

ModernGraham Valuation

Company Name:

D.R. Horton, Inc.

Company Ticker DHI

Date of Analysis

1/27/2016



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	\$10,104,069,999	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	6.76	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	-146.60%	Fail
6. Moderate PEmg Ratio	PEmg < 20	13.79	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.63	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	6.76	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.47	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	\$1.94
MG Growth Estimate	15.00%
MG Value	\$74.82
MG Value based on 3% Growth	\$28.18
MG Value based on 0% Growth	\$16.52
Market Implied Growth Rate	2.65%

MG Opinion

Current Price	\$26.80
% of Intrinsic Value	35.82%
Opinion	Undervalued

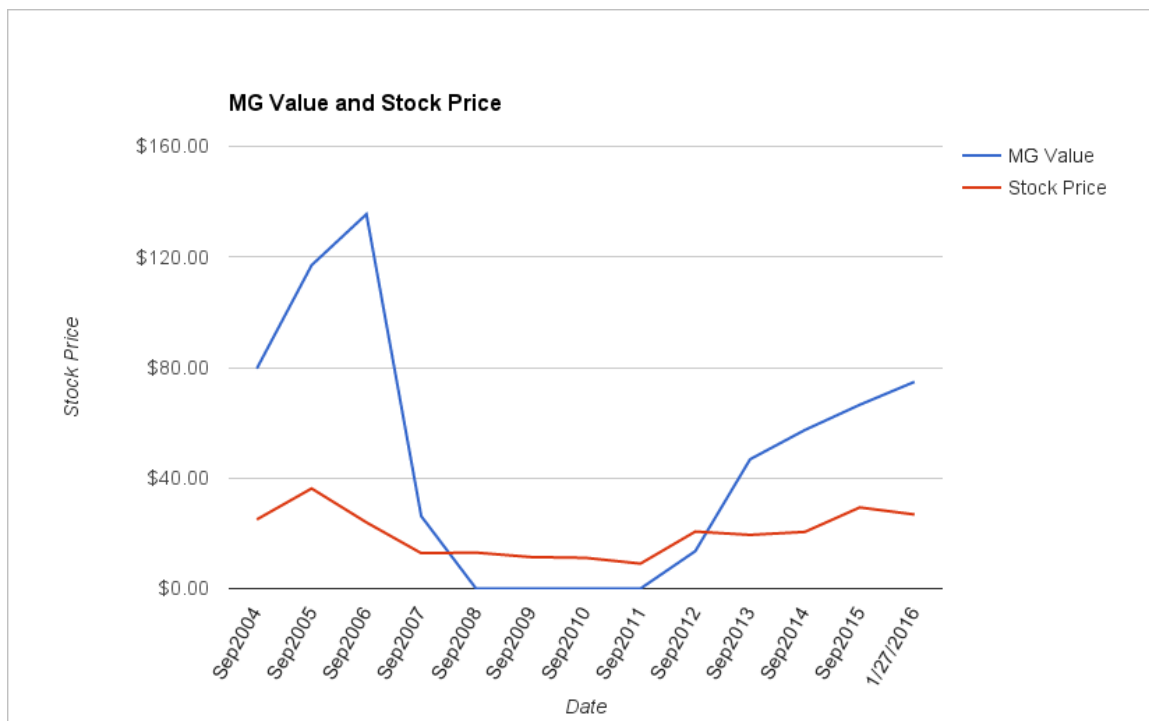
Stage 3: Information for Further Research

