ModernGraham Valuation

Company Name: Home Depot Inc

Company Ticker	HD
Date of Analysis	11/10/2015

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	$159,537,057,155	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.19	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	111.23%	Pass
6. Moderate PEmg Ratio	PEmg < 20	28.72	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	18.54	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	1.19	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	5.21	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

Suitability

Defensive	**No**
Enterprising	**No**

Stage 2: Determination of Intrinsic Value

EPSmg	$4.33
MG Growth Estimate	15.00%
MG Value	**$166.55**
MG Value based on 3% Growth	$62.73
MG Value based on 0% Growth	$36.77
Market Implied Growth Rate	10.11%

MG Opinion

Current Price		$124.25
% of Intrinsic Value		74.60%
Opinion	**Undervalued**	

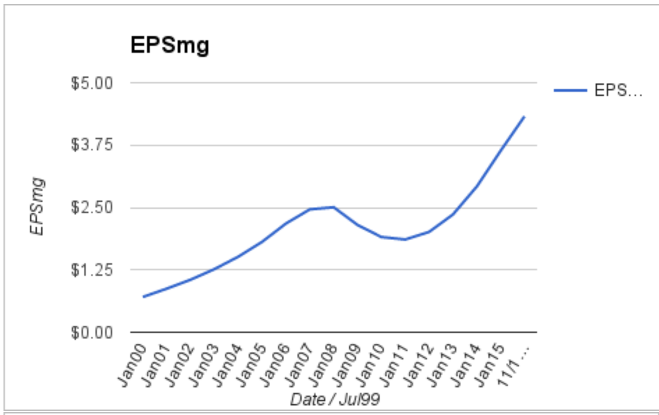
Stage 3: Information for Further Research

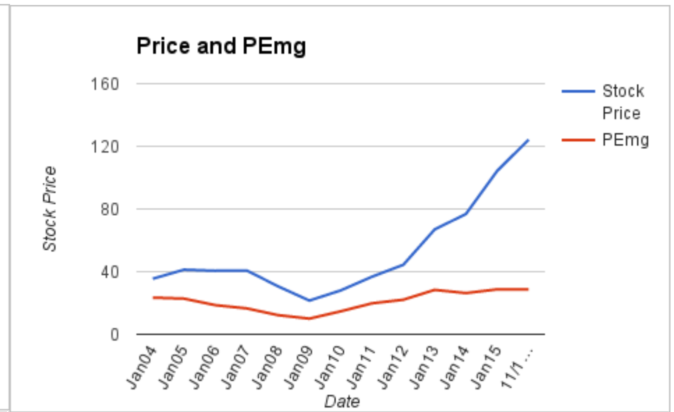
Net Current Asset Value (NCAV)	-$12.13
Graham Number	$28.22
PEmg	28.72
Current Ratio	1.19
PB Ratio	18.54
Dividend Yield	1.71%
Number of Consecutive Years of Dividend Growth	6

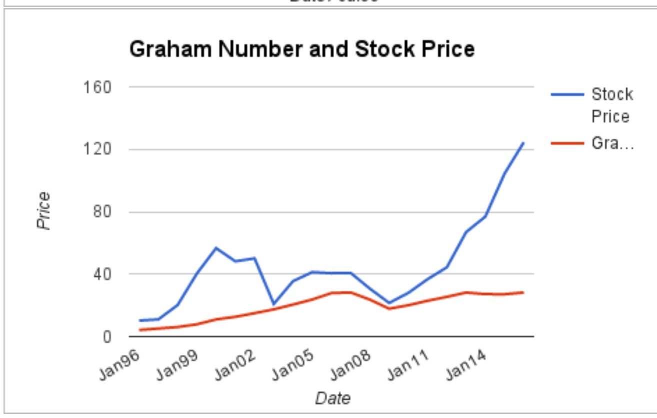
Useful Links:

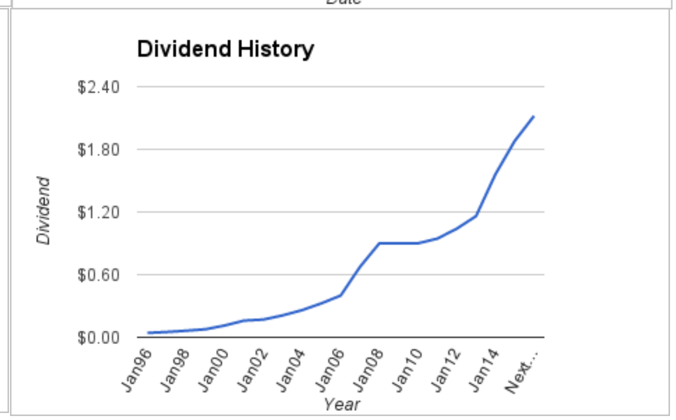
ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	$5.26	Next Fiscal Year Estimate	$4.33
Jan15	$4.71	Jan15	$3.64
Jan14	$3.76	Jan14	$2.92
Jan13	$3.00	Jan13	$2.36
Jan12	$2.47	Jan12	$2.01
Jan11	$2.01	Jan11	$1.86
Jan10	$1.57	Jan10	$1.91
Jan09	$1.34	Jan09	$2.15
Jan08	$2.37	Jan08	$2.50
Jan07	$2.79	Jan07	$2.46
Jan06	$2.72	Jan06	$2.18
Jan05	$2.26	Jan05	$1.81
Jan04	$1.88	Jan04	$1.51
Jan03	$1.56	Jan03	$1.26
Jan02	$1.29	Jan02	$1.05
Jan01	$1.10	Jan01	$0.87
Jan00	$1.00	Jan00	$0.71
Jan99	$0.71	**Balance Sheet Information** **Jul15**	
Jan98	$0.52	Total Current Assets	$19,531,000,000
Jan97	$0.43	Total Current Liabilities	$16,399,000,000
Jan96	$0.34	Long-Term Debt	$16,318,000,000
		Total Assets	$43,798,000,000
		Intangible Assets	$1,340,000,000
		Total Liabilities	$35,161,000,000
		Shares Outstanding (Diluted Average)	1,289,000,000









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

- 30 Companies in the Spotlight This Week – 11/15/14
- Home Depot Inc. Annual Valuation – 2014 $HD
- ModernGraham Valuation: Home Depot (HD)

Other ModernGraham posts about related companies

- Quanta Services Inc. Valuation – October 2015 Update $PWR
- 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
- Mohawk Industries Inc. Analysis – October 2015 Update $MHK
- PulteGroup Inc. Analysis – October 2015 Update $PHM
- Masco Corporation Analysis – September 2015 Update $MAS
- Flowserve Corporation Analysis – August 2015 Update $FLS