Home Depot (HD)

Consumer Cyclical / Home Improvement Retail

StockRover
Stock Report | December 29, 2019

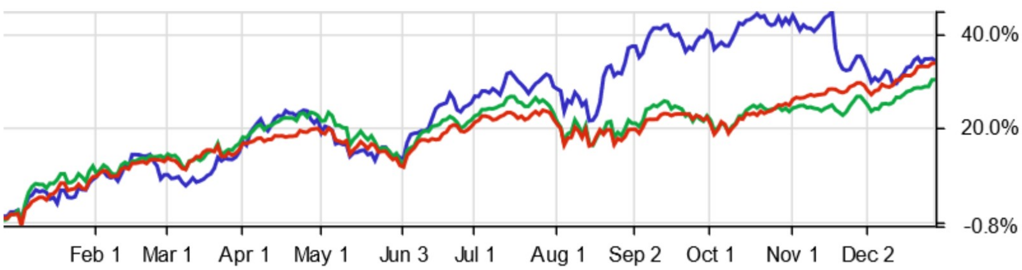
$219.97 **-$0.85 (-0.38%)** as of Friday's close

Cap ($M)	P/E	EPS (1Y)	Dividend	Last Report
$241,485	**21.9**	**9.8%**	**$5.44**	**10/31/19**
Sales ($M)	Forward P/E	Sales (1Y)	Div. Yield	Next Report
110,934	**20.8**	**5.1%**	**2.5%**	**02/25/20**

52-wk Range
$168.21 $239.31

Dividend Adjusted Return *Dec 27, 2018 - Dec 27, 2019*

HD 219.97 (+34.3%) Consumer Cyclical 190.60 (+30.3%) S&P 500 3240.02 (+33.8%)



HD has performed nearly in line with the S&P 500 over the past year.

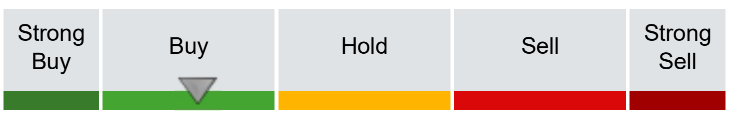
HD has outperformed its sector by 4.0% in the past year.

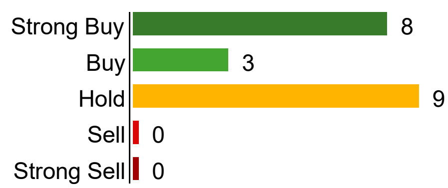
The Consumer Cyclical sector has underperformed the market by -3.5% in the past year.

ANALYST CONSENSUS

Buy

The consensus rating has improved a little since last month when it was also Buy.





QUANTITATIVE SCORES

Fair Value $306.90

Margin of Safety 40%

The Margin of Safety is the difference between a company's Fair Value and the current price. See more on page 8.

2 warnings
Details on Page 8

Value Score **75**

Value Score: Our value score looks at EV/EBITDA, P/E, P/S, P/TB (Price/Tangible Book) and EPS Predictability. P/S and P/TB are compared within a sector. Other metrics are compared across all stocks

Quality Score **83**

Quality Score: Our quality score compares profitability and balance sheet metrics to find high quality companies using ROIC, Net Margin, Gross Margin, Interest Coverage, and Debt / Equity metrics.

Growth Score **85**

Growth Score: Our growth score looks at the 5 year history and the forward estimates for EBITDA, Sales, and EPS growth, ranking the best companies across all stocks.

Sentiment Score **70**

Sentiment Score: Our sentiment score finds stocks in favor by analyzing Short Interest, returns in key periods over the last year, Price vs. 52-wk High, Days Since 52-wk High and MACD signals.

BUSINESS SUMMARY

Home Depot is the world's largest home improvement specialty retailer, operating nearly 2,300 warehouse-format stores offering more than 30,000 products in store and 1 million products online in the United States, Canada, and Mexico. Its stores offer numerous building materials, home improvement products, lawn and garden products, and decor products and provide various services, including home improvement installation services and tool and equipment rentals. The acquisition of distributor Interline Brands in 2015 allowed Home Depot to enter the maintenance, repair, and operations sector, while the tie-up with Company Store brought textile expertise to the lineup.

