D.R. Horton Inc. (DHI)

Updated April 21st, 2025 by Quinn Mohammed

Key Metrics

Current Price:	$120	**5 Year CAGR Estimate:**	13.4%	**Market Cap:**	$38 B
Fair Value Price:	$116	**5 Year Growth Estimate:**	13.0%	**Ex-Dividend Date[1]:**	05/02/2025
% Fair Value:	103%	**5 Year Valuation Multiple Estimate:**	-0.7%	**Dividend Payment Date[1]:**	05/09/2025
Dividend Yield:	1.3%	**5 Year Price Target**	$213	**Years Of Dividend Growth:**	9
Dividend Risk Score:	A	**Sector:**	Consumer Discretionary	**Rating:**	Hold

Overview & Current Events

D.R. Horton was founded in 1978 in Fort Worth, Texas, and has been the largest homebuilder by volume since 2002. It operates in 126 markets in 36 states across the U.S. The company's brand portfolio includes D.R. Horton (quality & value brand), Express Homes (first-time homebuyer), Freedom Homes (active adult) and Emerald Homes (luxury), which constructs and sells high-quality homes with sales prices ranging from $200,000 to over $1 million. The corporation also provides mortgage financing, title services and insurance agency services for homebuyers through its mortgage, title, and insurance subsidiaries. D.R. Horton trades on the NYSE under the ticker symbol DHI and boasts a $38 billion market capitalization. In the trailing twelve months, D.R. Horton closed 86,137 homes. DHI also owns the majority of Forestar Group Inc. (FOR), a national residential lot development company.

On October 29th, 2024, the company announced a $0.40 quarterly dividend, a 33% increase over the prior dividend.

D. R. Horton reported second quarter fiscal 2025 results on April 17th, 2025, for the period ending March 31st, 2025. Homebuilding revenue declined 15% year-over-year to $7.2 billion. Net income decreased by 31% to $810 million and net income per share declined 7% to $2.58 compared to $3.52 in Q2 2024, missing analysts' estimates by $0.07.

Net sales orders declined 15% compared to the year-ago quarter, to 22,437 homes, and the value decreased 17% to $8.4 billion.

The corporation repurchased 9.7 million shares of common stock for $1.3 billion during Q2. Return on equity was 17.4% for the trailing twelve months.

D. R. Horton updated its guidance, now expecting revenue to be $33.3B to $34.8B (down from $36B to $37.5B previously), and significantly upped its share repurchase plan from approximately $2.7B previously to $4.0B. D.R. Horton now expects to close 85K to 87K homes this year, down from expectations of 90k to 92k at last guidance.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$2.03	$2.36	$2.74	$4.09	$4.29	$6.41	$11.41	$16.51	$13.82	$14.34	***$11.55***	***$21.28***
DPS	$0.25	$0.32	$0.40	$0.50	$0.60	$0.70	$0.83	$0.90	$1.00	$1.20	***$1.60***	***$2.95***
Shares[2]	368.7	372.9	375.0	376.3	368.4	364.0	356.0	347.0	347.0	324.0	***308.6***	***290***

D. R. Horton's earnings have grown consistently since 2011, once the company recovered from the financial crisis. The corporation has grown earnings by 24.3% and 27.3% on average per year over the last nine and five years, respectively. Rising interest rates impacted the demand for housing initially, but given the limited supply of new and existing homes, and the increase of population, demand remained highly elevated. Additionally, interest rates may further decline this year, which is likely to improve affordability and thus raise the demand for housing. Additionally, if interest rates were to decline, home values would likely improve as well.

[1] Estimate

[2] In millions

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From $11.55 per share for fiscal 2025, we are forecasting EPS growth at 13.0% per year over the next five years. Earnings could come in stronger if the housing boom continues. The company has a large backlog of homes under contract, most recently reported at 14,164 homes, valued at $5.5 billion. The cancellation rate deteriorated slightly in second quarter FY 2025, at 16% vs 15% prior.

The company's share count has grown over the long term, however since 2018 the company has made efforts to reduce its share count, and we see this as another tailwind to earnings in the coming years.

The corporation's dividend has grown by 24% on average over the past nine years, and we estimate it will grow at around 13% in the next five years.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	13.0	12.9	11.8	11.0	9.7	8.6	7.7	5.5	7.3	11.1	***10.3***	***10.0***
Avg. Yld.	0.9%	1.1%	1.2%	1.1%	1.4%	1.3%	0.9%	1.1%	0.9%	0.7%	***1.3%***	***1.4%***

D.R. Horton's price-to-earnings multiple appears to be slightly overvalued at 10.3 based on 2025 forecast earnings, and we peg fair value at 10.0 times earnings, in line with its ten-year average. As a result, we see the potential for a valuation headwind. DHI yields 1.3% and we expect the yield to increase from here due to its impressive dividend growth.

