

Home Depot (HD)

Price:	\$88.84
Shares Outstanding:	1,350,000,000
Market Cap:	\$119,934,000,000
Cash:	\$4,216,000,000
Debt:	\$15,034,000,000
Net Cash:	-\$10,818,000,000
Enterprise Value:	\$130,752,000,000

Net Tang. Bk Value Incl. Cash, Excl.	\$11,200,000,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$38,090,532,500.00
Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$7,135,106,500.00
NTBVIC/Market Downside Recovery:	9.34%	Year 5 Disposition FCF Multiple:	3.0
Op. Cash Flow:	\$7,135,106,500	Year 5 Disposition Price:	\$59,495,852,000.00
Implied Years to Fill Gap:	15.24		
Today's Equity if 5x Op. CF:	\$32,605,319,500		
Net Tang. Book+ Gain Disposition:		\$59,495,852,000.00	
IRR:		-13.08%	

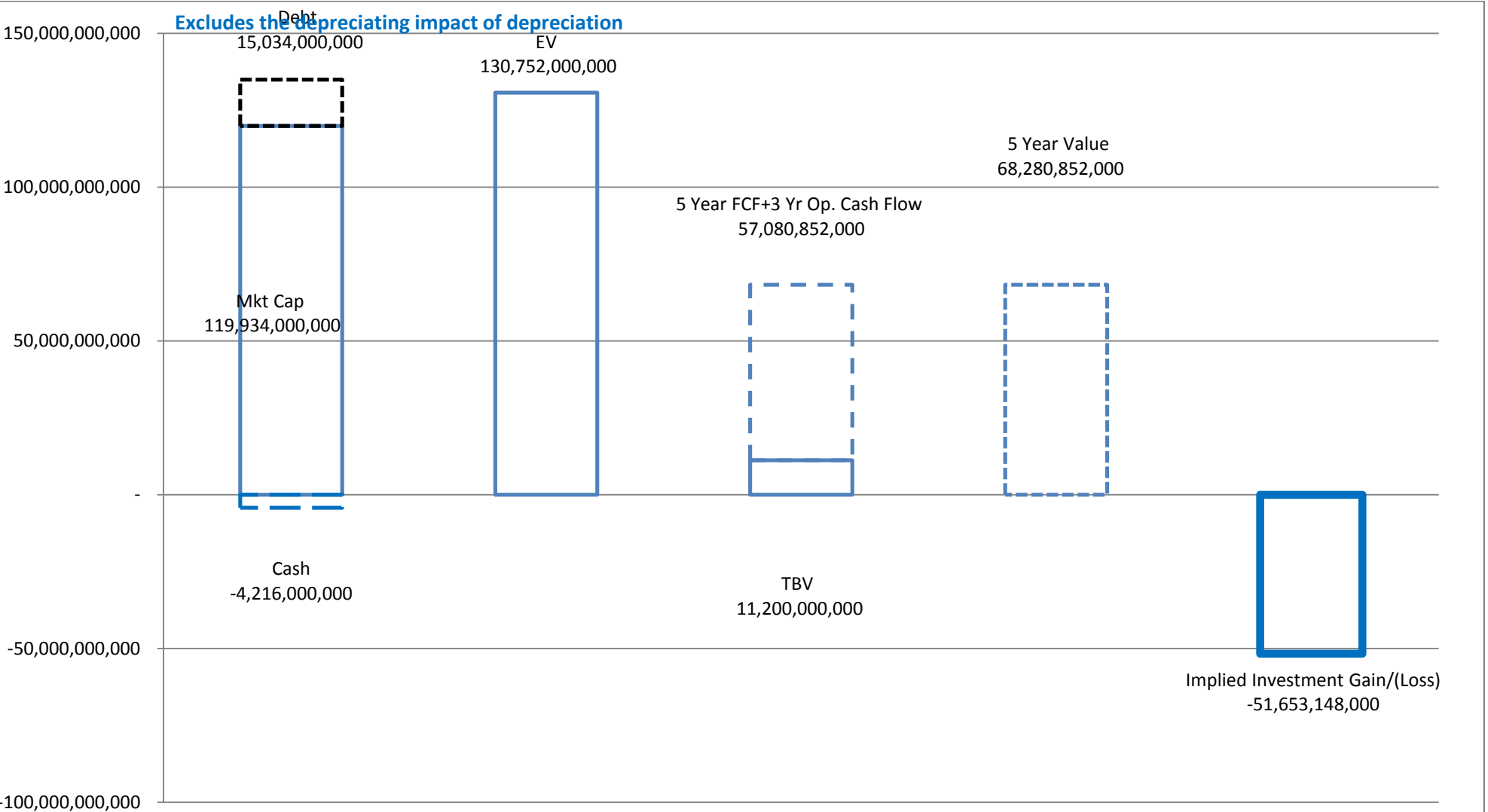
Price:	\$44.07
Target Market Cap:	\$59,495,852,000
Target Enterprise Value:	\$70,313,852,000

* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

Wow! \$120BB market cap for Home Depot? This is wild.

Very strong cash generator.

Excludes the depreciating impact of depreciation



Home Depot, Inc., is a Delaware corporation that was incorporated in 1978. The Home Depot stores sell assortment of building materials, home improvement and lawn and garden products and provide a number of services. The Company has 1,977 Home Depot stores located throughout the United States including the Commonwealth of Puerto Rico and the territories of the U.S. Virgin Islands and Guam 180 stores in Canada and 106 stores in Mexico. The Home Depot stores serve three primary customer groups; Do-It-Yourself Customers, Do-It-For-Me Customers and Professional Customers. Do-It-Yourself customers are typically home owners who purchase products and complete their own projects and installations. Do-It-For-Me customers are typically home owners who purchase materials themselves and hire third parties to complete the project or installation. The installation programs include products such as carpeting, flooring, cabinets, countertops and water heaters. Professional customers are professional remodelers, general contractors, repairmen, small business owners and tradesmen. A typical Home Depot store stocks approximately 30,000 to 40,000 products during the year, including both national brand name and proprietary items. It also offers over 700,000 products through its Home Depot and Home Decorators Collection websites. The Company competes with specialty design stores, showrooms, discount stores, local, regional and national hardware stores, mail order firms, warehouse clubs, independent building supply stores and, to a lesser extent, other retailers, as well as with installers of home improvement products.

