

Coach Inc.

S&P Recommendation **STRONG BUY** **H H H H H**

Price
\$54.14 (as of Nov 15, 2013)

12-Mo. Target Price
\$63.00

Investment Style
Large-Cap Growth

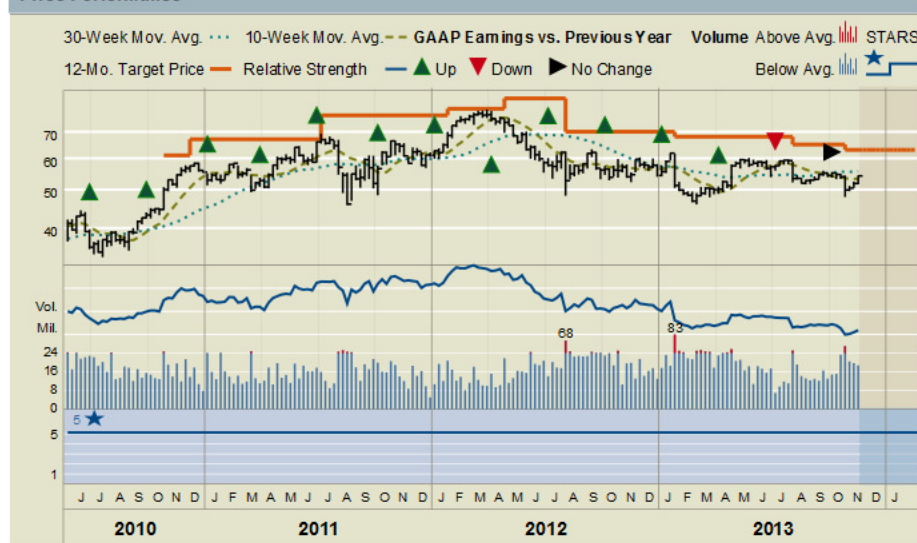
GICS Sector Consumer Discretionary
Sub-Industry Apparel, Accessories & Luxury Goods

Summary COH designs, makes and markets fine accessories for women and men, including handbags, weekend and travel accessories, outerwear, footwear, and business cases.

Key Stock Statistics (Source S&P, Vickers, company reports)

52-Wk Range	\$61.94– 45.87	S&P Oper. EPS 2014E	3.60	Market Capitalization(B)	\$15.264	Beta	1.45
Trailing 12-Month EPS	\$3.61	S&P Oper. EPS 2015E	4.20	Yield (%)	2.49	S&P 3-Yr. Proj. EPS CAGR(%)	10
Trailing 12-Month P/E	15.0	P/E on S&P Oper. EPS 2014E	15.0	Dividend Rate/Share	\$1.35		
\$10K Invested 5 Yrs Ago	\$35,830	Common Shares Outstg. (M)	281.9	Institutional Ownership (%)	86		

Price Performance



Analysis prepared by Equity Analyst **Jason N. Asaeda** on Oct 24, 2013, when the stock traded at **\$49.04**.

Highlights

- We project net sales of \$5.08 billion in FY 14 (Jun.). We expect intense competition in the North American women's handbag market to weigh on COH's performance. Globally, COH plans to increase its retail square footage by about 9%, supported by a \$280 million capital budget. As part of its efforts to reposition Coach from an accessories brand into a lifestyle brand anchored in accessories, the company launched a new women's footwear assortment this spring and plans to broaden its ready-to-wear offering this fall. COH is also increasing its focus on leather handbags across all price points to meet strong consumer demand.
- Before restructuring charges, COH reported FY 13 gross and EBIT margins of 73.0% and 31.1%, respectively. We see gross margins narrowing to 71.0% in FY 14, reflecting a weaker Japanese yen, rising product costs, increased promotional activity (mainly on clearance inventory) in the North American factory channel, and amortization of Coach Europe inventory. With SG&A expenses forecasted to grow modestly, we see EBIT margins narrowing to 29.0% in FY 14.
- Factoring \$700 million in planned share repurchases, we see EPS of \$3.60 in FY 14.

Investment Rationale/Risk

- We see COH focused on driving improvement in its North American women's business through new product introductions (such as the recently launched Borough capsule collection of handbags), more impactful brand marketing, and enhanced store environments. We look for accessories designer Stuart Vevers, who joined the company as executive creative director in September, to leverage his broad experience in luxury leather goods to inject more fashion innovation into the Coach brand starting with the fall 2014 collection. COH's turnaround potential, coupled with what we consider to be its attractive international growth opportunities and its compelling valuation, support our strong buy recommendation.
- Risks to our recommendation and target price include sales shortfalls due to a sharp decline in global consumer spending, increased competition in core markets, and fashion risk.
- We arrive at our 12-month target price of \$63 by applying a multiple of 16X, a discount to COH's 10-year historical and peer group averages of 20X, reflecting turnaround execution risk, to our calendar 2014 EPS estimate of \$3.93.

