



The Hawkeye Target Hitters

Home Depot Inc. (HD)

Investment Recommendation

SELL

Group: Michael Lee, Andrew McQueen, & Spencer Smith

Current Price **\$324.36**

Target Price Range **\$240-270**



Source: Trading View

INVESTMENT THESIS

After a very detailed analysis, we recommend selling Home Depot stock for the following reasons:

- All four of our major models project at least an 18% decrease from the current price.
- Home Depot is a company that thrived off the pandemic due to the influx of stimulus checks spent on home repairs.
- Growth outlook for the Home Improvement industry is expected to slow down.
- Home Depot has a premium based on their P/E ratio relative to other competitors in the industry.
- The company's stock has gone up too fast relative to its history.
- The current ratio of Home Depot has decreased over time, which means they might have more of a difficult time paying off their debts.
- With respect to their assets, Home Depot has taken on much more debt relative to their total assets.

Key Stock Statistics

52-Week Price Range	\$246.59-420.61
Market Capitalization (B or M?)	338.71 B
Shares Outstanding (B or M?)	1.04 B
Institutional Ownership	70.9%
60-Month Beta	0.99
Dividend Yield	2.32%
Price/Earnings (ttm)	21.10
Price/Book	320.01
Price/Sales	2.29
ROA (ttm)	20.22%
ROE(ttm)	2,050.28%
Projected 5-Year Growth	14.60%

EPS (\$)

Year	2019	2020	2021	2022E	2023E	2024E
EPS	\$9.78	\$10.29	\$11.98	\$14.60	\$15.38	\$16.06

All earnings represent earnings from operations and have been filtered from net nonrecurring gains.

Valuation Models

Discounted Cash Flow	\$267.67
Economic Profit	\$267.67
Relative P/E	\$215.05
Dividend Discount Model	\$243.36

INTRODUCTION

COMPANY PROFILE & INVESTMENT SUMMARY

Home Depot, Inc. is known for being the largest home improvement retailer in the United States. They offer a plethora of tools, construction products, appliances, paint, and services. Furthermore, they have a garden center for floral enthusiasts.

After two months of extensively analyzing the reports of Home Depot, we believe it best to sell their stock, with a price target range of \$240-270. This estimation was based off our future expectations for the company's revenue, growth in the total number of stores, and the costs that go into their operations. Furthermore, we accounted for outside factors such as the risk-free rate, inflation, etc. As a result, when discounting all the expected future cash flows back to this year's present value, we estimate the stock to have a fair value of \$267.

Attached below is our main thesis for why we believe HD stock seems overvalued/undervalued.

Reasons Home Depot is overvalued:

- All our discounted cash flow models have much lower price targets.
- Home Depot thrived off the pandemic.
- The comparison of P/E ratios makes HD very overvalued relative to its competitors.
- Lower growth rate outlook in the industry.
- HD is taking on more debt relative to their total assets.

Reasons Home Depot is undervalued:

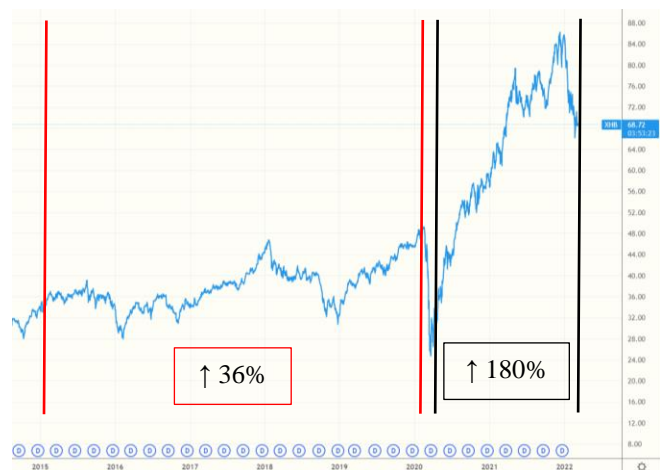
- Home Depot recently acquired HD Supply which specializes in maintenance. This could allow Home Depot to grow at a faster rate if this business is a success.
- Home Depot has strong brand recognition.
- The hot housing market could stay hot, leading to more extreme returns.

MARKET OUTLOOK

BEWARE OF THE HOUSING MARKET

Although there is never a guarantee in any outcome,

when looking at the returns for the Homebuilders ETF (a culmination of stocks including Home Depot and its competitors: Lowes, Floor & Décor Holdings, NVR, etc.). Over the past 2 years from March 20th (the bottom of the Covid crash) this ETF has increased 180% to the current price. However, when looking at the 5-year period before the Covid-crash (February 14th, 2020), the Homebuilder ETF only increased, in total, by 36%. Therefore, it would be reasonable to say that the housing sector has overextended itself relative to the growth it has seen in the past. It would not be surprising at all to see the Homebuilding ETF retreat to around pre-pandemic levels, as it has thrived off the stimulus checks that went into this sector from the pandemic. Below is an image to more accurately explain what has happened historically in this recently hot sector.



[1] In the chart, there is a significant difference between the growth rate the Homebuilder sector has experienced pre-Covid and post-Covid. Given Covid is near the latter stage and will eventually go away, it makes sense for the prices to revert back at least slightly.

SUSTAINING GROWTH RATE & COVID-19

Home Depot has grown exceptionally over previous years, though a large portion of this growth came after the market slowed due to COVID-19. The pandemic gave way to working from home and taking on home projects. The quick growth that the company has managed since Q1 2020 slowed as consumers began spending less on home projects and appliances. In the future, we believe that Home Depot's price should correct for the enormous increase it had. At this time, investing in Home Depot will not offer a significant risk

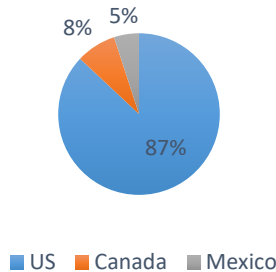
premium due to the industry's boom over the last two years and its inability to sustain such high growth.

INDUSTRY OUTLOOK

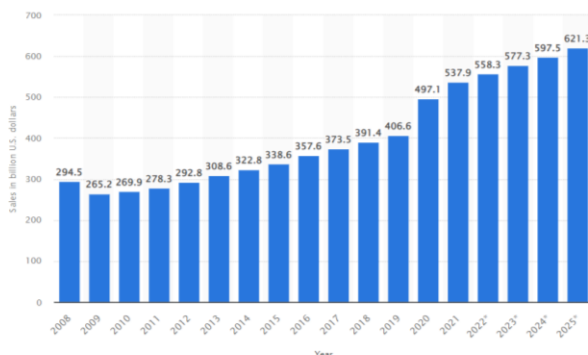
GROWTH EXPECTATIONS

Because Home Depot has 87% of their stores in the United States, we chose to base growth off the U.S. Home Improvement sector. The industry growth rate from this sector in the previous 5 years has been 5.3%. In the next three years, this sector is expected to grow at a CAGR (compound annual growth rate) of 3.6%.

Revenue Decomposition



Home improvement market size in the United States from
(in billion U.S. dollars)



[2] The Home Improvement market size has increased basically every year; however, the rate of growth is expected to slow down.

COMPARISON OF HOME DEPOT WITH COMPETITORS

Aside from Costco, which was the company we found to be the least similar of the companies listed, we believe

Home Depot trades at quite a high premium. Although Home Depot is widely regarded as the defining company in the Home Improvement sector, we believe the premium is too high. For instance, when we compare the P/E of Home Depot to Lowes (an extremely similar company), there are extreme discrepancies. In fact, it is justified to say that one is paying about twice as much in price on Home Depot for the same amount of earnings relative to Lowes. Furthermore, when looking at the estimated 5-year growth (per annum), the outlook on Home Depot is even more daunting. Again, Home Depot underperforms relative to Lowes, with growth expectations at a mere 8% relative to Lowes' 17%.

Ticker	Company	Price	EPS 2022E	EPS 2023E	P/E 22	P/E 23	Est. 5yr EPS gr.	PEG 22	PEG 23
HD	Home Depot, Inc.	\$324.46	\$11.98	\$14.60	27.08	22.23	7.7	3.51	2.88
LOW	Lowes	\$219.18	\$13.48	\$14.93	16.26	14.68	16.9	0.96	0.87
WMT	Walmart	\$136.38	\$6.76	\$7.29	20.17	18.71	8.4	2.42	2.24
BECN	Beacon Roofing Supply	\$60.15	\$5.35	\$5.68	11.24	10.59	8.8	1.27	1.20
BLDR	Builders FirstSource	\$77.27	\$7.38	\$8.19	10.47	9.43	18.8	0.56	0.50
COST	Costco	\$528.00	\$12.89	\$14.11	40.96	37.42	10.5	3.90	3.56
		Average			19.82	18.17		1.82	1.67

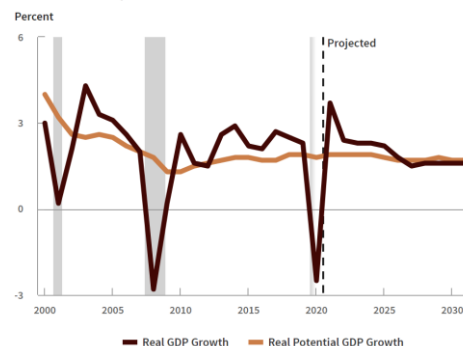
WHERE DOES THIS LEAVE US?

When thinking about Home Depot and its outlook, this is a company that's in a sector that isn't very innovative. The business model of Lowes and Home Depot has stayed pretty constant since inception. Therefore, because there isn't anything innovative or new about this sector to support the growth it has recently seen, investors should not expect such historical returns to continue.

