

ModernGraham Valuation

Company Name:

Company Ticker AVB
Date of Analysis

AvalonBay
Communities Inc

5/21/2016



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

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$24,402,570,600	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.32	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	65.16%	Pass
6. Moderate PEmg Ratio	PEmg < 20	30.50	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.83	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	4.32	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	5.20	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.92
MG Growth Estimate	8.64%
MG Value	\$152.50
MG Value based on 3% Growth	\$85.79
MG Value based on 0% Growth	\$50.29
Market Implied Growth Rate	11.00%

MG Opinion

Current Price	\$180.44
% of Intrinsic Value	118.32%
Opinion	Overvalued
MG Grade	C+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$70.73
Graham Number	\$21.74
PEmg	30.50
Current Ratio	4.32
PB Ratio	4.83
Current Dividend	\$5.10
Dividend Yield	2.83%
Number of Consecutive Years of Dividend Growth	5

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$8.24	Next Fiscal Year Estimate	\$5.92
12/1/2015	\$5.51	12/1/2015	\$4.68
12/1/2014	\$5.21	12/1/2014	\$4.13
12/1/2013	\$2.78	12/1/2013	\$3.46
12/1/2012	\$4.32	12/1/2012	\$3.75
12/1/2011	\$4.87	12/1/2011	\$3.54
12/1/2010	\$2.07	12/1/2010	\$3.06
12/1/2009	\$1.93	12/1/2009	\$3.65
12/1/2008	\$5.17	12/1/2008	\$4.36
12/1/2007	\$4.38	12/1/2007	\$3.89
12/1/2006	\$3.57	12/1/2006	\$3.54
12/1/2005	\$4.21	12/1/2005	\$3.43
12/1/2004	\$2.92	12/1/2004	\$3.00
12/1/2003	\$3.73	12/1/2003	\$2.93
12/1/2002	\$2.23	12/1/2002	\$2.44
12/1/2001	\$3.12	12/1/2001	\$2.39
12/1/2000	\$2.53	12/1/2000	\$1.91
12/1/1999	\$2.00	Balance Sheet Information 3/1/2016	
12/1/1998	\$1.37	Total Current Assets	\$2,539,727,000
12/1/1997	\$1.40	Total Current Liabilities	\$587,384,000
12/1/1996	\$1.02	Long-term Debt	\$10,160,366,000
		Total Assets	\$19,175,830,000
		Intangible Assets	\$0
		Total Liabilities	\$13,426,047,000
		Shares Outstanding (Diluted Average)	153,917,000





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.

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[AvalonBay Communities Inc. Annual Valuation – 2014 \\$AVB](#)

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- [Realty Income Corporation Valuation – May 2016 \\$O](#)
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