87.5/95





FIVE GUYS AND A FRAN FRY Home Depot / Lowes Homework

For

Financial Accounting BA6322-604-1197

Class 2021

Contents

Members:	3
Summarization of the Industry:	3
Common Size Balance Sheet and Comments:	3
ROE Decomposition Model:	4
Common Size Income Statement and Profitability:	
Receivable, Inventory and PPE Turnover:	
Liquidity Assessment:	
Solvency Assessment:	
Cash Flow Assessment:	
Investment Decision:	
Loan Decision:	
Appendix A – Home Depot Ratios 2013	
Appendix B – Home Depot Ratios 2012	10
Appendix C – Lowes Ratios 2013	11
Appendix D – Lowes Ratios 2012	
Appendix E – Common Size Balance Sheet:	13
Annandiy E. Common Sizo Incomo Statement	1/

Members:

Franky "Fran Fry" Lagman KC "Cool" Comella Cameron "The Captain" Mitchell Charles "Chilli" Jones Robert "Rockstar Rob" Holder Brent "Bad Ass" Allen

Summarization of the Industry:

The Home Depot, Inc. and Lowes Companies, Inc. compete in the home improvement retail. Both Companies sell a wide assortment of building materials, home improvement products, lawn and garden products, and provide home improvement professional services. Lowes and Home Depot have a global footprint. Each company strives to be the best in product quality, professional services, customer service and customer loyalty.

Both companies are similar in their selling channels. From the Lowes 2013 Annual Report their focus is on In Store, On-Line, On-Site and Contact Centers. From the Home Depot 2013 Annual Report is the same as Lowes. Both companies have seasonality considerations and market the quality of their products. There are differences as well. Home Depot seems to be more focused on the customer. Customer Service is addressed as a separate business strategy while Lowes doesn't address it in the same detail. Home depot has an additional strategy of interconnected retail. This focuses on the sophisticated customer purchase behaviors. Lowes doesn't specifically articulate a strategy or seem to focus on the customer.

Common Size Balance Sheet and Comments:

The common size balance sheet is in Appendix E.

Home Depot's Current Assets are higher than Lowes for both 2013 and 2014. The total assets are different; Home Depot is between \$8 - \$10 Billion higher than Lowes in each year. Home Depot has a significant increase in Total Liabilities in 2013 and is higher in percentage and value than Lowes. Home Depot's Long-Term Debt significantly increases from 2012 to 2013. Both companies Stock Holder Equity decreased. Home Depot decreased Stock Holder Equity by almost 30% while Lowes decreased by 14%. Lowes Account Receivable is assumed by General Electric who purchased the account, while Home Depot still manages their Account Receivables.

ROE Decomposition Model:

Home Depot

	2012	2013
Return on Shareholders'	0.255	0.430
Equity	**	8,530
Return on Assets	0.110	0.133
Return on Sales	0.061	0.068 .
Asset Turnover	1.820	1.945
Leverage	2.311	3.236

Lowes

1	2012	2013
Return on Shareholders' Equity	0.141	0.193
Return on Assets	0.061	0.070
Return on Sales	0.038	0.043
Asset Turnover	1.547	1.632
Leverage	2.357	2.761

Home Depot has a significantly higher Return on Shareholders' Equity (ROE) than Lowes for both 2012 and 2013. In comparing Home Depot to Lowes, Home Depots' Net Income is significantly higher while the Shareholders' Equity (SE) is roughly the same between the two companies. Home Depot's Total Assets are significantly higher than Lowes which is reflected in the Leverage Ratio. Home Depot's Total Assets is so much larger than Lowes and Home Depot's SE decreased by almost 30% between 2012 and 2013.

Common Size Income Statement and Profitability:

The common size income statement is in Appendix F.

Home Depot

There are several line items that standout. In 2013, Sales and General Administration (SG&A) is ~21% of Sales, Total Operating Expenses are ~23%, and provision for Income Taxes is ~4% in 2013. Total Operating Expenses remained about the same between 2012 and 2013. Bottom line net income is ~\$5.3B and ~6.8% of Sales in 2013 and increased ~18% from 2012 to 2013.



	2012	2013
Gross Profit Margin	0.346	0.348
Operating Profit Margin	0.104	0.116

Lowes

In 2013 SG&A was ~24% and Total Expenses was ~28% and increased ~4% from 2012 to 2013. Lowes provision for income taxes was ~2.6% in 2013. The bottom-line net incomes was ~4.2% of Sales and increases ~17% from 2012 to 2013.

	2012	2013
Gross Profit Margin	0.343	0.346
Operating Profit Margin	0.069	0.078

The Gross Profit Margin between the two companies is about the same which indicates the cost of goods sold (COGS) is proportionally similar. The Operating Profit Margin (OPM) is different. Home Depot has a significantly higher OPM than Lowes. The biggest difference is SG&A for Lowes. Proportionally SG&A is higher compared to Sales. Depreciation and Amortization is about the same by value which means for Lowes it is a proportionally higher expense. Home Depot is more profitable.

Receivable, Inventory and PPE Turnover:

Home Depot

	2012	2013
Receivables Turnover	53.587	- 56.375
Inventory Turnover	4.567	• 4.651
PPE Turnover	3.106	• 3.376
Return on Assets	0.110	• 0.133
Cash from Balance Sheet	\$2494	\$1929

Lowes

	2012	2013
Receivables Turnover	N/A	N/A
Inventory Turnover	3.860	3.828
PPE Turnover	2.357	• 2.564 ·
Return on Assets	0.061	0.070
Cash from Balance Sheet	\$391	\$511

Home Depot uses their assets more effectively than Lowes.