VALUATION

FUTURE REVENUE GROWTH RATE

The Relationship Between GDP and Potential GDP



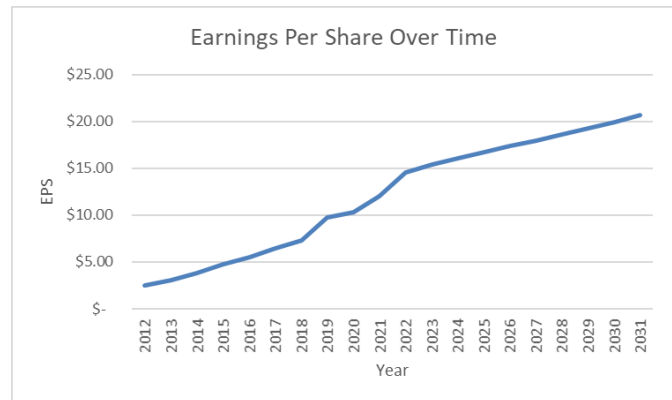
Home Depot's revenue growth has been volatile in recent years and increased significantly in fiscal year 2020. We believe this growth is anomalous and was caused by economic factors which will not continue in the future. Our growth forecast is based on net sales per square foot, and we assumed that Home Depot will continue adding stores at a rate consistent with historical data. We forecasted future growth with the Congressional Budget Office's projected real GDP growth—to account for inflation—meaning Home Depot will slow, significantly, as the home improvement industry is corrected. We assume the growth rate will slowly decrease until 2024 and remain constant thereafter. We also assume that Home Depot will continue using a similar business model, such that many of the forecasted accounts are the same proportion of sales as they have been historically.

VALUATION MODEL RESULTS

Our growth assumptions would need to change significantly for us to consider reversing our investment decision. For our DCF Model's price estimation to be this high, it would require one of two changes: a continuing value growth rate more than twice that of the expected real GDP in 2031, or a significantly lower cost of equity. We do not believe that Home Depot will sustain the level of growth required, nor that it will be able to lower its cost of equity enough to reverse our decision.

DCF	CV Year Growth of NOPLAT						
	0.21%	0.71%	1.21%	1.71%	2.21%	2.71%	3.21%
267.39	276.77	290.16	306.04	325.20	348.75	378.40	416.88
62.71%	260.00	272.69	287.74	305.90	328.22	356.32	392.79
63.71%	243.25	255.24	269.47	286.63	307.72	334.28	368.75
64.71%	226.53	237.83	251.23	267.39	287.26	312.28	344.74
65.71%	209.86	220.46	233.04	248.20	266.85	290.33	320.80
66.71%	193.23	203.14	214.90	229.07	246.51	268.45	296.94
67.71%	176.67	185.89	196.83	210.03	226.25	246.67	273.18
68.71%							

We find that Home Depot will continue being profitable, though not like it has been in the last decade. The future rate at which the earnings per share increase will decrease due to the lower expected growth rates. This is shown in our DDM, which suggests an even lower price estimate than the DCF and EP Models.



CONCLUSION

We are confident with our models and forecasts, as we believe both the Home Improvement sector and the housing market have grown too quickly and will not be able to sustain recent years' growth. Furthermore, we have set the price target for Home Depot at \$267 (based on our DCF and EP models), as we believe this is the post-pandemic price that the company is at based on their cash flows. If the housing market continues to do well, then it would not be surprising to see Home Depot still be successful in terms of their stock price. It will be interesting to see what the future holds, but—for now—considering the assumptions we have, we recommend selling Home Depot stock.

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Home Depot, Inc.

Revenue Decomposition
(dollars in millions)

<i>Fiscal Years Ending 1/31</i>	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Net Sales	\$ 108,203.00	\$ 110,225.00	\$ 132,110.00	\$ 135,644.14	\$ 139,005.29	\$ 142,310.04	\$ 145,692.92	\$ 148,280.11	\$ 150,912.78	\$ 153,591.75	\$ 156,317.80	\$ 159,091.77	\$ 161,914.49
Stores	2287	2291	2296	2300	2304	2308	2312	2316	2320	2324	2328	2332	2336
US	1981	1984	1987	2001	2004	2008	2011	2015	2018	2022	2025	2029	2032
Canada	182	182	182	183	184	184	184	185	185	185	186	186	186
Mexico	124	125	127	115	115	116	116	116	116	116	117	117	117
China	0	0	0	0	0	0	0	0	0	0	0	0	0
% US stores	86.62%	86.60%	86.54%	86.99%	86.99%	86.99%	86.99%	86.99%	86.99%	86.99%	86.99%	86.99%	86.99%
% Canada Stores	7.96%	7.94%	7.93%	7.97%	7.97%	7.97%	7.97%	7.97%	7.97%	7.97%	7.97%	7.97%	7.97%
% Mexico Stores	5.42%	5.46%	5.53%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%
% China Stores	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Sales per store	\$ 47.31	\$ 48.11	\$ 57.54	\$ 58.92	\$ 60.28	\$ 61.60	\$ 62.96	\$ 63.96	\$ 64.99	\$ 66.03	\$ 67.08	\$ 68.16	\$ 69.25
Net Sales per store by region													
US	\$ 40.98	\$ 41.67	\$ 49.80	\$ 51.26	\$ 52.43	\$ 53.59	\$ 54.77	\$ 55.64	\$ 56.53	\$ 57.44	\$ 58.36	\$ 59.29	\$ 60.24
Canada	\$ 3.77	\$ 3.82	\$ 4.56	\$ 4.70	\$ 4.80	\$ 4.91	\$ 5.02	\$ 5.10	\$ 5.18	\$ 5.26	\$ 5.35	\$ 5.43	\$ 5.52
Mexico	\$ 2.57	\$ 2.63	\$ 3.18	\$ 2.95	\$ 3.02	\$ 3.09	\$ 3.15	\$ 3.20	\$ 3.25	\$ 3.31	\$ 3.36	\$ 3.41	\$ 3.47
China	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total square footage	237.70	238.10	238.60	239.24	239.66	240.07	240.49	240.91	241.32	241.74	242.15	242.57	242.99
Average square footage per store	0.104	0.104	0.104	0.104	0.104	0.104	0.104	0.104	0.104	0.104	0.104	0.104	0.104
Net Sales per square foot	\$ 455.21	\$ 462.94	\$ 553.69	\$ 566.98	\$ 580.02	\$ 592.78	\$ 605.82	\$ 615.51	\$ 625.36	\$ 635.37	\$ 645.53	\$ 655.86	\$ 666.35
foot	7.10%	1.70%	19.60%	2.40%	2.30%	2.20%	2.20%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%
Growth Rate on Net Sales per store	7.09%	1.69%	19.59%	2.40%	2.30%	2.20%	2.20%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%

Home Depot, Inc.
Income Statement

<i>Fiscal Years Ending 1/31</i>	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Net sales	\$ 108,203.00	\$ 110,225.00	\$ 132,110.00	\$ 135,644.14	\$ 139,005.29	\$ 142,310.04	\$ 145,692.92	\$ 148,280.11	\$ 150,912.78	\$ 153,591.75	\$ 156,317.80	\$ 159,091.77	\$ 161,914.49
Cost of sales	\$ 71,043.00	\$ 72,653.00	\$ 87,257.00	\$ 89,127.90	\$ 91,336.42	\$ 93,507.87	\$ 95,730.67	\$ 97,430.64	\$ 99,160.49	\$ 100,920.76	\$ 102,711.98	\$ 104,534.67	\$ 106,389.40
Gross profit (loss)	\$ 37,160.00	\$ 37,572.00	\$ 44,853.00	\$ 46,516.24	\$ 47,668.87	\$ 48,802.16	\$ 49,962.25	\$ 50,849.47	\$ 51,752.29	\$ 52,670.98	\$ 53,605.82	\$ 54,557.10	\$ 55,525.09
Operating Expenses:													
Selling, general & administrative expenses	\$ 19,513.00	\$ 19,740.00	\$ 24,447.00	\$ 23,508.37	\$ 24,090.89	\$ 24,663.63	\$ 25,249.92	\$ 25,698.30	\$ 26,154.57	\$ 26,618.86	\$ 27,091.31	\$ 27,572.06	\$ 28,061.26
Amortization expenses	\$ 856.00	\$ 644.00	\$ 815.00	\$ 176.00	\$ 176.00	\$ 174.00	\$ 174.00	\$ 174.00	\$ 174.00	\$ 174.00	\$ 174.00	\$ 174.00	\$ 174.00
Depreciation expenses	\$ 1,014.00	\$ 1,345.00	\$ 1,313.00	\$ 1,234.51	\$ 1,289.81	\$ 1,345.11	\$ 1,400.58	\$ 1,456.17	\$ 1,511.93	\$ 1,567.93	\$ 1,624.21	\$ 1,680.83	\$ 1,737.85
Total operating expenses	\$ 21,630.00	\$ 21,729.00	\$ 26,575.00	\$ 24,918.88	\$ 25,556.69	\$ 26,182.74	\$ 26,824.50	\$ 27,328.47	\$ 27,840.50	\$ 28,360.78	\$ 28,889.52	\$ 29,426.90	\$ 29,973.12
Impairment loss	\$ 247.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating income (loss)	\$ 15,530.00	\$ 15,843.00	\$ 18,278.00	\$ 21,597.36	\$ 22,112.18	\$ 22,619.42	\$ 23,137.75	\$ 23,521.00	\$ 23,911.79	\$ 24,310.20	\$ 24,716.31	\$ 25,130.20	\$ 25,551.97
Interest & investment income	\$ 93.00	\$ 73.00	\$ 47.00	\$ 87.10	\$ 87.10	\$ 87.10	\$ 87.10	\$ 87.10	\$ 87.10	\$ 87.10	\$ 87.10	\$ 87.10	\$ 87.10
Interest expense	\$ 1,051.00	\$ 1,201.00	\$ 1,347.00	\$ 1,085.28	\$ 963.05	\$ 992.02	\$ 1,009.70	\$ 1,038.96	\$ 1,070.28	\$ 1,100.18	\$ 1,123.43	\$ 1,156.86	\$ 1,185.16
Other interest & other income (expense)	\$ (16.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest & other income (expense), net	\$ (974.00)	\$ (1,128.00)	\$ (1,300.00)	\$ (998.18)	\$ (875.95)	\$ (904.92)	\$ (922.60)	\$ (951.86)	\$ (983.18)	\$ (1,013.08)	\$ (1,036.33)	\$ (1,069.76)	\$ (1,098.06)
Earnings (loss) before provision for income taxes	\$ 14,556.00	\$ 14,715.00	\$ 16,978.00	\$ 20,599.18	\$ 21,236.22	\$ 21,714.50	\$ 22,215.15	\$ 22,569.14	\$ 22,928.61	\$ 23,297.12	\$ 23,679.97	\$ 24,060.45	\$ 24,453.91
Provision (benefit) for income taxes:													
Provision (benefit) for income taxes, net	\$ 3,435.00	\$ 3,473.00	\$ 4,112.00	\$ 5,049.01	\$ 5,205.15	\$ 5,322.38	\$ 5,445.10	\$ 5,531.86	\$ 5,619.97	\$ 5,710.29	\$ 5,804.14	\$ 5,897.39	\$ 5,993.83
Net earnings (loss)	\$ 11,121.00	\$ 11,242.00	\$ 12,866.00	\$ 15,550.17	\$ 16,031.07	\$ 16,392.12	\$ 16,770.05	\$ 17,037.28	\$ 17,308.64	\$ 17,586.82	\$ 17,875.84	\$ 18,163.05	\$ 18,460.08
Weighted average shares outstanding - basic	1137	1093	1074	1065	1042	1020	1000	980	961	943	926	909	893
Year end shares outstanding	1105	1077	1077	1053	1031	1010	990	971	952	934	917	901	886
Net earnings (loss) per share - basic	\$ 9.78	\$ 10.29	\$ 11.98	\$ 14.60	\$ 15.38	\$ 16.06	\$ 16.77	\$ 17.38	\$ 18.00	\$ 18.65	\$ 19.31	\$ 19.98	\$ 20.66
Dividends per common share	\$ 4.12	\$ 5.44	\$ 6.00	\$ 6.43	\$ 6.77	\$ 7.07	\$ 7.39	\$ 7.65	\$ 7.93	\$ 8.21	\$ 8.50	\$ 8.80	\$ 9.10

