

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
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end		
5. Earnings Growth		-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

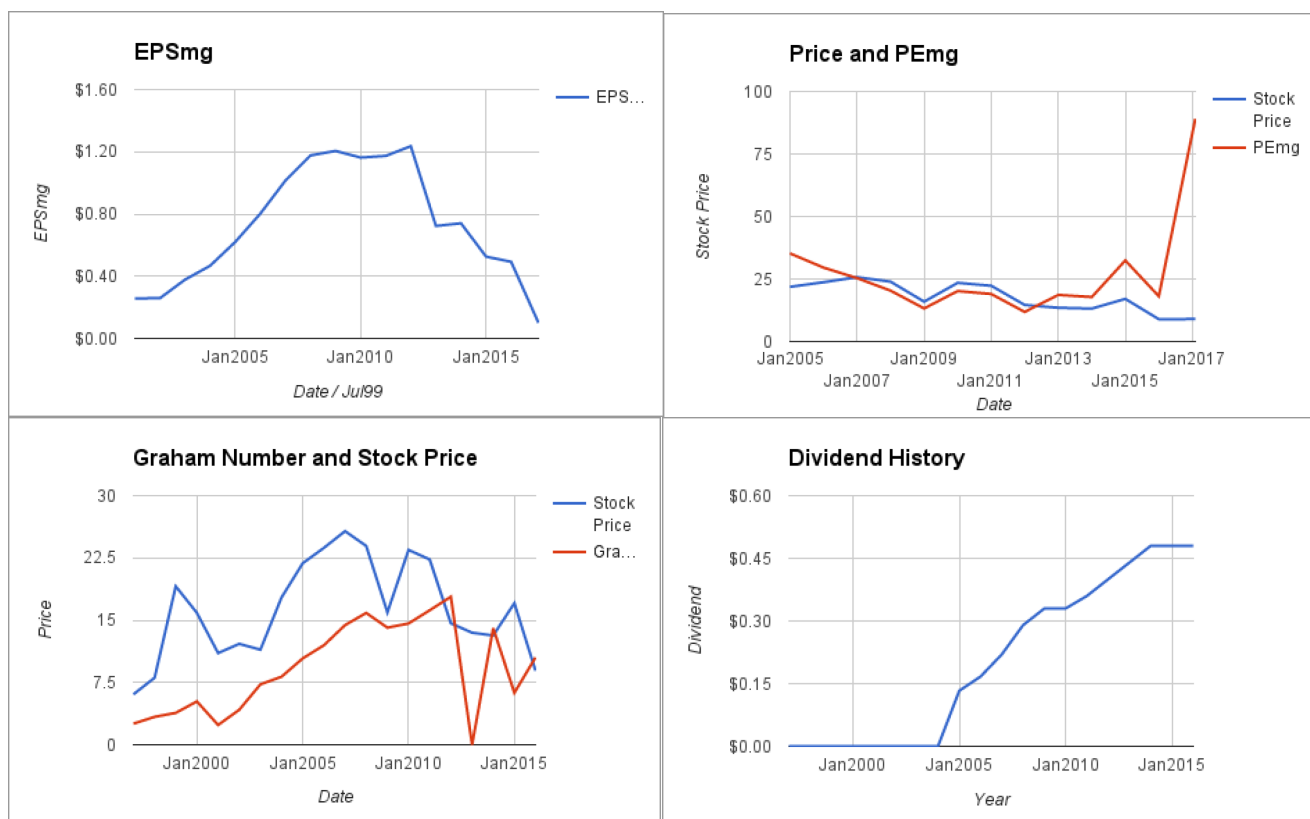
Net Current Asset Value (NCAV)	\$0.91
Graham Number	\$0.00
PEmg	89.11
Current Ratio	1.65
PB Ratio	1.26
Current Dividend	\$0.48
Dividend Yield	5.35%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Jan2016	-\$0.61	Jan2016	\$0.10
Jan2015	\$0.59	Jan2015	\$0.49
Jan2014	\$0.21	Jan2014	\$0.53
Jan2013	\$0.94	Jan2013	\$0.74
Jan2012	-\$0.31	Jan2012	\$0.72
Jan2011	\$1.40	Jan2011	\$1.24
Jan2010	\$1.21	Jan2010	\$1.17
Jan2009	\$1.02	Jan2009	\$1.16
Jan2008	\$1.13	Jan2008	\$1.21
Jan2007	\$1.38	Jan2007	\$1.18
Jan2006	\$1.32	Jan2006	\$1.01
Jan2005	\$1.04	Jan2005	\$0.80
Jan2004	\$0.87	Jan2004	\$0.62
Jan2003	\$0.61	Jan2003	\$0.47
Jan2002	\$0.63	Jan2002	\$0.38
Jan2001	\$0.27	Jan2001	\$0.26
Jan2000	\$0.10		\$0.26
Jan1999	\$0.45	Balance Sheet Information 10/1/2016	
Jan1998	\$0.27	Total Current Assets	\$5,334,000,000
Jan1997	\$0.26	Total Current Liabilities	\$3,241,000,000
	\$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.

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