

DR Horton

Buy: \$DHI | Price Target : \$132.32 | Upside : 23% |

Real Estate Sector

10/11/2023

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Agenda

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Industry Analysis

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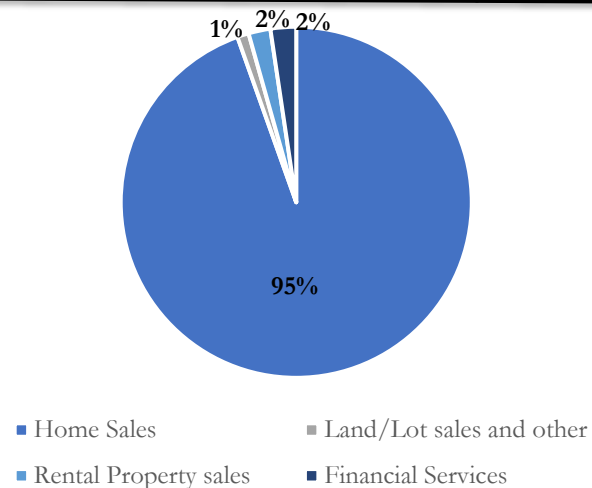
Company Profile



DR Horton Overview

- Largest home construction company in the US headquartered in Arlington, Texas
- Engages in the acquisition and development of land, construction, and sale of residential homes including attached or standalone properties
- Operates in 106 markets and 33 states in the US

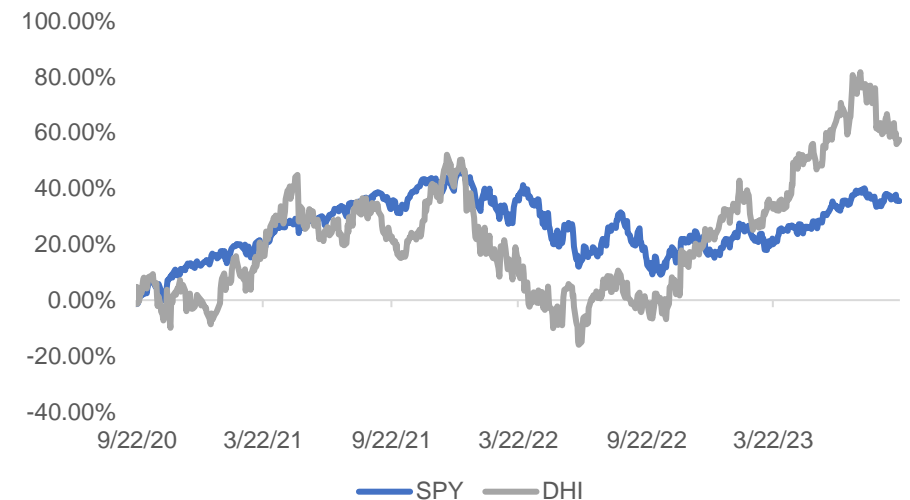
Revenue Breakdown By Service



Key Information

Share Price (10/10/2023)	\$107.30
52 Week Range	\$66.01-\$132.29
Market Cap.	\$35.92B
Enterprise Value	\$38.69B
Beta	1.17
CEO	Paul J. Romanowski

\$DR Horton vs \$SPY



Industry Analysis

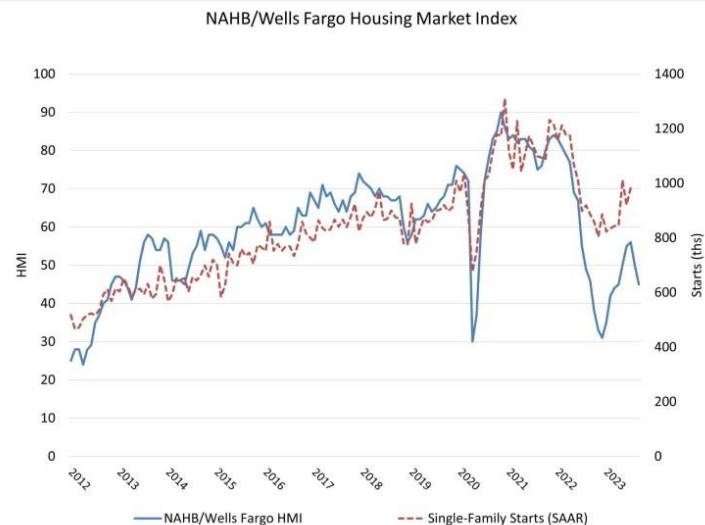
Home Construction Real Estate

- Expected CAGR of over 3% through 2028
- Extremely low activity in home construction and residential demand has been at near-century lows as interest rates continue to rise
- An extremely competitive marketplace where market share can easily be transferred through its top competitors
- Has been significant government funding trying to help residential construction, specifically over \$64 billion

Opportunities in Home Construction

- The home construction in 2023 has just grown .02% from August of 2022 compared to 10.9% in the previous year
- Home construction equities have been sold off about ~30% this past year
- High interest rates and continued inflation of home prices have since caused a stagnation within the home construction industry