Home Depot, Inc.

Balance Sheet

<i>Fiscal Years Ending 1/31</i>	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Assets													
Current assets:													
Cash & cash equivalents	\$ 1,778.00	\$ 2,133.00	\$ 7,895.00	\$ (1,658.03)	\$ (1,104.49)	\$ (138.33)	\$ 462.18	\$ 859.84	\$ 1,248.13	\$ 1,809.94	\$ 1,982.93	\$ 2,240.08	\$ 2,432.47
Receivables, net	\$ 1,936.00	\$ 2,106.00	\$ 2,992.00	\$ 2,627.69	\$ 2,692.80	\$ 2,756.82	\$ 2,822.36	\$ 2,872.47	\$ 2,923.47	\$ 2,975.37	\$ 3,028.18	\$ 3,081.92	\$ 3,136.60
Merchandise inventories	\$13,925.00	\$14,531.00	\$16,627.00	\$ 18,206.47	\$18,657.61	\$ 19,101.18	\$ 19,555.24	\$ 19,902.50	\$ 20,255.86	\$ 20,615.44	\$ 20,981.34	\$ 21,353.67	\$ 21,732.54
Other current assets	\$ 890.00	\$ 1,040.00	\$ 963.00	\$ 1,656.90	\$ 1,692.83	\$ 914.68	\$ 921.19	\$ 1,219.65	\$ 1,423.90	\$ 1,119.59	\$ 1,523.63	\$ 1,550.67	\$ 1,578.18
Total current assets	\$18,529.00	\$19,810.00	\$28,477.00	\$ 20,833.04	\$21,938.75	\$22,634.36	\$ 23,760.97	\$ 24,854.46	\$ 25,851.37	\$ 26,520.34	\$ 27,516.07	\$ 28,226.33	\$ 28,879.79
Gross PPE(Property & equipment, at cost)	\$42,939.00	\$44,860.00	\$48,801.00	\$ 51,318.19	\$3,890.75	\$6,519.91	\$ 59,206.91	\$ 61,953.03	\$ 64,759.56	\$ 67,627.83	\$ 70,559.21	\$ 73,555.08	\$ 76,616.85
-Accumulated depreciation & amortization, net	\$20,564.00	\$22,090.00	\$24,096.00	\$ 25,506.51	\$26,972.31	\$28,491.42	\$ 30,066.00	\$ 31,696.17	\$ 33,382.10	\$ 35,124.03	\$ 36,922.24	\$ 38,777.07	\$ 40,688.92
Net PPE(property & equipment)	\$22,375.00	\$22,770.00	\$24,705.00	\$ 25,811.68	\$26,918.44	\$28,028.49	\$ 29,140.91	\$ 30,256.86	\$ 31,377.46	\$ 32,503.81	\$ 33,636.97	\$ 34,778.00	\$ 35,927.93
Operating lease right-of-use assets	\$ -	\$ 5,595.00	\$ 5,962.00	\$ 6,229.07	\$ 6,496.16	\$ 6,764.05	\$ 7,032.51	\$ 7,301.82	\$ 7,572.25	\$ 7,844.07	\$ 8,117.53	\$ 8,392.89	\$ 8,670.40
Notes receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Goodwill	\$ 2,252.00	\$ 2,254.00	\$ 7,126.00	\$ 7,445.00	\$ 7,445.00	\$ 7,445.00	\$ 7,445.00	\$ 7,445.00	\$ 7,445.00	\$ 7,445.00	\$ 7,445.00	\$ 7,445.00	\$ 7,445.00
Other assets	\$ 847.00	\$ 807.00	\$ 4,311.00	\$ 4,426.33	\$ 4,536.01	\$ 4,643.85	\$ 4,754.24	\$ 4,838.66	\$ 4,924.57	\$ 5,011.99	\$ 5,100.95	\$ 5,191.47	\$ 5,283.58
Total assets	\$44,003.00	\$51,236.00	\$70,581.00	\$ 64,745.12	\$ 67,334.36	\$ 69,515.75	\$ 72,133.62	\$ 74,696.80	\$ 77,170.65	\$ 79,325.20	\$ 81,816.52	\$ 84,033.70	\$ 86,206.69
Liabilities and Stockholders' Equity													
Current liabilities:													
Short-term debt	\$ 1,339.00	\$ 974.00	\$ -	\$ 445.45	\$ 456.38	\$ 451.03	\$ 461.45	\$ 475.23	\$ 487.28	\$ 489.40	\$ 505.70	\$ 514.67	\$ 523.80
Accounts payable	\$ 7,755.00	\$ 7,787.00	\$11,606.00	\$ 9,961.60	\$10,208.44	\$10,451.14	\$10,699.58	\$10,889.58	\$11,082.92	\$11,279.66	\$11,479.86	\$11,683.58	\$11,890.88
Accrued salaries & related expenses	\$ 1,506.00	\$ 1,494.00	\$ 2,463.00	\$ 2,284.52	\$ 2,341.13	\$ 2,396.78	\$ 2,453.76	\$ 2,497.33	\$ 2,541.67	\$ 2,586.79	\$ 2,632.70	\$ 2,679.42	\$ 2,726.96
Sales taxes payable	\$ 656.00	\$ 605.00	\$ 774.00	\$ 751.77	\$ 770.40	\$ 788.71	\$ 807.46	\$ 821.80	\$ 836.39	\$ 851.24	\$ 866.35	\$ 881.72	\$ 897.36
Deferred revenue	\$ 1,782.00	\$ 2,116.00	\$ 2,823.00	\$ 2,416.56	\$ 2,476.44	\$ 2,535.31	\$ 2,595.58	\$ 2,641.67	\$ 2,688.58	\$ 2,736.30	\$ 2,784.87	\$ 2,834.29	\$ 2,884.58
Income taxes payable	\$ 11.00	\$ 55.00	\$ 193.00	\$ 195.69	\$ 201.75	\$ 206.29	\$ 211.05	\$ 214.41	\$ 217.82	\$ 221.33	\$ 224.96	\$ 228.58	\$ 232.32
Current portion of long-term debt	\$ 1,056.00	\$ 1,839.00	\$ 1,416.00	\$ 1,350.00	\$ 2,250.00	\$ 1,000.00	\$ 1,100.00	\$ 1,000.00	\$ 1,033.33	\$ 1,033.33	\$ 1,033.33	\$ 1,033.33	\$ 1,033.33
Current operating lease liabilities	\$ -	\$ 828.00	\$ 828.00	\$ 865.09	\$ 902.18	\$ 939.39	\$ 976.67	\$ 1,014.07	\$ 1,051.63	\$ 1,089.38	\$ 1,127.36	\$ 1,165.60	\$ 1,204.14
Other accrued expenses	\$ 2,611.00	\$ 2,677.00	\$ 3,063.00	\$ 2,135.50	\$ 2,193.35	\$ 2,253.99	\$ 2,304.78	\$ 2,354.66	\$ 2,395.83	\$ 2,415.91	\$ 2,440.50	\$ 2,423.45	\$ 2,398.10
Total current liabilities	\$16,716.00	\$18,375.00	\$23,166.00	\$ 20,406.18	\$ 21,800.07	\$ 21,022.64	\$ 21,610.33	\$ 21,908.76	\$ 22,335.46	\$ 22,703.35	\$ 23,095.64	\$ 23,444.65	\$ 23,791.47
Long-term liabilities:													
Total debt	\$27,863.00	\$30,509.00	\$37,238.00	\$ 32,982.95	\$ 33,994.10	\$ 34,597.71	\$ 35,599.75	\$ 36,675.38	\$ 37,711.29	\$ 38,502.42	\$ 39,653.96	\$ 40,627.51	\$ 41,611.30
Less: current installments	\$ 1,056.00	\$ 1,839.00	\$ 1,416.00	\$ 1,350.00	\$ 2,250.00	\$ 1,000.00	\$ 1,100.00	\$ 1,000.00	\$ 1,033.33	\$ 1,033.33	\$ 1,033.33	\$ 1,033.33	\$ 1,033.33
Long-term debt, excluding current installments	\$26,807.00	\$28,670.00	\$35,822.00	\$ 31,632.95	\$31,744.10	\$33,597.71	\$ 34,499.75	\$ 35,675.38	\$ 36,677.96	\$ 37,469.09	\$ 38,620.62	\$ 39,594.18	\$ 40,577.96
Long-term operating lease liabilities	\$ -	\$ 5,066.00	\$ 5,356.00	\$ 5,595.93	\$ 5,835.87	\$ 6,076.53	\$ 6,317.70	\$ 6,559.63	\$ 6,802.58	\$ 7,046.77	\$ 7,292.44	\$ 7,539.81	\$ 7,789.11
Deferred income taxes	\$ 491.00	\$ 706.00	\$ 1,131.00	\$ 1,226.20	\$ 1,326.32	\$ 1,432.23	\$ 1,544.02	\$ 1,662.64	\$ 1,788.38	\$ 1,921.48	\$ 2,062.18	\$ 2,210.79	\$ 2,367.55
Other long-term liabilities	\$ 1,867.00	\$ 1,535.00	\$ 1,807.00	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60
Total liabilities	\$45,881.00	\$54,352.00	\$67,282.00	\$ 60,789.86	\$ 62,634.96	\$ 64,057.71	\$ 65,900.40	\$ 67,735.01	\$ 69,532.97	\$ 71,069.28	\$ 72,999.47	\$ 74,718.03	\$ 76,454.70
Common equity (common stock + paid-in capital)													
Retained earnings (accumulated deficit)	\$46,423.00	\$51,729.00	\$58,134.00	\$ 66,742.15	\$ 75,438.17	\$ 84,148.70	\$ 92,875.78	\$ 101,556.22	\$ 110,184.12	\$ 118,754.36	\$ 127,267.49	\$ 135,718.11	\$ 144,106.44
Accumulated other comprehensive income (loss)	\$ (772.00)	\$ (739.00)	\$ (671.00)	\$ (671.00)	\$ (671.00)	\$ (671.00)	\$ (671.00)	\$ (671.00)	\$ (671.00)	\$ (671.00)	\$ (671.00)	\$ (671.00)	\$ (671.00)
-Treasury stock	\$58,196.00	\$65,196.00	\$65,793.00	\$ 73,745.00	\$81,697.00	\$ 89,649.00	\$ 97,601.00	\$ 105,553.00	\$ 113,505.00	\$ 121,457.00	\$ 129,409.00	\$ 137,361.00	\$ 145,313.00
Total stockholders' equity (deficit)	\$ (1,878.00)	\$ (3,116.00)	\$ 3,299.00	\$ 3,955.26	\$ 4,699.40	\$ 5,458.04	\$ 6,233.23	\$ 6,961.78	\$ 7,637.68	\$ 8,255.92	\$ 8,817.05	\$ 9,315.67	\$ 9,752.00

