



# Tiffany & Co. (BUY)

Michigan State University  
 Student Investment  
 Association

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Symbol: TIF  
 Sector: Consumer Discr.  
 Industry: Specialty Retail  
 Industry Outlook: Positive

Market Cap: 4.7B  
 Shares Outstanding: 145.5m  
 Avg. Daily Volume: 1.3 m  
 52-Wk Range: 27.00 – 41.63

Net Profit Margin: 13.80%  
 Return on Equity: 19.36%  
 Dividend Yield: 0.72%  
 Debt to Equity: 0.259  
 Forward P/E: 19.88

**Growth Rates (5 yr.)**

	Company	Industry
Sales	7.89	5.92
EPS	12.79	-4.20

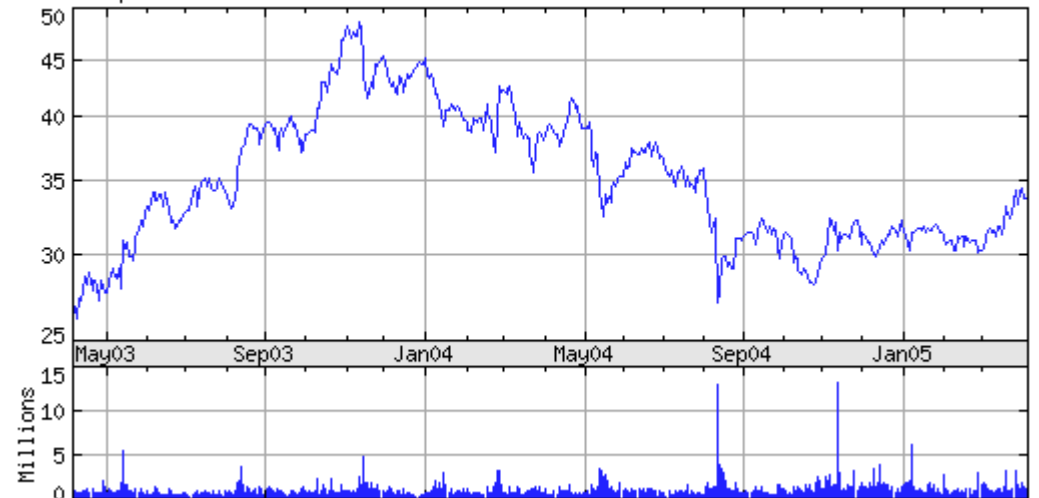
**Company Efficiency/Profitability**

	Comp.	Ind.
ROE	19.36	14.8
ROA	11.8	8.2
Gross Margin	63.0	42.1
Rec Turnover	18.4	11.1

**Summary:** Tiffany is a leading international retailer, designer, manufacturer and distributor of fine jewelry and gift items.

TIFFANY & CO.  
 as of 4-Apr-2005

Splits: ▼



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**Revenues (Million \$)**

	2005	2004	2003	2002	2001
1Q	457.0	395.8	347.1	336.4	345.1
2Q	476.6	442.5	374.4	371.3	374.4
3Q	461.1	430.1	366.0	333.1	372.1
4Q	810.1	731.6	619.0	565.8	576.8
Yr.	2,205	2,000	1,707	1,607	1,668

**Earnings Per Share (\$)**

	2005	2004	2003	2002	2001
1Q	0.27	0.24	0.22	0.20	0.20
2Q	0.25	0.28	0.22	0.24	0.26
3Q	0.14	0.19	0.24	0.16	0.24
4Q	1.48	0.74	0.60	0.55	0.56
Yr.	2.05	1.45	1.28	1.15	1.26

**Company Highlights**

- Tiffany's has strong growth and fundamentals with 5yr. earnings and sales growth at 12.79 and 7.89.
- The company initiated a stock buyback program to replace existing program in which \$400 million in shares will be repurchased over a 2-year period reflecting the company's optimistic long term outlook.
- Same store sales increase as Tiffany continues pattern of 3-5 new stores annually. Announcement of new store in San Antonio was a big hit, signifying the company still possesses a strong brand name for which consumers are willing to pay a premium.
- No competition of similar size within the industry.

**Major Risks**

- As we continue to see an uptrend on gold and diamond costs, higher prices will inevitably be passed on to the customers. This will have a negative effect on sales. The size of the effect remains to be seen.
- Japan makes up approx. 25% of company revenue. Performance in that region continues to be very weak, due to what some say is a lack of product 'newness'. Our recommendation is based on the assumption that the company will succeed in appealing to Japanese tastes in the future.
- Store expansion continues without strong record of same store growth (2% in 2002). We predict that recent the growth increase will continue.

**Analysts Opinion:** We recommend this company as a Moderate Buy. We see Japan as an area with significant growth potential. The company's strategy to introduce new products to the Japanese market as well as the implementation of the stock buyback program indicates that the management is aware of their weakness and is highly optimistic about the future.