

ModernGraham Valuation

Company Name:

PulteGroup, Inc.

Company Ticker PHM

Date of Analysis

1/30/2019



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	\$7,392,261,434	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.77	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-187.42%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	12.60	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.58	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	4.77	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.50	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	\$2.09
MG Growth Estimate	0.26%
MG Value	\$18.86
MG Value based on 3% Growth	\$30.30
MG Value based on 0% Growth	\$17.76
Market Implied Growth Rate	2.05%

MG Opinion

Current Price	\$26.32
% of Intrinsic Value	139.57%
Opinion	Overvalued
MG Grade	B-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$10.27
Graham Number	\$32.65
PEmg	12.60
Current Ratio	4.77
PB Ratio	1.58
Current Dividend	\$0.36
Dividend Yield	1.37%
Number of Consecutive Years of Dividend Growth	5

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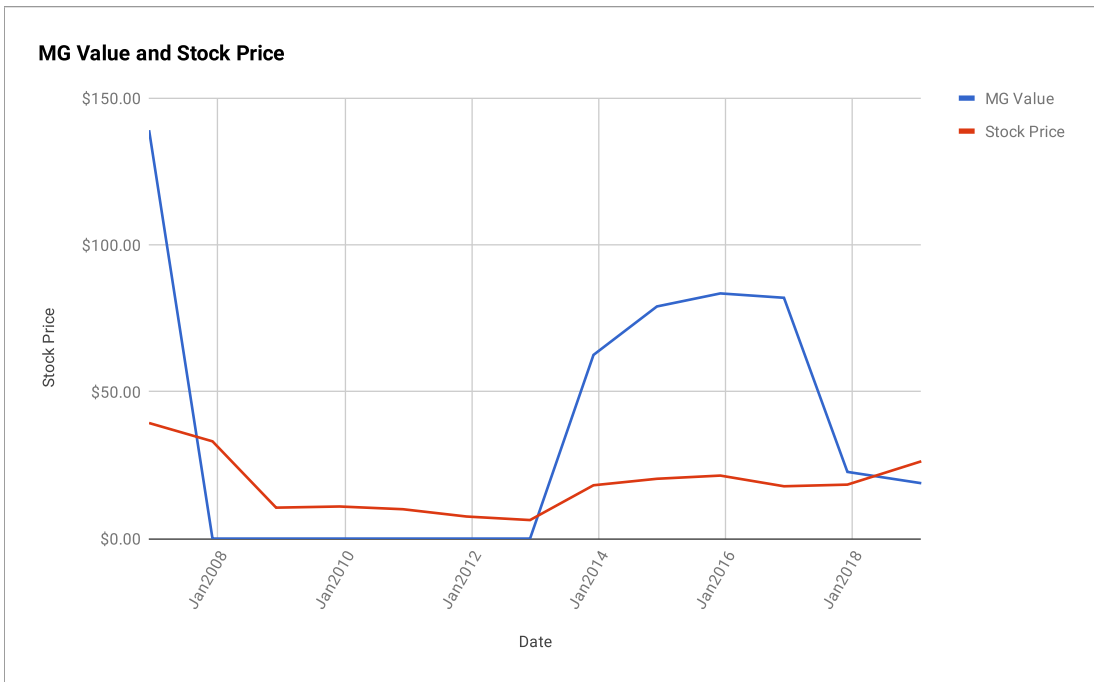
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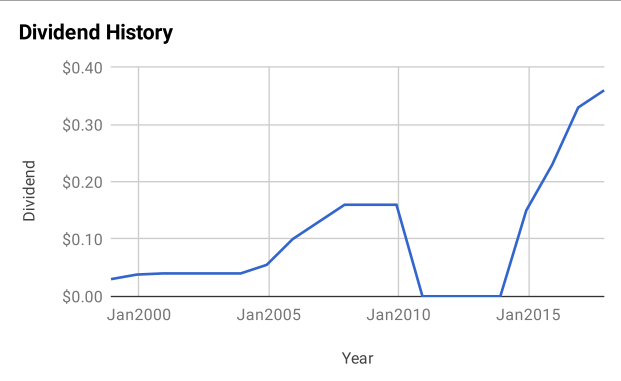
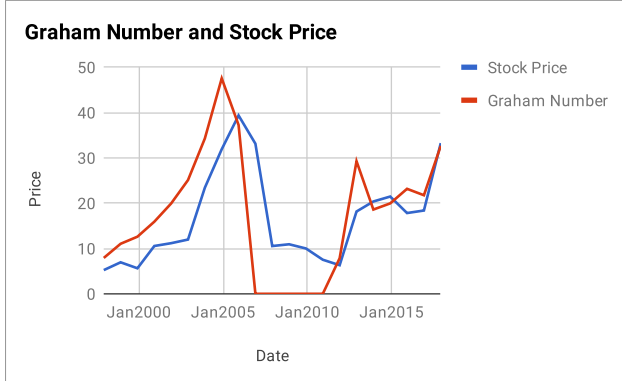
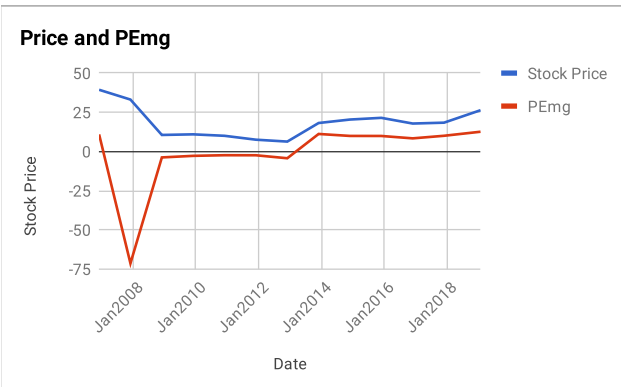
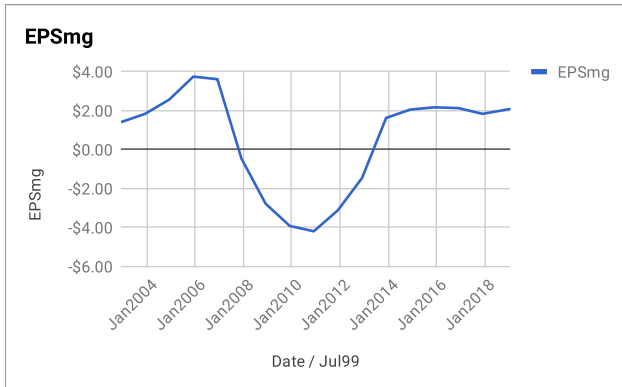
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.27	Next Fiscal Year Estimate	\$2.09
Dec2017	\$1.44	Dec2017	\$1.83
Dec2016	\$1.75	Dec2016	\$2.13
Dec2015	\$1.36	Dec2015	\$2.17
Dec2014	\$1.26	Dec2014	\$2.05