Qualitative Risk Assessment

LOW **MEDIUM** **HIGH**

Our risk assessment reflects our view of COH's strong brand equity and rising cash flow, offset by a highly competitive market amid retail consolidation.

Quantitative Evaluations

S&P Quality Ranking **B+**

D **C** **B-** **B** **B+** **A-** **A** **A+**

Relative Strength Rank **MODERATE**

57
LOWEST - 1 HIGHEST - 99

Revenue/Earnings Data

Revenue (Million \$)	1Q	2Q	3Q	4Q	Year
2014	1,151	--	--	--	--
2013	1,161	1,504	1,188	1,223	5,075
2012	1,050	1,449	1,109	1,155	4,763
2011	911.7	1,264	950.7	1,032	4,159
2010	761.4	1,065	830.7	950.5	3,608
2009	752.5	960.3	739.9	777.7	3,230

Earnings Per Share (\$)

2014	0.77	E1.12	E0.79	E0.93	E3.60
2013	0.77	1.23	0.84	0.78	3.61
2012	0.73	1.18	0.77	0.86	3.53
2011	0.63	1.00	0.62	0.68	2.92
2010	0.44	0.75	0.50	0.64	2.33
2009	0.44	0.67	0.36	0.46	1.91

Fiscal year ended Jun. 30. Next earnings report expected: Late January. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data (Dates: mm/dd Payment Date: mm/dd/yy)

Amount (\$)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.300	02/13	03/06	03/08	04/01/13
0.338	05/16	06/05	06/07	07/01/13
0.338	08/21	09/05	09/09	09/30/13
0.338	11/15	12/04	12/06	01/03/14

Dividends have been paid since 2009. Source: Company reports.

Coach Inc.**Business Summary** October 24, 2013

CORPORATE OVERVIEW. Coach is a leading U.S. designer and marketer of high-quality accessories. Founded in 1941, COH has over the past several years transformed the Coach brand, building on its popular core categories by introducing new products in a broader array of materials, styles and categories. The company has also implemented a flexible sourcing and manufacturing model, which it believes enables it to bring a broader range of products to market more rapidly and efficiently.

PRIMARY BUSINESS DYNAMICS. Women's handbags accounted for 58% of FY 13 (Jun.) sales, women's accessories 23%, men's products 11%, and the remaining 8% consisted of all other, including watches, footwear, jewelry, wearables, sunwear, travel bags and fragrances. COH estimated that the combined North American premium women's and men's bags and accessories markets grew 15% in FY 13, to \$11 billion, versus a 6% increase in its direct sales. The company estimated its combined market share at about 30%. We think the Coach brand drove the men's category but lost market share in women's.

COH sells its products through direct-to-consumer and indirect channels. As of June 29, 2013, direct-to-consumer channels included 322 retail stores and 187 factory stores in the U.S.; 29 retail stores and six factory stores in Canada; 191 department store shop-in-shops, retail stores and factory stores in Japan; 126 department store shop-in-shops, retail stores and factory stores in China; 27 department store shop-in-shops, retail stores and factory stores in Singapore; 48 department store shop-in-shops and retail stores in Korea; 10 retail stores in Malaysia; and seven department store shop-in-shops, retail stores and factory stores in Taiwan. Indirect channels included 1,000 wholesale locations (mainly department stores) in the U.S. and Canada, as well as 183 department store, retail store and duty-free shop locations in 25 countries. In July 2013, COH acquired 100% of its European joint venture with Hackett Limited.

The company has two reportable segments, North America and International, with the former accounting for 69% of total sales in FY 13. North America segment net sales rose 4.9% to \$3.48 billion in FY 13. Growth came from new and expanded stores and a 0.3% increase in comparable store sales that was driven by online traffic. International segment net sales grew 9.9% to \$1.54 billion in FY 13, driven by new store sales and COH's acquisition of its retail operations in Malaysia and Korea. Depreciation of the Japanese yen reduced international net sales by \$82.2 million. Sales in China increased 40% to \$430 million in FY 13, supported by double-digit growth in comparable store sales. The company sees sales in China reaching \$530 million in FY 14.

CORPORATE STRATEGY. COH is pursuing four key strategies to strengthen its market positioning and improve productivity: (1) transform Coach from an international accessories business to a global lifestyle brand; (2) grow the men's business in North America and Asia; (3) increase brand penetration and build market share in emerging markets, notably China; and (4) raise brand awareness and maximize online sales through its global e-commerce sites, third-party flash sites, marketing sites and social media.

As part of its brand repositioning, the company is developing lifestyle categories such as footwear, watches and outerwear. Following a successful re-launch of women's footwear (featuring more trend-right fashion styles) in 170 domestic full price stores this spring, COH introduced an expanded fashion footwear assortment to wholesale locations and over 100 of its international retail stores this fall. The company is also testing a new collection of fashion watches with an average price of \$225. Within the factory channel, the company launched an assortment of made-for-factory footwear in 20 stores, which it plans to roll out to an additional 70 stores next spring, and outerwear in 140 locations this fall.

