\$70,308,000	\$0.54

NPV of future cashflows	\$258.68	1% In Money
	\$128.44	2% In Money
	\$85.17	3% In Money
	\$63.62	4% In Money
	\$50.75	5% In Money
	\$42.20	6% In Money
	\$36.13	7% In Money
	\$31.59	8% In Money
	\$28.07	9% In Money
	\$25.27	10% In Money
	\$22.98	11% In Money
	\$21.08	12% In Money
	\$19.47	13% In Money
	\$18.10	14% Too Expensive
	\$16.91	15% Too Expensive
	\$15.87	16% Too Expensive
	\$14.96	17% Too Expensive
	\$14.14	18% Too Expensive
	\$13.41	19% Too Expensive
	\$12.76	20% Too Expensive
	\$12.16	21% Too Expensive
	\$11.62	22% Too Expensive
	\$11.13	23% Too Expensive
	\$10.68	24% Too Expensive
	\$10.26	25% Too Expensive

Explanation: Using the average 2020 forecasts (which is still a bit lower than the 2019 estimates).

Expected Return - 5 Year DCF	23.4%
Expected Return - 10 NPV Cash Flows	13%
Expected Return Average	18.2%

Hurdle Returns (vs. Risk Free)		
2.4%	0x	0%
4.7%	1x	15%
7.1%	2x	30%
9.5%	3x	45%
11.9%	4x	60%
14.2%	5x	75%
16.6%	6x	90%
19.0%	7x	105%
21.3%	8x	120%

Certainty Rating	
116%	Graham's Intrinsic Value (Original Formula)
197%	Graham's Intrinsic Value (Revised Formula)
120%	5 Year Discounted Free Cash Flow
75%	10 Year NPV of Future Cashflows
105%	Average
123%	Total

Explanation: NA

Stress Test (50% Reduction In Expected) (with zero growth)

Net Present Value Calculator (AKA Ben Graham Formula) (Run Assuming Zero Growth)

20-year AAA Corporate Bond Rate	4.0%	https://fred.stlouisfed.org/series/AAA	Last Updated:	1/3/19
EPS	\$1.21			
Constant PE (0% perpetual growth)	8.5			
Company's Perpetual Growth Rate	0.0%			
Minimum Risk Free Rate of Return	2.4%	https://fred.stlouisfed.org/series/TB3MS	Last Updated:	1/3/19
Graham's Intrinsic Value (Original Formula)	\$10.24			
% of Current Price	54%	DON'T BUY - Current Price is Above IV		
Graham's Intrinsic Value (Revised Formula)	\$17.37			
% of Current Price	91%	DON'T BUY - Current Price is Above IV		

5 Year Discounted Free Cash Flow (Owners Earnings) Calculator (AKA NPV) (Run Assuming Zero Growth)

Perpetual Growth Rate	0.0%	Explanation:	Run at zero perpetual growth to be super conservative.			
		Discount Rate/WACC	PV of CFs	+ Terminal Value	= PV	
Morningstar Current	\$5.69	28.0%	\$14.40	\$20.32	\$19.02	0.3%
Brokerage CF (TTM)	\$3.84	18.7%	\$11.81	\$20.51	\$19.14	-0.4%
		23.4%				

Explanation: The number of shares outstanding has changed from 74mmish to 131mmish. This obviously diluted the FCFPS in 2018.

10 Year NPV of Future Cashflows (Run Assuming Updated EPS (using 1/2 best case future annual estimate) & DPS and Zero Growth)

Return On Shareholder's Equity	14.7%	
Retained To Equity	-10.6%	-72%
Dividends Percent	25.3%	

Current and Projected Shareholder Equity and Projected Earnings

	Equity Base	EquityPS	Earnings	EarningsPS	Dividends	DivsPS	Added To Base	RetainedPS
2018	\$1,063,734,000	\$8.17	\$156,891,000	\$1.21	\$269,514,000	\$2.07	-\$112,623,000	-\$0.87
2019	\$951,111,000	\$7.31	\$156,891,000	\$1.21	\$269,514,000	\$2.07	-\$112,623,000	-\$0.87
2020	\$838,488,000	\$6.44	\$156,891,000	\$1.21	\$269,514,000	\$2.07	-\$112,623,000	-\$0.87
2021	\$725,865,000	\$5.58	\$156,891,000	\$1.21	\$269,514,000	\$2.07	-\$112,623,000	-\$0.87
2022	\$613,242,000	\$4.71	\$156,891,000	\$1.21	\$269,514,000	\$2.07	-\$112,623,000	-\$0.87
2023	\$500,619,000	\$3.85	\$156,891,000	\$1.21	\$269,514,000	\$2.07	-\$112,623,000	-\$0.87
2024	\$387,996,000	\$2.98	\$156,891,000	\$1.21	\$269,514,000	\$2.07	-\$112,623,000	-\$0.87
2025	\$275,373,000	\$2.12	\$156,891,000	\$1.21	\$269,514,000	\$2.07	-\$112,623,000	-\$0.87
2026	\$162,750,000	\$1.25	\$156,891,000	\$1.21	\$269,514,000	\$2.07	-\$112,623,000	-\$0.87
2027	\$50,127,000	\$0.39	\$156,891,000	\$1.21	\$269,514,000	\$2.07	-\$112,623,000	-\$0.87
2028	-\$62,496,000	-\$0.48	\$156,891,000	\$1.21	\$269,514,000	\$2.07	-\$112,623,000	-\$0.87

NPV of future cashflows	\$119.43	1% In Money
	\$59.30	2% In Money
	\$39.32	3% In Money
	\$29.37	4% In Money
	\$23.43	5% In Money
	\$19.48	6% In Money
	\$16.68	7% Too Expensive
	\$14.58	8% Too Expensive
	\$12.96	9% Too Expensive
	\$11.67	10% Too Expensive
	\$10.61	11% Too Expensive
	\$9.73	12% Too Expensive
	\$8.99	13% Too Expensive
	\$8.36	14% Too Expensive
	\$7.81	15% Too Expensive
	\$7.33	16% Too Expensive
	\$6.91	17% Too Expensive
	\$6.53	18% Too Expensive
	\$6.19	19% Too Expensive
	\$5.89	20% Too Expensive
	\$5.62	21% Too Expensive
	\$5.37	22% Too Expensive
	\$5.14	23% Too Expensive
	\$4.93	24% Too Expensive
	\$4.74	25% Too Expensive

Explanation: [NA](#)

Expected Return - 5 Year DCF	23.4%
Expected Return - 10 NPV Cash Flows	6%
Expected Return Average	14.7%

Hurdle Returns (vs. Risk Free)		
2.4%	0x	0%
4.7%	1x	15%
7.1%	2x	30%
9.5%	3x	45%
11.9%	4x	60%
14.2%	5x	75%
16.6%	6x	90%
19.0%	7x	105%
21.3%	8x	120%

Certainty Rating	
54%	Graham's Intrinsic Value (Original Formula)
91%	Graham's Intrinsic Value (Revised Formula)
120%	5 Year Discounted Free Cash Flow
30%	10 Year NPV of Future Cashflows
90%	Average
77%	Total

Explanation: [NA](#)

Last 10 Year Earnings Average (with zero growth)

20-year AAA Corporate Bond Rate	4.0%	https://fred.stlouisfed.org/series/AAA	Last Updated:	1/3/19
EPS	\$4.00			
Constant PE (0% perpetual growth)	8.5			
Company's Perpetual Growth Rate	0.0%			
Minimum Risk Free Rate of Return	2.4%	https://fred.stlouisfed.org/series/TB3MS	Last Updated:	1/3/19
Graham's Intrinsic Value (Original Formula)	\$34.00			
% of Current Price	178%	BUY - Current Price Is Below IV		
Graham's Intrinsic Value (Revised Formula)	\$57.68			
% of Current Price	302%	BUY - Current Price Is Below IV		

5 Year Discounted Free Cash Flow (Owners Earnings) Calculator (AKA NPV) (Run Assuming Zero Growth)

Perpetual Growth Rate	0.0%	Explanation:	Run at zero perpetual growth to be super conservative.			
		Discount Rate/WACC	PV of CFs	+ Terminal Value	= PV	
Morningstar Current	\$5.69	28.0%	\$14.40	\$20.32	\$19.02	0.3%
Brokerage CF (TTM)	\$3.84	18.7%	\$11.81	\$20.51	\$19.14	-0.4%
		23.4%				

Explanation: The number of shares outstanding has changed from 74mmish to 131mmish. This obviously diluted the FCFPS in 2018.

