ModernGraham Valuation

Company Name: D. R. Horton Inc

Company Ticker DHI

Date of Analysis 5/5/2018

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	$16,874,222,427	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	6.95	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	-1282.19%	Fail
6. Moderate PEmg Ratio	PEmg < 20	16.26	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.09	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	6.95	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.34	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
	Score		

Suitability

Defensive	**No**
Enterprising	**Yes**

Stage 2: Determination of Intrinsic Value

EPSmg		$2.75
MG Growth Estimate		12.67%
MG Value		**$93.07**
MG Value based on 3% Growth		$39.88
MG Value based on 0% Growth		$23.38
Market Implied Growth Rate		3.88%

MG Opinion

Current Price		$44.71
% of Intrinsic Value		48.04%
Opinion	**Undervalued**	
MG Grade	**B-**	

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	$16.13
Graham Number	$40.51
PEmg	16.26
Current Ratio	6.95
PB Ratio	2.09
Current Dividend	$0.40
Dividend Yield	0.89%
Number of Consecutive Years of Dividend Growth	4

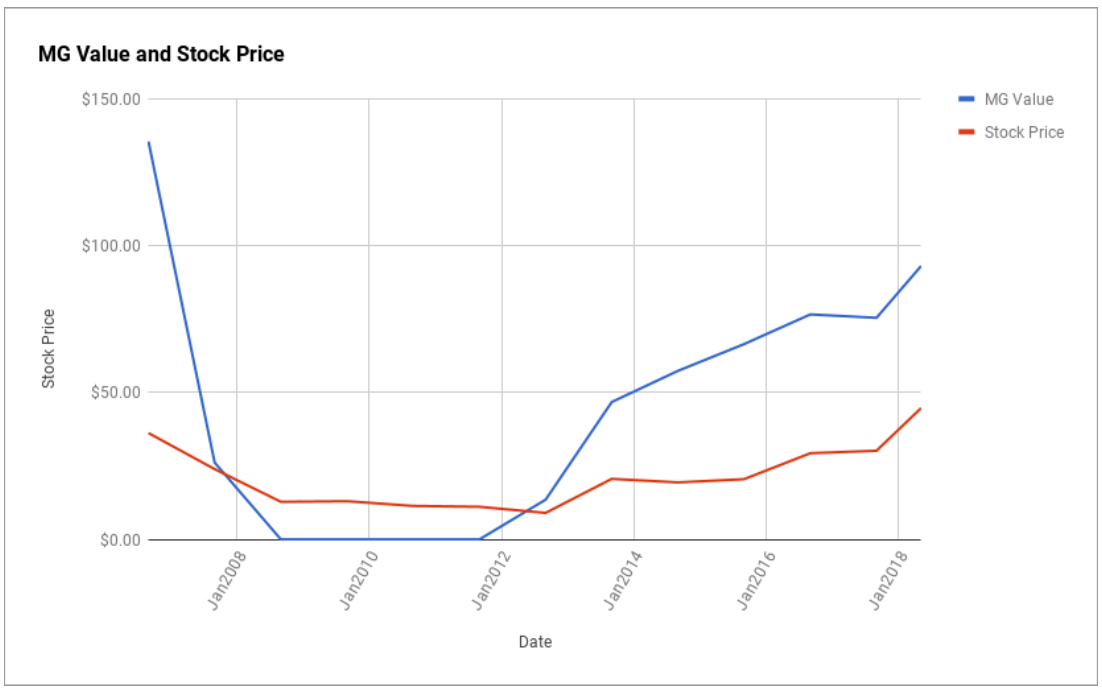
Useful Links:

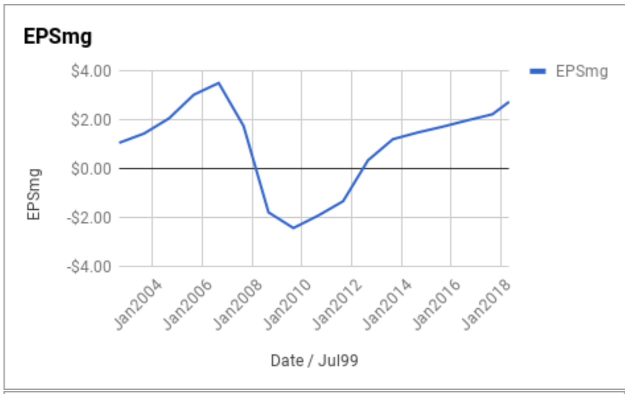
ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

