

# ModernGraham Valuation

Company Name:

Home Depot Inc

Company Ticker HD

Date of Analysis

11/17/2018



## 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	\$202,535,298,071	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.09	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	288.26%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	23.52	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	153.02	Fail

*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	1.09	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	14.46	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		Pass
	Score		

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$7.53
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$289.75</b>
MG Value based on 3% Growth	\$109.13
MG Value based on 0% Growth	\$63.97
Market Implied Growth Rate	7.51%

### MG Opinion

Current Price	\$177.02
% of Intrinsic Value	61.09%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>C-</b>

## Stage 3: Information for Further Research

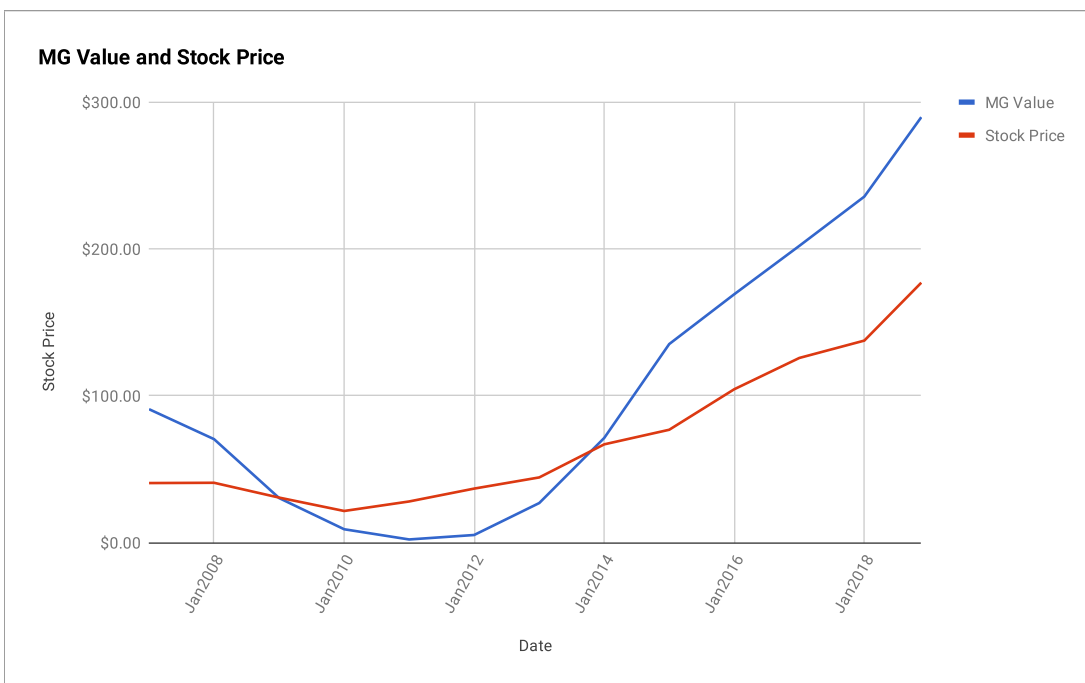
Net Current Asset Value (NCAV)	-\$21.10
Graham Number	\$16.60
PEmg	23.52
Current Ratio	1.09
PB Ratio	153.02
Current Dividend	\$3.56
Dividend Yield	2.01%
Number of Consecutive Years of Dividend Growth	8