10 Year NPV of Future Cashflows (Run Assuming Updated EPS (using 1/2 best case future annual estimate) & DPS and Zero Growth)

Return On Shareholder's Equity	49.0%	
Retained To Equity	23.6%	48%
Dividends Percent	25.3%	

Current and Projected Shareholder Equity and Projected Earnings

	Equity Base	EquityPS	Earnings	EarningsPS	Dividends	DivsPS	Added To Base	RetainedPS
2018	\$1,063,734,000	\$8.17	\$520,864,089	\$4.00	\$269,514,000	\$2.07	\$251,350,089	\$1.93
2019	\$1,315,084,089	\$10.10	\$520,864,089	\$4.00	\$269,514,000	\$2.07	\$251,350,089	\$1.93
2020	\$1,566,434,178	\$12.03	\$520,864,089	\$4.00	\$269,514,000	\$2.07	\$251,350,089	\$1.93
2021	\$1,817,784,268	\$13.96	\$520,864,089	\$4.00	\$269,514,000	\$2.07	\$251,350,089	\$1.93
2022	\$2,069,134,357	\$15.89	\$520,864,089	\$4.00	\$269,514,000	\$2.07	\$251,350,089	\$1.93
2023	\$2,320,484,446	\$17.82	\$520,864,089	\$4.00	\$269,514,000	\$2.07	\$251,350,089	\$1.93
2024	\$2,571,834,535	\$19.75	\$520,864,089	\$4.00	\$269,514,000	\$2.07	\$251,350,089	\$1.93
2025	\$2,823,184,624	\$21.68	\$520,864,089	\$4.00	\$269,514,000	\$2.07	\$251,350,089	\$1.93
2026	\$3,074,534,713	\$23.61	\$520,864,089	\$4.00	\$269,514,000	\$2.07	\$251,350,089	\$1.93
2027	\$3,325,884,803	\$25.54	\$520,864,089	\$4.00	\$269,514,000	\$2.07	\$251,350,089	\$1.93
2028	\$3,577,234,892	\$27.47	\$520,864,089	\$4.00	\$269,514,000	\$2.07	\$251,350,089	\$1.93

NPV of future cashflows \$396.50 1% In Money

Last 10 Years Earnings

\$196.87	2% In Money
\$130.54	3% In Money
\$97.51	4% In Money
\$77.78	5% In Money
\$64.69	6% In Money
\$55.37	7% In Money
\$48.42	8% In Money
\$43.03	9% In Money
\$38.73	10% In Money
\$35.22	11% In Money
\$32.31	12% In Money
\$29.85	13% In Money
\$27.74	14% In Money
\$25.92	15% In Money
\$24.33	16% In Money
\$22.92	17% In Money
\$21.68	18% In Money
\$20.56	19% In Money
\$19.55	20% In Money
\$18.64	21% Too Expensive
\$17.82	22% Too Expensive
\$17.06	23% Too Expensive
\$16.37	24% Too Expensive
\$15.73	25% Too Expensive

Year	EPS	Earnings	Shares Out
2008	\$1.84	\$134,000,000	73,000,000
2009	\$2.63	\$192,000,000	73,000,000
2010	\$4.40	\$321,000,000	73,000,000
2011	\$5.26	\$389,000,000	74,000,000
2012	\$3.09	\$229,000,000	74,000,000
2013	\$5.31	\$393,000,000	74,000,000
2014	\$6.72	\$497,000,000	74,000,000
2015	\$4.14	\$306,000,000	74,000,000
2016	\$4.58	\$339,000,000	74,000,000
2017	\$3.07	\$304,000,000	99,000,000
2018	\$2.98	\$390,000,000	131,000,000
Average EPS	\$4.00		

Explanation: This is skewed high due to the increased sharecount in recent years. I'm discounting this one out completely (as the prior EPS values are much higher than they would be today). Will double weight the stress test (since the worst case is some kind of legislation arrives that cripples the coal market).

Expected Return - 5 Year DCF	23.4%
Expected Return - 10 NPV Cash Flows	20%
Expected Return Average	21.7%

Certainty Rating	
178%	Graham's Intrinsic Value (Original Formula)
302%	Graham's Intrinsic Value (Revised Formula)
120%	5 Year Discounted Free Cash Flow
120%	10 Year NPV of Future Cashflows
120%	Average
168%	Total

Hurdle Returns (vs. Risk Free)		
2.4%	0x	0%
4.7%	1x	15%
7.1%	2x	30%
9.5%	3x	45%
11.9%	4x	60%
14.2%	5x	75%
16.6%	6x	90%
19.0%	7x	105%
21.3%	8x	120%

Explanation: NA

Valuation Scenarios Summary

Test #1 - Expected Case (with zero growth)

55% Weighting

Expected Return - 5 Year DCF	23.4%
Expected Return - 10 NPV Cash Flows	12.0%
Expected Return Total	17.7%
Certainty Rating	118%

Test #2 - Best Case (with expected growth)

15% Weighting

Expected Return - 5 Year DCF	23.4%
Expected Return - 10 NPV Cash Flows	13.0%
Expected Return Total	18.2%
Certainty Rating	123%

Test #2 - Stress Test (50% Reduction In Expected Case)

30% Weighting

Expected Return - 5 Year DCF	23.4%
Expected Return - 10 NPV Cash Flows	6.0%
Expected Return Total	14.7%
Certainty Rating	77%

Test #2 - Last 10 Year Earnings Average (with zero growth)

0% Weighting

Expected Return - 5 Year DCF	23.4%
Expected Return - 10 NPV Cash Flows	20.0%
Expected Return Total	21.7%
Certainty Rating	168%

Consolidation Of All Scenarios (Weighted)

Expected Return - 5 Year DCF	23.4%
Expected Return - 10 NPV Cash Flows	10.4%
Expected Return Total	16.9%
Certainty Rating	106%

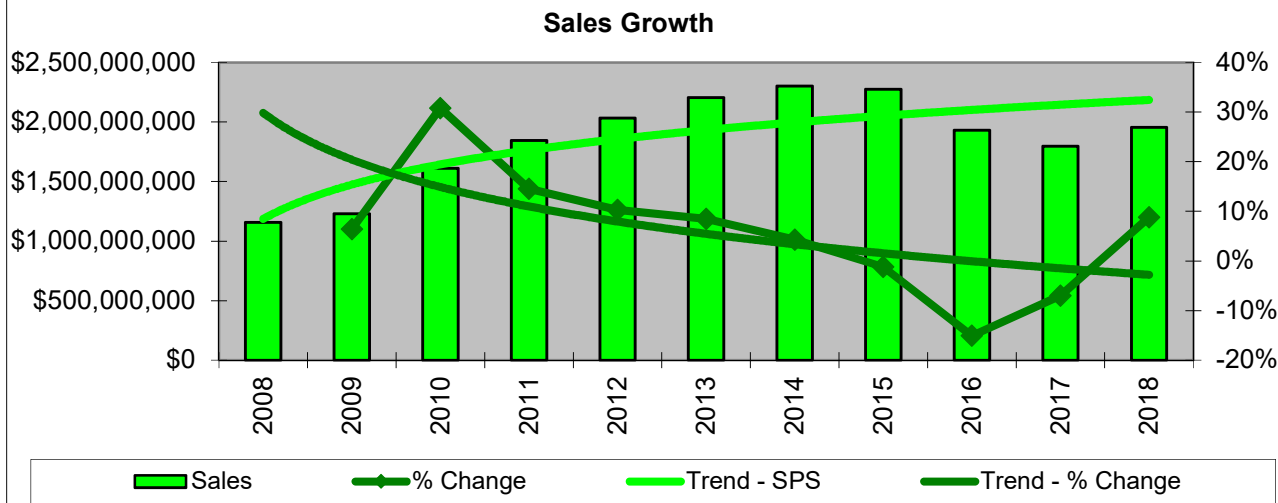
Test #5 - FINANCIALS REVIEW - Review Of 10 Year Financial Trends For Key Metrics

Tells Us The Business Has Pricing Power, History Of Success, Growth, Rate Of Growth, And Our Initial Rate Of Return.

