

# ModernGraham Valuation

Company Name:

Ralph Lauren Corp

Company Ticker RL

Date of Analysis

9/21/2015



## 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	\$9,325,367,702	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.69	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	95.48%	Pass
6. Moderate PEmg Ratio	PEmg < 20	14.75	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.55	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	2.69	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.25	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		Pass

### Suitability

<b>Defensive</b>	<b>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$7.54
MG Growth Estimate	4.98%
<b>MG Value</b>	<b>\$139.17</b>
MG Value based on 3% Growth	\$109.27
MG Value based on 0% Growth	\$64.06
Market Implied Growth Rate	3.12%

### MG Opinion

Current Price	\$111.13
% of Intrinsic Value	79.85%
<b>Opinion</b>	<b>Fairly Valued</b>

## Stage 3: Information for Further Research

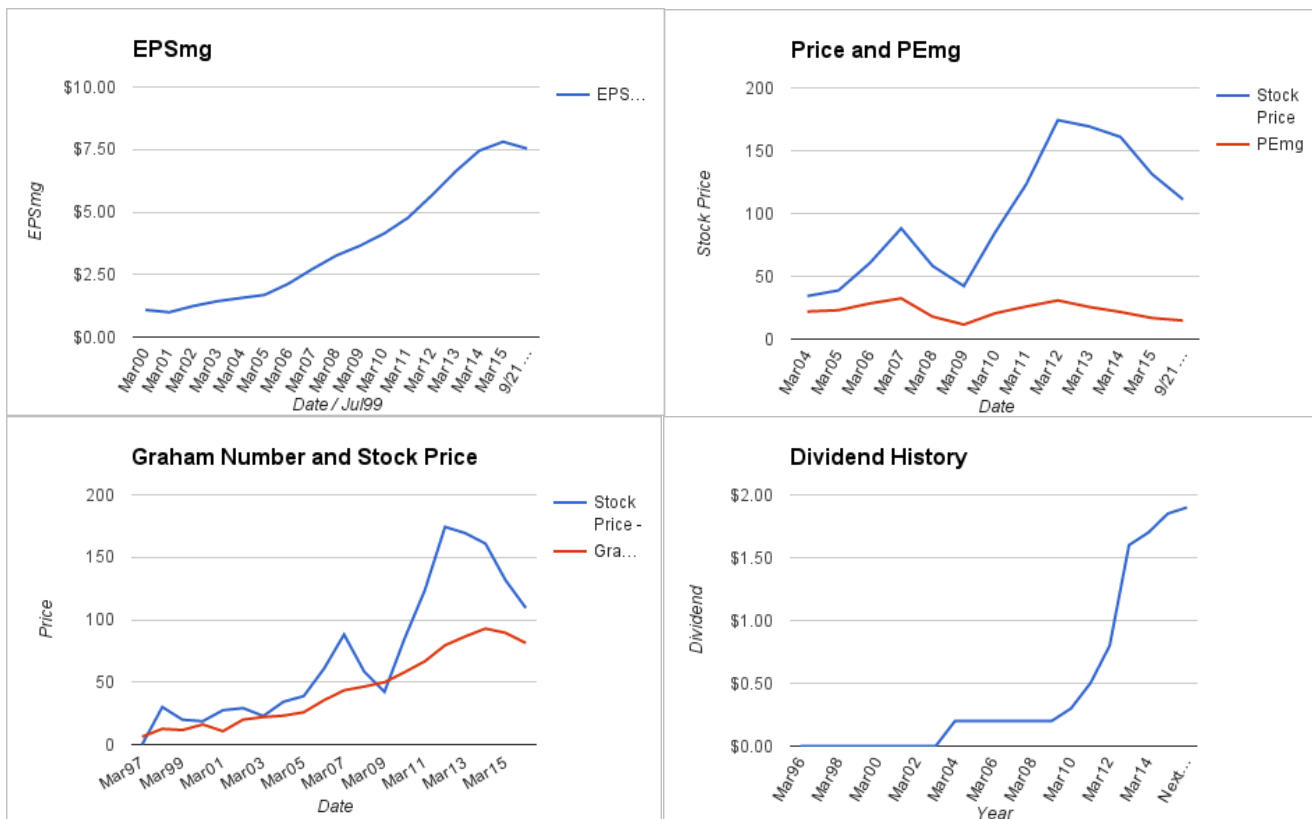
Net Current Asset Value (NCAV)	\$11.92
Graham Number	\$81.34
PEmg	14.75
Current Ratio	2.69
PB Ratio	2.55
Dividend Yield	1.71%
Number of Consecutive Years of Dividend Growth	7

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.62	Next Fiscal Year Estimate	\$7.54
Mar15	\$7.88	Mar15	\$7.81
Mar14	\$8.43	Mar14	\$7.45
Mar13	\$8.00	Mar13	\$6.62
Mar12	\$7.13	Mar12	\$5.66
Mar11	\$5.75	Mar11	\$4.76
Mar10	\$4.73	Mar10	\$4.13
Mar09	\$4.01	Mar09	\$3.65
Mar08	\$3.99	Mar08	\$3.26
Mar07	\$3.73	Mar07	\$2.72
Mar06	\$2.87	Mar06	\$2.13
Mar05	\$1.83	Mar05	\$1.69
Mar04	\$1.69	Mar04	\$1.56
Mar03	\$1.76	Mar03	\$1.43
Mar02	\$1.75	Mar02	\$1.24
Mar01	\$0.61	Mar01	\$0.99
Mar00	\$1.45	Mar00	\$1.08
Mar99	\$0.91	<b>Balance Sheet Information Jun15</b>	
Mar98	\$1.20	Total Current Assets	\$3,304,000,000
Mar97	\$0.89	Total Current Liabilities	\$1,229,000,000
Mar96	\$0.00	Long-Term Debt	\$519,000,000
		Total Assets	\$6,068,000,000
		Intangible Assets	\$1,161,000,000
		Total Liabilities	\$2,261,000,000
		Shares Outstanding (Diluted Average)	87,500,000





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

[The Best Companies of the Apparel Industry – June 2015 \\$GPS \\$HBI \\$KORS \\$RL \\$VFC](#)

[5 Undervalued Companies for the Defensive Investor Near 52 Week Lows – August 2015 \\$BEN \\$RL \\$FOSL \\$PWR \\$CMI](#)

[5 Undervalued Companies for the Defensive Investor Near 52 Week Lows – July 2015](#)

[The 10 Best Stocks For Value Investors This Week – 6/20/15](#)

[Ralph Lauren Corporation Analysis – June 2015 Update \\$RL](#)

Other ModernGraham posts about related companies

[Gap Inc Analysis – September 2015 Update \\$GPS](#)

[VF Corporation Analysis – September 2015 Update \\$VFC](#)

[L Brands Inc. Analysis – August 2015 Update \\$LB](#)

[Abercrombie & Fitch Company Analysis – Initial Coverage \\$ANF](#)

[Nike Inc. Analysis – August 2015 Update \\$NKE](#)

[The Best Companies of the Apparel Industry – June 2015 \\$GPS \\$HBI \\$KORS \\$RL \\$VFC](#)

[American Eagle Outfitters Analysis – Initial Coverage \\$AEO](#)

[Under Armour Inc. Analysis – Initial Coverage \\$UA](#)

[Hanesbrands Inc. Analysis – Initial Coverage \\$HBI](#)

[Wolverine World Wide Analysis – June 2015 Update \\$WWW](#)