

COACH, INC. NYSE-COH

RECENT PRICE **57.02** P/E RATIO **15.0** (Trailing: 17.0 Median: 21.0) RELATIVE P/E RATIO **1.06** DIV'D YLD **2.1%** VALUE LINE

TIMELINESS 3 Lowered 2/25/11	High: 5.3 8.9 20.4 28.8 36.8 45.0 54.0 37.6 37.4	58.6 69.2 79.7	Target Price Range 2015 2016 2017
SAFETY 3 New 2/15/02	Low: 2.5 4.3 7.3 16.9 24.5 25.2 29.2 13.2 11.4	33.0 45.7 53.3	160 120 100 80 60 50 40 30 20 15
TECHNICAL 3 Raised 6/15/12	LEGENDS 16.0 x "Cash Flow" p sh Relative Price Strength 2-for-1 split 7/02 2-for-1 split 10/03 2-for-1 split 4/05 Options: Yes Shaded areas indicate recessions		
BETA 1.25 (1.00 = Market)	2015-17 PROJECTIONS Ann'l Total Price Gain Return High 135 (+135%) 25% Low 90 (+60%) 14%		
Insider Decisions S O N D J F M A M to Buy 0 0 0 0 0 0 0 0 0 Options 4 2 3 0 3 1 0 0 0 to Sell 2 2 2 0 3 1 2 0 0			
Institutional Decisions 3Q2011 4Q2011 1Q2012 to Buy 305 263 287 to Sell 292 342 355 Hld's(000) 258936 252636 256616		Percent shares traded 30 20 10 % TOT. RETURN 6/12 1 yr. -7.1 3 yr. 126.1 5 yr. 28.6	

Coach, Inc. was founded in 1941 as a maker of leather handbags. It was acquired by Sara Lee in 1985. 7,380,000 shares were issued to the public at \$16.00 a share in October, 2000. The transaction was led by Goldman Sachs & Co., Morgan Stanley Dean Witter, and Prudential Securities. Sara Lee subsequently distributed the remaining stock to shareholders.	2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013	© VALUE LINE PUB. LLC 15-17
CAPITAL STRUCTURE as of 3/31/12	2.01 2.60 3.48 4.52 5.71 7.01 9.45 10.16 12.15 14.41 16.90 19.45	Sales per sh ^A 27.25
Total Debt \$23.5 mill. Due in 5 Yrs \$23.5 mill.	.31 .48 .80 1.18 1.51 1.93 2.50 2.34 2.90 3.49 4.05 4.65	"Cash Flow" per sh 6.50
LT Debt \$22.6 mill. LT Interest \$1.0 mill. (1% of Cap'l)	.24 .40 .68 1.00 1.27 1.69 2.06 1.91 2.33 2.92 3.52 4.05	Earnings per sh ^{A B} 5.65
Leases, Uncapitalized: Ann'l rentals \$129.1 mill.	-- -- -- -- -- -- -- -- .08 .38 .68 .98 1.24 1.60	Div'ds Decl'd per sh ^E 2.00
No Defined Benefit Pension Plan	.73 1.17 2.06 2.73 3.21 5.13 4.50 5.33 5.07 5.59 6.00 7.60	Book Value per sh 12.75
Pfd Stock None	357.81 366.02 379.24 378.43 369.83 372.52 336.73 318.01 296.87 288.51 284.00 280.00	Common Shs Outst'g ^D 265.00
Common Stock 287,370,913 shs. as of 4/27/12	22.1 21.4 26.5 25.8 26.2 24.7 17.7 11.3 15.2 17.3 18.5	Avg Ann'l P/E Ratio 20.0
MARKET CAP: \$16.4 billion (Large Cap)	1.21 1.22 1.40 1.37 1.41 1.31 1.07 .75 .97 1.09 1.18	Relative P/E Ratio 1.35
CURRENT POSITION 2010 2011 3/31/12 (\$MILL)	-- -- -- -- -- -- -- -- .3% 1.1% 1.3% 1.5%	Avg Ann'l Div'd Yield 1.8%
Cash Assets 696.4 702.0 929.7	719.4 953.2 1321.1 1710.4 2111.5 2612.5 3180.8 3230.5 3607.6 4158.5 4800 5450	Sales (\$mill) ^A 7225
Receivables 109.1 143.0 169.5	70.7% 74.2% 78.2% 80.0% 80.7% 80.5% 78.8% 75.7% 75.5% 75.7% 75.5% 75.5%	Gross Margin 76.0%
Inventory (Avg Cst) 363.3 421.8 475.4	22.6% 28.7% 36.9% 39.7% 39.3% 41.1% 40.2% 34.8% 35.4% 34.4% 34.0% 34.5%	Operating Margin 35.0%
Other 133.8 185.6 185.0	212 232 250 275 304 352 399 441 462 488 525 560	Number of Stores ^C 700
Current Assets 1302.6 1452.4 1759.6	85.8 146.6 261.7 388.7 494.3 636.5 742.0 622.1 734.9 880.8 1015 1160	Net Profit (\$mill) 1525
Accts Payable 105.6 118.6 107.4	35.5% 37.0% 37.5% 36.9% 38.0% 38.5% 39.0% 38.0% 36.2% 32.3% 33.0% 34.0%	Income Tax Rate 37.0%
Debt Due .7 .8 .9	11.9% 15.4% 19.8% 22.7% 23.4% 24.4% 23.3% 19.3% 20.4% 21.2% 21.1% 21.5%	Net Profit Margin 21.1%
Other 422.7 473.6 514.9	128.2 287.0 523.7 443.6 632.7 1332.2 934.8 936.7 773.6 859.4 900 1275	Working Cap'l (\$mill) 2350
Current Liab. 529.0 593.0 623.2	3.6 3.5 3.4 3.3 3.1 2.9 2.6 25.1 24.2 23.4 20.0	Long-Term Debt (\$mill) Nil
	260.4 426.9 782.3 1032.8 1188.7 1910.4 1515.8 1696.0 1505.3 1612.6 1700 2125	Shr. Equity (\$mill) 3375
	32.7% 34.1% 33.3% 37.5% 41.5% 33.3% 48.9% 36.2% 48.1% 53.9% 59.0% 54.5%	Return on Total Cap'l 45.0%
	33.0% 34.3% 33.5% 37.6% 41.6% 33.3% 49.0% 36.7% 48.8% 54.6% 59.5% 54.5%	Return on Shr. Equity 45.0%
	33.0% 34.3% 33.5% 37.6% 41.6% 33.3% 49.0% 36.7% 42.6% 43.6% 44.5% 38.5%	Retained to Com Eq 29.5%
	-- -- -- -- -- -- -- -- 13% 20% 25% 30%	All Div'ds to Net Prof 35%

