

ModernGraham Valuation

Company Name:

D.R. Horton, Inc.

Company Ticker DHI

Date of Analysis

8/14/2016



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	\$11,902,391,084	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.20	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	-147.57%	Fail
6. Moderate PEmg Ratio	PEmg < 20	16.22	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.86	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	2.20	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.10	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	\$1.98
MG Growth Estimate	15.00%
MG Value	\$76.36
MG Value based on 3% Growth	\$28.76
MG Value based on 0% Growth	\$16.86
Market Implied Growth Rate	3.86%

MG Opinion

Current Price	\$32.16
% of Intrinsic Value	42.12%
Opinion	Undervalued
MG Grade	B-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$12.24
Graham Number	\$30.35
PEmg	16.22
Current Ratio	2.20
PB Ratio	1.86
Current Dividend	\$0.30
Dividend Yield	0.94%
Number of Consecutive Years of Dividend Growth	3

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.34	Next Fiscal Year Estimate	\$1.98
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	\$0.63
Sep1999	\$0.69	Balance Sheet Information 6/1/2016	
Sep1998	\$0.47	Total Current Assets	\$9,422,800,000
Sep1997	\$0.32	Total Current Liabilities	\$4,275,100,000
Sep1996	\$0.41	Long-Term Debt	\$504,200,000
		Total Assets	\$11,333,200,000
		Intangible Assets	\$87,200,000
		Total Liabilities	\$4,821,000,000
		Shares Outstanding (Diluted Average)	375,900,000





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.

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