COH is expanding its addressable market through a renewed focus on its men's business. The company estimated that the North American men's premium bags and accessories market grew 25% in FY 13, to \$1 billion. In Asia, where COH believes men tend to be more fashion conscious, the company sees a \$12 billion market. Of that, China represents about a \$3.2 billion opportunity. Globally, Coach men's sales rose nearly 50% in FY 13, to \$600 million, supported by investments COH made in new dual-gender and stand-alone men's stores, as well as expanded men's assortments in North American retail locations. The company believes its men's business can reach \$1 billion in sales by FY 16.

COH plans to increase its total retail square footage by 9% in FY 14. In North America, the company is targeting 7% square footage growth with the opening of 20 new stores (mainly factory), the closure of 15 to 20 full-price stores, and the expansion of 20 stores (both full price and factory). In China, COH plans to grow its square footage by 25% with the net addition of 30 stores. In Japan, the company expects modest square footage growth with the opening of 5 to 10 stores (mostly dedicated men's). In its other direct Asia markets of Korea, Taiwan, Malaysia and Singapore, COH plans to open a few stores, but its focus will be on improving existing store productivity. In Europe, the company expects to open 10 retail locations focused on key capitals and about 50 wholesale locations.

FINANCIAL TRENDS. From FY 07 through FY 12, COH posted a revenue compound annual growth rate (CAGR) of 13%, an EBIT CAGR of 9%, and an income from continuing operations CAGR of 10%. In FY 13, revenue and EBIT growth slowed to 6.6% and 4.3%, respectively, and income from continuing operations declined 0.4%, reflecting weakness in the company's core North American women's handbag and accessories businesses. In our view, COH failed to meet consumer demand for more fashion-forward products being offered by competitors such as Michael Kors.

Corporate Information**Investor Contact**

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L. Frankfort

EVP, Secy & General**Counsel**

T. Kahn

Pres

V. Luis

EVP & CIO

C. Putur

EVP, CFO & Chief**Acctg Officer**

J. Nielsen

Board Members

L. Frankfort

S. J. Kropf

G. W. Loveman

V. Luis

I. M. Menezes

M. E. Murphy

I. Ruth Miller

S. Tilenius

J. J. Zeitlin

Domicile

Maryland

Founded

1941

Employees

17,200

Stockholders

3,400

Coach Inc.

Quantitative Evaluations						
S&P Fair Value Rank	4+ <table border="1"><tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr></table> LOWEST HIGHEST Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).	1	2	3	4	5
1	2	3	4	5		
Fair Value Calculation	\$57.30 Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that COH is slightly undervalued by \$3.16 or 5.8%.					
Investability Quotient Percentile	<table border="1"><tr><td>96</td></tr></table> LOWEST - 1 HIGHEST - 100 COH scored higher than 96% of all companies for which an S&P Report is available.	96				
96						
Volatility	<table border="1"><tr><td>LOW</td><td>AVERAGE</td><td>HIGH</td></tr></table>	LOW	AVERAGE	HIGH		
LOW	AVERAGE	HIGH				
Technical Evaluation	BEARISH Since October, 2013, the technical indicators for COH have been BEARISH.					
Insider Activity	<table border="1"><tr><td>UNFAVORABLE</td><td>NEUTRAL</td><td>FAVORABLE</td></tr></table>	UNFAVORABLE	NEUTRAL	FAVORABLE		
UNFAVORABLE	NEUTRAL	FAVORABLE				

Expanded Ratio Analysis	
	2013 2012 2011 2010
Price/Sales	3.05 3.43 4.43 4.84
Price/EBITDA	8.90 9.93 12.87 13.70
Price/Pretax Income	10.19 10.84 14.15 15.17
P/E Ratio	14.98 15.72 20.90 23.77
Avg. Diluted Shares Outstg (M)	286.3 294.1 301.6 315.8

Figures based on calendar year-end price

Key Growth Rates and Averages	
Past Growth Rate (%)	1 Year 3 Years 5 Years 9 Years
Sales	6.55 12.30 10.97 15.42
Net Income	-0.43 12.64 9.28 14.50
Ratio Analysis (Annual Avg.)	
Net Margin (%)	20.38 21.12 20.61 22.02
% LT Debt to Capitalization	0.02 0.50 0.91 0.60
Return on Equity (%)	47.00 53.71 49.17 46.61