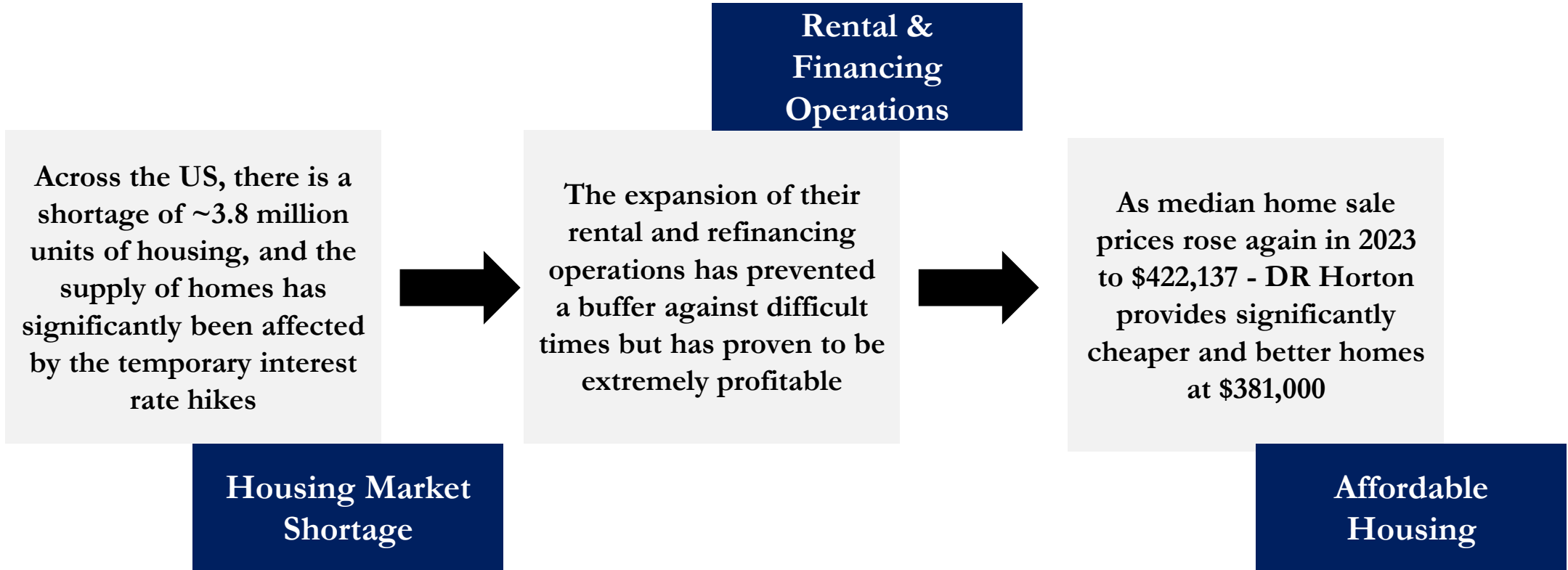
Home Construction Sentiment



Competitors



Investment Thesis

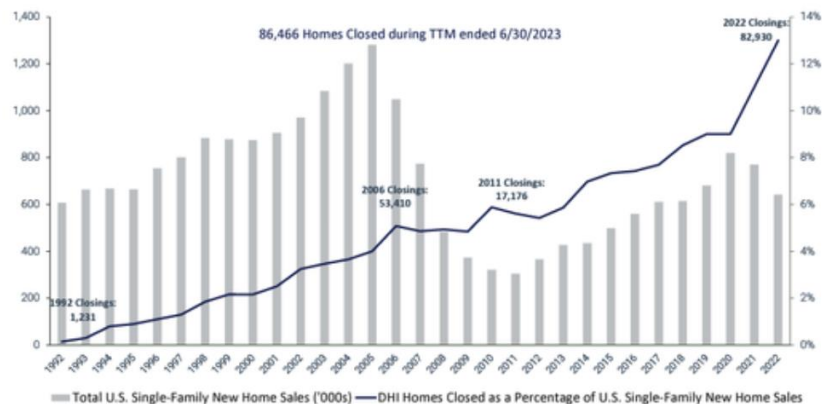


Housing Shortage

Overview

- Currently, in the United States, there is a shortage of 3.8 million units of housing, which has significantly been impacted by the rise in interest rates and home prices.
- Builder confidence in the market for new single-family homes has hit the lowest levels since June 2020
- The market has become extremely unattractive unless you are forced to move.

DR Horton Growth and Market Share



Source: Company Filings, Census

Note: Periods represent full calendar year, unless otherwise noted | Includes homes closed by both homebuilding and single-family rental operations



Benefits of Housing Shortage

- DR Horton's diverse product offerings such as construction, rental, financing, and lot sales allows them to be aggressive in such a downward spiral
- Operating as the largest home builder in the US they have a stronghold on the top 50 real estate markets
- DR Horton is now responsible for ~13% of all new family home sales nationally as of 2022 and continues to grow

DR Horton Increasing Home Sales

- Despite high mortgage rates and inflationary pressures, net sales have increased 37% from the prior year quarter due to their ability to finance their own mortgages and clean balance sheet
- DR Horton continues expansion into new territories such as Pittsburgh and Oklahoma City
- Introducing multi-family housing allows for additional scale and leverage coupled with supplying median favorable home prices

Rental & Financing

DR Horton Rental Housing Market

- With interest rates exploding recently, the rental market has become extremely favorable and attractive for younger buyers as they don't want to lock into an extraordinarily high 30yr mortgage
- Reported \$589 million from Q3 2022 – Q3 2023 rental operations compared to \$39 million the year before
- DR Horton's rental Portfolio is now valued at \$2 billion which has grown from \$726 million same time last year

Benefits of Rental Expansion

- The benefits of expanding its rental operations throughout the country have allowed the company to provide a buffer against future difficult times
- Additionally, the upper-level management has displayed extreme nimbleness and flexibility to develop new and improved ways of generating revenue for the firm.
- Despite the short-term outlook, rental margins are likely to be down due to current macro factors in the future the expansion of rental properties will soon prove to be great

