

TheStreet Quant Ratings

HOME DEPOT INC

BUY						HOLD			SELL							BUY	RATING SINCE		08/16/2023
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E	E-	F		TARGET PRICE		 \$433.44
Annual Dividend Rate \$8.36				Annual Dividend Yield 2.22%				Beta 0.99			Market Capitalization \$371.9 Billion				52-Week Range \$274.26-\$385.10		Price as of 3/14/2024 \$375.27		

Sector: **Retail Trade** | Industry Group: **Building Material and Supplies Dealers**

HD BUSINESS DESCRIPTION

The Home Depot, Inc. operates as a home improvement retailer. It sells various building materials, home improvement products, lawn and garden products, and decor products, as well as facilities maintenance, repair, and operations products.

STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	6.67	31.41	11.18

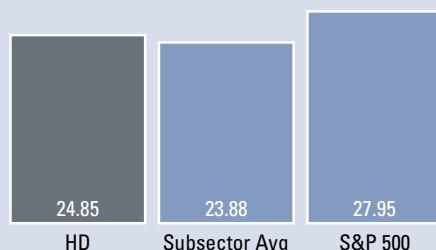
GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	-2.92	-3.01	4.94
Net Income	-16.69	-11.48	5.58
EPS	-14.55	-9.48	8.17

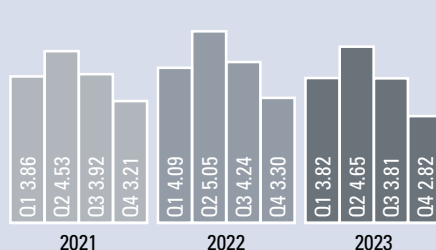
RETURN ON EQUITY (%)

	HD	Subsector Avg	S&P 500
Q4 2023	1,450.48	1,167.84	17.66
Q4 2022	1,095.07	874.52	19.00
Q4 2021	NA	0.21	18.28

P/E COMPARISON



EPS ANALYSIS' (\$)

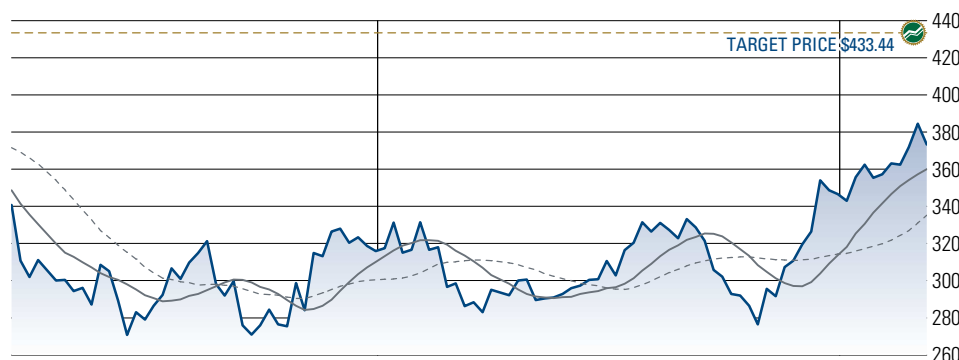


NA = not available NM = not meaningful

1 Compustat fiscal year convention is used for all fundamental data items.

Weekly Price: (US\$) | SMA (50) — SMA (100) ---

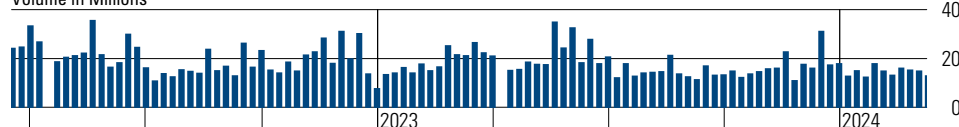
1 Year | 2 Years



Rating History



Volume in Millions



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

RECOMMENDATION

We rate HOME DEPOT INC (HD) a BUY. This is driven by some important positives, which we believe should have a greater impact than any weaknesses, and should give investors a better performance opportunity than most stocks we cover. The company's strengths can be seen in multiple areas, such as its notable return on equity, good cash flow from operations and increase in stock price during the past year. We feel its strengths outweigh the fact that the company has had sub par growth in net income.

HIGHLIGHTS

The company's current return on equity greatly increased when compared to its ROE from the same quarter one year prior. This is a signal of significant strength within the corporation. Compared to other companies in the Building Material and Garden Equipment and Supply subsector and the overall market, HOME DEPOT INC's return on equity significantly exceeds that of both the subsector average and the S&P 500.

