

ModernGraham Valuation

Starwood Property
Trust, Inc.



Company Name:

Company Ticker STWD

Date of Analysis

4/11/2017

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	\$5,933,899,392	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	401.85%	Pass
5. Moderate PEmg Ratio	PEmg < 20	12.17	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.22	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	Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	1.87
MG Growth Estimate	3.72%
MG Value	\$29.84
MG Value based on 3% Growth	\$27.14
MG Value based on 0% Growth	\$15.91
Market Implied Growth Rate	1.83%

MG Opinion

Current Price	\$22.78
% of Intrinsic Value	76.34%
Opinion	Fairly Valued
MG Grade	B

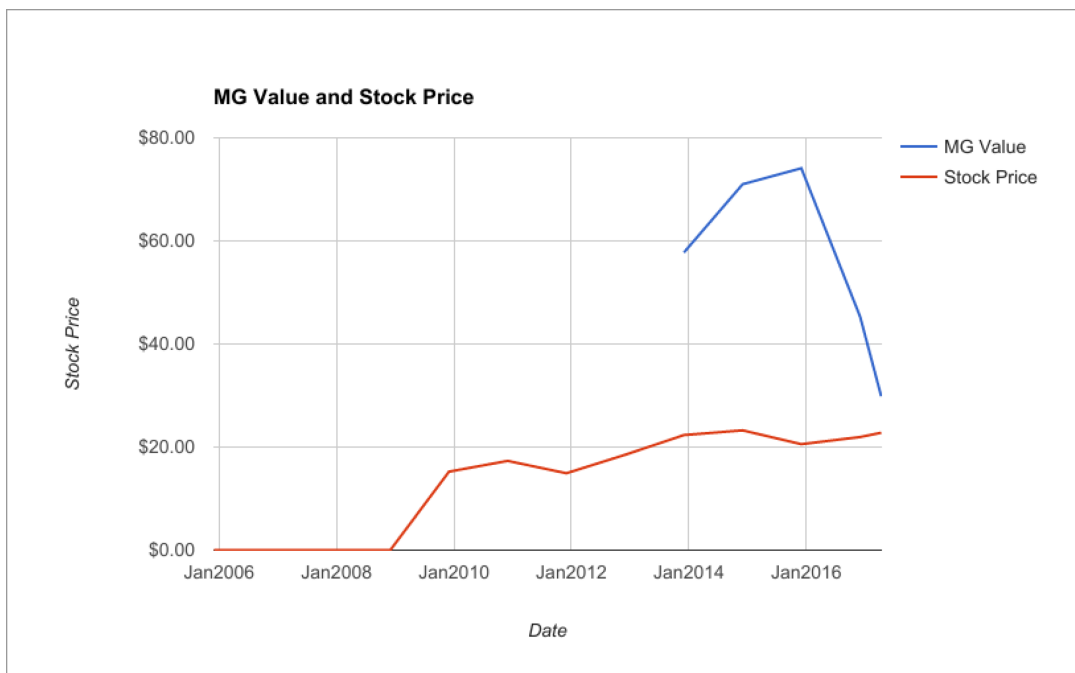
Stage 3: Information for Further Research

