Steel Dynamics (STLD)

Updated January 28th, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	$176	**5 Year CAGR Estimate:**	-0.6%	**Market Cap:**	$25 B
Fair Value Price:	$144	**5 Year Growth Estimate:**	2.0%	**Ex-Dividend Date:**	3/26/2026[1]
% Fair Value:	122%	**5 Year Valuation Multiple Estimate:**	-3.9%	**Dividend Payment Date:**	4/11/2026
Dividend Yield:	1.1%	**5 Year Price Target**	$159	**Years Of Dividend Growth:**	13
Dividend Risk Score:	C	**Sector:** Materials		**Rating:**	Hold

Overview & Current Events

Steel Dynamics is the youngest of America's major steel producers. It was founded in Indiana in 1993 and completed its IPO in 1996. It is one of the largest domestic steel producers, with annual production capacity of nearly 14 million tons and a market capitalization of $25 billion.

The coronavirus crisis severely hurt the demand for steel due to its impact on the automotive industry. Consequently, a great portion of high-cost steel production was idled. However, when the economy reopened, the demand for steel recovered swiftly. Even better for steel producers, thanks to extremely low steel inventory levels, flat rolled steel prices rallied to all-time highs in 2021. Flat rolled steel prices have corrected since then but they are likely to remain above-average in the absence of a recession, given the sustained demand from automakers and renewable energy projects.

In late January, Steel Dynamics reported (1/26/26) financial results for the fourth quarter of fiscal 2025. Sales grew 14% and earnings-per-share grew 34% over the prior year's quarter, from $1.36 to $1.82, thanks to record steel shipments and metal spread expansion. Earnings-per-share exceeded the analysts' consensus by $0.13. Steel Dynamics has exceeded the analysts' estimates in 23 of the last 25 quarters.

Steel prices corrected sharply early last year due to the potential impact of the trade war on global economic growth but they have partly recovered, as concerns have proved largely overblown so far. Steel Dynamics expects strong demand for its steel products in 2026 thanks to demand from governmental infrastructure projects and a favorable investment environment amid lower interest rates.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.92	$2.65	$5.40	$3.04	$2.84	$16.09	$22.68	$14.64	$9.84	$7.99	***$13.00***	***$14.35***
DPS	$0.56	$0.62	$0.75	$0.96	$1.00	$1.04	$1.36	$1.70	$1.84	$2.00	***$2.00***	***$2.60***
Shares[2]	243.8	237.4	225.3	214.5	212.1	198.8	175.9	161.4	153.0	145.6	***140.0***	***130.0***

Commodity producers are usually highly cyclical stocks, as their earnings are very sensitive to the dramatic swings of commodity prices. When prices are high, producers boost their production, which eventually results in an oversupplied market and a plunge in prices. This cyclical behavior is clearly reflected in the above table, which depicts the volatile performance record of Steel Dynamics.

On the bright side, Steel Dynamics has worked to broaden its product portfolio with high-quality steel products and expand its market diversity. As a result, it has consistently achieved a much higher utilization rate (80%-90%) in its steel mills when compared to the industry average (70%-80%). It has also pursued growth via some acquisitions. We view the earnings of 2021-2022 as abnormal due to the pent-up demand for steel after the pandemic and low global inventories back then. On the other hand, demand for steel enjoys secular growth, partly thanks to the boom in clean energy projects. We expect Steel Dynamics to earn approximately $13.00 per share in 2026 and grow its earnings-per-share by 2.0% per year on average over the next five years.

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[1] Estimated date.

[2] In millions.

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.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	13.1	13.6	8.2	10.5	10.2	3.5	3.5	7.4	13.0	17.0	***13.5***	***11.1***
Avg. Yld.	2.2%	1.7%	1.7%	3.0%	3.5%	1.8%	1.7%	1.6%	1.4%	1.5%	***1.1%***	***1.6%***

Due to its cyclicality, Steel Dynamics trades at low price-to-earnings ratios when it enjoys great profits and at high earnings multiples during rough periods. Steel Dynamics has more than tripled off its bottom in 2022 and is now trading at a price-to-earnings ratio of 13.5, which is higher than the 10-year average of 11.1. Due to the high cyclicality of the stock, we assume a fair price-to-earnings ratio of 11.1. If the stock reaches our fair value estimate, it will incur a -3.9% annualized drag in its returns over the next five years.

