

ModernGraham Valuation

Company Name:

Ralph Lauren Corp

Company Ticker RL

Date of Analysis

3/7/2019



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	\$9,698,017,412	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.90	Pass
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	-63.32%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	37.12	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.99	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	2.90	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.28	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 Score		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.32
MG Growth Estimate	-4.25%
MG Value	\$11.80
MG Value based on 3% Growth	\$48.19
MG Value based on 0% Growth	\$28.25
Market Implied Growth Rate	14.31%

MG Opinion

Current Price	\$123.35
% of Intrinsic Value	1045.19%
Opinion	Overvalued
MG Grade	D

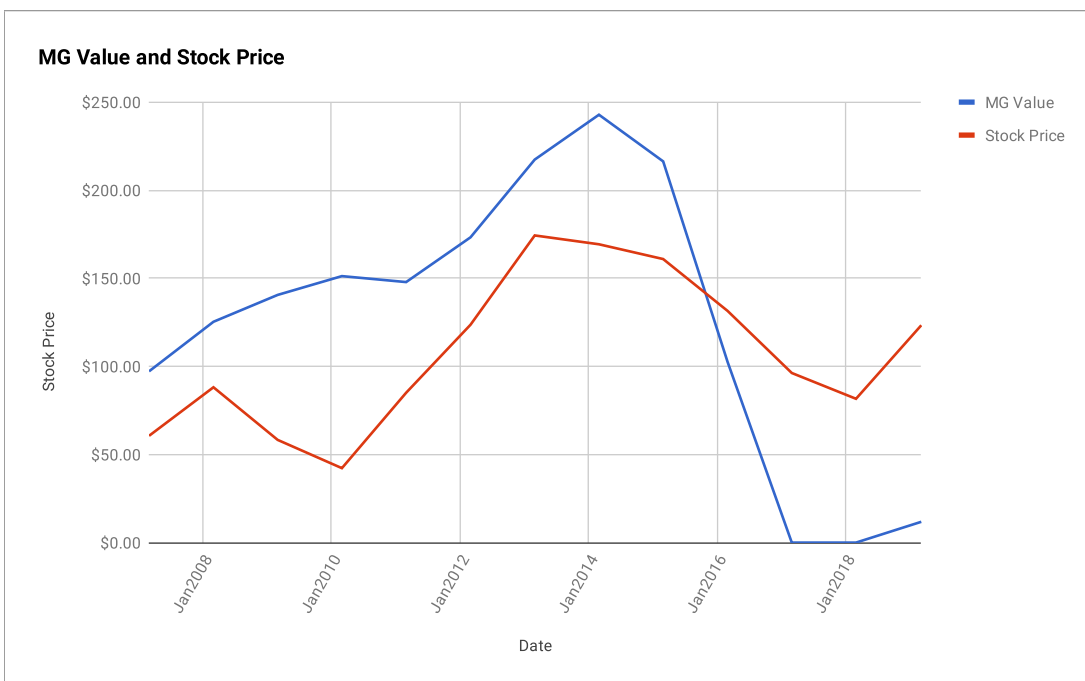
Stage 3: Information for Further Research

