

# ModernGraham Valuation

Company Name:

Staples, Inc.

Company Ticker SPLS

Date of Analysis

9/24/2015



## 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  | \$7,980,215,997 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2  | 1.58            | Fail |
| 3. Earnings Stability                      | Positive EPS for 10 years prior  |                 | Fail |
| 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 | -53.00%         | Fail |
| 6. Moderate PEmg Ratio                     | PEmg < 20  | 24.19           | Fail |
| 7. Moderate Price to Assets                | PB Ratio < 2.5 OR PB*PEmg < 50   | 1.54            | 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            | 1.58 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1              | 0.52 | Pass |
| 3. Earnings Stability                      | Positive EPS for 5 years prior |      | Fail |
| 4. Dividend Record                         | Currently Pays Dividend        |      | Pass |
| 5. Earnings Growth                         | EPSmg greater than 5 years ago |      | Fail |

### Suitability

|                     |           |
|---------------------|-----------|
| <b>Defensive</b>    | <b>No</b> |
| <b>Enterprising</b> | <b>No</b> |

## Stage 2: Determination of Intrinsic Value

|                             |               |
|-----------------------------|---------------|
| EPSmg                       | \$0.51        |
| MG Growth Estimate          | -4.25%        |
| <b>MG Value</b>             | <b>\$0.41</b> |
| MG Value based on 3% Growth | \$7.43        |
| MG Value based on 0% Growth | \$4.36        |
| Market Implied Growth Rate  | 7.84%         |

### MG Opinion

|                      |                   |
|----------------------|-------------------|
| Current Price        | \$12.40           |
| % of Intrinsic Value | 3050.49%          |
| <b>Opinion</b>       | <b>Overvalued</b> |

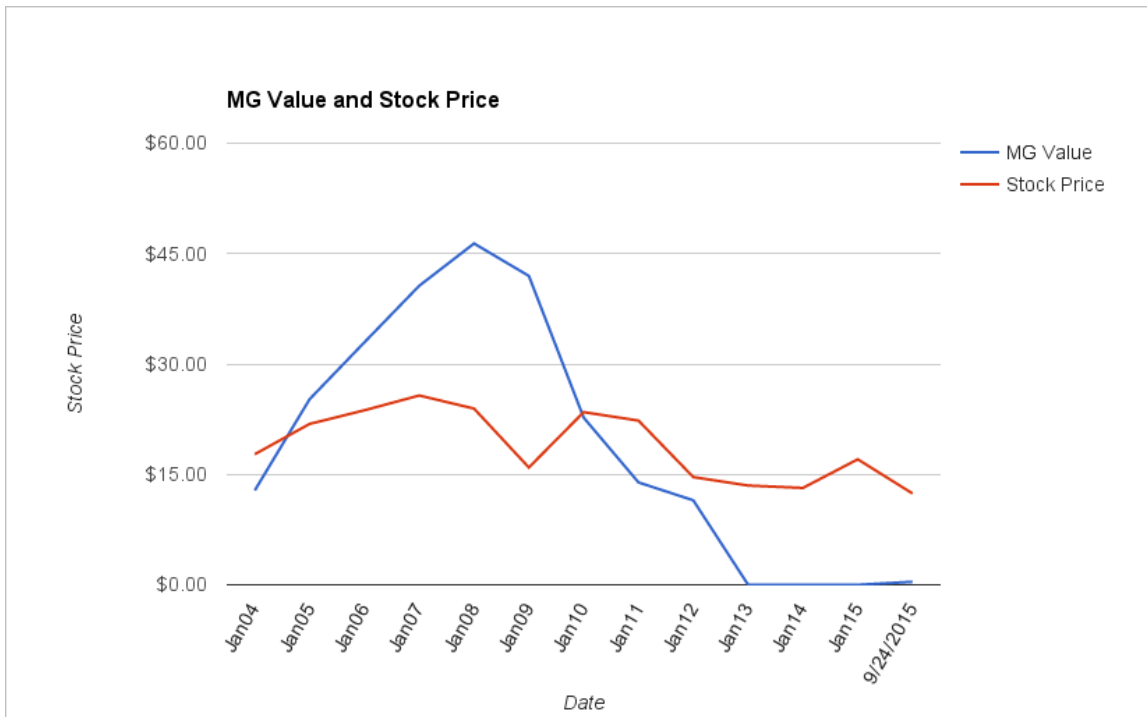
## Stage 3: Information for Further Research