Home Depot, Inc.
Historical Cash Flow Statement

Fiscal Years Ending 1/31	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
CASH FLOWS FROM OPERATING ACTIVITIES:										
Net earnings (loss)	\$ 3,883.00	\$ 4,535.00	\$ 5,385.00	\$ 6,345.00	\$ 7,009.00	\$ 7,957.00	\$ 8,630.00	\$ 11,121.00	\$ 11,242.00	\$ 12,866.00
Reconciliation of Net Earnings to Net Cash Provided by Operating Activities:										
Depreciation & amortization	\$ 1,682.00	\$ 1,684.00	\$ 1,757.00	\$ 1,786.00	\$ 1,863.00	\$ 1,973.00	\$ 2,062.00	\$ 2,152.00	\$ 2,296.00	\$ 2,519.00
Stock-based compensation expense	\$ 215.00	\$ 218.00	\$ 228.00	\$ 225.00	\$ 244.00	\$ 267.00	\$ 273.00	\$ 282.00	\$ 251.00	\$ 310.00
Impairment loss	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 247.00	\$ -	\$ -
Loss (gain) on sales of investments	\$ -	\$ -	\$ -	\$ (323.00)	\$ (144.00)	\$ -	\$ -	\$ -	\$ -	\$ -
Goodwill impairment	\$ -	\$ 97.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Changes in Assets and Liabilities, net of the effects of acquisitions:										
Receivables, net	\$ (170.00)	\$ (143.00)	\$ (15.00)	\$ (81.00)	\$ (181.00)	\$ (138.00)	\$ 139.00	\$ 33.00	\$ (170.00)	\$ (465.00)
Merchandise inventories	\$ 256.00	\$ (350.00)	\$ (455.00)	\$ (124.00)	\$ (546.00)	\$ (769.00)	\$ (84.00)	\$ (1,244.00)	\$ (593.00)	\$ (1,657.00)
Other current assets	\$ 159.00	\$ 93.00	\$ (5.00)	\$ (199.00)	\$ (5.00)	\$ (48.00)	\$ (10.00)	\$ (257.00)	\$ (135.00)	\$ 43.00
Accounts payable & accrued expenses	\$ 422.00	\$ 698.00	\$ 605.00	\$ 244.00	\$ 888.00	\$ 446.00	\$ 352.00	\$ 743.00	\$ 68.00	\$ 5,118.00
Deferred revenue	\$ (29.00)	\$ 121.00	\$ 75.00	\$ 146.00	\$ 109.00	\$ 99.00	\$ 128.00	\$ 80.00	\$ 334.00	\$ 702.00
Income taxes payable	\$ 14.00	\$ 87.00	\$ 119.00	\$ 168.00	\$ 154.00	\$ 109.00	\$ 29.00	\$ (42.00)	\$ 44.00	\$ (149.00)
Deferred income taxes	\$ 170.00	\$ 107.00	\$ (31.00)	\$ 159.00	\$ 15.00	\$ (117.00)	\$ 92.00	\$ 26.00	\$ 202.00	\$ (569.00)
Other operating activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (103.00)	\$ 184.00	\$ 121.00
Other long-term liabilities	\$ (2.00)	\$ (180.00)	\$ 13.00	\$ (152.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other assets & liabilities	\$ 51.00	\$ 8.00	\$ (48.00)	\$ 48.00	\$ (33.00)	\$ 4.00	\$ 420.00	\$ -	\$ -	\$ -
Net cash flows from operating activities	\$ 6,651.00	\$ 6,975.00	\$ 7,628.00	\$ 8,242.00	\$ 9,373.00	\$ 9,783.00	\$ 12,031.00	\$ 13,038.00	\$ 13,723.00	\$ 18,839.00
CASH FLOWS FROM INVESTING ACTIVITIES:										
Capital expenditures	\$ (1,221.00)	\$ (1,312.00)	\$ (1,389.00)	\$ (1,442.00)	\$ (1,503.00)	\$ (1,621.00)	\$ (1,897.00)	\$ (2,442.00)	\$ (2,678.00)	\$ (2,463.00)
Proceeds from sales of investments	\$ -	\$ -	\$ -	\$ 323.00	\$ 144.00	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from sale of business, net	\$ 101.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payments for businesses acquired, net	\$ (65.00)	\$ (170.00)	\$ (206.00)	\$ (200.00)	\$ (1,666.00)	\$ -	\$ (374.00)	\$ (21.00)	\$ -	\$ (7,780.00)
Proceeds from sales of property & equipment	\$ 56.00	\$ 50.00	\$ 88.00	\$ 48.00	\$ 43.00	\$ 38.00	\$ 47.00	\$ 33.00	\$ 37.00	\$ -
Other investing activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4.00)	\$ 14.00	\$ (12.00)	\$ 73.00
Net cash flows from investing activities	\$ (1,129.00)	\$ (1,432.00)	\$ (1,507.00)	\$ (1,271.00)	\$ (2,982.00)	\$ (1,583.00)	\$ (2,228.00)	\$ (2,416.00)	\$ (2,653.00)	\$ (10,170.00)
CASH FLOWS FROM FINANCING ACTIVITIES:										
Proceeds from (repayments of) short-term debt, net	\$ -	\$ -	\$ -	\$ 290.00	\$ 60.00	\$ 360.00	\$ 850.00	\$ (220.00)	\$ (365.00)	\$ (974.00)
Proceeds from long-term debt, net of discounts & premiums	\$ 1,994.00	\$ -	\$ 5,222.00	\$ 1,981.00	\$ 3,991.00	\$ 4,959.00	\$ 2,991.00	\$ 3,466.00	\$ 3,420.00	\$ 7,933.00
Repayments of long-term debt	\$ (1,028.00)	\$ (32.00)	\$ (1,289.00)	\$ (39.00)	\$ (39.00)	\$ (3,045.00)	\$ (543.00)	\$ (1,209.00)	\$ (1,070.00)	\$ (2,872.00)
Repurchases of common stock	\$ (3,470.00)	\$ (3,984.00)	\$ (8,546.00)	\$ (7,000.00)	\$ (7,000.00)	\$ (6,880.00)	\$ (8,000.00)	\$ (9,963.00)	\$ (6,965.00)	\$ (791.00)
Proceeds from sales of common stock	\$ 306.00	\$ 784.00	\$ 241.00	\$ 252.00	\$ 228.00	\$ 218.00	\$ 255.00	\$ 236.00	\$ 280.00	\$ 326.00
Cash dividends	\$ (1,632.00)	\$ (1,743.00)	\$ (2,243.00)	\$ (2,530.00)	\$ (3,031.00)	\$ (3,404.00)	\$ (4,212.00)	\$ (4,704.00)	\$ (5,958.00)	\$ (6,451.00)
Other financing activities	\$ (218.00)	\$ (59.00)	\$ (37.00)	\$ (25.00)	\$ 4.00	\$ (78.00)	\$ (211.00)	\$ (26.00)	\$ (176.00)	\$ (154.00)
Net cash flows from financing activities	\$ (4,048.00)	\$ (5,034.00)	\$ (6,652.00)	\$ (7,071.00)	\$ (5,787.00)	\$ (7,870.00)	\$ (8,870.00)	\$ (12,420.00)	\$ (10,834.00)	\$ (2,983.00)
Change in cash & cash equivalents	\$ 1,474.00	\$ 509.00	\$ (531.00)	\$ (100.00)	\$ 604.00	\$ 330.00	\$ 933.00	\$ (1,798.00)	\$ 236.00	\$ 5,686.00
Effect of exchange rate changes on cash & cash equivalents	\$ (32.00)	\$ (2.00)	\$ (34.00)	\$ (106.00)	\$ (111.00)	\$ (8.00)	\$ 124.00	\$ (19.00)	\$ 119.00	\$ 76.00
Cash & cash equivalents at beginning of year	\$ 545.00	\$ 1,987.00	\$ 2,494.00	\$ 1,929.00	\$ 1,723.00	\$ 2,216.00	\$ 2,538.00	\$ 3,595.00	\$ 1,778.00	\$ 2,133.00
Cash & cash equivalents at end of year	\$ 1,987.00	\$ 2,494.00	\$ 1,929.00	\$ 1,723.00	\$ 2,216.00	\$ 2,538.00	\$ 3,595.00	\$ 1,778.00	\$ 2,133.00	\$ 7,895.00

Home Depot, Inc.

