

ModernGraham Valuation

Company Name:

KB Home

Company Ticker KBH

Date of Analysis

8/5/2018



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	\$2,035,691,678	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	10.25	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	-196.92%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	12.16	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.24	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	10.25	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.59	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 Score		Fail

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.93
MG Growth Estimate	-4.23%
MG Value	\$12.30
MG Value based on 3% Growth	\$27.95
MG Value based on 0% Growth	\$16.38
Market Implied Growth Rate	1.83%

MG Opinion

Current Price	\$23.43
% of Intrinsic Value	190.56%
Opinion	Overvalued
MG Grade	B-

Stage 3: Information for Further Research

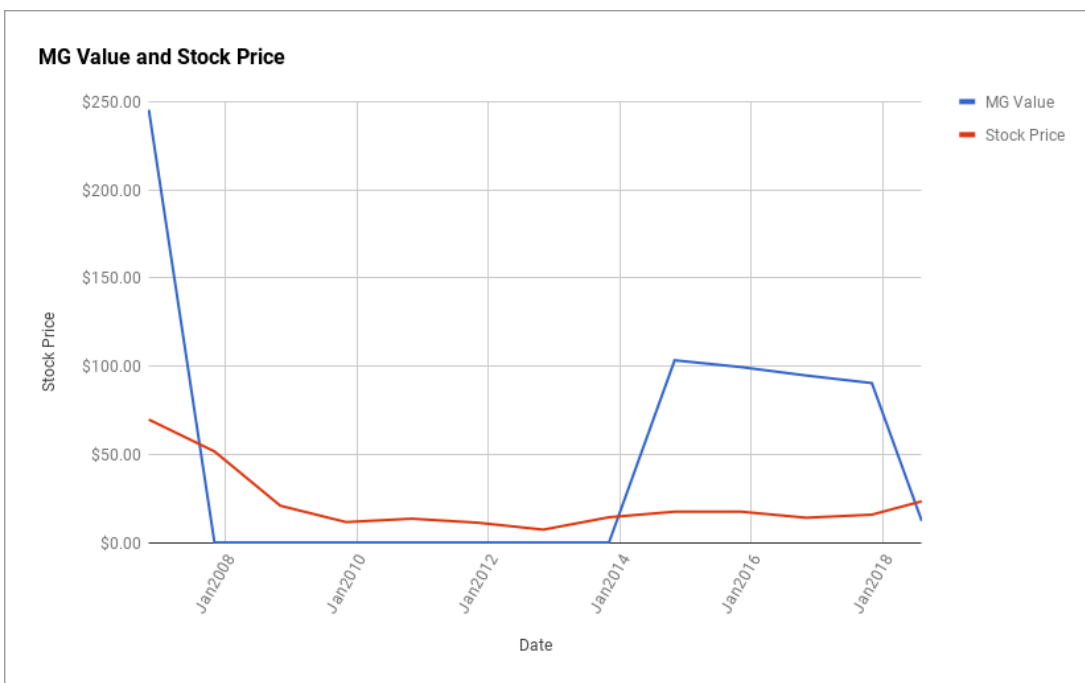
Net Current Asset Value (NCAV)	\$12.30
Graham Number	\$26.78
PEmg	12.16
Current Ratio	10.25
PB Ratio	1.24
Current Dividend	\$0.10
Dividend Yield	0.43%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Nov2017	\$1.85	Nov2017	\$2.35
Nov2016	\$1.12	Nov2016	\$2.46
Nov2015	\$0.85	Nov2015	\$2.59
Nov2014	\$9.25	Nov2014	\$2.68
Nov2013	\$0.46	Nov2013	-\$0.72
Nov2012	-\$0.76	Nov2012	-\$2.07
Nov2011	-\$2.32	Nov2011	-\$3.76
Nov2010	-\$0.90	Nov2010	-\$4.39
Nov2009	-\$1.33	Nov2009	-\$4.81
Nov2008	-\$12.59	Nov2008	-\$4.63
Nov2007	-\$12.04	Nov2007	\$0.45
Nov2006	\$5.82	Nov2006	\$6.37
Nov2005	\$9.32	Nov2005	\$6.15
Nov2004	\$5.62	Nov2004	\$4.30
Nov2003	\$4.40	Nov2003	\$3.42
Nov2002	\$3.58	Nov2002	\$2.73
Nov2001	\$2.75	Balance Sheet Information 5/1/2018	
Nov2000	\$2.62	Total Current Assets	\$4,423,864,000
Nov1999	\$1.54	Total Current Liabilities	\$431,671,000
Nov1998	\$1.16	Long-Term Debt	\$2,353,848,000
		Total Assets	\$5,094,736,000
		Intangible Assets	\$0
		Total Liabilities	\$3,180,093,000
		Shares Outstanding (Diluted Average)	101,159,000





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

- [10 Undervalued Stocks for the Enterprising Investor – August 2017](#)
- [10 Undervalued Stocks for the Enterprising Investor – July 2017](#)
- [Stocks Trading Closest to Net Current Asset Value – April 2017](#)
- [10 Low PE Stock Picks for the Enterprising Investor – April 2017](#)
- [Best Stocks Below Their Graham Number – March 2017](#)

Other ModernGraham posts about related companies

- [Stella-Jones Inc Valuation – July 2018 \\$TSE:SJ](#)
- [Aecon Group Inc Valuation – July 2018 \\$TSE:ARE](#)
- [Aecom Valuation – July 2018 \\$ACM](#)
- [Lowe's Companies Inc Valuation – June 2018 \\$LOW](#)
- [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](#)