Home Depots' comparable ratios for asset utilization are higher except for PPE Turnover in 2012 but, significantly increased in 2013 because Sales increased, and PPE decreased. One glaring asset is cash. Lowes cash is significantly less than Home Depot by a factor of ~4.5 to ~4.9. In comparing inventory turnover, even though Lowes has less inventory overall it also has less sales. Home Depot turns over their inventory more than Lowes. In 2013 Home Depot's Inventory Turnover Period is ~81 days vice Lowes which is ~95 days.

musical votosed 112

Liquidity Assessment:

Home Depot

	2012	2013
Cash & Marketable	0.047	0.048
Securities to Total		
Assets		
Quick Ratio	0.290	0.310
Current Ratio	1.341	1.421 🛩
Payable Period	40.118	41.148 🗹
Operating Funds Ratio	1.538	1.417 🗸
Operating Cash to	0.607	0.710 /
Current Liabilities	=	

Lowes

	2012	2013
Cash & Marketable Securities to Total	0.020	0.018
Assets		
Quick Ratio	0.125	0.103
Current Ratio	1.269	1.160
Payable Period	51.208	52.314
Operating Funds Ratio	1.920	1.798
Operating Cash to Current Liabilities	0.488	0.463

Home Depot is more liquid and can service its short-term liabilities faster than Lowes.

In comparing Home Depot and Lowes liquidity Lowes comparable metrics are lower than Home Depot and trending in a negative direction. Home Depot has more cash equivalents to assets, can pay their liabilities faster and operating cash is higher compared to net income and current liabilities. Home Depots' Pay period is less than Lowes Payable Period by ~10 days. This is evident by the Accounts Payable Ratio (COGS divided by Accounts Payable). Lowes has proportionally more Accounts Payable which decreases the Accounts Payable Ratio. The higher the Accounts Payable Ratio the faster the company pays their suppliers. Since Home Depots' Accounts Payable Period is higher than Lowes. Home Depot pays their suppliers faster.

inun.

Solvency Assessment:

Home Depot

	2012	2013
Long-term Debt to Total Assets	0.263	0.363
Long-term Debt to Shareholders' Equity	0.607	1.176
Interest Coverage Ratio	12.426	8.574

Lowes

	2012	2013
Long-term Debt to Total Assets	0.278	0.310
Long-term Debt to Shareholders' Equity	0.655	0.855
Interest Coverage Ratio	8.416	8.716

Home Depot had a significant increase in Long-term Debt in 2013. This takes away all the shareholders' equity for Home Depot shareholders. However, this does not affect the ability of Home Depot to pay off its long-term debt. In 2013 the comparable metrics for Home Depot are higher than Lowes however slightly. Both companies can cover its long term dept interest payments. Long-term debt compared total assets is less than 40% (36.3% for Home Depot, 31% for Lowes). Long-term debt greater than 33% seems high but both in 2012 both companies were slightly higher than 25%.

Home Depot

Home D

For operations in both 2012 and 2013 inventory is the single largest spend. For investing cash-flow capital expenditures are the single largest line-item spend. In 2013 there is a significant inflow if cast from Long-term debt borrowings. Additionally, there is a large re-purchase of common stock and a larger dividend was issued.

Lowes

In both 2012 and 2013 inventory accounted for most of the cash spend for operations. Capital expenditures account for the largest single spend for investing cash flows followed closely by security purchases. For financing cash flows the largest single in-flow is from issuing long-term debt. There is a significant spend on repurchase of common stock.

Company Comparison

Both companies make significant repurchases of common stock, but Lowes didn't issue as large of a dividend as Home Depot. Additionally, Home Depot re-purchased more common stock, by monetary value, by a factor of 2. The dividend by Home Depot was significantly larger than the previous year.

Good!

Both companies depreciate and amortize assets, but that cash is not actual in-flows and is an adjustment required by the Generally Accepted Account Principles (GAAP).

Investment Decision:

Based on the income, profit margin, asset utilization, operations activity and financing activity we would invest in Home Depot. The risk with Home Depot is the long-term debt taking all stockholders' equity. However, this risk is mitigated by Home Depots' sales and operations performance.

Loan Decision:

Based on the same criteria as the Investment Decision section, we would underwrite a loan for Home Depot. Home Depot has excellent cash flows and are very solvent.

