

ModernGraham Valuation

Company Name:

Kate Spade & Co

Company Ticker

KATE

Date of Analysis

2/4/2017



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	\$2,330,907,592	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.78	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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		
5. Earnings Growth		-112.99%	Fail
6. Moderate PEmg Ratio	PEmg < 20	30.46	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.89	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	2.78	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.90	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$0.60
MG Growth Estimate	15.00%
MG Value	\$23.20
MG Value based on 3% Growth	\$8.74
MG Value based on 0% Growth	\$5.12
Market Implied Growth Rate	10.98%

MG Opinion

Current Price	\$18.36
% of Intrinsic Value	79.13%
Opinion	Fairly Valued
MG Grade	D

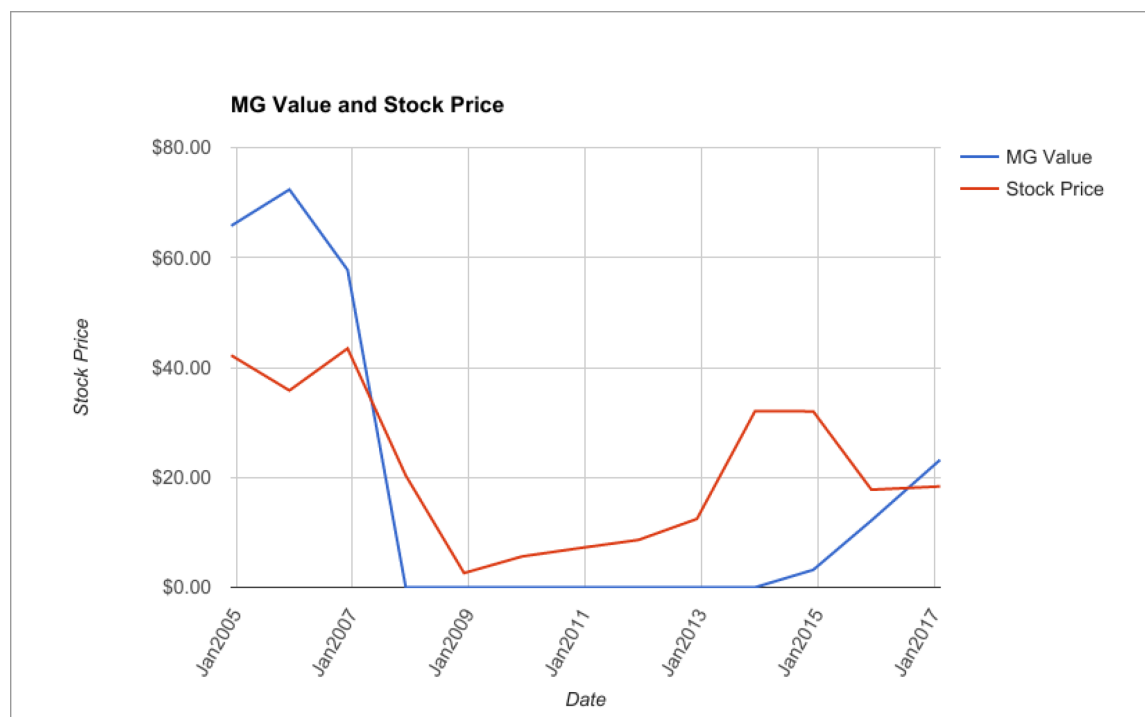
Stage 3: Information for Further Research