BUSINESS: Coach, Inc. is a designer, producer, and marketer of high-quality modern American classic accessories. Primary product offerings include handbags, women's and men's accessories, business cases, luggage, leather outerwear, gloves, scarves, and personal planning products. Also licenses watches, footwear, and home and office furniture. Operates 497 North American stores (including 152 factory outlets). Direct-to-consumer channel accounted for nearly 87% of total net sales in fiscal 2011; Indirect channel, (13%). Acquired remaining 50% interest in Coach Japan, 7/05. Off./dir. own 2.4% of common shares (10/11 Proxy). Chairman and CEO: Lew Frankfort, Inc.: MD. Add.: 516 W. 34th St., New York, NY, 10001. Tel.: 212-594-1850. Internet: www.coach.com.

Coach stock has been trending downward in recent months. Shares of the luxury leather goods and accessories maker have slipped more than 20% in value since our May review and are nearly 30% cheaper than this year's high. **We believe that the selloff is largely unjustified, however, with the stock basically having gotten caught up in broader market concerns.** Although most higher-end retailers had remained relatively well insulated from the global economic weakness, some look as though they are beginning to feel the effects. However, the same cannot be said about Coach at this point. Fourth-quarter results (fiscal year ends June 30th) were not out as of the date of this report, but March-period results showed that top-line growth remained healthy, despite weak global economies. Management has done a tremendous job keeping customers intrigued by rolling out items at lower price points. Margins probably continued to be pressured a bit, but we suspect that Coach posted a 25% share-net advance, on 16% sales growth in the fiscal fourth quarter. **Expansion is likely to be the name of the game next year.** Although the repositioning of women's lines ought to remain a boon, we look for a greater emphasis on men's furnishings to become a contributor going forward. Meanwhile, management has its sights firmly on developing its brand overseas. Indeed, after success in Japan, the company is implementing a similar strategy in China. The country represents tremendous opportunity, given its vast population and love for Western goods. The country's low labor costs also promise higher margins. Plus, Coach is also testing the European market, recently opening its second flagship store in London. As a result, 15% share-net growth is probably achievable in fiscal 2013. **We like the stock's 3- to 5-year prospects.** The current price tag fails to recognize a healthy portion of the benefits we envision stemming from the company's move into Europe and China, as well as its initiative to gain ground in the men's market. Meanwhile, a healthy balance sheet and strong cash flows are likely to continue to be used to reward shareholders.

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
Sales	20.5%	22.0%	15.0%
"Cash Flow"	28.5%	20.0%	15.0%
Earnings	30.5%	19.5%	16.0%
Dividends	--	--	32.0%
Book Value	24.5%	15.0%	16.0%

Fiscal Year Ends	QUARTERLY SALES (\$ mill.)^A				Full Fiscal Year
	Sep.Per	Dec.Per	Mar.Per	Jun.Per	
2009	752.5	960.3	740.0	777.7	3230.5
2010	761.4	1065.0	830.7	950.5	3607.6
2011	911.7	1264.4	950.7	1031.7	4158.5
2012	1050	1449	1109	1192	4800
2013	1200	1650	1250	1350	5450

Fiscal Year Ends	EARNINGS PER SHARE^{A B}				Full Fiscal Year
	Sep.Per	Dec.Per	Mar.Per	Jun.Per	
2009	.44	.67	.38	.43	1.91
2010	.44	.75	.50	.64	2.33
2011	.63	1.00	.62	.67	2.92
2012	.73	1.18	.77	.84	3.52
2013	.85	1.35	.90	.95	4.05

Cal-endar	QUARTERLY DIVIDENDS PAID^E				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	--	--	--	--	--
2009	--	.075	.075	.075	.225
2010	.075	--	.15	.15	.380
2011	.15	.15	.225	.225	.750
2012	.225	.225	.30		

(A) Fiscal year ends Sat. closest to June 30th. (B) Diluted eqs. Includes the expensing of stock options beginning in fiscal 2007. Reflects discontinuation of corporate accounts business beginning 2006. Excludes \$0.12 of non-recurring items in '08. Next eqs. report late Oct. May not add due to rounding. (C) Store count only reflects North American retail and factory stores. Excludes all other locations. (D) In mill., adj. for splits. (E) Initial dividend paid on 6/29/09. Typically paid in early January, April, July, and October.

Company's Financial Strength A
Stock's Price Stability 50
Price Growth Persistence 90
Earnings Predictability 90

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