

HD.N (SP500)

Home Depot Inc

BUSINESS SUMMARY

The Home Depot, Inc. (The Home Depot) is a home improvement retailer. The Company sells an assortment of building materials, home improvement products, and lawn and garden products, and provides various services. The Home Depot stores serves three primary customer groups: do-it-yourself (DIY) customers, do-it-for-me (DIFM) customers and professional customers. Its DIY customers are home owners purchasing products and completing their own projects and installations. The Company assists these customers with specific product and installation questions both in its stores and through online resources and other media designed to provide product and project knowledge. Its DIFM customers are home owners purchasing materials themselves and hiring third parties to complete the project or installation. Professional Customers are primarily professional renovators/remodelers, general contractors, repairmen, installers, small business owners and tradesmen.

SHARE DETAIL			
Beta Value (5Y Monthly)	1,10	Dividend	3,56
Currency	USD	Dividend Yield	2,07
Shares Outstanding	1.168M	P/E (TTM)	23,92
YTD	29,88%	Free Float	1.168M

FINANCIAL SUMMARY

For the 39 weeks ended 29 October 2017, Home Depot Inc revenues increased 6% to \$77.02B. Net income increased 10% to \$6.85B. Revenues reflect Comparable Store Sales (Growth- %), US T increase of 9% to 6.8%, Traffic (Number of Customer Visits) increase of 2% to 1.21B, Retail Sales increase of 6% to \$77.02B. Net income benefited from Interest and Investment Income increase from \$25M to \$51M (income). Dividend per share increased from \$2.07 to \$2.67.

FUNDAMENTAL				
	Jan-2017 FY	Jan-2018 FY	Jan-2019 FY	Jan-2020 FY
EPS	6,450	7,413	8,410	9,235
DPS	2,760	3,599	4,006	4,374
CPS	7,930	8,396	10,494	11,334
EBITDA	15.400.000.000	16.685.927.857	18.084.901.190	19.060.045.200

PROFITABILITY ANALYSIS					
	2014	2015	2016	2017	Latest
ROE Tot Equity,%	35,55	58,09	89,64	149,44	210,53*
ROA Tot Assets,%	13,20	15,77	17,11	18,74	19,20*
Revenue/Tot Assets	1,93	2,07	2,16	2,23	2,22*
Long Term Debt/Equity,%	117,32	180,96	329,15	515,79	954,23**
Total Debt/Equity,%	117,59	184,48	335,91	544,68	1.006,225**

Legend: *= TTM (Trailing Twelve Months) **= LFI (Latest Fiscal Interim).

KEY RATIOS		Fiscal Year		Calendar Year		
	LTM 29-Oct-17	HISTORICAL		FORECAST (MEAN)		
		FY-1	FY0	FY1	FY2	FY3
Enterprise Value/Revenue	2.25	1.99	1.98	2.22	2.10	2.03
Enterprise Value/EBITDA	13.57	12.94	12.17	13.38	12.35	11.71
Enterprise Value/EBIT	15.48	14.99	13.96	15.19	13.91	13.09
Total Debt/Enterprise Value	0.11	0.12	0.13			
Total Debt/EBITDA	1.56	1.56	1.53	1.53	1.41	1.34
EBITDA/Interest Expense	15.91	14.84	15.84	16.16	16.19	16.32
EBITDA-Capital Expenditures / Int...	14.34	13.20	14.18	14.39	14.45	14.63
EBIT/Interest Expense	13.94	12.81	13.81	14.24	14.37	14.61
PE	23.92	23.02	21.45	23.25	20.49	18.66
PEG	1.44	1.45	1.19	1.69	1.49	1.36
Dividend Yield	1.95	1.88	2.00	2.09	2.32	2.54
FCF Yield	2.38	2.76	2.95	4.65	5.15	5.74
Price/Sales	2.03	1.82	1.80	2.00	1.89	1.83
Price/Cash Flow	17.34	17.21	17.45	20.53	16.42	15.20
Price/Book Value	79.15	24.93	38.41	117.62	430.98	-
Return on Assets	19.20%	17.11%	18.74%	22.06%	24.20%	25.92%
Return on Equity	210.53%	89.64%	149.44%	274.78%	479.38%	432.20%
Return on Invested Capital	35.36%	31.52%	31.96%	39.04%	43.33%	54.63%
	LTM 27-Nov-17	HISTORICAL		FORECAST (MEAN)		
		FY-1	FY0	FY1	FY2	FY3
Revenue	99.23	88.52	94.60	100.79	106.28	109.89
Growth	6.28%	6.42%	6.86%	6.55%	-	-
Gross Income	33.82	30.27	32.31	34.26	36.24	37.47
Margin	34.09%	34.19%	34.16%	34.05%	34.06%	34.06%
EBITDA	16.45	13.64	15.40	16.69	18.08	19.06
Margin	16.51%	15.41%	16.28%	16.55%	17.02%	17.34%
EBIT	14.42	11.77	13.43	14.70	16.06	17.06
Margin	14.45%	13.30%	14.19%	14.59%	15.11%	15.53%
Net Income	8.60	7.01	7.96	8.73	9.58	10.12
Margin	8.61%	7.92%	8.41%	8.66%	9.01%	9.21%
EPS	7.21	5.46	6.45	7.41	8.41	9.24
Growth	16.66%	15.89%	18.03%	14.96%	-	-
Free Cash flow	9.78	7.87	8.16	9.47	10.20	10.65

