



## THE WHITMAN INVESTMENT COMPANY

Date: 3/28/18

### 12:00 Call meeting to order

- Go over agenda
- Motion to approve last week's minutes - passes
- Motion to approve agenda - passes

### 12:03 Bylaws Updates to CFO Position

- Mikaela presents the CFO Position Proposal

### 12:05 Upcoming News

- Mock CFA Dates and Deadlines
- Office Hours: 5-6 pm on Thursday in the library
- DCF workshop with Prof. Manic on Friday, March 30 at lunch, in Maxey 207

### 12:07 Alliance Resource Partners Presentation (Kyle, Sawyer, Alex, Milo, Dan)

- 2<sup>nd</sup> largest coal producer in the eastern United States, 1.67 billion tons of coal in reserves
- Key Financials: MC \$2.3B, Dividend Yield 11%, Operating Margin 18.29%, P/E 8.23
- Government regulation in Trump's presidency
- Management executives highly invest in the company
- Business Model: 80% of coal to local electric utilities, 74.7% of sales from long-term contracts (>1yr), no major customers, slowly going into natural gas
- Risks: Fluctuating operating costs, increased regulation, rely on few customers for large portion of business, majority owned by subsidiary, lack of accountability to shareholders, alternative fuels, limited demand of traditional coal, lots of current competitors
- Opportunities: acquisitions, developments to help facilitate growth, long-term relationships within industry, history of profitability, wide economic moat, business involves long term relationships and high startup costs
- Dividend Discount: current price \$19.13, upside 38.69%
- Earnings Power Value: upside 72.74%
- Discounted Value of Reserves: average coal price \$51.05, new present \$2174.96, adjusted \$2208.81, upside 249.21%

Valuation Summary: low price range \$25.29(42% upside), medium price range \$27.97(57% upside), high price range \$30.53(72% upside)

Conclusion: industry is heavily regulated, demand for coal is shrinking; the company has healthy financials and incredible dividend with a sustainable payout ratio; the company has efficient operations and local, diverse buyers

Thesis: buy about \$25,000 worth of shares

Motion: fails (7I : 12O : 1S)

2<sup>nd</sup> Proposal (by Sawyer): put \$24,700 in bond fund for short-term, revisit every other week

Motion: passes (17I : 3O : 1S)

**12:50 Motion to adjourn meeting**

Motion passes