

# ModernGraham Valuation

Company Name:

Realty Income Corp

Company Ticker O

Date of Analysis

11/20/2016



## 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	\$14,007,756,638 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.82 Fail
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	12.62% Fail
5. Earnings Growth	PEmg < 20	45.68 Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.11 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	0.82 Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-187.46 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>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.21
MG Growth Estimate	3.54%
<b>MG Value</b>	<b>\$18.82</b>
MG Value based on 3% Growth	\$17.51
MG Value based on 0% Growth	\$10.26
Market Implied Growth Rate	18.59%

### MG Opinion

Current Price	\$55.15
% of Intrinsic Value	293.09%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D</b>

## Stage 3: Information for Further Research

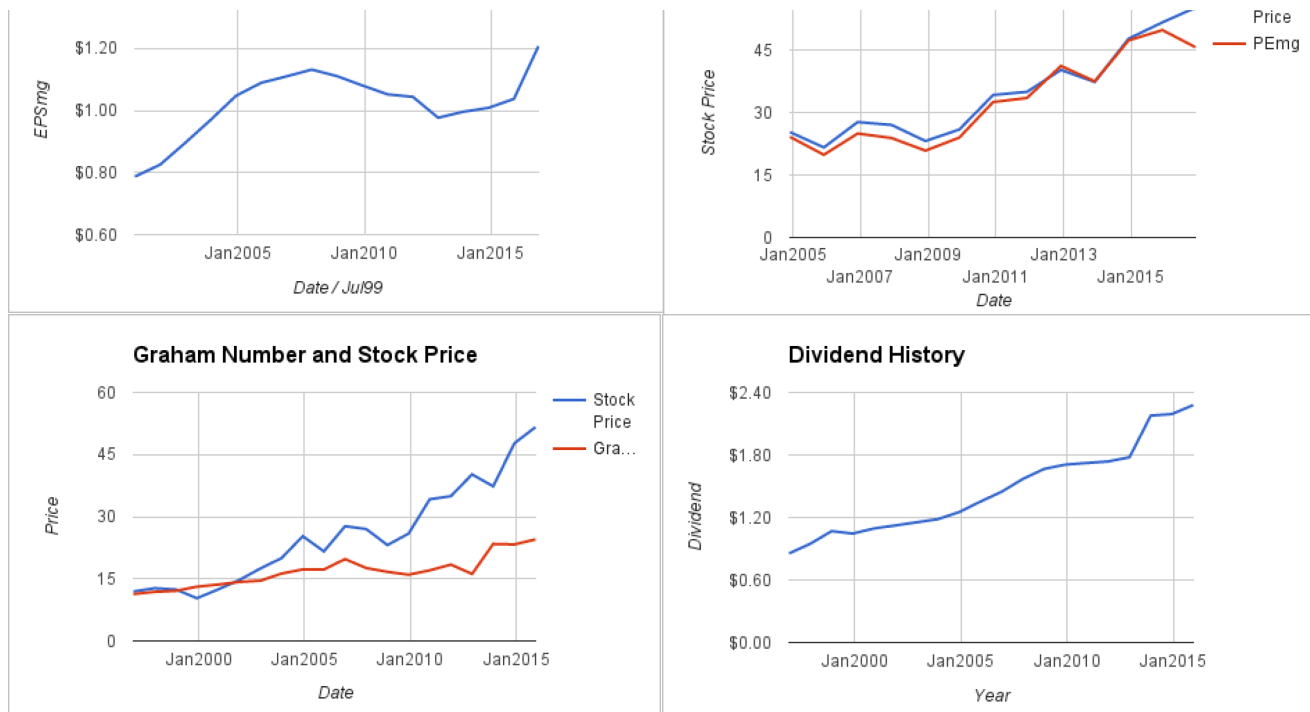
Net Current Asset Value (NCAV)	-\$21.87
Graham Number	\$29.10
PEmg	45.68
Current Ratio	0.82
PB Ratio	2.11
Current Dividend	\$2.37
Dividend Yield	4.30%
Number of Consecutive Years of Dividend Growth	18

### 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		Next Fiscal Year Estimate	
	\$1.53		\$1.21
Dec2015	\$1.09	Dec2015	\$1.04
Dec2014	\$1.04	Dec2014	\$1.01
Dec2013	\$1.06	Dec2013	\$1.00
Dec2012	\$0.86	Dec2012	\$0.98
Dec2011	\$1.05	Dec2011	\$1.04
Dec2010	\$1.01	Dec2010	\$1.05
Dec2009	\$1.03	Dec2009	\$1.08
Dec2008	\$1.06	Dec2008	\$1.11
Dec2007	\$1.16	Dec2007	\$1.13
Dec2006	\$1.11	Dec2006	\$1.11
Dec2005	\$1.12	Dec2005	\$1.09
Dec2004	\$1.15	Dec2004	\$1.05
Dec2003	\$1.08	Dec2003	\$0.97
Dec2002	\$1.01	Dec2002	\$0.90
Dec2001	\$0.88	Dec2001	\$0.83
Dec2000	\$0.85	Dec2000	\$0.79
Dec1999	\$0.77	<b>Balance Sheet Information 9/1/2016</b>	
Dec1998	\$0.78	Total Current Assets	\$124,299,000
Dec1997	\$0.74	Total Current Liabilities	\$152,309,000
Dec1996	\$0.70	Long-Term Debt	\$5,250,697,000
		Total Assets	\$12,536,453,000
		Intangible Assets	\$1,102,813,000
		Total Liabilities	\$5,781,722,000
		Shares Outstanding (Diluted Average)	258,674,000





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

[Realty Income Corporation Valuation – May 2016 \\$O](#)  
[Realty Income Corporation Annual Valuation – 2014 \\$O](#)  
[10 Companies in the Spotlight This Week – 12/28/13](#)  
[ModernGraham Valuation: Realty Income Corp \(O\)](#)

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](#)