

# ModernGraham Valuation

Company Name:

Welltower Inc

Company Ticker HCN

Date of Analysis

11/30/2016



## 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	\$23,043,339,162	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.32	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	5.99%	Fail
6. Moderate PEmg Ratio	PEmg < 20	35.67	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.53	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	2.32	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	13.19	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.76
MG Growth Estimate	8.67%
<b>MG Value</b>	<b>\$45.48</b>
MG Value based on 3% Growth	\$25.52
MG Value based on 0% Growth	\$14.96
Market Implied Growth Rate	13.59%

### MG Opinion

Current Price	\$62.78
% of Intrinsic Value	138.04%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>C</b>

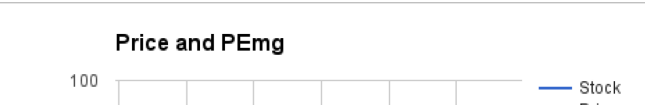
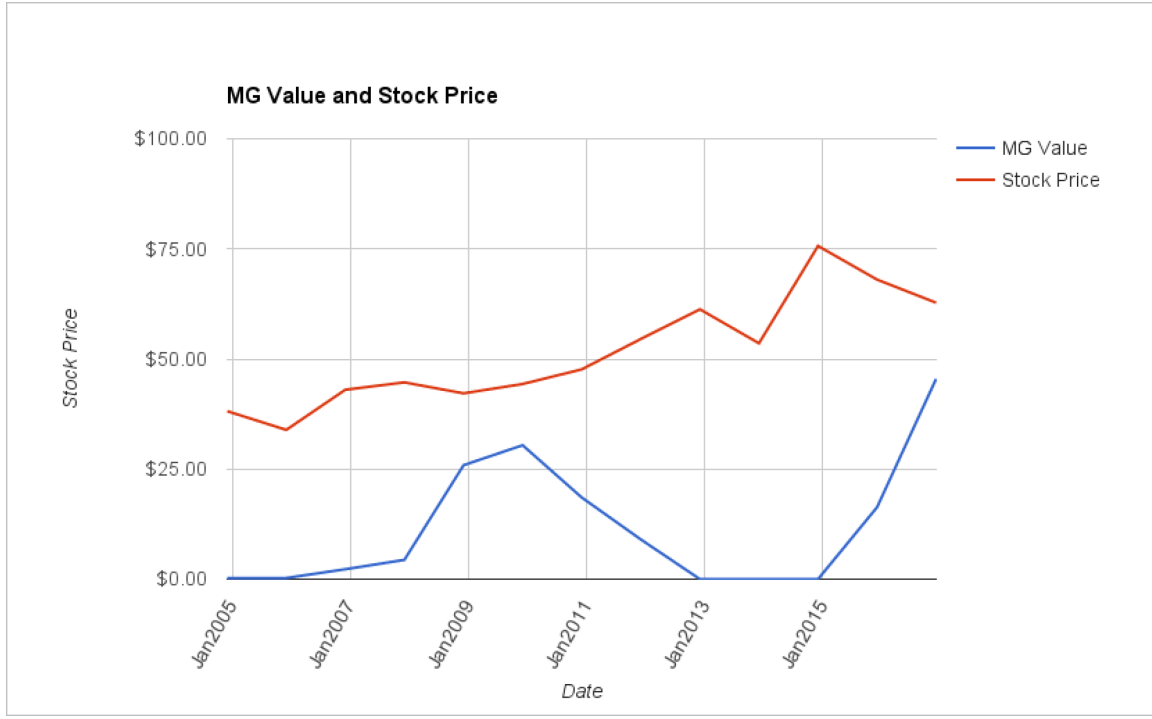
## Stage 3: Information for Further Research