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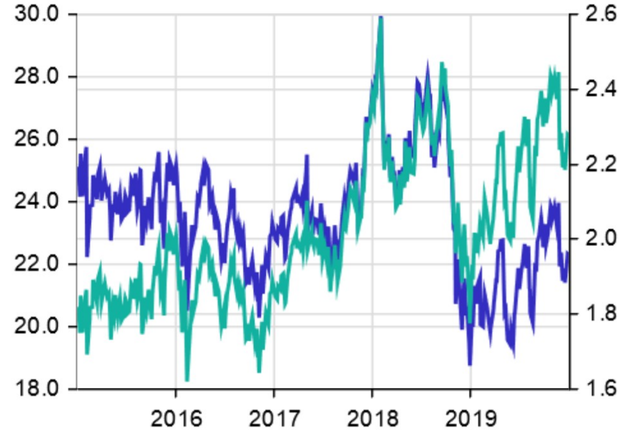
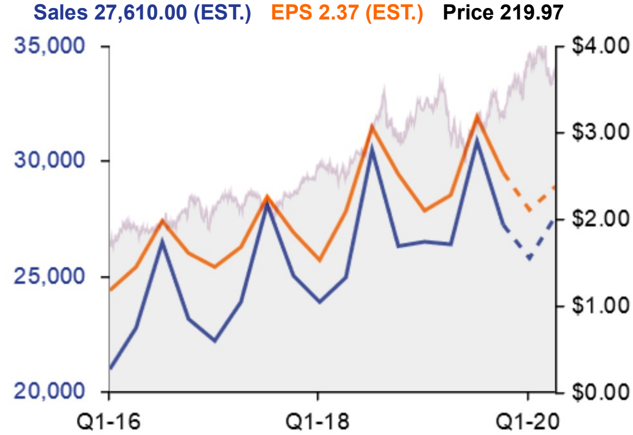
VALUATION SUMMARY

	HD	Industry	S&P 500
Value Score	75	66	74
Price / Earnings	21.9	24.2	24.8
Price / Sales	2.2	1.7	2.4
Price / Free Cash Flow	22.0	26.0	26.7
Price / Book	-	18.1	3.6
Price / Tangible Book	-	-	100+
EV / EBITDA	15.1	15.7	12.1
EPS Predict. Pctl.	1	37	27
Piotroski F Score	4	6	6
5-Year P/E Range	18.6		29.8
5-Year P/B Range	11.9		-
5-Year P/S Range	1.6		2.6



GROWTH SUMMARY

	HD	Industry	S&P 500
Growth Score	85	59	78
Sales Growth			
Sales Growth Next Year	4.1%	3.9%	7.2%
Sales 1-Year Chg (%)	5.1%	1.8%	7.1%
Sales 3-Year Avg (%)	5.9%	5.4%	9.3%
Sales 5-Year Avg (%)	6.3%	7.0%	3.7%
EPS Growth			
Next Yr. Growth Est.	5.0%	7.2%	14.6%
EPS 1-Year Chg (%)	9.8%	5.3%	11.2%
EPS 3-Year Avg (%)	17.6%	20.3%	21.2%
EPS 5-Year Avg (%)	18.0%	18.7%	12.1%



PEERS ANALYSIS SUMMARY

Ticker	Company	Cap ($M)	P/E	Div. Yield	1M Return	1Y Return	Margin of Safety	Value Score	Growth Score	Quality Score
BABA	Alibaba Group Hol…	$469,908	26.0	-	7.3%	55.6%	-10%	61	98	97
HD	Home Depot	$241,485	21.9	2.5%	-0.7%	32.7%	40%	75	85	83
LOW	Lowe's Companies	$92,153	31.6	1.8%	1.5%	33.5%	33%	68	80	77
JD	JD.com	$52,464	100+	-	8.4%	65.6%	10%	71	77	68
WFA…	Wesfarmers	$34,895	24.1	-	7.4%	30.5%	-16%	47	47	97
BBY	Best Buy Co	$20,549	15.6	2.3%	8.4%	72.2%	21%	86	78	87
KGF…	Kingfisher	$6,657	25.1	4.8%	8.0%	18.1%	-20%	67	56	81
FND	Floor & Decor Hold…	$5,104	39.8	-	4.6%	94.2%	12%	61	92	86
HVT	Haverty Furniture …	$395	16.6	4.0%	-0.7%	12.9%	15%	95	68	84
LL	Lumber Liquidator…	$285	-	-	11.1%	-0.8%	-	48	41	30
GR…	GrowGeneration	$155	-	-	-9.8%	93.5%	-	42	55	60
TTSH	Tile Shop Holdings	$85	-	-	1.8%	-67.7%	-1%	70	61	59