Company Financials Fiscal Year Ended Jun. 30

Per Share Data (\$)	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Tangible Book Value	7.29	5.64	4.41	4.01	4.41	3.73	4.52	2.57	2.07	2.00
Cash Flow	4.18	3.98	3.34	2.73	2.29	2.45	1.90	1.44	1.14	0.79
Earnings	3.61	3.53	2.92	2.33	1.91	2.17	1.69	1.27	1.00	0.68
S&P Core Earnings	3.61	3.53	2.92	2.33	1.91	2.17	1.69	1.26	0.91	0.61
Dividends	1.24	0.98	0.68	0.38	0.08	Nil	Nil	Nil	Nil	Nil
Payout Ratio	34%	28%	23%	16%	4%	Nil	Nil	Nil	Nil	Nil
Prices:High	61.94	79.70	69.20	58.55	37.36	37.64	54.00	44.99	36.84	28.85
Prices:Low	45.87	48.24	45.70	32.96	11.41	13.19	29.22	25.18	24.51	16.88
P/E Ratio:High	17	23	24	25	20	17	32	35	37	42
P/E Ratio:Low	13	14	16	14	6	6	17	20	25	25

Income Statement Analysis (Million \$)	
Revenue	5,075 4,763 4,159 3,608 3,230 3,181 2,612 2,112 1,710 1,321
Operating Income	1,741 1,645 1,430 1,276 1,095 1,280 1,074 830 679 487
Depreciation	163 133 125 127 123 101 80.9 65.1 57.0 42.9
Interest Expense	NA NA NA NA NA NA Nil Nil 1.22 0.81
Pretax Income	1,521 1,506 1,301 1,152 977 1,195 1,035 797 638 448
Effective Tax Rate	32.0% 31.0% 32.3% 36.2% 36.2% 34.5% 38.5% 38.0% 36.9% 37.5%
Net Income	1,034 1,039 881 735 623 783 637 494 389 262
S&P Core Earnings	1,034 1,039 881 735 625 783 637 492 356 236

Balance Sheet & Other Financial Data (Million \$)	
Cash	1,135 917 702 696 800 699 557 143 155 263
Current Assets	2,071 1,805 1,452 1,303 1,396 1,386 1,740 974 709 706
Total Assets	3,532 3,104 2,635 2,467 2,564 2,274 2,450 1,627 1,347 1,029
Current Liabilities	723 718 593 529 460 451 408 342 266 182
Long Term Debt	0.49 0.99 23.4 24.2 25.1 2.58 2.87 3.10 3.27 3.42
Common Equity	2,409 1,993 1,613 1,505 1,696 1,516 1,910 1,189 1,033 782
Total Capital	2,410 2,016 1,637 1,530 1,721 1,545 1,950 1,223 1,041 842
Capital Expenditures	241 184 148 81.1 240 175 141 134 94.6 67.7
Cash Flow	1,197 1,172 1,006 862 746 884 717 559 446 305
Current Ratio	2.9 2.5 2.5 2.5 3.0 3.1 4.3 2.9 2.7 3.9
% Long Term Debt of Capitalization	0.0 0.1 1.4 1.6 1.5 0.2 0.1 0.3 0.3 0.4
% Net Income of Revenue	20.4 21.8 21.2 20.4 19.3 24.6 24.4 23.4 22.7 19.8
% Return on Assets	31.2 36.2 34.5 29.2 25.8 33.2 31.2 33.0 32.5 31.8
% Return on Equity	47.0 57.6 56.5 45.9 38.8 45.7 41.1 44.0 42.8 43.3

Coach Inc.



Sub-Industry Outlook

Our fundamental outlook for the apparel, accessories & luxury goods sub-industry is neutral. We believe the reduction in take home pay caused by the expiration of the payroll tax holiday benefit on January 1, 2013, will result in some consumers cutting back on their apparel purchases this year. While apparel is a relatively low cost category, we expect shoppers on limited budgets to invest more in accessories, which offer more "bang for the buck."

As for personal luxury goods, our outlook is positive despite global macroeconomic headwinds. According to international management consulting firm Bain & Co., worldwide sales of personal luxury goods grew an estimated 10% in 2012, to 212 billion euros, led by an estimated 16% increase in the leather goods category. By region, sales rose an estimated 18% in Asia-Pacific, 13% in the Americas, 8% in Japan, and 5% in Europe. Bain projects worldwide luxury goods sales to grow 4% to 5% globally in 2013 and an average of 5% to 6% annually through 2015. We look for growth to be supported by underlying demand for luxury goods in the U.S., Europe and Japan, and growing luxury demographics in Asia-Pacific, particularly China, and emerging markets.

Apparel brands are increasing their investments in company-owned retail, outlet and online stores, which provide higher-margin growth opportunities than the highly competitive and promotional department store channel. This strategy enables apparel brands to showcase their entire merchandise assortment, enhance consumer brand awareness, and test new products. Apparel companies are also pursuing growth through development of new product lines specifically for discounters and mass merchandisers, as well as international expansion.

Finally, we expect supply chain improvements to support gross margin expansion for apparel and accessories brands in 2013. We also look for companies to maintain discipline in inventory and expense management in support of earnings growth. We believe companies with strong brands, differentiated products and attractive price-value propositions are likely to outperform their peers.

