

ModernGraham Valuation

Company Name:

Welltower Inc

Company Ticker HCN

Date of Analysis

11/12/2015



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	\$20,705,490,238	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.06	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	-13.38%	Fail
6. Moderate PEmg Ratio	PEmg < 20	35.39	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.41	Pass

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	2.06	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	15.73	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	\$1.65
MG Growth Estimate	4.30%
MG Value	\$28.29
MG Value based on 3% Growth	\$23.97
MG Value based on 0% Growth	\$14.05
Market Implied Growth Rate	13.44%

MG Opinion

Current Price	\$58.51
% of Intrinsic Value	206.84%
Opinion	Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$32.27
Graham Number	\$51.58
PEmg	35.39
Current Ratio	2.06
PB Ratio	1.41
Dividend Yield	5.59%
Number of Consecutive Years of Dividend Growth	8

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	\$3.06	Next Fiscal Year Estimate	\$1.65
Dec14	\$1.45	Dec14	\$0.93
Dec13	\$0.28	Dec13	\$0.74
Dec12	\$0.98	Dec12	\$1.12
Dec11	\$0.90	Dec11	\$1.28
Dec10	\$0.83	Dec10	\$1.51
Dec09	\$1.49	Dec09	\$1.78
Dec08	\$2.76	Dec08	\$1.82
Dec07	\$1.46	Dec07	\$1.36
Dec06	\$1.31	Dec06	\$1.33
Dec05	\$1.15	Dec05	\$1.37
Dec04	\$1.39	Dec04	\$1.52
Dec03	\$1.60	Dec03	\$1.63
Dec02	\$1.48	Dec02	\$1.72
Dec01	\$1.52	Dec01	\$1.90
Dec00	\$1.91	Dec00	\$2.10
Dec99	\$2.21	Dec99	\$2.13
Dec98	\$2.24	Balance Sheet Information Sep15	
Dec97	\$2.12	Total Current Assets	\$1,415,709,000
Dec96	\$2.18	Total Current Liabilities	\$686,651,000
Dec95	\$1.16	Long-Term Debt	\$11,467,780,000
		Total Assets	\$27,456,370,000
		Intangible Assets	\$68,321,000
		Total Liabilities	\$12,811,270,000
		Shares Outstanding (Diluted Average)	353,107,000





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

- [Health Care REIT Inc. Analysis – August 2015 Update \\$HCN](#)
- [47 Companies in the Spotlight This Week – 5/16/15](#)
- [Health Care REIT Inc. Quarterly Valuation – May 2015 \\$HCN](#)
- [15 Companies in the Spotlight This Week – 5/3/2014](#)
- [Health Care REIT \(HCN\) Annual Valuation – 2014](#)

Other ModernGraham posts about related companies

- [Kimco Realty Corporation Valuation – November 2015 Update \\$KIM](#)
- [Prologis Inc. Valuation – October 2015 Update \\$PLD](#)
- [HCP Inc. Valuation – October 2015 Update \\$HCP](#)
- [Essex Property Trust Inc. Analysis – October 2015 Update \\$ESS](#)
- [Macerich Company Analysis – September 2015 Update \\$MAC](#)
- [Alexandria Real Estate Equities Inc. Analysis – Initial Coverage \\$ARE](#)
- [Weyerhaeuser Company Analysis – August 2015 Update \\$WY](#)
- [Boston Properties Inc. Analysis – August 2015 Update \\$BXP](#)
- [Health Care REIT Inc. Analysis – August 2015 Update \\$HCN](#)
- [Kimco Realty Corporation Analysis – August 2015 Update \\$KIM](#)