

ModernGraham Valuation

Company Name: Staples, Inc.

Company Ticker SPLS

Date of Analysis

2/2/2017

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 | \$5,724,379,645 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | 1.65 | Fail |
| 3. Earnings Stability | Positive EPS for 10 years prior | | Fail |
| 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 | -94.62% | Fail |
| 6. Moderate PEmg Ratio | PEmg < 20 | 89.11 | Fail |
| 7. Moderate Price to Assets | PB Ratio < 2.5 OR PB*PEmg < 50 | 1.26 | 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 | 1.65 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1 | 0.49 | Pass |
| 3. Earnings Stability | Positive EPS for 5 years prior | | Fail |
| 4. Dividend Record | Currently Pays Dividend | | Pass |
| 5. Earnings Growth | EPSmg greater than 5 years ago | | Fail |
| | Score | | |

Suitability

| | |
|---------------------|-----------|
| Defensive | No |
| Enterprising | No |

Stage 2: Determination of Intrinsic Value

| | |
|-----------------------------|---------------|
| EPSmg | \$0.10 |
| MG Growth Estimate | -4.25% |
| MG Value | \$0.91 |
| MG Value based on 3% Growth | \$1.46 |
| MG Value based on 0% Growth | \$0.86 |
| Market Implied Growth Rate | 40.30% |

MG Opinion

| | |
|----------------------|-------------------|
| Current Price | \$8.97 |
| % of Intrinsic Value | 986.10% |
| Opinion | Overvalued |
| MG Grade | D |

Stage 3: Information for Further Research

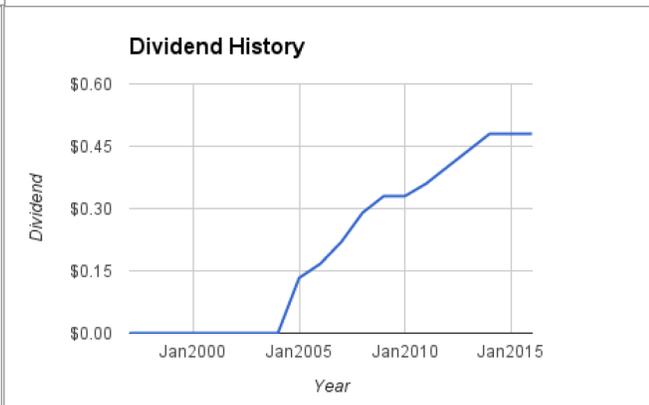
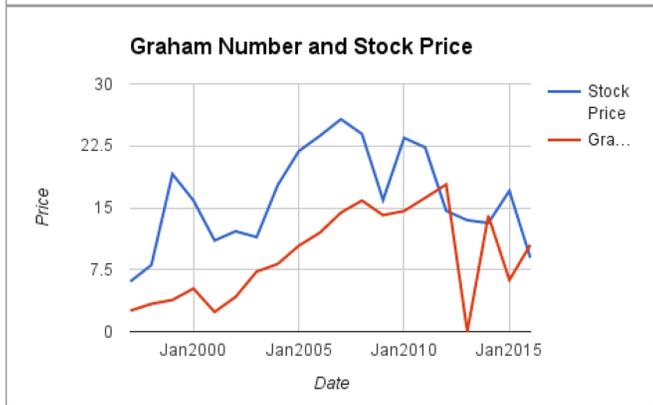
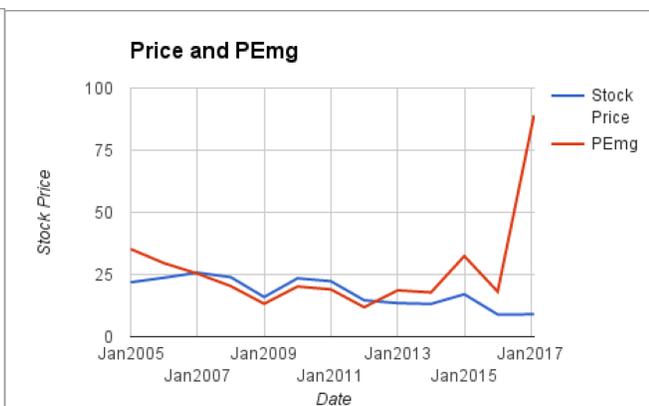
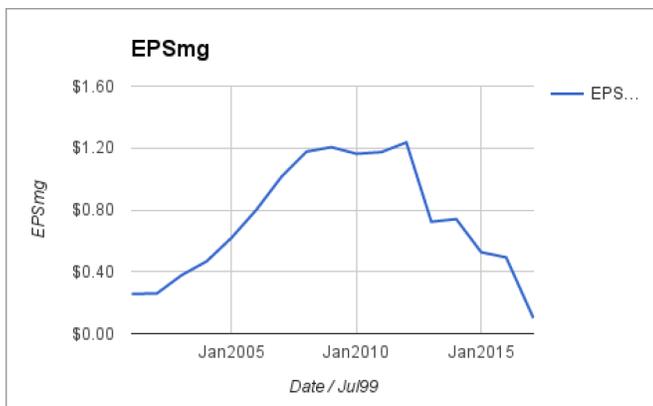
| | |
|--|--------|
| Net Current Asset Value (NCAV) | \$0.91 |
| Graham Number | \$0.00 |
| PEmg | 89.11 |
| Current Ratio | 1.65 |
| PB Ratio | 1.26 |
| Current Dividend | \$0.48 |
| Dividend Yield | 5.35% |
| Number of Consecutive Years of Dividend Growth | 0 |

