

ModernGraham Valuation

Company Name:

Company Ticker LOW

Date of Analysis

3/26/2017

Lowe's Companies,
Inc.



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	\$71,301,973,577	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.00	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	156.31%	Pass
5. Earnings Growth	PEmg < 20	23.98	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	11.09	Fail
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	1.00	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	553.62	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 Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.43
MG Growth Estimate	14.90%
MG Value	\$131.33
MG Value based on 3% Growth	\$49.72
MG Value based on 0% Growth	\$29.14
Market Implied Growth Rate	7.74%

MG Opinion

Current Price	\$82.21
% of Intrinsic Value	62.60%
Opinion	Undervalued
MG Grade	C+

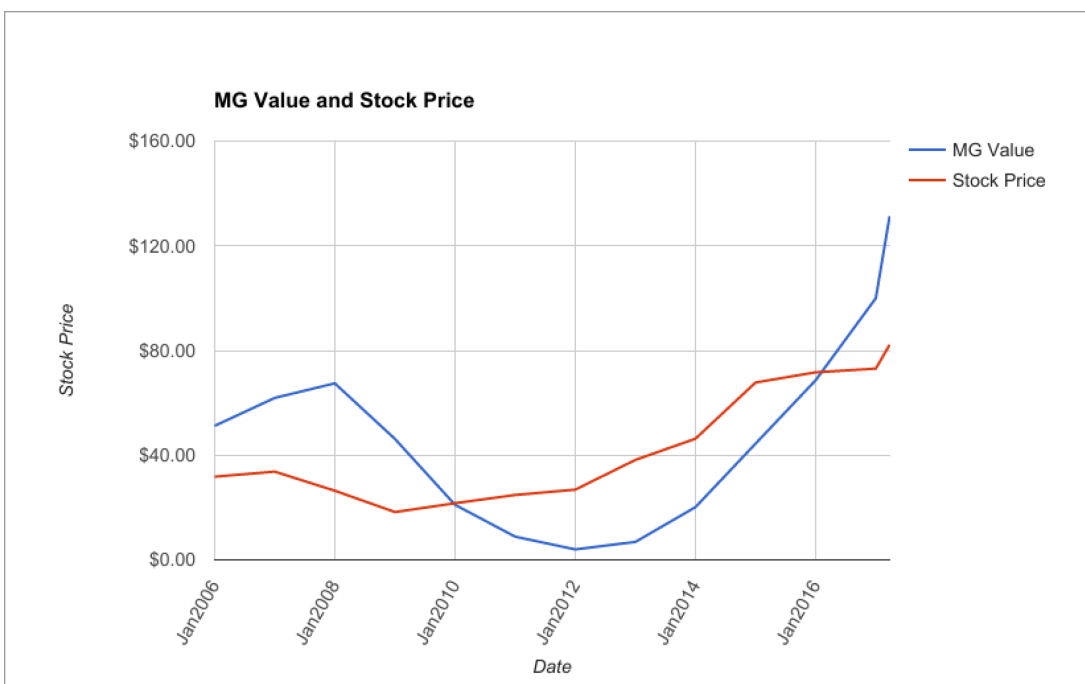
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$18.40
Graham Number	\$26.34
PEmg	23.98
Current Ratio	1.00
PB Ratio	11.09
Current Dividend	\$1.33
Dividend Yield	1.62%
Number of Consecutive Years of Dividend Growth	20

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	\$4.36	Next Fiscal Year Estimate	\$3.43
Jan2017	\$3.47	Jan2017	\$2.82
Jan2016	\$2.73	Jan2016	\$2.38
Jan2015	\$2.71	Jan2015	\$2.10
Jan2014	\$2.14	Jan2014	\$1.72
Jan2013	\$1.69	Jan2013	\$1.49
Jan2012	\$1.43	Jan2012	\$1.42
Jan2011	\$1.42	Jan2011	\$1.47
Jan2010	\$1.21	Jan2010	\$1.55
Jan2009	\$1.49	Jan2009	\$1.71
Jan2008	\$1.86	Jan2008	\$1.75
Jan2007	\$1.99	Jan2007	\$1.61
Jan2006	\$1.73	Jan2006	\$1.33
Jan2005	\$1.35	Jan2005	\$1.06
Jan2004	\$1.13	Jan2004	\$0.85
Jan2003	\$0.93	Jan2003	\$0.67
Jan2002	\$0.65	Jan2002	\$0.50
Jan2001	\$0.52	Balance Sheet Information 1/1/2017	
Jan2000	\$0.44	Total Current Assets	\$12,000,000,000
Jan1999	\$0.34	Total Current Liabilities	\$11,974,000,000
Jan1998	\$0.26	Long-Term Debt	\$14,394,000,000
		Total Assets	\$34,408,000,000
		Intangible Assets	\$1,082,000,000
		Total Liabilities	\$27,974,000,000
		Shares Outstanding (Diluted Average)	868,000,000





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

- [Lowe's Companies Inc Valuation – January 2016 Update \\$LOW](#)
- [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

- [Quanta Services Inc Valuation – August 2016 \\$PWR](#)
- [Jacobs Engineering Group Inc Valuation – August 2016 \\$JEC](#)
- [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](#)