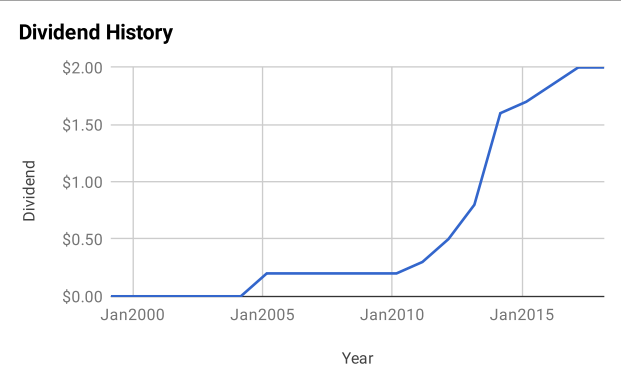
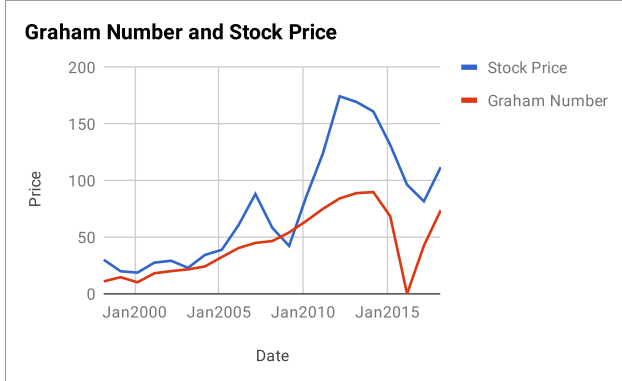
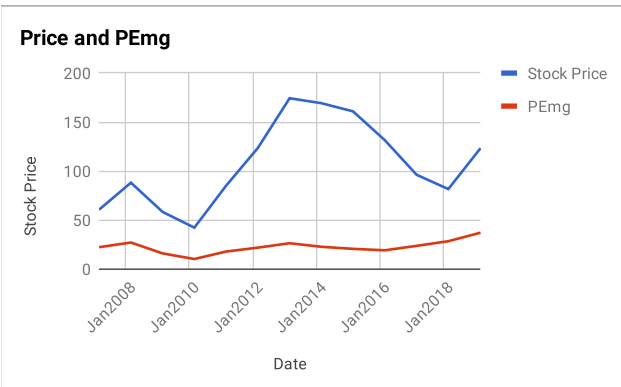
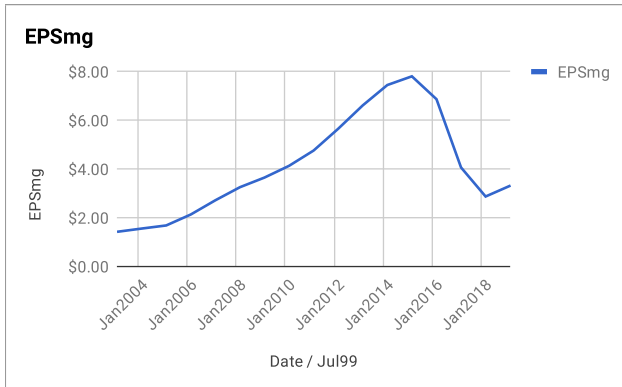
Net Current Asset Value (NCAV)	\$11.80
Graham Number	\$73.79
PEmg	37.12
Current Ratio	2.90
PB Ratio	2.99
Current Dividend	\$2.00
Dividend Yield	1.62%
Number of Consecutive Years of Dividend Growth	0

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	\$5.69	Next Fiscal Year Estimate	\$3.32
Mar2018	\$1.97	Mar2018	\$2.87
Mar2017	-\$1.20	Mar2017	\$4.07
Mar2016	\$4.62	Mar2016	\$6.87
Mar2015	\$7.88	Mar2015	\$7.81
Mar2014	\$8.43	Mar2014	\$7.45
Mar2013	\$8.00	Mar2013	\$6.62
Mar2012	\$7.13	Mar2012	\$5.66
Mar2011	\$5.75	Mar2011	\$4.76
Mar2010	\$4.73	Mar2010	\$4.13
Mar2009	\$4.01	Mar2009	\$3.65
Mar2008	\$3.99	Mar2008	\$3.26
Mar2007	\$3.73	Mar2007	\$2.72
Mar2006	\$2.87	Mar2006	\$2.13
Mar2005	\$1.83	Mar2005	\$1.68
Mar2004	\$1.69	Mar2004	\$1.56
Mar2003	\$1.76	Mar2003	\$1.42
Mar2002	\$1.75	Balance Sheet Information	12/1/2018
Mar2001	\$0.58	Total Current Assets	\$3,696,400,000
Mar2000	\$1.45	Total Current Liabilities	\$1,273,700,000
Mar1999	\$0.91	Long-Term Debt	\$686,800,000
		Total Assets	\$6,092,000,000
		Intangible Assets	\$1,094,300,000
		Total Liabilities	\$2,738,100,000
		Shares Outstanding (Diluted Average)	81,200,000





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**
- [10 Most Overvalued Stocks of the S&P 500 – July 2018](#)
 - [Ralph Lauren Corp Valuation – May 2018 \\$RL](#)
 - [Ralph Lauren Corp Valuation – April 2017 \\$RL](#)
 - [Ralph Lauren Corp Valuation – August 2016 \\$RL](#)
 - [Ralph Lauren Corp Stock Valuation – February 2016 \\$RL](#)

- Other ModernGraham posts about related companies**
- [Gap Inc Valuation – March 2019 #GPS](#)
 - [PVH Corp Valuation – February 2019 \\$PVH](#)
 - [VF Corp Valuation – February 2019 \\$VFC](#)
 - [Foot Locker Inc Valuation – January 2019 \\$FL](#)
 - [Under Armour Inc Valuation – January 2019 \\$UA](#)
 - [Hanesbrands Inc Valuation – January 2019 \\$HBI](#)
 - [L Brands Inc Valuation – January 2019 \\$LB](#)
 - [Nike Inc Valuation – November 2018 \\$NKE](#)
 - [Deckers Outdoor Corp Valuation – May 2018 \\$DECK](#)
 - [Ralph Lauren Corp Valuation – May 2018 \\$RL](#)