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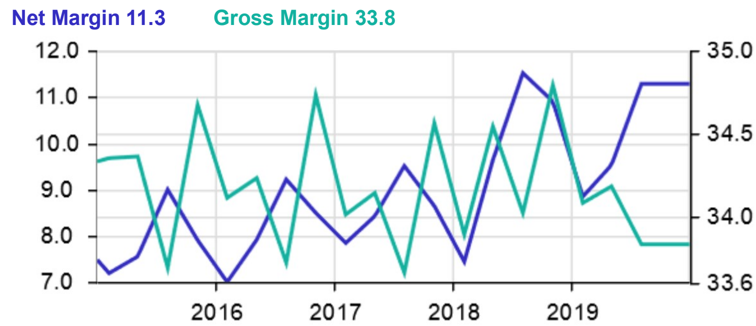
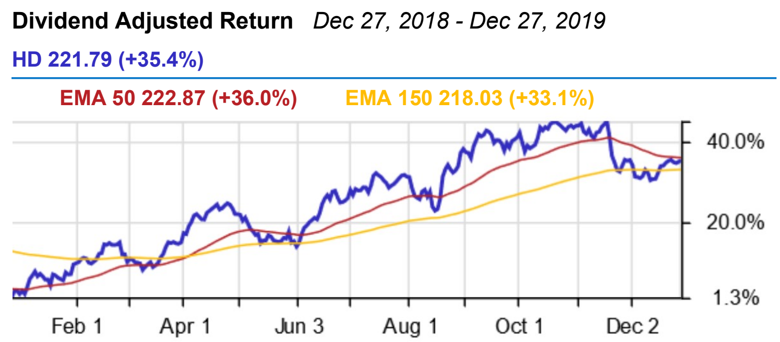
PROFITABILITY SUMMARY

	HD	Industry	S&P 500
Quality Score	83	73	80
Gross Margin	34.1%	34.2%	29.0%
Operating Margin	14.5%	10.5%	13.4%
Net Margin	10.0%	8.2%	9.7%
Return on Assets	21.2%	0.2%	0.1%
Return on Equity	-1026.3%	11.6%	0.2%
ROIC	36.1%	28.6%	15.9%



RETURNS SUMMARY

	HD	Industry	S&P 500
Sentiment Score	70	36	65
5-Day Return	-0.6%	-0.2%	0.6%
1-Month Return	-0.7%	0.6%	3.2%
YTD Return	31.5%	30.7%	31.7%
1-Year Return	32.7%	31.6%	32.7%
3-Year Return	74.8%	60.4%	51.2%
5-Year Return	137.4%	90.8%	71.3%
Beta 1-Year	0.86	0.82	0.99

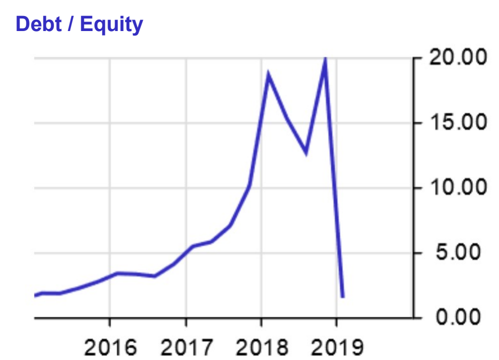


DIVIDEND

	HD	Industry
Dividend Yield	2.5%	2.1%
Payout Ratio	50.6%	50.2%
TTM Yield	2.5%	-
Dividend Per Share	$5.44	$3.73
Div. 1Y Chg (%)	32.0%	20.8%
Div. 3Y Avg (%)	25.4%	19.9%
Div. 5Y Avg (%)	23.7%	26.2%
Cons. Growth Years	9	10+
Div. Coverage Ratio	2.0	2.0

DEBT & EQUITY

Current Ratio	1.1
Quick Ratio	0.3
Price	$219.97
Net Cash Per Share	-$30.18
Equity Per Share	-$0.99
Solvency Ratio	26%
Interest Coverage	13.7
Short % of Float	0.8%
Altman Z-Score	7.2



ANALYST REVISIONS

Current Quarter EPS	
# Up Last 30 days	1.00
# Down Last 30 days	0.00
Mean Estimate	2.37
% Change (30 Days)	-3.27%