Company Name:		Home Depot	Market Capitalization:	\$119,934,000,000.00	Revenue:	\$80,660,000,000.00	100.0%
Ticker Symbol:		HD	Total Debt:	\$15,034,000,000.00	Cost of Goods Sold:	\$53,270,000,000.00	66.0%
Last Price:		\$88.84	RCH Total Cash:	\$4,216,000,000.00	Gross Profit:	\$27,390,000,000.00	34.0%
Net Cash/Share:		-\$8.01	Net Cash/(Debt):	-\$10,818,000,000.00	EBITDA:	\$11,560,000,000.00	14.3%
Net Cash to Last Price:		-9.02%	Enterprise Value:	\$130,752,000,000.00	Net Income:	\$5,790,000,000.00	7.2%
Shares Outstanding:		1,350,000,000	Current EV/Share:	\$96.85			
Industry:		Home Improvement Stores	EBITDA:	\$12,550,000,000.00			
Sector:		Consumer Cyclical	EV/EBITDA Multiple:	10.42			
Institutional Ownership:		77.93%	EV/EBITDA Multiple Average Year 1-5:	11.66			
Mutual Fund Ownership:		40.91%	EV/FCF Multiple (excluding acquisition):	20.96			
Insider Ownership:		2.30%		23.20			
Float:		89.00%					
			Upper Range				
			DCF: EV/EBITDA Terminal Value				
			Implied TV from 3 X EV/EBITDA Multiple	\$28,372,320,000.00	A/P:	\$5,800,000,000.00	
			Enterprise Value	\$28,372,320,000.00	Deferred Tax:	\$528,000,000.00	
			Cash at Year 5:	\$32,391,532,500.00	Other Liabilities:	\$10,660,000,000.00	
			Debt at Year 5:	\$15,034,000,000.00	Short term Debt:	\$34,000,000.00	
			Equity Value Year 5:	\$45,729,852,500.00	Long Term Debt:	\$15,000,000,000.00	
			Equity/Share at Year 5:	\$33.87	Liabilities:	\$32,022,000,000.00	
			Annualized Return:	-17.54%	Retained Earnings:	\$24,000,000,000.00	
					Paid-In Capital:	\$8,490,000,000.00	
			Lower Range		Treasury Stock:	-\$20,000,000,000.00	
			DCF: Net Tangible Asset excluding Cash/Debt Terminal Value		Stockholder's Equity:	\$12,490,000,000.00	
			Year 5 Net Tangible Assets excluding cash and debt	\$23,806,000,000.00			
			Enterprise Value	\$23,806,000,000.00	Cash Flow		
			Cash at Year 5:	\$32,391,532,500.00	Net Income:	5,385,000,000.00	
			Debt at Year 5:	\$15,034,000,000.00	Depreciation/Amortization:	1,757,000,000.00	
			Equity Value Year 5:	\$41,163,532,500.00	Change in Working capital:	289,000,000.00	
			Equity/Share at Year 5:	\$30.49	Cash from Operating Activities:	7,628,000,000.00	
			Annualized Return:	-19.26%	Capital Expenditures:	-1,389,000,000.00	
					Cash from Investing Activities:	-1,507,000,000.00	
			EVA		Total Cash Dividends Paid:	-2,243,000,000.00	
			EVA today:	\$16,531,343,816.39	Issuance (Retirement) of Stock:	-8,305,000,000.00	
			EVA in 5 Years:	\$43,420,835,662.30	Issuance (Retirement) of Debt:	3,933,000,000.00	
			EVA/Share:	\$32.16	Cash from Financing Activities:	-6,652,000,000.00	
			Cash at Year 5:	\$32,391,532,500.00			
			Debt at Year 5:	\$15,034,000,000.00			
			Equity Value Year 5:	\$60,778,368,162.30	Profitability Margins		
			Equity/Share at Year 5:	\$45.02	Debt to Equity:	120.37%	
			Annualized return	21.30%	Return on Assets:	12.45%	
					Return on Capital:	19.56%	
			Current Net Tangible Asset		Return on Equity:	43.11%	
			Net Tangible Asset/Share:	\$7.36			
			Net Tangible Asset/Share in Year 5:	\$27.28			
			Annualized return	29.95%			
			Current Equity Price:	\$88.84			
			Selling at Discount?	Premium			
			Appreciation Potential:	-91.71%			
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SN VALUATION

LBO Pro Forma Income Statement

Name:

Home Depot

Ticker:

