ModernGraham Valuation

Company Name:

Carter's, Inc.

Company Ticker CRI Date of Analysis 5/17/2018

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.

Adequate Size of the Enterprise	Market Cap > \$2Bil	\$5,043,192,848 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.14 Pass
3. Earnings Stability	Positive EPS for 10 years prior	Pass
Dividend Record	Dividend Payments for 10 years prior	Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at	
Earnings Growth	beginning and end	176.14% Pass
6. Moderate PEmg Ratio	PEmg < 20	19.55 Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.08 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	4.14 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.87 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	Pass
	•	

Score

Suitability

Defensive No Enterprising Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.61
MG Growth Estimate	14.02%
MG Value	\$205.01
MG Value based on 3% Growth	\$81.36
MG Value based on 0% Growth	\$47.70
Market Implied Growth Rate	5.53%

MG Opinion

Current Price \$109.72 % of Intrinsic Value 53.52%

Opinion Undervalued MG Grade

Stage 3: Information for Further Research

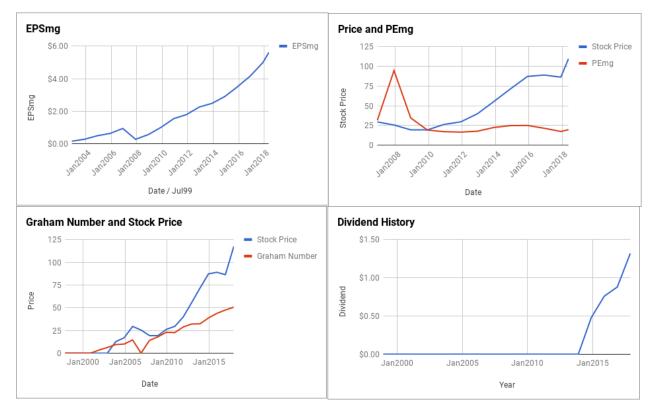
Net Current Asset Value (NCAV)	-\$3.91
Graham Number	\$50.62
PEmg	19.55
Current Ratio	4.14
PB Ratio	6.08
Current Dividend	\$1.48
Dividend Yield	1.35%
Number of Consecutive Years of Dividend	
Growth	5

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EPS History		EPSmg History	
Next Fiscal Year			
Estimate	• •	Next Fiscal Year Estimate	\$5.61
Dec2017	\$6.24	Dec2017	\$5.00
Dec2016	\$5.08	Dec2016	\$4.16
Dec2015	\$4.50	Dec2015	\$3.50
Dec2014	\$3.62	Dec2014	\$2.90
Dec2013	\$2.75	Dec2013	\$2.48
Dec2012	\$2.69	Dec2012	\$2.26
Dec2011	\$1.94	Dec2011	\$1.79
Dec2010	\$2.46	Dec2010	\$1.54
Dec2009	\$1.97	Dec2009	\$1.01
Dec2008	\$1.33	Dec2008	\$0.56
Dec2007	-\$1.22	Dec2007	\$0.27
Dec2006	\$1.42	Dec2006	\$0.94
Dec2005	\$0.78	Dec2005	\$0.63
Dec2004	\$0.83	Dec2004	\$0.49
Dec2003	\$0.46	Dec2003	\$0.27
Dec2002	\$0.41	Dec2002	\$0.15
Dec2001	\$0.06	Balance Sheet Information	3/1/2018
Dec2000	\$0.00	Total Current Assets	\$935,083,000
Dec1999	\$0.00	Total Current Liabilities	\$225,936,000
Dec1998	\$0.00	Long-Term Debt	\$617,541,000
		Total Assets	\$1,975,206,000
		Intangible Assets	\$642,883,000
		Total Liabilities	\$1,120,392,000
		Shares Outstanding (Diluted Average)	47,391,000





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 <u>5 Best Stocks for Value Investors This Week – 2/18/17</u> Carter's Inc Valuation – Initial Coverage \$CRI

Other ModernGraham posts about related companies Gap Inc Valuation – May 2018 \$GPS

PVH Corp Valuation – May 2018 \$PVH

VF Corp Valuation – April 2018 \$VFC

Michael Kors Holdings Ltd Valuation – March 2018 \$KORS

Foot Locker Inc Valuation – March 2018 \$FL
Under Armour Inc Valuation – March 2018 \$UA
Hanesbrands Inc Valuation – March 2018 \$HBI
L Brands Inc Valuation – March 2018 \$LB
Nike Inc Valuation – February 2018 \$NKE
Nike Inc Valuation – July 2017 \$NKE