|  |         |
|--|---------|
| Net Current Asset Value (NCAV)                 | \$0.41  |
| Graham Number                                  | \$10.88 |
| PEmg   | 24.19   |
| Current Ratio                                  | 1.58    |
| PB Ratio                                       | 1.54    |
| Dividend Yield                                 | 3.87%   |
| Number of Consecutive Years of Dividend Growth | 0       |

### 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 | \$0.65  | Next Fiscal Year Estimate              | \$0.51           |
| Jan15                     | \$0.21  | Jan15                                  | \$0.53           |
| Jan14                     | \$0.94  | Jan14                                  | \$0.74           |
| Jan13                     | -\$0.31 | Jan13                                  | \$0.72           |
| Jan12                     | \$1.40  | Jan12                                  | \$1.24           |
| Jan11                     | \$1.21  | Jan11                                  | \$1.17           |
| Jan10                     | \$1.02  | Jan10                                  | \$1.17           |
| Jan09                     | \$1.13  | Jan09                                  | \$1.22           |
| Jan08                     | \$1.38  | Jan08                                  | \$1.20           |
| Jan07                     | \$1.32  | Jan07                                  | \$1.06           |
| Jan06                     | \$1.12  | Jan06                                  | \$0.86           |
| Jan05                     | \$0.93  | Jan05                                  | \$0.66           |
| Jan04                     | \$0.66  | Jan04                                  | \$0.48           |
| Jan03                     | \$0.63  | Jan03                                  | \$0.38           |
| Jan02                     | \$0.27  | Jan02                                  | \$0.26           |
| Jan01                     | \$0.10  | Jan01                                  | \$0.25           |
| Jan00                     | \$0.45  | Jan00                                  | \$0.30           |
| Jan99                     | \$0.27  | <b>Balance Sheet Information Jul15</b> |                  |
| Jan98                     | \$0.23  | Total Current Assets                   | \$5,374,000,000  |
| Jan97                     | \$0.19  | Total Current Liabilities              | \$3,412,000,000  |
| Jan96                     | \$0.14  | Long-Term Debt                         | \$1,018,000,000  |
|                           |         | Total Assets                           | \$10,326,000,000 |
|                           |         | Intangible Assets                      | \$2,972,000,000  |
|                           |         | Total Liabilities                      | \$5,111,000,000  |
|                           |         | Shares Outstanding (Diluted Average)   | 647,000,000      |





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

- [17 Companies in the Spotlight This Week – 9/20/2014](#)
- [Staples Inc. Annual Stock Valuation – 2014 \\$SPLS](#)

Other ModernGraham posts about related companies

- [Fossil Group Inc. Analysis – September 2015 Update \\$FOSL](#)
- [Ross Stores Inc. Analysis – August 2015 Update \\$ROST](#)
- [The Best Companies of the Retail Industry – August 2015](#)
- [Bed Bath & Beyond Inc. Analysis – August 2015 Update \\$BBBY](#)
- [Ann Inc. Analysis – Initial Coverage \\$ANN](#)
- [Kohl's Corporation Analysis – August 2015 Update \\$KSS](#)
- [Aaron's Inc. Analysis – Initial Coverage \\$AAN](#)
- [Nordstrom Inc. Analysis – July 2015 Update \\$JWN](#)
- [Tractor Supply Company Analysis – Initial Coverage \\$TSCO](#)
- [Coach Inc. Analysis – July 2015 Update \\$COH](#)