

FLOOR & DECOR NYSE-FND

RECENT PRICE **29.37**

P/E RATIO **29.1**

30.6 NMF

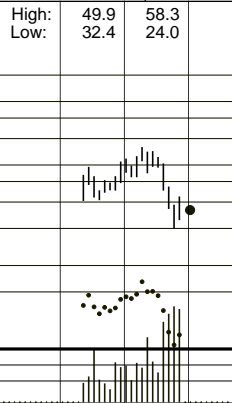
RELATIVE P/E RATIO **1.83**

DIV'D YLD Nil

VALUE LINE

TIMELINESS - D
SAFETY **3** New 3/23/18
TECHNICAL - D
BETA NMF (1.00 = Market)

LEGENDS
... Relative Price Strength
Options: Yes
Shaded area indicates recession



2021-23 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	95	(+225%)	35%
Low	65	(+120%)	22%

Insider Decisions

	F	M	A	M	J	J	A	S	O
to Buy	0	0	0	0	0	0	0	0	0
Options	0	1	3	0	4	0	0	0	0
to Sell	0	1	3	1	4	0	0	1	0

Institutional Decisions

	1Q2018	2Q2018	3Q2018	Percent shares traded
to Buy	111	118	136	24
to Sell	71	67	87	16
Hld's(000)	94830	100389	110029	8

Floor & Decor Holdings, Inc. was founded in 2000 and held its initial public offering on April 27, 2017. At that time, it sold 8,823,500 shares at a price of \$21.00 each. Underwriters had the option to purchase an additional 1,323,525 shares. The underwriting syndicate included BofA Merrill Lynch, Barclays, Credit Suisse, UBS, Goldman Sachs, and others. Floor & Decor held secondary offerings in July and November of 2017.

	2008	2009	2010	2011	2012	2013	2014	2015	2016 ^c	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
Sales per sh	--	--	--	--	--	--	--	--	--	14.50	17.10	20.50		35.50
"Cash Flow" per sh	--	--	--	--	--	--	--	--	--	1.14	1.50	1.70		3.40
Earnings per sh ^A	--	--	--	--	--	--	--	--	--	.69	.96	1.10		2.30
Div'ds Decl'd per sh	--	--	--	--	--	--	--	--	--	--	Nil	Nil		Nil
Book Value per sh	--	--	--	--	--	--	--	--	--	4.64	5.75	7.00		12.85
Common Shs Outst'g ^B	--	--	--	--	--	--	--	--	--	95.51	100.00	102.00		105.00
Avg Ann'l P/E Ratio	--	--	--	--	--	--	--	--	--	NMF	Bold figures are Value Line estimates			34.0
Relative P/E Ratio	--	--	--	--	--	--	--	--	--	NMF				1.90
Avg Ann'l Div'd Yield	--	--	--	--	--	--	--	--	--	--				Nil
Sales (\$mill)	--	--	--	--	--	--	--	--	--	1050.8	1384.8	1710	2090	3725
Gross Margin	--	--	--	--	--	--	--	--	--	43.3%	41.4%	41.0%	41.2%	42.0%
Operating Margin	--	--	--	--	--	--	--	--	--	11.4%	11.8%	11.4%	11.4%	11.5%
Number of Stores	--	--	--	--	--	--	--	--	--	69	83	100	120	200
Net Profit (\$mill)	--	--	--	--	--	--	--	--	--	43.0	71.0	101	118	255
Income Tax Rate	--	--	--	--	--	--	--	--	--	21.1%	36.3%	19.0%	23.5%	23.5%
Net Profit Margin	--	--	--	--	--	--	--	--	--	4.1%	5.1%	5.9%	5.7%	6.8%
Working Cap'l (\$mill)	--	--	--	--	--	--	--	--	--	92.5	143.9	175	200	350
Long-Term Debt (\$mill)	--	--	--	--	--	--	--	--	--	387.2	185.6	140	140	140
Shr. Equity (\$mill)	--	--	--	--	--	--	--	--	--	134.3	442.9	575	715	1350
Return on Total Cap'l	--	--	--	--	--	--	--	--	--	9.5%	12.4%	14.0%	14.0%	17.0%
Return on Shr. Equity	--	--	--	--	--	--	--	--	--	32.1%	16.0%	17.5%	16.5%	19.0%
Retained to Com Eq	--	--	--	--	--	--	--	--	--	32.1%	16.0%	17.5%	16.5%	19.0%
All Div'ds to Net Prof	--	--	--	--	--	--	--	--	--	--	Nil	Nil		Nil

CAPITAL STRUCTURE as of 9/27/18
Total Debt \$146.0 mill. Due in 5 Yrs \$58.5 mill.
LT Debt \$142.5 mill. LT Interest \$7 mill.
(Total interest coverage: 9x)
(20% of Cap'l)
Leases, Uncapitalized Annual rentals \$79.9 mill.

