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## **Telsey Advisory Group Raises 12-Month Price Target on Coach Ahead of Fiscal First-Quarter 2007 Earnings**

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Bullish Outlook for Sales and Earnings Growth

NEW YORK, Oct. 23 /PRNewswire/ -- Telsey Advisory Group(TM) (<http://www.telseygroup.com>), an independent research firm founded by Dana Telsey, one of Wall Street's leading retail analysts, today announced it has increased its price target on Coach, Inc. (COH), one of its 38 retail companies under coverage.

James Hurley, luxury goods analyst for Telsey Advisory Group (TAG), raised his Coach 12-month price target to \$43-\$45 from \$38-\$40. The bullish outlook comes ahead of Coach's fiscal first-quarter 2007 earnings release, scheduled for Tuesday, October 24. TAG expects Coach to report fiscal first-quarter 2007 earnings per share of \$0.32 vs. \$0.24 last year and above the consensus expectation of \$0.31.

In a research note to TAG clients, Hurley commented that, "Our aggressive outlook is based on sustained strength in top-line trends across all channels and geographies. We look for comps to be fueled by the "golden triangle" of increased customer traffic, an improved conversion rate, and a higher average transaction size...our channel checks suggest September gained even more top-line momentum, and we believe there could be upside to our fiscal first-quarter 2007 forecast.

"Another area with potential for positive surprises is operating-expense leverage. Store productivity has been steadily improving, and with double-digit comparable store sales expectations for the quarter, our forecast for an 80 basis point contraction in the operating expense ratio could be too conservative, especially if Coach achieves leverage on the Japanese business."

Hurley is basing the higher price target on two factors: 1) TAG's conviction in Coach's long-term sales and earnings growth potential; and, 2) compelling valuation levels.

"We would read strong fiscal first-quarter 2007 top-line results as a good omen for Coach's holiday sales potential," Hurley said. "The brand remains top-of-mind as a gift resource and has the product breadth and depth as well as the customer service disciplines to effectively meet demand trends. By maintaining a focus on its core handbags and accessories products, we believe Coach can double its business over the next four-to-five years while more than doubling its profits."

## **ABOUT TELSEY ADVISORY GROUP**

Telsey Advisory Group, ("TAG") is an independent research firm, founded by Dana Telsey, a 13-year ranked, seven-time #1 ranked analyst by Institutional Investor. Ms. Telsey is widely recognized as Wall Street's leading retail industry expert by the investment community, senior executives, consultants, advisors to the industry, and the media. TAG is in the unique position of having the scale of a large research department along with the objectivity of an independent, as the firm provides no investment banking or trading services. TAG delivers the best of both worlds to buy-side investment firms that rely on quality research and counsel. Telsey Advisory Group is headquartered at 535 Fifth Avenue, 12th Floor, New York, NY 10017. Phone: 212-973-9700. URL: <http://www.telseygroup.com>

Ms. Telsey has followed over 70 companies during her 21-year career and was the only U.S. based analyst to provide complete analysis of the European luxury goods sector. From 1994 to 2006, Ms. Telsey was at Bear, Stearns & Co. Inc. covering the retail sector, most recently as a Senior Managing Director. Prior to Bear Stearns, Ms. Telsey was the Retail Analyst at C.J. Lawrence and Vice President of the Baron Asset Fund at Baron Capital, Inc.