Appendix A – Home Depot Ratios 2013

<u>Balance Cheet</u> Cosh Virteside Securities	1 1.823 1 -	Acto	Cultillan	<u>Humanator</u> Ownermoster	Calculation
Net AR	\$ 1,320	ROE MODEL			
Not Investory Current Americ	\$ 11,037 \$ 15,278	Return on stransholders' equity (ROE)	Nat Inverse Shareholders equity	12,522	0 430
Nami PPVC Takes Assemble	\$ 23,348 \$ 40,318	Return on essets (ROA)	Nat Incurse Total assets	40,519	0 139
Accounts Populis Correct Parties Long Yests Single Correct Linkshop		Leverage Exclusive	Total counts Shereholders' equity	± 40,518 ,	3.236
Long Toron Days	\$ 14,601	Return on seine (ROS) (eta profit mergin)	Not income Not sales	. 5,305 . 78,812	0.000
Standardar Dauly	1 12,512		Boles - Last Your's Boles	4,050	0.054
		David Calence	Last Veer's Sales	74,754	II LEGA
Income Statement Not Bake			Net Income - Divisionals	a 5,142 a	0.503
CODS	19142	Childred retardion rate	Net bespire	1,345	II 383
Operating Profit	8 9,100		THE STREET	-,	
Internal Expense	\$ 711	Sustainable growth rate	Not Impares - Christenia	a 3,142 4	0.251
Post Prances Seture Taxon	1 0,467		Shareholders' Equity	12,522	
Net Insure	1 5,303	Green Profit Mergin	Bains - Cost of Clouds Bold Bains	# 27,340 s	0.348
Last Year Setus	\$74,754	man contactal			
Cash Pleas Middennest		Operating Profit Margin	Countries Profit	# 0,100 a	0.116
Coats Flore Book Operations	1 7,630		BOOK	18,812	
Distings	1 220	Accel Management	Not some	a 79,812 a	1.945
			Total deserts	40,5 66	
		A	Not autos	70,812	
		Receivable Systower	Net execute receivable	1,326	96.375
		Pleasiveble enfection period	See Repolable Surreport	* 365.000 * 56.375	0.475
		Investory Surterver	Cost of goods sold	s \$1,422	4.651
				11,057	
		Inventory on hand period	atheritary surrover	4.661	78.464
		PPE turnever	Not again Not PPE	* 78,812 4 23,346	2.176
		Liquidite			
		Conh and marketeble pactifies to trial seasts	A	A	0.048
		(cont motors)	Contr + Marketable necurifies Total exects	1,629	
		Quedi relia	Costs + Marketable securities + Net ecocurts receivable Current intelling	10,746	0.310
		Current ratio	Current assests	* 15,276	1.421
			Current Indiana	10,746	1-41
		Accounts payelile furniver	Cost of goods sold Accounts payable	= 61,422 = 6,767	8.670
		Dayer payable period	-	* <u>865</u> *	41.148
			Accounts payable terrover	0.070	
		Cook collection period	Brentery-an-hard period Resolvable subscilet period	* 78.464 a	43.811
				• 0.475	
			Days' payable period	- 41.148	
		Operating funds ratio	Cash few from operations Net Income	4 7,629 4 6,365	1.417
		Op Cost Flow to Cur. Link	Cook flow from constitions	a 7,529 a	6710
			Cosh flow From Spointflores Cutt and Spointflores	10,740	
		Boharda Lana ham dalada bada ana			
		Long-term debt to total assets	Long-term debt + Current portion of long-term debt Total monito	# 14,724 # 40,518	0.303
		Long-term debt to shareholders' equity	I make the comment and the same time	14.734	1.176
			Lamp Jurie dold + Commit portion of long-Jurie dold (shorwasters: liquity	12,533	
		bioreal sprenge rejty	Plat Income before taune • Interest expense	a 6,178 a	12.809
			stores experse	711	

Appendix B – Home Depot Ratios 2012

Balanca Sheet					
Cook	1 2494	Rate	Delinition	Numerator	Coissistion
Meriatahia Sastellas Nat All	1	ROE MODEL		Deservation	
Hat All	3 1,390	RUE BUCEL	Not Income	4.535	
Current Assets	\$ 19,372	Relatz on sharshelders' equity (ROE)	Starstations equity	11,777	9 256
New PFE			Mark Assessment	4,535	
Total Access	\$ 61,004	Record on enterts (ROA)	Not income	41,064	0 110
Again, riss Populate Current Partiers Long Torre Dept	\$ 1,321	Loverage	Total anach Steretotiers' cody	17,777 h	2 211
Current Lintables		Profesions	organizate etital	37	
Earng Turre Dopt	\$ 8479	Return on selen (ROS)	Nat Income	4,535	8.061
Characterister Equity	3 17,777	(eye burgt mediju)	Nut pales	74,754	
A	\$ 17,270	Sales Crowth	Sales - Last Year's Gales	4,558	0.002
Del3925-co.		Seets Cours.	Last Year's Sales	70,565	
Income Distanced	\$ 74.754		Not Income - Dividends	= 2,742 =	D ete
0003			Net Mouths	4,53	
Operating Profit	1 7,700		Mahara Bilina		0.157
Irinead Expanso Had Iranean believ Taxon	1 7.221	Bustainable growth rate	Nat Income - Childreis Charabotters' Equity	= <u>2,792</u> = 17,777	m tot
				100	
Not Insure	3 4,500		Sales - Coal of Doods Sold	# <u>25,842</u> # 74,764	0.346
Lord Year States	\$ 70,300	Cross Proft Weigh	Dame .		
			Coverative Profit	× 7,788 ×	D 194
Cosh Plan Statement Cosh Plan Iron Operators	1 0 1075	Operating Profit Margin	Bales	74,764	
Color Link nami Charletten	8 10,000	Asset Menecoment			
Distincts	1 170	Asset turnsver		= <u>74,764</u> =	1.820
			Tatal esents	41,064	
		Asceleable turnover	Net sales	1 705	63.607
		ALCOHOL: BIRDA	Net accourse receivable	1,305	30.00
		Receivable collection parted	305	a 565.000 a	0.811
		(12,212)	Receivable Surrever	63.507	
			One of succession to	= 46,912 #	4 647
		Invertibity furnitures	Coult of goods sold	10,710	4 100 /
			,		
		treventory on hand period	205 Enventory Surreport	* 98	78.022
			and the same of th	4.007	
		PPE Surroyal	Half system	a 74.754 a	5.108
		Limitative	Het PPE	24,009	
		Cash and morketable securities to			0.081
		total assets	Cash + Marketabin asquirthre	2,494	1001
			Total assets	41,084	
		Cutck retts	Cont Marketable securities - Net ecosume repolyable Current imbilios	# 3.860 # 11,462	0:330
			Current imbilion	11,462	
		Current ratio	Current leadage	z15,372_=	1 341
			Current hebilities	11,423	
		Accounts poyable turnover	Cost of geods sold	= 46,812 =	9 094
		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	Accounts payable	1,276	
		Contraction and	, -		45.110
		Cleys" payetin period	Aggraphia papalis turnover	9.000 a	43.118
			19. *		48.01d
		Conh collection ported	Investory-on-hand period Receivable collection period	• 78.922 4 • 0.811	45.010
			Days' payetie period	40,118	
		Committee & and a contra	Cook from hom counting	# <u>0,975</u> #	1.530
		Operating funds ratio	Cash four Fern eparations Net Income	4,535	1.230
				,	
		Op Cosh Flow to Cur Link	Cash fire for appreliens Current labilities	z <u>6,87\$</u> z 11,482	909.0
			COURT PROPERTY.	a symple	
		Belower,	DO: 10 4 10 4 1	124.0	
		Long-term deld to lotel essets	Long-term debt + Current portion of long-term debt Total expens	# 15,799 4 41,064	0.261
		Lang-term delit to shareholders' equit	Lang-term dobt + Current portion of long-term dobt	a 10,798 a	100.0
			Sharefelters Equity	17,777	
				· ·	
		interest coverage ratio	Not become below terms + blacent expense	7,853	12 428
				LP-MIN	

