

# Coach, Inc.(USD) COH

**Last Close \$** \$51.14  
**Sales \$Mil** \$5,065  
**Mkt Cap \$Mil** \$15,181  
**Industry** Luxury Goods  
**Currency** USD

Coach, Inc., is a marketer of fine accessories and gifts for women and men. Its product offerings include women's and men's bags, accessories, business cases, footwear, wearables, jewelry, sunwear, travel bags, watches and fragrance.

**Morningstar Rating** ★★★  
 As of 11 15 2013

**Fair Value Uncertainty** High  
**Fair Value** \$61.00  
**Economic Moat** Narrow  
**Style** Mid Core  
**Sector** Consumer Cyclical

516 West 31th Street  
 New York, NY 10001  
 Phone: +1 212 691 1850  
 Website: <http://www.coach.com>

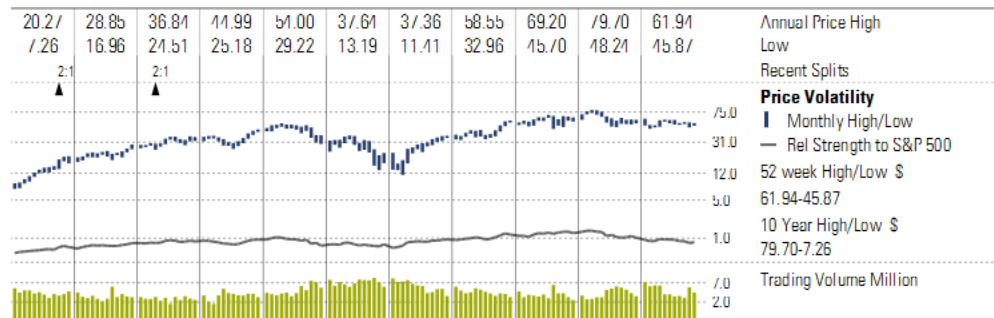
Growth Rates Compound Annual					
Grade: B	1 Yr	3 Yr	5 Yr	10 Yr	
Revenue %	6.6	12.1	9.8	18.2	
Operating Income %	0.8	9.9	5.9	20.1	
Earnings/Share %	2.3	15.8	10.7	21.8	
Dividends %	26.9	48.9	—	—	
Book Valuc/Share %	22.3	19.0	14.0	22.0	
Stock Total Return	-1.9	3.0	29.0	11.6	
+/- Industry	39.7	21.9	13.3	0.8	
+/- Market	30.9	14.0	10.9	3.8	

Profitability Analysis				
Grade: A	Current	5 Yr Avg	Ind	Mkt
Return on Equity %	17.2	19.2	27.0	20.0
Return on Assets %	31.1	31.4	16.2	8.2
Revenue/Employee \$K	291.5	276.7	—	1026.3
Fixed Asset Turns	7.2	7.0	8.0	6.9
Inventory Turns	2.2	2.8*	1.5	11.8
Gross Margin %	72.7	72.6	56.2	42.8
Operating Margin %	29.9	31.0	19.8	19.7
Net Margin %	20.1	20.6	12.9	13.9
Free Cash Flow/Rev %	22.6	21.8	8.3	12.0
R&D/Rev %	—	—	0.0	—

Financial Position (USD)		
Grade: A	06-13 \$Mil	09-13 \$Mil
Cash	1063	715
Inventories	525	637
Receivables	175	178
Current Assets	2071	1872
Fixed Assets	695	721
Intangibles	355	373
Total Assets	3532	3187
Payables	271	165
Short Term Debt	1	1
Current Liabilities	723	707
Long Term Debt	0	0
Total Liabilities	1123	1109
Total Equity	2409	2379

Valuation Analysis				
	Current	5 Yr Avg	Ind	Mkt
Price/Earnings	15.0	16.5	21.1	17.1
Forward P/E	11.7	—	—	17.3
Price/Cash Flow	11.2	13.0	21.5	10.7
Price/Free Cash Flow	13.5	15.8	50.8	25.0
Dividend Yield %	2.1	—	1.1	2.1
Price/Book	6.1	7.1	5.3	2.5
Price/Sales	3.0	3.5	2.8	2.9
PEG Ratio	1.8	—	—	2.3

\*3Yr Avg data is displayed in place of 5 Yr Avg



Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	YTD	Stock Performance
Total Return %	130.0	49.0	18.2	28.9	-28.8	-32.1	77.0	52.8	11.9	-7.2	-0.7	Total Return %
+/- Market	101.3	38.1	13.3	13.1	-34.3	4.9	50.5	37.8	9.7	-23.2	-29.2	+/- Market
+/- Industry	39.9	35.2	11.6	5.5	-5.8	14.4	-10.7	-0.4	0.4	-23.3	-38.1	+/- Industry
Dividend Yield %	7005	10655	12671	15787	11258	6790	11470	16393	17550	15578	15184	Dividend Yield %
Market Cap \$Mil												Market Cap \$Mil

