

# ModernGraham Valuation

Company Name:

Home Depot Inc

Company Ticker HD

Date of Analysis

4/7/2019



## 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	\$223,054,839,544	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.11	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	257.09%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	23.75	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	-120.72	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	1.11	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	14.79	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	\$8.51
MG Growth Estimate	14.05%
<b>MG Value</b>	<b>\$311.32</b>
MG Value based on 3% Growth	\$123.35
MG Value based on 0% Growth	\$72.31
Market Implied Growth Rate	7.63%

### MG Opinion

Current Price	\$202.06
% of Intrinsic Value	64.90%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>C-</b>

## Stage 3: Information for Further Research

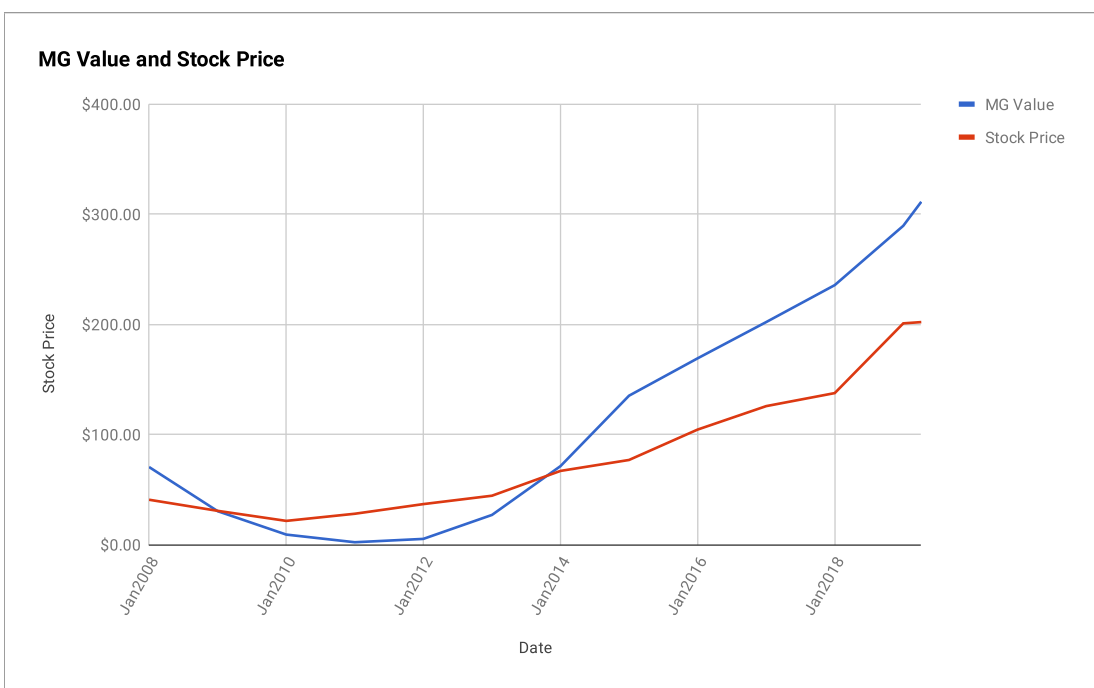
Net Current Asset Value (NCAV)	-\$24.38
Graham Number	\$0.00
PEmg	23.75
Current Ratio	1.11
PB Ratio	-120.72
Current Dividend	\$4.12
Dividend Yield	2.04%
Number of Consecutive Years of Dividend Growth	9

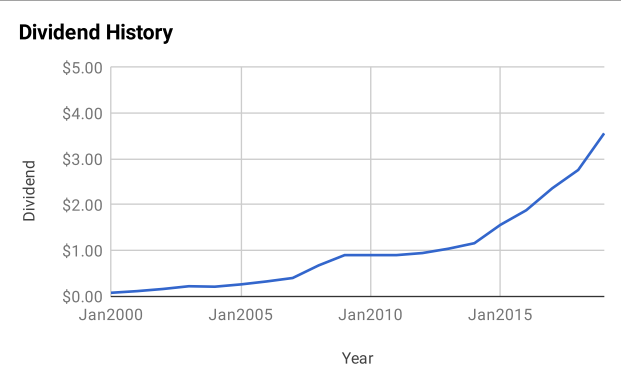
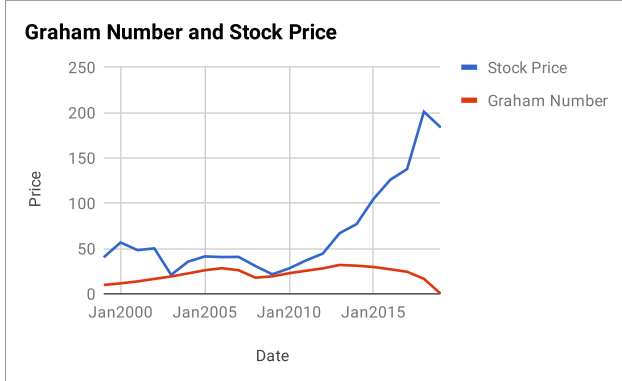
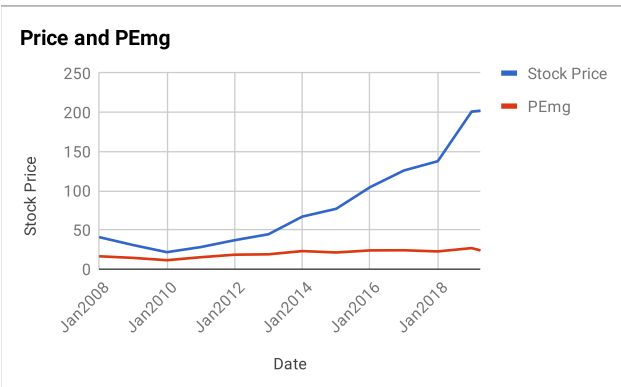
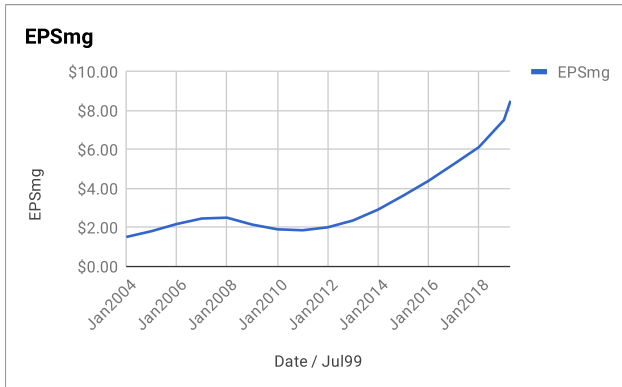
### Useful Links:

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

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

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$9.69	Next Fiscal Year Estimate	\$8.51
Jan2019	\$9.73	Jan2019	\$7.52
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	<b>Balance Sheet Information 1/1/2019</b>	
Jan2002	\$1.29	Total Current Assets	\$18,529,000,000
Jan2001	\$1.10	Total Current Liabilities	\$16,716,000,000
Jan2000	\$1.00	Long-Term Debt	\$26,807,000,000
		Total Assets	\$44,003,000,000
		Intangible Assets	\$2,252,000,000
		Total Liabilities	\$45,881,000,000
		Shares Outstanding (Diluted Average)	1,122,000,000





**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 – November 2018 \\$HD](#)
  - [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](#)

- Other ModernGraham posts about related companies**
- [Lowe's Companies Inc Valuation – March 2019 #LOW](#)
  - [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](#)