Safety, Quality, Competitive Advantage, & Recession Resiliency

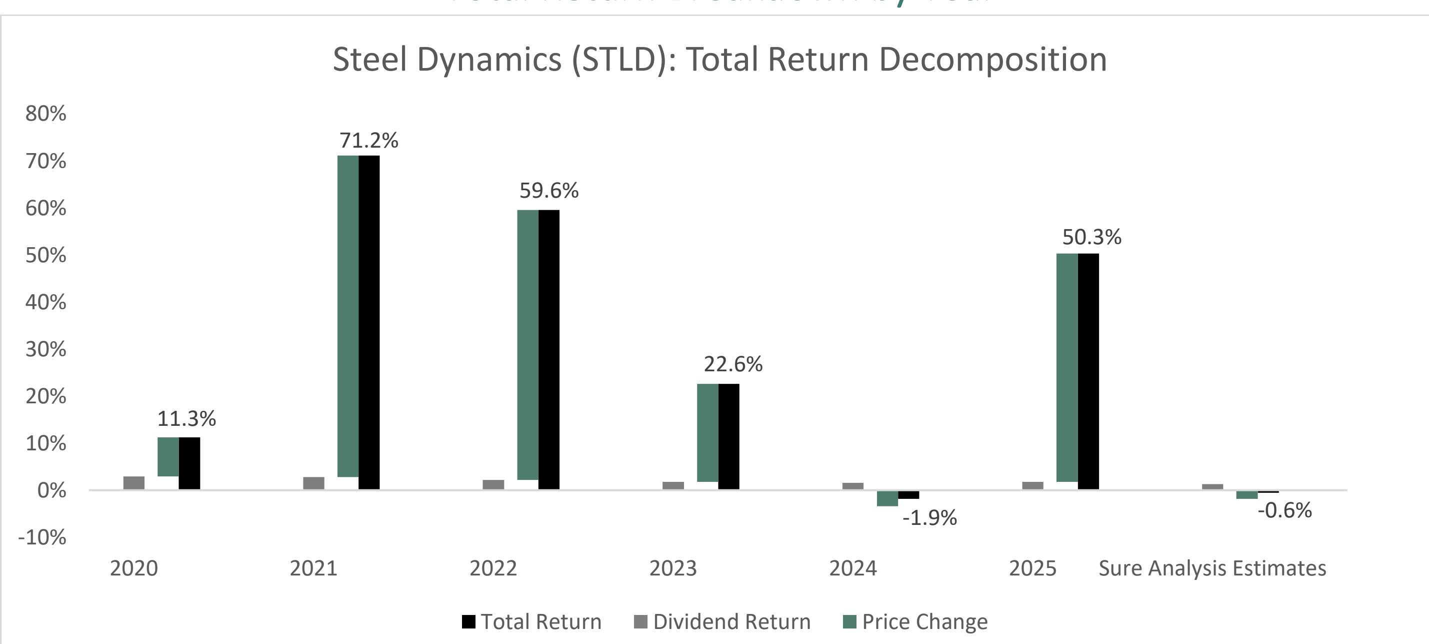
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	29%	23%	14%	32%	35%	6%	6%	12%	19%	25%	***15%***	***18%***

Steel Dynamics raised its dividend by 9% last year and thus it has raised its dividend for 13 consecutive years, but it is offering a lackluster 1.1% dividend yield. Due to the cyclicality of its business, it is not suitable for income-oriented investors. Fortunately, the company has a strong balance sheet, which is paramount during downturns, such as the collapse of commodity prices in 2015. Steel Dynamics is also better than its average peer thanks to its high-quality products, which somewhat differentiate the company from its peers. The company has also posted strong free cash flows in every single year in the last decade. Steel Dynamics is one of the highest-quality steel producers, but it is not immune to the cyclicality of its industry.

Final Thoughts & Recommendation

Steel Dynamics has surged 44% in the last 12 months, to new all-time highs, and thus it appears unattractive from a long-term perspective. The stock could offer a -0.6% average annual total return over the next five years, as 2% growth of earnings-per-share and a 1.1% dividend could be offset by a -3.9% annualized valuation drag. The stock is risky from a long-term perspective. It receives a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	7,777	9,539	11,822	10,465	9,601	18,409	22,261	18,795	17,540	18,177
Gross Profit	1,335	1,582	2,323	1,531	1,435	5,362	6,118	4,046	2,803	2,364
Gross Margin	17.2%	16.6%	19.6%	14.6%	14.9%	29.1%	27.5%	21.5%	16.0%	13.0%
SG&A Exp.	445	486	573	515	539	1,032	998	589	664	---
Operating Profit	296	299	317	321	326	348	5,092	3,423	2,108	1,476
Op. Margin	861	1,067	1,722	987	867	4,301	22.9%	18.2%	12.0%	8.1%
Net Profit	11.1%	11.2%	14.6%	9.4%	9.0%	23.4%	3,863	2,451	1,537	1,187
Net Margin	382	813	1,258	671	551	3,214	17.4%	13.0%	8.8%	6.5%
Free Cash Flow	4.9%	8.5%	10.6%	6.4%	5.7%	17.5%	3,552	1,862	(24)	502
Income Tax	655	574	1,176	944	(211)	1,198	1,142	752	433	306

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	6,424	6,856	7,704	8,276	9,266	12,531	14,160	14,908	14,935	16,413
Cash & Equivalents	841	1,029	828	1,381	1,369	1,244	1,628	1,401	589	770
Acc. Receivable	730	869	1,044	844	972	1,916	2,056	1,608	1,417	1683
Inventories	1,275	1,519	1,859	1,689	1,844	3,531	3,130	2,895	3,114	3,739
Goodwill & Int.	677	644	700	781	782	749	770	735	705	809
Total Liabilities	3,535	3,549	3,816	4,211	4,917	6,211	6,064	6,069	5,990	7,482
Accounts Payable	395	489	551	513	769	1,281	1,017	1,088	980	1,231
Long-Term Debt	2,357	2,382	2,377	2,734	3,103	3,106	3,071	3,071	3,231	4,211
Total Equity	2,927	3,352	3,935	4,076	4,345	6,305	8,130	8,867	8,934	---
LTD/E Ratio	0.81	0.71	0.60	0.67	0.71	0.49	0.38	0.35	0.36	0.47

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	6.1%	12.2%	17.3%	8.4%	6.3%	29.5%	28.9%	16.9%	10.3%	7.5%
Return on Equity	13.6%	25.9%	34.5%	16.8%	13.1%	60.4%	53.5%	28.8%	17.3%	13.3%
ROIC	7.3%	14.9%	21.1%	10.3%	7.7%	38.1%	37.5%	21.2%	12.8%	9.3%
Shares Out.	243.8	237.4	225.3	214.5	212.1	198.8	184.6	167.4	156.1	148.4
Revenue/Share	31.70	39.45	50.26	47.41	45.22	89.10	120.57	112.26	112.34	122.48
FCF/Share	2.67	2.38	5.00	4.28	(0.99)	5.80	19.24	11.12	(0.15)	3.38

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