

# ModernGraham Valuation

Lowe's Companies,  
Inc.



Company Name:

Company Ticker      LOW

Date of Analysis

3/26/2019

## 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	\$84,769,831,466	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.98	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	184.80%	Pass
6. Moderate PEmg Ratio	PEmg < 20	25.07	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	23.25	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	0.98	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-53.50	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 Score		Pass

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$4.22
MG Growth Estimate	11.58%
<b>MG Value</b>	<b>\$133.62</b>
MG Value based on 3% Growth	\$61.19
MG Value based on 0% Growth	\$35.87
Market Implied Growth Rate	8.28%

### MG Opinion

Current Price	\$105.79
% of Intrinsic Value	79.17%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>C-</b>

## Stage 3: Information for Further Research

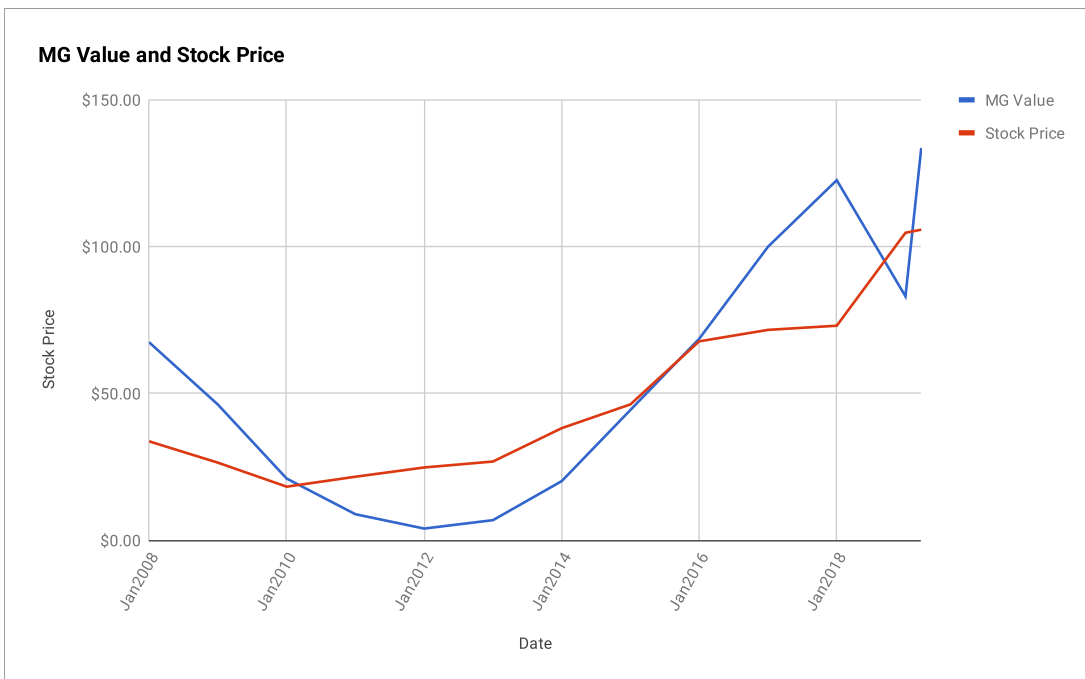
Net Current Asset Value (NCAV)	-\$20.77
Graham Number	\$24.75
PEmg	25.07
Current Ratio	0.98
PB Ratio	23.25
Current Dividend	\$1.85
Dividend Yield	1.75%
Number of Consecutive Years of Dividend Growth	20

