



# NACCO Industries (NC)

Updated August 15<sup>th</sup>, 2025 by Nathan Parsh

## Key Metrics

Current Price:	\$37	5 Year CAGR Estimate:	-2.3%	Market Cap:	\$279 M
Fair Value Price:	\$27	5 Year Growth Estimate:	0.0%	Ex-Dividend Date:	09/03/25 <sup>1</sup>
% Fair Value:	137%	5 Year Valuation Multiple Estimate:	-6.1%	Dividend Payment Date:	09/16/25 <sup>2</sup>
Dividend Yield:	2.7%	5 Year Price Target	\$27	Years Of Dividend Growth:	40
Dividend Risk Score:	C	Sector:	Energy	Rating:	Hold

## Overview & Current Events

NACCO Industries is a holding company for The North American Coal Corporation, which incorporated in 1913. The company supplies coal from surface mines to power generation companies. NACCO Industries is the largest lignite coal producer in the U.S. and ranks among the top ten of all coal producers. NACCO Industries operates in the states of North Dakota, Texas, Mississippi, Louisiana and on the Navajo Nation in New Mexico. The company produces annual revenues of ~\$240 million. The company has been very active in purchasing and spinning off a wide variety of businesses in its history. In 1988 and 1990, NACCO Industries made several purchases that expanded the business to include housewares. In 2012, NACCO Industries spun off its Materials Handling Group (a combination of Yale Materials Handling Corporation and the Hyster Company). The company spun off its housewares-related business on September 29<sup>th</sup>, 2017.

On May 15<sup>th</sup>, 2025, NACCO Industries raised its quarterly dividend 11% to \$0.2525.

On August 6<sup>th</sup>, 2025, NACCO Industries announced second quarter results for the period ending June 30<sup>th</sup>, 2025. For the quarter, revenue grew 30% to \$68.2 million while earnings-per-share of \$0.44 compared very unfavorably to \$0.81 in the prior year.

Utility coal revenue surged 91% to \$28.6 million even while total deliveries declined 13.6% to 4.6 million tons. Unconsolidated coal deliveries decreased 24.2% to 3.74 million tons while consolidated coal deliveries more than doubled to 890K tons. Deliveries from the Contract Mining segment fell 12.8% to 13.9 million tons while revenue grew 3% to \$30.7 million. Mineral and Royalties revenue increased 30% to \$7.3 million.

The company expects to see deliveries improve modestly this year with policy conditions expected to be positive for fossil fuels. We have now assumed earnings-per-share of \$3.00 for 2025, down from \$5.00 previously.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$3.13	\$4.32	\$4.14	\$5.00	\$5.66	\$2.10	\$6.69	\$10.06	-\$5.29	\$4.55	<b>\$3.00</b>	<b>\$3.00</b>
DPS	\$1.05	\$1.07	\$0.98	\$0.66	\$0.76	\$0.77	\$0.79	\$0.82	\$0.86	\$0.90	<b>\$1.01</b>	<b>\$1.29</b>
Shares <sup>3</sup>	7	7	7	7	7	7	7	7	8	7	7	7

NACCO's earnings-per-share have a compound annual growth rate of 4.2% over the last decade, but this accelerates to 7.2% when looking at just the last five years. However, earnings growth has been varied and erratic over the last decade. Given the volatility of the company, we continue to expect flat earnings growth through 2030. Adjusting for its spin-off history, NACCO Industries has raised its dividend for 40 consecutive years. This is an impressive growth streak given the extreme cyclical nature in the company's earnings history. We expect a dividend growth rate of 5% going forward.

<sup>1</sup> Estimated ex-dividend date

<sup>2</sup> Estimated dividend payment date

<sup>3</sup> In millions of shares



# NACCO Industries (NC)

Updated August 15<sup>th</sup>, 2025 by Nathan Parsh

NACCO Industries does have some opportunity for growth. For example, the company entered into an agreement in Q2 2020 to become the exclusive contract miner for the Thacker Pass lithium project in northern Nevada. Construction commenced on March 2<sup>nd</sup>, 2023 with the production of lithium expected to begin in late 2027.

## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	16.8	14.5	18.2	8.7	8.3	12.5	5.4	3.6	---	6.6	<b>12.3</b>	<b>9.0</b>
Avg. Yld.	2.0%	1.7%	1.3%	1.8%	1.6%	2.9%	2.2%	2.3%	2.4%	3.0%	<b>2.7%</b>	<b>4.8%</b>

Shares of NACCO Industries have gained \$3, or 8.8%, since our May 5<sup>th</sup>, 2025 report. Focusing on just the 2018 to 2024 period, NACCO Industries shares have traded with an average price to earnings multiple of 7.5. This is below the stock's current P/E of 12.3. Investors have typically not been willing to pay for a company that has an issue growing earnings consistently. NACCO Industries needs to prove it can reliably grow earnings-per-share before it maintains a higher multiple. We reaffirm our 2030 P/E target of 9.0. Reverting to our target valuation could add lower annual returns by 6.1% over the next five years.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