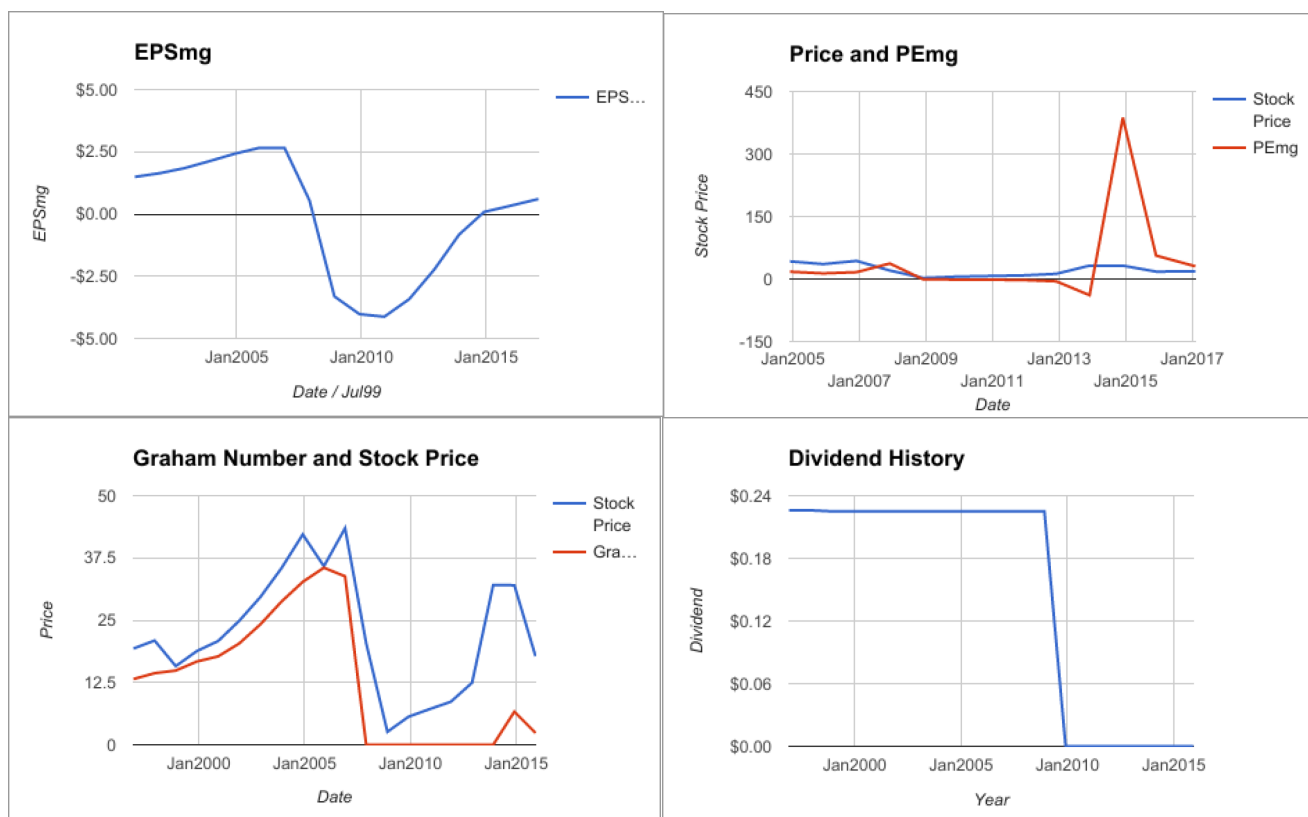
Net Current Asset Value (NCAV)	-\$0.22
Graham Number	\$7.18
PEmg	30.46
Current Ratio	2.78
PB Ratio	6.89
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
	\$0.85		\$0.60
Dec2015	\$0.13	Dec2015	\$0.32
Dec2014	\$1.25	Dec2014	\$0.08
Dec2013	\$0.60	Dec2013	-\$0.82
Dec2012	-\$0.68	Dec2012	-\$2.23
Dec2011	-\$1.35	Dec2011	-\$3.42
Dec2010	-\$2.67	Dec2010	-\$4.13
Dec2009	-\$3.26	Dec2009	-\$4.02
Dec2008	-\$10.17	Dec2008	-\$3.31
Dec2007	-\$3.74	Dec2007	\$0.55
Dec2006	\$2.46	Dec2006	\$2.66
Dec2005	\$2.94	Dec2005	\$2.66
Dec2004	\$2.85	Dec2004	\$2.42
Dec2003	\$2.55	Dec2003	\$2.12
Dec2002	\$2.16	Dec2002	\$1.84
Dec2001	\$1.83	Dec2001	\$1.64
Dec2000	\$1.72	Dec2000	\$1.49
Dec1999	\$1.56	Balance Sheet Information 9/1/2016	
Dec1998	\$1.29	Total Current Assets	\$677,046,000
Dec1997	\$1.32	Total Current Liabilities	\$243,732,000
Dec1996	\$1.08	Long-Term Debt	\$390,604,000
		Total Assets	\$1,050,951,000
		Intangible Assets	\$143,505,000
		Total Liabilities	\$705,820,000
		Shares Outstanding (Diluted Average)	129,451,000





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.

Recommended Reading:

Other
ModernGraham
posts about the
company

#N/A

Other
ModernGraham
posts about related
companies

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[PVH Corp Valuation – January 2017 \\$PVH](#)
[Steve Madden Ltd Valuation – Initial Coverage \\$SHOO](#)
[American Eagle Outfitters Valuation – January 2017 \\$AEQ](#)
[Chico's FAS Inc Valuation – Initial Coverage \\$CHS](#)
[Hanesbrands Inc Valuation – December 2016 \\$HBI](#)
[Nike Inc Valuation – November 2016 \\$NKE](#)
[Wolverine World Wide Inc Valuation – September 2016 \\$WWW](#)
[Ralph Lauren Corp Valuation – August 2016 \\$RL](#)
[Gap Inc Valuation – August 2016 \\$GPS](#)