

# ModernGraham Valuation



## Company Name:

Lowe's Companies,  
Inc.

Company Ticker      LOW

Date of Analysis

1/8/2016

## 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	\$65,532,612,315	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.02	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	52.06%	Pass
6. Moderate PEmg Ratio	PEmg < 20	28.09	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	7.91	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	1.02	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	49.53	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.56
MG Growth Estimate	12.06%
<b>MG Value</b>	<b>\$83.53</b>
MG Value based on 3% Growth	\$37.14
MG Value based on 0% Growth	\$21.77
Market Implied Growth Rate	9.80%

### MG Opinion

Current Price	\$71.95
% of Intrinsic Value	86.13%
<b>Opinion</b>	<b>Fairly Valued</b>

## Stage 3: Information for Further Research

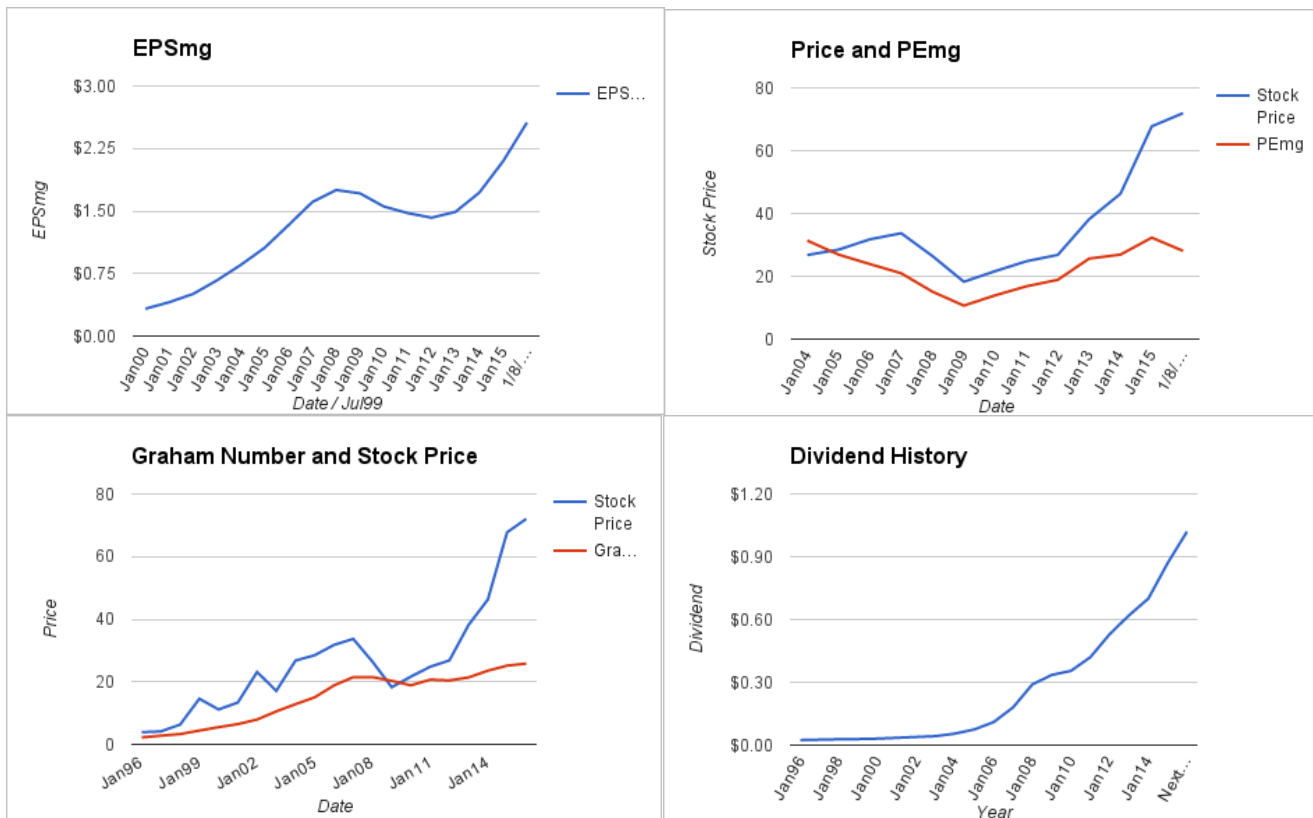
Net Current Asset Value (NCAV)	-\$13.99
Graham Number	\$25.82
PEmg	28.09
Current Ratio	1.02
PB Ratio	7.91
Dividend Yield	1.42%
Number of Consecutive Years of Dividend Growth	20

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.27	Next Fiscal Year Estimate	\$2.56
Jan15	\$2.71	Jan15	\$2.10
Jan14	\$2.14	Jan14	\$1.72
Jan13	\$1.69	Jan13	\$1.49
Jan12	\$1.43	Jan12	\$1.42
Jan11	\$1.42	Jan11	\$1.47
Jan10	\$1.21	Jan10	\$1.55
Jan09	\$1.49	Jan09	\$1.71
Jan08	\$1.86	Jan08	\$1.75
Jan07	\$1.99	Jan07	\$1.61
Jan06	\$1.73	Jan06	\$1.33
Jan05	\$1.35	Jan05	\$1.06
Jan04	\$1.13	Jan04	\$0.85
Jan03	\$0.93	Jan03	\$0.67
Jan02	\$0.65	Jan02	\$0.50
Jan01	\$0.52	Jan01	\$0.41
Jan00	\$0.44	Jan00	\$0.33
Jan99	\$0.34	<b>Balance Sheet Information Oct15</b>	
Jan98	\$0.26	Total Current Assets	\$12,395,000,000
Jan97	\$0.21	Total Current Liabilities	\$12,162,000,000
Jan96	\$0.17	Long-Term Debt	\$11,541,000,000
		Total Assets	\$33,655,000,000
		Intangible Assets	\$0
		Total Liabilities	\$25,277,000,000
		Shares Outstanding (Diluted Average)	921,000,000





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

- [32 Companies in the Spotlight This Week – 12/6/14](#)
- [Lowe's Companies Annual Valuation – 2014 \\$LOW](#)
- [10 Companies in the Spotlight this Week – 12/7/2013](#)
- [ModernGraham Valuation: Lowe's Companies \(LOW\)](#)

Other ModernGraham posts about related companies

- [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](#)
- [The Best Companies of the Construction Industry – October 2015](#)