

ModernGraham Valuation

E*TRADE Financial
Corp



Company Name:

Company Ticker ETFC

Date of Analysis

1/28/2019

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	\$11,745,487,126	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	-171.59%	Fail
5. Moderate PEmg Ratio	PEmg < 20	18.98	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.85	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	2.51
MG Growth Estimate	15.00%
MG Value	\$96.66
MG Value based on 3% Growth	\$36.40
MG Value based on 0% Growth	\$21.34
Market Implied Growth Rate	5.24%

MG Opinion

Current Price	\$47.65
% of Intrinsic Value	49.30%
Opinion	Undervalued
MG Grade	D+

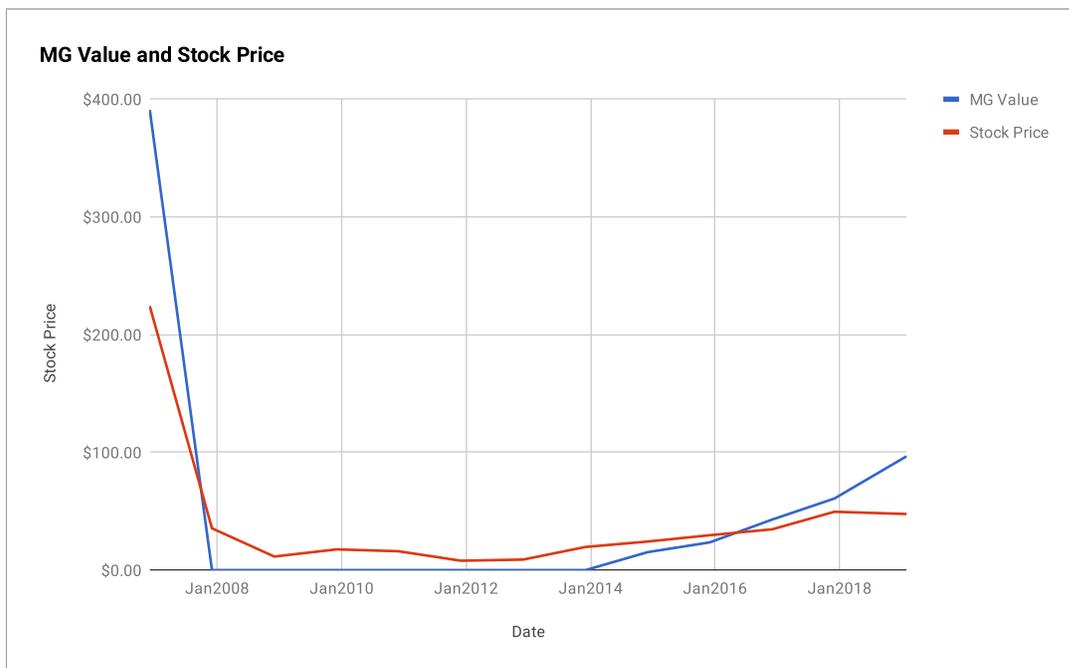
Stage 3: Information for Further Research

Graham Number	\$46.23
PEmg	18.98
PB Ratio	1.85
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	\$4.06	Next Fiscal Year Estimate	\$2.51
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		
Sep2000	\$0.60		
Sep1999	-\$2.10		
Sep1998	-\$0.10		
		Balance Sheet Information	12/1/2018
		Long-Term Debt & Capital Lease Obligation	\$1,409,000,000
		Total Assets	\$65,003,000,000
		Intangible Assets	\$2,976,000,000
		Total Liabilities	\$58,441,000,000
		Shares Outstanding (Diluted Average)	254,239,000





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 ModernGraham posts about related companies**
- [Marsh & McLennan Companies Inc Valuation – January 2019 \\$MMC](#)
 - [Intercontinental Exchange Inc Valuation – January 2019 \\$ICE](#)
 - [H&R Block Inc Valuation – January 2019 \\$HRB](#)
 - [State Street Corp Valuation – January 2019 \\$STT](#)
 - [Morgan Stanley Valuation – January 2019 \\$MS](#)
 - [MSCI Inc Valuation – January 2019 \\$MSCI](#)
 - [BlackRock Inc Valuation – January 2019 \\$BLK](#)
 - [Ameriprise Financial Inc Valuation – January 2019 \\$AMP](#)
 - [Invesco Ltd Valuation – January 2019 \\$IVZ](#)
 - [Capital One Financial Corp Valuation – January 2019 \\$COF](#)