

ModernGraham Valuation

E*TRADE Financial Corp



Company Name:

Company Ticker ETFC

Date of Analysis

7/17/2016

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 | \$6,954,309,365 | 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 | -106.16% | Fail |
| 5. Moderate PEmg Ratio | PEmg < 20 | 25.79 | Fail |
| 6. Moderate Price to Assets | PB Ratio < 2.5 OR PB*PEmg < 50 | 1.24 | 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 | | Fail |
| 2. Dividend Record | Currently Pays Dividend | | Fail |
| 3. Earnings Growth | EPSmg greater than 5 years ago | | Pass |

Suitability

| | |
|---------------------|-----------|
| Defensive | No |
| Enterprising | No |

Stage 2: Determination of Intrinsic Value

| | |
|-----------------------------|----------------|
| EPSmg | 0.97 |
| MG Growth Estimate | 15.00% |
| MG Value | \$37.17 |
| MG Value based on 3% Growth | \$14.00 |
| MG Value based on 0% Growth | \$8.21 |
| Market Implied Growth Rate | 8.65% |

MG Opinion

| | |
|----------------------|--------------------|
| Current Price | \$24.90 |
| % of Intrinsic Value | 67.00% |
| Opinion | Undervalued |
| MG Grade | D+ |

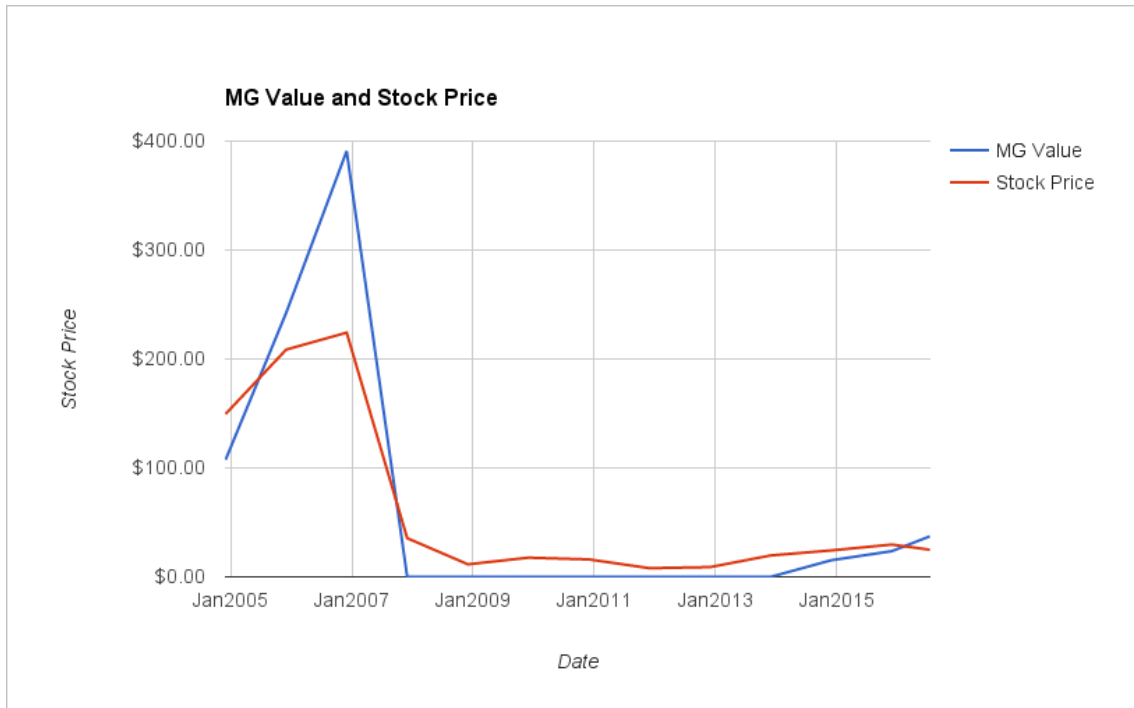
Stage 3: Information for Further Research