Appendix C – Lowes Ratios 2013

Between Street	(3)				
Bakance Sheet, Cooks Methodole Securities Seat AR	S 321 Rate 160. 5 - Rate MODEL	Definition	Nurver star Denominator	Cuisaletien	
Itel Invertory Current America	\$ 10,200 Return on sharehalders' equity (RO)	(hardretars equity	7,266 11,853	£ 199	
Heat PPE Telled Amortic	S 20,004 S 20,702 Return on excests (RCA)	First transmin Types on earlie	2,286 32,732 a	£ 679	
Accessio Populás Curred Partieri Lang Terre Snel Curred Liabilios	t timt Laverage 5 45 t time Profesion	Tetal exerts Stareholders' equity	* 11,653 *	2761	
Long Tests Dapit (President Squity	8 10.222 Return on seles (ROS) (ola profit morgh) 8 11.223	Net heave	± 2,260 ± 53,417 ±	0.043	
Josephan Statument	Sales Crowth	Sales - Lest Year's Sales Last Year's Sales	2,898 50,521		
Hel Salan COUS Operating Profit	8 St. 417 8 St. St. Childrend redorden rate 8 4,148	Not Income - Olvidends Not Income	2,200		
Interest Experies Vest transve betwe Tanan	S 476 Eustaltable grouth tota S 3,673	Net Income - Civelenda Sterefolders' Equity	11,853		
Heel Property Level Your States	S 2,286 Gross Profit Mergin S 50,521	Bales - Cost of Goods Bold Bales	= 16,478 = 53,417		
Cosh Plow Statement Cosh Plow from Operators	Operating Profit Murgin 8 4.111	Cinemitat Pirelit Balen	53,417	0.076	
Distincts	\$ 733 Asset Darrover	Not pales Total searts	= <u>63,417</u> = <u>32,732</u> =	1.632	
	Receivable turnover	Not soins Not accounts receivable	53.417	CONTR	
	Resolvable soluction period	Receivable Istrover	# 365 000 #	KON/ID	
	investiony turneous	Coult of guests said Not inventory	# <u>34,941</u> # 8,127	2 426	
	liverskry or hand period	and the state of t		05.342	
	PPE turniver Lincisting	Net PPE	20,417 ±	2504	
	Cost and marketable occurties to total secute	Cosh + Marketable securities Total excets	* 576 * 32,732	0.018	
	Quick relie	Cosh • Meri-stable securities • Nel ecosuris receivable Current facilities		n oes	
	Current rolle	Current telebition	* 10,205 * 8,476		
	Accounts payable turnover	Cont of goods sold Accounts popular	# 31,941 # 4,008		
	Days' payable period Cash collector seried	Accustis payable furnover	* 266 * 0.877 *		
		Inventory-on-hand period Planet-able collection period Days' psychia period	62.314		U
	Operating funds ratio	Cash four Form eponsitions Fluid Teatrie	2,295	1.766	
	Op Cash Flow to Car. Linb.	Carlo flow from apprections Current Inhibition	# <u>4,111</u> # #,876	0.403	
	<u>Belenting</u> Lang-harm debt to total assets	Long-form dabt + Current portion of long-form debt Total assets	* 10,135 # \$2,782	Q 310	
	Lang-terre debt to shareholders' eq.	Lang-term dold + Curtaril portion of long-term dold Standarders Equity	* 10,135 * 11,653	0.455	
	interest coverage rates	Not become before taxes + interest expense expenses expense	= 4,140 a	6716	