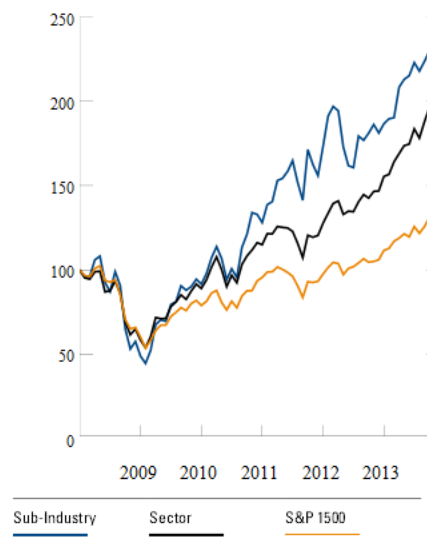
Year to date through October 11, the S&P Apparel, Accessories & Luxury Goods Index advanced 22.4%, versus a 20.1% gain by the S&P 1500 Composite Index. In 2012, the sub-industry index rose 16.2%, versus a 13.7% increase for the S&P 1500.

--Jason Asaeda

Stock Performance

GICS Sector: Consumer Discretionary
Sub-Industry: Apparel, Accessories & Luxury Goods

Based on S&P 1500 Indexes
Month-end Price Performance as of 10/31/13



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Apparel, Accessories & Luxury Goods Peer Group*: Designer Mens/Womens Apparel

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Coach Inc	COH	15,264	54.14	61.94/45.87	1.45	2.5	15	57.30	B+	96	20.4	Nil
Fifth & Pacific Cos	FNP	3,650	30.43	31.02/11.30	2.64	Nil	NM	15.20	C	71	NM	139.5
Jones Group	JNY	1,082	13.57	17.78/10.42	NM	1.5	NM	12.50	B-	72	NM	48.1
PVH Corp	PVH	10,853	133.05	134.98/102.72	1.94	0.1	49	128.50	B+	95	7.2	39.8
Ralph Lauren Corp 'A'	RL	10,733	175.90	192.03/144.14	1.52	1.0	22	171.30	A	100	10.8	NA
VF Corp	VFC	24,793	225.56	225.59/142.79	0.98	1.9	21	217.70	A	100	10.0	20.2

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

Coach Inc.**S&P Analyst Research Notes and other Company News****October 22, 2013**

UP 0.00 to 54.18... COH posts \$0.77 vs. \$0.77 Q1 EPS on 1% lower revenue. Capital IQ consensus forecast is \$0.76.

October 22, 2013

12:55 pm ET ... COACH, INC. (COH 50.33) DOWN 3.85, COACH (COH) POSTS Q1 RESULTS. BREAN CAPITAL CUTS ESTIMATES, KEEPS HOLD... Analyst Eric Beder says COH reported Q1 EPS of \$0.77 which was in line with the Street and beat his estimate by a penny, as slightly better-than-expected SG&A leverage offset weaker sales levels. While Q1 EPS were in line, notes dreary guidance, weak comps and inventory level erosion suggests to him near-term upside potential remains remote, co. is poised to lose material market share in the near term. Cuts \$3.83 FY 14 (Jun) EPS est. to \$3.41, \$4.17 FY 15 to \$3.71. Believes COH is, at best, "dead money" for the near term, remains firmly on the sidelines. M.Morrow

October 22, 2013

11:27 am ET ... S&P CAPITAL IQ REITERATES STRONG BUY OPINION ON SHARES OF COACH, INC. (COH 49.88****): Reflecting our more cautious sales outlook for North America, we cut our FY 14 (Jun.) EPS estimate \$0.20 to \$3.60, FY 15's by \$0.10 to \$4.20, and our target price by \$2 to \$63. Sep-Q EPS of \$0.77, vs. \$0.77, beats our \$0.75 estimate on lower marketing spend. North American comps fell 6.8% as in-store traffic weakened. However, conversion increased, giving us confidence in COH's turnaround strategies. Growth momentum in men's and China, as well as what we consider to be attractive growth opportunities in Europe and other international markets, also support our positive view. /J. Asaeda

October 14, 2013

09:30 am ET ... COACH, INC. (COH 54.59) UNCHANGED, CANACCORD DOWNGRADES COACH (COH) TO HOLD FROM BUY... Analyst Laura Champine tells salesforce expects COH will report a U.S. (70% of total sales) same-store sales decline of 6% on top of +6% when it reports Q3 results in the next few weeks. Notes traffic trends appear to be deteriorating, believes co. will be hard-pressed to maintain its leading 30% market share with the current product in stores. Expects fastgrowing rival MICHAEL KORS will continue to gain ground. Downgrades given limited near-term visibility. Also cuts \$3.72 FY 14 (Jun) EPS estimate to \$3.61, \$4.09 FY 15 to \$3.94. M.Morrow