US Commercial Property Pricing



Vacancy Rates and Rent Growth

- The rental vacancy rate over YTD 2023 is ~6.4%, which has increased from the 4th quarter of 2022 (5.8%)
- Rent prices are now starting to slow and cool off and only grow around 1-3% in the top US cities
- The demand for rental single-family housing has far exceeded the supply of inventory and prices are significantly higher to buy a home

Affordable Housing

Benefits of Affordable Housing

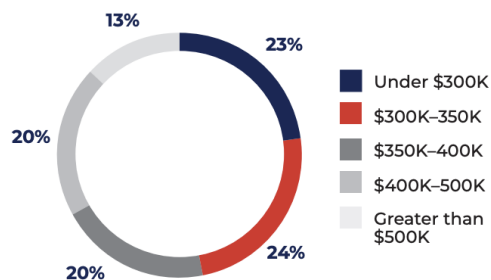
- As interest rates rise and 30 yr mortgage rates near 7%, the likelihood of consumers moving is significantly reduced
- Competitors such as Lennar and NVR have significantly higher median home sale prices
- Though riskier, DR Horton can reach a consumer base its competitors won't offer to

Home Prices of Competitors

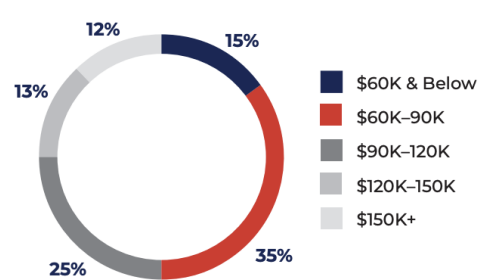
- Lennar median home price is \$449,000
- NVR median home price is \$447,300
- DR Horton not only is able to offer cheaper median home prices at \$381,000; additionally, they offer their own financing services allowing for favorable loans for individuals

Price Distribution on DR Home Sales

PRICE POINTS OF HOMES CLOSED IN FY2022



DHI MORTGAGE HOMEBUYER AVERAGE ANNUAL INCOME



Possible Interest Rate Cuts

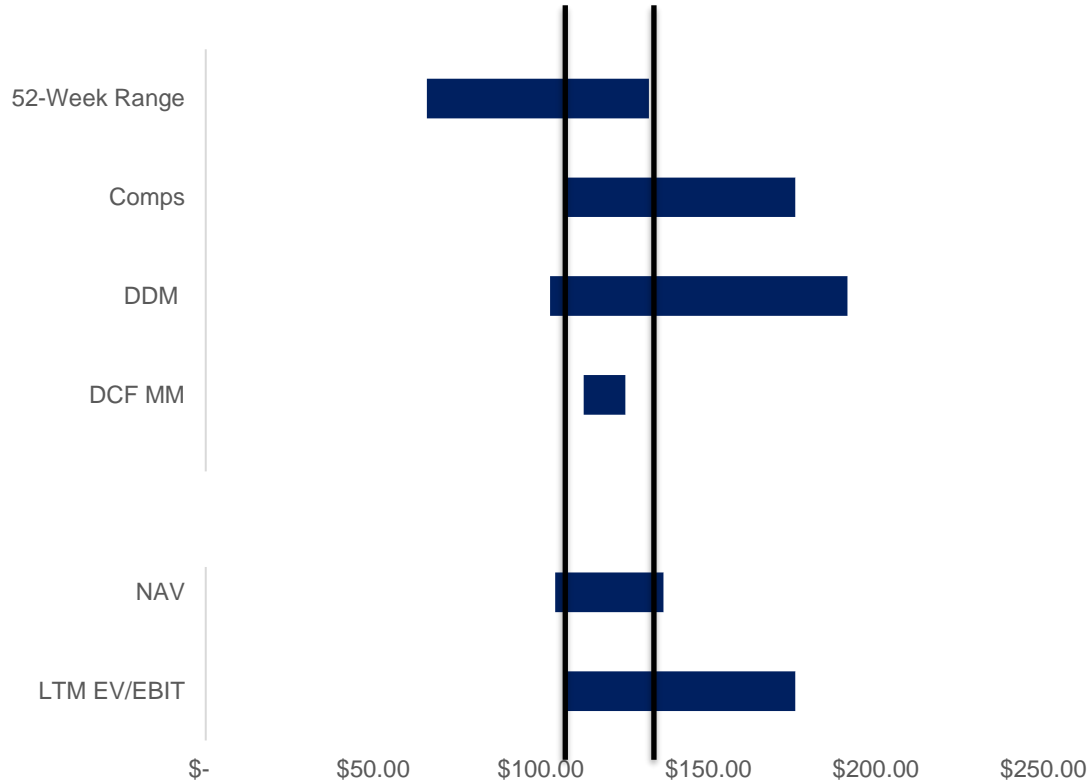
- As the FED stated last meeting, there is likely one more rate hike coming
- With a recession looming, interest rates are likely to fall at the mid-end of 2024 creating extremely favorable expansion opportunities
- While DR Horton maintains ratios of Current Ratio = 12.04, D/E = .28 compared to the industry average of .54, and P/B = 1.84 which is higher than the industry average of 1.01, management has set the company up well to capitalize on interest rate cuts

Valuation



Current Price: \$107.03

Target Price: \$132.32



Weights

Price Target Calculation	Price	Weight	Weighted Price
NAV	\$ 118.31	20%	23.66
DCF GG	\$ 194.40	10%	19.44
DCF MM	\$ 119.00	20%	23.80
DDM	\$ 133.71	20%	26.74
Comps	\$ 128.93	30%	38.68
			132.32