HD

	Historical				Forecasted				
	52 weeks ending 2011-01-30	52 weeks ending 2012-01-29	53 weeks ending 2013-02-03	52 weeks ending 2014-02-02	2014	2015	2016	2017	2018
Revenue	67,997.00	70,395.00	74,754.00	78,812.00	78,812.00	78,812.00	78,812.00	78,812.00	78,812.00
COGS	44,693.00	46,133.00	48,912.00	51,422.00	52,015.92	52,015.92	52,015.92	52,015.92	52,015.92
Gross margin	23,304.00	24,262.00	25,842.00	27,390.00	26,796.08	26,796.08	26,796.08	26,796.08	26,796.08
SG&A	15,849.00	16,028.00	16,508.00	16,597.00	17,338.64	17,338.64	17,338.64	17,338.64	17,338.64
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Excluded from COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	7,455.00	8,234.00	9,334.00	10,793.00	9,457.44	9,457.44	9,457.44	9,457.44	9,457.44
Interest income/(expense)	-515.00	-593.00	-612.00	-699.00	-1,183.43	-1,183.43	-1,183.43	-1,183.43	-1,183.43
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	-51.00	0.00	67.00	0.00	0.00	0.00	0.00	0.00	0.00
Income before tax	5,273.00	6,968.00	7,221.00	8,467.00	8,274.01	8,274.01	8,274.01	8,274.01	8,274.01
Tax	1,935.00	2,185.00	2,896.00	3,082.00	2,895.90	2,895.90	2,895.90	2,895.90	2,895.90
Income after tax	3,338.00	3,883.00	4,535.00	5,385.00	5,378.11	5,378.11	5,378.11	5,378.11	5,378.11
Minority Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	3,338.00	3,883.00	4,535.00	5,385.00	5,378.11	5,378.11	5,378.11	5,378.11	5,378.11
* Figures are in millions (\$)									
EPS (based off today's share count)	\$2.47	\$2.88	\$3.36	\$3.99	\$3.98	\$3.98	\$3.98	\$3.98	\$3.98
P/E (historical today's price; forecasted intrinsic price)	35.93	30.89	26.45	22.27	19.38	16.85	14.64	12.73	11.06
Revenue Growth	N/A	3.53%	6.19%	5.43%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	36.70%	36.01%	37.20%	36.40%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-5.28%	-5.50%	-5.67%	-4.75%	-7.89%	-7.89%	-7.89%	-7.89%	-7.89%
Margins									
COGS	65.73%	65.53%	65.43%	65.25%	66.00%	66.00%	66.00%	66.00%	66.00%
Gross margin	34.27%	34.47%	34.57%	34.75%	34.00%	34.00%	34.00%	34.00%	34.00%
SG&A	23.31%	22.77%	22.08%	21.06%	22.00%	22.00%	22.00%	22.00%	22.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Excluded from COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	10.96%	11.70%	12.49%	13.69%	12.00%	12.00%	12.00%	12.00%	12.00%
Interest income/(expense)	-0.76%	-0.84%	-0.82%	-0.89%	-1.50%	-1.50%	-1.50%	-1.50%	-1.50%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	-0.08%	0.00%	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	7.75%	8.62%	9.66%	10.74%	10.50%	10.50%	10.50%	10.50%	10.50%
Tax	2.85%	3.10%	3.59%	3.91%	3.67%	3.67%	3.67%	3.67%	3.67%
Income after tax	4.91%	5.52%	6.07%	6.83%	6.82%	6.82%	6.82%	6.82%	6.82%
Minority Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	4.91%	5.52%	6.07%	6.83%	6.82%	6.82%	6.82%	6.82%	6.82%

