



Home Depot (HD US)



Industry	Home Improvement Retail
Last Price	USD295.12
Bloomberg TP	USD326.00
Upside/Downside	10.5%

Financial (USD)	22A	23E	24E
Revenue (Millions)	151,157	157,403	157,099
Net Profit (Millions)	16,433	17,105	15,925
Profit Margin	10.9	10.9	10.1
EBITDA Margin	17.9	17.9	16.3
Earning Per Share	15.53	16.69	15.87

**Home Depot (HD US)** is an American home improvement retail company that specializes in various home products ranging from low to high cost. Some products include garden products, building materials, various furniture and home care products. It is the largest home improvement chain in the US and operates more than 2,300 stores in North America (with an additional 300 across Canada and Mexico). HD also offers installation and equipment rental services.

Home Depot mobile/online strategy

Home Depot has been further pushing and finding success in their online segment and implementing various cost efficiencies along with the introduction of their mobile app Sidekick. The Sidekick app helps store associates to prioritize their tasks and helps to inform users of what products are in demand, availability and location of the products. Supply chain efficiencies are resulting in an increasing shift in consumer preference for online home delivery with 45% of its online orders being fulfilled in stores. McPhail, Home Depot Executive, said at the JP Morgan Retail Round-Up Conference that the company recognized value in recent M&As, specifically data science companies that have been able to help them price in smarter ways.

Overvalued or Really growing?

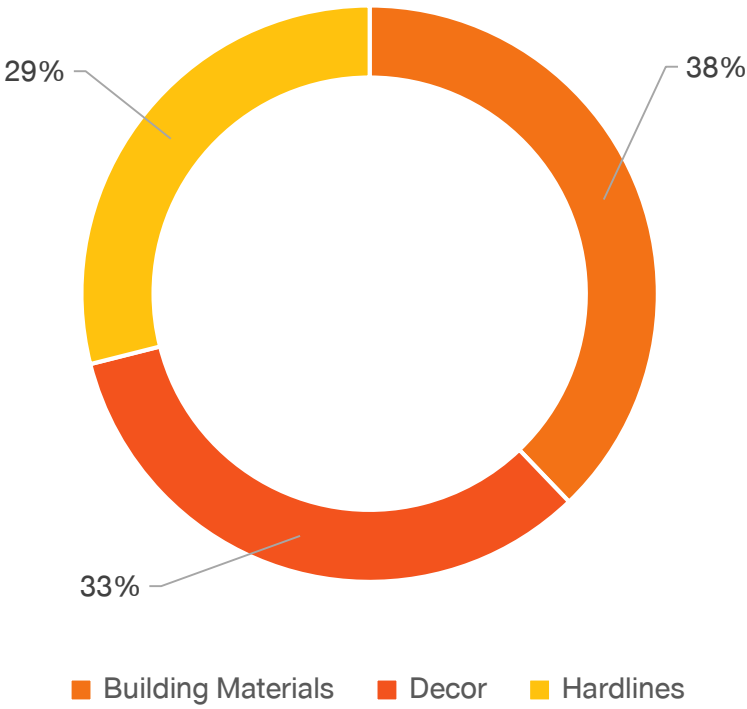
Recent Zacks Rank of #4 along with a decline in the Zack Consensus estimate for the current year declining 0.3% over the last month shows that Zacks is perhaps overvalued. Despite this some analysts still believe that Home Depot is growing with movement towards less expensive products and EPS values showing continues average growth of about 18% for the last 3 years. Though Home Depot EBIT margins have remained largely unchanged, the company has shown decent growth with last quarter’s revenue growth at 4.2%.

Competitors

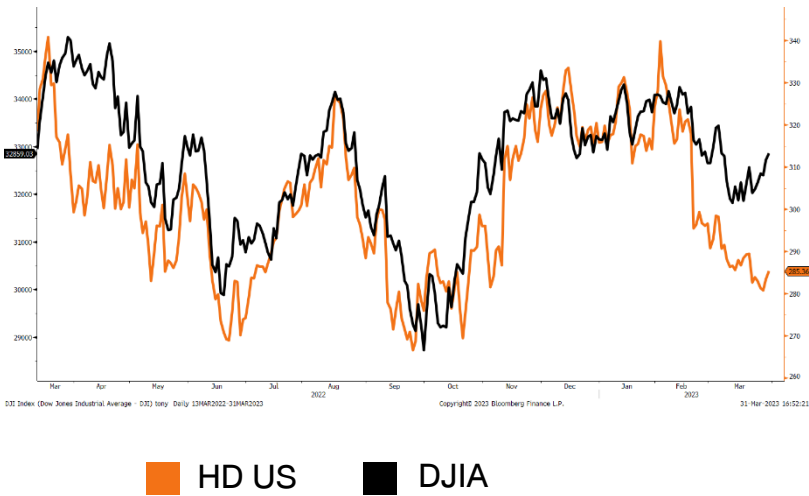
HD’s PE ratio (17.69) is above the industry value (27.12) and between its closest competitors (KR at 11.73 and AMZN at 139.87). PBV value is very large at 191.96 compared to 3.53 and 7.24 and PEG is much larger at 2.36 compared to 3.52 and negative -2.04. Home depot is relatively overvalued compared to its competitor.

Valuation	22A	23E	24E
P/E (x)	23.60	18.97	18.59
P/B (x)	-	205.99	151.11

Revenue Breakdown



1 Year Return VS Dow Jones Index (23/02/22 – 23/02/23)



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