

ModernGraham Valuation

Company Name:

PulteGroup, Inc.

Company Ticker

PHM

Date of Analysis

1/6/2016



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	\$6,039,953,185	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.94	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	-175.60%	Fail
5. Earnings Growth	PEmg < 20	8.09	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.31	Pass
7. Moderate Price to Assets			

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	2.94	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.55	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	\$2.10
MG Growth Estimate	15.00%
MG Value	\$80.93
MG Value based on 3% Growth	\$30.48
MG Value based on 0% Growth	\$17.87
Market Implied Growth Rate	-0.20%

MG Opinion

Current Price	\$17.01
% of Intrinsic Value	21.02%
Opinion	Undervalued

Stage 3: Information for Further Research

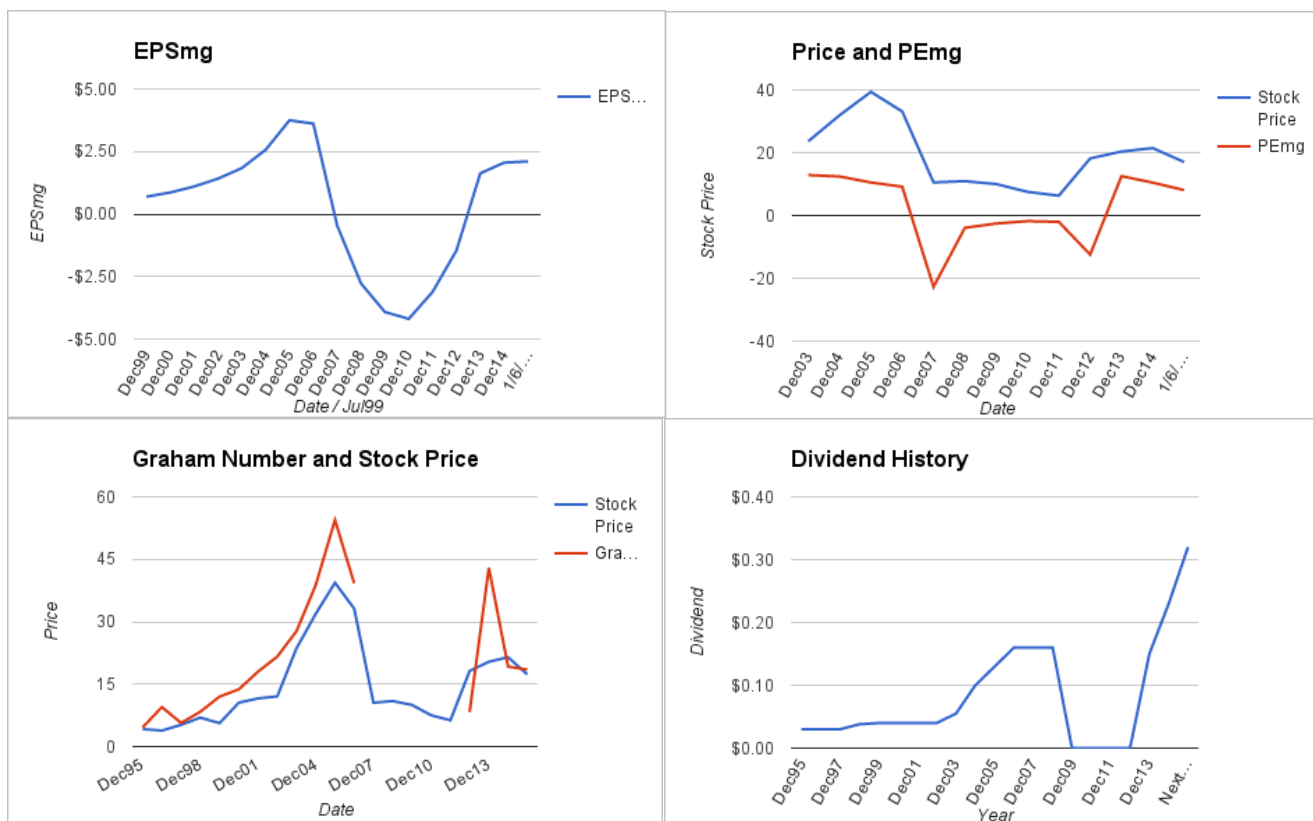
Net Current Asset Value (NCAV)	\$5.01
Graham Number	\$18.48
PEmg	8.09
Current Ratio	2.94
PB Ratio	1.31
Dividend Yield	1.88%
Number of Consecutive Years of Dividend Growth	3

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	\$1.16	Next Fiscal Year Estimate	\$2.10
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	\$2.48	Dec03	\$1.83
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 Sep15	
Dec97	\$0.30	Total Current Assets	\$6,001,027,000
Dec96	\$0.90	Total Current Liabilities	\$2,038,361,000
Dec95	\$0.27	Long-Term Debt	\$2,191,612,000
		Total Assets	\$8,801,578,000
		Intangible Assets	\$113,440,000
		Total Liabilities	\$4,229,973,000
		Shares Outstanding (Diluted Average)	353,372,000





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 Low PE Stocks for the Enterprising Investor – January 2016](#)
- [10 Low PE Stocks for the Enterprising Investor – November 2015](#)
- [10 Most Undervalued Companies for the Enterprising Investor – November 2015](#)
- [10 Companies Benjamin Graham Would Invest In Today – November 2015](#)
- [10 Most Undervalued Companies for the Enterprising Investor – October 2015](#)

Other
ModernGraham
posts about related
companies

- [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](#)
- [Mohawk Industries Inc. Analysis – October 2015 Update \\$MHK](#)
- [PulteGroup Inc. Analysis – October 2015 Update \\$PHM](#)