	As of 2011-01-30	As of 2012-01-29	As of 2013-02-03	As of 2014-02-02	Adjustment		Adjusted Proforma	2014	2015	2016	2017	2018
					+	-						
Cash	545.00	1,987.00	2,494.00	1,929.00	4,216.00		4,216.00	9851.1065	15,486.21	21,121.32	26,756.43	32,391.53
Short term investment	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	545.00	1,987.00	2,494.00	1,929.00	4,216.00		4,216.00	9,851.11	15,486.21	21,121.32	26,756.43	32,391.53
Accounts Receivable	1,085.00	1,245.00	1,395.00	1,398.00	1,400.00		1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00
Other receivables	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	1,085.00	1,245.00	1,395.00	1,398.00	1,400.00		1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00
Total Inventory	10,625.00	10,325.00	10,710.00	11,057.00	11,665.00		11,665.00	11,665.00	11,665.00	11,665.00	11,665.00	11,665.00
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets	1,224.00	963.00	773.00	895.00	973.00		973.00	973.00	973.00	973.00	973.00	973.00
Current Assets	13,479.00	14,520.00	15,372.00	15,279.00	18,254.00	0.00	18,254.00	23889.1065	29,524.21	35,159.32	40,794.43	46,429.53
PP&E, Gross	38,385.00	38,975.00	38,491.00	39,603.00	39,603.00		39,603.00	41,103.00	42,603.00	44,103.00	45,603.00	47,103.00
Change in Depreciation	1,718.00	1,682.00	1,684.00	1,757.00	1,757.00		1,757.00	1,757.00	1,757.00	1,757.00	1,757.00	1,757.00
Accumulated Depreciation	13,325.00	14,527.00	14,422.00	16,477.00	16,500.00		16,500.00	18,257.00	20,014.00	21,771.00	23,528.00	25,285.00
PP&E, Net	25,060.00	24,448.00	24,069.00	23,126.00	23,103.00		23,103.00	22,846.00	22,589.00	22,332.00	22,075.00	21,818.00
Goodwill	1,187.00	1,120.00	1,170.00	1,289.00	1,290.00	0.00	1,290.00	1,290.00	1,290.00	1,290.00	1,290.00	1,290.00
Intangibles	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Long term investments	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	260.00	295.00	333.00	602.00	602.00		602.00	602.00	602.00	602.00	602.00	602.00
Long Term Assets	26,507.00	25,863.00	25,572.00	25,017.00	24,995.00		24,995.00	24,738.00	24,481.00	24,224.00	23,967.00	23,710.00
Total Assets	39,986.00	40,383.00	40,944.00	40,296.00	43,249.00	0.00	43,249.00	48,627.11	54,005.21	59,383.32	64,761.43	70,139.53
Accounts Payable	4,717.00	4,856.00	5,376.00	5,797.00	5,800.00		5,800.00	5,800.00	5,800.00	5,800.00	5,800.00	5,800.00
Accrued Expense	3,173.00	3,320.00	3,471.00	3,568.00	3,600.00		3,600.00	3,600.00	3,600.00	3,600.00	3,600.00	3,600.00
Other current Liabilities	1,190.00	1,170.00	1,294.00	1,351.00	1,860.00		1,860.00	1,860.00	1,860.00	1,860.00	1,860.00	1,860.00
Total Current Liabilities	9,080.00	9,346.00	10,141.00	10,716.00	11,260.00	0.00	11,260.00	11,260.00	11,260.00	11,260.00	11,260.00	11,260.00
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	1,042.00	30.00	1,321.00	33.00	34.00		34.00	34.00	34.00	34.00	34.00	34.00
Long term Debt	8,707.00	10,758.00	9,475.00	14,691.00	15,000.00	0.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Capital Lease Obligations	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Total Interest Earning Debt	9,749.00	10,788.00	10,796.00	14,724.00	15,034.00	0.00	15,034.00	15,034.00	15,034.00	15,034.00	15,034.00	15,034.00
Deferred Income tax	272.00	340.00	319.00	514.00	528.00		528.00	528.00	528.00	528.00	528.00	528.00
Minority Interest	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	2,135.00	2,146.00	2,051.00	2,042.00	5,200.00		5,200.00	5,200.00	5,200.00	5,200.00	5,200.00	5,200.00
Total Liabilities	21,236.00	22,620.00	23,307.00	27,996.00	32,022.00	0.00	32,022.00	32,022.00	32,022.00	32,022.00	32,022.00	32,022.00
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	86.00	87.00	88.00	88.00	88.00		88.00	88.00	88.00	88.00	88.00	88.00
Additional Paid-in capital	6,556.00	6,966.00	7,948.00	8,402.00	8,402.00	0.00	8,402.00	8,402.00	8,402.00	8,402.00	8,402.00	8,402.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	14,995.00	17,246.00	20,038.00	23,180.00	24,000.00		24,000.00	29,378.11	34,756.21	40,134.32	45,512.43	50,890.53
Treasury Stock	-3,193.00	-6,694.00	-10,694.00	-19,194.00	-20,000.00		-20,000.00	-20,000.00	-20,000.00	-20,000.00	-20,000.00	-20,000.00
Other Equity	445.00	293.00	397.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Total Equity	18,889.00	17,898.00	17,777.00	12,522.00	12,490.00	0.00	12,490.00	17,868.11	23,246.21	28,624.32	34,002.43	39,380.53
Liability + Equity	40,125.00	40,518.00	41,084.00	40,518.00	44,512.00	0.00	44,512.00	49,890.11	55,268.21	60,646.32	66,024.43	71,402.53
Variance	-139.00	-135.00	-140.00	-222.00	-1,263.00		-1,263.00	-1,263.00	-1,263.00	-1,263.00	-1,263.00	-1,263.00
Debt/Equity	0.52	0.60	0.61	1.18	1.20		1.20	0.84	0.65	0.53	0.44	0.38
Inventory Turnover	6.40	6.82	6.98	7.13	6.76		6.76	6.76	6.76	6.76	6.76	6.76
Inventory Turnover Days	57.03	53.54	52.29	51.21	54.02		54.02	54.02	54.02	54.02	54.02	54.02
Days Inventory Outstanding	86.77	81.69	79.92	78.48	81.85		82.80	81.85	81.85	81.85	81.85	81.85
Accounts Receivable Turnover	62.67	56.54	53.59	56.37	56.29		56.29	56.29	56.29	56.29	56.29	56.29
Accounts Receivable Turnover Days	5.82	6.46	6.81	6.47	6.48		6.48	6.48	6.48	6.48	6.48	6.48
Days Payable Outstanding	38.52	38.42	40.12	41.15	40.70		41.17	40.70	40.70	40.70	40.70	40.70
Days Sales Outstanding	5.82	6.46	6.81	6.47	6.48		6.47	6.48	6.48	6.48	6.48	6.48
Cash Conversion Cycle	54.07	49.73	46.62	43.81	47.64		48.11	47.64	47.64	47.64	47.64	47.64
Net tangible assets/share	\$13.11	\$12.43	\$12.30	\$8.32	\$8.30		\$12.28	\$16.26	\$20.25	\$24.23	\$28.22	

