

ModernGraham Valuation

Company Name:

Coach Inc

Company Ticker COH

Date of Analysis

2/2/2016



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$10,326,449,992	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.27	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	1.88%	Fail
6. Moderate PEmg Ratio	PEmg < 20	16.65	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.02	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	3.27	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.55	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.23
MG Growth Estimate	-3.13%
MG Value	\$4.98
MG Value based on 3% Growth	\$32.35
MG Value based on 0% Growth	\$18.97
Market Implied Growth Rate	4.07%

MG Opinion

Current Price	\$37.15
% of Intrinsic Value	745.94%
Opinion	Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$0.96
Graham Number	\$18.87
PEmg	16.65
Current Ratio	3.27
PB Ratio	4.02
Dividend Yield	3.64%
Number of Consecutive Years of Dividend Growth	1

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.71	Next Fiscal Year Estimate	\$2.23
Jun2015	\$1.45	Jun2015	\$2.61
Jun2014	\$2.79	Jun2014	\$3.14
Jun2013	\$3.61	Jun2013	\$3.17
Jun2012	\$3.53	Jun2012	\$2.82
Jun2011	\$2.92	Jun2011	\$2.38
Jun2010	\$2.33	Jun2010	\$2.04
Jun2009	\$1.91	Jun2009	\$1.79
Jun2008	\$2.17	Jun2008	\$1.60
Jun2007	\$1.76	Jun2007	\$1.20
Jun2006	\$1.27	Jun2006	\$0.83
Jun2005	\$0.86	Jun2005	\$0.55
Jun2004	\$0.57	Jun2004	\$0.36
Jun2003	\$0.33	Jun2003	\$0.23
Jun2002	\$0.24	Jun2002	\$0.17
Jun2001	\$0.19	Jun2001	\$0.12
Jun2000	\$0.14	Jun2000	\$0.08
Jun1999	\$0.06	Balance Sheet Information Dec2015	
Jun1998	\$0.07	Total Current Assets	\$2,301,600,000
Dec1997	\$0.00	Total Current Liabilities	\$704,000,000
Dec1996	\$0.00	Long-Term Debt	\$872,000,000
		Total Assets	\$4,603,700,000
		Intangible Assets	\$0
		Total Liabilities	\$2,036,400,000
		Shares Outstanding (Diluted Average)	277,500,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- [Coach Inc. Valuation – October 2015 Update \\$COH](#)
- [The Best Companies of the Retail Industry – August 2015](#)
- [The 20 Best Stocks For Value Investors This Week – 7/25/15](#)
- [Coach Inc. Analysis – July 2015 Update \\$COH](#)
- [Coach Inc. Quarterly Valuation – April 2015 \\$COH](#)

Other ModernGraham posts about related companies

- [Tiffany & Company Valuation – February 2016 Update \\$TIF](#)
- [Urban Outfitters Inc Valuation – January 2016 Update \\$URBN](#)
- [CVS Health Corp Valuation – December 2015 Update \\$CVS](#)
- [Ross Stores Inc Valuation – December 2015 Update \\$ROST](#)
- [Bed Bath & Beyond Inc. Valuation – November 2015 Update \\$BBBY](#)
- [Kohl's Corporation Valuation – November 2015 Update \\$KSS](#)
- [Aaron's Inc. Valuation – October 2015 Update \\$AAN](#)
- [Nordstrom Inc. Valuation – October 2015 Update \\$JWN](#)
- [Tractor Supply Company Valuation – October 2015 Update \\$TSCO](#)
- [Coach Inc. Valuation – October 2015 Update \\$COH](#)