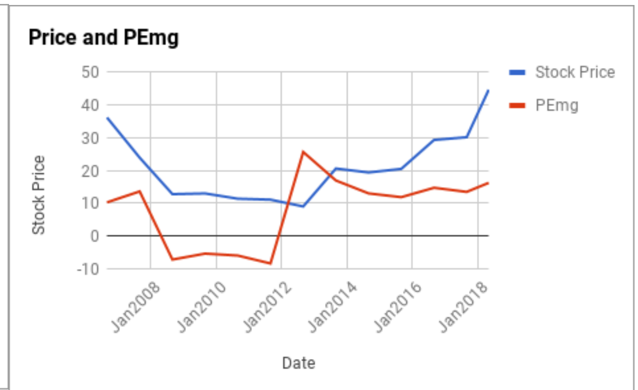
EPS History	
Next Fiscal Year Estimate	$3.53
Sep2017	$2.74
Sep2016	$2.36
Sep2015	$2.03
Sep2014	$1.50
Sep2013	$1.33
Sep2012	$2.77
Sep2011	$0.23
Sep2010	$0.77
Sep2009	-$1.73
Sep2008	-$8.34
Sep2007	-$2.27
Sep2006	$3.90
Sep2005	$4.62
Sep2004	$3.09
Sep2003	$2.05
Sep2002	$1.44
Sep2001	$1.11
Sep2000	$0.84
Sep1999	$0.69
Sep1998	$0.47

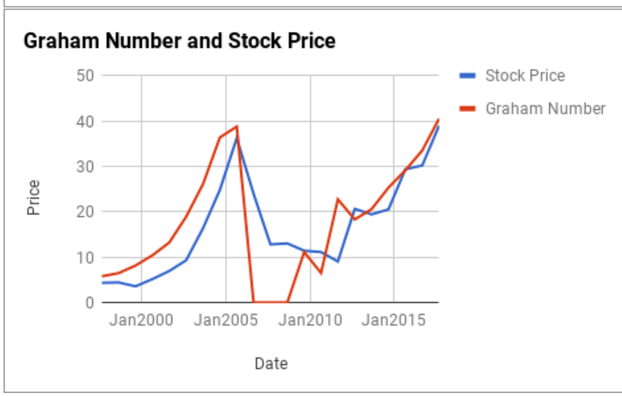
EPSmg History	
Next Fiscal Year Estimate	$2.75
Sep2017	$2.24
Sep2016	$1.99
Sep2015	$1.73
Sep2014	$1.49
Sep2013	$1.22
Sep2012	$0.35
Sep2011	-$1.33
Sep2010	-$1.92
Sep2009	-$2.43
Sep2008	-$1.78
Sep2007	$1.76
Sep2006	$3.52
Sep2005	$3.04
Sep2004	$2.07
Sep2003	$1.45
Sep2002	$1.07

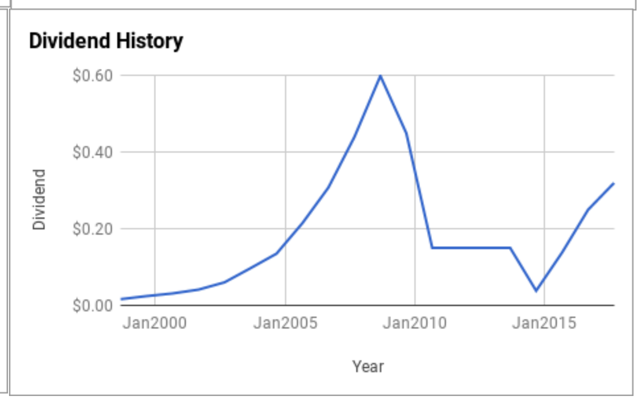
Balance Sheet Information	3/1/2018
Total Current Assets	$11,210,600,000
Total Current Liabilities	$1,612,300,000
Long-Term Debt	$3,233,900,000
Total Assets	$13,218,100,000
Intangible Assets	$109,200,000
Total Liabilities	$5,019,200,000
Shares Outstanding (Diluted Average)	383,900,000











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.

Recommended Reading:

Other ModernGraham posts about the company	Stocks Trading Closest to Net Current Asset Value – April 2017 15 Best Stocks for Value Investors This Week – 1/14/17 D.R. Horton Inc Valuation – January 2017 $DHI 10 Stocks for Using A Benjamin Graham Value Investing Strategy – August 2016 15 Best Undervalued Stocks of the Week – 8/20/16
Other ModernGraham posts about related companies	Martin Marietta Materials Inc Valuation – May 2018 $MLM Fluor Corporation Valuation – April 2018 $FLR Lennar Corp Valuation – April 2018 $LEN Vulcan Materials Co Valuation – April 2018 $VMC PulteGroup Inc Valuation – March 2018 $PHM Sherwin-Williams Co Valuation – March 2018 $SHW Cummins Inc Valuation – March 2018 $CMI Johnson Controls International PLC Valuation – March 2018 $JCI Flowserve Corp Valuation – February 2018 $FLS Corning Inc Valuation – February 2018 $GLW