	52 weeks ending 2011-01-30	52 weeks ending 2012-01-29	53 weeks ending 2013-02-03	52 weeks ending 2014-02-02	2014	2015	2016	2017	2018
Net Income	3,338.00	3,883.00	4,535.00	5,385.00	5,378.11	5,378.11	5,378.11	5,378.11	5,378.11
Depreciation	1,718.00	1,682.00	1,684.00	1,757.00	1,757.00	1,757.00	1,757.00	1,757.00	1,757.00
Net Income + Depreciation	5,056.00	5,565.00	6,219.00	7,142.00	7,135.11	7,135.11	7,135.11	7,135.11	7,135.11
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	104.00	170.00	107.00	-31.00	0.00	0.00	0.00	0.00	0.00
Non Cash Items	214.00	215.00	315.00	228.00	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-789.00	701.00	334.00	289.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-160.00	-150.00	-3.00	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	300.00	-385.00	-347.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	139.00	520.00	421.00	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	4,585.00	6,651.00	6,975.00	7,628.00	7,135.11	7,135.11	7,135.11	7,135.11	7,135.11
Capital Expenditures Expenditures	-1,096.00	-1,221.00	-1,312.00	-1,389.00	-1,500.00	-1,500.00	-1,500.00	-1,500.00	-1,500.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	84.00	92.00	-120.00	-118.00	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-1,012.00	-1,129.00	-1,432.00	-1,507.00	-1,500.00	-1,500.00	-1,500.00	-1,500.00	-1,500.00
Financing Cash flow items	-347.00	-218.00	-59.00	-37.00	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-1,569.00	-1,632.00	-1,743.00	-2,243.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	-2,504.00	-3,164.00	-3,200.00	-8,305.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	-31.00	966.00	-32.00	3,933.00	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-4,451.00	-4,048.00	-5,034.00	-6,652.00	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	2.00	-32.00	-2.00	-34.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	1,421.00	545.00	1,987.00	2,494.00	4,216.00	9,851.11	15,486.21	21,121.32	26,756.43
Net Change in Cash	-876.00	1,442.00	507.00	-565.00	5,635.11	5,635.11	5,635.11	5,635.11	5,635.11
Ending Cash Balance	545.00	1,987.00	2,494.00	1,929.00	9,851.11	15,486.21	21,121.32	26,756.43	32,391.53
Capex to Revenue	1.61%	1.73%	1.76%	1.76%	1.90%	1.90%	1.90%	1.90%	1.90%
Depreciation to Sales	2.53%	2.39%	2.25%	2.23%	2.23%	2.23%	2.23%	2.23%	2.23%
Amortization to Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A/R to Sales	1.60%	1.77%	1.87%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%
Distributable FCF/EV Yield	2.73%	4.22%	4.24%	4.68%	4.31%	4.31%	4.31%	4.31%	4.31%
Dividend Yield	-1.31%	-1.36%	-1.45%	-1.87%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	5,058.00	7,062.00	7,406.00	8,482.00	5,635.11	5,635.11	5,635.11	5,635.11	5,635.11