Forecasted Cash Flow Statement

Fiscal Years Ending 1/31	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
CASH FLOWS FROM OPERATING ACTIVITIES:										
Net earnings (loss)	\$ 15,550.17	\$ 16,031.07	\$ 16,392.12	\$ 16,770.05	\$ 17,037.28	\$ 17,308.64	\$ 17,586.82	\$ 17,875.84	\$ 18,163.05	\$ 18,460.08
Reconciliation of Net Earnings to Net Cash Provided by Operating Activities:										
Depreciation & amortization	\$ 1,410.51	\$ 1,465.81	\$ 1,519.11	\$ 1,574.58	\$ 1,630.17	\$ 1,685.93	\$ 1,741.93	\$ 1,798.21	\$ 1,854.83	\$ 1,911.85
Changes in Assets and Liabilities, net of the effects of acquisitions:										
Increase in receivables	\$ 364.31	\$ (65.11)	\$ (64.02)	\$ (65.53)	\$ (50.12)	\$ (51.00)	\$ (51.90)	\$ (52.81)	\$ (53.74)	\$ (54.68)
Increase in merchandise inventories	\$ (1,579.47)	\$ (451.14)	\$ (443.57)	\$ (454.06)	\$ (347.26)	\$ (353.36)	\$ (359.58)	\$ (365.90)	\$ (372.33)	\$ (378.87)
Increase in other current assets	\$ (693.90)	\$ (35.93)	\$ 778.15	\$ (6.51)	\$ (298.45)	\$ (204.25)	\$ 304.31	\$ (404.04)	\$ (27.04)	\$ (27.51)
Increase (decrease) in accounts payable & accrued expenses	\$ (1,644.40)	\$ 246.84	\$ 242.70	\$ 248.44	\$ 190.00	\$ 193.34	\$ 196.74	\$ 200.20	\$ 203.72	\$ 207.30
Increase (decrease) in deferred revenue	\$ (406.44)	\$ 59.88	\$ 58.88	\$ 60.27	\$ 46.09	\$ 46.90	\$ 47.73	\$ 48.57	\$ 49.42	\$ 50.29
Increase (decrease) in income taxes payable	\$ 2.69	\$ 6.05	\$ 4.54	\$ 4.76	\$ 3.36	\$ 3.41	\$ 3.50	\$ 3.64	\$ 3.61	\$ 3.74
Increase (decrease) in deferred income taxes	\$ 95.20	\$ 100.12	\$ 105.91	\$ 111.79	\$ 118.62	\$ 125.73	\$ 133.10	\$ 140.70	\$ 148.61	\$ 156.76
Increase (decrease) in other long-term liabilities	\$ 121.60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Increase (decrease) in Accrued Salaries & related expenses	\$ (178.48)	\$ 56.61	\$ 55.66	\$ 56.97	\$ 43.57	\$ 44.34	\$ 45.12	\$ 45.91	\$ 46.72	\$ 47.54
Increase (decrease) in Sales Tax payable	\$ (22.23)	\$ 18.63	\$ 18.32	\$ 18.75	\$ 14.34	\$ 14.59	\$ 14.85	\$ 15.11	\$ 15.37	\$ 15.64
Operating Lease right-of-use assets	\$ (267.07)	\$ (267.09)	\$ (267.89)	\$ (268.46)	\$ (269.31)	\$ (270.43)	\$ (271.82)	\$ (273.46)	\$ (275.36)	\$ (277.51)
Other accrued expenses	\$ (927.50)	\$ 57.85	\$ 60.63	\$ 50.80	\$ 49.88	\$ 41.17	\$ 20.08	\$ 24.59	\$ (17.05)	\$ (25.35)
Net cash flows from operating activities	\$ 11,824.98	\$ 17,223.58	\$ 18,460.53	\$ 18,101.84	\$ 18,168.18	\$ 18,585.01	\$ 19,410.89	\$ 19,056.55	\$ 19,739.83	\$ 20,089.27
CASH FLOWS FROM INVESTING ACTIVITIES:										
Capital expenditures	\$ (2,517.19)	\$ (2,572.56)	\$ (2,629.16)	\$ (2,687.00)	\$ (2,746.12)	\$ (2,806.53)	\$ (2,868.27)	\$ (2,931.38)	\$ (2,995.87)	\$ (3,061.78)
Change in Goodwill	\$ (319.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other assets & liabilities	\$ (115.33)	\$ (109.68)	\$ (107.84)	\$ (110.39)	\$ (84.42)	\$ (85.91)	\$ (87.42)	\$ (88.96)	\$ (90.52)	\$ (92.11)
Net cash flows from investing activities	\$ (2,951.51)	\$ (2,682.24)	\$ (2,737.00)	\$ (2,797.39)	\$ (2,830.54)	\$ (2,892.44)	\$ (2,955.69)	\$ (3,020.33)	\$ (3,086.39)	\$ (3,153.89)
CASH FLOWS FROM FINANCING ACTIVITIES:										
Short term debt	\$ 445.45	\$ 10.94	\$ (5.36)	\$ 10.42	\$ 13.78	\$ 12.05	\$ 2.12	\$ 16.29	\$ 8.97	\$ 9.13
Current portion of LT Debt	\$ (66.00)	\$ 900.00	\$ (1,250.00)	\$ 100.00	\$ (100.00)	\$ 33.33	\$ -	\$ -	\$ -	\$ -
Current portion of Operating Leases	\$ 37.09	\$ 37.09	\$ 37.20	\$ 37.28	\$ 37.40	\$ 37.56	\$ 37.75	\$ 37.98	\$ 38.24	\$ 38.54
Long Term Debt	\$ (4,189.05)	\$ 111.15	\$ 1,853.61	\$ 902.04	\$ 1,175.63	\$ 1,002.58	\$ 791.13	\$ 1,151.53	\$ 973.56	\$ 983.78
Long-term Operating Lease Liabilities	\$ 239.93	\$ 239.94	\$ 240.66	\$ 241.17	\$ 241.94	\$ 242.94	\$ 244.19	\$ 245.67	\$ 247.37	\$ 249.30
Increase in C/S account	\$ 0.11	\$ 0.11	\$ 0.11	\$ 0.11	\$ 0.11	\$ -	\$ -	\$ -	\$ -	\$ -
Repurchases of common stock	\$ (7,952.00)	\$ (7,952.00)	\$ (7,952.00)	\$ (7,952.00)	\$ (7,952.00)	\$ (7,952.00)	\$ (7,952.00)	\$ (7,952.00)	\$ (7,952.00)	\$ (7,952.00)
Cash dividends	\$ (6,942.02)	\$ (7,335.04)	\$ (7,681.59)	\$ (8,042.98)	\$ (8,356.84)	\$ (8,680.74)	\$ (9,016.59)	\$ (9,362.71)	\$ (9,712.43)	\$ (10,071.76)
Net cash flows from financing activities	\$ (18,426.50)	\$ (13,987.80)	\$ (14,757.37)	\$ (14,703.95)	\$ (14,939.98)	\$ (15,304.27)	\$ (15,893.39)	\$ (15,863.23)	\$ (16,396.29)	\$ (16,743.00)
Change in cash & cash equivalents in CF statement	\$ (9,553.03)	\$ 553.53	\$ 966.16	\$ 600.51	\$ 397.66	\$ 388.30	\$ 561.81	\$ 172.99	\$ 257.16	\$ 192.39
Cash & cash equivalents at beginning of year	\$ 7,895.00	\$ (1,658.03)	\$ (1,104.49)	\$ (138.33)	\$ 462.18	\$ 859.84	\$ 1,248.13	\$ 1,809.94	\$ 1,982.93	\$ 2,240.08
Cash & cash equivalents at end of year	\$ (1,658.03)	\$ (1,104.49)	\$ (138.33)	\$ 462.18	\$ 859.84	\$ 1,248.13	\$ 1,809.94	\$ 1,982.93	\$ 2,240.08	\$ 2,432.47

Home Depot, Inc.
Common Size Balance Sheet

[illegible]

