

ModernGraham Valuation

Company Name:

Company Ticker LOW

Date of Analysis

6/24/2018

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	\$80,162,647,073	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.02	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	217.73%	Pass
5. Earnings Growth	PEmg < 20	23.90	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	14.12	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	1.02	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	57.71	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	\$4.11
MG Growth Estimate	14.39%
MG Value	\$153.19
MG Value based on 3% Growth	\$59.59
MG Value based on 0% Growth	\$34.93
Market Implied Growth Rate	7.70%

MG Opinion

Current Price	\$98.22
% of Intrinsic Value	64.11%
Opinion	Undervalued
MG Grade	C+

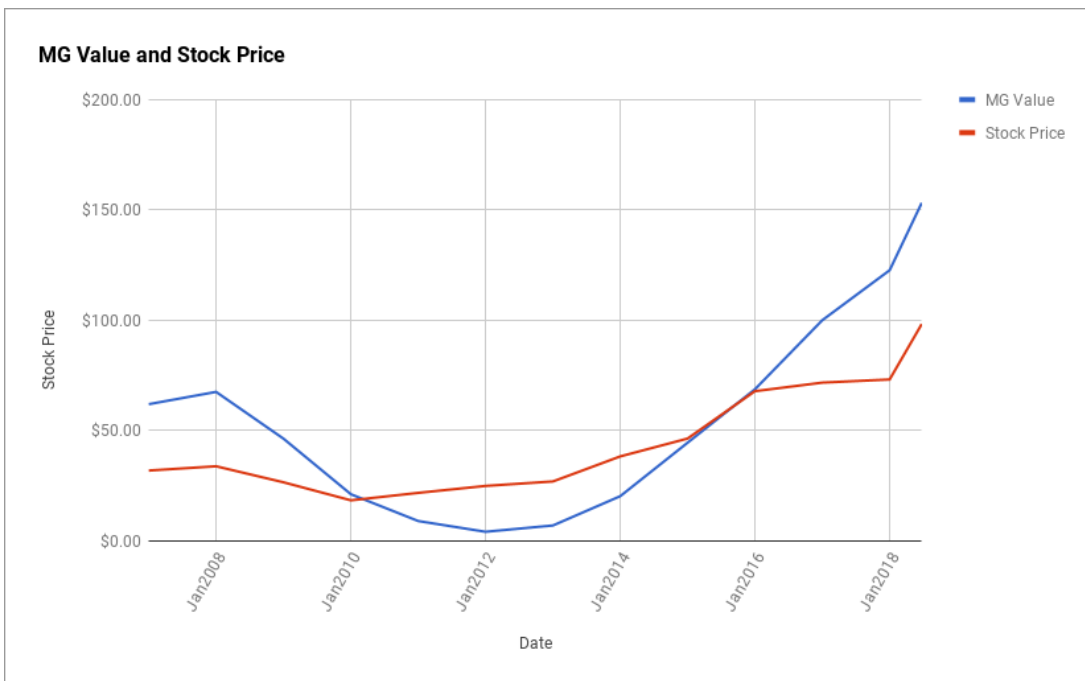
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$19.93
Graham Number	\$29.00
PEmg	23.90
Current Ratio	1.02
PB Ratio	14.12
Current Dividend	\$1.58
Dividend Yield	1.61%
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	\$5.34	Next Fiscal Year Estimate	\$4.11
Jan2018	\$4.09	Jan2018	\$3.34
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	Balance Sheet Information 4/1/2018	
Jan2001	\$0.52	Total Current Assets	\$16,033,000,000
Jan2000	\$0.44	Total Current Liabilities	\$15,774,000,000
Jan1999	\$0.34	Long-Term Debt	\$14,948,000,000
		Total Assets	\$38,237,000,000
		Intangible Assets	\$1,288,000,000
		Total Liabilities	\$32,492,000,000
		Shares Outstanding (Diluted Average)	826,000,000





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 – March 2017 \\$LOW](#)
- [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](#)

Other ModernGraham posts about related companies

- [Acuity Brands Inc Valuation – June 2018 \\$AYI](#)
- [Quanta Services Inc Valuation – May 2018 \\$PWR](#)
- [Mohawk Industries Inc Valuation – May 2018 \\$MHK](#)
- [Jacobs Engineering Group Inc Valuation – May 2018 \\$JEC](#)
- [Masco Corp Valuation – May 2018 \\$MAS](#)
- [D.R. Horton Inc Valuation – May 2018 \\$DHI](#)
- [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](#)