Appendix D – Lowes Ratios 2012

Extence Sheet.	1	541	Ratio	Definition	Numerator_	Calculation
Marketoloo Samerikoo Had AR	8	125	ROE MODEL		Denominator	
Not bearing	1	4,50C	Reserve the second street or second	Not Income	1,050	0.141
Current Assets		8,784	Recurs on shareholders' equity (ROE)	Discreteises equity	13,657	E 141
Nut PPE	12	1,477		Net become	1,958	
Total Ameta	13	2,000	Return on excess (RCA)	Taxians	1,058	0.000
Accounts Payable		4 997	Lavetage	Total masts	27,600	2.957
Current Portion Long Texts Dept				Charefulders' equity	13,657	2.301
Current Limbilion Long Term Copt	\$	7,700 0 7700	Profesióle Return on seine (ROS)	Net Income	1,058	
			(ake prefit mergin)	Not sales	50,521	0 029
Strandistan Equity	\$ 1	1 m7		Bolos - Last Your's Soles	313	
			Bailes Chrowth	Last Year's Bains	54,335	B.008
Income Statement, Nat Salan	4.9	0,221		Not beame - Dividends	1,255 A	0.841
0003	\$3	0,194	Diskland retendent rate	Net income	1,956	
Operating Profit	3	1,550		Not Income - Dividends	1,255_=	0.001
trinomi Esperan Hat Joseph bolon Tana		425 1,137	Sustainable growth rela	Shareholders' Equity	13,67	4.00
				<u>.</u>		
Mad Iranova	8	1,000	Grees Froit Warsin	Bales - Coal of Goods Bost Bales	* <u>17,327</u> * 60,521	0.343
Lord Year Same	5 5	0,204				
Cash Pine Statement			Operating Profit Margin	Countries Froit	2,580 = 50,521	0.070
Cook Flow from Operations		知		 -	•	
Distants		704	And Meacened	Not some	= 50.521 =	1.647
	٠			Total south	32,666	
				Not nates	60 624	
			Receivable Surnover	Net accounts receivable	50,521	#CYV/III
			Receivable collection period	305	× 505.000 ×	and the
			Kasavana Goalesian paresa	Receivable School	404/0:	-CITIC
			Invertiory Lutterver	Cost of groups sold	= 33,194 ±	2.000
			and the same of th	Not invertely	*A¥	3400
			Inventory on hand period	365	s 365 s	84.905
			arrenary arrama person	inventory turnover	1 650	
			PPE turniver	Het noise	s <u>50,521</u> =	2 352
				Net PPE	21,477	2.000
			Liquidity Coath and marketaine securities in			
			lated ansata	Cash + Martistable sequifies	* <u>eee</u> *	9 020
				Total exacts	32,000	
			Clutck retto	Cash + Merketabia securitors + Nel septunts tecelvebia Current tebrition	* <u>666</u> *	10.000
				Current tebelies	7,706	
			Current ratio	Current assets	# <u>0,764</u> #	1.280
				Current labelies	7,700	
			Accounts popula Estravar	Cont of goods sold	s <u>33,194</u> s	7 128
				Accounts poyable	4,657	
			Days' payable period	905	* <u>386</u> *	51,208
				Accounts payable turnover	7, 128	
			Controllection period	Investory on herd period Receivable collection period	• 84.505 =	#DN/R
				Receivable coluction period Days' payable period	+ #DIV/DF - 51,308	
			Operating funds ratio	Cosh flow horn operations Not income	1,550 =	1.920
						57
			Op Ceeh Plow to Cur. 13ets	Cash flow harm operations Cutter(inhibition	* 3,762 * 7,706	0.484
			2.66		.,	
			<u>Robertos</u> Long-latm debt lo total assets	Lans-term debt + Carrest portion of long-term debt	= 9,677 =	0.274
			- ,	Lang-term debt + Current parties of long-term debt Total asserts	22,666	
			**		_	
			raub-telli tiett in aveurjusteit, edap	Long-horm debt + Current portion of long-form debt - inhersholders' Equity	0,077	0.656
				constructions (child)	13,657	
			Interest coverage rate	Hat Income before terms + Interest esparae	* <u>1,985</u> *	8.416
				obsess experies	423	

Appendix E - Common Size Balance Sheet:

