

ModernGraham Valuation

Company Name:

Realty Income Corp

Company Ticker O

Date of Analysis

4/18/2018



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	\$14,475,178,380	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	12.94%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	44.57	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.97	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	0.82	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-196.89	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
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.15
MG Growth Estimate	2.16%
MG Value	\$14.80
MG Value based on 3% Growth	\$16.73
MG Value based on 0% Growth	\$9.81
Market Implied Growth Rate	18.03%

MG Opinion

Current Price	\$51.43
% of Intrinsic Value	347.57%
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

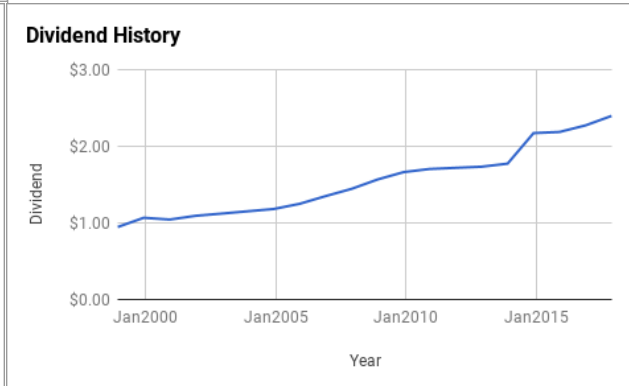
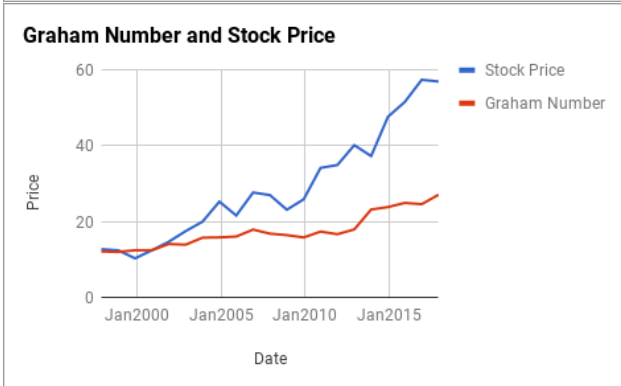
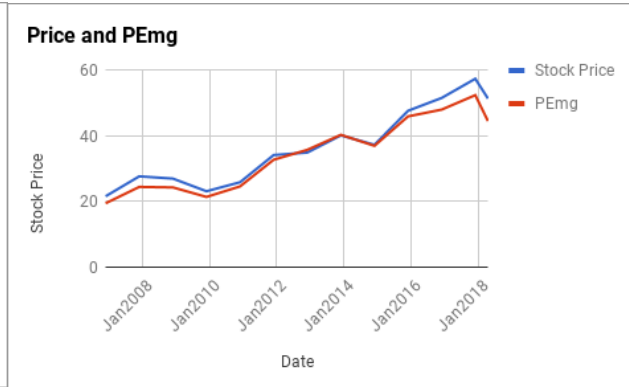
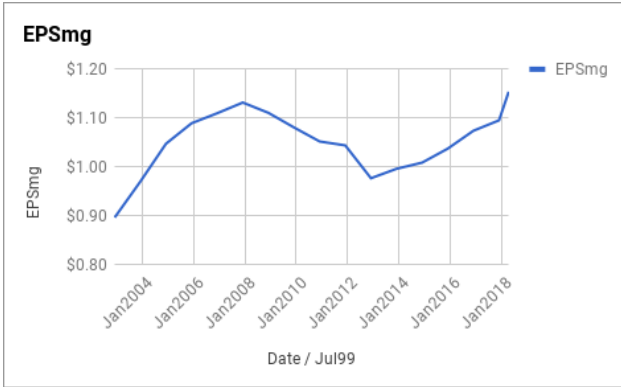
Net Current Asset Value (NCAV)	-\$23.19
Graham Number	\$27.12
PEmg	44.57
Current Ratio	0.82
PB Ratio	1.97
Current Dividend	\$2.54
Dividend Yield	4.93%
Number of Consecutive Years of Dividend Growth	19

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	\$1.26	Next Fiscal Year Estimate	\$1.15
Dec2017	\$1.10	Dec2017	\$1.10
Dec2016	\$1.13	Dec2016	\$1.07
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	Balance Sheet Information 12/1/2017	
Dec2000	\$0.85	Total Current Assets	\$139,282,000
Dec1999	\$0.77	Total Current Liabilities	\$170,322,000
Dec1998	\$0.78	Long-Term Debt	\$6,111,471,000
		Total Assets	\$14,058,166,000
		Intangible Assets	\$1,209,900,000
		Total Liabilities	\$6,686,665,000
		Shares Outstanding (Diluted Average)	282,369,000





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 Corp Valuation – November 2016 \\$O](#)
- [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 – April 2018 \\$SLG](#)
- [Regency Centers Corp Valuation – Initial Coverage \\$REG](#)
- [Host Hotels & Resorts Inc Valuation – April 2018 \\$HST](#)
- [Vornado Realty Trust Valuation – April 2018 \\$VNO](#)
- [Public Storage Valuation – March 2018 \\$PSA](#)
- [Macerich Co Valuation – March 2018 \\$MAC](#)
- [HCP Inc Valuation – March 2018 \\$HCP](#)
- [Apartment Investment & Management Co Valuation – March 2018 \\$AIV](#)
- [Crown Castle International Corp Valuation – March 2018 \\$CCI](#)
- [GGP Inc Valuation – March 2018 \\$GGP](#)