

RECENT PRICE	215.90	P/E RATIO	20.9 (Trailing: 21.1 Median: 19.0)	RELATIVE P/E RATIO	1.18	DIV'D YLD	3.0%	VALUE LINE	1139
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18-Month Target Price Range			
Low-High	Midpoint (% to Mid)		
\$195-\$303	\$249 (15%)		

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	© VALUE LINE PUB. LLC	22-24
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	97.92	101.50	107.60	Sales per sh ^A	134.00
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	11.92	11.95	12.60	"Cash Flow" per sh	15.90
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	9.89	10.05	10.60	Earnings per sh ^{AB}	13.35
.26	.33	.40	.68	.90	.90	.90	.95	1.04	1.16	1.56	1.88	2.36	2.76	3.56	4.12	5.44	6.40	Div'ds Decl'd per sh ^C	7.80
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	d1.70	d0.90	d1.90	Book Value per sh ^E	d4.00
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	1105.0	1085.0	1065.0	Common Shs Outs't'g ^D	1000.0
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	18.9	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	19.5
.95	.88	.78	.74	.82	.86	1.02	.99	.94	1.14	1.13	1.01	1.11	1.07	1.09	1.02			Relative P/E Ratio	1.10
.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%	2.2%			Avg Ann'l Div'd Yield	3.0%

Cash Assets	3595	1778	2193	BUSINESS: The Home Depot, Inc. operates a chain of 2,290 retail building supply/home improvement "warehouse" stores across the U.S. and in Canada and Mexico (as of 11/3/19). 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 coverings; 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, 7.6% (4/19 Proxy). Chairman, CEO, & President: Craig Meneare. Inc.: DE. Addr.: 2455 Paces Ferry Road, Atlanta, Georgia 30339. Telephone: 770-433-8211. Internet: www.homedepot.com .
Receivables	1952	1936	2231	
Inventory (LIFO)	12748	13925	15711	
Other	638	890	1039	
Current Assets	18933	18529	21174	
Accts Payable	7244	7755	9240	Home Depot stock fell after the a share, ahead of our \$2.50 call.
Debt Due	2761	2395	2513	
Other	6189	6566	7812	
Current Liab.	16194	16716	19565	

Fiscal Year Begins	QUARTERLY SALES (\$ mill.) A					Full Fiscal Year
	Apr.Per	Jul.Per	Oct.Per	Jan.Per	Jan.Per	
2016	22762	26472	23154	22207		94595
2017	23887	28108	25026	23883		100904
2018	24947	30463	26302	26491		108203
2019	26381	30839	27223	25707		110150
2020	27525	32025	28325	26675		114600

Calendar	QUARTERLY DIVIDENDS PAID ^c				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
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	1.03	1.03	4.12
2019	1.36	1.36	1.36	1.36	

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a share, ahead of our \$2.50 call.

Home Depot stock fell after the retailer released mixed fiscal third-quarter (ended November 3rd) results. The top line rose 3.5% on a year-over-year basis, to \$27.223 billion, a hair below our \$27.480 billion forecast. The bigger issue for investors, however, was comparable-store sales, which increased 3.6% overall and 3.8% in the United States. Wall Street had looked for those figures to rise some 4.6% and 5.4%, respectively. Management noted that sales figures came in below its expectations due to the timing of certain strategic initiatives that are part of its One Home Depot strategy to grow the business over the long term and enhance its position as an omnichannel retailer. While the company has been seeing positive results from its investments, some of the benefits are taking longer to materialize than previously expected. Lumber price deflation, a calendar shift, and unfavorable foreign currency movements also weighed on sales. Although the gross margin narrowed 31 basis points, SG&A expenditures as a percentage of sales fell seven basis points. Earnings rose \$0.02 year to year, to \$2.53

a share, ahead of our \$2.50 call.

Full-year 2019 sales guidance was reined in. Leadership now looks for the top line to increase 1.8%, not 2.3%. Similarly, comps are now expected to climb 3.5%, down from 4.0%. On the other hand, earnings-per-share guidance was unchanged at \$10.03.

Preliminary fiscal 2020 guidance was also a bit light. Sales and comps are both expected to climb 3.5%-4.0%, and investment spending should continue to weigh on margins. Consequently, we trimmed \$0.35 from our share-earnings call.

Shares of the Home Depot were trading near their all-time high heading into the fiscal third-quarter release, so it was not shocking to see profit taking. We remain bullish on the company's prospects, and after this pullback in quotation, the shares offer more appealing capital appreciation potential over both the 18-month and 3- to 5-year horizons. And with its above-average dividend yield and top mark for Safety, conservative income seekers looking for exposure to the housing market ought to take a gander.

Matthew Spencer, CFA December 20, 2019

<p>(A) Fiscal year ends Sunday closest to January 31st of the following year.</p> <p>(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; '17, (\$0.17); '18, (\$0.16). Totals may not sum due to rounding. Next earnings report due February 25th. (C) Dividends historical.</p>	<p>cally paid in March, June, Sept., and Dec. ■ Div'd reinvest. plan avail. (D) In millions, adjusted for stock splits. (E) Includes intangibles. At 2/3/19: \$2.252 mill. (\$2.04/share).</p>	<p>Company's Financial Strength A++</p> <p>Stock's Price Stability 95</p> <p>Price Growth Persistence 100</p> <p>Earnings Predictability 100</p>
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