Home Depot, Inc.
Value Driver Estimation

Fiscal Years Ending 1/31	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
NOPLAT(Net Operating Profits Less Adjusted Taxes):													
Operating Revenues	\$ 108,203.00	\$ 110,225.00	\$ 132,110.00	\$ 135,644.14	\$ 139,005.29	\$ 142,310.04	\$ 145,692.92	\$ 148,280.11	\$ 150,912.78	\$ 153,591.75	\$ 156,317.80	\$ 159,091.77	\$ 161,914.49
-Cost of Goods Sold	\$ 71,043.00	\$ 72,653.00	\$ 87,257.00	\$ 89,127.90	\$ 91,336.42	\$ 93,507.87	\$ 95,730.67	\$ 97,430.64	\$ 99,160.49	\$ 100,920.76	\$ 102,711.98	\$ 104,534.67	\$ 106,389.40
-Selling, General, and Administrative Expenses	\$ 19,513.00	\$ 19,740.00	\$ 24,447.00	\$ 23,508.37	\$ 24,090.89	\$ 24,663.63	\$ 25,249.92	\$ 25,698.30	\$ 26,154.57	\$ 26,618.86	\$ 27,091.31	\$ 27,572.06	\$ 28,061.26
-Depreciation	\$ 1,014.00	\$ 1,345.00	\$ 1,313.00	\$ 1,234.51	\$ 1,289.81	\$ 1,345.11	\$ 1,400.58	\$ 1,456.17	\$ 1,511.93	\$ 1,567.93	\$ 1,624.21	\$ 1,680.83	\$ 1,737.85
-Amortization of Non-Goodwill Intangibles	\$ 856.00	\$ 644.00	\$ 815.00	\$ 176.00	\$ 176.00	\$ 174.00	\$ 174.00	\$ 174.00	\$ 174.00	\$ 174.00	\$ 174.00	\$ 174.00	\$ 174.00
+Implied Interest on Operating Leases	\$ 177.38	\$ 175.89	\$ 167.76	\$ 129.53	\$ 135.09	\$ 140.66	\$ 146.24	\$ 151.84	\$ 157.47	\$ 163.12	\$ 168.80	\$ 174.53	\$ 180.30
EBITA	\$ 15,954.38	\$ 16,018.89	\$ 18,445.76	\$ 21,726.89	\$ 22,247.26	\$ 22,760.08	\$ 23,284.00	\$ 23,672.84	\$ 24,069.26	\$ 24,473.32	\$ 24,885.11	\$ 25,304.73	\$ 25,732.27
Tax expense/provision	\$ 3,435.00	\$ 3,473.00	\$ 4,112.00	\$ 5,049.01	\$ 5,205.15	\$ 5,322.38	\$ 5,445.10	\$ 5,531.86	\$ 5,619.97	\$ 5,710.29	\$ 5,804.14	\$ 5,897.39	\$ 5,993.83
+ Tax shield on operating leases interest	\$ 41.57	\$ 39.23	\$ 46.63	\$ 31.75	\$ 33.11	\$ 34.48	\$ 35.84	\$ 37.22	\$ 38.60	\$ 39.98	\$ 41.38	\$ 42.78	\$ 44.19
+ Tax shield on Impairment loss	\$ 57.88	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
- Tax on Interest and Investment Income	\$ 21.79	\$ 16.28	\$ 13.06	\$ 21.35	\$ 21.35	\$ 21.35	\$ 21.35	\$ 21.35	\$ 21.35	\$ 21.35	\$ 21.35	\$ 21.35	\$ 21.35
+ Tax shield on interest expense	\$ 246.29	\$ 267.87	\$ 374.40	\$ 266.01	\$ 236.05	\$ 243.15	\$ 247.49	\$ 254.66	\$ 262.33	\$ 269.66	\$ 275.36	\$ 283.55	\$ 290.49
+ Tax on Other interest & other income (expense)	\$ 3.75	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total adjusted taxes	\$ 3,762.69	\$ 3,763.82	\$ 4,519.96	\$ 5,325.42	\$ 5,452.97	\$ 5,578.66	\$ 5,707.08	\$ 5,802.39	\$ 5,899.55	\$ 5,998.59	\$ 6,099.52	\$ 6,202.38	\$ 6,307.17
Change in deferred taxes	\$ 26.00	\$ 202.00	\$ (569.00)	\$ 95.20	\$ 100.12	\$ 105.91	\$ 111.79	\$ 118.62	\$ 125.73	\$ 133.10	\$ 140.70	\$ 148.61	\$ 156.76
NOPLAT	\$ 12,217.69	\$ 12,457.07	\$ 13,356.80	\$ 16,496.68	\$ 16,894.42	\$ 17,287.33	\$ 17,688.71	\$ 17,989.08	\$ 18,295.44	\$ 18,607.83	\$ 18,926.29	\$ 19,250.97	\$ 19,581.86
Growth of NOPLAT	29.07%	1.96%	7.22%	23.51%	2.41%	2.33%	2.32%	1.70%	1.70%	1.71%	1.71%	1.72%	1.72%
Invested Capital (IC):													
Non Operating Currents Assets													
Normal Cash (assumed 1.64% of sales)	\$ 1,778.00	\$ 1,811.23	\$ 2,170.84	\$ 2,228.91	\$ 2,284.15	\$ 2,338.45	\$ 2,394.04	\$ 2,436.55	\$ 2,479.81	\$ 2,523.83	\$ 2,568.63	\$ 2,614.21	\$ 2,660.59
Accounts receivable	\$ 1,936.00	\$ 2,106.00	\$ 2,992.00	\$ 2,627.69	\$ 2,692.80	\$ 2,756.82	\$ 2,822.36	\$ 2,872.47	\$ 2,923.47	\$ 2,975.37	\$ 3,028.18	\$ 3,081.92	\$ 3,136.60
Inventory	\$ 13,925.00	\$ 14,531.00	\$ 16,627.00	\$ 18,206.47	\$ 18,657.61	\$ 19,101.18	\$ 19,555.24	\$ 19,902.50	\$ 20,255.86	\$ 20,615.44	\$ 20,981.34	\$ 21,353.67	\$ 21,732.54
Other current operating assets	\$ 890.00	\$ 1,040.00	\$ 963.00	\$ 1,656.90	\$ 1,692.83	\$ 914.68	\$ 921.19	\$ 1,219.65	\$ 1,423.90	\$ 1,119.59	\$ 1,523.63	\$ 1,550.67	\$ 1,578.18
Total	\$ 18,529.00	\$ 19,488.23	\$ 22,752.84	\$ 24,719.98	\$ 25,327.39	\$ 25,111.14	\$ 25,692.83	\$ 26,431.17	\$ 27,083.05	\$ 27,234.23	\$ 28,101.77	\$ 28,600.46	\$ 29,107.91
Non Interest-Bearing Current Liabilities													
Accounts payable	\$ 7,755.00	\$ 7,787.00	\$ 11,606.00	\$ 9,961.60	\$ 10,208.44	\$ 10,451.14	\$ 10,699.58	\$ 10,889.58	\$ 11,082.92	\$ 11,279.66	\$ 11,479.86	\$ 11,683.58	\$ 11,890.88
Accrued salaries & related expenses	\$ 1,506.00	\$ 1,494.00	\$ 2,463.00	\$ 2,284.52	\$ 2,341.13	\$ 2,396.78	\$ 2,453.76	\$ 2,497.33	\$ 2,541.67	\$ 2,586.79	\$ 2,632.70	\$ 2,679.42	\$ 2,726.96
Sales taxes payable	\$ 656.00	\$ 605.00	\$ 774.00	\$ 751.77	\$ 770.40	\$ 788.71	\$ 807.46	\$ 821.80	\$ 836.39	\$ 851.24	\$ 866.35	\$ 881.72	\$ 897.36
Deferred revenue	\$ 1,782.00	\$ 2,116.00	\$ 2,823.00	\$ 2,416.56	\$ 2,476.44	\$ 2,535.31	\$ 2,595.58	\$ 2,641.67	\$ 2,688.58	\$ 2,736.30	\$ 2,784.87	\$ 2,834.29	\$ 2,884.58
Income taxes payable	\$ 11.00	\$ 55.00	\$ 193.00	\$ 195.69	\$ 201.75	\$ 206.29	\$ 211.05	\$ 214.41	\$ 217.82	\$ 221.33	\$ 224.96	\$ 228.58	\$ 232.32
Other accrued expenses	\$ 2,611.00	\$ 2,677.00	\$ 3,063.00	\$ 2,135.50	\$ 2,193.35	\$ 2,253.99	\$ 2,304.78	\$ 2,354.66	\$ 2,395.83	\$ 2,415.91	\$ 2,440.50	\$ 2,423.45	\$ 2,398.10
Total	\$ 14,321.00	\$ 14,734.00	\$ 20,922.00	\$ 17,745.64	\$ 18,191.50	\$ 18,632.23	\$ 19,072.21	\$ 19,419.46	\$ 19,763.21	\$ 20,091.23	\$ 20,429.25	\$ 20,731.04	\$ 21,030.20
Net Operating Working Capital	\$ 4,208.00	\$ 4,754.23	\$ 1,830.84	\$ 6,974.33	\$ 7,135.89	\$ 6,478.91	\$ 6,620.62	\$ 7,011.71	\$ 7,319.83	\$ 7,143.00	\$ 7,672.53	\$ 7,869.42	\$ 8,077.71
Property, Plant, and Equipment, Net	\$ 22,375.00	\$ 22,770.00	\$ 24,705.00	\$ 25,811.68	\$ 26,918.44	\$ 28,028.49	\$ 29,140.91	\$ 30,256.86	\$ 31,377.46	\$ 32,503.81	\$ 33,636.97	\$ 34,778.00	\$ 35,927.93
+Other L-T operating assets													
Present value of operating leases	\$ 6,107.35	\$ 5,824.95	\$ 6,207.92	\$ 6,229.07	\$ 6,496.16	\$ 6,764.05	\$ 7,032.51	\$ 7,301.82	\$ 7,572.25	\$ 7,844.07	\$ 8,117.53	\$ 8,392.89	\$ 8,670.40
Other assets (including intangible assets other than goodwill)	\$ 847.00	\$ 807.00	\$ 4,311.00	\$ 4,426.33	\$ 4,536.01	\$ 4,643.85	\$ 4,754.24	\$ 4,838.66	\$ 4,924.57	\$ 5,011.99	\$ 5,100.95	\$ 5,191.47	\$ 5,283.58
Total	\$ 6,954.35	\$ 6,631.95	\$ 10,518.92	\$ 10,655.40	\$ 11,032.17	\$ 11,407.90	\$ 11,786.74	\$ 12,140.48	\$ 12,496.82	\$ 12,856.06	\$ 13,218.48	\$ 13,584.36	\$ 13,953.98
-Other L-T operating liabilities													
Warranty liabilities													
Other liabilities	\$ 1,867.00	\$ 1,535.00	\$ 1,807.00	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60
Total	\$ 1,867.00	\$ 1,535.00	\$ 1,807.00	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60	\$ 1,928.60
Invested Capital	\$ 31,670.35	\$ 32,621.18	\$ 35,247.76	\$ 41,512.81	\$ 43,157.90	\$ 43,986.69	\$ 45,619.67	\$ 47,480.45	\$ 49,265.51	\$ 50,574.26	\$ 52,599.38	\$ 54,303.18	\$ 56,031.02
Free Cash Flow (FCF):													
NOPLAT	\$ 12,217.69	\$ 12,457.07	\$ 13,356.80	\$ 16,496.68	\$ 16,894.42	\$ 17,287.33	\$ 17,688.71	\$ 17,989.08	\$ 18,295.44	\$ 18,607.83	\$ 18,926.29	\$ 19,250.97	\$ 19,581.86
Change in IC	\$ 801.32	\$ 950.82	\$ 2,626.58	\$ 2,626.05	\$ 1,645.08	\$ 828.80	\$ 1,632.98	\$ 1,860.78	\$ 1,785.06	\$ 1,308.75	\$ 2,025.12	\$ 1,703.80	\$ 1,727.84
FCF	\$ 11,416.37	\$ 11,506.25	\$ 10,730.21	\$ 10,231.62	\$ 15,249.33	\$ 16,458.53	\$ 16,055.73	\$ 16,128.30	\$ 16,510.38	\$ 17,299.08	\$ 16,901.17	\$ 17,547.17	\$ 17,854.03
Return on Invested Capital (ROIC):													
NOPLAT	\$ 12,217.69	\$ 12,457.07	\$ 13,356.80	\$ 16,496.68	\$ 16,894.42	\$ 17,287.33	\$ 17,688.71	\$ 17,989.08	\$ 18,295.44	\$ 18,607.83	\$ 18,926.29	\$ 19,250.97	\$ 19,581.86
Beginning IC	\$ 30,869.04	\$ 31,670.35	\$ 32,621.18	\$ 35,247.76	\$ 41,512.81	\$ 43,157.90	\$ 43,986.69	\$ 45,619.67	\$ 47,480.45	\$ 49,265.51	\$ 50,574.26	\$ 52,599.38	\$ 54,303.18
ROIC	39.6%	39.3%	40.9%	46.8%	40.7%	40.1%	40.2%	39.4%	38.5%	37.8%	37.4%	36.6%	36.1%
Economic Profit (EP):													
Beginning IC	\$ 30,869.04	\$ 31,670.35	\$ 32,621.18	\$ 35,247.76	\$ 41,512.81	\$ 43,157.90	\$ 43,986.69	\$ 45,619.67	\$ 47,480.45	\$ 49,265.51	\$ 50,574.26	\$ 52,599.38	\$ 54,303.18
x (ROIC - WACC)	33.0%	32.8%	34.4%	40.2%	34.1%	33.5%	33.6%	32.9%	32.0%	31.2%	30.9%	30.0%	29.5%
EP	\$ 10,190	\$ 10,376	\$ 11,213	\$ 14,181	\$ 14,167	\$ 14,452	\$ 14,799	\$ 14,992	\$ 15,176	\$ 15,371	\$ 15,603	\$ 15,795	\$ 16,014