Risks and Mitigants

Risks

**Housing Shortage
Resolves itself**

**Recession that Limits
Rental and Financing
Growth**

**Interest Rates
Continue to Rise**

Mitigants

As the housing shortage worsens, it only creates more opportunities for DR Horton to capitalize

With a recession looming for the US, rental properties and financing market activity dry up

FED has said there is likely one more hike left; additionally, with recession looming rates would likely fall

ESG

Environmental Projects

- DR Horton's expansion process includes acquiring and developing land across the US; however, they include energy-efficient and energy-saving power options with their homes
- Innovated technology developments help make precise measurements of needed material to lower carbon footprint and overall waste
- 80% of homes built were used with prefabricated raw materials

Governance Investments

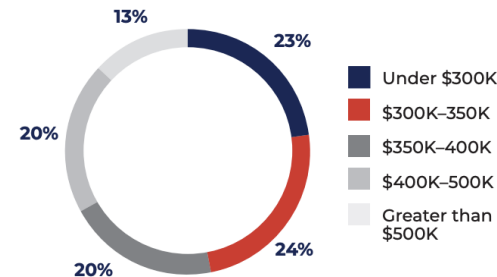
- Focused on Building communities and a network of families rather than just single-family homes
- Contribution to local impact fees helping to develop schools, police and fire stations, roads, and parks
- Work with third party utility and municipalities to expand local water, sewage, electric, and other utilities

Social Policies

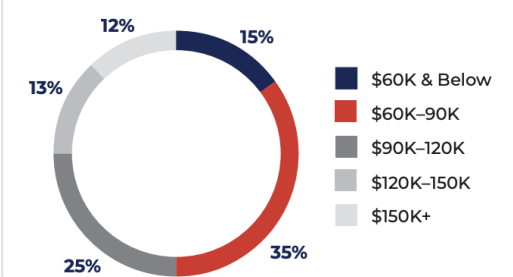
- 50% of their Board of Directors are DEI
- Building Talent Foundation (BTF) helps to achieve a sustainable workforce by developing a talented pipeline of workers and building job networks in inner cities
- Created a program known as Main Street Stars where they provide incentives and aid for everyday heroes that use their homebuilding service such as military, law enforcement, first responders, and firefighter

Helping Provide Affordable Housing

PRICE POINTS OF HOMES CLOSED IN FY2022



DHI MORTGAGE HOMEBUYER AVERAGE ANNUAL INCOME



BUY: \$DHI | Price Target: \$132.32 | Upside 23%

Thank You!
Questions?

Appendix

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A: Income Statement



Horton DR Inc. (NYSE: DHI)									
Consolidated Statements of Income - USD (\$) shares in Millions		FY 2020	FY 2021	FY 2022	FY 2023 E	FY 2024 E	FY 2025 E	FY 2026 E	FY 2027 E
Revenues:									
Home Sales		19,561	26,503	31,862	33,454.79	35,629.35	37,945.25	40,032.24	41,433.37
Land/Lot sales and other		165	212	313	375.72	450.86	518.49	596.27	679.75
Rental Property sales		-	236	510	714.28	999.99	1,249.99	1,449.99	1,594.99
Financial Services		585	824	795	834.75	1,001.70	1,252.13	1,527.59	1,787.28
Total Revenues		\$ 20,311.1	\$ 27,774.2	\$ 33,480.0	\$ 35,379.5	\$ 38,081.9	\$ 40,965.9	\$ 43,606.1	\$ 45,495.4
<i>% Growth</i>			37%	21%	6%	8%	8%	6%	4%
COGS									
<i>% of Sales</i>		79%	75%	72%	79%	79%	79%	79%	79%
Selling, general and administrative expense		2,047.8	2,556.2	2,933.7	3,661.57	3,655.64	3,932.48	4,185.93	4,367.29
<i>% of Sales</i>		10%	9%	9%	10%	10%	10%	10%	10%
Gain on sale of assets		(59.5)	(14)	0	0	0	0	0	0
Loss on extinguishment of debt		0	18.1	0	0	0	0	0	0
Operating Income (EBIT)		2,949.6	5,314.7	7,570.4	3,768.1	4,341.6	4,670.4	4,971.4	5,186.7
Other (income) expense		(33.4)	(41.6)	(59.3)	(44.8)	(48.6)	(50.9)	(48.1)	(49.2)
Income before income taxes (EBT)		2,983	5,356.3	7,629.7	3,812.90	4,390.12	4,721.23	5,019.42	5,235.91
Income tax expense		602.5	1,165.1	1,734.1	800.71	921.92	991.46	1,054.08	1,099.54
<i>Tax rate</i>		20%	22%	23%	21%	21%	21%	21%	21%
Net income		2,380.5	4,191.2	5,895.6	3,012.19	3,468.19	3,729.77	3,965.34	4,136.37
Net income attributable to noncontrolling interests		6.8	15.4	38.1	38.29	38.49	38.68	38.88	39.08
<i>% of Net Income</i>			0%	1%	1%	1%	1%	1%	1%
Net income attributable to D.R. Horton, Inc.		\$ 2,373.7	\$ 4,175.8	\$ 5,857.5	3,050.48	3,506.68	3,768.45	4,004.22	4,175.44

Other comprehensive income, net of income tax:

