

# ModernGraham Valuation

Company Name:

Lennar Corporation

Company Ticker LEN

Date of Analysis

11/19/2016



## 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	\$9,309,257,384 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	5.14 Pass
3. Earnings Stability	Positive EPS for 10 years prior	Fail
4. Dividend Record	Dividend Payments for 10 years prior	Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-146.39% Fail
5. Earnings Growth		
6. Moderate PEmg Ratio	PEmg < 20	13.35 Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.54 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	5.14 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.55 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

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$3.26
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$125.38</b>
MG Value based on 3% Growth	\$47.22
MG Value based on 0% Growth	\$27.68
Market Implied Growth Rate	2.42%

### MG Opinion

Current Price	\$43.47
% of Intrinsic Value	34.67%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B+</b>

## Stage 3: Information for Further Research

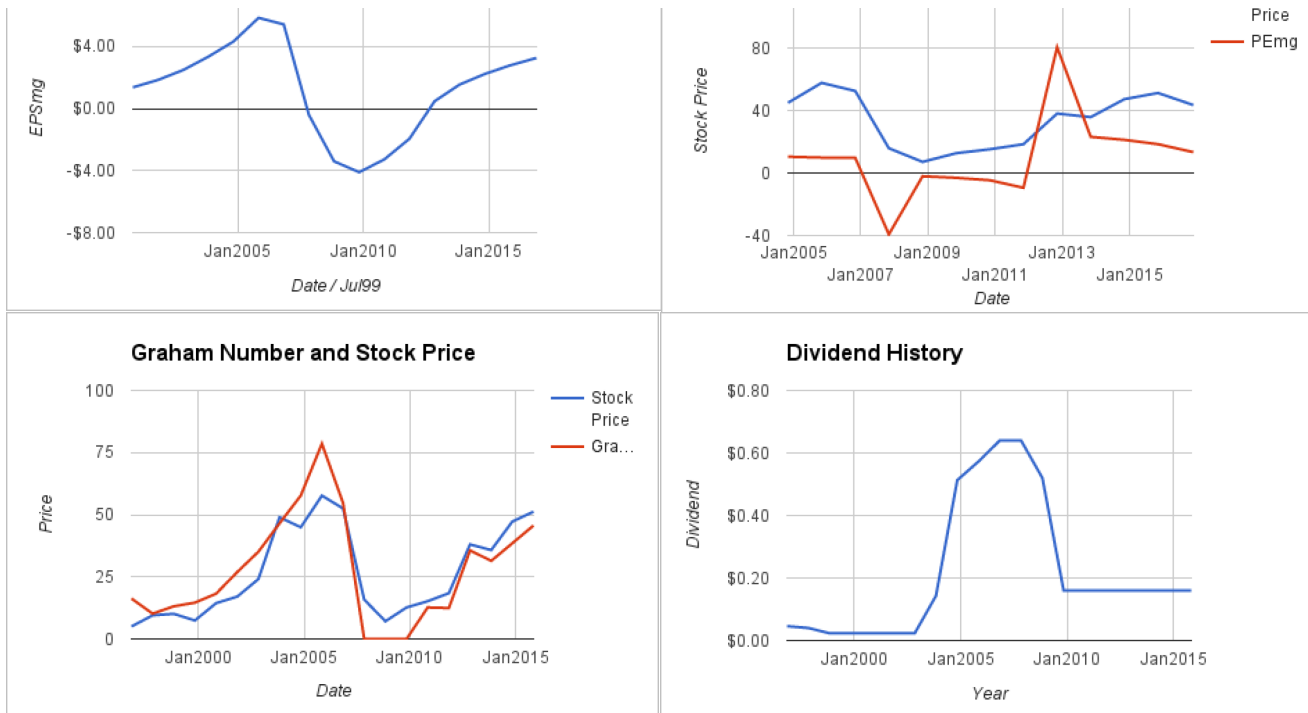
Net Current Asset Value (NCAV)	\$11.50
Graham Number	\$49.83
PEmg	13.35
Current Ratio	5.14
PB Ratio	1.54
Current Dividend	\$0.16
Dividend Yield	0.37%
Number of Consecutive Years of Dividend Growth	0

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<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	\$3.26
Nov2015	\$3.84	Nov2015	\$2.78
Nov2014	\$3.46	Nov2014	\$2.23
Nov2013	\$2.80	Nov2013	\$1.55
Nov2012	\$2.15	Nov2012	\$0.47
Nov2011	\$3.11	Nov2011	-\$1.95
Nov2010	\$0.48	Nov2010	-\$3.28
Nov2009	\$0.51	Nov2009	-\$4.11
Nov2008	-\$2.45	Nov2008	-\$3.40
Nov2007	-\$7.01	Nov2007	-\$0.40
Nov2006	-\$12.31	Nov2006	\$5.42
Nov2005	\$3.69	Nov2005	\$5.84
Nov2004	\$8.23	Nov2004	\$4.32
Nov2003	\$5.70	Nov2003	\$3.34
Nov2002	\$4.65	Nov2002	\$2.48
Nov2001	\$3.51	Nov2001	\$1.84
Nov2000	\$2.73	Nov2000	\$1.36
Nov1999	\$1.66	<b>Balance Sheet Information</b> <b>8/1/2016</b> Total Current Assets \$11,118,198,000 Total Current Liabilities \$2,164,310,000 Long-Term Debt \$4,920,848,000 Total Assets \$14,998,720,000 Intangible Assets \$39,838,000 Total Liabilities \$8,453,185,000 Shares Outstanding (Diluted Average) 231,818,000	
Nov1998	\$1.25		
Nov1997	\$1.25		
Nov1996	\$1.12		
Nov1995	\$1.22		
Nov1994	\$1.22		





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:

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ModernGraham  
posts about the  
company

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[Lennar Corporation Valuation – November 2015 Update \\$LEN](#)  
[The Best Companies of the Construction Industry – October 2015](#)  
[The 20 Best Stocks For Value Investors This Week – 8/15/15](#)  
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[Martin Marietta Materials Inc Valuation – August 2016 \\$MLM](#)  
[Fluor Corporation Valuation – August 2016 \\$FLR](#)  
[Vulcan Materials Co Valuation – July 2016 \\$VMC](#)  
[PulteGroup Inc Valuation – July 2016 \\$PHM](#)  
[Sherwin-Williams Co Valuation – July 2016 \\$SHW](#)  
[Cummins Inc Valuation – July 2016 \\$CMI](#)  
[Corning Inc Valuation – May 2016 \\$GLW](#)