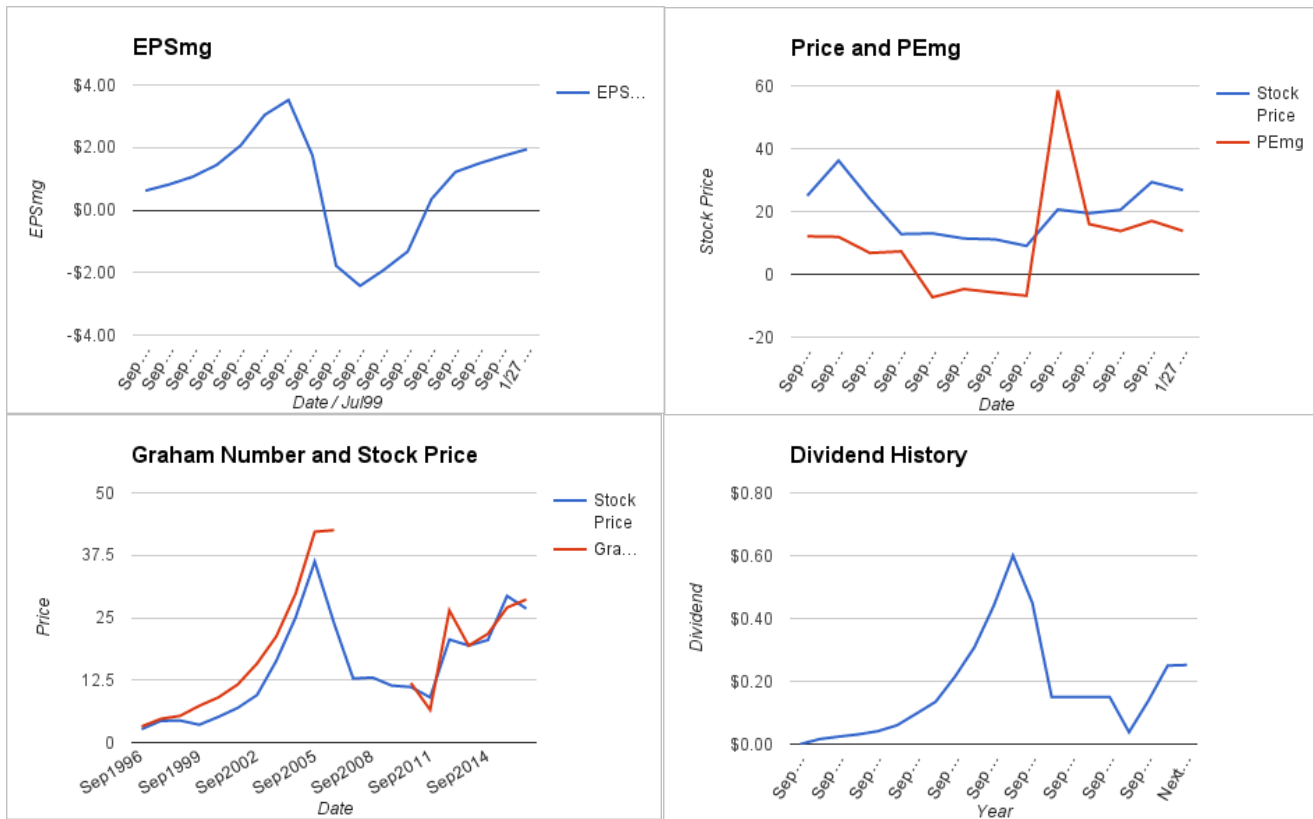
Net Current Asset Value (NCAV)	\$11.52
Graham Number	\$28.66
PEmg	13.79
Current Ratio	6.76
PB Ratio	1.63
Dividend Yield	0.94%
Number of Consecutive Years of Dividend Growth	3

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	\$2.22	Next Fiscal Year Estimate	\$1.94
Sep2015	\$2.03	Sep2015	\$1.73
Sep2014	\$1.50	Sep2014	\$1.49
Sep2013	\$1.33	Sep2013	\$1.22
Sep2012	\$2.77	Sep2012	\$0.35
Sep2011	\$0.23	Sep2011	-\$1.33
Sep2010	\$0.77	Sep2010	-\$1.92
Sep2009	-\$1.73	Sep2009	-\$2.43
Sep2008	-\$8.34	Sep2008	-\$1.78
Sep2007	-\$2.27	Sep2007	\$1.76
Sep2006	\$3.90	Sep2006	\$3.52
Sep2005	\$4.62	Sep2005	\$3.04
Sep2004	\$3.09	Sep2004	\$2.07
Sep2003	\$2.05	Sep2003	\$1.45
Sep2002	\$1.44	Sep2002	\$1.07
Sep2001	\$1.11	Sep2001	\$0.82
Sep2000	\$0.84	Sep2000	\$0.62
Sep1999	\$0.69	Balance Sheet Information Dec2015	
Sep1998	\$0.47	Total Current Assets	\$9,366,600,000
Sep1997	\$0.32	Total Current Liabilities	\$1,384,700,000
Sep1996	\$0.24	Long-Term Debt	\$3,734,300,000
		Total Assets	\$11,179,500,000
		Intangible Assets	\$87,200,000
		Total Liabilities	\$5,120,100,000
		Shares Outstanding (Diluted Average)	368,650,000





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

- [8 Best Stocks For Value Investors This Week – 10/13/15](#)
- [The Best Companies of the Construction Industry – October 2015](#)
- [The 20 Best Stocks For Value Investors This Week – 7/25/15](#)
- [D.R. Horton Inc. Analysis – July 2015 Update \\$DHI](#)
- [The Best Companies of the Construction Industry – June 2015](#)

Other ModernGraham posts about related companies

- [Lowe's Companies Inc Valuation – January 2016 Update \\$LOW](#)
- [PulteGroup Inc Valuation – January 2016 Update \\$PHM](#)
- [Flowserve Corp Valuation – November 2015 Update \\$FLS](#)
- [Lennar Corporation Valuation – November 2015 Update \\$LEN](#)
- [Home Depot Inc. Valuation – November 2015 Update \\$HD](#)
- [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](#)