* Non Per Share in USD Billion, Per Share USD - Consolidated.

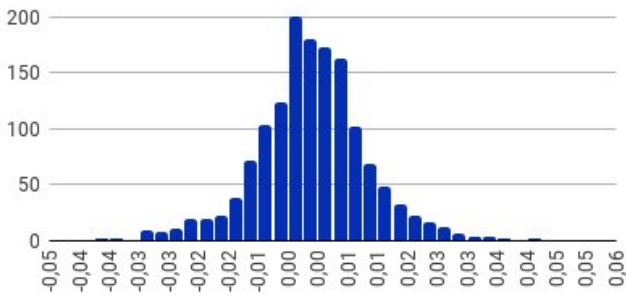
KEY STATISTICS

STATISTICS			
	2012-2017	2016	2017
Cumulated Profitability	136,68%	1,37%	20,94%
Mean	0,09%	0,01%	0,1%
Median	0,08%	0,01%	0,11%
Std. Error	1,12%	1,18%	0,82%
Skewness	-0,0224744	-0,532937	-0,943532
Max	5,54%	3,18%	2,35%
Min	-4,89%	-4,89%	-4,18%
Kurtosis	1,988984	1,9876388	3,7080656

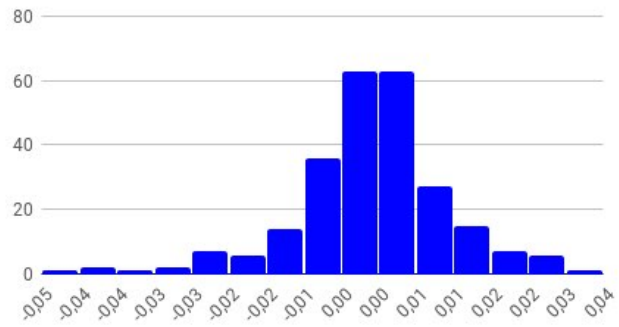
STATISTIC COMPARISONS 2017		
	HD.N	SP500
Cumulated Profitability	20,94%	13,91%
Mean	0,1%	0,07%
Median	0,11%	0,06%
Max	2,35%	1,36%
Min	-4,18%	-1,83%
Volatility	0,82%	0,43%
Annualized Volatility	12,98%	6,85%
Skewness	-0,943532	-0,532937
Kurtosis	3,7080656	1,9876388
Correlation (HD.N - SP500)	0,31732831	

RETURN & RISK 2017		
	RISK	RETURN
Systematic	4,12%	8,36%
Non Systematic	12,31%	19,85%
BETA	60%	
ALPHA	14,82%	
Tracking error	12,61%	
Var (1%)	1,8%	
Var (5%)	1,2%	