Net operating cash flow has slightly increased to \$4,733.00 million or 3.02% when compared to the same quarter last year. Despite an increase in cash flow, HOME DEPOT INC's average is still marginally south of the subsector average growth rate of 6.88%.

Regardless of the drop in revenue, the company managed to outperform against the subsector average of 4.7%. Since the same quarter one year prior, revenues slightly dropped by 2.9%. Weakness in the company's revenue seems to have hurt the bottom line, decreasing earnings per share.

HOME DEPOT INC's earnings per share declined by 14.5% in the most recent quarter compared to the same quarter a year ago. The company has suffered a declining pattern of earnings per share over the past two years. However, we anticipate this trend to reverse over the coming year. During the past fiscal year, HOME DEPOT INC reported lower earnings of \$15.10 versus \$16.68 in the prior year. This year, the market expects an improvement in earnings (\$15.30 versus \$15.10).

HD's share price has surged by 31.41% over the past year, reflecting the market's general trend, despite their weak earnings growth during the last quarter. Looking ahead, the stock's sharp rise over the last year has already helped drive it to a level which is relatively expensive compared to the rest of its subsector. We feel, however, that other strengths this company displays justify these higher price levels.

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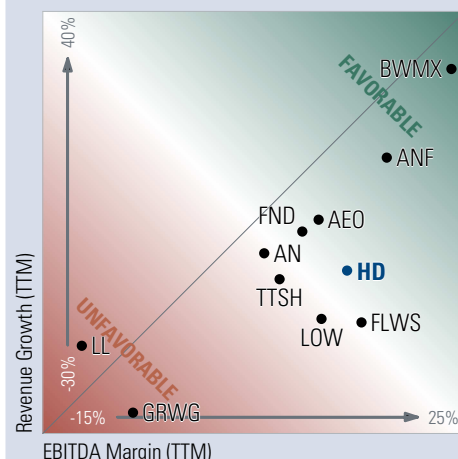
HOME DEPOT INC

Sector: Retail Trade | Building Material and Supplies Dealers

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PEER GROUP ANALYSIS

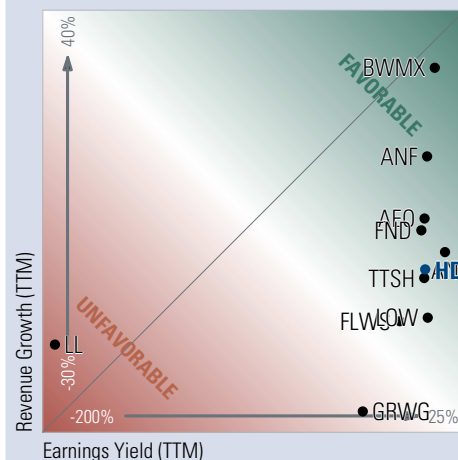
REVENUE GROWTH AND EBITDA MARGIN*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$55.8 Million and \$371.9 Billion. Companies with NA or NM values do not appear.

*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between -26.5% and 30.4%. Companies with NA or NM values do not appear.

SUBSECTOR ANALYSIS

HOME DEPOT INC falls within the Retail Trade sector and the Building Material and Supplies Dealers industry group of the North American Industry Classification System or NAICS. More precisely, a significant portion of company activities involve Home Centers.

TheStreet Quant Ratings is currently tracking 189 companies in the Retail Trade sector that total around \$4,309 billion in market capitalization as well as \$3,320 billion in annual sales.

The Building Material, Garden Equipment, Supplies Dealers subsector accounts for 7.7% of those revenues.

Industries in the Building Material and Garden Equipment and Supplies Dealers subsector retail new building materials, hardware, paint, and garden and outdoor power equipment and supplies. Establishments in this subsector with fixed point-of-sale locations, including home centers and retail lumber yards, may display merchandise either indoors or outdoors under covered areas. The staff is usually knowledgeable in the use of the specific products being retailed in the construction, repair, and maintenance of the home and associated grounds.

PEER GROUP: Building Material and Garden Equipment and Supplies Dealers

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
HD	HOME DEPOT INC	375.27	371,899	24.85	152,669.00	15,143.00
BWMX	BETTERWARE DE MEXICO SAPI	18.44	688	11.04	769.55	62.08
AN	AUTONATION INC	155.24	6,471	6.85	26,948.90	1,021.10
ANF	ABERCROMBIE & FITCH	125.36	6,319	20.15	4,280.68	328.12
LL	LL FLOORING HOLDINGS INC	1.81	56	NM	956.84	-100.63
AEO	AMERN EAGLE OUTFITTERS INC	23.08	4,559	26.84	5,261.77	170.04
FLWS	1-800-FLOWERS.COM	10.15	380	NM	1,907.48	-61.88
TTSH	TILE SHOP HOLDINGS INC	6.51	290	28.30	377.15	10.07
LOW	LOWE'S COS INC	244.63	140,690	18.59	86,377.00	7,726.00
FND	FLOOR & DECOR HLDGS	121.37	12,958	53.47	4,413.88	245.98
GRWG	GROWGENERATION CORP	1.91	117	NM	230.89	-34.17

The peer group comparison is based on Major Building Material, Garden Equipment, Supplies Dealers companies of comparable size.