is 2012 Common Size	***************************************	64% \$ 541 1.6562%	00% \$ 125 0.3827%	6.1279% \$ 8,600 26.3271%	1	717	- 1-	1010		2,9939% \$ 21,477 65,7473%	5 271	5	100			7.5370% \$ 4,657 14.2564%	42% \$ 670 2.0511%		8,2524% \$ 824 2,5225%	0.0000%	4.2553% \$ 47 0.1439%	14% \$ 1,510 4.6225%	31% \$ 7,708 23.5964%	S	2.0979% \$ 715 2.1888%	\$ 455		\$ 901	\$ 901	\$ 901 \$ 18,809 5 \$ 555	\$ 901 \$ 18,809 5 \$ 555 \$ 26 \$ 13,724 4	\$ 901 \$ 18,809 5 \$ 555 \$ 26 \$ 13,224 4	\$ 18809 5 5 555 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	\$ 18,809 \$ 5,80,809 \$ 5,55 \$ 13,224 \$ 5,22
Lowes		1.1945% -27.7264%	0.5652% 48.0000%	27.8840% 6.12			1.0418% 13.2890%			63.6503% 2.99	0.8524% 2.95	4.0419% 16.6667%				15.3000% 7.53	2.3983% 17.1642%				0.1497% 4.25	5.3648% 16.2914%	27.1172% 15.1531%	30.8139% 11.6944%	2.2302% 2.09	7	2.7374% 0.55				7.	7.	7. 7	7. 7
Common Size		391 - 1,1	185 0.54			I					279 0.8		32 100.0000%								49 0.1				730 2.23									
2013		\$ 35	us.	\$ 9,127	4	0 4 0 4	5	200		\$ 20,834	S	-	\$ 32,732			\$ 5,008	vı	v	•		s/s	\$ 1,756	. \$ B,B76	\$ 10,086	\$ 73	v,		\$ 20,879		s	. v s	S & S	S S S S	v v v v
	Assets	Cash and Cash Equiv	Short-Term Investments	Merchandise Inventories - net	Deferred Income Taxes	net	Total Custom Assets	con contain Seeds		Net PPE	Long Term Investments	Other Assets	Total Assets	Llab & Stake Holder	Equity Current Lishilleles	Accounts Payable	Accured Compensation and employee benefits	Short Term Barrawings	Deferred Revenue		Current Long-Term Debi	Other Current Liab	Total Current Liabilities	Long-Term Debt	Deferred revenue - extended protection plans	Deferred Income Taxes	Other Liabilities	Fotal Llabilities	Common Stack		Capital in excess of par	Capital in excess of par Retained Earnings Accumulated Other Comprehensive	Capital in excess of par Retained Earnings Accumulated Other Comprehensive (loss)/Income	Capital in excess of par Retained Earnings Accumulated Other Comprehensive (loss)/income
	Assets Communit Accets	Cash and Cash Equiv	Receviables	Merchandise			Total Current Assets	PPF	Less Accumulated Dep & Ammor	Net PPE	Goodwill	Other Assets	Total Assets	Liab & Stake Holder	Equity Current Labilities	Accounts Payable	Accured Salaries and Related Expenses	Sales Taxes Payable	Deffered Revenue	Income Taxes Payable	3.2154% Current Long-Term Debt Current Long-Term Debt	3.8628% Other Accrued Expenses	Total Current Liabilities	Long-Term Debt	Other Long-Term Liabilities	Defered Income Taxes		Total Liabilities	Common Stack	Daily Carles	Retained Faminet	Retained Earnings	Retained Earnings Accumulated Other Comprehensive Income	Retained Earnings Accumulated Other Comprehensive Income Treasury Stock Total Stockholders
Common Size		6.0705%	3.3955%	26.0685%			37 4160%	93.6885%		58.5849%	2.8478%	1.1513%	100.0000%			13.0854%	3.4417%	1.1489%	3.0912%	0.0535%	3.2154%	3.8628%	27.8989%	23.0625%	4.9922%	959LL'0	%00000'0	\$6.7301%	0.2142%	19.3457%	28 7737%	48.7732%		
2012		\$ 2,494	\$ 1,395	\$ 10,710			\$ 15 377			\$ 24,069	\$ 1,170		\$ 41,084			5 5,376	5 1.414		\$ 1,270	\$ 22	5 1,321	\$ 1,587	\$ 11,462	\$ 9,475	\$ 2,051	\$ 319	- 1	\$ 23,307	88			S 20,038		
% Change		-22.6544%	D.2151%	3.2400%			.0 6050%			-2.9956%	10.1709%	27.2727%	-1.3777%			7.8311%	0.9901%		5.2756%	-45.4545%	-97 5019%	10.0189%	-6.2206%	\$5.0501%	-0.4388%	61.1285%		4,1	0.0000%	5.7121%				
Common Size		4.7608%	3.4503%	27.2891%		-	37.7092%	96.4115%	38.7877%	57.6238%	3.1813%	1.4858%	100.000%			14.3072%	3.5244%	0.9773%	3.2998%	0.0296%	0.0814%	4.3092%	26.5290%	36,2580%	5.0397%	1.2686%	0.0000%	69.0952%	0.2172%	20.7365%	2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	2102:45	0.1135%	0.1135% -47.3715%
2013 C		\$ 1,929 /	\$ 1,398	5 11,057		200	\$ 15.279	\$ 39.064		\$ 23,348	\$ 1,289	\$ 602	5 40,518			\$ 5,797	5 1.428		-	12	33	1,746	\$ 10,749	14,691	7	5 514		27,		5 8,402		23,180	23,160	_

