ModernGraham Valuation

Company Name:

Home Depot Inc

Company Ticker H
Date of Analysis

2/22/2017



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.

Adequate Size of the Enterprise	Market Cap > \$2Bil	\$179,103,724,346	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.34	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at		

5. Earnings Growth beginning and end 216.67% Pass 6. Moderate PEmg Ratio PEmg < 20 27.44 Fail 7. Moderate Price to Assets PB Ratio < 2.5 OR PB*PEmg < 50 31.69 Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial ConditionCurrent Ratio > 1.51.34 Fail2. Sufficiently Strong Financial ConditionDebt to NCA < 1.1</td>4.54 Fail3. Earnings StabilityPositive EPS for 5 years priorPass4. Dividend RecordCurrently Pays DividendPass5. Earnings GrowthEPSmg greater than 5 years agoPass

Score

Suitability

Defensive No Enterprising No

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.28
MG Growth Estimate	15.00%
MG Value	\$203.38
MG Value based on 3% Growth	\$76.60
MG Value based on 0% Growth	\$44.90
Market Implied Growth Rate	9.47%

MG Opinion

Current Price\$144.98% of Intrinsic Value71.28%

Opinion Undervalued

MG Grade C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$15.89
Graham Number	\$26.06
PEmg	27.44
Current Ratio	1.34
PB Ratio	31.69
Current Dividend	\$2.66
Dividend Yield	1.83%
Number of Consecutive Years of Dividend	

Number of Consecutive Years of Dividend
Growth

Useful Links: ModernGraham tagged articles

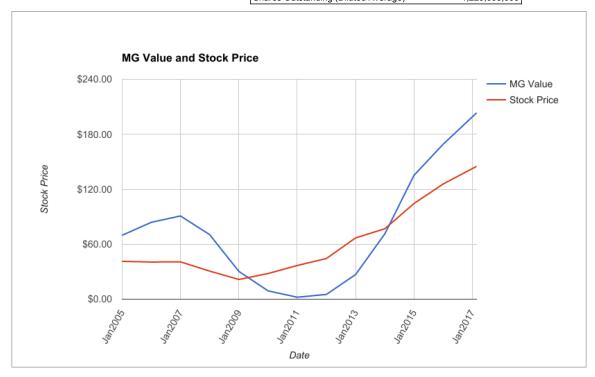
 ModernGraham tagged articles
 Morningstar

 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

EPS History		EPSmg History	
Next Fiscal Year			
Estimate	*	Next Fiscal Year Estimate	\$5.28
Jan2016	\$5.46	Jan2016	\$4.39
Jan2015	\$4.71	Jan2015	\$3.64
Jan2014	\$3.76	Jan2014	\$2.92
Jan2013	\$3.00	Jan2013	\$2.36
Jan2012	\$2.47	Jan2012	\$2.01
Jan2011	\$2.01	Jan2011	\$1.86
Jan2010	\$1.57	Jan2010	\$1.91
Jan2009	\$1.34	Jan2009	\$2.15
Jan2008	\$2.37	Jan2008	\$2.50
Jan2007	\$2.79	Jan2007	\$2.46
Jan2006	\$2.72	Jan2006	\$2.18
Jan2005	\$2.26	Jan2005	\$1.81
Jan2004	\$1.88	Jan2004	\$1.51
Jan2003	\$1.56	Jan2003	\$1.26
Jan2002	\$1.29	Jan2002	\$1.05
Jan2001	\$1.10	Jan2001	\$0.87
Jan2000	\$1.00	Balance Sheet Information	10/1/2016
Jan1999	\$0.71	Total Current Assets	\$19,348,000,000
Jan1998	\$0.52	Total Current Liabilities	\$14,431,000,000
Jan1997	\$0.43	Long-Term Debt	\$22,338,000,000
		Total Assets	\$44,502,000,000
		Intangible Assets	\$2,095,000,000
		Total Liabilities	\$38,880,000,000
		Shares Outstanding (Diluted Average)	1,229,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor. The author held a long position in HD 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 Home Depot Inc. Valuation – November 2015 Update \$HD 30 Companies in the Spotlight This Week – 11/15/14 Home Depot Inc. Annual Valuation – 2014 \$HD ModernGraham Valuation: Home Depot (HD)

Other ModernGraham posts about related companies Quanta Services Inc Valuation - August 2016 \$PWR

<u>Jacobs Engineering Group Inc Valuation – August 2016 \$JEC</u>

PPG Industries Inc Valuation – August 2016 \$PPG

D.R. Horton Inc Valuation - August 2016 \$DHI

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