SN VALUATION

LBO Debt Schedule

Ticker:

HD

	Proforma	2014	2015	2016	2017	2018
Net Change in Cash	-565.00	5,635.11	5,635.11	5,635.11	5,635.11	5,635.11
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	15,034.00	15,034.00	15,034.00	15,034.00	15,034.00	15,034.00
Current Portion Debt Balance	34.00	34.00	34.00	34.00	34.00	34.00
Long Term Debt Balance	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		5.00%	5.00%	5.00%	5.00%	5.00%
Interest Rate		8.00%	8.00%	8.00%	8.00%	8.00%
Interest Expense		1202.72	1202.72	1202.72	1202.72	1202.72
Cash Balance		1,929.00				
Interest @ 1.0%		19.29	19.29	19.29	19.29	19.29
Net Interest Expense/(Income)		1183.43	1183.43	1183.43	1183.43	1183.43
Net Interest Rate		7.89%	7.89%	7.89%	7.89%	7.89%
EBITDA		9,457.44	9,457.44	9,457.44	9,457.44	9,457.44
EBITDA/Interest Expense Coverage		7.86	7.86	7.86	7.86	7.86

Interest Rate Coverage Table

Debt Rating					
AAA					
AA					
A+	A+	A+	A+	A+	A+
A					
A-					
BBB					
BB+					
BB					
B+					
B					
B-					
CCC					
CC					
C					
D					

*Source: NYU; Professor Damodaran

SN VALUATION

Altman Z Score

Company Name:

Home Depot

Ticker:

HD

Period	2010	2011	2012	2013	2014	2015	2016	2017	2018
Working Capital	4,399.00	5,174.00	5,231.00	6,994.00	12,629.11	18,264.21	23,899.32	29,534.43	35,169.53
Total Assets	39,986.00	40,383.00	40,944.00	43,249.00	48,627.11	54,005.21	59,383.32	64,761.43	70,139.53
X1	0.11	0.13	0.13	0.16	0.26	0.34	0.40	0.46	0.50
Retained Earnings	14,995.00	17,246.00	20,038.00	24,000.00	29,378.11	34,756.21	40,134.32	45,512.43	50,890.53
Total Assets	39,986.00	40,383.00	40,944.00	43,249.00	48,627.11	54,005.21	59,383.32	64,761.43	70,139.53
X2	0.38	0.43	0.49	0.55	0.60	0.64	0.68	0.70	0.73
EBITDA	7,455.00	8,234.00	9,334.00	10,793.00	9,457.44	9,457.44	9,457.44	9,457.44	9,457.44
Total Assets	39,986.00	40,383.00	40,944.00	43,249.00	48,627.11	54,005.21	59,383.32	64,761.43	70,139.53
X3	0.19	0.20	0.23	0.25	0.19	0.18	0.16	0.15	0.13
Market Value of Equity	119,934.00	119,934.00	119,934.00	119,934.00	104,244.03	90,606.65	78,753.33	68,450.69	59,495.85
Total Liabilities	21,236.00	22,620.00	23,307.00	32,022.00	32,022.00	32,022.00	32,022.00	32,022.00	32,022.00
X4	5.65	5.30	5.15	3.75	3.26	2.83	2.46	2.14	1.86
Net Sales	67,997.00	70,395.00	74,754.00	78,812.00	78,812.00	78,812.00	78,812.00	78,812.00	78,812.00
Total Assets	39,986.00	40,383.00	40,944.00	43,249.00	48,627.11	54,005.21	59,383.32	64,761.43	70,139.53
X5	1.70	1.74	1.83	1.82	1.62	1.46	1.33	1.22	1.12
Altman Z Score	6.36	6.35	6.50	5.86	5.37	5.04	4.76	4.51	4.30

