



tapestry

NYSE: TPR

Tapestry, Inc.

Fundamental Analysis



The Globetrotting Investor

Ben, MBA | Value Investing

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Introduction

GICS Sector: Consumer Cyclical

Sub-Industry: Luxury Goods



CEO: Joanne Crevoiserat

Tenure: 2.4 years

The Tapestry Inc's management team has an average tenure of **2.7 years**. It is considered experienced.

Source of revenue:

- Tapestry Inc provides luxury accessories and branded lifestyle products in the United States, Japan, Greater China, and internationally.
- Tapestry Inc operates in three segments: Coach, Kate Spade, and Stuart Weitzman.
- Please visit my website to understand each of these business segments.
- The company sells various women's accessories, including handbags, wallets, wristlets, cosmetic cases, and more. They also offer bag collections, small leather goods, footwear, watches, fragrances, sunglasses, and ready-to-wear for both men and women.
- Tapestry Inc also licenses rights to market and distribute its tech and soft accessories, jewellery, watches, eyewear, and fragrances under the Coach brand. Tapestry Inc also licenses tableware and housewares, fashion beddings, tech accessories, watches, sleepwear, eyewear, stationery and gifts, and fragrances under the Kate Spade brand.



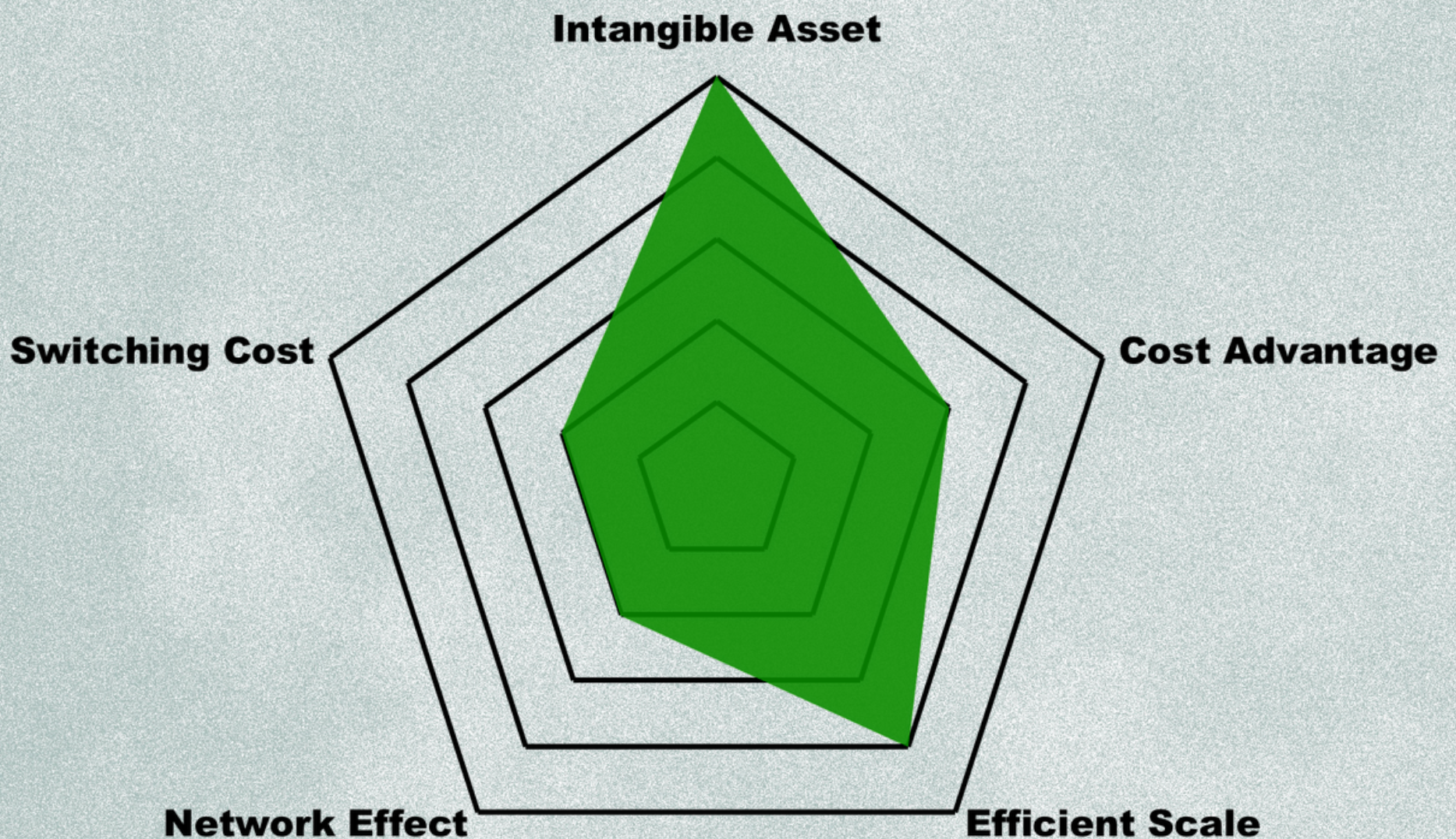
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Economic Moat