Basic net income per common share attributable to D.R. Horton, Inc.	\$ 6.49	\$ 11.56	\$ 16.65
Weighted average number of common shares	365.5	361.1	351.7
Diluted net income per common share attributable to D.R. Horton, Inc.	\$ 6.41	\$ 11.41	\$ 16.51
Adjusted weighted average number of common shares	370.2	365.8	354.8

B: Balance Sheet

Horton DR Inc. (NYSE:DHI) Consolidated Balance Sheets - USD (\$) \$ in Millions	FY 2020	FY 2021	FY 2022	FY 2023 E	FY 2024 E	FY 2025 E	FY 2026 E	FY 2027 E
ASSETS:								
Cash and cash equivalents	3,018.5	3,210.4	2,540.5					
Restricted cash	21.6	26.8	32.4					
Total cash, cash equivalents and restricted cash	3,040.1	3,237.2	2,572.9					
Inventories:								
Construction in progress and finished homes	5,984.1	7,739.2	9,798.2					
Residential land and lots — developed and under development	6,171.8	7,781.8	9,173.1					
Land held for development	53.2	110.9	110.8					
Land held for sale	28.3	25.4	29.4					
Rental properties	-	821.8	2,544.2					
Total inventory	12,237.4	16,479.1	21,655.7					
Mortgage loans held for sale	1,529.0	2,027.3	2,386.0					
Deferred income taxes, net of valuation allowance of \$17.9 million and \$4.2 million at September 30, 2022 and 2021, respectively	144.9	155.3	141.1					
Property and equipment, net	683.7	392.9	471.6					
Other assets	1,113.7	1,560.6	2,960.3					
Goodwill	163.5	163.5	163.5					
Total assets	18,912.3	24,015.9	30,351.1					
LIABILITIES:								
Accounts payable	900.5	1,177.0	1,360.3					
Accrued expenses and other liabilities	1,607.0	2,210.3	3,138.3					
Notes payable	4,283.3	5,412.4	6,066.9					
Total liabilities	6,790.8	8,799.7	10,565.5					
Commitments and Contingencies								
EQUITY:								
Preferred stock, \$10 par value, 30,000,000 shares authorized, no shares issued	-	-	-					
Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 399,172,937 shares issued and 343,953,023 shares outstanding at September 30, 2022 and 397,190,100 shares issued and 356,015,843 shares outstanding at September 30, 2021	3.9	4.0	4.0					
Additional paid-in capital	3,240.9	3,274.8	3,349.5					
Retained earnings	9,757.8	13,644.3	19,185.3					
Treasury stock, 55,219,914 shares and 41,174,257 shares at September 30, 2022 and 2021, respectively, at cost	(1,162.6)	(2,036.6)	(3,142.5)					
Stockholders' equity	11,840.0	14,886.5	19,396.3					
Noncontrolling interests	281.5	329.7	389.3					
Total equity	12,121.5	15,216.2	19,785.6					
Total liabilities and equity	18,912.3	24,015.9	30,351.1					

C: Cash Flow Statement

Horton Dr Inc. (NYSE: DHI) Consolidated Statements of Cash Flows - USD (\$) \$ in Millions	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
OPERATING ACTIVITIES								
Net income	\$ 2,380.5	\$ 4,191.2	\$ 5,895.6					
Adjustments to reconcile net income to net cash (used in) provided by operating activities:								
Depreciation and amortization	90.6	82.1	81.4	76.32	78.61	72.87	75.06	68.72
<i>% of CapEx</i>	94%	88%	55%	50%	50%	45%	45%	40%
Stock-based compensation expense	77.8	91.4	105.1					
Deferred income taxes	14.1	(10)	29.1					
Inventory and land option charges	23.8	28.6	70.4					
Gain on sale of assets	(59.5)	(14)	0					
Loss on extinguishment of debt	0	18.1	0					
Changes in operating assets and liabilities:								
Increase in construction in progress and finished homes	(739.1)	(1,734.9)	(2,059)					
Increase in residential land and lots — developed, under development, held for development and held for sale	(324.4)	(1,720.6)	(1,402.8)					
Increase in rental properties	0	(303.6)	(1,723.2)					
Increase in other assets	(151.4)	(440.7)	(1,111.5)					
Increase in mortgage loans held for sale	(457)	(498.3)	(358.8)					
Increase in accounts payable, accrued expenses and other liabilities	566.2	845.1	1,035.5					
Net cash provided by operating activities	1,421.6	534.4	561.8					
INVESTING ACTIVITIES								
Expenditures for property and equipment	(96.5)	(93.5)	(148.2)					
<i>Capital Expenditures</i>	(96.5)	(93.5)	(148.2)	(152.65)	(157.23)	(161.94)	(166.80)	(171.80)
<i>% of Net Income</i>	4%	2%	3%	3%	3%	3%	3%	3%
Proceeds from sale of assets	129.8	37.6	0					
Expenditures related to rental properties	(190.3)	(173.9)	0					
Payments related to business acquisitions, net of cash acquired	(9.7)	(24.5)	(271.5)					
Other investing activities	0.6	2.1	4.8					
Net cash used in investing activities	(166.1)	(252.2)	(414.9)					
FINANCING ACTIVITIES								
Proceeds from notes payable	2,346.1	1,541.6	4,250					
Repayment of notes payable	(1,682.9)	(826.3)	(3,801.2)					
Advances on mortgage repurchase facility, net	243.7	362	123.7					
Proceeds from stock associated with certain employee benefit plans	23.4	22.7	33.2					
Cash paid for shares withheld for taxes	(38.2)	(78.5)	(62)					
Cash dividends paid	(256)	(289.3)	(316.5)					
Repurchases of common stock	(360.4)	(848.4)	(1,131.5)					
Net proceeds from issuance of Forstar common stock	0	33.5	1.7					
Net other financing activities	(5.1)	(2.4)	91.4					
Net cash (used in) provided by financing activities	270.6	(85.1)	(811.2)					
Net (decrease) increase in cash, cash equivalents and restricted cash	1,526.1	197.1	(664.3)					
Total cash, cash equivalents and restricted cash	3,040.1	3,237.2	2,572.9					
Supplemental cash flow information:								
Income taxes paid, net	581.3	1,137.8	1,701.1					
Supplemental disclosures of non-cash activities:								
Notes payable issued for inventory	5.1	12.5	64.3					
Stock issued under employee incentive plans	84.4	124.7	130.9					
Repurchase of common stock not settled	\$ 0	\$ 25.6	\$ 0					