5-Year Profitability



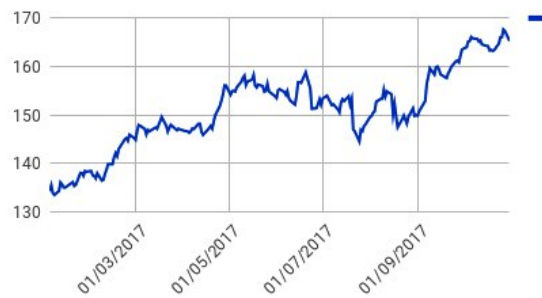
Profitability Histogram 2017



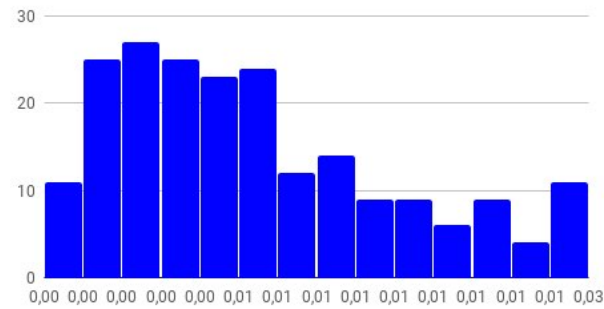
Price Performance October 2017



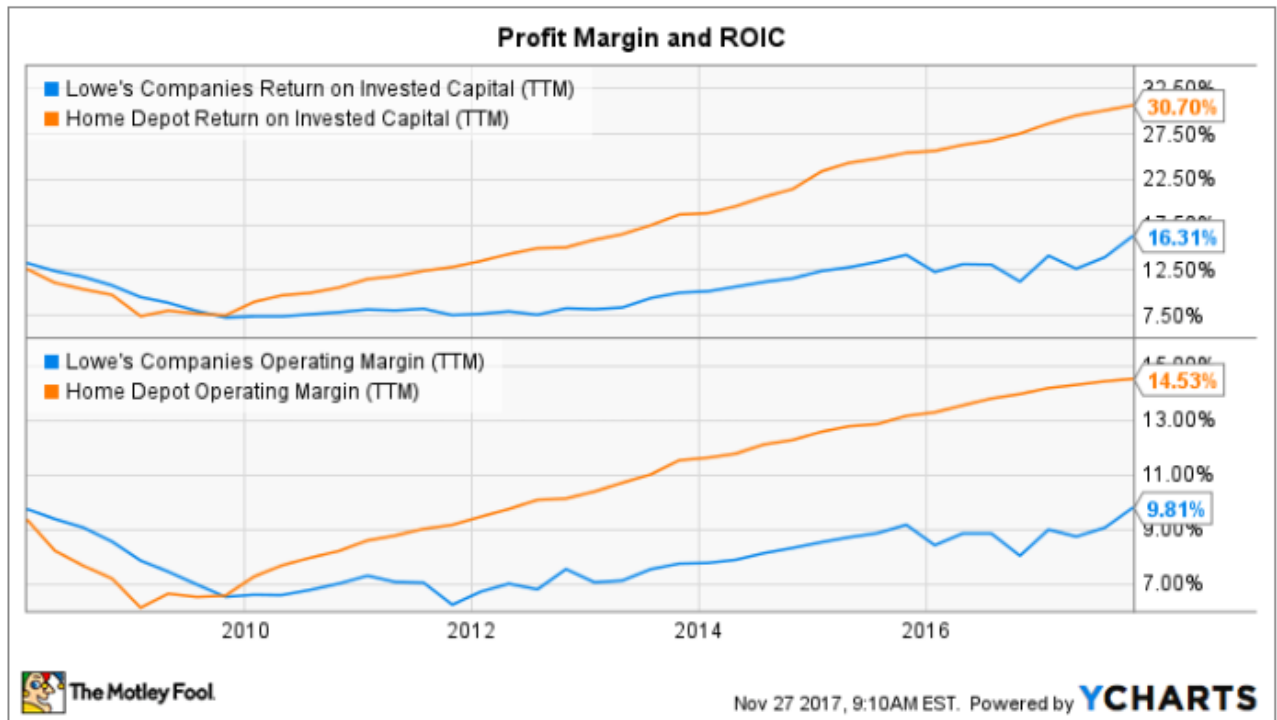
Price Performance 2017



Daily Volatility 2017



PEER COMPARISON											
RIC	Company Name	Combined Alpha	Value		Momentum		Ownership			Quality	
			RV	IV	ARM	Price-Mo	Smart Holdings	Short Interest	Insider	EQ	
HD.N	Home Depot Inc	84	29	39	71	87	83	84	90	92	
LOW.N	Lowe's Companies Inc	81	51	66	51	54	96	93	38	92	
WSM.N	Williams-Sonoma Inc	39	85	80	14	47	38	5	33	77	
LLN	Lumber Liquidators Holdings Inc	16	8	N/A	92	84	7	7	62	33	
KGFL	Kingfisher PLC	36	79	82	67	2	46	N/A	N/A	15	
BBY.N	Best Buy Co Inc	63	75	78	49	87	53	14	20	89	
WMT.N	Wal-Mart Stores Inc	63	54	39	84	82	52	41	6	93	
COST.OQ	Costco Wholesale Corp	25	33	17	54	50	77	43	14	96	
Peer Avg.		46	55	52	59	58	53	29	25	71	



REFERENCIAS

- Reuters Group PLC (2017). Analysis of Home Deport Inc. Recovered November, 27th 2017 form Reuters' terminal.
- Key statistics calculations are calculated by our own.
- Profit Margin and ROIC chart is from <https://www.fool.com/investing/2017/10/14/home-depot-inc-in-5-charts.aspx>.