Economic moat: **Narrow**

There are many ways to identify a company's economic moat, but I focus on the above 5 types. The rating is purely subjective, and it is based on my in-depth understanding and analysis of the company.



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Performance

	Yes	Inconsistent	No
Revenue growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Net income growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Cash flow from operating activities growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Free cash flow is positive for the past 5 years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gross margin % is consistent/growing for the past 5 years?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EPS growing for the past 5 years?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>





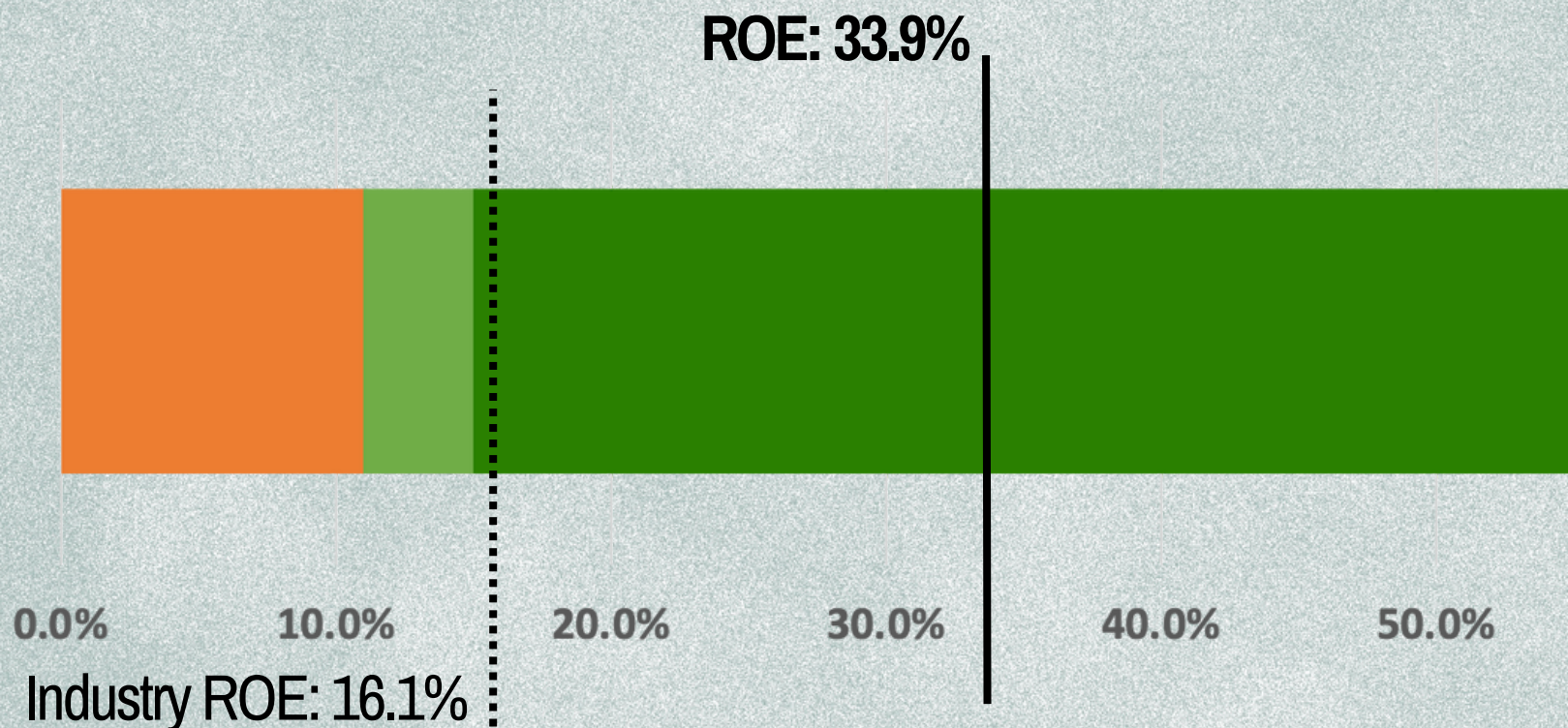
Management Effectiveness

Yes

Inconsistent

No

ROE is consistently at 12%-15%
YoY for the past 5 years?



ROIC is consistently at 12%-15%
YoY for the past 5 years?