Growing Sales & Growing Earnings - Earnings and Sales are 1) Consistent, 2) Strong, and 3) Growing At A Steady Rate.

Year	Sales	
2008	\$1,157,000,000	
2009	\$1,231,000,000	6%
2010	\$1,610,000,000	31%
2011	\$1,844,000,000	15%
2012	\$2,034,000,000	10%
2013	\$2,206,000,000	8%
2014	\$2,301,000,000	4%
2015	\$2,274,000,000	-1%
2016	\$1,931,000,000	-15%
2017	\$1,796,000,000	-7%
2018	\$1,954,000,000	9%

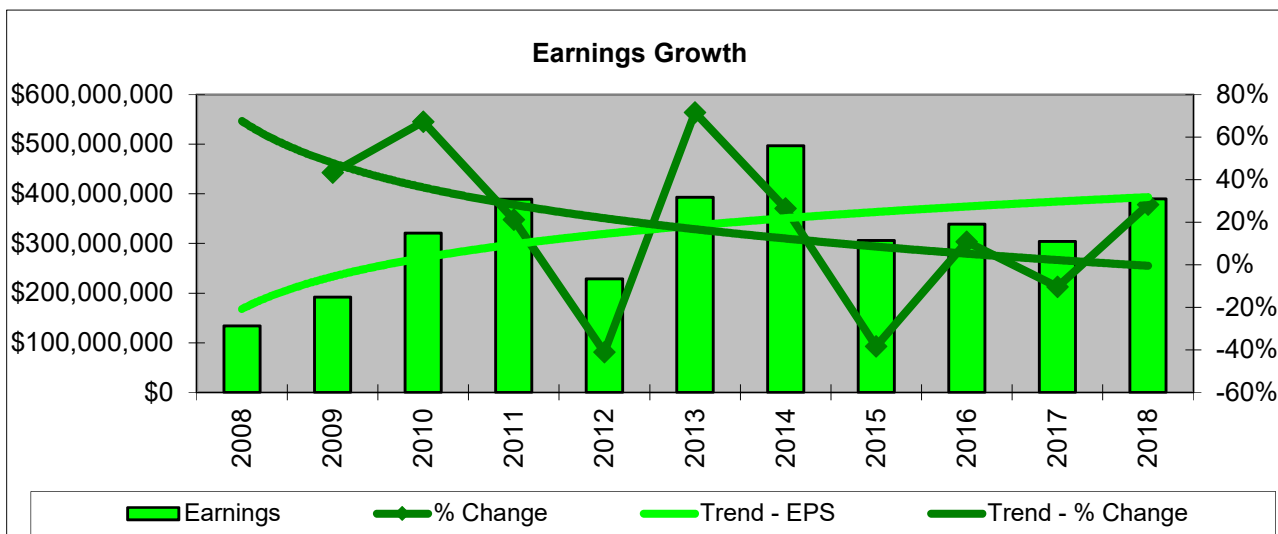
Certainty Rating: **85%**



Explanation: Sales have generally been growing over the past decade but off all time highs in 2014ish.

Year	Earnings	
2008	\$134,000,000	
2009	\$192,000,000	43%
2010	\$321,000,000	67%
2011	\$389,000,000	21%
2012	\$229,000,000	-41%
2013	\$393,000,000	72%
2014	\$497,000,000	26%
2015	\$306,000,000	-38%
2016	\$339,000,000	11%
2017	\$304,000,000	-10%
2018	\$390,000,000	28%

Certainty Rating: **90%**

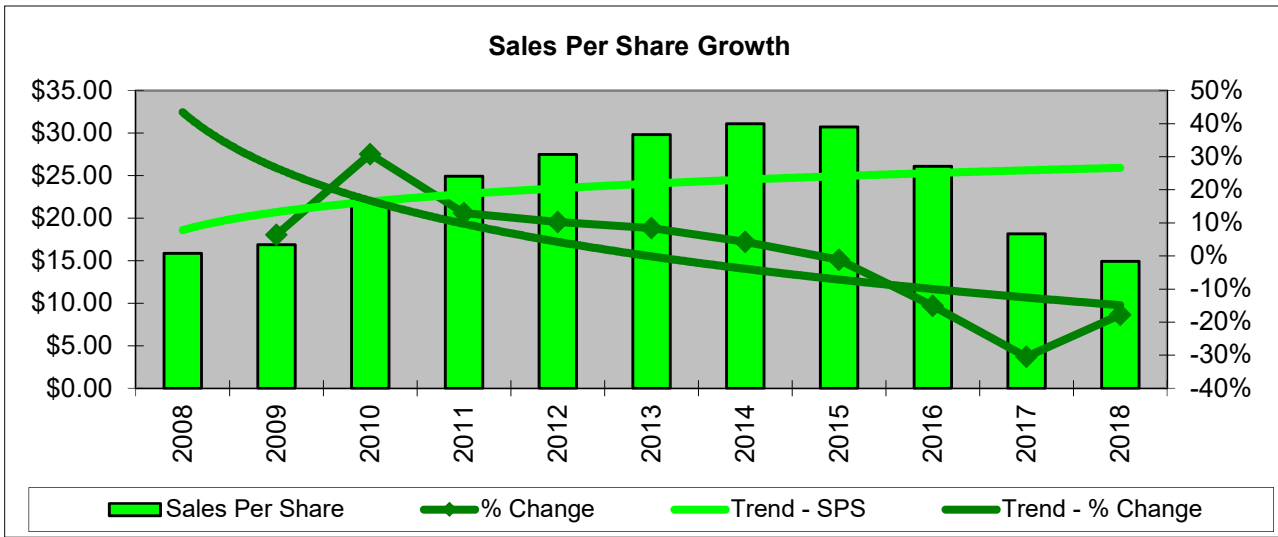


Explanation: Same, earnings have been growing over last decade.

SPS & EPS - Earnings are 1) Consistent, 2) Strong, and 3) Growing At A Steady Rate. Ideally Closely Matching Growing Sales.