Next Quarter EPS	
# Up Last 30 days	0.00
# Down Last 30 days	0.00
Mean Estimate	2.10
% Change (30 Days)	-0.47%

MEAN ESTIMATE TREND

	Cur Qtr	Next Qtr	Cur Year	Next Year
Latest	$2.10	$2.37	$10.08	$10.58
30 Days Ago	$2.11	$2.45	$10.08	$10.88
90 Days Ago	$2.17	$2.44	$10.13	$10.96
% Change (90 Days)	-3.2%	-2.9%	-0.5%	-3.5%

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EARNINGS SURPRISES

Earnings surprise is the difference between a company's announced earnings and the average analyst estimated value. Surprises typically causes the stock price to jump and are often followed by more of the same surprise type.

Surprise Summary (Last 12 Quarters)

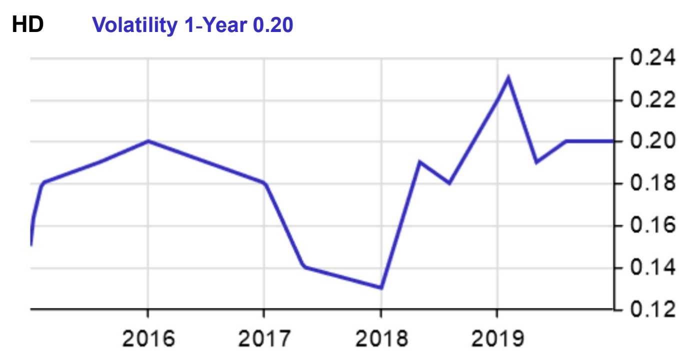
Surprise Type	Amount	Percent
Positive Quarters (> 2%)	8	66.7%
Negative Quarters (< 2%)	0	-
In-Line Quarters (within 2%)	4	33.3%

Surprise Detail (Last 6 Quarters)

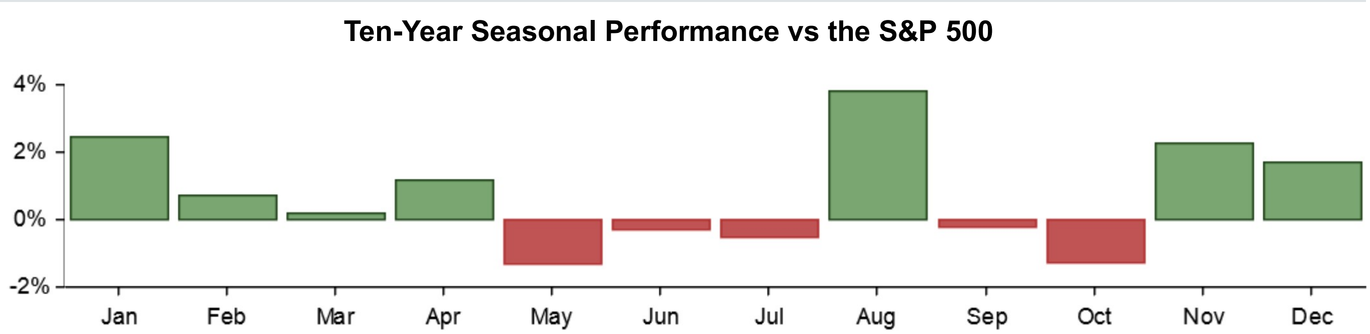
Surprise Type	Announce Date	Period End Date	Actual EPS	Est. EPS	Surprise (%)
In-Line	11/19/19	10/31/19	$2.53	$2.53	0.0%
Positive	08/20/19	07/31/19	$3.17	$3.07	3.2%
Positive	05/21/19	04/30/19	$2.27	$2.17	4.4%
Positive	02/26/19	01/31/19	$2.25	$2.17	3.6%
Positive	11/13/18	10/31/18	$2.51	$2.27	9.6%
Positive	08/14/18	07/31/18	$3.05	$2.84	6.9%

RISK

	HD	Industry	S&P 500
Best Monthly Return (5Y)	9.9%	8.4%	8.1%
Worst Monthly Return (5Y)	-15.3%	-14.4%	-10.2%
Beta 1-Year	0.86	0.82	0.99
Volatility 1-Year	0.18	0.16	0.12
Volatility 1Y Pctl.	16	-	-
Max Drawdown 1-Year	-11.2%	-13.9%	-6.8%
Max Drawdown 3-Year	-25.6%	-27.2%	-19.3%
Max Drawdown 5-Year	-25.6%	-27.6%	-19.3%



