

# ModernGraham Valuation

Company Name:

Starwood Property  
Trust, Inc.



Company Ticker STWD

Date of Analysis

2/17/2016

## 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	\$4,309,192,222	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	20733233.33%	Pass
5. Moderate PEmg Ratio	PEmg < 20	8.89	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.02	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	2.01
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$77.31</b>
MG Value based on 3% Growth	\$29.12
MG Value based on 0% Growth	\$17.07
Market Implied Growth Rate	0.20%

### MG Opinion

Current Price	\$17.86
% of Intrinsic Value	23.10%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B</b>

## Stage 3: Information for Further Research

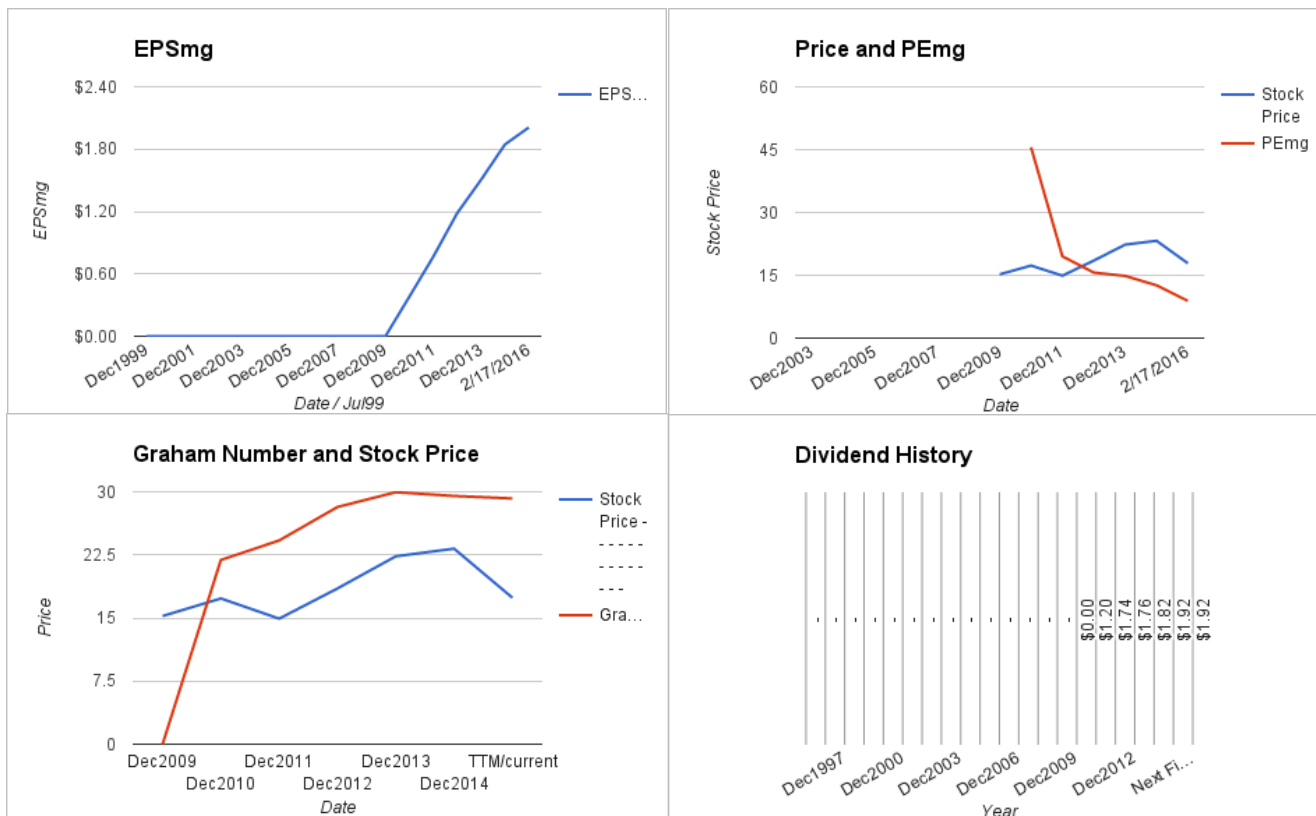
Graham Number	\$29.20
PEmg	8.89
PB Ratio	1.02
Dividend Yield	10.75%
Number of Consecutive Years of Dividend Growth	6

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.16	Next Fiscal Year Estimate	\$2.01
Dec2014	\$2.24	Dec2014	\$1.84
Dec2013	\$1.82	Dec2013	\$1.50
Dec2012	\$1.76	Dec2012	\$1.18
Dec2011	\$1.38	Dec2011	\$0.76
Dec2010	\$1.14	Dec2010	\$0.38
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Dec2001	\$0.00
Dec2000	\$0.00	Dec2000	\$0.00
Dec1999	\$0.00	Dec1999	\$0.00
Dec1998	\$0.00	<b>Balance Sheet Information Sep2015</b>	
Dec1997	\$0.00	Long-Term Debt	\$1,320,207,000
Dec1996	\$0.00	Total Assets	\$91,819,407,000
Dec1995	\$0.00	Intangible Assets	\$331,517,000
		Total Liabilities	\$87,648,634,000
		Shares Outstanding (Diluted Average)	237,925,000





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:

Other  
ModernGraham  
posts about the  
company

- [5 Undervalued Companies with a Low Beta – February 2016](#)
- [Starwood Property Trust Inc. Valuation – October 2015 Update \\$STWD](#)
- [10 Most Undervalued Companies for the Enterprising Investor – October 2015](#)
- [The Best Companies of the Banking Industry – October 2015](#)
- [5 Undervalued Companies for Enterprising Investors Near 52 Week Lows – October 2015](#)

Other  
ModernGraham  
posts about related  
companies

- [Kimco Realty Corp Stock Valuation – February 2016 \\$KIM](#)
- [HCP Inc Valuation – January 2016 Update \\$HCP](#)
- [Macerich Co Valuation – January 2016 Update \\$MAC](#)
- [American Tower Corp Valuation – November 2015 Update \\$AMT](#)
- [Weyerhaeuser Co Valuation – November 2015 Update \\$WY](#)
- [Boston Properties Inc. Valuation – November 2015 Update \\$BXP](#)
- [Welltower Inc. Valuation – November 2015 Update \\$HCN](#)
- [Kimco Realty Corporation Valuation – November 2015 Update \\$KIM](#)
- [Prologis Inc. Valuation – October 2015 Update \\$PLD](#)
- [HCP Inc. Valuation – October 2015 Update \\$HCP](#)