

HOME DEPOT NYSE:HD

RECENT PRICE **389.69** P/E RATIO **26.1** (Trailing: 26.1; Median: 21.0) RELATIVE P/E RATIO **1.47** DIV'D YLD **2.4%** VALUE LINE **1149**

TIMELINESS 3 Raised 5/17/24	High: 106.0	135.5	139.0	191.5	215.4	239.3	293.0	420.6	417.8	354.9	439.4	426.2	Target Price	Range
SAFETY 1 Raised 10/5/07	Low: 74.0	92.2	109.6	133.0	158.1	168.2	140.6	246.6	264.5	274.3	323.8	378.2	2028	2029
TECHNICAL 3 Lowered 1/31/25	LEGENDS 15.5 x "Cash Flow" p sh Relative Price Strength Options: Yes Shaded area indicates recession												2030	
BETA .90 (1.00 = Market)														

18-Month Target Price Range

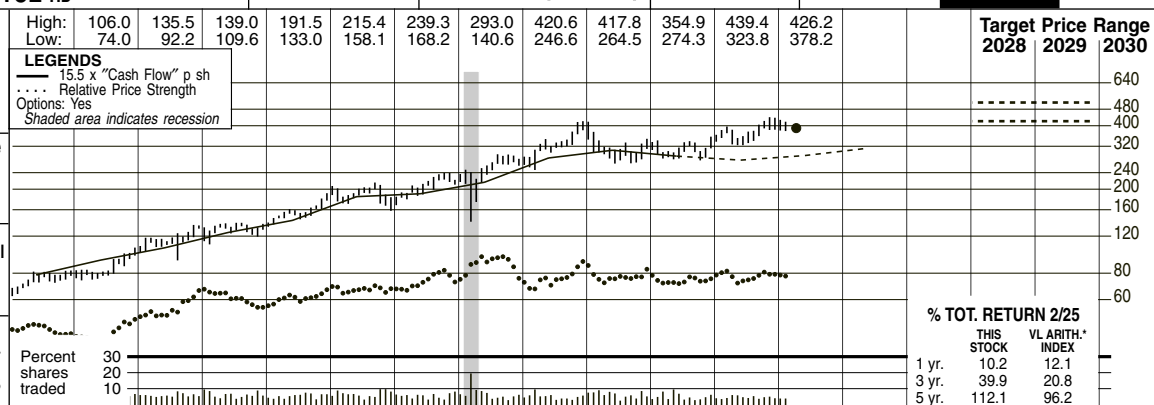
Low-High	Midpoint (% to Mid)
\$329-\$528	\$429 (10%)

2028-30 PROJECTIONS

Price	Gain	Ann'l Total Return
High 515	(+30%)	9%
Low 420	(+10%)	4%

Institutional Decisions

202024	302024	402024
to Buy 1747	1802	2009
to Sell 1551	1554	1595
Hld's(000)	770818	774522
	785449	



2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	© VALUE LINE PUB. LLC	28-30
38.84	41.90	45.80	50.37	57.11	63.64	70.70	78.63	87.14	97.92	102.34	122.66	146.05	154.92	153.90	160.95	168.20	183.25	Sales per sh ^A	222.20
2.66	3.07	3.55	4.21	5.08	5.96	6.82	8.07	9.19	11.92	12.29	13.92	18.18	19.76	18.54	18.00	20.25	20.25	"Cash Flow" per sh	27.00
1.66	2.03	2.47	3.10	3.76	4.56	5.34	6.45	7.46	9.89	10.25	11.94	15.53	16.69	15.11	14.91	14.95	16.95	Earnings per sh ^{AB}	23.35
.90	.95	1.04	1.16	1.56	1.88	2.36	2.76	3.56	4.12	5.44	6.00	6.60	7.60	8.36	9.00	9.20	9.60	Div'ds Decl'd per sh ^C	11.00
11.42	11.64	11.64	11.98	9.07	7.13	5.04	3.60	1.26	d1.70	d2.89	3.06	d1.64	1.54	1.05	3.55	5.35	2.35	Book Value per sh ^E	21.40
1698.0	1623.0	1537.0	1484.0	1380.0	1307.0	1252.0	1203.0	1158.0	1105.0	1077.0	1077.0	1035.0	1016.0	992.00	985.0	975.0	950.0	Common Shs Outst'g ^D	900.00
15.3	15.6	15.0	17.9	20.2	19.1	22.1	20.3	21.6	18.9	20.6	21.1	21.6	18.3	20.7	25.1	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	20.0
1.02	.99	.94	1.14	1.13	1.01	1.11	1.07	1.09	1.02	1.10	1.08	1.17	1.06	1.15	1.38			Relative P/E Ratio	1.10
3.5%	3.0%	2.8%	2.1%	2.1%	2.2%	2.0%	2.1%	2.2%	2.2%	2.6%	2.4%	2.0%	2.5%	2.7%	2.4%			Avg Ann'l Div'd Yield	2.5%

CAPITAL STRUCTURE as of 2/2/25

Total Debt \$48801 mill. Due in 5 Yrs \$8882 mill.
LT Debt \$48485 mill. LT Interest \$2321 mill.
(Total interest coverage: 9.3x. LT int earned: 9.3x)
(88% of Cap'l)

Leases, Uncapitalized Annual rentals \$1005 mill.