Year	Sales Per Share	
2008	\$15.85	
2009	\$16.86	6%
2010	\$22.05	31%
2011	\$24.92	13%
2012	\$27.49	10%
2013	\$29.81	8%
2014	\$31.09	4%
2015	\$30.73	-1%
2016	\$26.09	-15%
2017	\$18.14	-30%
2018	\$14.92	-18%

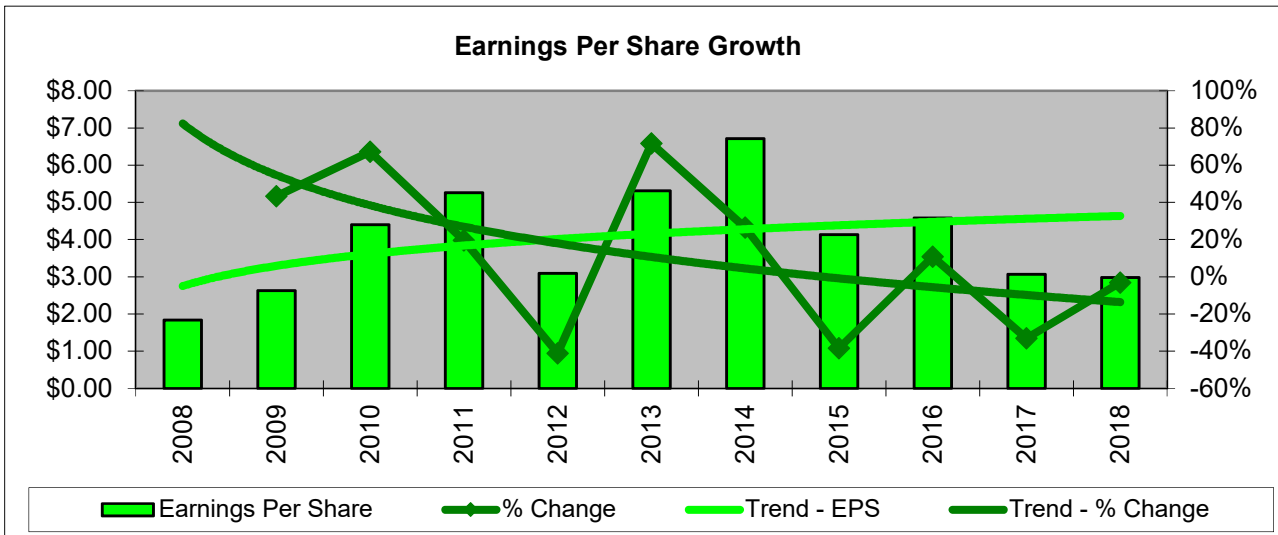
Certainty Rating: 90%



Explanation: The increase in shares outstanding has dropped this dramatically to decade lows. But not bad at all since the share count almost doubled!

Year	Earnings Per Share	
2008	\$1.84	
2009	\$2.63	43%
2010	\$4.40	67%
2011	\$5.26	20%
2012	\$3.09	-41%
2013	\$5.31	72%
2014	\$6.72	26%
2015	\$4.14	-38%
2016	\$4.58	11%
2017	\$3.07	-33%
2018	\$2.98	-3%

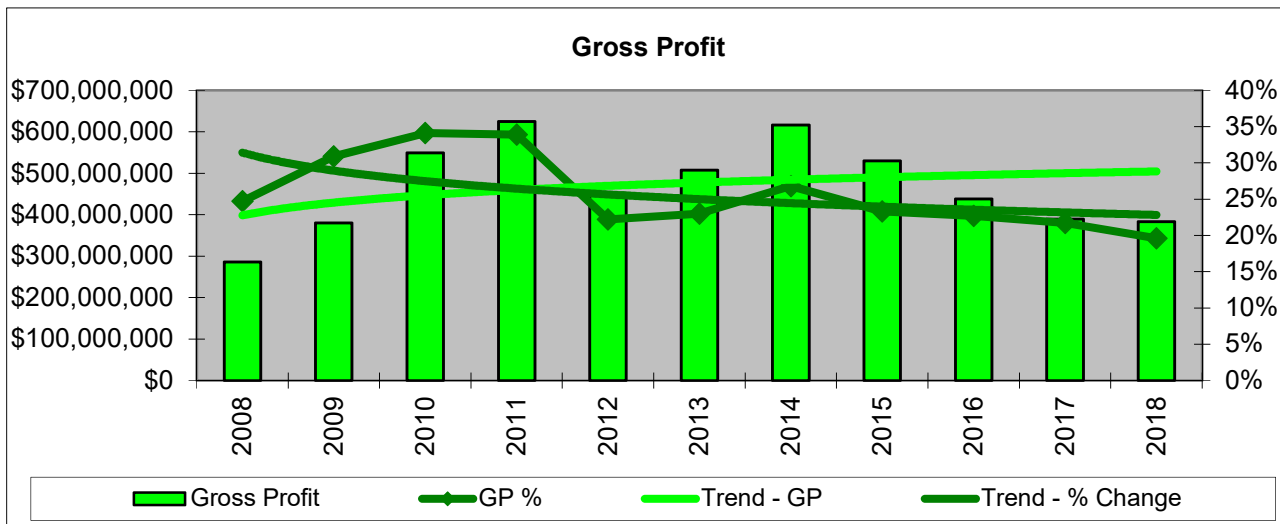
Certainty Rating: 90%



Explanation: EPS has not dropped terribly in relation to the shares outstanding AND overall it is trending up over the decade (although down a bit in the last few years).

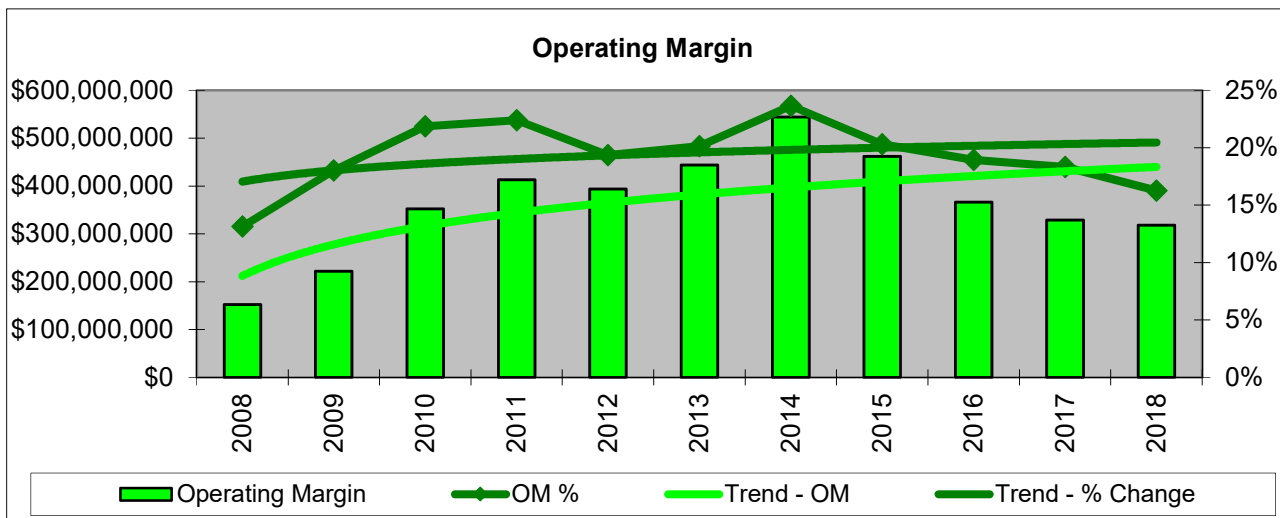
Margins - Are 1) Consistent, 2) Strong, and 3) Growing At A Steady Rate.

Year	Gross Profit	
2008	\$285,779,000	25%
2009	\$380,379,000	31%
2010	\$549,010,000	34%
2011	\$625,116,000	34%
2012	\$451,548,000	22%
2013	\$507,380,000	23%
2014	\$616,668,000	27%
2015	\$529,842,000	23%
2016	\$438,337,000	23%
2017	\$389,732,000	22%
2018	\$382,984,000	20%
Average:		26%
High:		34%
Low:		20%
Certainty Rating:		75%



Explanation: The margins have been trending down and are currently at the 10 year low value. That said...not going out of business.

