

# ModernGraham Valuation

Company Name:

Lennar Corporation

Company Ticker LEN

Date of Analysis

2/17/2019



## 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	\$15,492,488,703	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	13.94	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	242.54%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	10.82	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.08	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	13.94	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.52	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

<b>Defensive</b>	<b>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$4.52
MG Growth Estimate	9.90%
<b>MG Value</b>	<b>\$127.82</b>
MG Value based on 3% Growth	\$65.50
MG Value based on 0% Growth	\$38.40
Market Implied Growth Rate	1.16%

### MG Opinion

Current Price	\$48.90
% of Intrinsic Value	38.26%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>A-</b>

## Stage 3: Information for Further Research

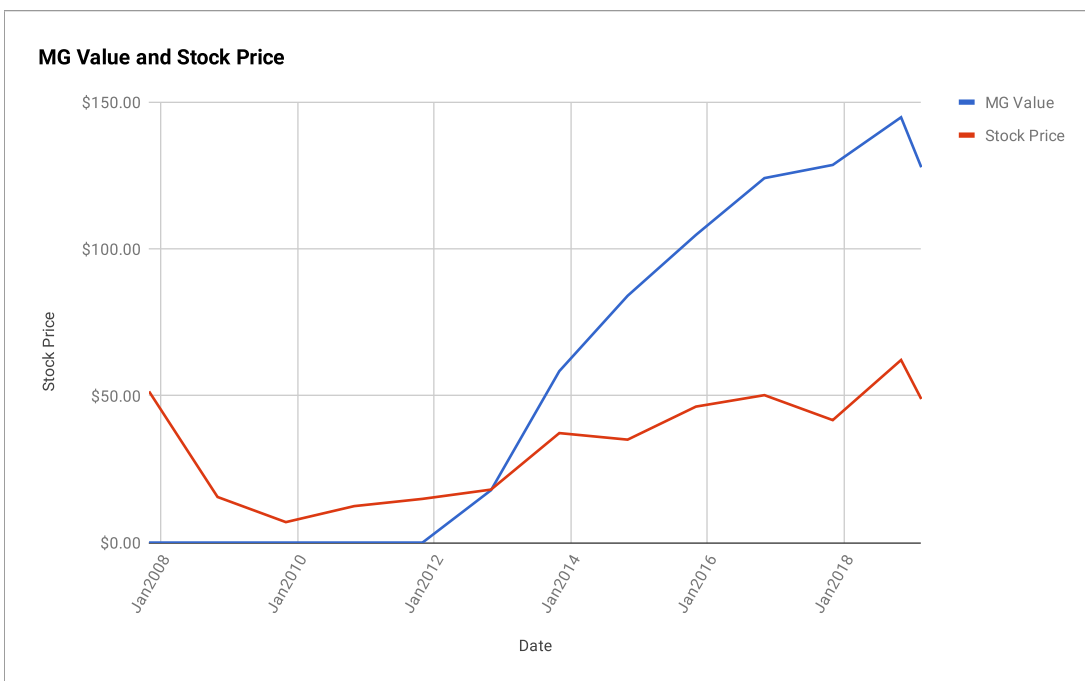
Net Current Asset Value (NCAV)	\$21.62
Graham Number	\$70.12
PEmg	10.82
Current Ratio	13.94
PB Ratio	1.08
Current Dividend	\$0.16
Dividend Yield	0.33%
Number of Consecutive Years of Dividend Growth	1

