

ModernGraham Valuation

Company Name:

Lennar Corporation

Company Ticker

LEN

Date of Analysis

8/12/2015



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	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Pass
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	Fail
5. Earnings Growth		
6. Moderate PEmg Ratio	PEmg < 20	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	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	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	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	2.62
MG Growth Estimate	15.00%
MG Value	\$100.74
MG Value based on 3% Growth	\$37.94
MG Value based on 0% Growth	\$22.24
Market Implied Growth Rate	5.63%

MG Opinion

Current Price	\$51.73
% of Intrinsic Value	51.35%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$5.75
PEmg	19.77
Current Ratio	9.41
PB Ratio	2.33
Dividend Yield	0.31%
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	\$2.98	Next Fiscal Year Estimate	\$2.62
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 May15	
Nov97	\$1.12	Total Current Assets	\$10,085,930,000
Nov96	\$1.22	Total Current Liabilities	\$1,071,693,000
Nov95	\$0.98	Long-Term Debt	\$6,156,552,000
		Total Assets	\$13,895,460,000
		Intangible Assets	\$38,854,000
		Total Liabilities	\$8,756,721,000
		Outstanding Shares	231,041,000



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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posts about the
company

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[47 Companies in the Spotlight This Week – 5/16/15](#)
[Lennar Corporation Quarterly Valuation – May 2015 \\$LEN](#)
[58 Companies in the Spotlight This Week – 1/31/15](#)
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[D.R. Horton Inc. Analysis – July 2015 Update \\$DHI](#)
[Jacobs Engineering Group Inc. Analysis – July 2015 Update \\$JEC](#)
[PulteGroup Analysis – June 2015 Update \\$PHM](#)
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[Flowserve Corporation Quarterly Valuation – May 2015 \\$FLS](#)
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