

ModernGraham Valuation

Company Name:

Ralph Lauren Corp

Company Ticker RL

Date of Analysis

2/16/2016



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	\$7,756,475,371	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.84	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	80.73%	Pass
6. Moderate PEmg Ratio	PEmg < 20	12.69	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.99	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	2.84	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.39	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

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$6.96
MG Growth Estimate	3.45%
MG Value	\$107.23
MG Value based on 3% Growth	\$100.91
MG Value based on 0% Growth	\$59.15
Market Implied Growth Rate	2.10%

MG Opinion

Current Price	\$88.33
% of Intrinsic Value	82.37%
Opinion	Fairly Valued
MG Grade	B

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$10.70
Graham Number	\$70.59
PEmg	12.69
Current Ratio	2.84
PB Ratio	1.99
Dividend Yield	2.26%
Number of Consecutive Years of Dividend Growth	7

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GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.89	Next Fiscal Year Estimate	\$6.96
Mar2015	\$7.88	Mar2015	\$7.81
Mar2014	\$8.43	Mar2014	\$7.45
Mar2013	\$8.00	Mar2013	\$6.62
Mar2012	\$7.13	Mar2012	\$5.66
Mar2011	\$5.75	Mar2011	\$4.76
Mar2010	\$4.73	Mar2010	\$4.13
Mar2009	\$4.01	Mar2009	\$3.65
Mar2008	\$3.99	Mar2008	\$3.26
Mar2007	\$3.73	Mar2007	\$2.72
Mar2006	\$2.87	Mar2006	\$2.13
Mar2005	\$1.83	Mar2005	\$1.68
Mar2004	\$1.69	Mar2004	\$1.56
Mar2003	\$1.76	Mar2003	\$1.42
Mar2002	\$1.75	Mar2002	\$1.23
Mar2001	\$0.58	Mar2001	\$0.98
Mar2000	\$1.45	Mar2000	\$1.08
Mar1999	\$0.91	<div>Balance Sheet InformationDec2015</div>	
Mar1998	\$1.20	Total Current Assets\$3,452,000,000	
Mar1997	\$0.89	Total Current Liabilities\$1,214,000,000	
Dec1996	\$0.00	Long-Term Debt\$865,000,000	
		Total Assets\$6,341,000,000	
		Intangible Assets\$1,149,000,000	
		Total Liabilities\$2,537,000,000	
		Shares Outstanding (Diluted Average)85,500,000	





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.

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