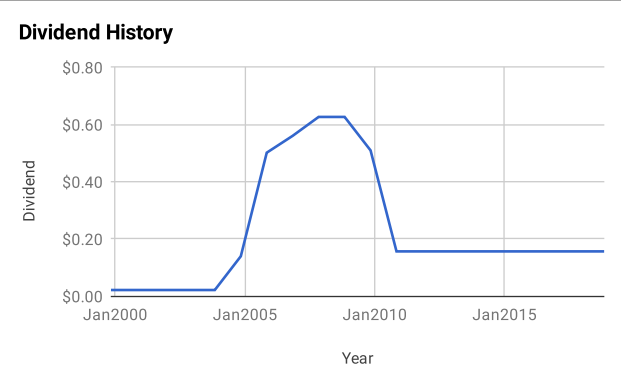
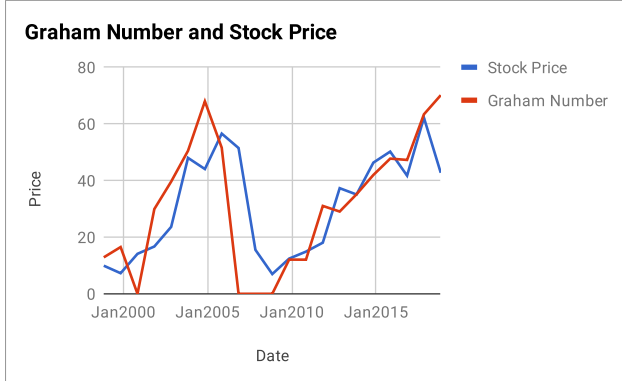
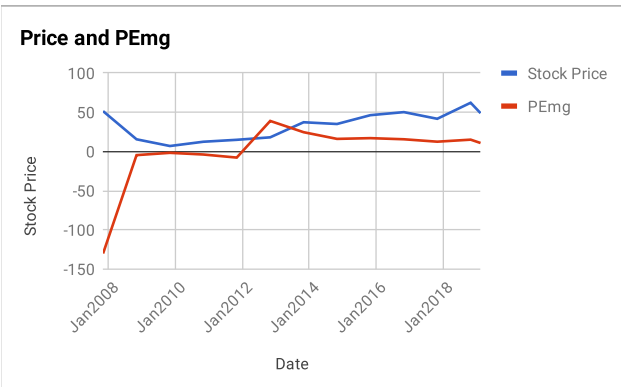
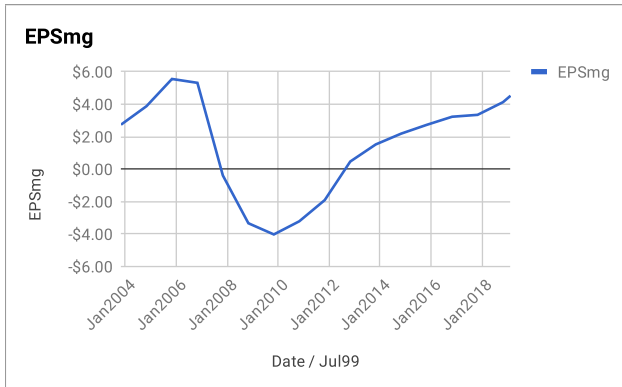
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[Morningstar](#)  
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[Seeking Alpha](#)  
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.95	Next Fiscal Year Estimate	\$4.52
Nov2018	\$5.44	Nov2018	\$4.12
Nov2017	\$3.38	Nov2017	\$3.34
Nov2016	\$3.86	Nov2016	\$3.22
Nov2015	\$3.39	Nov2015	\$2.72
Nov2014	\$2.75	Nov2014	\$2.18
Nov2013	\$2.11	Nov2013	\$1.52
Nov2012	\$3.05	Nov2012	\$0.46
Nov2011	\$0.47	Nov2011	-\$1.91
Nov2010	\$0.50	Nov2010	-\$3.22
Nov2009	-\$2.40	Nov2009	-\$4.03
Nov2008	-\$6.87	Nov2008	-\$3.34
Nov2007	-\$12.07	Nov2007	-\$0.40
Nov2006	\$3.62	Nov2006	\$5.31
Nov2005	\$8.07	Nov2005	\$5.55
Nov2004	\$5.59	Nov2004	\$3.87
Nov2003	\$4.56	Nov2003	\$2.73
Nov2002	\$3.44	<b>Balance Sheet Information 11/1/2018</b>	
Nov2001	\$0.00	Total Current Assets	\$20,924,569,000
Nov2000	\$1.62	Total Current Liabilities	\$1,500,988,000
Nov1999	\$1.22	Long-Term Debt	\$10,117,058,000
		Total Assets	\$28,566,181,000
		Intangible Assets	\$3,680,047,000
		Total Liabilities	\$13,883,224,000
		Shares Outstanding (Diluted Average)	325,755,000





**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**
- [5 Companies for Enterprising Investors Near 52 Week Lows – April 2018](#)
  - [Lennar Corp Valuation – April 2018 \\$LEN](#)
  - [Lennar Corp Valuation – November 2016 \\$LEN](#)
  - [6 Best Stocks For Value Investors This Week – 5/14/16](#)
  - [Lennar Corporation Valuation – May 2016 \\$LEN](#)

- Other ModernGraham posts about related companies**
- [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](#)
  - [Cavco Industries Inc Valuation – September 2018 \\$CVCO](#)
  - [LGI Homes Inc Valuation – September 2018 \\$LGIH](#)
  - [Stantec Inc Valuation – August 2018 \\$TSE-STN](#)