Dec2013	\$6.72	Dec2013	\$1.62
Dec2012	\$0.54	Dec2012	-\$1.46
Dec2011	-\$0.55	Dec2011	-\$3.12
Dec2010	-\$2.90	Dec2010	-\$4.19
Dec2009	-\$3.94	Dec2009	-\$3.92
Dec2008	-\$5.81	Dec2008	-\$2.78
Dec2007	-\$8.94	Dec2007	-\$0.46
Dec2006	\$2.66	Dec2006	\$3.61
Dec2005	\$5.68	Dec2005	\$3.75
Dec2004	\$3.79	Dec2004	\$2.57
Dec2003	\$2.48	Dec2003	\$1.83
Dec2002	\$1.84	Dec2002	\$1.41
Dec2001	\$1.50	Balance Sheet Information 9/1/2018	
Dec2000	\$1.12	Total Current Assets	\$8,248,466,000
Dec1999	\$1.02	Total Current Liabilities	\$1,727,675,000
Dec1998	\$0.58	Long-Term Debt	\$3,256,151,000
		Total Assets	\$10,055,080,000
		Intangible Assets	\$130,642,000
		Total Liabilities	\$5,326,202,000
		Shares Outstanding (Diluted Average)	284,672,000





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**
- [PulteGroup Inc Valuation – March 2018 \\$PHM](#)
 - [10 Undervalued Stocks for the Enterprising Investor – July 2017](#)
 - [10 Low PE Stock Picks for the Enterprising Investor – April 2017](#)
 - [10 Stocks for Using A Benjamin Graham Value Investing Strategy – March 2017](#)
 - [10 Low PE Stock Picks for the Enterprising Investor – March 2017](#)

- Other ModernGraham posts about related companies**
- [Sherwin-Williams Co Valuation – January 2019 \\$SHW](#)
 - [Johnson Controls International PC Valuation – January 2019 \\$JCI](#)
 - [Cummins Inc Valuation – January 2019 \\$CMI](#)
 - [Flowserve Corp Valuation – January 2019 \\$FLS](#)
 - [Home Depot Inc Valuation – November 2018 \\$HD](#)
 - [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](#)