SEASONALITY

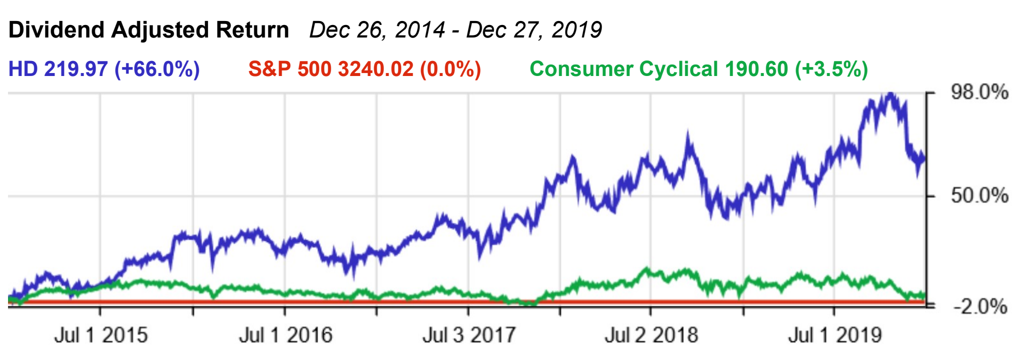


5-YEAR RELATIVE PERFORMANCE VS S&P 500

Relative to the S&P 500 baseline, HD has outperformed the S&P 500 by 62.4% in the past 5 Years.

HD has outperformed its sector by 66.0% in the past 5 Years.

The sector has underperformed the market by -3.5% in the past 5 Years.



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Overall Rating vs. Peers **61**

Ratings scores are relative to industry groups. They compare key metrics to rank stocks vs. their competitors. For example, higher growth than peers will score high even when the absolute growth is below the market average.

Growth vs Peers

Ticker	Company	Growth Ratings Score	Sales QoQ Chg.	Eps QoQ Chg.	Sales Growth Next Y.	Sales 1Y Chg (%)	Sales 3Y Avg (%)	Sales 5Y Avg (%)
GRWG	GrowGeneration	87	159.1%	-	72.2%	168.3%	111.1%	-
FND	Floor & Decor Holdings	76	19.6%	56.0%	23.4%	17.6%	-	-
HD	Home Depot	58	3.5%	0.8%	4.1%	5.1%	5.9%	6.3%
LL	Lumber Liquidators ...	45	-2.4%	-80.9%	3.7%	1.1%	4.6%	1.0%
HVT	Haverty Furniture Cos	26	-0.6%	-20.5%	1.8%	-3.2%	-0.8%	1.2%

Valuation vs Peers

Ticker	Company	Valuation Ratings Score	P/E	Forward P/E	PEG Trailing	P/S	P/B	5Y P/E Range	
HVT	Haverty Furniture Cos	74	16.6	15.6	-	0.5	1.5	11.5	67.1
HD	Home Depot	55	21.9	20.8	1.2	2.2	-	18.6	29.8
LL	Lumber Liquidators ...	49	-	21.1	-	0.3	2.0	7.9	-
GRWG	GrowGeneration	15	-	20.1	-	2.3	2.9	-	-
FND	Floor & Decor Holdings	13	39.8	37.7	-	2.7	7.1	17.4	100+

Efficiency vs Peers

Ticker	Company	Efficiency Ratings Score	Gross Margin	Operating Margin	Net Margin	5Y ROE Range		5Y ROA Range	
HD	Home Depot	92	34.1%	14.5%	10.0%	-1026.3%	799.7%	14.4%	25.3%
FND	Floor & Decor Hol...	78	41.6%	7.2%	6.8%	17.3%	26.7%	5.9%	12.9%
HVT	Haverty Furniture ...	60	54.3%	4.1%	3.2%	2.9%	11.0%	1.8%	6.9%
GRWG	GrowGeneration	13	27.4%	0.4%	-0.1%	-33.5%	-0.1%	-27.5%	-0.1%
LL	Lumber Liquidator...	4	35.7%	-5.3%	-5.8%	-44.3%	19.1%	-17.6%	12.9%

