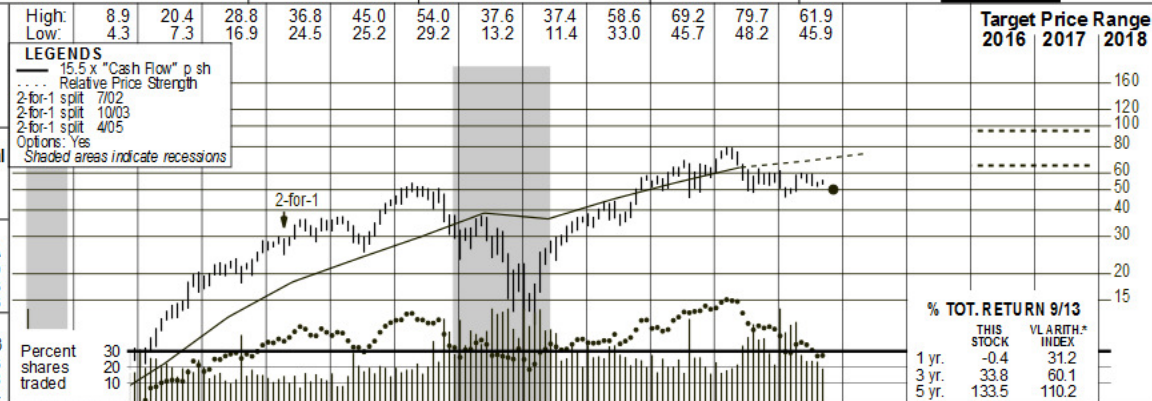


COACH, INC. NYSE:COH

RECENT PRICE **50.10** P/E RATIO **13.3** (Trailing: 13.4 Median: 21.0) RELATIVE P/E RATIO **0.71** DIV'D YLD **2.7%** VALUE LINE

TIMELINESS 3 Raised 6/7/13
SAFETY 3 New 2/15/02
TECHNICAL 2 Lowered 11/1/13
BETA 1.20 (1.00 = Market)



2016-18 PROJECTIONS
 Ann'l Total
 Price **95** Gain **(+90%)** Return **19%**
 High **95** Low **65** (+30%) 9%

Insider Decisions

	D	J	F	M	A	M	J	J	A
to Buy	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0
Options	0	0	1	0	0	0	0	0	3
to Buy	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	4Q2012	1Q2013	2Q2013
to Buy	361	427	353
to Sell	336	348	378
Hrs(1000)	248751	228852	236714

Percent shares traded: 30, 20, 10

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.

CAPITAL STRUCTURE as of 9/30/13

Total Debt \$1.0 mill. Due in 5 Yrs \$1.0 mill.
 LT Debt 5.5 mill. LT Interest NMF
 (Less than 1% of capital)

Leases, Uncapitalized: Annl rentals \$196.5 mill.
 No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 281,933,908 shares as of 8/2/13

MARKET CAP: \$14.1 billion (Large Cap)

CURRENT POSITION	2012	2013	9/30/13 (\$MILL)
Cash Assets	917.2	1134.9	854.7
Receivables	174.5	175.5	178.0
Inventory (Avg Cst)	504.5	524.7	637.2
Other	208.3	235.8	202.1
Current Assets	1804.5	2070.9	1872.1
Accts Payable	155.4	178.9	164.8
Debt Due	22.4	.5	.5
Other	540.4	543.1	542.1
Current Liab.	718.2	722.5	707.4

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '10-'12 to '16-'18
Sales	22.5%	20.0%	12.0%
"Cash Flow"	29.5%	18.0%	11.0%
Earnings	31.5%	17.5%	11.0%
Dividends	--	--	22.0%
Book Value	25.0%	10.0%	16.0%

