

ModernGraham Valuation

Alexandria Real
Estate Equities Inc



Company Name:

Company Ticker

ARE

Date of Analysis

11/28/2018

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	\$13,231,149,935	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.48	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	-71.23%	Fail
5. Earnings Growth	PEmg < 20	113.72	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.75	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	0.48	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-10.83	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago Score		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.08
MG Growth Estimate	-3.06%
MG Value	\$2.58
MG Value based on 3% Growth	\$15.68
MG Value based on 0% Growth	\$9.19
Market Implied Growth Rate	52.61%

MG Opinion

Current Price	\$122.97
% of Intrinsic Value	4762.03%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$59.02
Graham Number	\$55.44
PEmg	113.72
Current Ratio	0.48
PB Ratio	1.75
Current Dividend	\$3.45
Dividend Yield	2.81%
Number of Consecutive Years of Dividend Growth	7

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.32	Next Fiscal Year Estimate	\$1.08
Dec2017	\$1.58	Dec2017	\$0.56
Dec2016	-\$1.99	Dec2016	\$0.26
Dec2015	\$1.63	Dec2015	\$1.39
Dec2014	\$1.01	Dec2014	\$1.36
Dec2013	\$1.60	Dec2013	\$1.64
Dec2012	\$1.09	Dec2012	\$1.82
Dec2011	\$1.73	Dec2011	\$2.26
Dec2010	\$2.19	Dec2010	\$2.53
Dec2009	\$2.72	Dec2009	\$2.64
Dec2008	\$2.86	Dec2008	\$2.56
Dec2007	\$2.63	Dec2007	\$2.44
Dec2006	\$2.25	Dec2006	\$2.34
Dec2005	\$2.22	Dec2005	\$2.33
Dec2004	\$2.33	Dec2004	\$2.29
Dec2003	\$3.10	Dec2003	\$2.16
Dec2002	\$1.76	Dec2002	\$1.68
Dec2001	\$1.64	Balance Sheet Information 9/1/2018 Total Current Assets \$483,216,000 Total Current Liabilities \$1,008,178,000 Long-Term Debt \$5,684,004,000 Total Assets \$14,105,566,000 Intangible Assets \$0 Total Liabilities \$6,702,953,000 Shares Outstanding (Diluted Average) 105,385,000	
Dec2000	\$1.77		
Dec1999	\$1.46		
Dec1998	\$1.58		





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.

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[Alexandria Real Estate Equities Inc. Analysis – Initial Coverage \\$ARE](#)

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