



1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
7.21	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	45.70	49.65	Sales per sh ^A	56.80
.43	.54	.66	.90	1.21	1.37	1.62	1.99	2.27	2.93	3.44	3.82	3.50	2.81	2.66	3.07	3.50	3.95	"Cash Flow" per sh	4.60
.34	.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	2.38	2.70	Earnings per sh ^{AB}	3.25
.04	.05	.06	.08	.11	.16	.17	.21	.26	.33	.40	.68	.90	.90	.90	.95	1.04	1.20	Div'ds Decl'd per sh ^{CM}	1.55
2.32	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	12.10	12.85	Book Value per sh ^E	17.45
2147.0	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	1530.0	1450.0	Common Shs Outst'g ^D	1400.0
27.9	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	15.6	15.6	Avg Ann'l P/E Ratio	16.0
1.87	1.66	1.78	2.09	2.61	3.03	1.82	1.23	.95	.88	.78	.74	.82	.86	1.02	1.00	1.00	1.00	Relative P/E Ratio	1.05
.4%	.4%	.4%	.3%	.2%	.3%	.4%	.6%	.8%	.9%	1.0%	1.8%	2.6%	3.5%	3.5%	3.0%	3.0%	3.0%	Avg Ann'l Div'd Yield	3.1%

CAPITAL STRUCTURE as of 10/30/11				53553	58247	64816	73094	81511	90837	77349	71288	65955	67997	69900	72000	79500
Total Debt \$10783 mill. Due in 5 Yrs \$2425 mill.				31.6%	32.6%	33.4%	35.2%	33.5%	32.8%	33.6%	33.7%	33.9%	34.3%	34.4%	34.6%	34.3%
LT Debt \$10739 mill. LT Interest \$590 mill.				10.6%	11.6%	12.2%	12.6%	13.3%	12.6%	11.6%	8.6%	10.1%	11.0%	11.2%	11.5%	12.0%
(Total interest coverage: 11.1x. LT int earned: 12.7x)				1333	1532	1707	1890	2042	2147	2234	2274	2244	2248	2246	2255	2300
(38% of Cap'l)				3044	3664	4304	5001	5838	5761	4210	2982	2811	3371	3735	4025	4650
Leases, Uncapitalized Annual rentals \$783.0 mill.				38.6%	37.6%	37.1%	36.8%	37.1%	38.1%	36.4%	37.4%	34.5%	36.7%	36.5%	37.0%	37.0%
No Defined Benefit Pension Plan				5.7%	6.3%	6.6%	6.8%	7.2%	6.3%	5.4%	4.2%	4.3%	5.0%	5.3%	5.6%	5.8%
Pfd Stock None				3860	3882	3774	3661	2445	5069	1968	2209	3537	3357	4300	3700	3000
Common Stock 1,541,568,417 shs. as of 11/21/11				1250	1321	856	2148	2672	11643	11383	9667	8662	8707	10700	10500	8000
MARKET CAP: \$65 billion (Large Cap)				18082	19802	22407	24158	26909	25030	17714	17777	19393	18889	18500	18650	24400
CURRENT POSITION				16.0%	17.6%	18.7%	19.1%	20.0%	16.2%	15.5%	11.9%	11.1%	13.0%	14.0%	15.0%	15.0%
2009				16.8%	18.5%	19.2%	20.7%	21.7%	23.0%	23.8%	16.8%	14.5%	17.9%	20.5%	21.5%	19.0%
2010				14.6%	16.0%	16.6%	17.7%	18.5%	17.4%	14.1%	8.2%	6.6%	9.5%	11.5%	12.0%	10.0%
10/30/11				13%	13%	14%	14%	15%	24%	41%	51%	54%	47%	44%	44%	48%

Cash Assets	1427	545	2234
Receivable	964	1085	1384
Inventory (LIFO)	10188	10625	10717
Other	1321	1224	1143
Current Assets	13900	13479	15478
Accts Payable	4863	4717	5669
Debt Due	1020	1042	44
Other	4480	4363	4873
Current Liab.	10363	10122	10586

BUSINESS: The Home Depot, Inc. operates a chain of 2,246 retail building supply/home improvement "warehouse" stores across the U.S. and in Canada, China, and Mexico (as of 10/30/11). Acquired Hughes Supply in 1/06. Average store size: 105,000 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 321,000 employees. Officers & directors own 1.0% of common; Capital World Investors, 11.9% (4/11 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 10 Yrs.	Past 5 Yrs.	Est'd '08-'10
of change (per sh)					10 Yrs.	5 Yrs.	to '14-'16
Sales					9.5%	4.5%	5.5%
"Cash Flow"					9.5%	Nil	8.5%
Earnings					7.0%	-4.5%	10.0%
Dividends					23.0%	23.0%	9.0%
Book Value					8.0%	Nil	7.5%

Fiscal Year Begins	QUARTERLY SALES (\$mill.) ^A				Full Fiscal Year
	Apr.Per	Jul.Per	Oct.Per	Jan.Per	
2008	17907	20990	17784	14607	71288
2009	15954	19071	16361	14569	65955
2010	16863	19410	16598	15126	67997
2011	16823	20232	17326	15519	69900
2012	17450	20650	17650	16250	72000

Fiscal Year Begins	EARNINGS PER SHARE ^{A B}				Full Fiscal Year
	Apr.Per	Jul.Per	Oct.Per	Jan.Per	
2008	.41	.71	.45	.19	1.78
2009	.35	.64	.41	.24	1.66
2010	.45	.72	.51	.36	2.03
2011	.50	.86	.60	.42	2.38
2012	.60	.96	.66	.48	2.70

Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2007	.225	.225	.225	.225	.90
2008	.225	.225	.225	.225	.90
2009	.225	.225	.225	.225	.90
2010	.236	.236	.236	.236	.95
2011	.25	.25	.25	.25	.99

The Home Depot reported decent fiscal third-quarter (ended October 30th) results. Although earnings of \$0.60 a share fell slightly short of our aggressive \$0.63 estimate, the bottom line jumped 17.6% year over year. Additionally, sales rose 4.4%, while comparable-store sales increased a solid 4.2% (3.8% at stores in the United States). The company's core categories performed well during the term, and storm-related sales helped buoy the top line. Profitability increased from the year-earlier period, as the gross margin expanded slightly and SG&A expenses as a percentage of sales fell.

We've added a penny to our January-period earnings forecast, which now stands at \$0.42 a share. Although the housing market is still in a fragile state and unemployment remains persistently high, spending on maintenance and repair projects ought to support results. Too, HD is executing well and operating efficiently, trends we expect to continue.

Share net may well reach \$2.70 in fiscal 2012. The ongoing, albeit choppy, economic recovery should aid results (though management does not expect housing to improve materially next year), as should a lower share count. We are also forecasting modest margin improvement.

The Home Depot's board of directors recently increased the quarterly dividend 16%, from \$0.25 a share to \$0.29. Moreover, management raised its target dividend payout ratio (dividends divided by net profits) from 40% to 50%. HD is also returning money to shareholders through stock repurchases, and plans to complete the remaining \$6.8 billion of its current stock-buyback authorization by the end of fiscal 2014.

This blue chip has wide appeal, in our view. We look for double-digit earnings growth next fiscal year, and our Timeliness Ranking System suggests that the issue will outperform the broader market averages over the coming six to 12 months. Additionally, the equity's dividend yield is above the Value Line median and it garners a top score for Safety, which ought to entice conservative accounts. However, the stock's recent price increase discounts much of its total return potential over the pull to 2014-2016.

Matthew Spencer, CFA December 30, 2011