

ModernGraham Valuation

E*TRADE Financial
Corp



Company Name:

Company Ticker ETFC

Date of Analysis

3/30/2018

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	\$14,757,585,074	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Fail
3. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end		
4. Earnings Growth		-163.55%	Fail
5. Moderate PEmg Ratio	PEmg < 20	25.14	Fail
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.16	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	Fail
3. Earnings Growth	EPSmg greater than 5 years ago	Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	2.20
MG Growth Estimate	15.00%
MG Value	\$84.85
MG Value based on 3% Growth	\$31.96
MG Value based on 0% Growth	\$18.73
Market Implied Growth Rate	8.32%

MG Opinion

Current Price	\$55.41
% of Intrinsic Value	65.30%
Opinion	Undervalued
MG Grade	C-

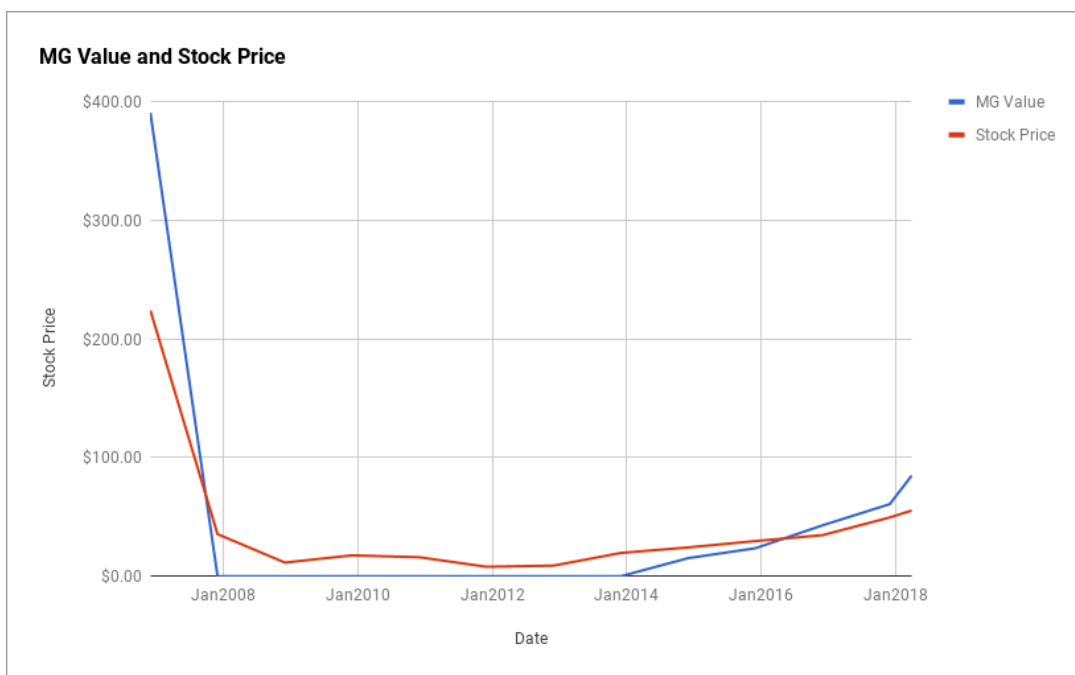
Stage 3: Information for Further Research

Graham Number	\$40.65
PEmg	25.14
PB Ratio	2.16
Dividend Yield	0.00%
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	\$3.14	Next Fiscal Year Estimate	\$2.20
Dec2017	\$2.15	Dec2017	\$1.58
Dec2016	\$1.98	Dec2016	\$1.12
Dec2015	\$0.91	Dec2015	\$0.61
Dec2014	\$1.00	Dec2014	\$0.40
Dec2013	\$0.29	Dec2013	-\$0.71
Dec2012	-\$0.39	Dec2012	-\$2.26
Dec2011	\$0.54	Dec2011	-\$5.82
Dec2010	-\$0.13	Dec2010	-\$8.78
Dec2009	-\$11.85	Dec2009	-\$10.75
Dec2008	-\$10.00	Dec2008	-\$7.37
Dec2007	-\$34.00	Dec2007	-\$3.57
Dec2006	\$14.40	Dec2006	\$10.15
Dec2005	\$11.20	Dec2005	\$6.29
Dec2004	\$9.90	Dec2004	\$2.79
Dec2003	\$5.50	Dec2003	-\$1.07
Dec2002	-\$5.20	Dec2002	-\$3.85
Dec2001	-\$7.30	Balance Sheet Information 12/1/2017	
Sep2000	\$0.60	Long-Term Debt & Capital Lease Obligation	\$1,901,000,000
Sep1999	-\$2.10	Total Assets	\$63,365,000,000
Sep1998	-\$0.10	Intangible Assets	\$2,654,000,000
		Total Liabilities	\$56,434,000,000
		Shares Outstanding (Diluted Average)	270,299,000





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

[E*Trade Financial Corp Valuation – July 2016 \\$ETFC](#)
[58 Companies in the Spotlight This Week – 1/31/15](#)
[E*Trade Financial Corporation Annual Valuation – 2015 \\$ETFC](#)
[14 Companies in the Spotlight This Week – 1/18/14](#)
[ModernGraham Valuation: E*Trade Financial Corporation \(ETFC\)](#)

Other
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posts about related
companies

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[Raymond James Financial Inc Valuation – March 2018 \\$RJF](#)
[Marsh & McLennan Companies Inc Valuation – March 2018 \\$MMC](#)
[Fidelity National Information Services Inc Valuation – March 2018 \\$FIS](#)
[Intercontinental Exchange Inc Valuation – March 2018 \\$ICE](#)
[H&R Block Inc Valuation – March 2018 \\$HRB](#)
[Morgan Stanley Valuation – March 2018 \\$MS](#)
[BlackRock Inc Valuation – March 2018 \\$BLK](#)
[Ameriprise Financial Inc Valuation – March 2018 \\$AMP](#)
[Navient Corp Valuation – March 2018 \\$NAVI](#)