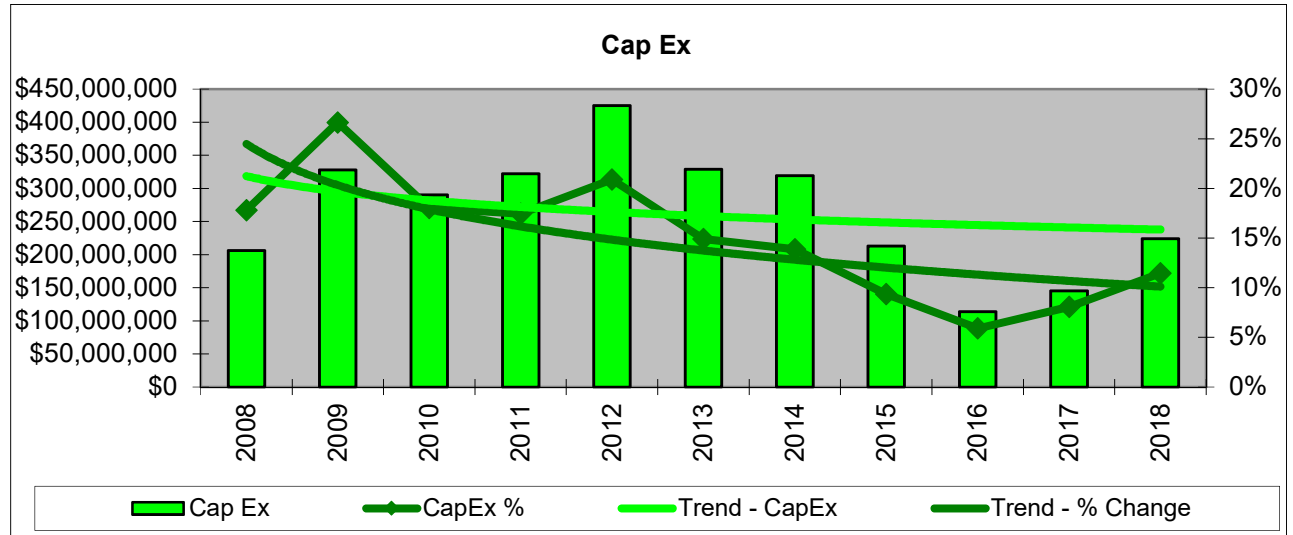
Year	Operating Margin	
2008	\$152,000,000	13%
2009	\$222,000,000	18%
2010	\$352,000,000	22%
2011	\$413,000,000	22%
2012	\$394,000,000	19%
2013	\$444,000,000	20%
2014	\$544,000,000	24%
2015	\$462,000,000	20%
2016	\$366,000,000	19%
2017	\$329,000,000	18%
2018	\$318,000,000	16%
Average:		19%
High:		24%
Low:		13%
Certainty Rating:		75%



Explanation: The operating margins are pretty much at an all time low (minus the low value in 2008) and at 16% well off the highs of 2014 24%. That said...not going out of business.

Cap Ex - Is Consistent.

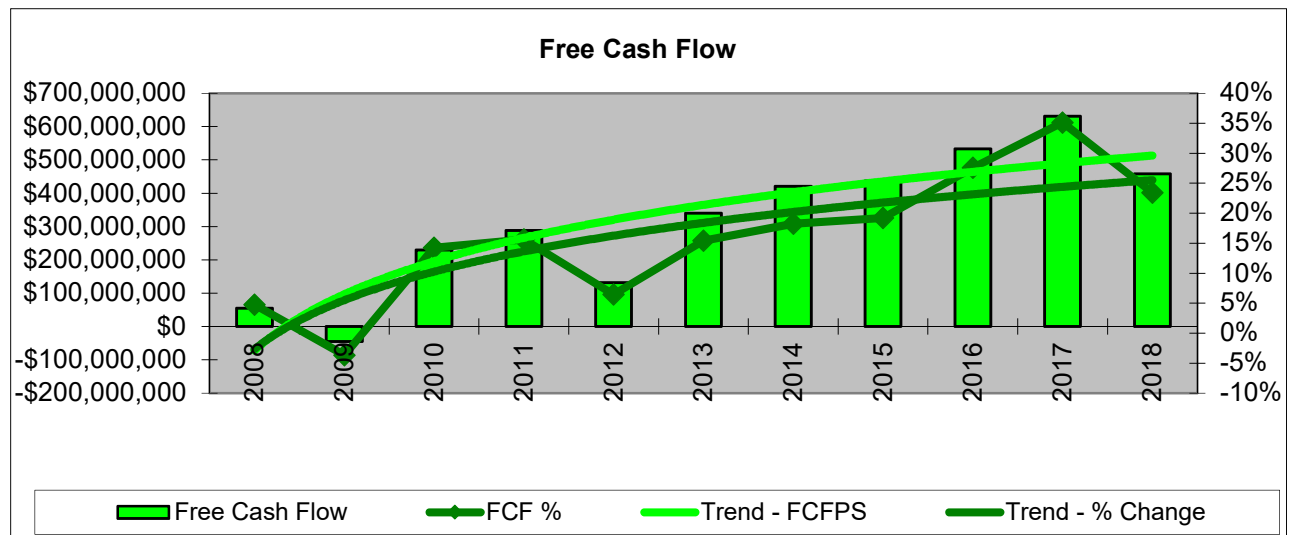
Year	Cap Ex	
2008	\$206,000,000	18%
2009	\$328,000,000	27%
2010	\$290,000,000	18%
2011	\$322,000,000	17%
2012	\$425,000,000	21%
2013	\$329,000,000	15%
2014	\$319,000,000	14%
2015	\$213,000,000	9%
2016	\$114,000,000	6%
2017	\$145,000,000	8%
2018	\$224,000,000	11%
Average:		15%
High:		27%
Low:		6%
Certainty Rating:		80%



Explanation: Cap Ex spending has been lower in recent years and is currently still lower than the average. It is not terribly consistent but it is likely due to ebbs and flows in the cycle (and needs to invest accordingly). They have had good returns on their investments so I don't necessarily see these shifts as bad.

Free Cash Flow - Is 1) Consistent, 2) Strong, and 3) Growing At A Steady Rate.

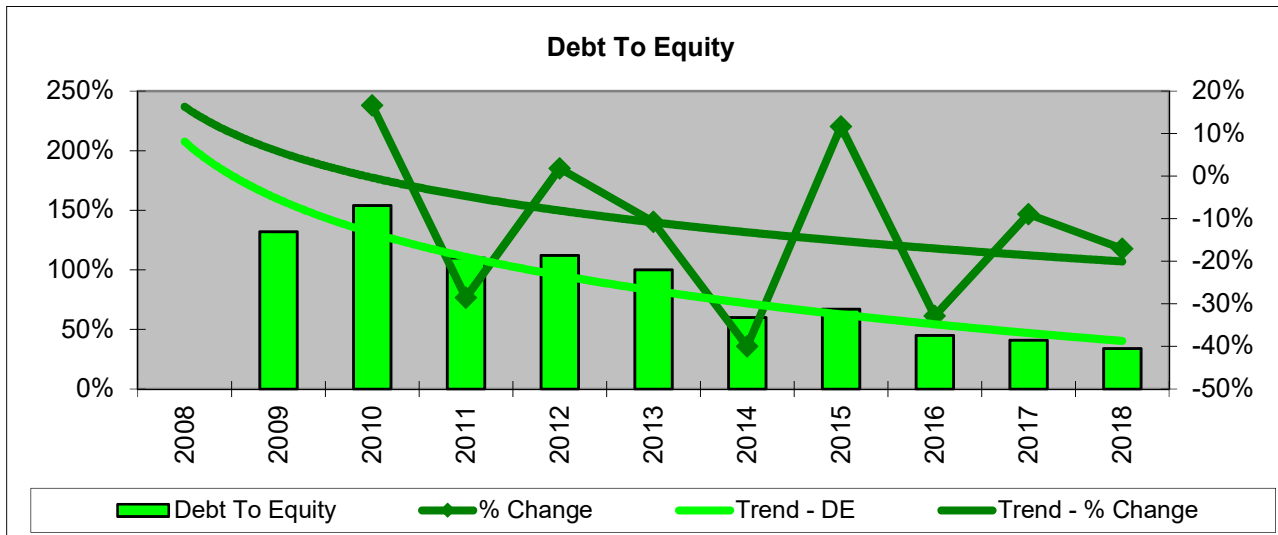
Year	Free Cash Flow	
2008	\$55,000,000	5%
2009	-\$45,260,000	-4%
2010	\$229,220,000	14%
2011	\$287,860,000	16%
2012	\$131,720,000	6%
2013	\$340,400,000	15%
2014	\$420,320,000	18%
2015	\$436,600,000	19%
2016	\$532,800,000	28%
2017	\$630,630,000	35%
2018	\$457,795,699	23%
Average:		16%
High:		35%
Low:		-4%
Certainty Rating:		100%



Explanation: No issues here. Free cash flows have been growing steadily.