TheStreet Quant Ratings

HOME DEPOT INC

Sector: Retail Trade | Building Material and Supplies Dealers

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COMPANY DESCRIPTION

The Home Depot, Inc. operates as a home improvement retailer. It sells various building materials, home improvement products, lawn and garden products, and decor products, as well as facilities maintenance, repair, and operations products. The company also offers installation services for flooring, water heaters, bath, garage doors, cabinets, cabinet makeovers, countertops, sheds, furnaces and central air systems, and windows. In addition, it provides tool and equipment rental services. The company primarily serves homeowners; and professional renovators/remodelers, general contractors, maintenance professionals, handymen, property managers, and building service contractors, as well as specialty tradesmen, such as electricians, plumbers, and painters. It also sells its products through websites, including homedepot.com; homedepot.ca and homedepot.com.mx; blinds.com, an online site for custom window coverings; and thecompanystore.com, an online site for textiles and decor products, as well as through The Home Depot stores. The Home Depot, Inc. was incorporated in 1978 and is based in Atlanta, Georgia.

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Atlanta, GA 30339
USA
Phone: 770 433 8211
http://www.homedepot.com
Employees: 465000

STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of HD shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
Growth	3.5 out of 5 stars	★	★	★	★	★
Measures the growth of both the company's income statement and cash flow. On this factor, HD has a growth score better than 60% of the stocks we rate.	weak					strong
Total Return	5.0 out of 5 stars	★	★	★	★	★
Measures the historical price movement of the stock. The stock performance of this company has beaten 90% of the companies we cover.	weak					strong
Efficiency	5.0 out of 5 stars	★	★	★	★	★
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 90% of the companies we review.	weak					strong
Price volatility	5.0 out of 5 stars	★	★	★	★	★
Measures the volatility of the company's stock price historically. The stock is less volatile than 90% of the stocks we monitor.	weak					strong
Solvency	3.5 out of 5 stars	★	★	★	★	★
Measures the solvency of the company based on several ratios. The company is more solvent than 60% of the companies we analyze.	weak					strong
Income	4.0 out of 5 stars	★	★	★	★	★
Measures dividend yield and payouts to shareholders. The company's dividend is higher than 70% of the companies we track.	weak					strong

THESTREET QUANT RATINGS RESEARCH METHODOLOGY

TheStreet Quant Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

TheStreet Quant Ratings

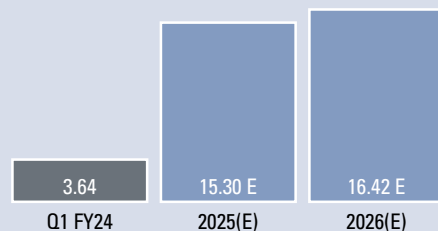
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Consensus EPS Estimates² (\$)

IBES consensus estimates are provided by Thomson Financial



INCOME STATEMENT

	Q4 FY23	Q4 FY22
Net Sales (\$mil)	34,786.00	35,831.00
EBITDA (\$mil)	4,829.00	5,377.00
EBIT (\$mil)	4,143.00	4,752.00
Net Income (\$mil)	2,801.00	3,362.00

BALANCE SHEET

	Q4 FY23	Q4 FY22
Cash & Equiv. (\$mil)	3,760.00	3,391.00
Total Assets (\$mil)	76,530.00	76,445.00
Total Debt (\$mil)	52,243.00	50,364.00
Equity (\$mil)	1,044.00	1,562.00

PROFITABILITY

	Q4 FY23	Q4 FY22
Gross Profit Margin	33.08%	33.28%
EBITDA Margin	13.88%	15.00%
Operating Margin	11.91%	13.26%
Sales Turnover	1.99	2.06
Return on Assets	19.78%	22.37%
Return on Equity	1,450.48%	1,095.07%

DEBT

	Q4 FY23	Q4 FY22
Current Ratio	1.35	1.41
Debt/Capital	0.98	0.97
Interest Expense	513.00	451.00
Interest Coverage	8.08	10.54