Safety, Quality, Competitive Advantage, & Recession Resiliency

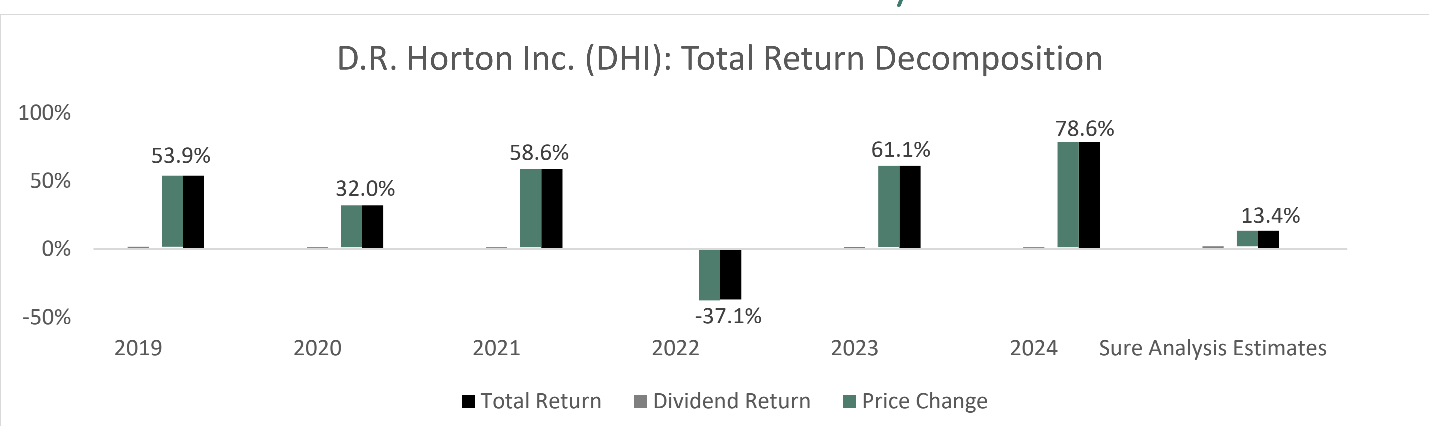
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	12%	14%	15%	12%	14%	11%	7%	5%	7%	8%	***14%***	***14%***

The payout ratio is low at only 14% of net income, and we estimate that the company has a long runway of dividend growth ahead of it. However, it must be noted that DHI faced many hardships in the Great Financial Crisis, which caused it to report losses from 2007 to 2009 and caused the dividend to be cut significantly. The company only eclipsed its 2005 per share earnings in 2020. This demonstrates that D.R. Horton is not recession resistant. Additionally, interest rates and housing demand can cause volatile earnings in a recession. DHI's competitive advantage lies in its industry leading position in homebuilding, which it has dominated since 2002.

Final Thoughts & Recommendation

D. R. Horton has been the US' largest homebuilder by volume for more than 20 years, and has closed over 1.1 million homes in its 45-year+ history. Since the Great Financial Crisis, the corporation has compounded earnings and the dividend at strong double digits, and we see this continuing. D.R. Horton earns a hold rating with 13.4% annualized total returns forecasted through 2030.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	10824	12157	14091	16068	17593	20311	27774	33480	35460	36800
Gross Profit	2288	2655	3048	3670	3872	4938	7875	10504	9350	9535
Gross Margin	21.1%	21.8%	21.6%	22.8%	22.0%	24.3%	28.4%	31.4%	26.4%	25.9%
SG&A Exp.	1186	1320	1472	1677	1833	2048	2556	2934	3249	3600
D&A Exp.	54	61	55	62	72	80	74	81	92	87
Operating Profit	1102	1335	1577	1993	2040	2890	5319	7570	6102	5936
Operating Margin	10.2%	11.0%	11.2%	12.4%	11.6%	14.2%	19.2%	22.6%	17.2%	16.1%
Net Profit	751	886	1038	1460	1619	2374	4176	5858	4746	4756
Net Margin	6.9%	7.3%	7.4%	9.1%	9.2%	11.7%	15.0%	17.5%	13.4%	12.9%
Free Cash Flow	644	546	283	407	668	1135	267	414	4156	2024
Income Tax	373	467	564	598	507	603	1165	1734	1520	1479

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	11151	11559	12185	14115	15607	18912	24016	30351	32580	36100
Cash & Equivalents	1384	1303	1008	1473	1494	3019	3210	2541	3874	4516
Inventories	7807	8341	9237	10395	11282	12237	16479	21656	22370	24900
Goodwill & Int. Ass.	87	80	80	109	164	181	164	174	164	164
Total Liabilities	5256	4766	4437	4956	5312	6791	8800	10566	9444	10280
Accounts Payable	517	578	580	625	634	901	1177	1360	1246	1346
Long-Term Debt	3812	3271	2872	3204	3399	4283	5412	6067	5094	5918
Shareholder's Equity	5894	6793	7747	8984	10021	11840	14887	19396	22700	25310
D/E Ratio	0.65	0.48	0.37	0.36	0.34	0.36	0.36	0.31	0.22	0.23

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	7.0%	7.8%	8.7%	11.1%	10.9%	13.8%	19.5%	21.5%	15.1%	13.9%
Return on Equity	13.6%	14.0%	14.3%	17.5%	17.0%	21.7%	31.2%	34.2%	22.6%	19.4%
ROIC	8.1%	9.0%	10.0%	12.7%	12.4%	15.8%	22.6%	25.2%	17.6%	15.9%
Shares Out.	368.7	372.9	375.0	376.3	368.4	364.0	356.0	354.8	343.3	331.6
Revenue/Share	29.27	32.41	37.19	41.91	46.62	54.87	75.93	94.36	103.3	111.0
FCF/Share	1.74	1.46	0.75	1.06	1.77	3.07	0.73	1.17	12.10	6.11

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.