Appendix F - Common Size Income Statement

2013 Common Size % Change 2012 Common Size % Change 2013 Common Size % Change 2012 Common Size % Change 2013 Common Size % Change 5 13,437 \$ 10,0000% \$ 13,437 \$ 10,0000% \$ 13,437 \$ 10,0000% \$ 13,237 \$ 1			Ĭ	Home Depot							Lowes		
78,812 100.0000% 5.723% 5.74754 100.0000% 5.733% 5.0521 100 21,422 65.2464% 5.1317% 5.4391 65.4306% Cost of Sales Cost of Sales 5.3447 100.0000% 5.733% \$ 50.521 10 27,390 34.736% 10.2568% 2.4842 33.2317% Gross Profit Gross Margin \$ 18,776 35.1499% 8.3627% \$ 17,377 3 16,597 2.10590% 0.5391% 5.1568 2.20834% Total Op Expenses Expenses Expenses 5.4462 2.7309% 8.12,244 2 1,627 2.0644% 3.7628% 5.1568 2.0975% Dep & Amm Dep & Amm Dep & Amm 5.466 2.7309% 4.0324 2.7344 2 1,627 2.0644% 3.1628% 1.568 2.0975% Total Op Exp Total Expenses Expenses <t< th=""><th></th><th>2013</th><th>Common Size</th><th>% Change</th><th>2012</th><th>Common Size</th><th></th><th></th><th>2013</th><th>Common Size</th><th></th><th></th><th>Common Size</th></t<>		2013	Common Size	% Change	2012	Common Size			2013	Common Size			Common Size
21,222 65.2464% 5.1317% \$ 48,912 65.4306% Cost of Sales Cost of Sales \$ 34,941 65.4118% 5.7630% \$ 33,194 6 27,390 34,7536 10.2566% \$ 19,224 33.217% Gross Profit Gross Margin \$ 18,776 35.1499% \$ 1,2327% \$ 1,1327 3 3,1394 6 16,597 21.0590% 0.5391% 1,568 2.0975% Dep & Amm Dep & Amm \$ 1,462 2.7399% 4.0053% 1,523 1,627 2.0644% 3.7628% \$ 1,568 2.0975% Dep & Amm Dep & Amm \$ 1,462 2.7399% 4.0053% 1,523 1,627 2.0644% 3.7628% \$ 1,568 2.0975% Dep & Amm Dep & Amm \$ 1,462 2.7399% 4.0053% \$ 1,538 1,627 2.0644% 3.766 10.3887% Op Income Total Exp \$ 14,60 2.7320% 4.0053% \$ 1,139 1,167 1.0.1302% 11.0302% 11.0302% 10.03887% Op Income Interst & Other		78,812		5.4285%	\$ 74,754	100,0000%	Sales	Sales	\$ 53,417	100,0000%			100.0000%
27,390 34,7536% 10,2568% \$ 24,842 33,2317% Gross Profit Gross Margin \$ 18,776 35,1499% 8,3627% \$ 17,327 3 16,597 21,0590% 0.5391% \$ 16,508 22,0831% 5,658 20,075% Dep & Amm \$ 12,865 24,0841% 5,0719% \$ 12,224 2 1,627 2.0644% 3,7628% \$ 1,568 2.0975% Dep & Amm \$ 14,863 24,700 4,0053% \$ 1,523 18,224 23,1234% 0.8188% \$ 18,076 24,1806% Total Op Exp Total Exp \$ 14,803 27,7122% 4,3199% \$ 14,190 2 18,224 23,1234% 0.8188% \$ 18,076 24,1806% Total Op Exp Total Exp \$ 14,803 27,7122% 4,3199% \$ 14,190 2 9,166 11,6302% 18,075 24,1806% Total Op Income Int & Int & Int Intenst & Other Total Op Expenses Expenses Expenses Expenses Expenses Expenses Expenses Expenses Expenses Earnings before Inc Earnings before Inc Earnings before Inc Earnings before Inc Earnings	45	51,422		5.1317%	\$ 48,912	65.4306%	Cost of Sales	Cost of Sales	\$ 34,941	65,4118%		\$ 33,194	65.7034%
16,597 21,0590% 0.5391% \$ 16,508 22,0831% SGA SGA \$ 12,865 24,0841% S,0719% \$ 12,244 2 1,627 2.0644% 3.7628% \$ 1,568 2.0975% Dep & Amm Dep & Amm \$ 1,462 2.7370% -4,0053% \$ 1,523 18,224 2.31334% 0.8188% \$ 18,075 & 24,1806% Total Op Exp Total Exp \$ 14,803 27,7122% 4.3199% \$ 14,190 2,916 11,6302% 18,0273% \$ 7,766 10,3887% Op Income Interest & Other Dep & Amm S 1,462 2.7370% -4,0053% \$ 14,190 2,916 11,6302% 18,0273% \$ 7,766 10,3887% Op Income Expenses Expenses Expenses Expenses Int & Invited Texpense Int & Invited Texpense Int & Invited Texpense Int Expense Int Expens		27,390		10,2568%	\$ 24,842	33.2317%	Gross Profit	Gross Margin	\$ 18,776	35.1499%		\$ 17,327	34.2966%
21.0590% 0.5391% \$ 16,508 22.0831% \$ 56A \$ 5GA \$ 12,865 24.0841% 5.0719% \$ 12,244 2 2.0644% 3.7628% \$ 1,568 2.0975% Dep & Amm Dep & Amm \$ 1,462 2.7370% 4.0053% \$ 1,523 2.0644% 3.7628% \$ 1,568 2.0975% Dep & Amm Dep & Amm \$ 1,462 2.7370% 4.0053% \$ 1,523 23.1234% 0.8188% \$ 18,076 24.1806% Total Op Exp Total Exp \$ 14,803 27.7122% 4.3199% \$ 14,190 2 11.6302% 18.0273% \$ 7,766 10.3887% Op Income Interst & Other Total Expense Expenses Expenses Expenses Expenses Expenses Expenses Int & Inv Income Int & In							Op Expenses	Expenses					
2.0644% 3.7628% \$ 1,568 2.0975% Dep & Amm bep & Amm \$ 1,462 2.7370% 4.0053% \$ 1,523 23.1234% 0.8188% \$ 18,076 24.1806% Total Op Exp Total Exp \$ 14,803 27.7122% 4.3199% \$ 14,190 2 11,6302% 18,0273% \$ 7,766 10.3887% Oth Income Interst & Other Total Exp \$ 14,803 27.7122% 4.3199% \$ 14,190 2 11,6302% 18,0273% \$ 7,766 10.3887% Other Interst & Other Inc. 74336 5 1,221 9.6597% Inc. 74368 5 1,387 2.5666% 17.789 5 1,359 10.7433% 18.7431% 4,535 6.0666% Net Earnings Net Earnings 5 2,289 4.27958 6.0522% 1,9559		16,597		0.5391%	\$ 16,508	22.0831%	SGA	SGA	\$ 12,865	24.0841%		\$ 12,244	24.2355%