No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 993,362,612 shs.

as of 11/12/24

MARKET CAP: \$387 billion (Large Cap)

CURRENT POSITION

2022	2023	2/2/25
Cash Assets	2757	1659
Receivables	871	4903
Inventory	24886	23451
Other	3957	1670
Current Assets	32471	31683
Accts Payable	11443	11938
Debt Due	1231	316
Other	10436	16407
Current Liab.	23110	28661

ANNUAL RATES

Past 10 Yrs.	Past 5 Yrs.	Est'd '21-'23
of change (per sh)		
Sales	11.5%	6.0%
"Cash Flow"	16.0%	6.5%
Earnings	17.5%	6.5%
Dividends	19.5%	7.5%
Book Value	-30.0%	NMF

Fiscal Year Begins

Debt Due	1231	1368	316
Other	10436	10610	16407
Current Liab.	<u>23110</u>	<u>22015</u>	<u>28661</u>

Fiscal Year Begins

of change (per sh)	10 Yrs.	5 Yrs.	to '28-'30
Sales	11.5%	11.5%	6.0%
"Cash Flow"	16.0%	14.0%	6.5%

Cal-endar

Dividends	18.8%	18.8%	7.8%
Book Value	-30.0%	-21.5%	NMF
Fiscal Year	QUARTERLY SALES (\$ mill.) A		Full Fiscal

BUSINESS: The Home Depot, Inc. operates a chain of 2,347 retail building supply/home improvement "warehouse" stores across the U.S. and in Canada and Mexico (as of 2/2/25). Acquired Hughes Supply in 1/06; SRS Distribution 6/24. 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 items; hardware & tools. Has about 470,000 employees. Off. & dir. own less than 1.0% of common stock; The Vanguard Group, 9.5%; BlackRock, 7.2% (4/24 Proxy). Chmn. and CEO: Ted Decker, Inc.: DE. Addr.: 2455 Paces Ferry Rd., Atlanta, GA 30339. Tel.: 770-433-8211. Internet: www.homedepot.com.

The Home Depot will likely continue to recover moderately in fiscal 2025 (year began February 3rd).

High mortgage rates will probably continue to pressure new home sales, while consumers struggle with low levels of disposable income. New home sales are associated with driving demand at the stores because sellers often prepare units before listing them and buyers often remodel after purchase. The weak consumer has also limited replacing high-ticket appliances. This economic back drop should keep a lid on sales in the year ahead. After two years of declining comparable store sales, management expects the figure to increase only 1% in the coming 12 months. On a positive note, the fourth quarter of 2024 was the first period with a positive same-store sales comparison after eight quarters of declines. With additional revenues from the SRS acquisition and the opening of 13 stores, the top line should increase about 3% overall. One less week in the accounting year will be a headwind.

Recent results were mixed. The final quarter of 2024 produced better revenues than we expected but missed on the bot-

tom line. The extra week in the period added about 7% to the top line. Average ticket size rose about 0.3%. Plus, inclusion of SRS wholesale and professional business boosted the total figure to a 14.1% gain on a year-over-year basis. Despite the better sales, rising costs pressured margins and the bottom line fell short of our \$3.10 estimate.

Home Depot's stock price has rebounded much faster than operations. While we expect 2025 to see the first year of rising earnings since peaking in 2022, expectations are modest. The challenging consumer spending and construction environment is not demonstrating signs of pending rapid improvement. The stock price however, has increased by 40% since the lows 18 months ago and now trades at the highest valuation relative to the market in more than a decade. While still ranked Highest for Safety given its strong free cash flow funding stock buybacks and dividend increases, the current quotation may limit total return potential over the next 3 to 5 years. We think most should wait for a better entry.

Tom Mulle, CFA March 14, 2025

(A) Fiscal year ends Sunday closest to January 31st of the following year.

(B) Diluted earnings. Excludes nonrecurring gains/(losses): '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 mid-May. (C)

Dividends historically paid in March, June,

Sept., and Dec.

(E) Includes intangibles. At 2/2/25: \$28.458 bill.

(\$28.63/share).

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