

HOME DEPOT NYSE:HD				RECENT PRICE	125.72	P/E RATIO	19.4	(Trailing: 21.2 Median: 16.0)	RELATIVE P/E RATIO	1.05	DIV'D YLD	2.4%	VALUE LINE														
TIMELINESS	3	Lowered 7/1/16	High: 44.0	43.9	42.0	31.1	29.4	37.0	42.5	65.9	82.5	106.0	135.5	139.0	Target Price	Range											
SAFETY	1	Raised 10/5/07	Low: 34.6	32.8	25.6	17.0	17.5	26.6	28.1	41.9	62.4	74.0	92.2	109.6	2019	2020	2021										
TECHNICAL	2	Raised 9/16/16	LEGENDS — 12.5 x "Cash Flow" p sh Relative Price Strength Options: Yes Shaded area indicates recession																								
BETA	.95	(1.00 = Market)																									
2019-21 PROJECTIONS																											
Price		Gain	Ann'l Total Return																								
High	175	(+40%)	11%																								
Low	140	(+10%)	5%																								
Insider Decisions																											
N D J F M A M J J																											
to Buy	0	2	0	1	0	0	0	1	0																		
Options	0	1	0	3	9	0	3	0	0																		
to Sell	0	1	0	3	0	0	3	0	0																		
Institutional Decisions																											
4Q2015		1Q2016		2Q2016																							
to Buy	692	725		754																							
to Sell	817	802		793																							
Hld's(000)	912239	948550		892822																							
Percent shares traded																											
30																											
20																											
10																											
© VALUE LINE PUB. LLC 19-21																											
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	19-21									
19.68	22.83	25.40	27.31	33.86	38.38	46.11	45.77	42.03	38.84	41.90	45.80	50.37	57.11	63.64	70.70	79.10	85.70	Sales per sh ^A	107.60								
1.37	1.62	1.99	2.27	2.93	3.44	3.82	3.50	2.81	2.66	3.07	3.55	4.21	5.08	5.96	6.82	8.05	9.05	"Cash Flow" per sh	11.30								
1.10	1.29	1.56	1.88	2.26	2.72	2.79	2.27	1.78	1.66	2.03	2.47	3.10	3.76	4.56	5.34	6.31	7.15	Earnings per sh ^{AB}	9.25								
.16	.17	.21	.26	.33	.40	.68	.90	.90	.90	.95	1.04	1.16	1.56	1.88	2.36	2.76	3.16	Div'ds Decl'd per sh ^C	4.05								
6.46	7.71	8.64	9.44	11.19	12.67	12.71	10.48	10.48	11.42	11.64	11.64	11.98	9.07	7.13	5.04	5.45	5.20	Book Value per sh ^E	7.15								
2323.7	2345.9	2293.0	2373.0	2158.7	2124.0	1970.0	1690.0	1696.0	1698.0	1623.0	1537.0	1484.0	1380.0	1307.0	1252.0	1190.0	1150.0	Common Shs Outst'g ^D	1050.0								
46.6	35.6	22.6	16.7	16.7	14.7	13.7	15.4	14.3	15.3	15.6	15.0	17.9	20.2	19.1	22.1	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	17.0								
3.03	1.82	1.23	.95	.88	.78	.74	.82	.86	1.02	.99	.94	1.14	1.13	1.01	1.12			Relative P/E Ratio	1.05								
.3%	.4%	.6%	.8%	.9%	1.0%	1.8%	2.6%	3.5%	3.5%	3.0%	2.8%	2.1%	2.1%	2.2%	2.0%			Avg Ann'l Div'd Yield	2.6%								
CAPITAL STRUCTURE as of 7/31/16																		113000									
Total Debt \$20943 mill. Due in 5 Yrs \$6423 mill.																		33.9%									
LT Debt \$20900 mill. LT Interest \$1255 mill.																		15.7%									
(Total interest coverage: 12.7x. LT int earned: 13.0x)																		2300									
(76% of Cap'l)																		9715									
Leases, Uncapitalized Annual rentals \$868 mill.																		37.0%									
No Defined Benefit Pension Plan																		8.6%									
Pfd Stock None																		4000									
Common Stock 1,235,573,686 shs. as of 8/16/16																		21000									
MARKET CAP: \$155 billion (Large Cap)																		6000									
CURRENT POSITION																		2014	2015	7/31/16	Full Fiscal Year						
(MILL.)																		2013	2014	2015	2016	2017	Full Fiscal Year				
Cash Assets																		1723	2216	4018	78812						
Receivables																		1484	1890	1995	83176						
Inventory (LIFO)																		11079	11809	12323	88519						
Other																		1016	1078	605	94150						
Current Assets																		15302	16993	18941	98575						
Accts Payable																		5807	6565	8273							
Debt Due																		328	427	43							
Other																		5134	5534	6209							
Current Liab.																		11269	12526	14525							
ANNUAL RATES																		Past 10 Yrs.	Past 5 Yrs.	Est'd '13-'15	Full Fiscal Year						
of change (per sh)																		2013	2014	2015	2016	2017	Full Fiscal Year				
Sales																		7.0%	9.5%	9.0%							
"Cash Flow"																		7.5%	16.0%	11.5%							
Earnings																		7.0%	20.0%	12.5%							
Dividends																		19.5%	16.0%	13.0%							
