

ModernGraham Valuation

Company Name:

Coach Inc

Company Ticker COH

Date of Analysis

8/4/2016



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	\$11,543,670,021	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.10	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	2.40%	Fail
6. Moderate PEmg Ratio	PEmg < 20	18.49	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.41	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	3.10	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.57	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		Fail

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.24
MG Growth Estimate	-3.08%
MG Value	\$5.24
MG Value based on 3% Growth	\$32.50
MG Value based on 0% Growth	\$19.05
Market Implied Growth Rate	4.99%

MG Opinion

Current Price	\$41.44
% of Intrinsic Value	790.69%
Opinion	Overvalued
MG Grade	C+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$0.77
Graham Number	\$19.23
PEmg	18.49
Current Ratio	3.10
PB Ratio	4.41
Current Dividend	\$1.35
Dividend Yield	3.26%
Number of Consecutive Years of Dividend Growth	1

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[Google Finance](#) [MSN Money](#)
[Yahoo Finance](#) [Seeking Alpha](#)
[GuruFocus](#) [SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.74	Next Fiscal Year Estimate	\$2.24
Jun2015	\$1.45	Jun2015	\$2.61
Jun2014	\$2.79	Jun2014	\$3.14
Jun2013	\$3.61	Jun2013	\$3.17
Jun2012	\$3.53	Jun2012	\$2.82
Jun2011	\$2.92	Jun2011	\$2.38
Jun2010	\$2.33	Jun2010	\$2.04
Jun2009	\$1.91	Jun2009	\$1.80
Jun2008	\$2.17	Jun2008	\$1.63
Jun2007	\$1.76	Jun2007	\$1.24
Jun2006	\$1.27	Jun2006	\$0.89
Jun2005	\$1.00	Jun2005	\$0.64
Jun2004	\$0.68	Jun2004	\$0.41
Jun2003	\$0.40	Jun2003	\$0.25
Jun2002	\$0.24	Jun2002	\$0.16
Jun2001	\$0.19	Jun2001	\$0.11
Jun2000	\$0.11	Jun2000	\$0.07
Jun1999	\$0.06	Balance Sheet Information 3/1/2016	
Jun1998	\$0.07	Total Current Assets	\$2,265,100,000
Dec1997	\$0.00	Total Current Liabilities	\$731,500,000
Dec1996	\$0.00	Long-Term Debt	\$868,500,000
		Total Assets	\$4,676,500,000
		Intangible Assets	\$803,200,000
		Total Liabilities	\$2,051,100,000
		Shares Outstanding (Diluted Average)	279,500,000





Disclaimer:

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

- [Coach Inc Valuation – February 2016 Update \\$COH](#)
- [Coach Inc. Valuation – October 2015 Update \\$COH](#)
- [Coach Inc. Valuation – October 2015 Update \\$COH](#)
- [The Best Companies of the Retail Industry – August 2015](#)
- [The 20 Best Stocks For Value Investors This Week – 7/25/15](#)

Other ModernGraham posts about related companies

- [Tiffany & Co Valuation – August 2016 \\$TIF](#)
- [Best Buy Co Valuation – July 2016 \\$BBY](#)
- [GameStop Corp Valuation – July 2016 \\$GME](#)
- [Urban Outfitters Inc Valuation – July 2016 \\$URBN](#)
- [Macy's Inc Valuation – July 2016 \\$M](#)
- [Costco Wholesale Corp Valuation – July 2016 \\$COST](#)
- [Amazon Inc Valuation – July 2016 \\$AMZN](#)
- [Walgreens Boots Alliance Inc Valuation – July 2016 \\$WBA](#)
- [McKesson Corp Valuation – July 2016 \\$MCK](#)
- [Ross Stores Inc Valuation – June 2016 \\$ROST](#)