

ModernGraham Valuation

Wyndham Worldwide
Corporation



Company Name:

Company Ticker WYN

Date of Analysis

8/21/2015

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	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Fail
3. Earnings Stability	Positive EPS for 10 years prior	Fail
4. Dividend Record	Dividend Payments for 10 years prior	Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Fail
5. Earnings Growth		Fail
6. Moderate PEmg Ratio	PEmg < 20	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	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	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	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	No

Stage 2: Determination of Intrinsic Value

EPSmg	3.92
MG Growth Estimate	15.00%
MG Value	\$150.95
MG Value based on 3% Growth	\$56.85
MG Value based on 0% Growth	\$33.33
Market Implied Growth Rate	5.70%

MG Opinion

Current Price	\$78.04
% of Intrinsic Value	51.70%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$56.62
PEmg	19.90
Current Ratio	1.00
PB Ratio	8.78
Dividend Yield	1.97%
Number of Consecutive Years of Dividend Growth	6

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	\$4.89	Next Fiscal Year Estimate	\$3.92
Dec14	\$4.18	Dec14	\$3.27
Dec13	\$3.21	Dec13	\$2.69
Dec12	\$2.75	Dec12	\$1.81
Dec11	\$2.51	Dec11	\$1.05
Dec10	\$2.05	Dec10	\$0.29
Dec09	\$1.61	Dec09	-\$0.30
Dec08	-\$6.05	Dec08	-\$0.74
Dec07	\$2.20	Dec07	\$1.88
Dec06	\$1.44	Dec06	\$1.70
Dec05	\$2.15	Dec05	\$1.68
Dec04	\$1.74	Dec04	\$1.29
Dec03	\$1.49	Dec03	\$0.91
Dec02	\$1.54	Dec02	\$0.51
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	Total Current Assets	\$2,164,000,000
Dec96	\$0.00	Total Current Liabilities	\$2,163,000,000
Dec95	\$0.00	Long-Term Debt	\$4,983,000,000
		Total Assets	\$10,024,000,000
		Intangible Assets	\$2,729,000,000
		Total Liabilities	\$8,958,000,000
		Shares Outstanding (Diluted Average)	120,000,000



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

[19 Companies to Research This Week – 8/23/14](#)
[Wyndham Worldwide Corporation Annual Valuation – 2014 \\$WYN](#)

Other
ModernGraham
posts about related
companies

[Wynn Resorts Analysis – June 2015 Update \\$WYNN](#)
[International Game Technology Quarterly Valuation – March 2015 \\$IGT](#)
[Wynn Resorts Limited Quarterly Valuation – March 2015 \\$WYNN](#)
[Wynn Resorts Limited Quarterly Valuation – December 2014 \\$WYNN](#)
[Wynn Resorts Limited Quarterly Stock Valuation – September 2014 \\$WYNN](#)