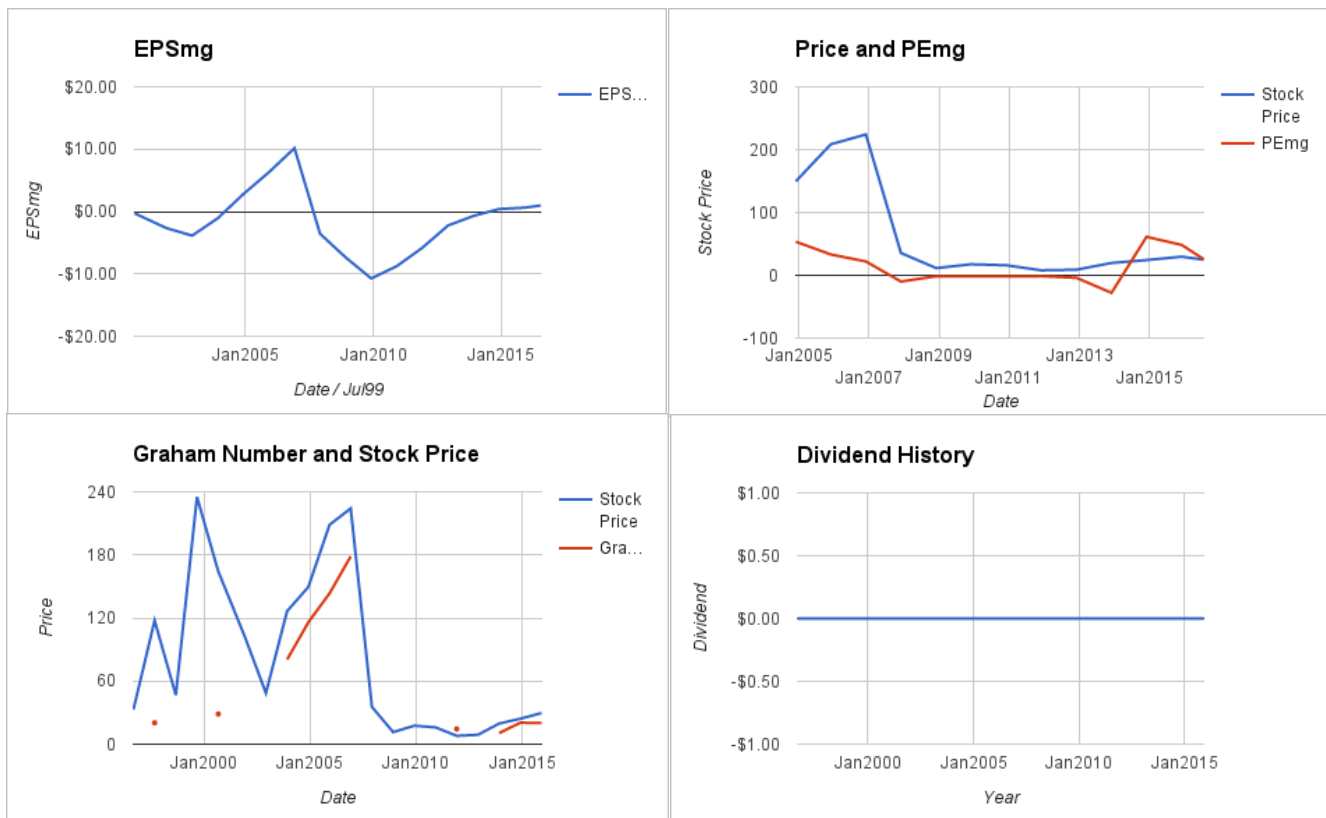
| | |
|--|---------|
| Graham Number | \$26.58 |
| PEmg | 25.79 |
| PB Ratio | 1.24 |
| Dividend Yield | 0.00% |
| Number of Consecutive Years of Dividend Growth | 0 |

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 | \$1.53 | Next Fiscal Year Estimate | \$0.97 |
| Dec2015 | \$0.91 | Dec2015 | \$0.61 |
| Dec2014 | \$1.00 | Dec2014 | \$0.40 |
| Dec2013 | \$0.29 | Dec2013 | -\$0.70 |
| Dec2012 | -\$0.39 | Dec2012 | -\$2.25 |
| Dec2011 | \$0.54 | Dec2011 | -\$5.81 |
| Dec2010 | -\$0.13 | Dec2010 | -\$8.76 |
| Dec2009 | -\$11.80 | Dec2009 | -\$10.73 |
| Dec2008 | -\$10.00 | Dec2008 | -\$7.37 |
| Dec2007 | -\$34.00 | Dec2007 | -\$3.57 |
| Dec2006 | \$14.40 | Dec2006 | \$10.15 |
| Dec2005 | \$11.20 | Dec2005 | \$6.29 |
| Dec2004 | \$9.90 | Dec2004 | \$2.79 |
| Dec2003 | \$5.50 | Dec2003 | -\$1.09 |
| Dec2002 | -\$5.20 | Dec2002 | -\$3.87 |
| Dec2001 | -\$7.30 | Dec2001 | -\$2.67 |
| Sep2000 | \$0.60 | Sep2000 | -\$0.29 |
| Sep1999 | -\$2.30 | Balance Sheet Information 3/1/2016 | |
| Sep1998 | -\$0.05 | Long-Term Debt | \$1,402,000,000 |
| Sep1997 | \$1.01 | Total Assets | \$47,943,000,000 |
| Sep1996 | -\$0.07 | Intangible Assets | \$1,961,000,000 |
| | | Total Liabilities | \$42,206,000,000 |
| | | Shares Outstanding (Diluted Average) | 286,680,000 |





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

- [58 Companies in the Spotlight This Week – 1/31/15](#)
- [E*Trade Financial Corporation Annual Valuation – 2015 \\$ETFC](#)
- [14 Companies in the Spotlight This Week – 1/18/14](#)
- [ModernGraham Valuation: E*Trade Financial Corporation \(ETFC\)](#)

Other
ModernGraham
posts about related
companies

- [CBRE Group Inc Valuation – July 2016 \\$CBG](#)
- [Fidelity National Information Services Valuation – July 2016 \\$FIS](#)
- [Capital One Financial Corp Valuation – July 2016 \\$COF](#)
- [Intercontinental Exchange Inc Valuation – July 2016 \\$ICE](#)
- [H&R Block Inc Valuation – June 2016 \\$HRB](#)
- [Visa Inc Valuation – June 2016 \\$V](#)
- [Legg Mason Inc Valuation – June 2016 \\$LM](#)
- [Morgan Stanley Valuation – June 2016 \\$MS](#)
- [BlackRock Inc Valuation – June 2016 \\$BLK](#)
- [Goldman Sachs Group Inc Valuation – June 2016 \\$GS](#)