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red

Year	Present Value	Holding Period					Terminal Value			Sale Price
	0	1	2	3	4	5	6	7	8	TBV at Year 5 + 3 Years FCF
Tangible Book Value	11,200.00	16,578.11	21,956.21	27,334.32	32,712.43	38,090.53				38,090.53
Annual Change		5,378.11	5,378.11	5,378.11	5,378.11	5,378.11				
Annual FCF	6,239.00	5,635.11	5,635.11	5,635.11	5,635.11	5,635.11	5,635.11	5,635.11	5,635.11	16,905.32
Annual Op. Cash Flow	7,628.00	7,135.11	7,135.11	7,135.11	7,135.11	7,135.11	7,135.11	7,135.11	7,135.11	
Annual PP&E Investment	(1,389.00)	(1,500.00)	(1,500.00)	(1,500.00)	(1,500.00)	(1,500.00)	(1,500.00)	(1,500.00)	(1,500.00)	
Today's Tangible Book Value	11,200.00	14,306.65	18,275.01	23,344.12	29,819.29	38,090.53				54,995.85
Intrinsic Value IRR	27.74%									
Market Price	119,934.00	102,617.12	87,800.58	75,123.34	64,276.53	54,995.85				54,995.85
Market Price IRR	-14.44%									

Debt	50.00%	59,967.00
Equity	50.00%	59,967.00
Total	100.00%	119,934.00

	Present Value	Holding Period					Terminal Value			Sale Price	
	Historic	ProForma	1	2	3	4	5	6	7	8	
Book Equity	12490	59,967.00	62,216.05	64,465.10	66,714.16	68,963.21	71,212.26				
Goodwill	1290	108,734.00	108,734.00	108,734.00	108,734.00	108,734.00	108,734.00				
Debt	15000	74,967.00	74,967.00	74,967.00	74,967.00	74,967.00	74,967.00				
Debt Interest Rate		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%				
Additional Interest Expense		4,813.93	4,813.93	4,813.93	4,813.93	4,813.93	4,813.93				
Tangible Book Value	11200	-48,767.00	-46,517.95	-44,268.90	-42,019.84	-39,770.79	-37,521.74				-37,521.74
Annual Change		2,249.05	2,249.05	2,249.05	2,249.05	2,249.05	2,249.05				
Annual FCF	6,239.00	2,506.05	2,506.05	2,506.05	2,506.05	2,506.05	2,506.05	2,506.05	2,506.05	2,506.05	7,518.16
Annual Net Income	5,385.00	2,249.05	2,249.05	2,249.05	2,249.05	2,249.05	2,249.05	2,249.05	2,249.05	2,249.05	
Annual Op. Cash Flow	7,628.00	4,006.05	4,006.05	4,006.05	4,006.05	4,006.05	4,006.05	4,006.05	4,006.05	4,006.05	
Dividend Payments											
Annual PP&E Investment	(1,389.00)	(1,500.00)	(1,500.00)	(1,500.00)	(1,500.00)	(1,500.00)	(1,500.00)	(1,500.00)	(1,500.00)	(1,500.00)	
Debt Paydown	0.00							0.00	0.00	0.00	

Sale Price in Year 5 **(30,003.58)**

Capital Left for Equity Investor **(30,003.58)**
 Dividend Payments 0.00
 Total Cash In Flow **(30,003.58)**

We assume the debt taken on by the investor is now on the Co's books, so the investor has no more liability from the deal.

Invested Equity **59,967.00**
 IRR **-187.07%**

Value Creation
 TBV Growth (equals sum of NI Year 1-5) 11,245.26
 Cash Flow (Year 6-8) 7,518.16
18,763.42

Value Dilution
 Debt 59,967.00
 Goodwill 107,444.00
 Additional Interest 24,069.65
191,480.65