

ModernGraham Valuation

Company Name:

Welltower Inc

Company Ticker HCN

Date of Analysis

5/13/2016



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	\$25,992,919,302	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.31	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	44.44%	Pass
5. Earnings Growth	PEmg < 20	28.41	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.76	Pass
7. Moderate Price to Assets			

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	2.31	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	15.00	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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.53
MG Growth Estimate	15.00%
MG Value	\$97.28
MG Value based on 3% Growth	\$36.64
MG Value based on 0% Growth	\$21.48
Market Implied Growth Rate	9.95%

MG Opinion

Current Price	\$71.77
% of Intrinsic Value	73.78%
Opinion	Undervalued
MG Grade	B+

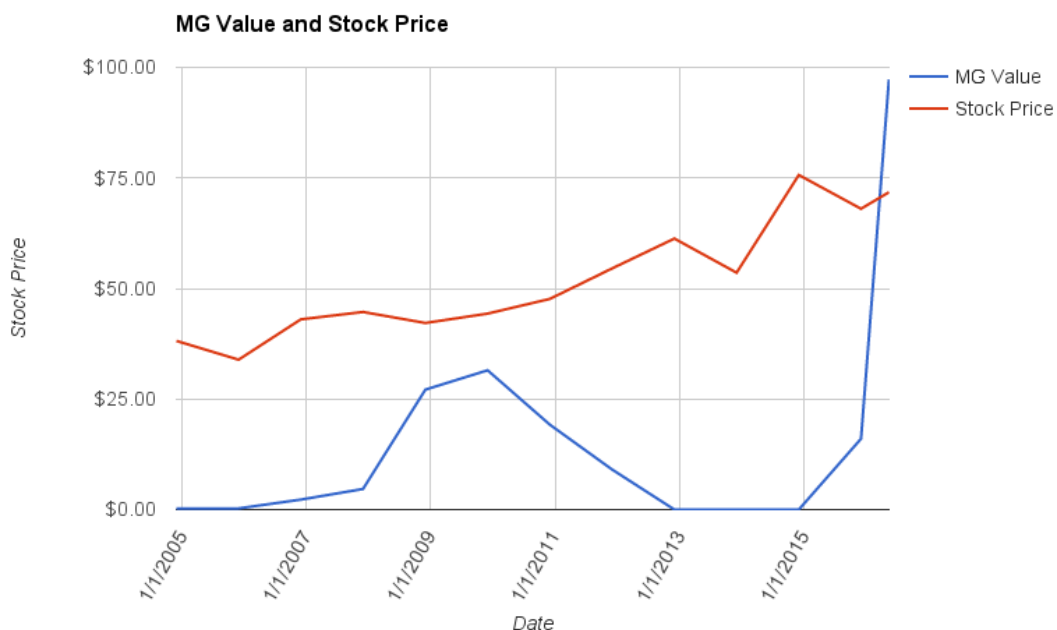
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$36.60
Graham Number	\$13.88
PEmg	28.41
Current Ratio	2.31
PB Ratio	1.76
Current Dividend	\$3.34
Dividend Yield	4.65%
Number of Consecutive Years of Dividend Growth	9

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.53	Next Fiscal Year Estimate	\$2.53
12/1/2015	\$2.34	12/1/2015	\$1.41
12/1/2014	\$1.45	12/1/2014	\$0.93
12/1/2013	\$0.28	12/1/2013	\$0.74
12/1/2012	\$0.98	12/1/2012	\$1.12
12/1/2011	\$0.90	12/1/2011	\$1.29
12/1/2010	\$0.83	12/1/2010	\$1.52
12/1/2009	\$1.49	12/1/2009	\$1.79
12/1/2008	\$2.81	12/1/2008	\$1.83
12/1/2007	\$1.46	12/1/2007	\$1.36
12/1/2006	\$1.31	12/1/2006	\$1.33
12/1/2005	1.15	12/1/2005	\$1.37
12/1/2004	1.39	12/1/2004	\$1.52
12/1/2003	1.6	12/1/2003	\$1.63
12/1/2002	1.48	12/1/2002	\$1.72
12/1/2001	1.52	12/1/2001	\$1.90
12/1/2000	1.91	12/1/2000	\$2.10
12/1/1999	2.21	Balance Sheet Information Total Current Assets \$1,536,278,000 Total Current Liabilities \$665,645,000 Long-term Debt \$13,063,198,000 Total Assets \$29,088,293,000 Intangible Assets \$68,321,000 Total Liabilities \$14,568,699,000 Shares Outstanding (Diluted Average) 356,051,000	
12/1/1998	2.24		
12/1/1997	2.12		
12/1/1996	2.18		





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

[Welltower Inc. Valuation – November 2015 Update \\$HCN](#)
[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](#)

Other
ModernGraham
posts about related
companies

[Starwood Property Trust Inc Stock Valuation – February 2016 \\$STWD](#)
[Kimco Realty Corp Stock Valuation – February 2016 \\$KIM](#)
[HCP Inc Valuation – January 2016 Update \\$HCP](#)
[Macerich Co Valuation – January 2016 Update \\$MAC](#)
[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](#)