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	TTM	Financials (USD)
Revenue \$Mil	1321	1652	2035	2612	3181	3230	3608	4159	4763	5075	5065	Revenue \$Mil
Gross Margin %	74.9	76.7	77.7	77.4	75.7	71.9	73.0	72.7	72.8	72.9	72.7	Gross Margin %
Operating Income \$Mil	405	536	715	993	1147	972	1150	1305	1512	1525	1514	Operating Income \$Mil
Operating Margin %	30.7	32.4	35.1	38.0	36.1	30.1	31.9	31.4	31.7	30.0	29.9	Operating Margin %
Net Income \$Mil	238	359	494	664	783	623	735	881	1039	1034	1031	Net Income \$Mil
Earnings Per Share \$	0.68	1.00	1.27	1.69	2.17	1.91	2.33	2.92	3.53	3.61	3.61	Earnings Per Share \$
Dividends \$						0.08	0.38	0.68	0.98	1.24	1.28	Dividends \$
Shares Mil	386	390	388	377	360	326	316	302	294	286	285	Shares Mil
Book Value Per Share \$	2.61	3.58	4.04	4.30	4.48	5.94	5.87	6.50	7.42	8.57	8.48	Book Value Per Share \$
Oper Cash Flow \$Mil	359	476	597	779	923	809	991	1033	1222	1414	1376	Oper Cash Flow \$Mil
Cap Spending \$Mil	-74	-95	-134	-141	-175	-240	-81	-148	-184	-241	-231	Cap Spending \$Mil
Free Cash Flow \$Mil	286	381	463	638	749	569	910	886	1037	1173	1145	Free Cash Flow \$Mil

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	TTM	Profitability
Return on Assets %	28.6	29.7	33.0	32.6	33.3	25.9	29.2	34.5	36.2	31.2	31.1	Return on Assets %
Return on Equity %	39.4	39.0	44.0	42.8	46.1	39.1	45.9	56.5	57.6	47.0	47.2	Return on Equity %
Asset Turnover	1.59	1.37	1.36	1.28	1.35	1.34	1.43	1.63	1.66	1.53	1.53	Asset Turnover
Net Margin %	18.0	21.7	24.3	25.4	24.6	19.3	20.4	21.2	21.8	20.4	20.4	Net Margin %
Financial Leverage	1.3	1.3	1.4	1.3	1.5	1.5	1.6	1.6	1.6	1.5	1.5	Financial Leverage

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	09-13	Financial Health (USD)
Long-Term Debt \$Mil	3	3	3	3	3	25	24	23	1	0	0	Long-Term Debt \$Mil
Total Equity \$Mil	782	1056	1189	1910	1490	1696	1505	1613	1993	2409	2379	Total Equity \$Mil
Debt/Equity	0.00	0.00	0.00	0.00	0.00	0.01	0.02	0.01	0.00	0.00	0.00	Debt/Equity
Working Capital \$Mil	535	444	633	1332	908	937	774	859	1086	1348	1165	Working Capital \$Mil

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	TTM	Valuation
Price/Earnings	36.0	33.7	27.8	28.2	16.1	9.5	18.3	20.1	19.1	15.3	15.0	Price/Earnings
P/E vs. Market	0.0	0.0	—	—	0.0	0.0	0.0	0.0	0.0	0.0	0.9	P/E vs. Market
Price/Sales	6.4	7.2	6.7	6.8	3.9	2.2	3.5	4.3	4.1	3.3	3.0	Price/Sales
Price/Book	11.9	10.8	9.3	10.6	7.1	4.6	6.2	9.4	9.4	7.5	6.4	Price/Book
Price/Cash Flow	24.1	20.4	21.5	22.8	13.2	9.5	10.9	17.5	14.2	13.2	11.2	Price/Cash Flow

Quarterly Results (USD)						
	Revenue \$Mil	Dec	Mar	Jun	Sep	
Most Recent	1503.0	1187.0	1222.0	1150.0		
Previous	1418.0	1108.0	1155.0	1161.0		
Rev Growth %		Dec	Mar	Jun	Sep	
Most Recent	3.8	7.1	5.8	0.9		
Previous	14.6	16.7	12.0	10.6		
Earnings Per Share \$		Dec	Mar	Jun	Sep	
Most Recent	1.23	0.81	0.78	0.77		
Previous	1.18	0.77	0.86	0.77		

Close Competitors					
	Mkt Cap \$Mil	Rev \$Mil	P/E	ROE%	
LVMH Moët Hennessy Louis Vuitton SA	71327	28832	18.5	13.0	
Hermès International	25791	3660	32.7	35.7	

Major Fund Holders		% of shares
Dodge & Cox Stock		2.16
Vanguard Total Stock Mkt Idx		1.43
Artisan Mid Cap Value Investor		1.19