



1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
9.03	11.00	13.65	16.68	19.68	22.83	25.40	27.31	33.86	38.38	46.11	45.77	42.03	38.84	41.90	45.80	50.25	53.35	Sales per sh ^A	65.40
.54	.66	.90	1.21	1.10	1.29	1.62	1.99	2.27	2.93	3.44	3.82	3.50	2.81	2.66	3.07	3.55	4.15	"Cash Flow" per sh	5.50
.43	.52	.71	1.00	1.10	1.29	1.56	1.88	2.26	2.72	2.79	2.27	1.78	1.66	2.03	2.47	3.05	3.40	Earnings per sh ^{AB}	4.35
.05	.06	.08	.11	.16	.17	.21	.26	.33	.40	.68	.90	.90	.90	.95	1.04	1.16	1.28	Div'ds Decl'd per sh ^C	1.68
2.75	3.23	3.95	5.36	6.46	7.71	8.64	9.44	11.19	12.67	12.71	10.48	10.48	11.42	11.64	11.64	12.00	12.40	Book Value per sh ^E	16.15
2162.3	2196.3	2213.2	2304.3	2323.7	2345.9	2293.0	2373.0	2158.7	2124.0	1970.0	1690.0	1696.0	1698.0	1623.0	1537.0	1475.0	1425.0	Common Shs Outst'g ^D	1300.0
26.5	30.8	40.1	45.8	46.6	35.6	22.6	16.7	16.7	14.7	13.7	15.4	14.3	15.3	15.6	15.0	15.0	15.0	Avg Ann'l P/E Ratio	16.0
1.66	1.78	2.09	2.61	3.03	1.82	1.23	.95	.88	.78	.74	.82	.86	1.02	.99	.94	.94	.94	Relative P/E Ratio	1.05
.4%	.4%	.3%	.2%	.3%	.4%	.6%	.8%	.9%	1.0%	1.8%	2.6%	3.5%	3.5%	3.0%	2.8%	2.8%	2.8%	Avg Ann'l Div'd Yield	2.4%

CAPITAL STRUCTURE as of 10/28/12										58247	64816	73094	81511	90837	77349	71288	65955	67997	70395	74150	76000	Sales (\$mill) ^A	85000
Total Debt \$10813 mill. Due in 5 Yrs \$4487 mill.										32.6%	33.4%	35.2%	33.5%	32.8%	33.6%	33.7%	33.9%	34.3%	34.5%	34.6%	34.6%	Gross Margin	34.5%
LT Debt \$10779 mill. LT Interest \$595 mill.										11.6%	12.2%	12.6%	13.3%	12.6%	11.6%	8.6%	10.1%	11.0%	11.7%	12.0%	12.1%	Operating Margin	12.4%
(Total interest coverage: 11.0x. LT int earned: 12.0x)										1532	1707	1890	2042	2147	2234	2274	2244	2248	2252	2250	2260	Number of Stores	2300
(38% of Cap'l)										3664.0	4304.0	5001.0	5838.0	5761.0	4210.0	2982.0	2811.0	3371.0	3883	4575	4930	Net Profit (\$mill)	5650
Leases, Uncapitalized Annual rentals \$800.0 mill.										37.6%	37.1%	36.8%	37.1%	38.1%	36.4%	37.4%	34.5%	36.7%	36.0%	37.0%	37.0%	Income Tax Rate	37.0%
No Defined Benefit Pension Plan										6.3%	6.6%	6.8%	7.2%	6.3%	5.4%	4.2%	4.3%	5.0%	5.5%	6.2%	6.5%	Net Profit Margin	6.7%
Pfd Stock None										3882.0	3774.0	3661.0	2445.0	5069.0	1968.0	2209.0	3537.0	3357.0	5144	5300	5300	Working Cap'l (\$mill)	5300
Common Stock 1,495,179,495 shs. as of 11/13/12										1321.0	856.0	2148.0	2672.0	11643	11383	9667.0	8662.0	8707.0	10758	10750	10750	Long-Term Debt (\$mill)	10750
MARKET CAP: \$94 billion (Large Cap)										19802	22407	24158	26909	25030	17714	17777	19393	18889	17898	17700	17650	Shr. Equity (\$mill)	21000
CURRENT POSITION										17.6%	18.7%	19.1%	20.0%	16.2%	15.5%	11.9%	11.1%	13.0%	14.5%	17.0%	18.0%	Return on Total Cap'l	18.0%
2010										18.5%	19.2%	20.7%	21.7%	23.0%	23.8%	16.8%	14.5%	17.8%	21.7%	26.0%	28.0%	Return on Shr. Equity	27.0%
2011										16.0%	16.6%	17.7%	18.5%	17.4%	14.1%	8.2%	6.6%	9.5%	12.6%	16.0%	17.5%	Retained to Com Eq	16.5%
2012										13%	14%	14%	15%	24%	41%	51%	54%	47%	42%	38%	38%	All Div'ds to Net Prof	39%