Debt To Equity - Is 1) Consistent, and 2) Low (and/or Lowering Quickly).

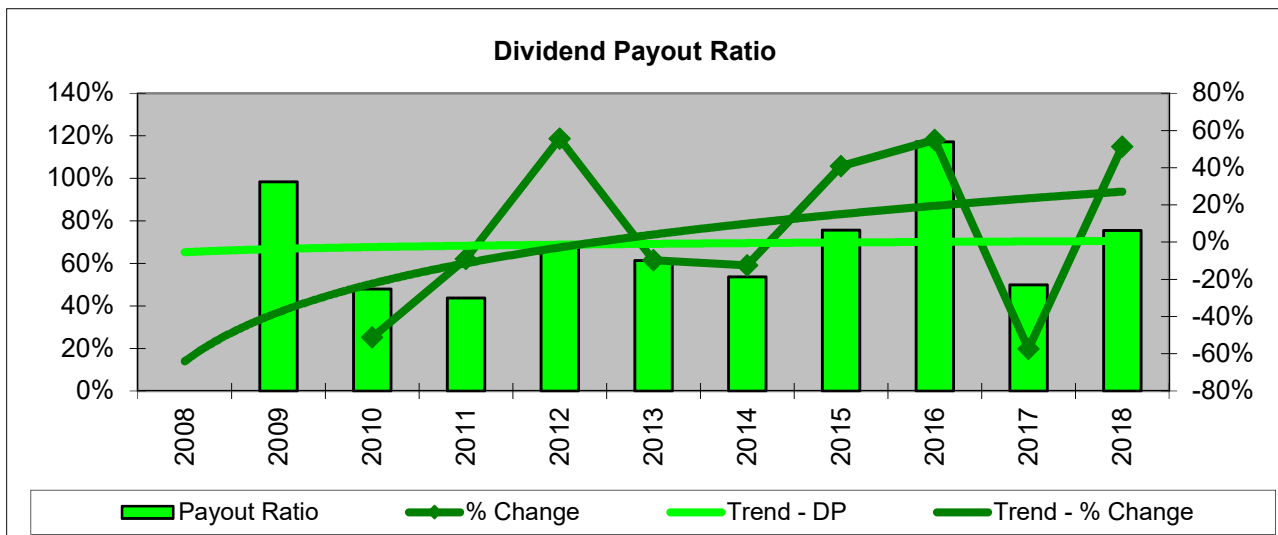
Year	Debt To Equity	
2008		
2009	132%	
2010	154%	17%
2011	110%	-29%
2012	112%	2%
2013	100%	-11%
2014	60%	-40%
2015	67%	12%
2016	45%	-33%
2017	41%	-9%
2018	34%	-17%
Average: 86%		
High: 154%		
Low: 34%		
Certainty Rating:		100%



Explanation: Debt has been dropping like a rock (and has been a concerted effort for the company).

Dividend Sustainability

Year	Payout Ratio	
2008		
2009	98%	
2010	48%	-51%
2011	44%	-9%
2012	68%	56%
2013	61%	-10%
2014	54%	-13%
2015	76%	41%
2016	117%	55%
2017	50%	-57%
2018	76%	51%
Average: 69%		
High: 117%		
Low: 44%		
Certainty Rating:		100%



Explanation: The MLP structure forces the company to payout a % of earnings in order to maintain the tax advantage. So the payout ratio is high but also uncontrollable.

Test #6 - BUYING / OWNERSHIP

Tells Us Whether The People Closest To The Business Are 1) Buying (And At Attractive Valuations) and/or 2) Owners.

Shares Outstanding / Buyback Program

Shares Outstanding	
Peak Past 10 Years	131,000,000
Current Outstanding	130,200,000
Shares Added/Subtracted	-800,000
% Added/Subtracted	-1%

Current Buyback Program	
Years	0
Value	\$0
Potential Shares At Current Price	0
Potential Shares Repurchased	0%

Certainty Rating: 100%

Year	Shares Out
2008	73,000,000
2009	73,000,000
2010	73,000,000
2011	74,000,000
2012	74,000,000
2013	74,000,000
2014	74,000,000
2015	74,000,000
2016	74,000,000
2017	99,000,000
2018	131,000,000

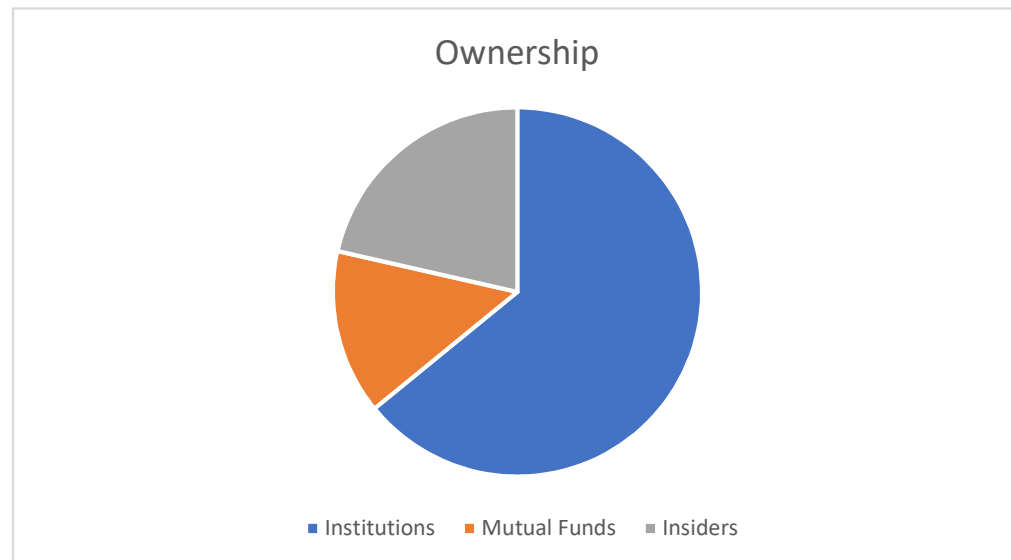
Explanation: When I bought this one dataset says 130 million shares and another said 85 million. Just issued 10 million shares (was at steady 74 m). From Q3 earnings Balance Sheet "Limited Partners - Common Unitholders 130,704,217 and 74,375,025 units outstanding, respectively". Regardless, this was confusing initially. No buyback plan in place.

Insider Ownership / Activity

Ownership (In Millions)		
Institutions	1,239,820,000	64%
Mutual Funds	278,910,000	14%
Insiders	414,730,000	21%
Total	1,933,460,000	

Insider Buying / Selling	
6 Month Buying	Yes
6 Month Selling	Yes

Certainty Rating: 100%



Explanation: 21% insider ownership and insiders are still buying (with Directors buying in \$19.55-\$19.85).

Test #7 - GOOD BUSINESS CHECK - Do important metrics indicating a 'good business' show that it is indeed a 'good business'?

Tells Us The Business Has A Good Financial Model And Whether Management Understands How To Operate It Effectively Compared To The Industry and Market.

Return "Moat" Assessment - Not A "Low Return" Business. Charlie Munger says that eventually over time returns will match ROIC.

