

ModernGraham Valuation

Company Name:

Ralph Lauren Corp

Company Ticker RL

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	\$8,772,362,062	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.32	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	39.43%	Pass
5. Earnings Growth	PEmg < 20	17.35	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.52	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	2.32	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.35	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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$6.22
MG Growth Estimate	-0.91%
MG Value	\$41.54
MG Value based on 3% Growth	\$90.12
MG Value based on 0% Growth	\$52.83
Market Implied Growth Rate	4.43%

MG Opinion

Current Price	\$107.85
% of Intrinsic Value	259.64%
Opinion	Overvalued
MG Grade	C+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$5.40
Graham Number	\$71.28
PEmg	17.35
Current Ratio	2.32
PB Ratio	2.52
Current Dividend	\$2.00
Dividend Yield	1.85%
Number of Consecutive Years of Dividend Growth	8

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EPS History

 Next Fiscal Year
Estimate

\$5.25

Mar2016

\$4.62

Mar2015

\$7.88

Mar2014

\$8.43

Mar2013

\$8.00

Mar2012

\$7.13

Mar2011

\$5.75

Mar2010

\$4.73

Mar2009

\$4.01

Mar2008

\$3.99

Mar2007

\$3.73

Mar2006

\$2.87

Mar2005

\$1.83

Mar2004

\$1.69

Mar2003

\$1.76

Mar2002

\$1.75

Mar2001

\$0.58

Mar2000

\$1.45

Mar1999

\$0.91

Mar1998

\$1.20

Mar1997

\$0.89

EPSmg History

Next Fiscal Year Estimate

\$6.22

Mar2016

\$6.87

Mar2015

\$7.81

Mar2014

\$7.45

Mar2013

\$6.62

Mar2012

\$5.66

Mar2011

\$4.76

Mar2010

\$4.13

Mar2009

\$3.65

Mar2008

\$3.26

Mar2007

\$2.72

Mar2006

\$2.13

Mar2005

\$1.68

Mar2004

\$1.56

Mar2003

\$1.42

Mar2002

\$1.23

Mar2001

\$0.98

Balance Sheet Information
6/1/2016

Total Current Assets

\$3,002,000,000

Total Current Liabilities

\$1,296,000,000

Long-Term Debt

\$602,000,000

Total Assets

\$6,118,000,000

Intangible Assets

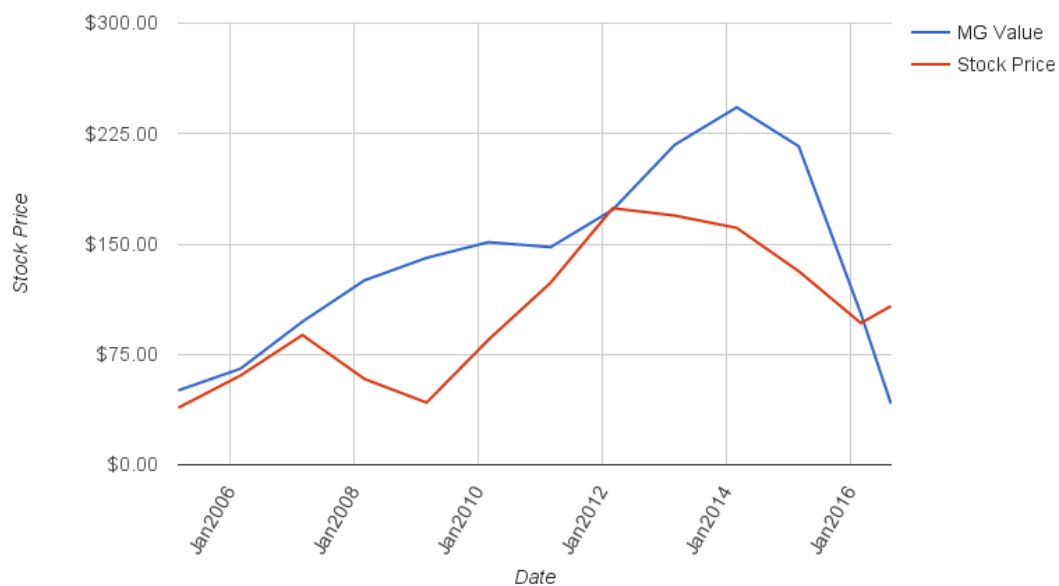
\$1,170,000,000

Total Liabilities

\$2,552,000,000

Shares Outstanding (Diluted Average)

83,300,000

MG Value and Stock Price




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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[L Brands Inc Valuation – July 2016 \\$LB](#)

[Michael Kors Holdings Ltd Valuation – July 2016 \\$KORS](#)

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[Ralph Lauren Corp Stock Valuation – February 2016 \\$SRL](#)