

ModernGraham Valuation

Company Name:

Company Ticker STWD
Date of Analysis

Starwood Property
Trust, Inc.

8/25/2016



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	\$5,282,474,605	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	-10333.33%	Fail
5. Moderate PEmg Ratio	PEmg < 20	11.30	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.31	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	1.98
MG Growth Estimate	10.29%
MG Value	\$57.61
MG Value based on 3% Growth	\$28.72
MG Value based on 0% Growth	\$16.84
Market Implied Growth Rate	1.40%

MG Opinion

Current Price	\$22.38
% of Intrinsic Value	38.85%
Opinion	Undervalued
MG Grade	B

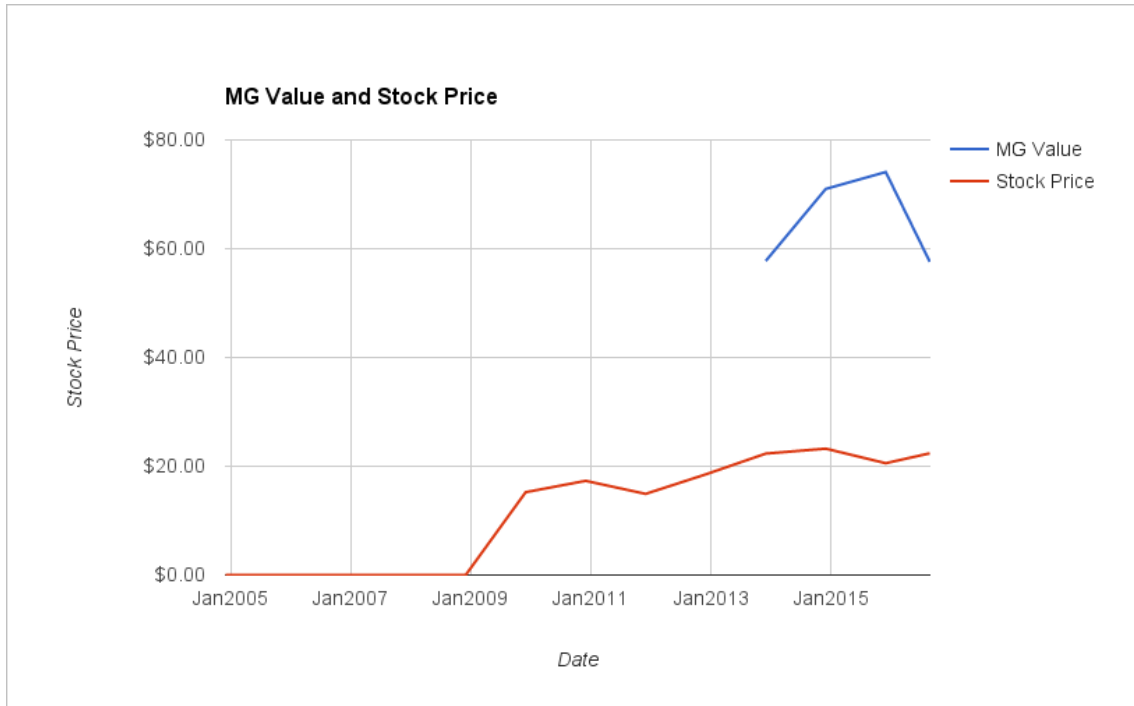
Stage 3: Information for Further Research