Return on Invested Capital	
Year	
2008	49.0%
2009	35.4%
2010	28.7%
2011	25.9%
2012	17.9%
2013	18.1%
2014	21.5%
2015	9.9%
2016	15.5%
2017	18.2%
2018	24.6%

Company (10 Year Average)	24.0%
Company (10 Year High)	49.0%
Company (10 Year Low)	9.9%
Company (Current Year/TTM)	24.6%
Industry (Current Year)	13.6%
Overall Market Without Financials (Current Year)	14.1%

Explanation: [Used Coal & Related Energy](#)

- Yes Is the ROIC equal to or higher than the overall market?
- Yes Is the ROIC equal to or higher than the industry?
- Yes Has the ROIC always been positive?
- Yes Is the ROIC steady (not really far from average, or high/low)?

Return on Equity	
Year	
2008	
2009	
2010	63.9%
2011	56.2%
2012	34.0%
2013	34.5%
2014	37.9%
2015	15.6%
2016	24.3%
2017	24.7%
2018	31.8%

Company (10 Year Average)	35.9%
Company (10 Year High)	63.9%
Company (10 Year Low)	15.6%
Company (Current Year/TTM)	31.8%
Industry (Current Year)	7.1%
Overall Market Without Financials (Current Year)	12.5%

Explanation: [NA](#)

- Yes Is the ROE equal to or higher than the overall market?
- Yes Is the ROE equal to or higher than the industry?
- Yes Has the ROE always been positive?
- Yes Is the ROE steady (not really far from average, or high/low)?

Return on Assets	
Year	
2008	15.5%
2009	12.6%
2010	19.4%
2011	18.8%
2012	12.2%
2013	13.2%
2014	16.0%
2015	6.7%
2016	11.1%
2017	12.5%
2018	17.2%

Company (10 Year Average)	14.1%
Company (10 Year High)	19.4%
Company (10 Year Low)	6.7%
Company (Current Year/TTM)	17.2%

Industry (Current Year) 2.7%

Overall Market Without Financials (Current Year) 4.4%

Explanation: NA

- Yes Is the ROA equal to or higher than the overall market?
- Yes Is the ROA equal to or higher than the industry?
- Yes Has the ROA always been positive?
- Yes Is the ROA steady (not really far from average, or high/low)?

Asset Turnover	
Year	
2008	1.34
2009	1.18
2010	1.26
2011	1.14
2012	1.10
2013	1.08
2014	1.04
2015	0.98
2016	0.85
2017	0.81
2018	0.88

Company (10 Year Average)	1.06
Company (10 Year High)	1.34
Company (10 Year Low)	0.81
Company (Current Year/TTM)	0.88

Explanation: NA

- Yes Is the Asset Turnover consistent over time?
- No Is the Asset Turnover improving (trending higher)?

Certainty Rating:	93%
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Explanation: NA

Business "Moat" Assessment - Not A "Mediocre" Business

Net Margin %	
Year	
2008	11.6%
2009	10.7%
2010	15.4%
2011	16.4%
2012	11.1%
2013	12.2%
2014	15.4%
2015	6.9%
2016	13.0%
2017	15.4%
2018	19.5%

Company (10 Year Average)	13.4%
Company (10 Year High)	19.5%
Company (10 Year Low)	6.9%
Company (Current Year/TTM)	19.5%
Industry (Current Year)	5.0%
Overall Market Without Financials (Current Year)	9.5%

Explanation: [NA](#)

- [Yes](#) Is the Net Margin % equal to or higher than the overall market?
- [Yes](#) Is the Net Margin % equal to or higher than the industry?
- [Yes](#) Has the Net Margin % always been positive?
- [Yes](#) Is the Net Margin % steady (not really far from average, or high/low)?

Gross Margin %	
Year	
2008	24.7%
2009	30.9%
2010	34.1%
2011	33.9%
2012	22.2%
2013	23.0%
2014	26.8%
2015	23.3%
2016	22.7%
2017	21.7%
2018	19.6%

Company (10 Year Average)	25.7%
Company (10 Year High)	34.1%
Company (10 Year Low)	19.6%
Company (Current Year/TTM)	19.6%

Explanation: [NA](#)

- [Yes](#) Has the Gross Margin % always been positive?
- [No](#) Is the Gross Margin % generally improving?
- [Yes](#) Is the Gross Margin % steady (not really far from average, or high/low)?

Operating Margin %	
Year	
2008	13.1%
2009	18.0%
2010	21.9%
2011	22.4%
2012	19.4%
2013	20.1%
2014	23.6%
2015	20.3%
2016	19.0%
2017	18.3%
2018	16.3%

Company (10 Year Average)	19.3%
Company (10 Year High)	23.6%
Company (10 Year Low)	13.1%
Company (Current Year/TTM)	16.3%
Industry (Current Year)	8.4%
Overall Market Without Financials (Current Year)	11.3%

Explanation: NA

- Yes Is the Operating Margin % equal to or higher than the overall market?
- Yes Is the Operating Margin % equal to or higher than the industry?
- Yes Has the Operating Margin % always been positive?
- No Is the Operating Margin % generally improving?
- Yes Is the Operating Margin % steady (not really far from average, or high/low)?

- No Is The Business Unique? Or Does It Have Something That Makes It Unique?
- Yes Price Is Not The Single Most Important Motivating Factor In Purchase Of Product.
- Yes Prices Can Be Adjusted For Inflation?
- Yes Is Revenue "Safe" (Long-Term Contracts, Long-Term Retention, Don't Have To Resell Everything Every Time)?
- No Does The Company Have Strong/Recognized Brands?
- No Is There An Attachment To The Companies Brand(s)? Is There An Identifiable Consumer Monopoly?

Certainty Rating: 72%

Explanation: They don't pull it out of the ground (or open new production lines) until contracts are secured.

Competition "Moat" Assessment - Not A "Commodity-Type" Business

- No Is Business Competition Free? There Is Not A Company That Directly Competes With This One.
- No Is Business Competition Free? There Is Not A Presence Of Multiple Producers In Industry?
- Yes Is Business Competition Free? There Is Not Substantial Excess Production Capacity In Industry?
- Yes It Would Be Hard To Start A Company To Compete With This Business. There Are Large Barriers To Entry To This Business.
- Yes It Would Be Hard To Make A Dent In Business Without The Most Money and Best Management Talent.

Certainty Rating: 60%

Explanation: There are other companies but most are not clamoring to get into the coal industry.

Leverage Assessment - Is The Business Conservatively Financed (Providing Additional Margin Of Safety...Oh And Saving Money)?

Financial Leverage (Asset To Equity Ratio)	
Year	
2008	
2009	3.28
2010	3.29
2011	2.78
2012	2.77
2013	2.49
2014	2.25
2015	2.39
2016	2.02
2017	1.94
2018	1.78

Company (10 Year Average)	2.50
Company (10 Year High)	3.29
Company (10 Year Low)	1.78
Company (Current Year/TTM)	1.78

Explanation: NA

- Yes Is the Financial Leverage consistent over time?
- Yes Is the Financial Leverage improving (ie lowering)?

Debt To Equity		Shares	
Year			
2008	0%	73,000,000	
2009	132%	73,000,000	
2010	154%	73,000,000	
2011	110%	74,000,000	
2012	112%	74,000,000	
2013	100%	74,000,000	
2014	60%	74,000,000	
2015	67%	74,000,000	
2016	45%	74,000,000	
2017	41%	99,000,000	
2018	34%	131,000,000	

Company (10 Year Average)	77.7%
Company (10 Year High)	154.0%
Company (10 Year Low)	0.0%
Company (Current Year/TTM)	34.0%
Industry (Current Year)	168.0%
Overall Market Without Financials (Current Year)	119.0%

Explanation: NA

- Yes Is The Debt To Equity Low Versus Static Measure (Less Than 50%)?
- Yes Is The Debt To Equity Low Versus Market (Less Than Market)?
- Yes Is The Debt To Equity Low Versus Industry (Less Than Industry)?
- Yes Has The Debt To Equity Lowered Over Time?
- Yes The Company Is Not Adding Debt In Order To Increase ROE.
- Yes The Company Is Not Adding Debt In Order To Do Share Buybacks.

