

ModernGraham Valuation

Company Name:

Realty Income Corp

Company Ticker O

Date of Analysis

5/17/2016



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	\$15,853,037,809	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	53.23%	Pass
6. Moderate PEmg Ratio	PEmg < 20	38.15	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.68	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	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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.65
MG Growth Estimate	10.30%
MG Value	\$47.94
MG Value based on 3% Growth	\$23.89
MG Value based on 0% Growth	\$14.00
Market Implied Growth Rate	14.83%

MG Opinion

Current Price	\$62.85
% of Intrinsic Value	131.11%
Opinion	Overvalued
MG Grade	C+

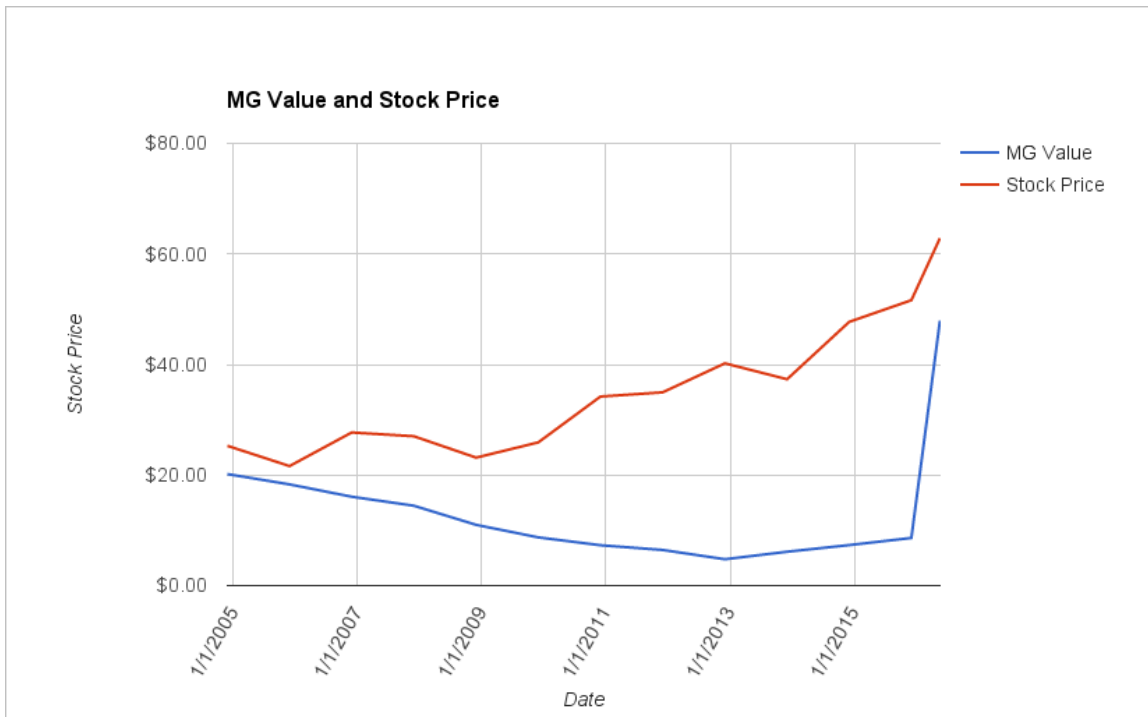
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$70.73
Graham Number	\$12.96
PEmg	38.15
Current Ratio	4.32
PB Ratio	1.68
Current Dividend	\$24.28
Dividend Yield	38.63%
Number of Consecutive Years of Dividend Growth	14

Useful Links:

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

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.85	Next Fiscal Year Estimate	\$1.65
12/1/2015	\$1.09	12/1/2015	\$1.04
12/1/2014	\$1.04	12/1/2014	\$1.01
12/1/2013	\$1.06	12/1/2013	\$1.00
12/1/2012	\$0.86	12/1/2012	\$0.98
12/1/2011	\$1.05	12/1/2011	\$1.04
12/1/2010	\$1.01	12/1/2010	\$1.05
12/1/2009	\$1.03	12/1/2009	\$1.08
12/1/2008	\$1.06	12/1/2008	\$1.11
12/1/2007	\$1.16	12/1/2007	\$1.13
12/1/2006	\$1.11	12/1/2006	\$1.11
12/1/2005	\$1.12	12/1/2005	\$1.10
12/1/2004	\$1.15	12/1/2004	\$1.06
12/1/2003	\$1.08	12/1/2003	\$0.99
12/1/2002	\$1.02	12/1/2002	\$0.93
12/1/2001	\$0.99	12/1/2001	\$0.86
12/1/2000	\$0.85	12/1/2000	\$0.79
12/1/1999	\$0.77	Balance Sheet Information	
12/1/1998	\$0.78	Total Current Assets	\$2,539,727,000
12/1/1997	\$0.74	Total Current Liabilities	\$587,384,000
12/1/1996	\$0.70	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.

Recommended Reading:

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ModernGraham
posts about the
company

[Realty Income Corporation Annual Valuation – 2014 \\$O](#)

[10 Companies in the Spotlight This Week – 12/28/13](#)

[ModernGraham Valuation: Realty Income Corp \(O\)](#)

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[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](#)

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[American Tower Corp Valuation – November 2015 Update \\$AMT](#)

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