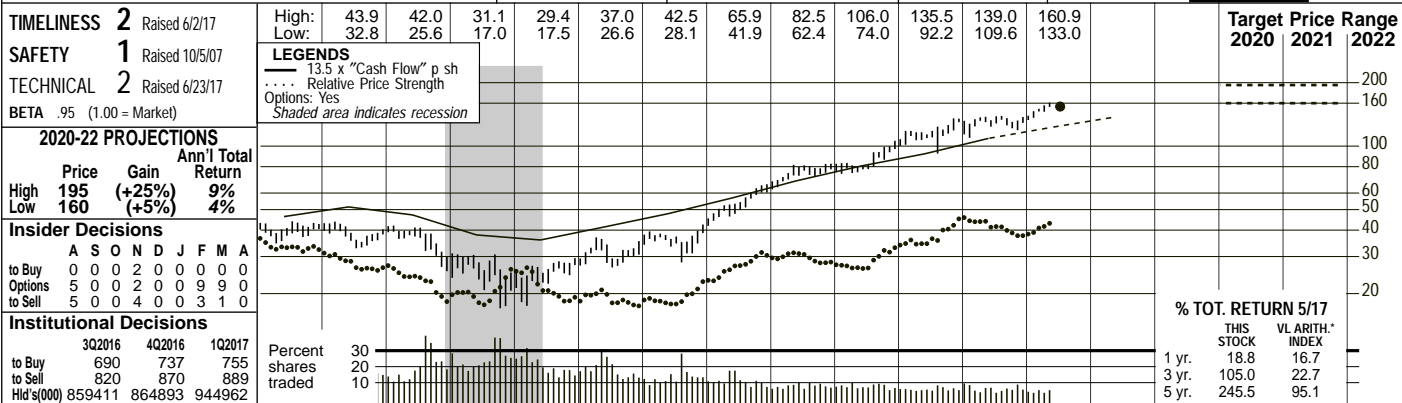


# HOME DEPOT NYSE:HD

RECENT PRICE **153.99** P/E RATIO **21.2** (Trailing: 23.1; Median: 17.0) RELATIVE P/E RATIO **1.06** DIV'D YLD **2.6%** VALUE LINE



2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	© VALUE LINE PUB. LLC	20-22
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	78.63	<b>86.25</b>	<b>93.30</b>	Sales per sh <sup>A</sup>	109.50
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	6.82	8.07	9.10	<b>10.20</b>	<b>10.20</b>	"Cash Flow" per sh	12.05
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	6.45	<b>7.25</b>	<b>8.15</b>	Earnings per sh <sup>AB</sup>	9.90
.17	.21	.26	.33	.40	.68	.90	.90	.90	.95	1.04	1.16	1.56	1.88	2.36	2.76	<b>3.56</b>	<b>4.45</b>	Div'ds Decl'd per sh <sup>C</sup>	5.45
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	3.60	<b>3.25</b>	<b>2.95</b>	Book Value per sh <sup>E</sup>	.95
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	1203.0	<b>1150.0</b>	<b>1120.0</b>	Common Shs Outst'g <sup>D</sup>	1050.0
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	20.3	<b>20.3</b>	<b>20.3</b>	Avg Ann'l P/E Ratio	18.0
1.82	1.23	.95	.88	.78	.74	.82	.86	1.02	.99	.94	1.14	1.13	1.01	1.11	1.08	<b>1.11</b>	<b>1.08</b>	Relative P/E Ratio	1.15
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%	2.1%	<b>2.0%</b>	<b>2.1%</b>	Avg Ann'l Div'd Yield	3.1%

**CAPITAL STRUCTURE as of 4/30/17**

Total Debt \$22937 mill. Due in 5 Yrs \$6425 mill.  
 LT Debt \$22393 mill. LT Interest \$1050 mill.  
 (Total interest coverage: 13.9x. LT int earned: 13.9x)

Leases, Uncapitalized Annual rentals \$868 mill.  
 No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 1,195,554,970 shs. as of 5/16/17  
 MARKET CAP: \$184 billion (Large Cap)

**CURRENT POSITION**

	2015	2016	4/30/17
Cash Assets	2216	2538	3565
Receivables	1890	2029	2164
Inventory (LIFO)	11809	12549	13609
Other	1078	608	558
Current Assets	16993	17724	19896
Accts Payable	6565	7000	9138
Debt Due	427	1252	544
Other	5534	5881	6756
Current Liab.	12526	14133	16438