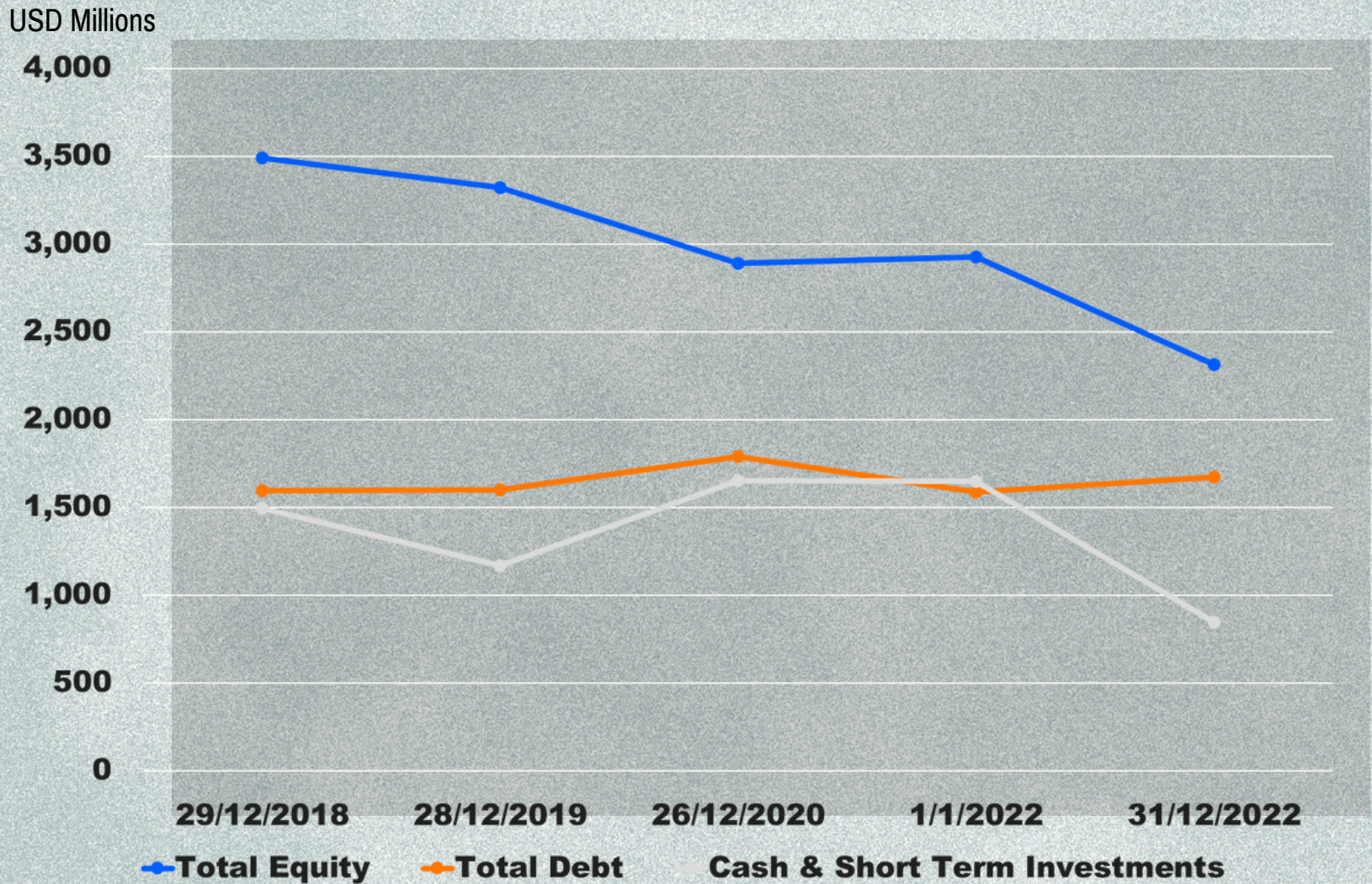


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Financial Health



Current Ratio: 1.9



Debt-to-EBITA: 2.6



Interest Coverage: 26.0



Debt Servicing Ratio: 0.1%

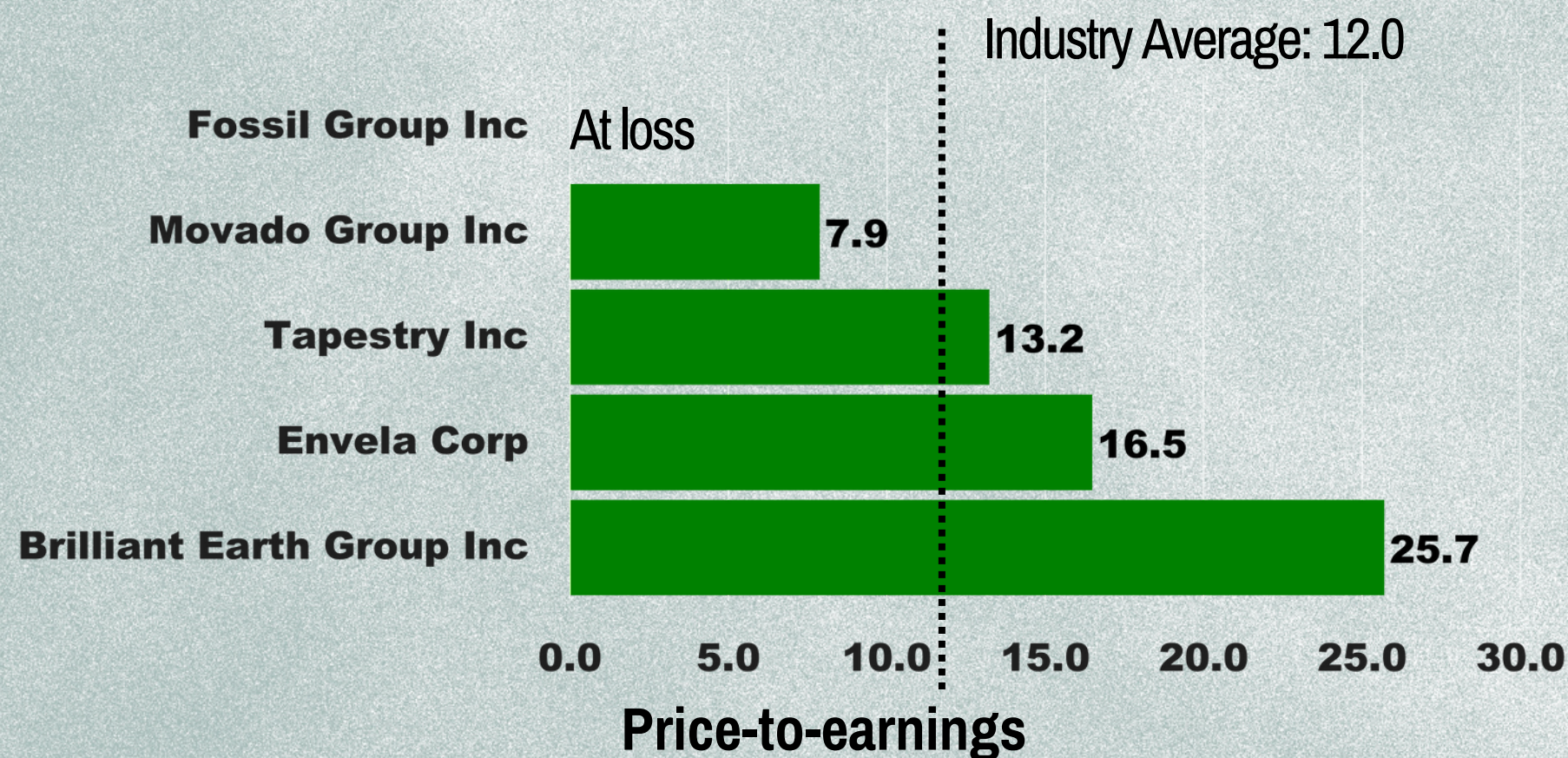