Certainty Rating:	100%
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Explanation: NA

Compounding Assessment - Is The Company A (Or Going To Continue To Be A) Compounder?

- Yes Does The Company Retain Its Earnings (Ideally No Payouts Unless There Is No Additional Expansion Opportunity)?
- Yes Is The Company Able To Spend Little On Maintaining Current Operations (Is CapEx Rebuilding Or Expansion)?
- Yes Is Company Reinvesting Earnings In New Businesses, Expansion Of Existing Businesses (That Will Increase Value)?
- Yes Is Company Reinvesting Earnings In Share Repurchases (That Will Increase Value)?

Certainty Rating: 100%

Explanation: Distributes earnings but is able to invest them if they'd rather. Good and bad with that but likely not making huge investments (declining industry) so fine.

Management Assessment - Does The Company's Management Add Value To The Business?

- Yes Management Has Candor And Can Admit Mistakes
- Yes Management Has Been In Place For Some Time
- Yes Management Does What It Says It Will Do
- Yes Management Knows The Business (Rarely Surprised)
- Yes Management Is Allocating Capital (Reinvested Earnings) Into Businesses, Expansion That Will Increase Value.
- Yes Profitability Is Not Almost Entirely Dependent Upon Management's Abilities To Efficiently Utilize Tangible Assets (Idiot Run Test).

Certainty Rating: 100%

Explanation: I love this management

GOOD BUSINESS CHECK

Return "Moat" Assessment:	93%
Business "Moat" Assessment:	72%
Competition "Moat" Assessment:	60%
Leverage Assessment:	100%
Compounding Assessment:	100%
Management Assessment:	100%
	88%

Explanation: NA

Test #8 - MY GUT

Trust My Gut...It Is Large And In Charge (Unfortunately)!

Other's Analysis - Company

	Annual Report
	Latest 10K
	Latest 10Q (+)

Other's Analysis - Outsiders

	Available Analyst Reports
	Morningstar Reports
	Internet Searches, News, Articles

Certainty Rating: 100%

Explanation: NA

PROS[See page 1](#)

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Certainty Rating: 100%

Explanation: NA

CONS[See page 1](#)

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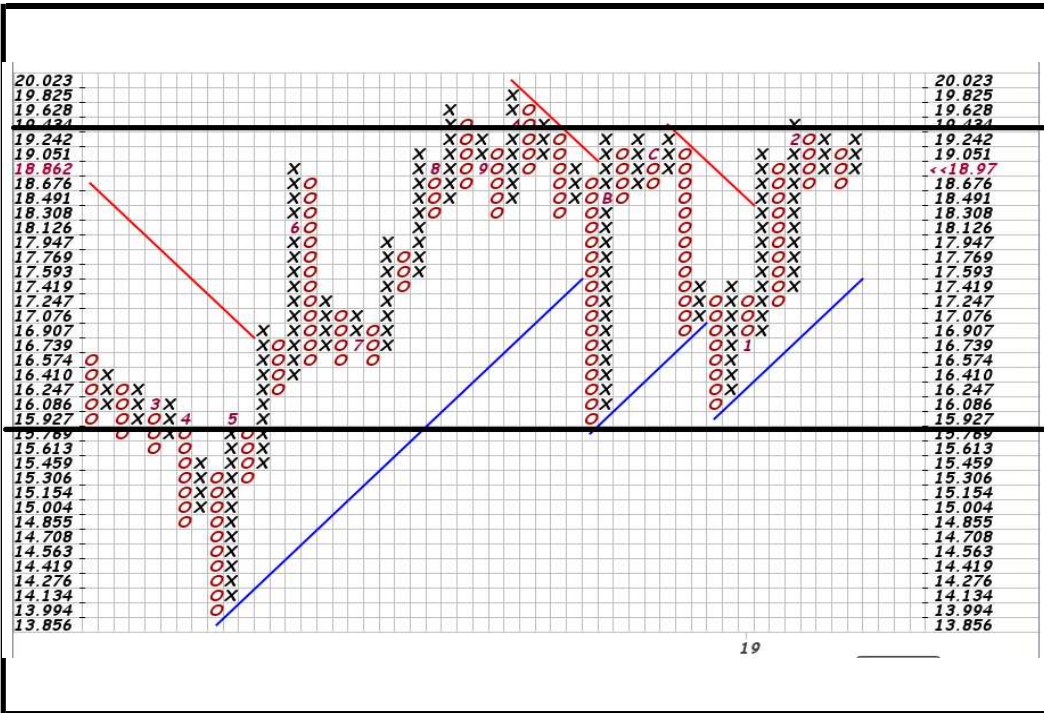
Certainty Rating: 100%

Explanation: NA

Test #9 - TECHNICALS / TIMING

Do Weekly Technicals Point Towards An Attractive Entry Point (Either Oversold / Turning / Trending)

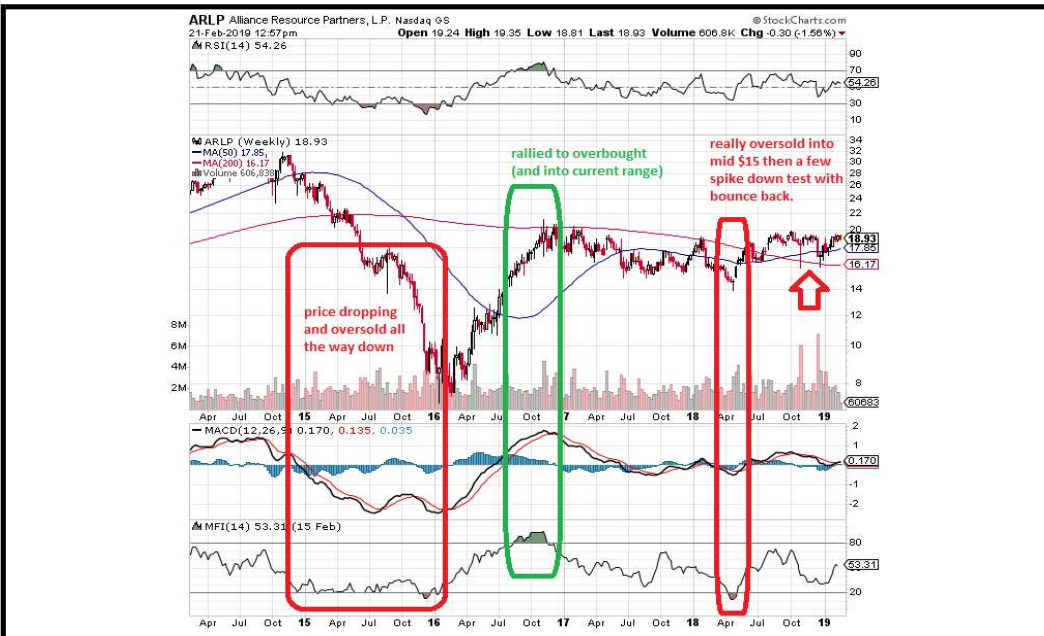
Point And Figure



Certainty Rating: **100%**

Explanation: I like a lot about the weekly chart on this one. There are some large drawdowns and these got into large oversold positions. The run back up to generally overbought has put it into its current range and seems to have been tested a few times recently. One major selloff (down to the \$14.00 level) occurred in early 2018 and then there were some big spike selling in later 2018 and the price has recovered each time from the oversold (or near oversold territory). So I think there is good support for the current price (or a bit lower). So between \$16 and \$19 has a lot of price support going back a long time.

Weekly Candlestick



50/200 Day Trend Line (Crossing?)

Certainty Rating: **100%**

Explanation: **NA**

RSI (Cheap, Falling Knife?)

Certainty Rating: **100%**

Explanation: **NA**

MACD (Crossing?)

Certainty Rating: **100%**

Explanation: **NA**

Money Flow (Oversold?)

Certainty Rating: **100%**

Explanation: **NA**