Financial Strength vs Peers

Ticker	Company	Financial Strength Ratings Score	Debt / Equity	Interest Coverage	Quick Ratio	Intangibles %	Solvency Ratio	Short % of Float
HVT	Haverty Furniture Cos	98	0.7	135.5	0.9	-	17%	18.0%
FND	Floor & Decor Holdings	62	1.3	14.1	0.3	15.6%	14%	10.7%
GRWG	GrowGeneration	44	0.2	0.9	2.2	25.3%	4%	-
LL	Lumber Liquidators ...	22	1.5	-	0.2	1.7%	-11%	66.0%
HD	Home Depot	12	-	13.7	0.3	4.3%	26%	0.8%

Dividends vs Peers

Ticker	Company	Dividends Ratings Score	Div. Yield	TTM Yield	Price	Div. Per Share	Consecutive Div. Growth Years	Payout Ratio
HD	Home Depot	92	2.5%	2.5%	$219.97	$5.44	9	50.6%
HVT	Haverty Furniture Cos	85	4.0%	3.8%	$20.11	$0.80	6	59.2%
FND	Floor & Decor Holdings	-	-	-	$50.51	-	0	-
GRWG	GrowGeneration	-	-	-	$4.23	-	0	-
LL	Lumber Liquidators ...	-	-	-	$9.92	-	0	-

Momentum vs Peers

Ticker	Company	Momentum Ratings Score	1M Return	3M Return	6M Return	YTD Return	1Y Return	Beta 1Y	Volatility 1Y	Price vs 52-wk High (%)
FND	Floor & Decor Holdings	67	4.6%	0.0%	25.7%	95.0%	94.2%	1.42	0.43	95.3%
GRWG	GrowGeneration	44	-9.8%	-3.4%	27.4%	88.0%	93.5%	0.42	0.59	73.6%
LL	Lumber Liquidators ...	33	11.1%	2.8%	-12.5%	4.2%	-0.8%	1.79	0.55	68.7%
HVT	Haverty Furniture Cos	31	-0.7%	0.4%	20.5%	11.2%	12.9%	0.92	0.36	80.2%
HD	Home Depot	29	-0.7%	-3.7%	7.6%	31.5%	32.7%	0.86	0.18	91.9%

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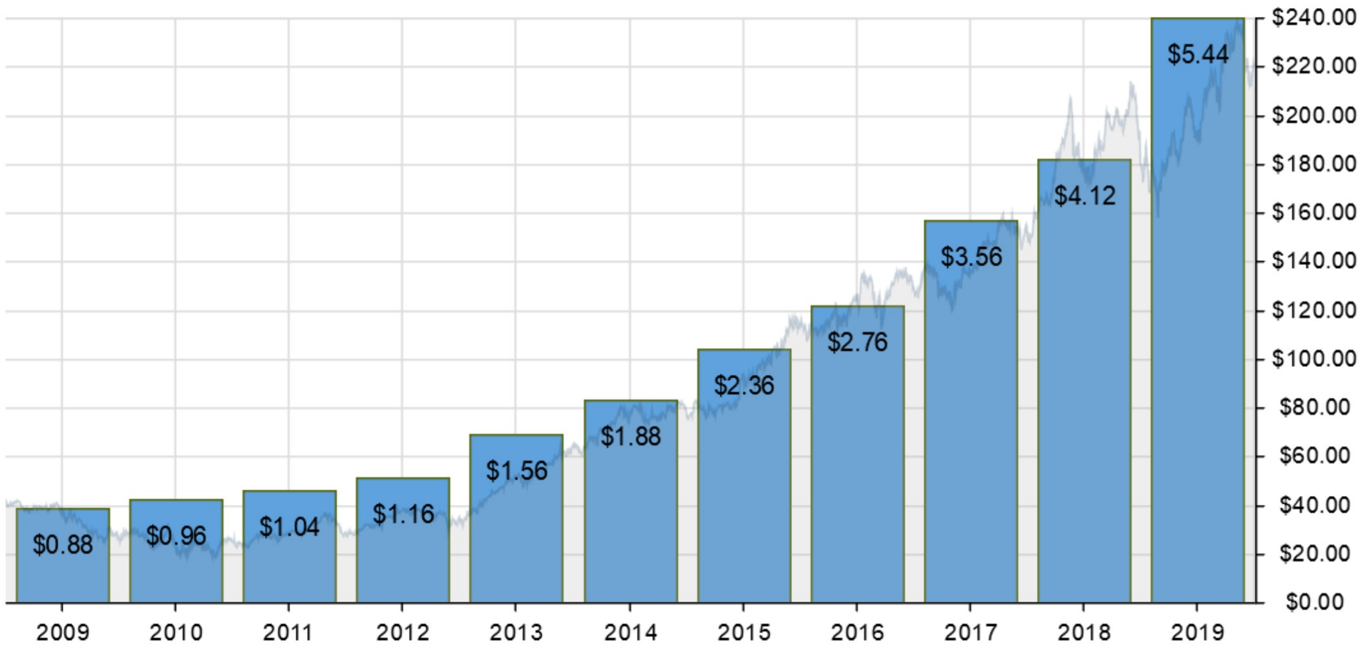
DIVIDEND DETAIL