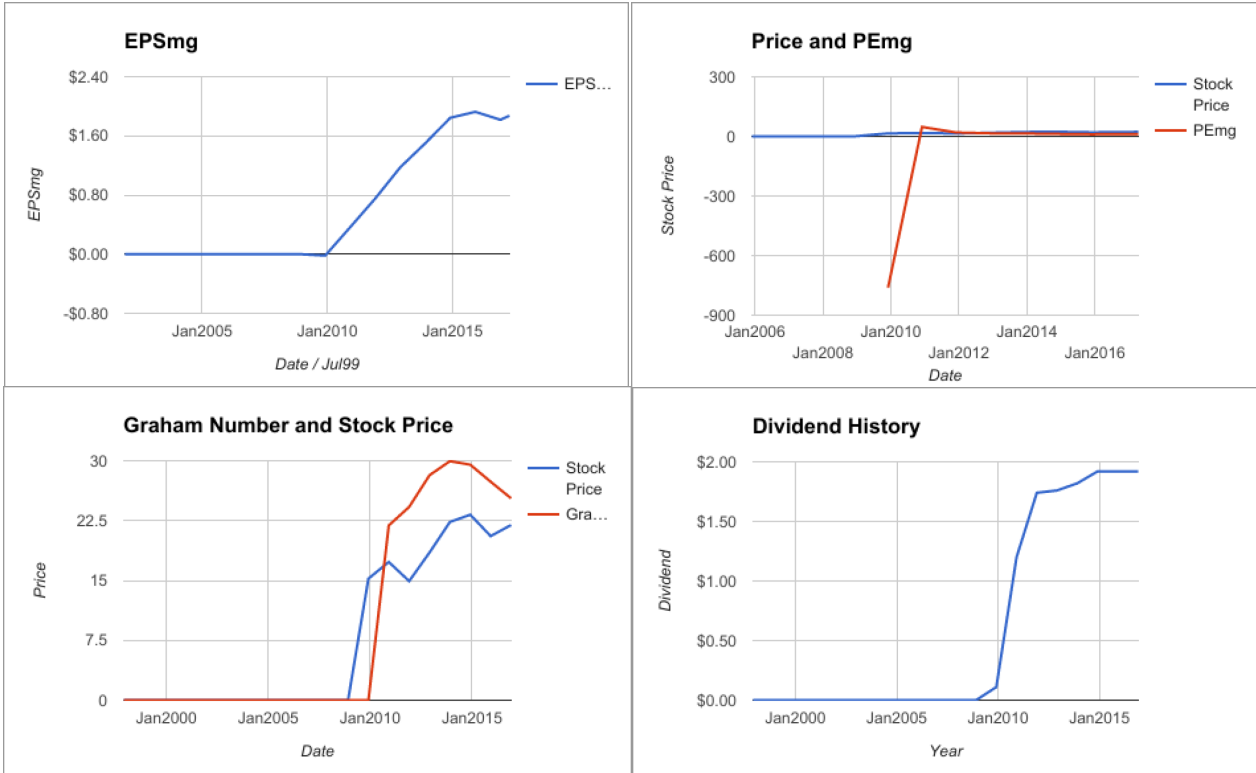
Graham Number	\$29.28
PEmg	12.17
PB Ratio	1.22
Dividend Yield	8.43%
Number of Consecutive Years of Dividend Growth	0

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	\$2.01	Next Fiscal Year Estimate	\$1.87
Dec2016	\$1.50	Dec2016	\$1.82
Dec2015	\$1.91	Dec2015	\$1.92
Dec2014	\$2.24	Dec2014	\$1.84
Dec2013	\$1.82	Dec2013	\$1.50
Dec2012	\$1.76	Dec2012	\$1.17
Dec2011	\$1.38	Dec2011	\$0.75
Dec2010	\$1.14	Dec2010	\$0.36
Dec2009	-\$0.06	Dec2009	-\$0.02
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Dec2001	\$0.00
Dec2000	\$0.00		
Dec1999	\$0.00		
Dec1998	\$0.00		
Dec1997	\$0.00		
		Balance Sheet Information 12/1/2016	
		Long-Term Debt & Capital Lease Obligation	\$2,011,544,000
		Total Assets	\$77,256,266,000
		Intangible Assets	\$359,685,000
		Total Liabilities	\$72,733,992,000
		Shares Outstanding (Diluted Average)	241,794,000





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**
- [10 Low PE Stock Picks for the Enterprising Investor – April 2017](#)
 - [10 Stocks for Using A Benjamin Graham Value Investing Strategy – March 2017](#)
 - [10 Best Dividend Paying Stocks for the Enterprising Investor – February 2017](#)
 - [10 Low PE Stock Picks for the Enterprising Investor – February 2017](#)
 - [5 Undervalued Companies for Value Investors with a Low Beta – January 2017](#)

- Other ModernGraham posts about related companies**
- [Corecivic Inc Valuation – Initial Coverage \\$CXW](#)
 - [Kimco Realty Corp Valuation – March 2017 \\$KIM](#)
 - [LaSalle Hotel Properties Valuation – Initial Coverage \\$LHO](#)
 - [Cousins Properties Inc Valuation – Initial Coverage \\$CUZ](#)
 - [Cominar Real Estate Investment Trust – Initial Coverage \\$TSE:CUF.UN](#)
 - [Essex Property Trust Inc Valuation – March 2017 \\$ESS](#)
 - [Caretrust REIT Inc Valuation – Initial Coverage \\$CTRE](#)
 - [Federal Realty Investment Trust Valuation – Initial Coverage \\$FRT](#)
 - [Extra Space Storage Inc Valuation – Initial Coverage \\$EXR](#)
 - [UDR Inc Valuation – Initial Coverage \\$UDR](#)