August 5, 2013

On July 29, 2013, Coach, Inc. entered into a resignation letter agreement with Reed Krakoff, who will resign from his positions as President and Executive Creative Director of the Company on the earlier to occur of the Closing or termination of the Purchase Agreement. The Resignation Letter supersedes the terms of the letter agreement dated as of July 10, 2013 between Coach and Krakoff. Pursuant to the Resignation Letter, Krakoff agreed to waive his right to receive any compensation, salary, bonuses, equity vesting and other benefits (except for continuation under Coach's health and welfare benefits) during the period from June 30, 2013 to the effective date of his resignation if the Closing occurs. In addition, Krakoff agreed to waive his right to receive any severance and bonus compensation if the Closing does not occur due to a breach of the Purchase Agreement by Buyer or Krakoff or the failure of Buyer or Krakoff to satisfy certain closing conditions. If the Closing does not occur due to the failure to obtain additional equity financing, Krakoff agreed to waive (i) \$3 million in severance compensation plus (ii) an additional amount of severance compensation equal to approximately \$3 million per month (subject to pro-ratio for partial months) for the period beginning on August 1, 2013 and ending on the date that the Purchase Agreement is terminated. If the Closing does not occur for any reason other than those mentioned, Krakoff's resignation will be deemed for 'Good Reason' under his employment agreement with Coach. Following his resignation, Krakoff will be subject to certain restrictions with respect to the non-solicitation of Coach employees and the non-interference with Coach customers, vendors and suppliers. Such restrictions will extend through the first anniversary of the effective date of Krakoff's resignation.

July 30, 2013

DOWN 4.89 to 52.96... COH posts \$0.78 vs. \$0.86 Q2 EPS as higher costs offset 5.8% revenue rise. Posts \$0.89 Q2 non-GAAP EPS. Capital IQ consensus forecast was \$0.89.

July 30, 2013

12:08 pm ET ... S&P REITERATES STRONG BUY OPINION ON SHARES OF COACH, INC. (COH 52.71****): We lower our FY 14 (Jun.) EPS estimate \$0.45 to \$3.80 and our target price by \$3 to \$65. Jun-Q adjusted EPS of \$0.89, vs. \$0.86, misses our \$0.91 estimate on higher operating expenses in Asia. While the U.S. women's handbag business remained challenging, net sales rose 6% on strength in men's, footwear and international. We see a weaker yen and rising labor costs pressuring FY 14 margins. However, our outlook for COH remains positive as we see investments being made in new talent, products and distribution increasing global awareness and market penetration of the Coach brand. /J. Asaeda

July 30, 2013

11:29 am ET ... COACH, INC. (COH 52.91) DOWN 4.94, COACH (COH) REPORTS Q4 RESULTS. JEFFERIES MAINTAINS HOLD... Analyst Randal Konik says COH reported in-line Q4 results. Sees mgmt making right moves with executive appointments, momentum in Men's, Asia bizs. However, COH's North American (N.A.) comp returned to negative territory (-1.7%) due to deceleration in women's handbags, accessories. Notes this compares negatively to KORS, which posted +35% N.A. comps in its most recent Q. Says growing gap confirms COH losing traction in core N.A. women's handbag biz, which he thinks will only intensify as key competitors KORS, Kate Spade, Tory Burch take share. Keeps \$50 target. M.Morrow

June 25, 2013

Coach, Inc. announced the appointment of Stuart Vevers as Executive Creative Director. Reporting directly to Coach's President and Chief Commercial Officer, Victor Luis, Mr. Vevers will be responsible for leading all creative aspects of the Coach brand, including women's and men's design, brand imagery, and store environments. Mr. Vevers joins Coach from Loewe where he held the role of Creative Director since 2008.