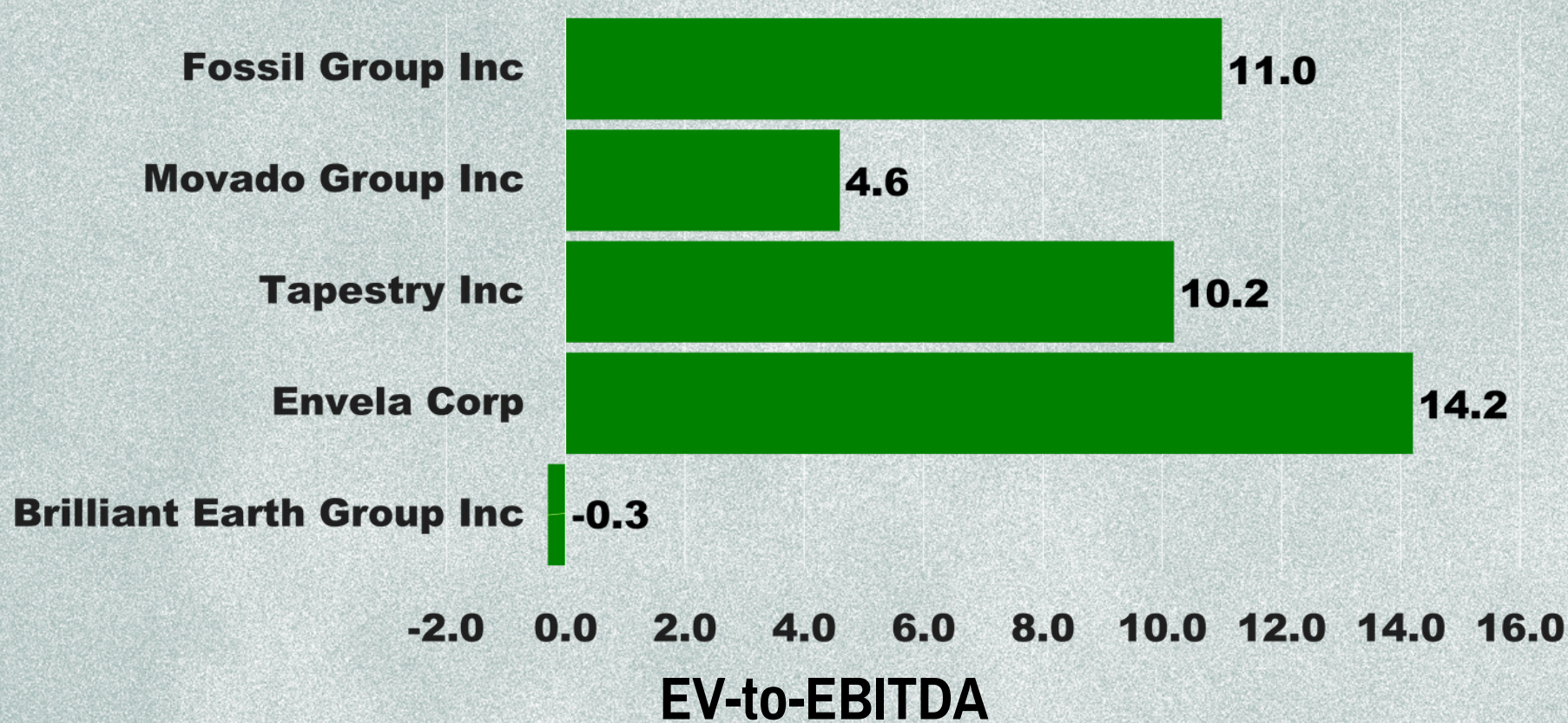


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Relative Valuation





Intrinsic Valuation

Estimated intrinsic value: **\$50.39**

Value is calculated using discounted cash flow method (taking into account their cash and debt) and scenario planning.

Average free cash flow used: USD\$690M

Projected growth rate: 7% - 11%

Beta: 1.5

Discount rate: 9.1%

Date of calculation: 4 Mar 2023

Estimated intrinsic value of
Tapestry Inc

\$50.39



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