SHARE DATA

	Q4 FY23	Q4 FY22
Shares outstanding (mil)	996	1,016
Div / share	2.09	1.90
EPS	2.82	3.30
Book value / share	1.05	1.54
Institutional Own %	NA	NA
Avg Daily Volume	3,295,658	3,250,669

² Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

FINANCIAL ANALYSIS

HOME DEPOT INC's gross profit margin for the fourth quarter of its fiscal year 2023 is essentially unchanged when compared to the same period a year ago. Sales and net income have dropped, although the growth in net income underperformed the average competitor within the subsector, the revenue growth did not. HOME DEPOT INC has very weak liquidity. Currently, the Quick Ratio is 0.32 which clearly shows a lack of ability to cover short-term cash needs. The company's liquidity has increased from the same period last year, indicating improving cash flow.

At the same time, stockholders' equity ("net worth") has significantly decreased by 33.16% from the same quarter last year. The key liquidity measurements indicate that the company is in a position in which financial difficulties could develop in the near future.

STOCKS TO BUY: TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit www.TheStreetRatings.com.

TheStreet Quant Ratings

HOME DEPOT INC

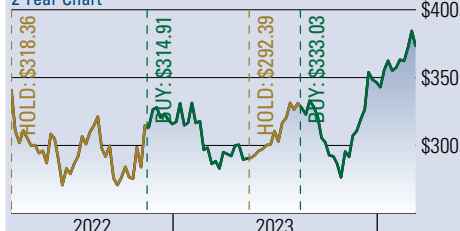
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RATINGS HISTORY

Our rating for HOME DEPOT INC has not changed since 8/16/2023. As of 3/14/2024, the stock was trading at a price of \$375.27 which is 2.6% below its 52-week high of \$385.10 and 36.8% above its 52-week low of \$274.26.

2 Year Chart



MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
8/16/23	\$333.03	Upgrade	Hold	Buy
5/17/23	\$292.39	Downgrade	Buy	Hold
11/16/22	\$314.91	Upgrade	Hold	Buy
3/14/22	\$318.36	No Change	Hold	Hold

Price reflects the closing price as of the date listed, if available

RATINGS DEFINITIONS & DISTRIBUTION OF THESTREET RATINGS

(as of 3/14/2024)

31.74% Buy - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

30.61% Hold - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

37.64% Sell - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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VALUATION

BUY. This stock's P/E ratio indicates a premium compared to an average of 23.88 for the Building Material, Garden Equipment, Supplies Deal subsector and a discount compared to the S&P 500 average of 27.95. For additional comparison, its price-to-book ratio of 358.02 indicates a significant premium versus the S&P 500 average of 4.68 and a significant premium versus the subsector average of 345.33. The current price-to-sales ratio is below the S&P 500 average, but above the subsector average. Upon assessment of these and other key valuation criteria, HOME DEPOT INC proves to trade at a premium to investment alternatives.

Price/Earnings	1	2	3	4	5
			premium		discount

HD 24.85 **Peers 23.88**

- Average. An average P/E ratio can signify an subsector neutral price for a stock and an average growth expectation.
- HD is trading at a valuation on par with its peers.

Price/Projected Earnings	1	2	3	4	5
			premium		discount

HD 22.85 **Peers 22.27**

- Premium. A higher price-to-projected earnings ratio than its peers can signify a more expensive stock or higher future growth expectations.
- HD is trading at a premium to its peers.

Price/Book	1	2	3	4	5
			premium		discount

HD 358.02 **Peers 345.33**

- Average. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- HD is trading at a valuation on par with its peers.

Price/Sales	1	2	3	4	5
			premium		discount

HD 2.45 **Peers 2.22**

- Premium. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- HD is trading at a premium to its subsector on this measurement.

Price/CashFlow	1	2	3	4	5
			premium		discount

HD 17.65 **Peers 17.55**

- Average. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- HD is trading at a valuation on par to its peers.

Price to Earnings/Growth	1	2	3	4	5
			premium		discount

HD 19.88 **Peers 19.88**

- Average. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- HD trades at a valuation on par to its peers.

Earnings Growth	1	2	3	4	5
			lower		higher

HD -9.48 **Peers 1.73**

- Lower. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- However, HD is expected to significantly trail its peers on the basis of its earnings growth rate.

Sales Growth	1	2	3	4	5
			lower		higher

HD -3.01 **Peers -4.92**

- Higher. A sales growth rate that exceeds the subsector implies that a company is gaining market share.
- HD has a sales growth rate that significantly exceeds its peers.

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NAICS is the North American Industry Classification System which provides the Sector, Subsector, and Industry Group structure used in this report. As many companies are diversified, the companies may also operate in other industry segments than the one listed.