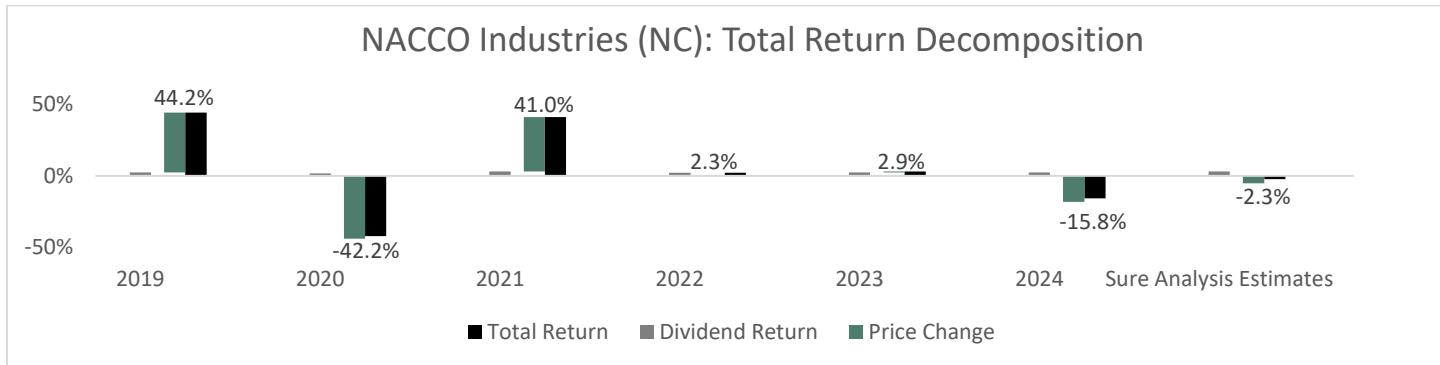
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	34%	25%	24%	13%	13%	37%	12%	8%	---	20%	<b>34%</b>	<b>43%</b>

The previous version of NACCO Industries actually saw earnings improve during the 2007 to 2009 recession, but this is not the same company. NACCO Industries now sees a substantial portion of revenues from coal. As demand for coal fluctuates, so will the company's ability to produce revenue. The company has also kept its payout ratio low in recent years, which is a prudent decision by management as earnings-per-share continues to drop. NACCO Industries' primary competitive advantage is that it does not acquire existing coal mines or mining companies, as this would increase its leverage position. Instead, NACCO Industries focuses on reducing coal production costs and maximizing efficiency and operating capacity at the mine locations.

## Final Thoughts & Recommendation

After second quarter results, NACCO Industries is expected to return of -2.3% annually through 2030, down from our prior estimate of 8.1%. This projected return stems from a starting dividend yield of 2.7% that is more than offset by a mid-single-digit headwind from multiple compression. We have lowered our five-year price target \$18 to \$27 due to revised EPS estimates, but we continue to view shares of NACCO Industries as a hold due to projected returns and a moderate dividend risk score. Investors should be aware that the company often has wild swings in its business projections from quarter to quarter. We note again that only investors with a high tolerance for risk should consider owning the name due to the stock's volatile performance.

## Total Return Breakdown by Year



*Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.*



# NACCO Industries (NC)

Updated August 15<sup>th</sup>, 2025 by Nathan Parsh

## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenue</b>	148	111	105	135	141	128	192	242	215	238
<b>Gross Profit</b>	(11)	12	17	30	31	17	43	68	15	30
<b>Gross Margin</b>	-7.6%	10.9%	16.1%	22.1%	22.1%	13.2%	22.6%	28.1%	6.8%	12.5%
<b>Operating Profit</b>	40	49	47	49	54	53	56	64	66	70
<b>Operating Margin</b>	(55)	(39)	(34)	(24)	(27)	(40)	(17)	(1)	(58)	(43)
<b>Net Profit</b>	-37.1%	-35.2%	-32.7%	-17.4%	-19.0%	-31.4%	-8.9%	-0.4%	-26.8%	-18.1%
<b>Net Margin</b>	22	30	30	35	40	15	48	74	(40)	34
<b>Free Cash Flow</b>	14.9%	26.7%	29.0%	25.7%	28.1%	11.5%	25.1%	30.7%	-18.4%	14.2%
<b>Income Tax</b>	104	84	26	34	28	(33)	36	25	9	(32)

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Assets</b>	655	668	390	377	445	476	507	568	540	632
<b>Cash &amp; Equivalents</b>	52	69	102	85	123	88	86	111	85	73
<b>Accounts Receivable</b>	114	21	35	29	22	24	31	45	45	55
<b>Inventories</b>	165	29	30	31	40	48	54	71	77	95
<b>Goodwill &amp; Int. Ass.</b>	63	46	44	41	38	35	32	28	6	5
<b>Total Liabilities</b>	454	448	170	126	155	176	155	141	157	227
<b>Accounts Payable</b>	100	11	10	9	10	6	13	13	18	20
<b>Long-Term Debt</b>	170	80	50	11	25	46	21	20	36	100
<b>Shareholder's Equity</b>	201	220	219	251	289	301	352	427	382	405
<b>LTD/E Ratio</b>	0.85	0.36	0.23	0.04	0.09	0.15	0.06	0.05	0.09	0.25

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Return on Assets</b>	3.1%	4.5%	5.7%	9.1%	9.6%	3.2%	9.8%	13.8%	-7.1%	5.8%
<b>Return on Equity</b>	10.7%	14.1%	13.8%	14.8%	14.7%	5.0%	14.7%	19.0%	-9.8%	8.6%
<b>ROIC</b>	5.3%	8.8%	10.6%	13.1%	13.8%	4.5%	13.4%	18.1%	-9.2%	7.3%
<b>Shares Out.</b>	7	7	7	7	7	7	7	7	8	7
<b>Revenue/Share</b>	21.08	16.21	15.24	19.45	20.12	18.20	26.68	32.78	28.72	32.08
<b>FCF/Share</b>	14.75	12.22	3.72	4.84	4.01	(4.63)	4.96	3.42	1.21	(4.37)

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

## Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this research report should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While Sure Dividend has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in marketable securities. Past performance is not a guarantee of future performance.