

ModernGraham Valuation

Company Name:

Starwood Property
Trust, Inc.

Company Ticker STWD

Date of Analysis

10/26/2015



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass all 6 of the following tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$4,902,897,918	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Fail
3. Dividend Record	Dividend Payments for 10 years prior		Fail
4. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	2039900.00%	Pass
5. Moderate PEmg Ratio	PEmg < 20	10.32	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.15	Pass

Enterprising Investor; must pass all 3 of the following tests, or be suitable for the Defensive Investor.

1. Earnings Stability	Positive EPS for 5 years prior	Pass
2. Dividend Record	Currently Pays Dividend	Pass
3. Earnings Growth	EPSmg greater than 5 years ago	Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	1.97
MG Growth Estimate	15.00%
MG Value	\$76.02
MG Value based on 3% Growth	\$28.63
MG Value based on 0% Growth	\$16.78
Market Implied Growth Rate	0.91%

MG Opinion

Current Price	\$20.38
% of Intrinsic Value	26.81%
Opinion	Undervalued

Stage 3: Information for Further Research

Graham Number	\$28.55
PEmg	10.32
PB Ratio	1.15
Dividend Yield	9.42%
Number of Consecutive Years of Dividend Growth	7

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.06	Next Fiscal Year Estimate	\$1.97
Dec14	\$2.24	Dec14	\$1.84
Dec13	\$1.82	Dec13	\$1.50
Dec12	\$1.76	Dec12	\$1.17
Dec11	\$1.38	Dec11	\$0.75
Dec10	\$1.14	Dec10	\$0.36
Dec09	-\$0.06	Dec09	-\$0.02
Dec08	\$0.00	Dec08	\$0.00
Dec07	\$0.00	Dec07	\$0.00
Dec06	\$0.00	Dec06	\$0.00
Dec05	\$0.00	Dec05	\$0.00
Dec04	\$0.00	Dec04	\$0.00
Dec03	\$0.00	Dec03	\$0.00
Dec02	\$0.00	Dec02	\$0.00
Dec01	\$0.00	Dec01	\$0.00
Dec00	\$0.00	Dec00	\$0.00
Dec99	\$0.00	Dec99	\$0.00
Dec98	\$0.00	Balance Sheet Information Jun15	
Dec97	\$0.00	Long-Term Debt	\$1,315,245,000
Dec96	\$0.00	Total Assets	\$101,585,200,000
Dec95	\$0.00	Intangible Assets	\$316,044,000
		Total Liabilities	\$97,391,410,000
		Shares Outstanding (Diluted Average)	235,831,000





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.

Recommended Reading:

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