No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 97,328,165 shs. as of 10/30/18
MARKET CAP: \$2.9 billion (Mid Cap)

CURRENT POSITION

	2016	2017	9/27/18
Cash Assets (\$mill)	.5	.6	.5
Receivables	34.5	54.0	55.7
Inventory (FIFO)	293.7	428.0	403.8
Other	7.5	20.6	26.8
Current Assets	336.2	503.2	486.8
Accts Payable	158.5	258.7	237.8
Debt Due	3.5	3.5	3.5
Other	81.7	97.1	82.9
Current Liab.	243.7	359.3	324.2

BUSINESS: Floor & Decor Holdings, Inc., through its subsidiaries, operates as a multi-channel specialty retailer of hard surface flooring and related accessories. The company's stores offer tile, wood, laminate, and natural stone flooring products, as well as decorative and installation accessories. It serves professional installers, commercial businesses, and do-it-yourself customers. As of 9/27/18, it

operated 95 warehouse-format stores across 26 states. Average store size is 75,000 square feet. The company also sells products through its website. Has roughly 5,535 employees. CEO: Thomas Taylor. Chairman: Norman Axelrod. Incorporated: Delaware. Address: 2233 Lake Park Drive, Smyrna, Georgia 30080. Telephone: (404) 471-1634. Internet: www.flooranddecor.com.

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '16-'17 to '21-'23
Sales	--	--	NMF
"Cash Flow"	--	--	NMF
Earnings	--	--	NMF
Dividends	--	--	NMF
Book Value	--	--	NMF

Shares of Floor & Decor rebounded (though the stock is still down sharply over the past three months) after the retailer released better-than-expected third-quarter results and issued a generally upbeat outlook. Sales rose 27% from a year earlier, to \$435.9 million, eclipsing our estimate of \$431.0 million, while comparable-store sales jumped 11.1%. Meantime, adjusted earnings of \$0.24 a share were up 41% on a year-to-year basis and were a penny ahead of our call. Efforts to court professional customers continued with the rollout of the company's Pro Premier Rewards program. Management also remains focused on its other growth initiatives, which include geographic expansion (leadership envisions growing the store base to around 400), increased marketing spending to boost brand awareness, investments in staffing and customer service, and enhanced omnichannel selling capabilities. Evidence from the latest quarter suggests that the retailer is on the right track.

be in the \$1.702 billion-\$1.710 billion range (up from \$1.696 billion-\$1.710 billion), but the outlooks for comps and share earnings were unchanged at 9%-10% and \$0.93-\$0.96, respectively. Our earnings estimate is static at the high end of the provided bracket.

Floor & Decor stock was trading near its all-time low heading into the earnings release, so expectations appeared to be quite subdued. That said, it was a solid quarter for the retailer that enabled its stock to make up some lost ground. Indeed, the equity has been under pressure since the summer, when investors became more concerned with the prospects of tariffs and rising interest rates slowing the housing market. It was the release of weaker-than-expected guidance in early August, however, that sent the stock into a tailspin. Consequently, even after this rebound in price, the equity is well off of its all-time high, leaving it with ample recovery potential. That said, investors here should brace for volatility, as concerns regarding the state of the housing and remodeling markets remain.

QUARTERLY SALES (\$ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2015	--	--	--	--	--
2016	235.3	265.9	271.3	278.3	1050.8
2017	307.3	344.1	343.9	389.5	1384.8
2018	402.9	434.3	435.9	436.9	1710
2019	495	535	535	525	2090

EARNINGS PER SHARE^A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2015	--	--	--	--	--
2016	--	--	--	--	--
2017	.13	.20	.17	.19	.69
2018	.26	.27	.24	.19	.96
2019	.27	.31	.30	.22	1.10

QUARTERLY DIVIDENDS PAID

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014					
2015					
2016					
2017					
2018					

NO CASH DIVIDENDS BEING PAID

The momentum seems apt to continue, though full-year guidance was not altered much. Sales are now expected to

(A) Fully diluted earnings. Excludes non-recurring gains: '17, \$0.34; '18, \$0.17. Next earnings report due early March.
(B) In millions.

(C) Pro forma.
(D) Unranked due to short trading history.

Company's Financial Strength B++
Stock's Price Stability NMF
Price Growth Persistence NMF
Earnings Predictability NMF

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