Home Depot, Inc.*Weighted Average Cost of Capital (WACC) Estimation***Cost of Equity:**

Risk-Free Rate	1.97%
Beta	1.02
Equity Risk Premium	5.17%
Cost of Equity	7.24%

ASSUMPTIONS:*10-year treasury bond**5-year monthly Beta (finance.yahoo.com)**In-class estimation as well as CFOs estimate premium over T-bills***Cost of Debt:**

Risk-Free Rate	1.97%
Implied Default Premium	0.91%
Pre-Tax Cost of Debt	2.88%
Marginal Tax Rate	27.79%
After-Tax Cost of Debt	2.08%

*10-year Treasury bond**YTM on company's corporate bond SEC.gov for 2030 bonds***Market Value of Common Equity:**

Total Shares Outstanding	893
Current Stock Price	\$324.46
MV of Equity	289,859.12

MV Weights

86.97%

Market Value of Debt:

Short-Term Debt	\$ -
Current Portion of LTD	1416
Long-Term Debt	35822
PV of Operating Leases	6207.92
MV of Total Debt	43,445.92

13.03%

Market Value of the Firm**333,305.04**

100.00%

Estimated WACC**6.57%**

Home Depot, Inc.

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:

CV Growth of NOPLAT	1.71%
CV Year ROIC	36.06%
WACC	6.57%
Cost of Equity	7.24%

Fiscal Years Ending 1/31	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
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DCF Model:

Free Cash Flow (FCF)	\$	10,231.62	\$	15,249.33	\$	16,458.53	\$	16,055.73	\$	16,128.30	\$	16,510.38	\$	17,299.08	\$	16,901.17	\$	17,547.17	\$	17,854.03
Continuing Value (CV)																			\$	383,874.32
PV of FCF	\$	9,600.82	\$	13,426.98	\$	13,598.23	\$	12,447.59	\$	11,732.97	\$	11,270.42	\$	11,080.77	\$	10,158.45	\$	9,896.50	\$	216,502.85

Value of Operating Assets:	\$	319,715.59
Non-Operating Adjustments		
+Excess Cash	\$	5,724.16
+Other Assets	\$	4,311.00
-PV of Operating Leases	\$	(6,207.92)
-Total Debt	\$	(35,822.00)
-PV of Employee Stock Options	\$	(782.48)
Value of Equity	\$	286,938.35
Shares Outstanding		1,077.00
Intrinsic Value of Last FYE	\$	266.42
Implied Price as of Today	\$	267.39

EP Model:

Economic Profit (EP)	\$	14,180.79	\$	14,166.90	\$	14,451.73	\$	14,798.65	\$	14,991.73	\$	15,175.84	\$	15,370.94	\$	15,603.41	\$	15,795.04	\$	16,013.99
Continuing Value (CV)																			\$	329,571.14
PV of EP	\$	13,306.52	\$	12,473.91	\$	11,940.19	\$	11,473.01	\$	10,906.14	\$	10,359.42	\$	9,845.72	\$	9,378.43	\$	8,908.31	\$	185,876.18

Total PV of EP	\$	284,467.83
Invested Capital (last FYE)	\$	35,247.76
Value of Operating Assets:	\$	319,715.59
Non-Operating Adjustments		
+Excess Cash	\$	5,724.16
+Other Assets	\$	4,311.00
-PV of Operating Leases	\$	(6,207.92)
-Total Debt	\$	(35,822.00)
-PV of Employee Stock Options	\$	(782.48)

Value of Equity		286938.3
Shares Outstanding		1077.0
Intrinsic Value of Last FYE	\$	266.42
Implied Price as of Today	\$	267.39

Home Depot, Inc.
Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

Fiscal Years Ending 1/31	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
EPS	\$ 14.60	\$ 15.38	\$ 16.06	\$ 16.77	\$ 17.38	\$ 18.00	\$ 18.65	\$ 19.31	\$ 19.98	\$ 20.66

Key Assumptions

CV growth of EPS	1.71%
CV Year ROE	189.30%
Cost of Equity	7.24%

Future Cash Flows

P/E Multiple (CV Year)										17.91
EPS (CV Year)									\$	20.66
Future Stock Price									\$	370.14
Dividends Per Share	\$6.43	\$6.77	\$7.07	\$7.39	\$7.65	\$7.93	\$8.21	\$8.50	\$8.80	\$9.10
Discounted Cash Flows	\$5.99	\$5.89	\$5.73	\$5.58	\$5.39	\$5.21	\$5.03	\$4.86	\$4.69	\$197.26

Intrinsic Value as of Last FYE	\$ 245.64
Implied Price as of Today	\$ 246.54

Home Depot, Inc.*Relative Valuation Models*

Ticker	Company	Price	EPS 2022E	EPS 2023E	P/E 22	P/E 23	Est. 5yr EPS gr.	PEG 22	PEG 23
LOW	Lowes	\$219.18	\$13.48	\$14.93	16.26	14.68	16.9	0.96	0.87
WMT	Walmart	\$136.38	\$6.76	\$7.29	20.17	18.71	8.4	2.42	2.24
BECN	Beacon Roofing Supply	\$60.15	\$5.35	\$5.68	11.24	10.59	8.8	1.27	1.20
BLDR	Builders FirstSource	\$77.27	\$7.38	\$8.19	10.47	9.43	18.8	0.56	0.50
COST	Costco	\$528.00	\$12.89	\$14.11	40.96	37.42	10.5	3.90	3.56
Average					19.82	18.17		1.82	1.67

HD	Home Depot, Inc.	\$324.46	\$ 11.98	\$ 14.60	27.1	22.2	7.7	3.5	2.9
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Implied Relative Value:

P/E (EPS22)	\$ 237.47
P/E (EPS23)	\$ 265.21
PEG (EPS22)	\$ 168.63
PEG (EPS23)	\$ 188.89
Average	\$ 215.05

Home Depot, Inc.*Valuation of Options Granted under ESOP*

Current Stock Price	\$324.46
Risk Free Rate	1.97%
Current Dividend Yield	1.84%
Annualized St. Dev. of Stock Returns	22.85%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	4.35	129.50	5.00	\$ 179.88	\$ 782
Total	4.35	\$ 129.50	5.00	\$ 207.85	\$ 782

Home Depot, Inc.

Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding

Number of Options Outstanding (shares):	4
Average Time to Maturity (years):	5.00
Expected Annual Number of Options Exercised:	1
Current Average Strike Price:	\$ 129.50
Cost of Equity:	7.24%
Current Stock Price:	\$324.46

Fiscal Years Ending 1/31	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Increase in Shares Outstanding:	1	1	1	1	1	0	0	0	0	0
Average Strike Price:	\$ 129.50	\$ 129.50	\$ 129.50	\$ 129.50	\$ 129.50	\$ 129.50	\$ 129.50	\$ 129.50	\$ 129.50	\$ 129.50
Increase in Common Stock Account:	0.113	0.113	0.113	0.113	0.113	-	-	-	-	-
Share Repurchases (\$)	7,952	7,952	7,952	7,952	7,952	7,952	7,952	7,952	7,952	7,952
Expected Price of Repurchased Shares:	\$ 324.46	\$ 341.99	\$ 360.47	\$ 379.95	\$ 400.48	\$ 422.12	\$ 444.93	\$ 468.97	\$ 494.31	\$ 521.02
Number of Shares Repurchased:	25	23	22	21	20	19	18	17	16	15
Shares Outstanding (beginning of the year)	1,077	1,053	1,031	1,010	990	971	952	934	917	901
Plus: Shares Issued Through ESOP	1	1	1	1	1	0	0	0	0	0
Less: Shares Repurchased in Treasury	25	23	22	21	20	19	18	17	16	15
Shares Outstanding (end of the year)	1,053	1,031	1,010	990	971	952	934	917	901	886