D: Revenue Build

Horton DR Inc. (NYSE: DHI)										
Revenue Build (in millions)	FY 2020	FY 2021	FY 2022	FY 2023 E	FY 2024 E	FY 2025 E	FY 2026 E	FY 2027 E		
Home Sales	\$ 19,560.80	\$ 26,502.60	\$ 31,861.70	\$ 33,454.79	\$ 35,629.35	\$ 37,945.25	\$ 40,032.24	\$ 41,433.37		
<i>% Growth</i>		35%	20%	5%	7%	7%	6%	4%		
Land/Lot sales and other	\$ 165.40	\$ 212.00	\$ 313.10	\$ 375.72	\$ 450.86	\$ 518.49	\$ 596.27	\$ 679.75		
<i>% Growth</i>		28%	48%	20%	20%	15%	15%	14%		
Rental Property sales	\$ -	\$ 236.00	\$ 510.20	\$ 714.28	\$ 999.99	\$ 1,249.99	\$ 1,449.99	\$ 1,594.99		
<i>% Growth</i>			116%	40%	40%	25%	16%	10%		
Financial Services	\$ 584.90	\$ 823.60	\$ 795.00	\$ 834.75	\$ 1,001.70	\$ 1,252.13	\$ 1,527.59	\$ 1,787.28		
<i>% Growth</i>		41%	-3%	5%	20%	25%	22%	17%		
Total Revenues	\$ 20,311.10	\$ 27,774.20	\$ 33,480.00	\$ 35,379.54	\$ 38,081.90	\$ 40,965.86	\$ 43,606.09	\$ 45,495.39		
<i>% Growth</i>		37%	21%	6%	8%	8%	6%	4%		

E: NWC



Horton DR Inc. (NYSE: DHI)								
NWC (in millions)	FY 2020	FY 2021	FY 2022	FY 2023 E	FY 2024 E	FY 2025 E	FY 2026 E	FY 2027 E
Construction in progress and finished homes	5,984.10	7,739.20	9,798.20	10,212.04	10,916.15	11,852.11	12,567.40	13,105.23
Revenue	20,311.10	27,774.20	33,480.00	35,379.54	38,081.90	40,965.86	43,606.09	45,495.39
DSO	108	102	107	105	105	106	105	105
Residential land and lots — developed and under development	6,171.80	7,781.80	9,173.10	10,118.92	10,665.20	11,471.23	12,298.22	12,770.69
Revenue	20,311.10	27,774.20	33,480.00	35,379.54	38,081.90	40,965.86	43,606.09	45,495.39
DSO	111	102	100	104	102	102	103	102
Total Current Assets	12,155.90	15,521.00	18,971.30	20,330.96	21,581.35	23,323.34	24,865.62	25,875.92
Accounts Payable	900.5	1177	1360.3	1,648.38	1,778.31	1,912.57	2,034.59	2,123.76
COGS	15,373.20	19,899.20	22,975.90	27,949.83	30,084.70	32,363.03	34,448.81	35,941.36
DPO	21	22	22	22	22	22	22	22
Accrued expenses and other liabilities	1607	2210.3	3138.3	3,281.29	3,660.96	4,052.70	4,183.40	4,413.03
COGS	15,373.20	19,899.20	22,975.90	27,949.83	30,084.70	32,363.03	34,448.81	35,941.36
DPO	38	41	50	43	44	46	44	45
Notes Payable	4,283.30	5,412.40	6,066.90	7,589.94	8,098.82	8,682.04	9,290.00	9,669.98
COGS	15,373.20	19,899.20	22,975.90	27,949.83	30,084.70	32,363.03	34,448.81	35,941.36
DPO	102	99	96	99	98	98	98	98
Total Current Liabilities	6,790.80	8,799.70	10,565.50	12,519.61	13,538.08	14,647.31	15,507.99	16,206.77
NWC	5,365.10	6,721.30	8,405.80	7,811.34	8,043.27	8,676.02	9,357.63	9,669.15
Change in NWC		1,356.20	1,684.50	(594.46)	231.93	632.75	681.60	311.52

F: WACC

Horton DR Inc. (NYSE: DHI)	
WACC	
Beta	1.173874788
Risk-Free Rate	4.48%
Expected Market Return	7.50%
Risk premium	3.02%
Cost of Equity	8.03%
Pre-Tax Cost of Debt	5.17%
Tax Rate	21%
After-Tax Cost of Debt	4.08%
Market Capitalization	\$ 35,920,694.00
Debt Outstanding	\$ 6,066,900.00
Total Capitalization	\$ 41,987,594.00
Weight of Equity	85.55%
Weight of Debt	14.449%
WACC	7.46%