18,224 23,1234% 0.8188% \$ 18,076 24,1806% Total Op Exp Total Exp \$ 14,803 27,7122% \$ 423 \$ 423 9,166 11,6302% 18,0273% \$ 1,766 10.3887% Op Income Total Exp \$ 14,803 27,7122% 4,3199% \$ 14,190 2 9,166 11,6302% 18,0273% \$ 7,766 10.3887% Op Income Interst & Other \$ 14,803 27,7122% 4,3199% \$ 14,190 2 (12) -0.0152% 12,5000% \$ (20) -0.0268% Int Expenses Expenses Expenses Expenses Expenses Int Expense Int		1,627		3.7628%	\$ 1,568	2.0975%	Dep & Amm	Dep & Amm	\$ 1,462	2.7370%	-4.0053%	\$ 1,523	3.0146%
18,224 23,1234% 0.8188% \$ 18,076 24,1806% Total Op Exp Total Exp \$ 14,803 27,7122% 4,3199% \$ 14,190 2 9,166 11,6302% 18,0273% \$ 7,766 10.3887% Op Income Total Exp \$ 14,803 27,7122% 4,3199% \$ 14,190 2 1(12) -0.0152% 40,0000% \$ (20) -0.0268% Int & Inv Income Int & Inv Income Int & Expense Expenses Expenses Expenses Expenses Expenses Expenses Int & Inv Income Int Expense Int Expense <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Interest - Net</td> <td>\$ 476</td> <td>0.8911%</td> <td>12.5296%</td> <td>₩.</td> <td>0.8373%</td>								Interest - Net	\$ 476	0.8911%	12.5296%	₩.	0.8373%
9,166 11,6302% 18,0273% \$ 7,766 10.3887% Op Income Interst & Other Interst & Other Interst & Other Interst & Other Expenses Expenses (12) -0.0152% -40.0000% \$ (20) -0.0268% Int & Inv Income Int & Int Expense - 0.00000% 12.5000% \$ 632 0.8454% Int Expense Int Expense - 0.00000% 10.0000% \$ 67 0.0896% Other Other 699 0.8869% 28.2569% \$ 545 0.7291% Net 8,467 10.7433% 17.2552% \$ 7,221 9.5597% Tax Tax \$ 3,673 6.8761% 17.0864% \$ 3,137 3,082 3-9106% 14.7431% 2,586 3,5931% Inc Taxes \$ 1,387 2,286 4,2795% 5,959 5,385 6.88377% 18.7431% 4,535 6.0666% Net Earnings Net Earnings \$ 2,286 4,2795% 5,1959		18,224		0.8188%	\$ 18,076	24.1806%	Total Op Exp	Total Exp	\$ 14,803	27.7122%	4.3199%	\$ 14,190	28.08739
10.7433% 17.2552% 2.686 1.68 1.68 1.68 1.7433% 18.7431% 2.686 3.5931 18.7431% 2.686 3.68		9,166		18,0273%	\$ 7,766	10.3887%	Op Income						
(12) -0.0152% -40.0000% \$ (20) -0.0268% Int & Inv Income Int & Inv Income 711 0.9021% 12.5000% \$ (32) 0.8454% Int Expense Int Expense - 0.0000% 100.0000% \$ (32) 0.8454% Int Expense Int Expense 699 0.8869% 28.2569% \$ 545 0.7291% Net Net 8,467 10.7433% 17.2552% \$ 7,221 9.6597% Tax Tax \$ 3,673 6.8761% 17.0864% \$ 1,178 3,082 3-9106% 14.7431% \$ 4,535 6.0666% Net Earnings Net Earnings \$ 2,286 4.2795% 5 1,959							Interst & Other	Interst & Other					
-0.0152% -40,0000% \$ (20) -0.0268% Int & Inv Income Int & Inv Income 0.9021% 12.5000% \$ 632 0.8454% Int Expense Int Expense 0.0000% -100.0000% \$ 632 0.0896% Other Other Other 0.0000% -100.0000% \$ 675 0.7291% Net Net Int Expense 0.08869% 28.2569% \$ 545 0.7291% Net Net Earnings before Inc Farnings before Inc Farnings before Inc Tax Tax 2.5966% 17.7419% \$ 1,178 3-9106% 14.7431% \$ 2,686 3.5931% Inc Taxes Inc Taxes \$ 1,387 2.5966% 17.7419% \$ 1,178 6.8327% 18.7431% 4,535 6.0666% Net Earnings Net Earnings \$ 2,286 4.27955% \$ 1,959							Expenses	Expenses					
0.9021% 12.5000% \$ 632 0.8454% Int Expense Int Expense 0.0000% -100.0000% \$ 67 0.0896% Other Other Other 0.08869% 28.2569% \$ 545 0.7291% Net 10.7433% 17.2552% \$ 7,221 9.6597% Tax \$ 3,673 6.8761% 17.0864% \$ 3,137 3-9106% 14.7431% \$ 2,686 3.5931% Inc Taxes \$ 1,387 2.5066% 17.7419% \$ 1,178 6.8327% 18.7431% \$ 4,535 6.0666% Net Earnings \$ 2,289 4.2795% 6.6922% \$ 1,959		(12)		-40,0000%	s	-0.0268%	Int & Inv income	Int & Inv Income					
0.00000% -100.0000% 67 O.0896% Other Other Other 0.8869% 28.2569% 5 45 0.7291% Net Net Anings before Inc. Earnings before Inc. Earnings before Inc. Earnings before Inc. Tax Tax 5 3,673 6.8761% 17.0864% \$ 3,137 10.7433% 17.2552% \$ 7,221 9.6597% Tax Inc. Taxes \$ 1,387 2.5966% 17.7419% \$ 1,178 6.8327% 18.7431% \$ 4,535 6.0666% Net Earnings \$ 2,286 4.2795% 6.6922% \$ 1,959		711		12.5000%	₩.	0.8454%	Int Expense	Int Expense					
0.8869% 28.2569% \$ 545 0.7291% Net Net </td <td></td> <td>٠</td> <td></td> <td></td> <td>\$</td> <td>0.0896%</td> <td>Other</td> <td>Other</td> <td></td> <td></td> <td></td> <td></td> <td></td>		٠			\$	0.0896%	Other	Other					
10.7433% 17.2552% \$ 7,221 9.6597% Tax Tax \$ 3,673 6.8761% 17.0864% \$ 3,137 3.9106% 14.7431% \$ 2,686 3.5931% Inc Taxes \$ 1,387 2.5966% 17.7419% \$ 1,178 6.8327% 18.7431% \$ 4,535 6.0666% Net Earnings \$ 2,286 4.2795% 16.6922% \$ 1,959		669		28.2569%	₩.	0.7291%	Net	Net					
3.9106% 14.7431% \$ 2,686 3,5931% Inc Taxes Inc Taxes \$ 1,387 2,5966% 17.7419% \$ 1,178 6.8327% 18.7431% \$ 4,535 6.0666% Net Earnings Net Earnings \$ 2,286 4.2795% \$ 6.6922% \$ 1,959		0 467		17 755794		90 6507%	Earnings before Inc	Earnings before Inc	\$ 3,673	6.8761%	17.0864%	40	6.20939
6.8327% 18.7431% \$ 4,535 6.0666% Net Earnings Net Earnings \$ 2,286 4.2795% 16.6922% \$ 1,959		3.082		14.7431%		3.5931%	Inc Taxes	Inc Taxes	\$ 1,387	2,5966%	17.7419%	45	7.3317
		5,385		18.7431%	45	6.0666%	Net Earnings	Net Earnings	\$ 2,286	4.2795%	16.6922%	45	3.87769
										1	7		