

ModernGraham Valuation

Company Name:

Fossil Group Inc

Company Ticker FOSL

Date of Analysis

8/25/2016



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	\$1,366,068,217	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.19	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	123.97%	Pass
5. Earnings Growth	PEmg < 20	6.86	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.53	Pass
7. Moderate Price to Assets			

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	3.19	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.79	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.36
MG Growth Estimate	0.36%
MG Value	\$40.21
MG Value based on 3% Growth	\$63.22
MG Value based on 0% Growth	\$37.06
Market Implied Growth Rate	-0.82%

MG Opinion

Current Price	\$29.93
% of Intrinsic Value	74.43%
Opinion	Undervalued
MG Grade	B-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$0.64
Graham Number	\$25.49
PEmg	6.86
Current Ratio	3.19
PB Ratio	1.53
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.47	Next Fiscal Year Estimate	\$4.36
Dec2015	\$4.51	Dec2015	\$5.76
Dec2014	\$7.10	Dec2014	\$6.10
Dec2013	\$6.56	Dec2013	\$5.24
Dec2012	\$5.59	Dec2012	\$4.26
Dec2011	\$4.61	Dec2011	\$3.34
Dec2010	\$3.77	Dec2010	\$2.52
Dec2009	\$2.07	Dec2009	\$1.80
Dec2008	\$2.02	Dec2008	\$1.59
Dec2007	\$1.75	Dec2007	\$1.32
Dec2006	\$1.13	Dec2006	\$1.08
Dec2005	\$1.04	Dec2005	\$1.01
Dec2004	\$1.23	Dec2004	\$0.95
Dec2003	\$0.92	Dec2003	\$0.79
Dec2002	\$0.81	Dec2002	\$0.71
Dec2001	\$0.62	Dec2001	\$0.62
Dec2000	\$0.76	Dec2000	\$0.56
Dec1999	\$0.69	Balance Sheet Information 6/1/2016	
Dec1998	\$0.44	Total Current Assets	\$1,312,360,000
Dec1997	\$0.18	Total Current Liabilities	\$411,701,000
Dec1996	\$0.20	Long-Term Debt	\$708,664,000
		Total Assets	\$2,226,538,000
		Intangible Assets	\$518,841,000
		Total Liabilities	\$1,281,289,000
		Shares Outstanding (Diluted Average)	48,207,000





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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