CALENDAR YEAR DIVIDEND HISTORY

Year	Date	Pay Date	Text	Amount
2019 Dividends				$5.44
	12/04/19	12/19/19	Regular	$1.36
	09/04/19	09/19/19	Regular	$1.36
	06/05/19	06/20/19	Regular	$1.36
	03/13/19	03/28/19	Regular	$1.36
2018 Dividends				$4.12
	11/28/18	12/13/18	Regular	$1.03
	08/29/18	09/13/18	Regular	$1.03
	05/30/18	06/14/18	Regular	$1.03
	03/07/18	03/22/18	Regular	$1.03
2017 Dividends				$3.56
	11/29/17	12/14/17	Regular	$0.89
	08/29/17	09/14/17	Regular	$0.89
	05/30/17	06/15/17	Regular	$0.89
	03/07/17	03/23/17	Regular	$0.89
2016 Dividends				$2.76
	11/29/16	12/15/16	Regular	$0.69
	08/30/16	09/15/16	Regular	$0.69
	05/31/16	06/16/16	Regular	$0.69
	03/08/16	03/24/16	Regular	$0.69
2015 Dividends				$2.36
	12/01/15	12/17/15	Regular	$0.59
	09/01/15	09/17/15	Regular	$0.59
	06/02/15	06/18/15	Regular	$0.59

UPCOMING DIVIDEND

Ex-Dividend Date	12/04/19
Payment Date	12/19/19
Amount	$1.36
Type	Regular

DIVIDEND RATE

Regular Dividend	$1.36
Annual Dividend Rate	$5.44
Annual Dividend Yield	2.5%
Trailing 12 Months Dividends	$5.44
Trailing 12 Months Yield	2.5%

STATISTICS

Payout Ratio	50.6%
Dividend Coverage Ratio	197.7%
Consecutive Growth Years	9
3 Year Growth Rate	25.4%
5 Year Growth Rate	23.7%
10 Year Growth Rate	19.7%

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FINANCIAL STATEMENT SUMMARY

USD in Millions	Chart	2014	2015	2016	2017	2018	TTM	CAGR
Income Statement								
Revenue		81,710	86,701	93,368	99,228	105,595	110,934	6.6%
Operating Income		10,039	11,416	13,049	14,419	15,341	16,065	11.2%
Net income		5,979	6,917	7,684	8,595	10,556	11,105	15.3%
Earnings per share diluted		$4.40	$5.34	$6.18	$7.20	$9.16	$10.06	20.1%
Average shares diluted		1,514	1,416	1,229	1,174	1,141	1,094	-6.8%
P/E Ratio		25.0	24.8	22.7	27.2	20.2	21.9	-5.1%
Balance Sheet								
Cash		2,181	3,040	3,589	3,549	1,764	2,193	-5.2%
Current assets		16,749	18,606	19,348	19,682	19,809	21,174	4.3%
Net Property, Plant and Eq…		22,940	22,194	21,840	21,960	22,054	28,110	-1.0%
Working Capital		4,489	2,630	4,917	3,680	1,613	1,609	-22.6%
Net Debt		14,546	17,822	19,292	22,040	24,020	32,858	13.4%
Stockholders' Equity		10,110	7,619	5,622	2,543	1,320	-1,082	-39.9%
Cash Flow								
Operating Cash Flow		7,894	9,361	9,926	11,605	12,326	13,666	11.8%
Cap Ex		-1,424	-1,526	-1,565	-1,830	-2,254	-2,622	12.2%
Free Cash Flow		6,470	7,835	8,361	9,775	10,072	11,044	11.7%
Free Cash Flow per share		$4.27	$5.53	$6.80	$8.33	$8.83	$10.10	19.9%
Profitability								
Operating Margin		12.3%	13.2%	14.0%	14.5%	14.5%	14.5%	4.3%
Return on Assets		14.4%	15.7%	17.3%	19.1%	23.4%	21.2%	12.8%
Return on Equity		59.1%	90.8%	136.7%	338.0%	799.7%	-1026.3%	91.8%
Return on Invested Capital		23.0%	26.9%	29.8%	33.0%	40.7%	36.1%	15.4%
Dividends								
Dividends Per Share		$1.88	$2.36	$2.76	$3.56	$4.12	$5.44	21.7%
Dividend Yield		1.8%	1.8%	2.1%	1.9%	2.4%	2.5%	7.5%
Dividend Growth		-	25.5%	16.9%	29.0%	15.7%	36.7%	-14.9%
Dividend Coverage		2.5x	2.4x	2.3x	2.2x	2.3x	2.0x	-1.5%

