

ModernGraham Valuation

Company Name:

PulteGroup, Inc.

Company Ticker PHM

Date of Analysis

10/2/2015



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	\$6,676,331,960	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.90	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-176.43%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	8.96	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.51	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	2.90	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.48	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Fail
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	\$2.14
MG Growth Estimate	15.00%
MG Value	\$82.21
MG Value based on 3% Growth	\$30.96
MG Value based on 0% Growth	\$18.15
Market Implied Growth Rate	0.23%

MG Opinion

Current Price	\$19.14
% of Intrinsic Value	23.28%
Opinion	Undervalued

Stage 3: Information for Further Research

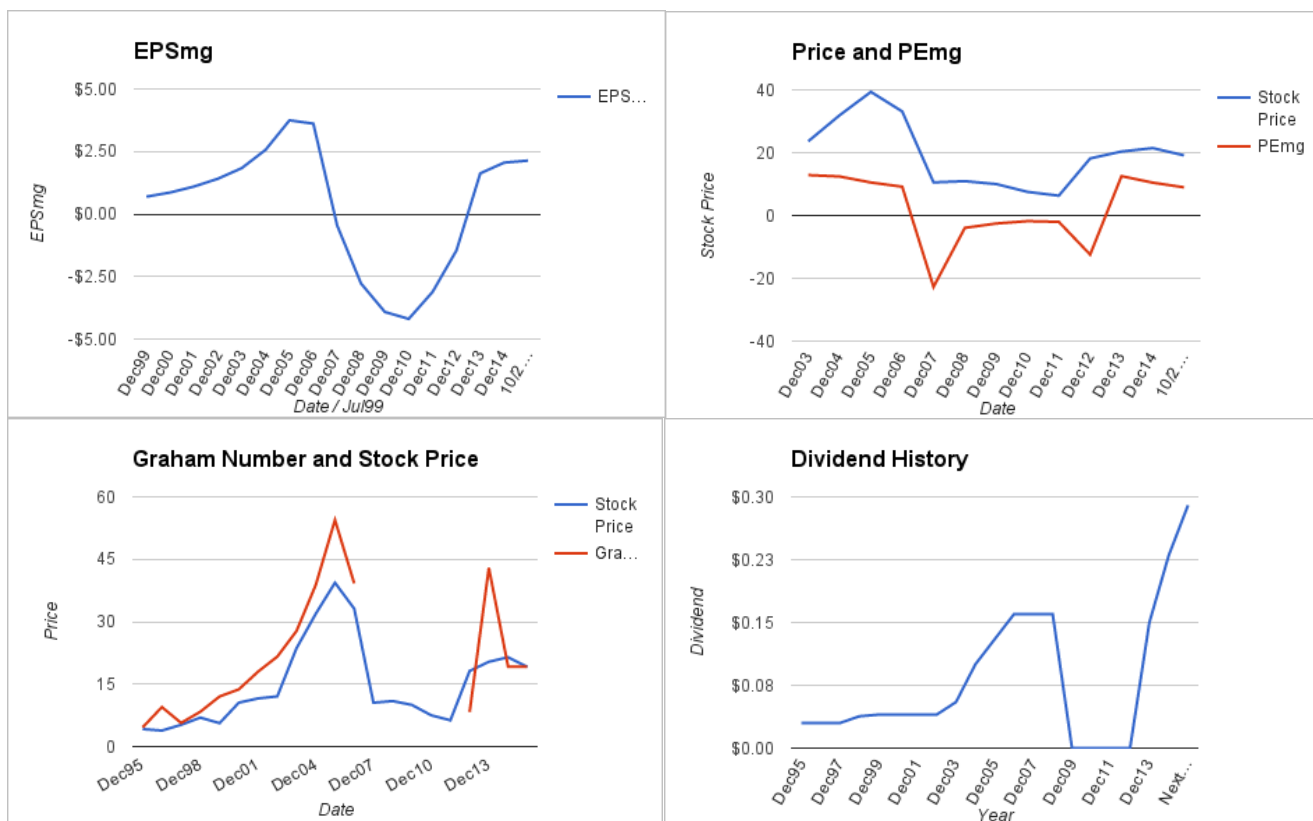
Net Current Asset Value (NCAV)	\$4.98
Graham Number	\$19.18
PEmg	8.96
Current Ratio	2.90
PB Ratio	1.51
Dividend Yield	1.52%
Number of Consecutive Years of Dividend Growth	3

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	\$1.26	Next Fiscal Year Estimate	\$2.14
Dec14	\$1.26	Dec14	\$2.05
Dec13	\$6.72	Dec13	\$1.62
Dec12	\$0.54	Dec12	-\$1.46
Dec11	-\$0.55	Dec11	-\$3.12
Dec10	-\$2.90	Dec10	-\$4.19
Dec09	-\$3.94	Dec09	-\$3.92
Dec08	-\$5.81	Dec08	-\$2.78
Dec07	-\$8.94	Dec07	-\$0.46
Dec06	\$2.66	Dec06	\$3.61
Dec05	\$5.68	Dec05	\$3.75
Dec04	\$3.79	Dec04	\$2.57
Dec03	\$2.49	Dec03	\$1.84
Dec02	\$1.84	Dec02	\$1.41
Dec01	\$1.50	Dec01	\$1.10
Dec00	\$1.12	Dec00	\$0.86
Dec99	\$1.02	Dec99	\$0.69
Dec98	\$0.58	Balance Sheet Information Jun15	
Dec97	\$0.30	Total Current Assets	\$5,366,095,000
Dec96	\$0.90	Total Current Liabilities	\$1,848,846,000
Dec95	\$0.27	Long-Term Debt	\$1,702,851,000
		Total Assets	\$8,157,956,000
		Intangible Assets	\$116,665,000
		Total Liabilities	\$3,551,697,000
		Shares Outstanding (Diluted Average)	364,241,000





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

- [10 Companies Benjamin Graham Would Invest In Today – September 2015](#)
- [10 Low PE Stocks for the Enterprising Investor – August 2015](#)
- [10 Most Undervalued Companies for the Enterprising Investor – August 2015](#)
- [5 Undervalued Companies for Value Investors with a High Beta – August 2015](#)
- [5 Low PE Stocks for the Enterprising Investor – July 2015](#)

Other
ModernGraham
posts about related
companies

- [Masco Corporation Analysis – September 2015 Update \\$MAS](#)
- [Flowserve Corporation Analysis – August 2015 Update \\$FLS](#)
- [Alexander & Baldwin Inc Analysis – Initial Coverage \\$ALEX](#)
- [Lennar Corporation Analysis – August 2015 Update \\$LEN](#)
- [Aecom Analysis – Initial Coverage \\$ACM](#)
- [Quanta Services Inc. Analysis – July 2015 Update \\$PWR](#)
- [Fluor Corporation Analysis – July 2015 Update \\$FLR](#)
- [Martin Marietta Materials Inc. Analysis – Initial Coverage \\$MLM](#)
- [D.R. Horton Inc. Analysis – July 2015 Update \\$DHI](#)
- [Jacobs Engineering Group Inc. Analysis – July 2015 Update \\$JEC](#)