Home Depot, Inc.*Present Value of Operating Lease Obligations*

Fiscal Years Ending 1/31	2013	2014	2015	2016	2017	2018	2019	2020	2021
Year 1	856.0	895.0	893.0	868.0	907.0	921.0	976.0	955.0	955.0
Year 2	807.0	843.0	817.0	804.0	826.0	869.0	912.0	875.0	960.0
Year 3	747.0	754.0	737.0	708.0	746.0	786.0	792.0	772.0	854.0
Year 4	656.0	674.0	638.0	624.0	661.0	696.0	682.0	677.0	738.0
Year 5	582.0	574.0	561.0	543.0	586.0	580.0	584.0	579.0	614.0
Thereafter	4560.0	4456.0	4059.0	3876.0	3727.0	3286.0	3090.0	2822.0	3001.0
Total Minimum Payments	8208.0	8196.0	7705.0	7423.0	7453.0	7138.0	7036.0	6680.0	7122.0
Less: Cumulative Interest	1339.8	1316.7	1193.4	1140.2	1090.7	979.0	928.6	855.1	914.1
PV of Minimum Payments	6868.2	6879.3	6511.6	6282.8	6362.3	6159.0	6107.4	5824.9	6207.9
 Implied Interest in Year 1 Payment	 191.6	 197.8	 198.1	 187.5	 180.9	 183.2	 177.4	 175.9	 167.8
 Pre-Tax Cost of Debt	 2.88%	 2.88%	 2.88%	 2.88%	 2.88%	 2.88%	 2.88%	 2.88%	 2.88%
Years Implied by Year 6 Payment	7.8	7.8	7.2	7.1	6.4	5.7	5.3	4.9	4.9
Expected Obligation in Year 6 & Beyond	582	574	561	543	586	580	584	579	614
 Present Value of Lease Payments									
PV of Year 1	832.0	869.9	868.0	843.7	881.6	895.2	948.7	928.3	928.3
PV of Year 2	762.5	796.5	771.9	759.6	780.4	821.0	861.7	826.7	907.0
PV of Year 3	686.0	692.4	676.8	650.2	685.1	721.8	727.3	709.0	784.3
PV of Year 4	585.6	601.6	569.5	557.0	590.0	621.3	608.8	604.3	658.8
PV of Year 5	505.0	498.0	486.8	471.1	508.4	503.2	506.7	502.4	532.7
PV of 6 & beyond	3497.2	3420.8	3138.6	3001.1	2916.8	2596.4	2454.2	2254.3	2396.9
Capitalized PV of Payments	6868.2	6879.3	6511.6	6282.8	6362.3	6159.0	6107.4	5824.9	6207.9

Home Depot, Inc.
Key Management Ratios

Fiscal Years Ending 1/31	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Liquidity Ratios:													
Current Ratio (Total Current Assets/Total Current Liab.)	1.11	1.08	1.23	1.02	1.01	1.08	1.10	1.13	1.16	1.17	1.19	1.20	1.21
Quick Ratio ((Total Current Assets-Inventory)/Total Liab.)	0.10	0.10	0.18	0.04	0.05	0.06	0.06	0.07	0.08	0.08	0.09	0.09	0.09
Operating Cash Flow Ratio (Cash Flow From Operation/Current Liab)	0.78	0.75	0.81	0.58	0.79	0.88	0.84	0.83	0.83	0.85	0.83	0.84	0.84
Asset-Management Ratios:													
Asset Turnover (Sales/Average Total Assets)	2.46	2.15	1.87	2.10	2.06	2.05	2.02	1.99	1.96	1.94	1.91	1.89	1.88
Receivables Turnover (Sales/Average AR)	55.89	52.34	44.15	51.62	51.62	51.62	51.62	51.62	51.62	51.62	51.62	51.62	51.62
Inventory Turnover (Total Purchases/Average AP)	5.10	5.00	5.25	4.90	4.90	4.90	4.90	4.90	4.90	4.90	4.90	4.90	4.90
Financial Leverage Ratios:													
D/E Ratio (Total Debt/Total Equity)	(15.55)	(10.10)	11.29	8.45	7.33	6.42	5.79	5.34	5.00	4.72	4.55	4.42	4.32
Debt Capital Ratio (Total Debt/Total Equity + Total Debt)	1.07	1.11	0.92	0.89	0.88	0.87	0.85	0.84	0.83	0.83	0.82	0.82	0.81
LT Debt/Total Equity	(14.27)	(9.20)	10.86	8.00	6.75	6.16	5.53	5.12	4.80	4.54	4.38	4.25	4.16
LT Debt/Total Assets	0.61	0.56	0.51	0.49	0.47	0.48	0.48	0.48	0.48	0.47	0.47	0.47	0.47
Profitability Ratios:													
Return on Equity (NI/Beg TSE)	-592.17%	-360.78%	390.00%	393.15%	341.13%	300.33%	269.04%	244.73%	226.62%	213.02%	202.74%	194.97%	189.30%
Return on Assets (NI/Average Total Assets)	25.27%	21.94%	18.23%	24.02%	23.81%	23.58%	23.25%	22.81%	22.43%	22.17%	21.85%	21.61%	21.41%
Gross Margin ((Sales-COGS)/Sales)	34.34%	34.09%	33.95%	34.29%	34.29%	34.29%	34.29%	34.29%	34.29%	34.29%	34.29%	34.29%	34.29%
Operating Margin (Operating Income/Revenue)	14.35%	14.37%	13.84%	15.92%	15.91%	15.89%	15.88%	15.86%	15.84%	15.83%	15.81%	15.80%	15.78%
Payout Policy Ratios:													
Dividend Payout Ratio (Dividend/EPS)	42.13%	52.87%	50.08%	44.03%	44.03%	44.03%	44.03%	44.03%	44.03%	44.03%	44.03%	44.03%	44.03%
Total Payout Ratio ((Divs. + Repurchases)/NI)	89.62%	62.00%	6.19%	51.18%	49.65%	48.55%	47.46%	46.72%	45.99%	45.26%	44.53%	43.83%	43.13%
Dividend Per Share (Dividends/Shares)	4.12	5.44	6.00	6.43	6.77	7.07	7.39	7.65	7.93	8.21	8.50	8.80	9.10

Home Depot, Inc.
Sensitivity Tables

Risk-free Rate	DCF		Beta					
	267.39	0.87	0.92	0.97	1.02	1.07	1.12	1.17
	1.65%	341.80	321.14	302.62	285.93	270.79	257.02	244.43
	1.77%	331.92	312.30	294.66	278.72	264.24	251.03	238.94
	1.87%	324.07	305.25	288.30	272.95	258.99	246.23	234.53
	1.97%	316.55	298.49	282.18	267.39	253.91	241.58	230.25
	2.07%	309.33	291.98	276.29	262.03	249.01	237.08	226.11
	2.17%	302.41	285.73	270.62	256.85	244.27	232.73	222.10
	2.27%	295.75	279.71	265.14	251.85	239.69	228.51	218.20

SGA%	DCF		WACC					
	267.39	6.27%	6.37%	6.47%	6.57%	6.67%	6.77%	6.87%
	14.33%	349.11	340.80	332.85	325.22	317.90	310.87	304.12
	15.33%	328.56	320.69	313.15	305.92	298.99	292.33	285.93
	16.33%	308.03	300.60	293.48	286.65	280.10	273.81	267.76
	17.33%	287.54	280.54	273.84	267.41	261.24	255.32	249.63
	18.33%	267.11	260.54	254.25	248.22	242.44	236.88	231.54
	19.33%	246.73	240.60	234.72	229.09	223.68	218.49	213.51
	20.33%	226.45	220.75	215.28	210.04	205.02	200.19	195.55
	21.33%	206.29	201.01	195.96	191.11	186.46	181.99	177.70

Pre-Tax Cost of Debt	DCF		Equity Risk Premium					
	267.39	3.67%	4.17%	4.67%	5.17%	5.67%	6.17%	6.67%
	2.28%	388.86	340.52	302.03	270.67	244.62	222.65	203.86
	2.48%	386.70	338.83	300.68	269.56	243.70	221.87	203.20
	2.68%	384.56	337.16	299.34	268.47	242.80	221.11	202.55
	2.88%	382.45	335.51	298.02	267.39	241.90	220.35	201.91
	3.08%	380.37	333.89	296.72	266.33	241.01	219.61	201.27
	3.28%	378.32	332.28	295.43	265.27	240.14	218.87	200.64
	3.48%	376.30	330.70	294.16	264.23	239.27	218.13	200.01

Cost of Goods Sold (% of Sales)	DCF		CV Year Growth of NOPLAT					
	267.39	0.21%	0.71%	1.21%	1.71%	2.21%	2.71%	3.21%
	62.71%	276.77	290.16	306.04	325.20	348.75	378.40	416.88
	63.71%	260.00	272.69	287.74	305.90	328.22	356.32	392.79
	64.71%	243.25	255.24	269.47	286.63	307.72	334.28	368.75
	65.71%	226.53	237.83	251.23	267.39	287.26	312.28	344.74
	66.71%	209.86	220.46	233.04	248.20	266.85	290.33	320.80
	67.71%	193.23	203.14	214.90	229.07	246.51	268.45	296.94
	68.71%	176.67	185.89	196.83	210.03	226.25	246.67	273.18

CV Year ROIC	DCF		Cost of Equity					
	267.39	5.74%	6.24%	6.74%	7.24%	7.74%	8.24%	8.74%
	24.06%	372.65	327.93	292.03	262.56	237.95	217.08	199.17
	28.06%	375.93	330.76	294.48	264.71	239.85	218.78	200.69
	32.06%	378.40	332.87	296.32	266.33	241.28	220.05	201.83
	36.06%	380.32	334.52	297.75	267.58	242.39	221.04	202.71
	40.06%	381.85	335.84	298.89	268.58	243.28	221.83	203.42
	44.06%	383.11	336.92	299.83	269.41	244.00	222.47	204.00
	48.06%	384.16	337.81	300.61	270.09	244.61	223.01	204.48
	52.06%	385.04	338.58	301.27	270.67	245.12	223.47	204.89

CV Year ROE	DDM		Dividend Payout Ratio					
	246.54	38.03%	40.03%	42.03%	44.03%	46.03%	48.03%	50.03%
	159.30%	239.58	241.79	243.99	246.20	248.41	250.61	252.82
	169.30%	239.71	241.92	244.12	246.32	248.53	250.74	252.95
	179.30%	239.82	242.03	244.23	246.44	248.65	250.85	253.06
	189.30%	239.92	242.13	244.33	246.54	248.75	250.95	253.16
	199.30%	240.01	242.22	244.43	246.63	248.84	251.04	253.25
	209.30%	240.10	242.30	244.51	246.71	248.92	251.13	253.33
	219.30%	240.17	242.38	244.58	246.78	248.99	251.20	253.41