77349	71288	65955	67997	70395	74754	78812	83176	88519	94595	<b>99200</b>	<b>104500</b>	Sales (\$mill) <sup>A</sup>	115000
33.6%	33.7%	33.9%	34.3%	34.5%	34.6%	34.8%	34.8%	34.2%	34.2%	<b>34.0%</b>	<b>34.1%</b>	Gross Margin	34.3%
11.6%	8.6%	10.1%	11.0%	11.7%	12.7%	13.7%	14.6%	15.1%	16.0%	<b>16.3%</b>	<b>16.4%</b>	Operating Margin	16.5%
2234	2274	2244	2248	2252	2256	2263	2269	2274	2278	<b>2286</b>	<b>2292</b>	Number of Stores	2305
4210.0	2982.0	2811.0	3371.0	3883.0	4680.0	5385.0	6139.0	6848	7957	<b>8630</b>	<b>9455</b>	Net Profit (\$mill)	10395
36.4%	37.4%	34.5%	36.7%	36.0%	36.5%	36.4%	36.4%	36.4%	36.3%	<b>36.3%</b>	<b>36.3%</b>	Income Tax Rate	36.3%
5.4%	4.2%	4.3%	5.0%	5.5%	6.3%	6.8%	7.4%	7.7%	8.4%	<b>8.7%</b>	<b>9.1%</b>	Net Profit Margin	9.0%
1968.0	2209.0	3537.0	3357.0	5144.0	3910.0	4530.0	4033.0	4467	3591	<b>3800</b>	<b>4000</b>	Working Cap'l (\$mill)	4000
11383	9667.0	8662.0	8707.0	10758	9475.0	14691	16869	20888	22349	<b>23000</b>	<b>23000</b>	Long-Term Debt (\$mill)	23000
17714	17777	19393	18889	17898	17777	12522	9322.0	6316	4333	<b>3750</b>	<b>3325</b>	Shr. Equity (\$mill)	1000
15.5%	11.9%	11.1%	13.0%	14.5%	18.3%	21.0%	25.0%	26.8%	31.6%	<b>34.0%</b>	<b>38.0%</b>	Return on Total Cap'l	46.0%
23.8%	16.8%	14.5%	17.8%	21.7%	26.3%	43.0%	65.9%	108.4%	183.6%	<b>NMF</b>	<b>NMF</b>	Return on Shr. Equity	NMF
14.1%	8.2%	6.6%	9.5%	12.6%	16.5%	25.1%	38.7%	60.4%	105.1%	<b>117.0%</b>	<b>129.0%</b>	Retained to Com Eq	NMF
41%	51%	54%	47%	42%	37%	42%	41%	44%	43%	<b>49%</b>	<b>55%</b>	All Div'ds to Net Prof	55%

**ANNUAL RATES**

	Past 10 Yrs.	Past 5 Yrs.	Est'd '14-'16 to '20-'22
Sales	6.0%	11.0%	7.5%
"Cash Flow"	7.5%	17.5%	9.5%
Earnings	7.5%	21.5%	10.5%
Dividends	17.5%	19.5%	15.0%
Book Value	-8.0%	-14.5%	-25.0%

**QUARTERLY SALES (\$ mill.)<sup>A</sup>**

Fiscal Year Begins	Apr.Per	Jul.Per	Oct.Per	Jan.Per	Full Fiscal Year
2014	19687	23811	20516	19162	83176
2015	20891	24829	21819	20980	88519
2016	22762	26472	23154	22207	94595
2017	23887	<b>27863</b>	<b>24325</b>	<b>23125</b>	<b>99200</b>
2018	<b>24950</b>	<b>29000</b>	<b>25400</b>	<b>25150</b>	<b>104500</b>

**EARNINGS PER SHARE<sup>AB</sup>**

Fiscal Year Begins	Apr.Per	Jul.Per	Oct.Per	Jan.Per	Full Fiscal Year
2014	.96	1.52	1.10	1.00	4.56
2015	1.16	1.66	1.35	1.17	5.34
2016	1.44	1.97	1.60	1.44	6.45
2017	1.67	<b>2.20</b>	<b>1.81</b>	<b>1.57</b>	<b>7.25</b>
2018	<b>1.83</b>	<b>2.46</b>	<b>2.00</b>	<b>1.86</b>	<b>8.15</b>

**QUARTERLY DIVIDENDS PAID<sup>C</sup>**

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
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	2.76
2017	.89	.89			

**Shares of The Home Depot rose to an all-time high after the world's largest home-improvement retailer announced fiscal first-quarter (ended April 30th) results that were better than expected.** The top line increased nearly 5% from a year earlier, to \$23.887 billion, slightly ahead of our \$23.625 billion forecast. Growth was broad based across categories and geographies, as seasonable weather resulted in more normalized Spring selling than had been seen recently. Growth in sales to professionals outpaced those to DIY shoppers, and ongoing efforts to bolster the retailer's digital capabilities and interconnected retail drove a 23% increase in online revenues. All told, comparable-store sales rose 5.5% (up 6.0% in the United States); the number of customer transactions climbed 1.6%; the average ticket was up 3.9%; and sales per square foot jumped 4.6%. In terms of profitability, the gross margin narrowed slightly (nine basis points) due to a change in the product mix, although operating expenses decreased as a function of the top line. A lower tax rate and ongoing stock repurchases also supported per-share com-

parisons. In fact, share net came in at \$1.67, up 16% from a year earlier and \$0.07 ahead of our call. **The near-term outlook is also favorable.** Leadership noted that sales in the first half of May had been "very good," and we look for the same factors that drove April-period results to keep the momentum going. GDP forecasts have been mixed, as management noted, but housing (home price appreciation, household formation, housing turnover, etc.) has been a bright spot in the U.S. economy, a trend we expect to continue. On the other hand, the gross margin will likely narrow a bit this year from the comparable fiscal 2016 figure, and some foreign exchange pressure is expected. Overall, however, fiscal 2017 should be another very good year for The Home Depot. Sales and comps are both likely to rise 4.6%, and earnings per share are now pegged to climb 11%, to \$7.15 (our call is more bullish). **As for this timely stock, we continue to like it for conservative accounts looking for exposure to the housing/remodeling markets.**  
 Matthew E. Spencer, CFA June 23, 2017

(A) Fiscal year ends Sunday closest to January 31st of the following year. (B) Diluted earnings. Excludes nonrecurring gains/(losses): '07, (\$0.10); '08, (\$0.44); '09, (\$0.09); '10, (\$0.02); '12, (\$0.10); '14, \$0.15; '15, \$0.12. Totals may not sum due to rounding. Next earnings report due August 15th. (C) Dividends historically paid in March, June, Sept., and Dec. (D) Div'd reinvest. plan avail. (E) Includes intangibles. At 1/31/16: \$2,102 mill. (\$1.68/share).

**Company's Financial Strength** A++  
**Stock's Price Stability** 95  
**Price Growth Persistence** 95  
**Earnings Predictability** 100