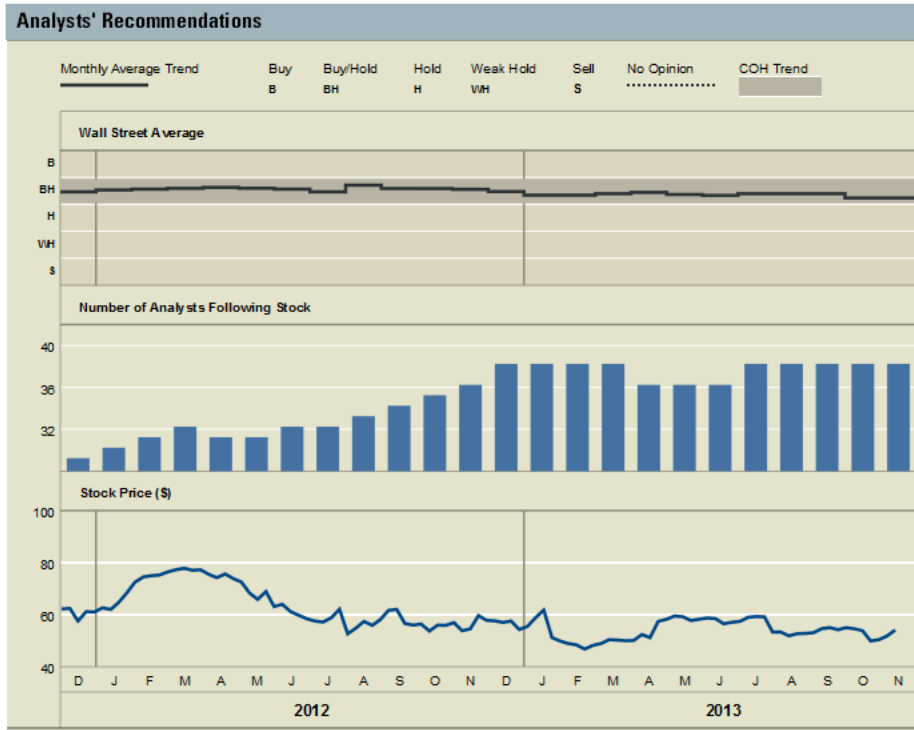
April 23, 2013

UP 5.34 to 55.93... COH posts \$0.84 vs. \$0.77 Q3 EPS on 7% higher total sales. Capital IQ consensus forecast was \$0.80. Also announces its Board of Directors has voted to increase its cash dividend by \$0.15 annually, raising it to an annual rate of \$1.35 per share.

April 23, 2013

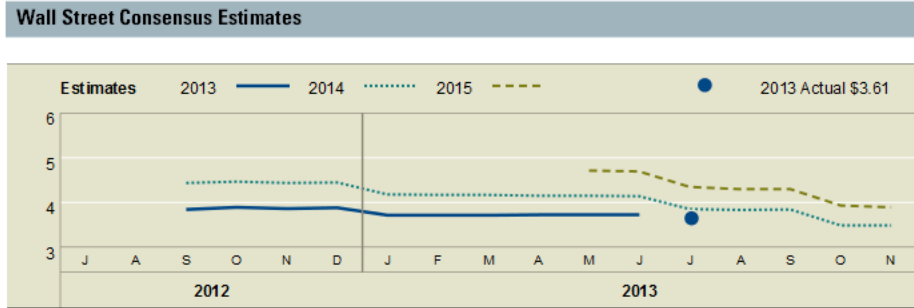
02:24 pm ET ... COACH, INC. (COH 55.63) UP 5.04, COACH (COH) POSTS Q3. WELLS FARGO MAINTAINS OUTPERFORM, \$59-\$63 VALUATION RANGE... Analyst Evren Kopelman says COH's Q3 results gave her more confidence in her thesis COH can grow into global lifestyle brand over time and its analytical approach & experience should enable it to successfully navigate through more difficult competitive environment in its core biz. Notes comps up 1%, gross margins up 35 bps both topped her expectations for zero and flat, respectively, impressive in weak traffic environment. Thinks current valuation of 12x PE on her CY 14E EPS is attractive for strong brand with significant intl, category growth opportunities. B.Brodie

Coach Inc.



Of the total 50 companies following COH, 39 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	13	33	13	16
Buy/Hold	3	8	3	3
Hold	21	54	21	18
Weak Hold	1	3	1	1
Sell	0	0	0	0
No Opinion	1	3	1	1
Total	39	100	39	39



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2015	3.90	4.70	3.33	35	13.9
2014	3.49	3.83	3.34	36	15.5
2015 vs. 2014	▲ 12%	▲ 23%	▼ -0.3%	▼ -3%	▼ -10%
Q2 '15	1.24	1.35	1.14	13	43.7
Q2 '14	1.12	1.26	1.05	29	48.3
Q2'15 vs. Q2'14	▲ 11%	▲ 7%	▲ 9%	▼ -55%	▼ -10%

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Street Consensus Opinion

BUY/HOLD

Companies Offering Coverage

- Over 30 firms follow this stock; not all firms are displayed.
- Accountability Research Corporation
 - Argus Research Company
 - Atlantic Equities LLP
 - Avondale Partners, LLC
 - BMO Capital Markets, U.S. Equity Research
 - BofA Merrill Lynch
 - Brean Capital LLC
 - Buckingham Research Group Inc.
 - CLSA Americas LLC
 - Canaccord Genuity
 - Cantor Fitzgerald Europe
 - Citigroup Inc
 - Collins Stewart LLC
 - Cowen and Company, LLC
 - Credit Suisse
 - DBS Vickers Research
 - Daiwa Capital Markets America Inc.
 - Daiwa Securities Co. Ltd.
 - Deutsche Bank
 - Goldman Sachs
 - HSBC
 - ISI Group Inc.
 - JP Morgan
 - Jefferies LLC
 - KeyBanc Capital Markets Inc.
 - Lazard Capital Markets
 - Macquarie Research
 - Miller Tabak & Co., LLC
 - Morgan Stanley
 - Morningstar Inc.

Wall Street Consensus vs. Performance

For fiscal year 2014, analysts estimate that COH will earn \$3.49. For the 1st quarter of fiscal year 2014, COH announced earnings per share of \$0.77, representing 22% of the total annual estimate. For fiscal year 2015, analysts estimate that COH's earnings per share will grow by 12% to \$3.90.