Book Value																		-4.5%	-8.5%	Nil							
Fiscal Year Begins																		Apr.Per	Jul.Per	Oct.Per	Jan.Per	Full Fiscal Year					
QUARTERLY SALES (\$mill.) ^A																		2013	2014	2015	2016	2017	Full Fiscal Year				
19124																		22522	19470	17696	78812						
19687																		23811	20516	19162	83176						
20891																		24829	21819	20980	88519						
22762																		26472	23055	21861	94150						
23650																		27650	24200	23075	98575						
Fiscal Year Begins																		Apr.Per	Jul.Per	Oct.Per	Jan.Per	Full Fiscal Year					
EARNINGS PER SHARE ^{A B}																		2013	2014	2015	2016	2017	Full Fiscal Year				
.83																		1.24	.95	.73	3.76						
.96																		1.52	1.10	1.00	4.56						
1.16																		1.66	1.35	1.17	5.34						
1.44																		1.97	1.57	1.33	6.31						
1.60																		2.20	1.80	1.55	7.15						
Cal-endar																		Mar.31	Jun.30	Sep.30	Dec.31	Full Year					
2012																		.29	.29	.29	.29	1.16					
2013																		.39	.39	.39	.39	1.56					
2014																		.47	.47	.47	.47	1.88					
2015																		.59	.59	.59	.59	2.36					
2016																		.69	.69	.69	.69						
BUSINESS: The Home Depot, Inc. operates a chain of 2,275 retail building supply/home improvement "warehouse" stores across the U.S. and in Canada and Mexico (as of 7/31/16). Acquired Hughes Supply in 1/06. Average store size: 104,000 sq. ft. indoor plus 24,000 sq. ft. garden center. Items stocked: about 35,000. Product lines include building materials, lumber, floor/wall coverings; plumbing, heating, and electrical; paint & furniture; seasonal and specialty items; hardware & tools. Has about 385,000 employees. Off. & dir. own less than 1.0% of common; Capital World Investors, 6.9% (4/16 Proxy). Chairman, CEO, & President: Craig Meneer. Incorporated: DE. Address: 2455 Paces Ferry Road, Atlanta, Georgia 30339. Telephone: 770-433-8211. Internet: www.homedepot.com.																											
The Home Depot's fiscal second-quarter (ended July 31st) results were in line with expectations. The top line rose 6.6% from a year earlier, on par with our call. Likewise, comparable-store sales jumped 4.7% (up 5.4% in the United States). Moreover, the number of transactions climbed 2.3%; the average ticket rose 2.4%; and sales per square foot advanced 4.3%. Top-line gains were broad based across geographies and categories, with a few standouts, including appliances. Sales to professionals outpaced those to do-it-yourself customers, and big-ticket sales (those over \$900) were up 8.1% and made up 20% of sales on our shores. Additionally, online sales jumped 19% and made up 5.6% of the top line. The housing market continued to provide a tailwind, thanks to favorable trends in household formation, home price appreciation, and housing turnover. The gross margin was essentially flat, but there was more improvement on the expense line, as total operating expenses decreased 78 basis points as a function of the top line. Stock repurchases also gave a lift to per-share figures, and earnings rose nearly 19% year over year, to \$1.97 a share, matching our forecast.																											
Looking at the second half of fiscal 2016, the good times should continue for this retailer. The factors that drove the strong July-quarter performance ought to support near-term results. While calendar-year GDP forecasts have been ratcheted down some after a lackluster showing in the first half of the year, management looks for the housing tailwind to pick up the slack, and its estimate for year-over-year top-line growth was maintained at 6.3%. Too, comps are still expected to rise 4.9% for the whole of fiscal 2016. Likewise, the gross margin is still anticipated to be flat from a year earlier, and the tax rate should be about 37%, unchanged from prior forecasts. However, good expense management caused leadership to raise its share-net forecast by \$0.04, to \$6.31.																											
Home Depot stock has pulled back after hitting an all-time high in early August. Still, we think this neutrally ranked equity is best suited for conservative accounts seeking exposure to the housing market and some income.																											
Matthew Spencer, CFA September 23, 2016																											