

ModernGraham Valuation

Company Name:

Fossil Group Inc

Company Ticker

FOSL

Date of Analysis

9/22/2015



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	\$2,802,106,105	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.58	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	216.94%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	11.90	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.40	Pass

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	3.58	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.69	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.88
MG Growth Estimate	6.91%
MG Value	\$108.94
MG Value based on 3% Growth	\$70.78
MG Value based on 0% Growth	\$41.49
Market Implied Growth Rate	1.70%

MG Opinion

Current Price	\$58.08
% of Intrinsic Value	53.31%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$2.87
Graham Number	\$26.94
PEmg	11.90
Current Ratio	3.58
PB Ratio	3.40
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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	\$1.87	Next Fiscal Year Estimate	\$4.88
Dec14	\$7.10	Dec14	\$6.10
Dec13	\$6.56	Dec13	\$5.24
Dec12	\$5.59	Dec12	\$4.26
Dec11	\$4.61	Dec11	\$3.34
Dec10	\$3.77	Dec10	\$2.52
Dec09	\$2.07	Dec09	\$1.80
Dec08	\$2.02	Dec08	\$1.59
Dec07	\$1.75	Dec07	\$1.32
Dec06	\$1.13	Dec06	\$1.08
Dec05	\$1.07	Dec05	\$1.02
Dec04	\$1.22	Dec04	\$0.95
Dec03	\$0.93	Dec03	\$0.80
Dec02	\$0.81	Dec02	\$0.71
Dec01	\$0.62	Dec01	\$0.62
Dec00	\$0.76	Dec00	\$0.56
Dec99	\$0.69	Dec99	\$0.42
Dec98	\$0.44	Balance Sheet Information Jun15	
Dec97	\$0.18	Total Current Assets	\$1,366,339,000
Dec96	\$0.20	Total Current Liabilities	\$381,910,000
Dec95	\$0.12	Long-Term Debt	\$674,445,000
		Total Assets	\$2,059,441,000
		Intangible Assets	\$363,942,000
		Total Liabilities	\$1,226,495,000
		Shares Outstanding (Diluted Average)	48,744,000





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.

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<http://www.moderngraham.com/2015/07/27/tractor-supply-company-analysis-initial-coverage-tsco/>

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