Fiscal Year Ends	QUARTERLY SALES (\$mill.) ^A				Full Fiscal Year
	Sep.Per	Dec.Per	Mar.Per	Jun.Per	
2010	761.4	1065.0	830.7	950.5	3607.6
2011	911.7	1264.4	950.7	1031.7	4158.5
2012	1050.4	1448.6	1109.0	1155.2	4763.2
2013	1161.3	1503.8	1187.6	1222.7	5075.4
2014	1150.8	1549.2	1230	1270	5200

Fiscal Year Ends	EARNINGS PER SHARE ^{A B}				Full Fiscal Year
	Sep.Per	Dec.Per	Mar.Per	Jun.Per	
2010	.44	.75	.50	.64	2.33
2011	.63	1.00	.62	.67	2.92
2012	.73	1.18	.77	.86	3.53
2013	.77	1.23	.84	.89	3.73
2014	.77	1.26	.86	.91	3.80

Cal-endar	QUARTERLY DIVIDENDS PAID ^E				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2009	--	.075	.075	.075	225
2010	.075	--	.15	.15	.38
2011	.15	.15	.225	.225	.75
2012	.225	.225	.30	.60 ^F	1.35
2013	--	.30	.675 ^F		

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	© VALUE LINE PUB. LLC	16-18
2.60	3.48	4.52	5.71	7.01	9.45	10.16	12.15	14.41	16.71	18.00	19.25	19.25	Sales per sh ^A	24.50
.48	.80	1.18	1.51	1.93	2.50	2.34	2.90	3.49	4.11	4.25	4.55	4.55	"Cash Flow" per sh	5.70
.40	.68	1.00	1.27	1.69	2.06	1.91	2.33	2.92	3.53	3.73	3.80	3.80	Earnings per sh ^{AB}	4.80
--	--	--	--	--	--	.08	.38	.68	.98	1.24	1.38	1.38	Div'ds Decl'd per sh ^E	1.80
1.17	2.06	2.73	3.21	5.13	4.50	5.33	5.07	5.59	6.99	8.55	9.00	9.00	Book Value per sh	13.95
366.02	379.24	378.43	369.83	372.52	336.73	318.01	296.87	288.51	285.12	281.90	270.00	270.00	Common Shs Outst'g ^D	255.00
21.4	26.5	25.8	26.2	24.7	17.7	11.3	15.2	17.3	18.4	14.8			Avg Ann'l P/E Ratio	16.5
1.22	1.40	1.37	1.41	1.31	1.07	.75	.97	1.09	1.17	.93			Relative P/E Ratio	1.10
--	--	--	--	--	--	.3%	1.1%	1.3%	1.5%	2.3%			Avg Ann'l Div'd Yield	2.3%
953.2	1321.1	1710.4	2111.5	2612.5	3180.8	3230.5	3607.6	4158.5	4763.2	5075.4	5200	5200	Sales (\$mill) ^A	6250
74.2%	78.2%	80.0%	80.7%	80.5%	78.8%	75.7%	76.5%	75.7%	75.6%	72.9%	73.0%	73.0%	Gross Margin	75.0%
28.7%	36.9%	39.7%	39.3%	41.1%	40.2%	34.8%	35.4%	34.4%	34.5%	33.2%	33.5%	33.5%	Operating Margin	34.0%
232	250	275	304	352	399	441	462	488	523	995	1050	1050	Number of Stores ^C	1200
146.6	261.7	388.7	494.3	636.5	742.0	622.1	734.9	880.8	1038.9	1034.4	1060	1060	Net Profit (\$mill)	1250
37.0%	37.5%	36.9%	38.0%	38.5%	39.0%	38.0%	36.2%	32.3%	31.0%	32.0%	33.0%	33.0%	Income Tax Rate	35.0%
15.4%	19.8%	22.7%	23.4%	24.4%	23.3%	19.3%	20.4%	21.2%	21.8%	20.4%	20.4%	20.4%	Net Profit Margin	20.0%
287.0	523.7	443.6	632.7	1332.2	934.8	936.7	773.6	859.4	1086.3	1348.4	1455	1455	Working Cap'l (\$mill)	2065
3.5	3.4	3.3	3.1	2.9	2.6	25.1	24.2	23.4	1.0	.5	Nil	Nil	Long-Term Debt (\$mill)	Nil
426.9	782.3	1032.8	1188.7	1910.4	1515.8	1696.0	1505.3	1612.6	1992.9	2409.2	2435	2435	Shr. Equity (\$mill)	3560
34.1%	33.3%	37.5%	41.5%	33.3%	48.9%	36.2%	48.1%	53.9%	52.1%	42.9%	43.5%	43.5%	Return on Total Cap'l	35.0%
34.3%	33.5%	37.6%	41.6%	33.3%	49.0%	36.7%	48.8%	54.6%	52.1%	42.9%	43.5%	43.5%	Return on Shr. Equity	35.0%
34.3%	33.5%	37.6%	41.6%	33.3%	49.0%	36.7%	42.6%	43.6%	39.1%	28.8%	28.0%	28.0%	Retained to Com Eq	22.0%
--	--	--	--	--	--	--	13%	20%	25%	33%	35%	35%	All Div'ds to Net Prof	37%

