

ModernGraham Valuation

Company Name:

Company Ticker CMO

Date of Analysis

1/16/2017

Capstead Mortgage
Corporation



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	\$1,038,754,144	Fail
2. Earnings Stability	Positive EPS for 10 years prior		Pass
3. 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		
4. Earnings Growth		-19.58%	Fail
5. Moderate PEmg Ratio	PEmg < 20	10.74	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	0.81	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		Pass
2. Dividend Record	Currently Pays Dividend		Pass
3. Earnings Growth	EPSmg greater than 5 years ago		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	1.00
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	\$14.43
MG Value based on 0% Growth	\$8.46
Market Implied Growth Rate	1.12%

MG Opinion

Current Price	\$10.69
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	B-

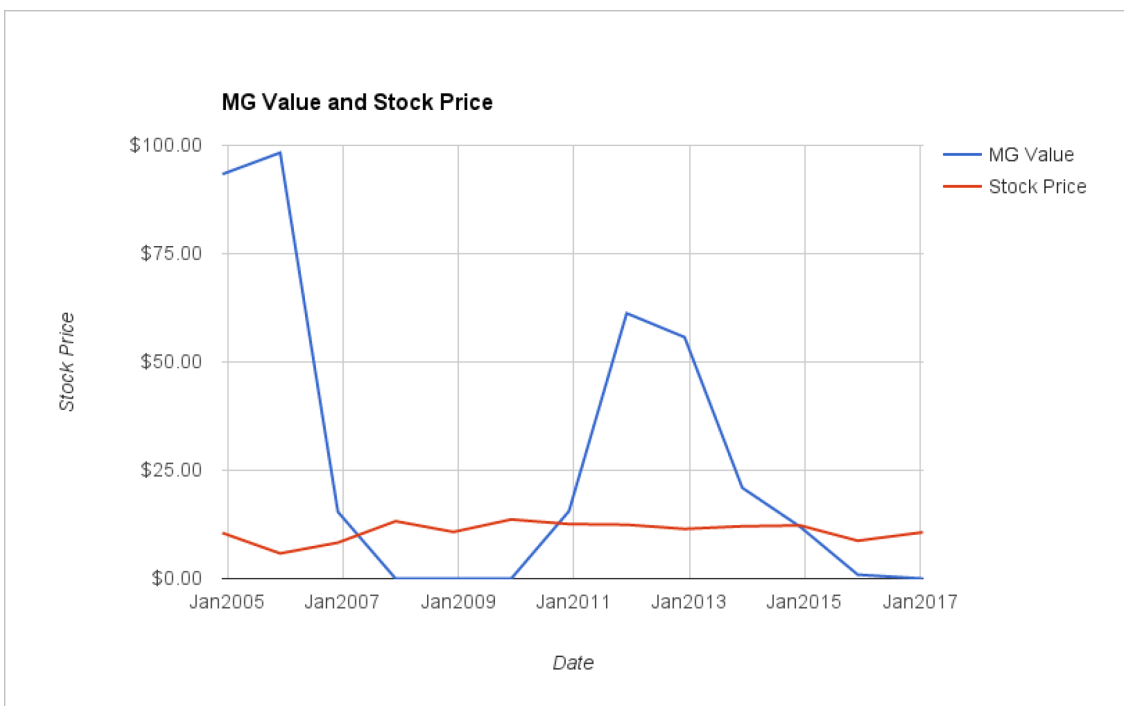
Stage 3: Information for Further Research

Graham Number	\$13.64
PEmg	10.74
PB Ratio	0.81
Dividend Yield	9.17%
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	\$0.74	Next Fiscal Year Estimate	\$1.00
Dec2015	\$0.97	Dec2015	\$1.18
Dec2014	\$1.33	Dec2014	\$1.33
Dec2013	\$0.93	Dec2013	\$1.37
Dec2012	\$1.50	Dec2012	\$1.62
Dec2011	\$1.75	Dec2011	\$1.59
Dec2010	\$1.52	Dec2010	\$1.30
Dec2009	\$1.66	Dec2009	\$1.12
Dec2008	\$1.93	Dec2008	\$0.87
Dec2007	\$0.19	Dec2007	\$0.57
Dec2006	-\$0.87	Dec2006	\$1.17
Dec2005	\$1.96	Dec2005	\$2.55
Dec2004	\$1.33	Dec2004	\$2.42
Dec2003	\$2.60	Dec2003	\$2.58
Dec2002	\$4.85	Dec2002	\$1.01
Dec2001	\$5.68	Dec2001	-\$1.00
Dec2000	-\$6.59	Dec2000	-\$3.12
Dec1999	\$2.42	Balance Sheet Information 9/1/2016	
Dec1998	-\$16.88	Long-Term Debt & Capital Lease Obligation	\$12,529,904,000
Dec1997	\$9.40	Total Assets	\$13,905,814,000
Dec1996	\$8.28	Intangible Assets	\$0
		Total Liabilities	\$12,635,704,000
		Shares Outstanding (Diluted Average)	95,866,000





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

#N/A

Other
ModernGraham
posts about related
companies

[Affiliated Managers Group Inc Valuation – January 2017 \\$AMG](#)
[Investment Technology Group Valuation – Initial Coverage \\$ITG](#)
[Calamos Asset Management Inc Valuation – Initial Coverage \\$CLMS](#)
[Corelogic Inc Valuation – Initial Coverage \\$CLGX](#)
[CI Financial Corp Valuation – Initial Coverage \\$TSE-CIX](#)
[Stifel Financial Corp Valuation – Initial Coverage \\$SF](#)
[SEI Investments Company Valuation – Initial Coverage \\$SEIC](#)
[INTL Fcstone Inc Valuation – Initial Coverage \\$INTL](#)
[SLM Corp Valuation – December 2016 \\$SLM](#)
[The Western Union Company Valuation – December 2016 \\$WU](#)