VALUATION & PROFITABILITY HISTORY

Date ➞		9 Yrs. Ago	8 Yrs. Ago	7 Yrs. Ago	6 Yrs. Ago	5 Yrs. Ago	4 Yrs. Ago	3 Yrs. Ago	2 Yrs. Ago	1 Yr Ago	TTM
Price / Earnings		19.3	18.1	21.7	24.1	24.7	24.9	22.9	27.3	20.1	21.9
Price / Cash Flow		13.3	10.7	14.7	16.3	17.5	18.4	16.5	21.4	16.4	17.8
Price / Book		3.0	3.7	5.2	7.6	12.2	22.1	24.8	62.4	95.9	-
Price / Tangible B…		3.2	3.9	5.5	8.2	13.7	30.6	36.3	100+	-	-
Price / Sales		0.9	1.0	1.3	1.6	1.8	2.0	1.9	2.4	1.9	2.2
EV / EBITDA		11.3	10.8	12.7	13.2	14.1	15.0	13.0	15.4	12.6	15.1
Dividend Yield		2.7%	2.4%	1.9%	1.9%	1.8%	1.8%	2.0%	1.9%	2.4%	2.5%
Shareholder Yield		5.4%	6.9%	4.5%	7.0%	6.5%	5.1%	5.6%	5.4%	6.0%	5.8%
Gross Margin		34.2%	34.4%	34.6%	34.7%	33.7%	34.3%	34.2%	34.1%	34.3%	34.1%
Net Margin		4.6%	5.3%	5.9%	6.8%	7.3%	8.0%	8.2%	8.7%	10.0%	10.0%
Return on Assets		-	8.9%	10.3%	12.3%	14.4%	15.7%	17.3%	19.1%	23.4%	21.2%
Return on Equity		-	20.8%	24.2%	37.9%	59.1%	90.8%	136.7%	338.0%	799.7%	-1026…
ROIC		11.7%	14.0%	16.3%	20.2%	23.0%	26.9%	29.8%	33.0%	40.7%	36.1%

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WARNINGS

Name	Severity	Details
Declining EPS Growth	Low	EPS 1Y Chg (%): 9.8%; EPS 3Y Avg (%): 17.6%; EPS 5Y Avg (%): 18.0%

EPS growth has declined. Comparing EPS growth rates, the 1-year is less than the 3-year which is less than the 5-year. Be sure to understand the reasons as declining earnings growth puts pressure on the stock price.

Name	Severity	Details
Declining Sales Growth	Low	Sales 1Y Chg (%): 5.1%; Sales 3Y Avg (%): 5.9%; Sales 5Y Avg (%): 6.3%

Sales growth has declined. Comparing revenue growth rates, the 1-year is less than the 3-year which is less than the 5-year. Be sure to understand the reasons as declining sales growth puts pressure on the stock price.

REPORT TIPS

Metric Definitions

Metric descriptions are available at stockrover.com/help/metrics/metric-overview

Quantitative Scores

Our scores analytics is to offer our concise analysis of a stock in powerful, but easy to digest format. Each of the composite score metrics are designed to use the best available accounting practices as well as source data from SEC filings. The scores are computed for a company vs. the market as a whole.

Fair Value

Fair value performs a forecasted discounted cash flow analysis of a company to determine the company's intrinsic value based on the expected future cash flows the company will produce. It basically determines what a company is worth based on how much cash flow it is expected to generate for you in the future, taking into account the time value of money and the predictability of those forecasted cash flows.

Peers

Peer ratings are computed from raking companies in the same industry group. The selection of peers shown in the tables above are chosen from the same industry and closest proximity of revenue.

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