

# ModernGraham Valuation

Company Name:

Realty Income Corp

Company Ticker O

Date of Analysis

2/18/2019



## 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	\$20,684,700,386	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.21	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	12.23%	Fail
5. Earnings Growth	PEmg < 20	61.13	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.65	Fail
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	1.21	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	172.66	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 Score		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.15
MG Growth Estimate	2.50%
<b>MG Value</b>	<b>\$15.49</b>
MG Value based on 3% Growth	\$16.63
MG Value based on 0% Growth	\$9.75
Market Implied Growth Rate	26.31%

### MG Opinion

Current Price	\$70.09
% of Intrinsic Value	452.55%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D+</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$24.59
Graham Number	\$26.88
PEmg	61.13
Current Ratio	1.21
PB Ratio	2.65
Current Dividend	\$2.54
Dividend Yield	3.62%
Number of Consecutive Years of Dividend Growth	19

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[Morningstar](#)  
[MSN Money](#)  
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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
	\$1.24		\$1.15
Dec2017	\$1.10	Dec2017	\$1.10
Dec2016	\$1.13	Dec2016	\$1.07
Dec2015	\$1.09	Dec2015	\$1.02
Dec2014	\$1.04	Dec2014	\$0.98
Dec2013	\$1.06	Dec2013	\$0.96
Dec2012	\$0.73	Dec2012	\$0.93
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	<b>Balance Sheet Information</b>	
Dec2000	\$0.85	<b>9/1/2018</b>	
Dec1999	\$0.77	Total Current Assets	\$224,158,000
Dec1998	\$0.78	Total Current Liabilities	\$184,893,000
		Long-Term Debt	\$6,779,659,000
		Total Assets	\$15,095,325,000
		Intangible Assets	\$1,227,540,000
		Total Liabilities	\$7,384,071,000
		Shares Outstanding (Diluted Average)	291,207,000





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 – April 2018 \\$Q](#)  
[Realty Income Corp Valuation – November 2016 \\$Q](#)  
[Realty Income Corporation Valuation – May 2016 \\$Q](#)  
[Realty Income Corporation Annual Valuation – 2014 \\$Q](#)  
[10 Companies in the Spotlight This Week – 12/28/13](#)

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companies

[Ventas Inc Valuation – February 2019 \\$VTR](#)  
[SL Green Realty Corp Valuation – February 2019 \\$SLG](#)  
[Regency Centers Corp Valuation – February 2019 \\$REG](#)  
[Host Hotels & Resorts Inc Valuation – February 2019 \\$HST](#)  
[Vornado Realty Trust Valuation – January 2019 \\$VNO](#)  
[Public Storage Valuation – January 2019 \\$PSA](#)  
[Macerich Co Valuation – January 2019 \\$MAC](#)  
[HCP Inc Valuation – January 2019 \\$HCP](#)  
[Apartment Investment and Management Co Valuation – January 2019 \\$AIV](#)  
[Simon Property Group Inc Valuation – January 2019 \\$SPG](#)