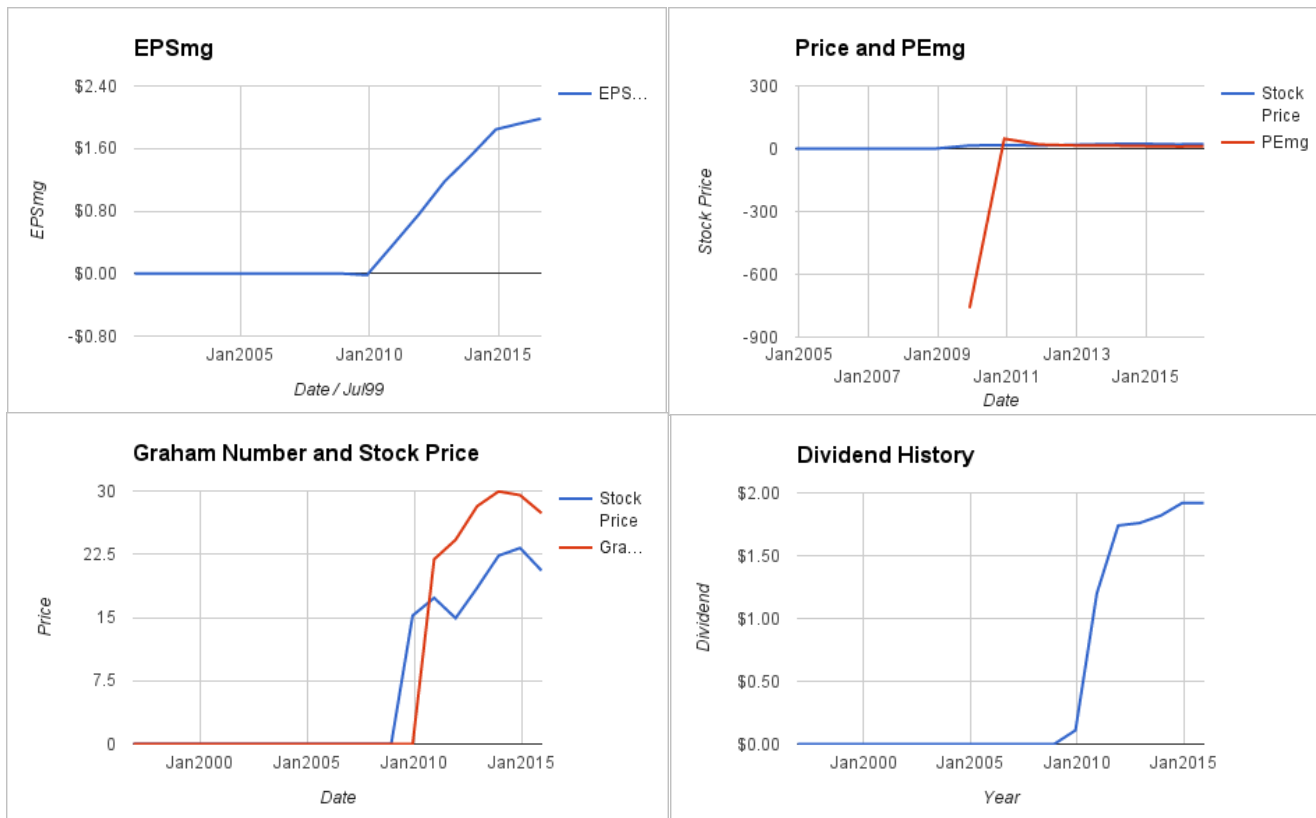
Graham Number	\$27.64
PEmg	11.30
PB Ratio	1.31
Dividend Yield	8.58%
Number of Consecutive Years of Dividend Growth	0

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	\$1.99	Next Fiscal Year Estimate	\$1.98
Dec2015	\$1.91	Dec2015	\$1.92
Dec2014	\$2.24	Dec2014	\$1.84
Dec2013	\$1.82	Dec2013	\$1.50
Dec2012	\$1.76	Dec2012	\$1.17
Dec2011	\$1.38	Dec2011	\$0.75
Dec2010	\$1.14	Dec2010	\$0.36
Dec2009	-\$0.06	Dec2009	-\$0.02
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		
Dec1998	\$0.00		
Dec1997	\$0.00		
Dec1996	\$0.00		
		Balance Sheet Information	6/1/2016
		Long-Term Debt & Capital Lease Obligation	\$1,334,424,000
		Total Assets	\$89,386,361,000
		Intangible Assets	\$317,490,000
		Total Liabilities	\$85,325,897,000
		Shares Outstanding (Diluted Average)	237,597,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor. The author held a long position in STWD 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

- [10 Undervalued Stocks for the Enterprising Investor – August 2016](#)
- [10 Best Dividend Paying Stocks for the Enterprising Investor – August 2016](#)
- [5 Undervalued Companies with a Low Beta – August 2016](#)
- [Dividend Investors Should Research These 10 Stocks – July 2016](#)
- [5 Undervalued Companies with a Low Beta – July 2016](#)

Other ModernGraham posts about related companies

- [Equity Residential Valuation – August 2016 \\$EQR](#)
- [Host Hotels and Resorts Inc Valuation – July 2016 \\$HST](#)
- [Iron Mountain Inc Valuation – July 2016 \\$IRM](#)
- [Vornado Realty Trust Valuation – July 2016 \\$VNO](#)
- [Public Storage Valuation – July 2016 \\$PSA](#)
- [Macerich Co Valuation – July 2016 \\$MAC](#)
- [HCP Inc Valuation – July 2016 \\$HCP](#)
- [Apartment Investment & Management Co Valuation – July 2016 \\$AIV](#)
- [Crown Castle International Corp Valuation – June 2016 \\$CCI](#)
- [General Growth Properties Inc Valuation – June 2016 \\$GGP](#)