

ModernGraham Valuation

Company Name:

D. R. Horton Inc

Company Ticker DHI

Date of Analysis

2/27/2019



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	\$14,964,927,009	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	9.26	Pass
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	169.76%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	12.44	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.64	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	9.26	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.30	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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.22
MG Growth Estimate	12.97%
MG Value	\$110.91
MG Value based on 3% Growth	\$46.70
MG Value based on 0% Growth	\$27.38
Market Implied Growth Rate	1.97%

MG Opinion

Current Price	\$40.08
% of Intrinsic Value	36.14%
Opinion	Undervalued
MG Grade	A-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$18.75
Graham Number	\$44.10
PEmg	12.44
Current Ratio	9.26
PB Ratio	1.64
Current Dividend	\$0.50
Dividend Yield	1.25%
Number of Consecutive Years of Dividend Growth	5

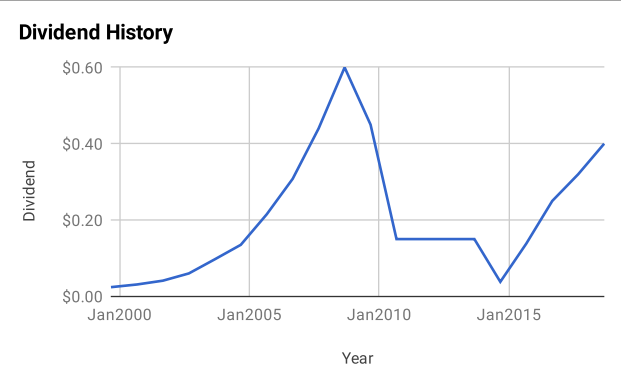
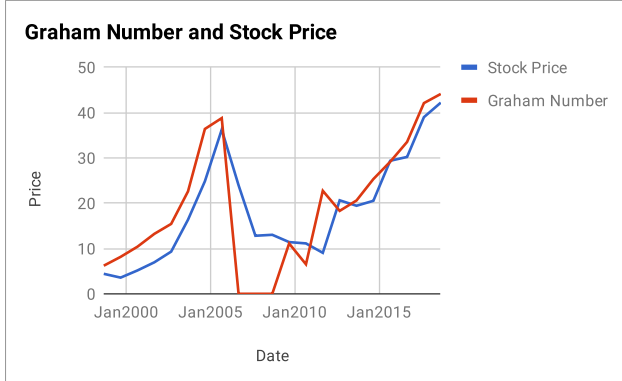
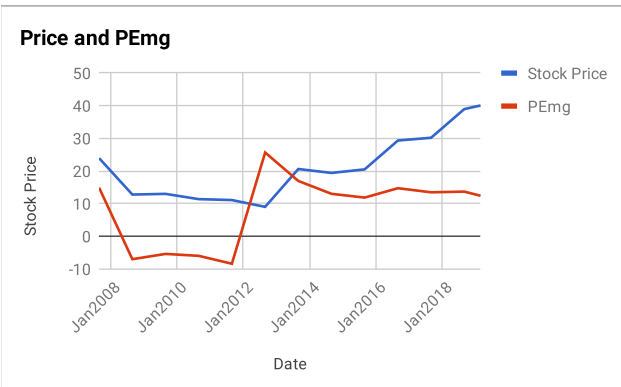
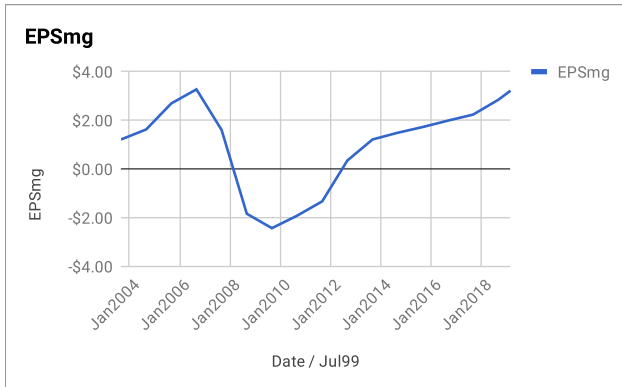
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.62	Next Fiscal Year Estimate	\$3.22
Sep2018	\$3.81	Sep2018	\$2.84
Sep2017	\$2.74	Sep2017	\$2.24
Sep2016	\$2.36	Sep2016	\$1.99
Sep2015	\$2.03	Sep2015	\$1.73
Sep2014	\$1.50	Sep2014	\$1.49
Sep2013	\$1.33	Sep2013	\$1.22
Sep2012	\$2.77	Sep2012	\$0.35
Sep2011	\$0.23	Sep2011	-\$1.33
Sep2010	\$0.77	Sep2010	-\$1.92
Sep2009	-\$1.73	Sep2009	-\$2.43
Sep2008	-\$8.34	Sep2008	-\$1.83
Sep2007	-\$2.27	Sep2007	\$1.61
Sep2006	\$3.90	Sep2006	\$3.27
Sep2005	\$4.62	Sep2005	\$2.70
Sep2004	\$2.32	Sep2004	\$1.63
Sep2003	\$1.37	Sep2003	\$1.21
Sep2002	\$1.44	Balance Sheet Information 12/1/2018	
Sep2001	\$1.11	Total Current Assets	\$12,363,900,000
Sep2000	\$0.84	Total Current Liabilities	\$1,335,500,000
Sep1999	\$0.63	Long-Term Debt	\$3,342,300,000
		Total Assets	\$14,535,800,000
		Intangible Assets	\$158,400,000
		Total Liabilities	\$5,237,600,000
		Shares Outstanding (Diluted Average)	380,100,000





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**
- [D.R. Horton Inc Valuation – May 2018 \\$DHI](#)
 - [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](#)

- Other ModernGraham posts about related companies**
- [Martin Marietta Materials Inc Valuation – February 2019 \\$MLM](#)
 - [Fluor Corp Valuation – February 2019 \\$FLR](#)
 - [Lennar Corp Valuation – February 2019 \\$LEN](#)
 - [Vulcan Materials Co Valuation – February 2019 \\$VMC](#)
 - [PulteGroup Inc Valuation – January 2019 \\$PHM](#)
 - [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](#)