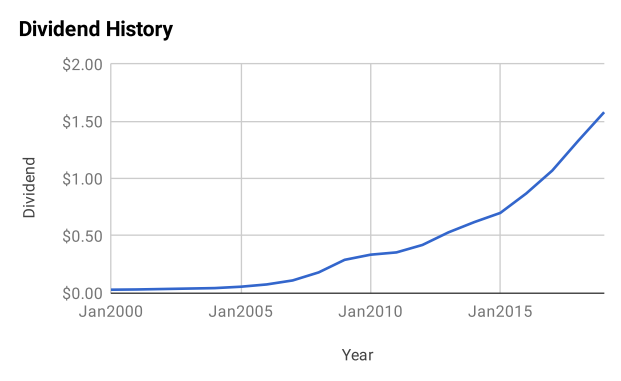
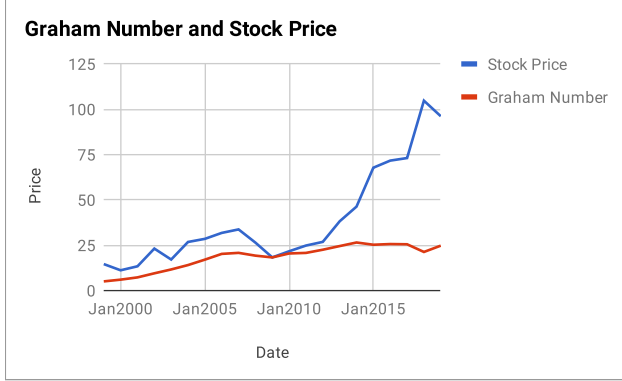
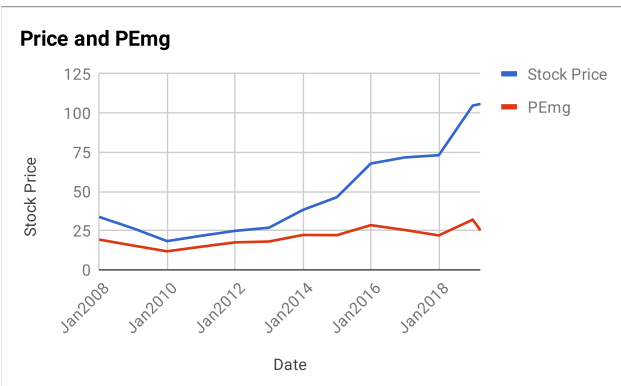
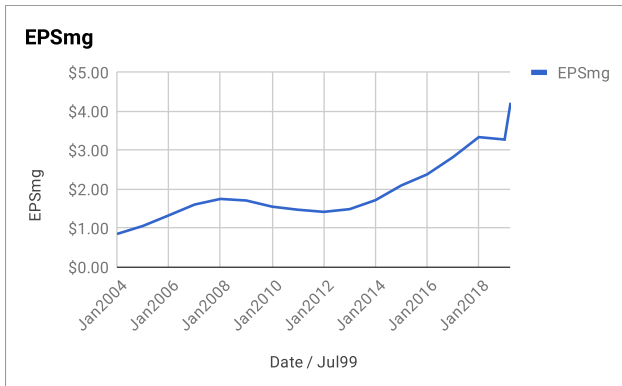
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[Morningstar](#)  
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.00	Next Fiscal Year Estimate	\$4.22
Jan2019	\$2.84	Jan2019	\$3.28
Jan2018	\$4.09	Jan2018	\$3.34
Jan2017	\$3.47	Jan2017	\$2.82
Jan2016	\$2.73	Jan2016	\$2.38
Jan2015	\$2.71	Jan2015	\$2.10
Jan2014	\$2.14	Jan2014	\$1.72
Jan2013	\$1.69	Jan2013	\$1.49
Jan2012	\$1.43	Jan2012	\$1.42
Jan2011	\$1.42	Jan2011	\$1.47
Jan2010	\$1.21	Jan2010	\$1.55
Jan2009	\$1.49	Jan2009	\$1.71
Jan2008	\$1.86	Jan2008	\$1.75
Jan2007	\$1.99	Jan2007	\$1.61
Jan2006	\$1.73	Jan2006	\$1.33
Jan2005	\$1.35	Jan2005	\$1.06
Jan2004	\$1.13	Jan2004	\$0.85
Jan2003	\$0.93	<b>Balance Sheet Information 1/1/2019</b>	
Jan2002	\$0.65	Total Current Assets	\$14,228,000,000
Jan2001	\$0.52	Total Current Liabilities	\$14,497,000,000
Jan2000	\$0.44	Long-Term Debt	\$14,391,000,000
		Total Assets	\$34,508,000,000
		Intangible Assets	\$303,000,000
		Total Liabilities	\$30,864,000,000
		Shares Outstanding (Diluted Average)	801,000,000





**Disclaimer:**

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor. The author 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**
- [Best Dividend Paying Stocks for Dividend Growth Investors – February 2019](#)
  - [Best Dividend Paying Stocks for Dividend Growth Investors – August 2018](#)
  - [Best Dividend Paying Stocks for Dividend Growth Investors – June 2018](#)
  - [Lowe's Companies Inc Valuation – June 2018 \\$LOW](#)
  - [Lowe's Companies Inc Valuation – March 2017 \\$LOW](#)

- Other ModernGraham posts about related companies**
- [Quanta Services Inc Valuation – March 2019 #PWR](#)
  - [Mohawk Industries Inc Valuation – March 2019 #MHK](#)
  - [Jacobs Engineering Group Inc Valuation – March 2019 #JEC](#)
  - [Masco Corp Valuation – February 2019 \\$MAS](#)
  - [D.R. Horton Inc Valuation – February 2019 \\$DHI](#)
  - [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](#)