EBIT	7570.4
Interest Expense	59.3
Interest Coverage Ratio	127.66
Damodaran Spread	0.69%
Risk-Free Rate	4.48%
Cost of Debt	5.17%

Current DHI Price	\$ 106.18
Shares Outstanding	338,300

G: DDM

Horton DR Inc. (NYSE: DHI)						
Dividend Discount Model (\$ in Millions)						
DPS	0.88					
Expected Market Return	7.5%					
Risk-Free Rate	4.48%					
Beta	1.173874788					
Cost of Equity	8.03%					
Period	1	2				
Growth rate	10.0%	7.00%				
Length of Period	6 Years	Perpetuity				
Year	1	2	3	4	5	6
DPS	0.97	1.06	1.17	1.29	1.42	1.56
PV	0.90	0.91	0.93	0.95	0.96	0.98
Sum of PV of Stage 1	5.63					
Final Year Dividend x 1 + Stage 2 rate	1.05					
Terminal Value	109.49					
PV of Terminal Value	74.43					
Sum of Present Values	80.06					

Cost of Equity	Perpetuity Dividend Growth Rate				
	6.15%	6.20%	6.25%	6.30%	6.35%
6.81%	134.81	145.51	158.12	173.20	191.57
6.86%	125.10	134.25	144.91	157.47	172.49
6.91%	116.67	124.59	133.71	144.32	156.82
6.96%	109.29	116.20	124.08	133.16	143.73
7.01%	102.76	108.84	115.73	123.58	132.62

H: Discounted Cash Flow



Horton DR Inc. (NYSE: DHI)	FY 2020	FY 2021	FY 2022	FY 2023 E	FY 2024 E	FY 2025 E	FY 2026 E	FY 2027 E
Discounted Cash Flow (in millions)								
Revenue	20,311.10	27,774.20	33,480.00	35,379.54	38,081.90	40,965.86	43,606.09	45,495.39
% Growth		37%	21%	6%	8%	8%	6%	4%
EBIT	2,949.60	5,314.70	7,570.40	3,768.13	4,341.56	4,670.35	4,971.35	5,186.74
EBIT Margin		19%	23%	11%	11%	11%	11%	11%
Tax Rate	20%	22%	23%	21%	21%	21%	21%	21%
NOPAT	2,347.10	4,149.60	5,836.30	2,976.82	3,429.83	3,689.58	3,927.37	4,097.53
Plus: D&A	90.60	82.10	81.40	76.32	78.61	72.87	75.06	68.72
Less: CapEx	(96.50)	(93.50)	(148.20)	(152.65)	(157.23)	(161.94)	(166.80)	(171.80)
Less: Change in NWC		1,356.20	1,684.50	(594.46)	231.93	632.75	681.60	311.52
FCFF	2,534.20	2,969.00	4,381.40	3,800.25	3,433.75	3,291.64	3,487.62	4,026.53
Discount Factor				0.5	1.5	2.5	3.5	4.5
Present Value FCFF				3,666.04	3,082.64	2,750.03	2,711.60	2,913.38

Terminal Value (Growth)								75,278.52
Terminal Value (Multiple)								40,102.32
Cash Flows (Growth)				3,800.25	3,433.75	3,291.64	3,487.62	79,305.06
Cash Flows (Multiple)				3,800.25	3,433.75	3,291.64	3,487.62	44,128.86
PV of CF (Growth)				3,666.04	3,082.64	2,750.03	2,711.60	57,380.73
PV of CF (Multiple)				3,666.04	3,082.64	2,750.03	2,711.60	31,929.19

WACC	7.46%
Terminal Growth Rate	2.0%
Terminal Multiple (EV/EBIT)	7.73

Gordon Growth	
Enterprise Value	69,591.04
Less: Debt	6,066.90
Plus: Cash	2,572.90
Less: Minority Interest	389.30
Equity Value	65,707.74
Diluted Shares Outstanding	338
Price per Share	\$ 194.40

Terminal Multiple	
Enterprise Value	44,139.49
Less: Debt	6,066.90
Plus: Cash	2,572.90
Less: Minority Interest	389.30
Equity Value	40,256.19
Diluted Shares Outstanding	338
Price Per Share	\$ 119.00

WACC	Perpetuity Growth Rate				
	1.0%	1.5%	2.0%	2.5%	3.0%
7.1%	179.71	193.64	210.31	230.64	255.98
7.3%	173.66	186.59	201.97	220.59	243.57
7.5%	167.99	180.02	194.25	211.34	232.28
7.7%	162.66	173.87	187.07	202.82	221.95
7.9%	157.64	168.11	180.38	194.93	212.47

WACC	EV/EBIT				
	7.33	7.53	7.73	7.93	8.13
7.06%	116.30	118.55	120.81	123.06	125.32
7.26%	115.40	117.64	119.88	122.11	124.35
7.46%	114.52	116.74	118.96	121.18	123.39
7.66%	113.65	115.85	118.05	120.25	122.45
7.86%	112.78	114.96	117.14	119.33	121.51

I: Comparable Companies

Horton DR Inc. (NYSE: DHI)										
Comparable Comp.										
Company	Ticker	Share Price	Shares	Market Cap	Cash	Total Debt	Revenue	LTM		
								EV	EBIT	EBITDA
Horton DR Inc.	DHI	106.18	338.3	38,295,000	3,130	6,170	34,900	41,493	7,600	7,700
Lennar Corp.	LEN	111.15	250.2	31,280.1	3,890	4,650	33,200	31,947	6,800	6,900
NVR Inc.	NVR	5,960.95	3.3	19,458.5	2,680	1,030	9,830	17,782.9	2,300	2,300
Pulte	PHM	73.22	219.4	16,067.8	1,730	2,450	16,460	16,777	3,500	3,500
Toll Brothers	TOL	72.99	107.5	7844.9	1,030	2,970	9,740	9,803	1,500	1,600