BUSINESS: Coach is a leading American marketer of fine accessories and gifts for women and men, including handbags, men's bags, women's and men's leathers, footwear, outerwear, watches, travel accessories, scarves, sunwear, fragrance, jewelry, and related accessories. Operates 544 North American stores (including 193 factory outlets); 191 Coach Japan locations; 218 Coach

China, Singapore, Taiwan, Malaysia and Korea stores; and 42 international locations. Acquired remaining 50% interest in Coach Japan, 7/05. Officers & directors own 2.5% of common stock; BlackRock, 6.6% (9/13 Proxy). Chairman & CEO: Lew Frankfort. Incorporated: MD. Address: 516 West 34th Street, New York, NY, 10001. Telephone: 212-594-1850. Internet: www.coach.com.

Coach is struggling to report positive comparisons. In the first quarter (years end about June 30th), the top line dipped about 1%. The luxury accessory purveyor struggled at home and abroad, as sales dipped slightly at both the North American and International segments. On the bright side, local currency revenues were up about 9%, on average, and same-store sales grew in the double digits in the important Chinese market. However, foreign exchange headwinds brought the comparison into the red. On the domestic front, Coach struggled to produce meaningful gains. Same-store sales fell 7%, revenues generated in department stores were down modestly, and shipments to department stores declined slightly. Gross and EBITDA margins narrowed some, too, owing to higher overall costs and a lackluster pricing environment related to global economic sluggishness. Coach did, however, buy back some 3.3 million shares, which helped comparisons, but share net was still flat at \$0.77.

Moreover, a good portion of this benefit will be derived via ongoing share repurchases. The luxury accessory and handbag categories are becoming more competitive at a time when there is both cost pressure and little room to raise product prices. We like the company's move to drive growth in emerging markets and Europe, as we expect that to pay off in the long run, but there will likely be some near-term headaches associated with creating demand and opening new stores. The move to sell more men's goods and other non handbag offerings, such as footwear, should also bear fruit down the road, but we think margins will continue to be squeezed in the near term.

We have toned down our expectations considerably. We now expect fiscal 2014 share earnings of just \$3.80, up only 2%

Investors have sold off this issue. The price of these shares is off more than 15% since our last report, with most of the losses occurring just after management announced lackluster September-quarter results. We have pared our long-term projections somewhat, but think now is a good time for value investors to pick up COH. Indeed, both the yield and long-term capital gains potential are worthwhile.

(A) Fiscal year ends Saturday closest to June 30th. (B) Diluted earnings. Quarterly EPS may not sum due to rounding. Reflects discontinuation of corporate accounts business beginning FY'06. Excludes nonrecurring: '08, (\$0.12). Next earnings report due late January. (C) Store count only reflects North American retail and factory stores through FY'12 (includes all thereafter). (D) In millions, adjusted for splits. (E) Dividends historically paid in early January, April, July, and October. (F) Dividends paid in previous quarters (12/27/12 & 9/30/13).