

# ModernGraham Valuation



Company Name:

Coach Inc

Company Ticker COH

Date of Analysis

10/16/2015

## 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	\$8,094,625,636	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.00	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	8.90%	Fail
6. Moderate PEmg Ratio	PEmg < 20	17.56	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.26	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	3.00	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.53	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	\$1.66
MG Growth Estimate	-4.25%
<b>MG Value</b>	<b>\$1.18</b>
MG Value based on 3% Growth	\$24.09
MG Value based on 0% Growth	\$14.12
Market Implied Growth Rate	4.53%

### MG Opinion

Current Price	\$29.18
% of Intrinsic Value	2465.47%
<b>Opinion</b>	<b>Overvalued</b>

## Stage 3: Information for Further Research

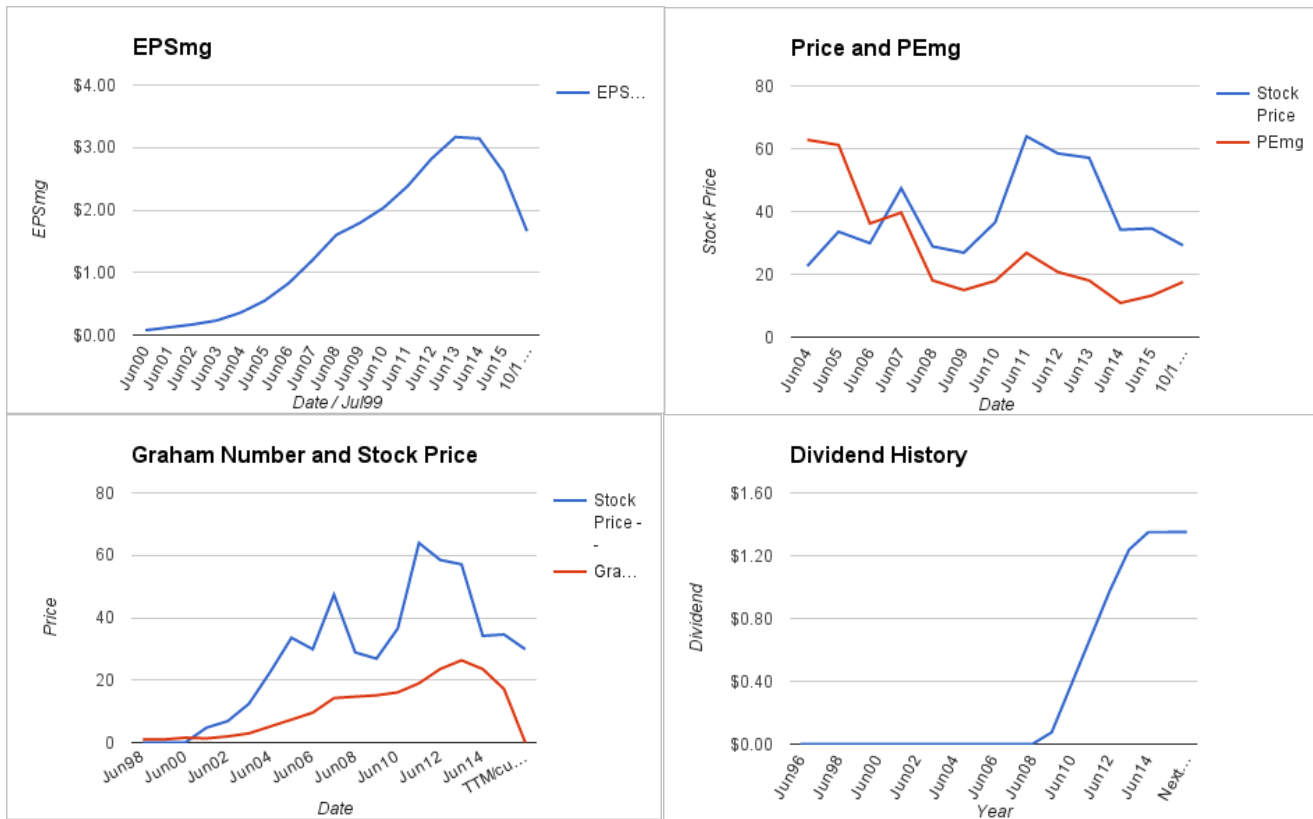
Net Current Asset Value (NCAV)	\$1.18
Graham Number	\$0.00
PEmg	17.56
Current Ratio	3.00
PB Ratio	3.26
Dividend Yield	4.63%
Number of Consecutive Years of Dividend Growth	1

### 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		Next Fiscal Year Estimate	\$1.66
Jun15	\$1.45	Jun15	\$2.61
Jun14	\$2.79	Jun14	\$3.14
Jun13	\$3.61	Jun13	\$3.17
Jun12	\$3.53	Jun12	\$2.82
Jun11	\$2.92	Jun11	\$2.38
Jun10	\$2.33	Jun10	\$2.04
Jun09	\$1.91	Jun09	\$1.79
Jun08	\$2.17	Jun08	\$1.60
Jun07	\$1.76	Jun07	\$1.20
Jun06	\$1.27	Jun06	\$0.83
Jun05	\$0.86	Jun05	\$0.55
Jun04	\$0.57	Jun04	\$0.36
Jun03	\$0.33	Jun03	\$0.23
Jun02	\$0.24	Jun02	\$0.17
Jun01	\$0.19	Jun01	\$0.12
Jun00	\$0.14	Jun00	\$0.08
Jun99	\$0.06	<b>Balance Sheet Information Jun15</b>	
Jun98	\$0.07	Total Current Assets	\$2,506,500,000
Jun97	\$0.00	Total Current Liabilities	\$834,700,000
Jun96	\$0.00	Long-Term Debt	\$879,100,000
		Total Assets	\$4,666,900,000
		Intangible Assets	\$794,100,000
		Total Liabilities	\$2,177,000,000
		Shares Outstanding (Diluted Average)	278,400,000





Disclaimer:

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

The author held a long position in COH 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 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. Analysis – July 2015 Update \\$COH](#)
- [Coach Inc. Quarterly Valuation – April 2015 \\$COH](#)

**Other ModernGraham posts about related companies**

- [Dollar Tree Stores Inc. Valuation – October 2015 Update \\$DLTR](#)
- [TJX Companies Inc. Valuation – October 2015 Update \\$TJX](#)
- [Tiffany and Company Valuation – October 2015 Update \\$TIF](#)
- [Urban Outfitters Inc. Analysis – October 2015 Update \\$URBN](#)
- [Staples Inc. Analysis – September 2015 Update \\$SPLS](#)
- [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](#)