

ModernGraham Valuation

Company Name:

Lennar Corporation

Company Ticker LEN

Date of Analysis

11/12/2015



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	\$10,078,048,518	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.90	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	-155.83%	Fail
6. Moderate PEmg Ratio	PEmg < 20	17.07	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.11	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	4.90	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.74	Pass
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

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.88
MG Growth Estimate	15.00%
MG Value	\$110.88
MG Value based on 3% Growth	\$41.76
MG Value based on 0% Growth	\$24.48
Market Implied Growth Rate	4.28%

MG Opinion

Current Price	\$49.15
% of Intrinsic Value	44.33%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$6.40
Graham Number	\$47.07
PEmg	17.07
Current Ratio	4.90
PB Ratio	2.11
Dividend Yield	0.33%
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	\$3.77	Next Fiscal Year Estimate	\$2.88
Nov14	\$2.80	Nov14	\$2.23
Nov13	\$2.15	Nov13	\$1.55
Nov12	\$3.11	Nov12	\$0.47
Nov11	\$0.48	Nov11	-\$1.95
Nov10	\$0.51	Nov10	-\$3.28
Nov09	-\$2.45	Nov09	-\$4.10
Nov08	-\$7.00	Nov08	-\$3.40
Nov07	-\$12.31	Nov07	-\$0.40
Nov06	\$3.69	Nov06	\$5.42
Nov05	\$8.23	Nov05	\$5.66
Nov04	\$5.70	Nov04	\$3.95
Nov03	\$4.65	Nov03	\$2.79
Nov02	\$3.51	Nov02	\$1.75
Nov01	\$0.00	Nov01	\$0.93
Nov00	\$1.66	Nov00	\$1.36
Nov99	\$1.25	Nov99	\$1.20
Nov98	\$1.25	Balance Sheet Information Aug15	
Nov97	\$1.12	Total Current Assets	\$10,285,140,000
Nov96	\$1.22	Total Current Liabilities	\$2,099,581,000
Nov95	\$0.98	Long-Term Debt	\$6,036,106,000
		Total Assets	\$14,169,380,000
		Intangible Assets	\$38,854,000
		Total Liabilities	\$8,809,359,000
		Shares Outstanding (Diluted Average)	230,548,000





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:

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ModernGraham
posts about the
company

[The Best Companies of the Construction Industry – October 2015](#)
[The 20 Best Stocks For Value Investors This Week – 8/15/15](#)
[Lennar Corporation Analysis – August 2015 Update \\$LEN](#)
[The Best Companies of the Construction Industry – June 2015](#)
[47 Companies in the Spotlight This Week – 5/16/15](#)

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[Fluor Corporation Valuation – October 2015 Update \\$FLR](#)
[Martin Marietta Materials Inc. Valuation – October 2015 Update \\$MLM](#)
[Jacobs Engineering Group Analysis – October 2015 Update \\$JEC](#)
[D.R. Horton Inc. Analysis – October 2015 Update \\$DHI](#)
[The Best Companies of the Construction Industry – October 2015](#)
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