

ModernGraham Valuation

Starwood Hotels &
Resorts Worldwide
Inc



Company Name:

Company Ticker HOT

Date of Analysis

8/25/2016

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	\$13,277,323,298 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.19 Fail
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	42.11% Pass
6. Moderate PEmg Ratio	PEmg < 20	35.24 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	75.96 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	1.19 Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	6.35 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	Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.23
MG Growth Estimate	-0.42%
MG Value	\$17.09
MG Value based on 3% Growth	\$32.37
MG Value based on 0% Growth	\$18.98
Market Implied Growth Rate	13.37%

MG Opinion

Current Price	\$78.67
% of Intrinsic Value	460.27%
Opinion	Overvalued
MG Grade	F

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$26.16
Graham Number	\$3.29
PEmg	35.24
Current Ratio	1.19
PB Ratio	75.96
Current Dividend	\$1.50
Dividend Yield	1.91%
Number of Consecutive Years of Dividend Growth	7

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EPS History

Next Fiscal Year Estimate

Dec2015	\$2.88
Dec2014	\$3.40
Dec2013	\$3.28
Dec2012	\$2.86
Dec2011	\$2.51
Dec2010	\$2.51
Dec2009	\$0.41
Dec2008	\$1.77
Dec2007	\$2.57
Dec2006	\$4.69
Dec2005	\$1.88
Dec2004	\$1.84
Dec2003	\$1.50
Dec2002	\$1.22
Dec2001	\$0.71
Dec2000	\$1.94
Dec1999	-\$3.59
Dec1998	\$1.05
Dec1997	\$0.78
Dec1996	\$0.90

EPSmg History

Next Fiscal Year Estimate

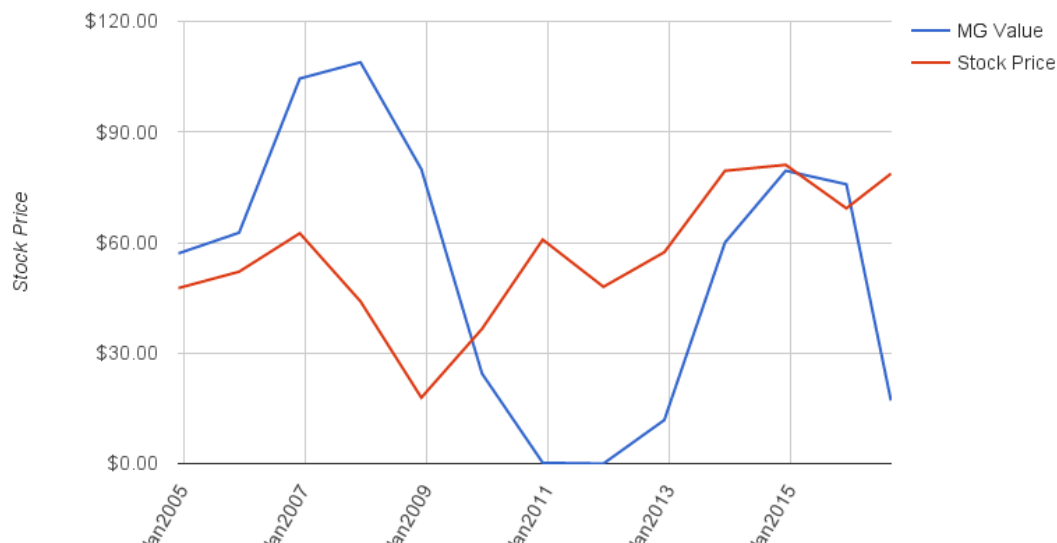
Dec2015	\$3.07
Dec2014	\$3.08
Dec2013	\$2.72
Dec2012	\$2.30
Dec2011	\$2.00
Dec2010	\$1.96
Dec2009	\$1.87
Dec2008	\$2.59
Dec2007	\$2.83
Dec2006	\$2.71
Dec2005	\$1.63
Dec2004	\$1.48
Dec2003	\$0.99
Dec2002	\$0.58
Dec2001	\$0.23
Dec2000	\$0.06

Balance Sheet Information

6/1/2016

Total Current Assets	\$2,353,000,000
Total Current Liabilities	\$1,978,000,000
Long-Term Debt	\$2,380,000,000
Total Assets	\$6,922,000,000
Intangible Assets	\$1,769,000,000
Total Liabilities	\$6,748,000,000
Shares Outstanding (Diluted Average)	168,000,000

MG Value and Stock Price





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.

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