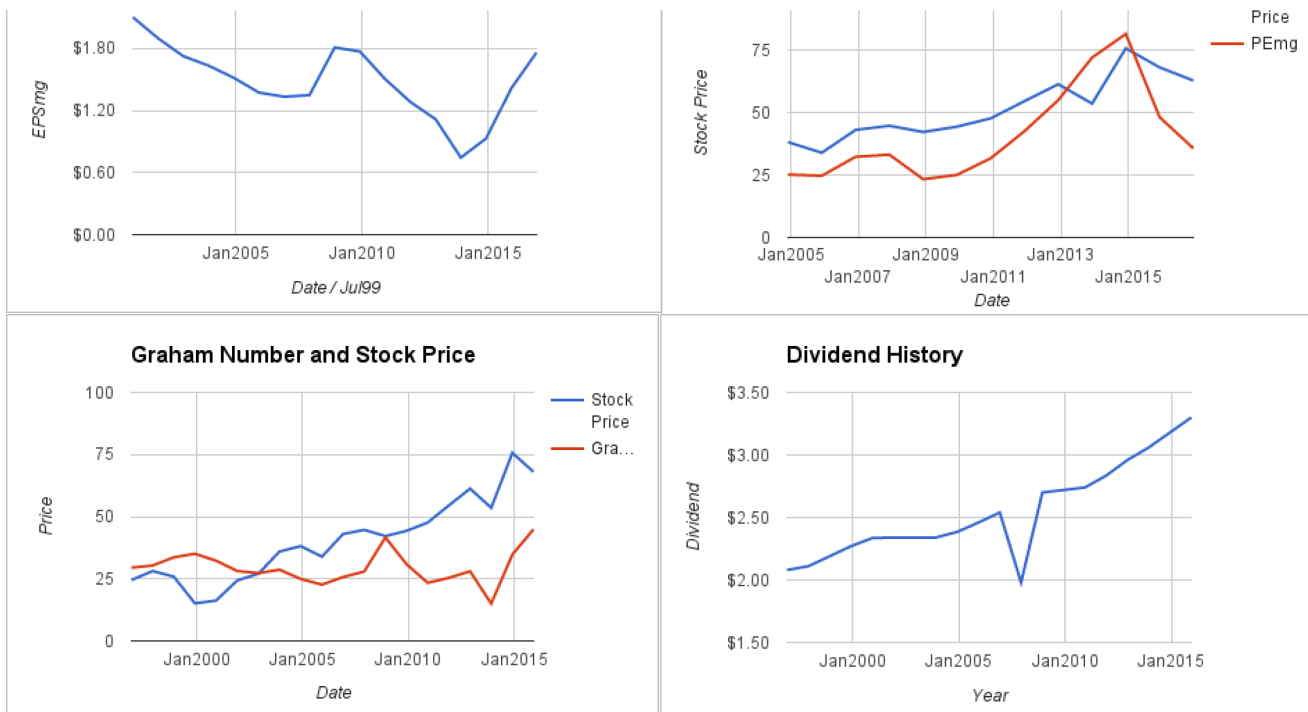
Net Current Asset Value (NCAV)	-\$36.78
Graham Number	\$43.68
PEmg	35.67
Current Ratio	2.32
PB Ratio	1.53
Current Dividend	\$3.41
Dividend Yield	5.42%
Number of Consecutive Years of Dividend Growth	9

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.23	Next Fiscal Year Estimate	\$1.76
Dec2015	\$2.34	Dec2015	\$1.41
Dec2014	\$1.45	Dec2014	\$0.93
Dec2013	\$0.28	Dec2013	\$0.74
Dec2012	\$0.98	Dec2012	\$1.12
Dec2011	\$0.90	Dec2011	\$1.28
Dec2010	\$0.83	Dec2010	\$1.50
Dec2009	\$1.49	Dec2009	\$1.77
Dec2008	\$2.76	Dec2008	\$1.81
Dec2007	\$1.43	Dec2007	\$1.35
Dec2006	\$1.31	Dec2006	\$1.33
Dec2005	\$1.15	Dec2005	\$1.37
Dec2004	\$1.39	Dec2004	\$1.52
Dec2003	\$1.60	Dec2003	\$1.63
Dec2002	\$1.48	Dec2002	\$1.72
Dec2001	\$1.52	Dec2001	\$1.90
Dec2000	\$1.91	Dec2000	\$2.10
Dec1999	\$2.21	<b>Balance Sheet Information 9/1/2016</b>	
Dec1998	\$2.24	Total Current Assets	\$1,780,491,000
Dec1997	\$2.12	Total Current Liabilities	\$767,683,000
Dec1996	\$2.18	Long-Term Debt	\$13,356,518,000
		Total Assets	\$29,856,339,000
		Intangible Assets	\$68,321,000
		Total Liabilities	\$15,066,494,000
		Shares Outstanding (Diluted Average)	361,237,000





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

- [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

- [SL Green Realty Corp Valuation – August 2016 \\$SLG](#)
- [Starwood Property Trust Inc Valuation – August 2016 \\$STWD](#)
- [Kimco Realty Corp Valuation – August 2016 \\$KIM](#)
- [Equity Residential Valuation – August 2016 \\$EQR](#)
- [Host Hotels and Resorts Inc Valuation – July 2016 \\$HST](#)
- [Iron Mountain Inc Valuation – July 2016 \\$IRM](#)
- [Vornado Realty Trust Valuation – July 2016 \\$VNO](#)
- [Public Storage Valuation – July 2016 \\$PSA](#)
- [Macerich Co Valuation – July 2016 \\$MAC](#)
- [HCP Inc Valuation – July 2016 \\$HCP](#)