2024 Forecast												
EPS	EV/EBITDA	EV/EBIT	EV/Revenue	P/E	2024E Revenue	2024E EBIT	2024E EBITDA	2024E EPS	EV/2024E EBITDA	EV/2024E EBIT	EV/2024E Revenue	2024E P/E
13.27	6.21	5.46	1.13	8.00	35,950	5,930	6,330	13.92	6.55	7.00	1.15	7.63
14.27	4.63	4.70	0.96	7.8	34,800	5,410	5,620	14.41	5.68	5.91	0.92	7.71
468.38	7.73	7.73	1.81	12.7	10,500	1,880	1,940	462.26	9.17	9.46	1.69	12.90
12.1	4.79	4.79	1.02	6.10	17,040	3,410	3,650	11.98	4.60	4.92	0.98	6.11
14.22	6.127	6.54	1.01	6.10	9800	1680	1850	11.8	5.30	5.84	1.00	6.19

Multiples					Multiples				
Minimum	4.63	4.70	0.96	6.10	Minimum	4.60	4.92	0.92	6.11
Quartile 1	4.75	4.77	1.00	6.10	Quartile 1	5.30	5.84	0.98	6.19
Median	5.46	5.66	1.01	6.95	Median	5.68	5.91	1.00	7.63
Quartile 3	6.53	6.83	1.22	9.03	Quartile 3	6.55	7.00	1.15	7.71
Maximum	7.73	7.73	1.81	12.70	Maximum	9.17	9.46	1.69	12.90

Valuation					Valuation				
Minimum	85.77	106.93	81.03	80.95	Minimum	67.76	68.00	79.32	85.08
Quartile 1	88.53	108.56	84.45	87.05	Quartile 1	80.91	84.05	86.39	86.10
Median	104.43	128.93	86.25	3,255.24	Median	88.12	85.27	88.06	106.18
Quartile 3	128.42	155.56	107.28	109.20	Quartile 3	104.41	104.41	104.41	107.37
Maximum	155.46	175.98	168.39	180.59	Maximum	153.28	147.57	161.74	179.50

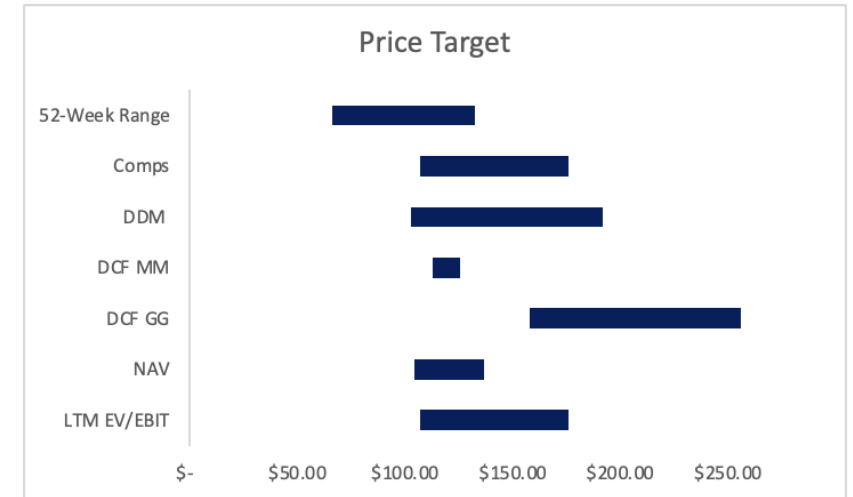
J: NAV

Horton DR Inc. (NYSE:DHI)	
<i>Net Asset Valuation (\$ in millions)</i>	
Home Sales	31,861.70
Land/Lot sales and other	313.10
Rental Property sales	510.20
Financial Services	795.00
Total Sales Income	33,480.00
SG&A	2,933.70
NOI	30,546.30
Adjust NOI for acquisitions, construction, or purchase:	
Payments related to business acquisition, other investing	266.7
Cash NOI	30,279.60
Cap Rate	7.5%
Fair Market Value	403,728.00
Adjust for other Investments and Financing:	
Cash	2572.9
Debt	6066.9
NAV	400,234.00
Shares Outstanding	3,383
NAV per share	118.31

K: Football Field

Football Field	Min	Spread	Max
LTM EV/EBIT	\$ 106.93	\$ 69.05	\$ 175.98
NAV	\$ 104.27	\$ 32.40	\$ 136.67
DCF GG	\$ 157.64	\$ 98.34	\$ 255.98
DCF MM	\$ 112.78	\$ 12.54	\$ 125.32
DDM	\$ 102.76	\$ 88.81	\$ 191.57
Comps	\$ 106.93	\$ 69.05	\$ 175.98
52-Week Range	\$ 66.01	\$ 66.29	\$ 132.30

Price Target Calculation	Price	Weight	Weighted Price
NAV	\$ 118.31	20%	23.66
DCF GG	\$ 194.40	10%	19.44
DCF MM	\$ 119.00	20%	23.80
DDM	\$ 133.71	20%	26.74
Comps	\$ 128.93	30%	38.68
			132.32



K: ESG