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 | -\$0.61 | Next Fiscal Year Estimate | \$0.10 |
| Jan2016 | \$0.59 | Jan2016 | \$0.49 |
| Jan2015 | \$0.21 | Jan2015 | \$0.53 |
| Jan2014 | \$0.94 | Jan2014 | \$0.74 |
| Jan2013 | -\$0.31 | Jan2013 | \$0.72 |
| Jan2012 | \$1.40 | Jan2012 | \$1.24 |
| Jan2011 | \$1.21 | Jan2011 | \$1.17 |
| Jan2010 | \$1.02 | Jan2010 | \$1.16 |
| Jan2009 | \$1.13 | Jan2009 | \$1.21 |
| Jan2008 | \$1.38 | Jan2008 | \$1.18 |
| Jan2007 | \$1.32 | Jan2007 | \$1.01 |
| Jan2006 | \$1.04 | Jan2006 | \$0.80 |
| Jan2005 | \$0.87 | Jan2005 | \$0.62 |
| Jan2004 | \$0.61 | Jan2004 | \$0.47 |
| Jan2003 | \$0.63 | Jan2003 | \$0.38 |
| Jan2002 | \$0.27 | Jan2002 | \$0.26 |
| Jan2001 | \$0.10 | Jan2001 | \$0.26 |
| Jan2000 | \$0.45 | Balance Sheet Information 10/1/2016 | |
| Jan1999 | \$0.27 | Total Current Assets | \$5,334,000,000 |
| Jan1998 | \$0.26 | Total Current Liabilities | \$3,241,000,000 |
| Jan1997 | \$0.23 | Long-Term Debt | \$1,024,000,000 |
| | | Total Assets | \$9,387,000,000 |
| | | Intangible Assets | \$2,212,000,000 |
| | | Total Liabilities | \$4,740,000,000 |
| | | Shares Outstanding (Diluted Average) | 653,000,000 |





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 [5 Speculative and Overvalued Companies to Avoid – November 2015](#)
- ModernGraham [Staples Inc. Analysis – September 2015 Update \\$SPLS](#)
- posts about the company [17 Companies in the Spotlight This Week – 9/20/2014](#)
- [Staples Inc. Annual Stock Valuation – 2014 \\$SPLS](#)

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