ModernGraham Valuation

Company Name:

Company Ticker O Date of Analysis Realty Income Corp



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

2/18/2019

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
5.	Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	12.23%	Fail
6.	Moderate PEmg Ratio	PEmg < 20	61.13	Fail
7.	Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.65	Fail
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		Pass
		Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

	EPSmg		\$1.15
	MG Growth Estimate		2.50%
	MG Value		\$15.49
	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%
	Opinion	Overvalued	
	MG Grade	D+	

Stage 3: Information for Further Research

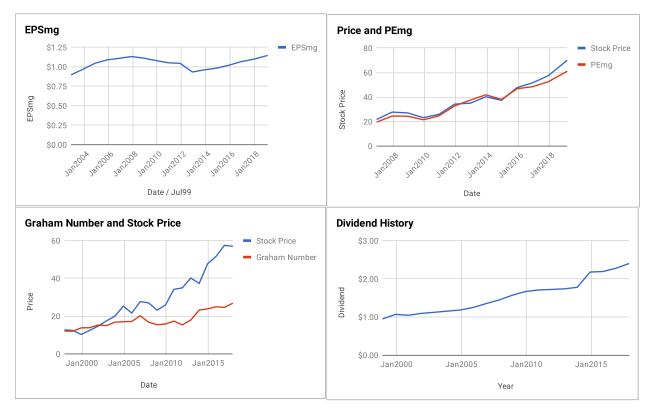
Net Current Asset Value (NCAV)	-\$24.59
Graham Number	\$26.88
PEmg	61.13
Current Ratio	1.21
PB Ratio	2.65
Current Dividend	\$2.54
Dividend Yield	3.62%
Number of Consecutive Years of Dividend Growth	19
Cloud	10

Useful Links:

ModernGraham tagged articles Google Finance Yahoo Finance GuruFocus Morningstar MSN Money Seeking Alpha SEC Filings

EPS History		EPSmg History	
Next Fiscal Year			
Estimate		Next Fiscal Year Estimate	\$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	Balance Sheet Information	9/1/2018
Dec2000	\$0.85	Total Current Assets	\$224,158,000
Dec1999	\$0.77	Total Current Liabilities	\$184,893,000
Dec1998	\$0.78	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	Realty Income Corp Valuation – April 2018 \$O
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
Other	Ventas Inc Valuation – February 2019 \$VTR
ModernGraham posts about related companies	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