	2010	2011	10/28/12
Cash Assets	545	1987	2554
Receivables	1085	1245	1645
Inventory (LIFO)	10625	10325	10960
Other	1224	963	796
Current Assets	13479	14520	15955
Accts Payable	4717	4856	6010
Debt Due	1042	30	34
Other	4363	4490	4622
Current Liab.	10122	9376	10666

BUSINESS: The Home Depot, Inc. operates a chain of 2,250 retail building supply/home improvement "warehouse" stores across the U.S. and in Canada and Mexico (as of 11/13/12). Acquired Hughes Supply in 1/06. Average store size: 104,000 sq. ft. indoor plus 24,000 sq. ft. garden center. Items stocked: about 35,000. Product lines include building materials, lumber, floor/wall coverings; plumbing, heating, and electrical; paint & furniture; seasonal and specialty items; hardware & tools. Has about 331,000 employees. Off. & dir. own less than 1.0% of common; Capital World Investors, 12.4% (4/12 Proxy). Chairman & CEO: Frank Blake, Inc.: DE. Address: 2455 Paces Ferry Road N.W., Atlanta, Georgia 30339. Telephone: 770-433-8211. Internet: www.homedepot.com.

ANNUAL RATES										Past	Past	Est'd '09-'11
of change (per sh)										10 Yrs.	5 Yrs.	to '15-'17
Sales										8.0%	1.5%	7.5%
"Cash Flow"										8.5%	-2.0%	10.0%
Earnings										6.0%	-4.5%	13.5%
Dividends										20.5%	15.5%	9.5%
Book Value										6.0%	-1.0%	5.5%

Fiscal Year Begins	QUARTERLY SALES (\$mill.) ^A				Full Fiscal Year
	Apr.Per	Jul.Per	Oct.Per	Jan.Per	
2009	15954	19071	16361	14569	65955
2010	16863	19410	16598	15126	67997
2011	16823	20232	17326	16014	70395
2012	17808	20570	18130	17642	74150
2013	18400	21500	18800	17300	76000

Fiscal Year Begins	EARNINGS PER SHARE ^{A B}				Full Fiscal Year
	Apr.Per	Jul.Per	Oct.Per	Jan.Per	
2009	.35	.64	.41	.24	1.66
2010	.45	.72	.51	.35	2.03
2011	.50	.86	.60	.50	2.47
2012	.65	1.01	.74	.65	3.05
2013	.75	1.15	.82	.68	3.40

Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	.225	.225	.225	.225	.90
2009	.225	.225	.225	.225	.90
2010	.236	.236	.236	.236	.95
2011	.25	.25	.25	.29	1.04
2012	.29	.29	.29	.29	

The Home Depot delivered better-than-expected fiscal third-quarter (ended October 28th) results. Excluding an \$0.11-per-share nonrecurring charge, the retailer earned \$0.74 in the October period, a nickel ahead of our forecast and up 23% year to year. Likewise, sales of \$18.1 billion topped our \$17.8 billion forecast, and comparable-store sales rose 4.2%. The top line was helped by the nascent recovery in the housing market and continued demand for maintenance, repair, and home decor items. Meanwhile, the gross margin expanded slightly and operating expenses as a percentage of sales ticked down. Lower interest expenses and a reduced share count helped, as well. **The company should finish fiscal 2012 on a strong note.** Gradual recovery in the housing market ought to buoy results, as should sales of seasonal goods, maintenance and repair items, and a rebound in large-ticket products, like appliances, floorings, and kitchens. At this point, we are looking for The Home Depot to earn \$0.65 a share in the January period. There is some uncertainty to our numbers, however. While we expect the company to get a boost in sales from recovery efforts in the wake of Hurricane Sandy, it is difficult to judge the impact. Relatively mild weather in November and December should have helped rebuilding initiatives, however.

We have added \$0.10 a share to our fiscal 2013 earnings forecast, which now stands at \$3.40. We believe that near-term prospects are bright, given the evolving recovery in the housing and employment markets. However, if lawmakers are unable to find common ground and sidestep the looming "fiscal cliff" of tax increases and spending cuts, the economic recovery would likely slow. **These shares are appropriate for a variety of investors, in our view.** They are pegged to outperform the broader market averages in the year ahead (Timeliness: 1), and we also like the stock's decent dividend yield and the fact that payments are well covered. Additionally, the company garners our Highest score for Financial Strength, while the stock gets a top mark for Safety and carries a Beta below 1.00.

Matthew Spencer, CFA December 28, 2012