Glossary

S&P STARS

Since January 1, 1987, S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, S&P Capital IQ Equity Research has used STARS® methodology to rank Asian and European equities since June 30, 2002. Under proprietary STARS (STock Appreciation Ranking System), S&P equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P 12 Month Target Price

The S&P Capital IQ equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Fair Value.

Investment Style Classification

Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

S&P Capital IQ EPS Estimates

S&P Capital IQ earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P Capital IQ EPS estimates reflect either forecasts of S&P Capital IQ equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to S&P Capital IQ Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Core Earnings

S&P Capital IQ Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the S&P Capital IQ definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

Qualitative Risk Assessment

The S&P Capital IQ equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the S&P Capital IQ U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations

In contrast to our qualitative STARS recommendations, which are assigned by S&P Capital IQ analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P Capital IQ analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking (also known as S&P Earnings & Dividend Rankings)

Growth and stability of earnings and dividends are deemed key elements in establishing S&P Capital IQ's Earnings and Dividend Rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+ Highest	B- Below Average
A High	C Lower
A- Above Average	D Lowest
B+ Average	NR In Reorganization
B Below Average	

S&P Fair Value Rank

Using S&P Capital IQ's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation

The price at which a stock should trade at, according to S&P Capital IQ's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity

Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations FFO

FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investability Quotient (IQ)

The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P Capital IQ proprietary measures.

S&P's IQ Rationale

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	Raw Score	Max Value
Proprietary S&P Measures	20	115
Technical Indicators	19	40
Liquidity/Volatility Measures	19	20
Quantitative Measures	73	75
IQ Total	131	250

Volatility

Rates the volatility of the stock's price over the past year.

Technical Evaluation

In researching the past market history of prices and trading volume for each company, S&P Capital IQ's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank

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Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P Capital IQ's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)

An industry classification standard, developed by S&P Capital IQ in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

S&P Issuer Credit Rating

A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type

ASE - American Stock Exchange; AU - Australia Stock Exchange; BB - Bulletin Board; NGM - Nasdaq Global Market; NNM - Nasdaq Global Select Market; NSC - Nasdaq Capital Market; NYS - New York Stock Exchange; OTN - Other OTC (Over the Counter); OTC - Over the Counter; QB - OTCQB; QX - OTCQX; TS - Toronto Stock Exchange; TXV - TSX Venture Exchange; NEX - NEX Exchange.

S&P Capital IQ Equity Research

S&P Capital IQ Equity Research U.S. includes Standard & Poor's Investment Advisory Services LLC; Standard & Poor's Equity Research Services Europe includes McGraw-Hill Financial Research Europe Limited trading as Standard & Poor's; Standard & Poor's Equity Research Services Asia includes McGraw-Hill Financial Singapore Pte. Limited's offices in Singapore, Standard & Poor's Investment Advisory Services (HK) Limited in Hong Kong, Standard & Poor's Malaysia Sdn Bhd, and Standard & Poor's Information Services (Australia) Pty Ltd.

Abbreviations Used in S&P Capital IQ Equity Research Reports

CAGR - Compound Annual Growth Rate
 CAPEX - Capital Expenditures
 CY - Calendar Year
 DCF - Discounted Cash Flow
 DDM - Dividend Discount Model
 EBIT - Earnings Before Interest and Taxes
 EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization
 EPS - Earnings Per Share
 EV - Enterprise Value
 FCF - Free Cash Flow
 FFO - Funds From Operations
 FY - Fiscal Year
 P/E - Price/Earnings
 P/NAV - Price to Net Asset Value
 PEG Ratio - P/E-to-Growth Ratio
 PV - Present Value
 R&D - Research & Development
 ROCE - Return on Capital Employed
 ROE - Return on Equity
 ROI - Return on Investment
 ROIC - Return on Invested Capital
 ROA - Return on Assets
 SG&A - Selling, General & Administrative Expenses
 SOTP - Sum-of-The-Parts
 WACC - Weighted Average Cost of Capital

Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

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S&P Capital IQ Global STARS Distribution as of September 30, 2013

Ranking	North America	Europe	Asia	Global
Buy	36.5%	33.5%	32.3%	35.6%
Hold	54.2%	43.5%	59.5%	53.1%
Sell	9.3%	23.0%	8.2%	11.3%
Total	100%	100%	100%	100%

5-STARS (Strong Buy): Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

4-STARS (Buy): Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

3-STARS (Hold): Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

2-STARS (Sell): Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price is not anticipated to show a gain.

1-STARS (Strong Sell): Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks: In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

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S&P Capital IQ Global Quantitative Model Recommendations Distribution as of September 30, 2013

Ranking	North America	Europe	Asia	Global
Buy	40.1%	36.5%	56.4%	46.8%
Hold	20.1%	23.4%	16.9%	19.4%
Sell	39.8%	40.1%	26.7%	33.8%
Total	100%	100%	100%	100%

Trade Detector Recommendations Distribution as of March 31, 2013

The Trade Detector research report was published after March 31, 2013. Ranking distributions will be provided as of June 30, 2013.

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