

HOME DEPOT NYSE:HD				RECENT PRICE	201.31	P/E RATIO	21.5	25.6	18.0	RELATIVE P/E RATIO	1.17	DIV'D YLD	2.2%	VALUE LINE						
TIMELINESS	2	Lowered 3/9/18	High: 42.0	31.1	29.4	37.0	42.5	65.9	82.5	106.0	135.5	139.0	191.5	207.6	Target Price	Range				
SAFETY	1	Raised 10/5/07	Low: 25.6	17.0	17.5	26.6	28.1	41.9	62.4	74.0	92.2	109.6	133.0	170.4	2021	2022	2023			
TECHNICAL	3	Lowered 5/4/18	LEGENDS 15.5 x "Cash Flow" p sh Relative Price Strength Options: Yes Shaded area indicates recession																	
BETA	1.00	(1.00 = Market)																		
2021-23 PROJECTIONS																				
Price	260	Gain (+30%)	Ann'l Total Return																	
High	215	(+5%)	Low																	
Insider Decisions																				
A	S	O	N	D	J	F	M	A												
to Buy	0	0	0	0	0	0	0	1	0											
Options	3	1	0	0	2	0	9	9	0											
to Sell	2	1	0	0	2	0	2	1	0											
Institutional Decisions																				
3Q2017	4Q2017	1Q2018	Percent shares traded																	
to Buy	882	832	898																	
to Sell	770	801	1000																	
Hld's(000)	905348	828044	803555																	
2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23	
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	87.14	96.55	103.10	Sales per sh ^A	123.80	
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	8.07	9.19	11.50	12.25	"Cash Flow" per sh	14.75	
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	7.46	9.35	9.90	Earnings per sh ^{AB}	12.50	
.21	.26	.33	.40	.68	.90	.90	.90	.95	1.04	1.16	1.56	1.88	2.36	2.76	3.56	4.12	4.60	Div'ds Decl'd per sh ^C	6.00	
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	1.26	1.35	.90	Book Value per sh ^E	.95	
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	1158.0	1115.0	1090.0	Common Shs Outst'g ^D	1050.0	
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	21.6	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	19.0	
1.23	.95	.88	.78	.74	.82	.86	1.02	.99	.94	1.14	1.13	1.01	1.11	1.07	1.09			Relative P/E Ratio	1.05	
.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%	2.2%			Avg Ann'l Div'd Yield	2.5%	
CAPITAL STRUCTURE as of 4/29/18						71288	65955	67997	70395	74754	78812	83176	88519	94595	100904	107675	112400	Sales (\$mill) ^A	130000	
Total Debt \$25793 mill. Due in 5 Yrs \$6425 mill.						33.7%	33.9%	34.3%	34.5%	34.6%	34.8%	34.8%	34.2%	34.2%	34.0%	34.0%	34.0%	Gross Margin	34.0%	
LT Debt \$24244 mill. LT Interest \$1045 mill.						8.6%	10.1%	11.0%	11.7%	12.7%	13.7%	14.6%	15.1%	16.0%	16.5%	16.4%	16.3%	Operating Margin	16.3%	
(Total interest coverage: 13.9x. LT int earned: 13.9x)						2274	2244	2248	2252	2256	2263	2269	2274	2278	2284	2287	2290	Number of Stores	2300	
(93% of Cap'l)						2982.0	2811.0	3371.0	3883.0	4680.0	5385.0	6139.0	6848.0	7957.0	8832.0	10800	11235	Net Profit (\$mill)	13130	
Leases, Uncapitalized Annual rentals \$868 mill.						37.4%	34.5%	36.7%	36.0%	36.5%	36.4%	36.4%	36.4%	36.3%	36.1%	26.0%	26.0%	Income Tax Rate	26.0%	
No Defined Benefit Pension Plan						4.2%	4.3%	5.0%	5.5%	6.3%	6.8%	7.4%	7.7%	8.4%	8.8%	10.0%	10.0%	Net Profit Margin	10.1%	
Pfd Stock None						2209.0	3537.0	3357.0	5144.0	3910.0	4530.0	4033.0	4467.0	3591.0	2739.0	3000	3500	Working Cap'l (\$mill)	3500	
Common Stock 1,153,543,611 shs. as of 5/15/18						9667.0	8662.0	8707.0	10758	9475.0	14691	16869	20888	22349	24267	24250	25000	Long-Term Debt (\$mill)	25000	
MARKET CAP: \$232 billion (Large Cap)						17777	19393	18889	17898	17777	12522	9322.0	6316.0	4333.0	1454.0	1500	1000	Shr. Equity (\$mill)	1000	
CURRENT POSITION						11.9%	11.1%	13.0%	14.5%	18.3%	21.0%	25.0%	26.8%	31.6%	36.4%	44.0%	45.5%	Return on Total Cap'l	53.0%	
2016						16.8%	14.5%	17.8%	21.7%	26.3%	43.0%	65.9%	108.4%	183.6%	NMF	NMF	NMF	Return on Shr. Equity	NMF	
2017						8.2%	6.6%	9.5%	12.6%	16.5%	25.1%	38.7%	60.4%	105.1%	NMF	NMF	NMF	Retained to Com Eq	NMF	
4/29/18						51%	54%	47%	42%	37%	42%	41%	44%	43%	48%	44%	46%	All Div'ds to Net Prof	48%	
(SMILL.)						2538	3595	3599												
Cash Assets						2029	1952	2296												
Receivables						12549	12748	14432												
Inventory (LIFO)						608	638	887												
Other						17724	18933	21214												
Current Assets						7000	7244	9726												
Accts Payable						1252	2761	1549												
Debt Due						5881	6189	6858												
Other						14133	16194	18133												
Current Liab.																				
ANNUAL RATES						Past 10 Yrs.	Past 5 Yrs.	Est'd '15-'17												
of change (per sh)						6.0%	11.5%	8.0%												
Sales						8.5%	17.5%	10.5%												
"Cash Flow"						9.5%	20.5%	12.0%												
Earnings						16.0%	22.5%	13.0%												
Dividends						-12.0%	-22.5%	-18.5%												
Book Value																				
Fiscal Year Begins	QUARTERLY SALES (\$ mill.) ^A				Full Fiscal Year															
Apr.Per	Jul.Per	Oct.Per	Jan.Per																	
2015	20891	24829	21819	20980	88519															
2016	22762	26472	23154	22207	94595															
2017	23887	28108	25026	23883	100904															
2018	24947	30350	26300	26078	107675															
2019	26800	31400	27750	26450	112400															
Fiscal Year Begins	EARNINGS PER SHARE ^{A B}				Full Fiscal Year															
Apr.Per	Jul.Per	Oct.Per	Jan.Per																	
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	2.25	1.84	1.69	7.46															
2018	2.08	2.85	2.25	2.17	9.35															
2019	2.20	3.00	2.50	2.20	9.90															
Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year															
Mar.31	Jun.30	Sep.30	Dec.31																	
2014	.47	.47	.47	.47	1.88															
2015	.59	.59	.59	.59	2.36															
2016	.69	.69	.69	.69	2.76															
2017	.89	.89	.89	.89	3.56															
2018	1.03	1.03																		