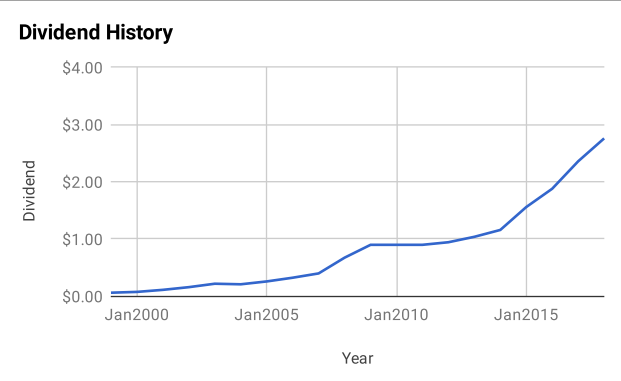
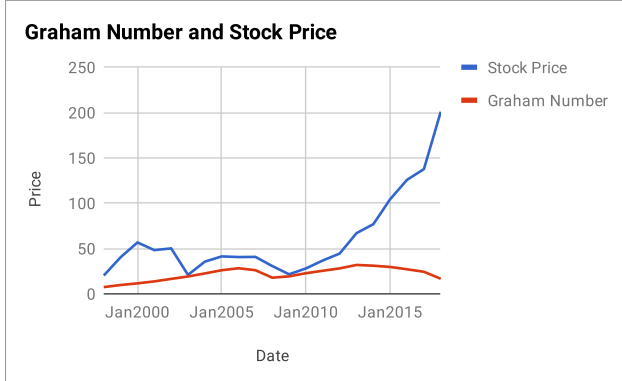
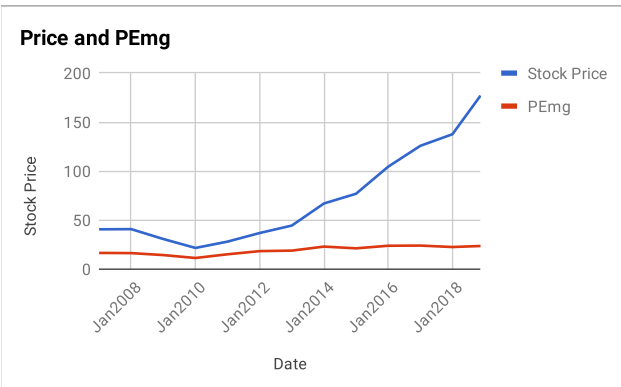
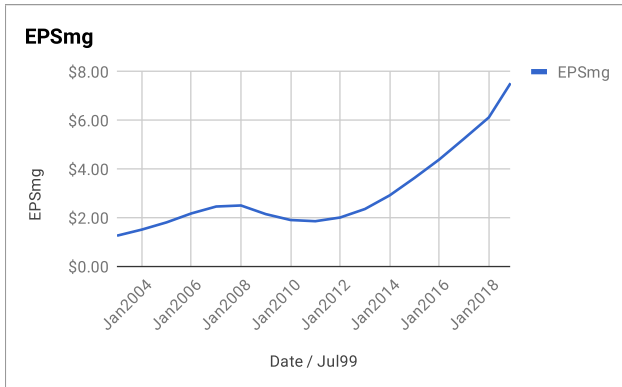
### Useful Links:

[ModernGraham tagged articles](#)  
[Google Finance](#)  
[Yahoo Finance](#)  
[GuruFocus](#)

[Morningstar](#)  
[MSN Money](#)  
[Seeking Alpha](#)  
[SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$9.75	Next Fiscal Year Estimate	\$7.53
Jan2018	\$7.29	Jan2018	\$6.12
Jan2017	\$6.45	Jan2017	\$5.25
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	<b>Balance Sheet Information 10/1/2018</b>	
Jan2001	\$1.10	Total Current Assets	\$19,809,000,000
Jan2000	\$1.00	Total Current Liabilities	\$18,196,000,000
Jan1999	\$0.71	Long-Term Debt	\$23,332,000,000
		Total Assets	\$45,200,000,000
		Intangible Assets	\$2,258,000,000
		Total Liabilities	\$43,880,000,000
		Shares Outstanding (Diluted Average)	1,141,000,000





**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 – February 2018 \\$HD](#)
  - [Home Depot Inc Valuation – February 2017 \\$HD](#)
  - [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](#)

- Other ModernGraham posts about related companies**
- [Cavco Industries Inc Valuation – September 2018 \\$CVCO](#)
  - [LGI Homes Inc Valuation – September 2018 \\$LGIH](#)
  - [Stantec Inc Valuation – August 2018 \\$TSE-STN](#)
  - [Simpson Manufacturing Co Inc Valuation – August 2018 \\$SSD](#)
  - [KBR Inc Valuation – August 2018 \\$KBR](#)
  - [KB Home Valuation – August 2018 \\$KBH](#)
  - [SNC-Lavalin Group Inc Valuation – August 2018 \\$TSE:SNC](#)
  - [Stella-Jones Inc Valuation – July 2018 \\$TSE-SJ](#)
  - [Aecon Group Inc Valuation – July 2018 \\$TSE:ARE](#)
  - [Aecom Valuation – July 2018 \\$ACM](#)