BUSINESS: The Home Depot, Inc. operates a chain of 2,285 retail building supply/home improvement "warehouse" stores across the U.S. and in Canada and Mexico (as of 4/29/18). Acquired Hughes Supply in 1/06. Average store size: roughly 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 cover-

ings; plumbing, heating, & electrical; paint & furniture; seasonal and specialty items; hardware & tools. Has about 413,000 employees. Off. & dir. own less than 1.0% of common stock; The Vanguard Group, 7.0% (4/18 Proxy). Chairman, CEO, & President: Craig Menear, Inc.: DE. Addr.: 2455 Paces Ferry Road, Atlanta, Georgia 30339. Telephone: 770-433-8211. Internet: www.homedepot.com.

The Home Depot delivered mixed results in the fiscal first quarter (ended April 29th). A cold, wet April weighed on sales of outdoor and seasonal items in the period, and sales of \$24.9 billion were slightly below our \$25.3 billion forecast. Comparable-store sales rose 4.2%, while U.S. comps were up 3.9%. Beyond the weather-related headwinds, results were quite strong. Sales to professionals continued to outpace those to do-it-yourself customers. Interior projects, along with maintenance and repair categories, were solid, while appliances, electrical, and lumber all had double-digit positive comps in the term. Customer transactions were down 1.3% in the quarter, but the average ticket rose 5.8% and sales per square foot climbed 4.5%. The reported gross margin expanded 40 basis points from a year earlier (thanks to the adoption of a new accounting standard). Also, a lower-than-anticipated tax rate of 23.5% enabled share earnings to come in \$0.03 ahead of our call, despite the top-line miss. We expect most of the sales lost in the fiscal first quarter to be made up in the current interim. Management

shares this view and noted that comps in the first two weeks of May were double-digit positive. In addition to more favorable weather, a supportive macroeconomic backdrop (low unemployment, rising home values, etc.) should facilitate steady sales and earnings growth this quarter and beyond. The same can be said for the retailer's efforts to court professional customers and improve its interconnected shopping experience (in store, online, and mobile). All told, our share-earnings calls for fiscal 2018 and 2019 are unchanged. These shares remain on our recommended list and would make a good addition to many equity portfolios, in our view. Home Depot stock is ranked 2 (Above Average) for Timeliness; its dividend yield is above the Value Line median; its Beta is in line with the broader market; it garners top scores for Safety, Price Growth Persistence, and Earnings Predictability; and the company's Financial Strength rating is top-notch. Not surprisingly, however, these attributes do not come cheap, and some investors may view the stock as too richly valued.

Matthew E. Spencer, CFA June 22, 2018