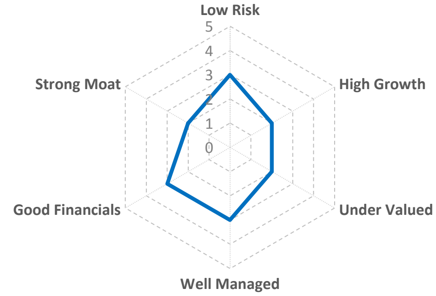
The Men's Wearhouse, Inc. (MW)

old school value
October 15, 2013
Figures in Millions except per share values

Company Overview

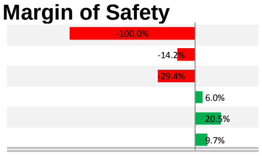
The Men's Wearhouse, Inc., together with its subsidiaries, operates as a specialty apparel retailer in the United States and Canada. It provides suits, suit separates, sport coats, slacks, sportswear, outerwear, dress shirts, shoes, and accessories for men, as well as offers tuxedo rentals. The company also provides ladies' career apparel, sportswear, and accessories; and children's apparel. As of March 13, 2013, it operated 1,143 retail stores under the brand names of Men's Wearhouse, Men's Wearhouse and Tux, K&G, and Moores Clothing. The company also sells its products through menswearhouse.com and kgstores.com. In addition, it is involved in the corporate clothing uniforms and workwear apparel activities, as well as in retail dry cleaning, laundry, and heirlooming operations. The company was founded in 1973 and is based in Houston, Texas.

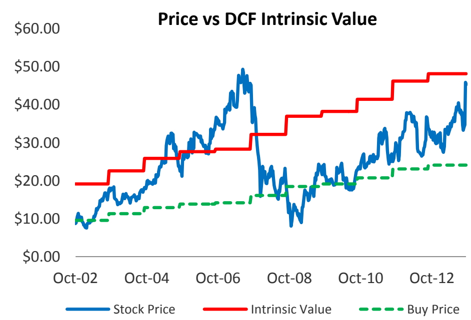


Valuation

Current Price	$	45.32
NCAV	$	6.99
Total Net Reprod. Cost	$	39.69
Earnings Power Value (EPV)	$	35.01
Discounted Cash Flow (DCF)	$	48.21
Katsenelson Absolute PE	$	56.98
Ben Graham Formula	$	50.21

Margin of Safety





Key Statistics

Mkt Cap ($M)	$	2,258.88
52 Wk High	$	46.54
52 Wk Low	$	27.42
% off 52Wk Low		65.3%

Company Stats

Shares Outstanding	49.8
Shares Float	45.0
Insider Ownership	1.20%
Insider Transactions	-20.7%
Institutional Ownersh	98.0%
Float Short	4.4%
Short Ratio	2.2
Piotroski (TTM)	7
Altman (MRQ)	5.4
Beneish (TTM)	-2.9

Cash Flows

Free Cash Flow	
5 yr FCF Growth	12.1%
10 yr FCF Growth	4.8%

Effectiveness

CROIC	
Avg	9.8%
FCF/S	
Avg	4.1%
ROA	
Avg	5.1%
ROE	
Avg	7.0%

Margins & Profitability

Gross	
Gross Margin	44.8%
Operating	
Operating Margin	7.8%
Net Profit	
Net Margin	4.8%

Efficiency

Receivables Turnover (TTM)	41.5
Inventory Turnover (TTM)	2.3
Days Sales Outstanding (TTM)	8.4

Financial Strength (MRQ)

Current Ratio(MRQ)	2.4
Quick Ratio(MRQ)	0.5
LTD/Eq(MRQ)	0.0
Tot D/Eq(MRQ)	0.0

Fundamental Ratios

Fundamental Ratios	2012	2013	TTM
P/E	15.43	11.52	18.88
P/E (cash adjusted)	14.39	10.34	18.61
EV/EBITDA	5.98	4.40	7.23
EV/Free Cash Flow	24.63	13.45	20.18
P/S	0.78	0.61	0.91
P/BV	1.83	1.38	2.27
P/Tang BV	2.07	1.56	2.53
P/CF	7.38	5.21	8.04
P/FCF	26.22	14.85	20.36
ROE	11.8%	12.0%	12.1%
ROA	8.6%	8.8%	8.6%
ROIC	12.1%	12.7%	11.5%
CROIC	7.1%	9.8%	10.4%
Current Ratio	2.93	2.91	2.43
Total Debt/Equity Ratio	0.00	0.00	0.00
Inventory Turnover	2.52	2.44	2.31

Selected Financial Statements

(In Millions, Except per Share Amounts)

	2009	2010	2011	2012	2013	TTM/Latest
Revenue	$ 1,972	$ 1,910	$ 2,103	$ 2,383	$ 2,488	$ 2,503
Gross Profit	$ 851	$ 798	$ 898	$ 1,049	$ 1,108	$ 1,121
Margin %	*43.12%*	*41.78%*	*42.73%*	*44.02%*	*44.53%*	*44.77%*
R&D	$ -	$ -	$ -	$ -	$ -	$ -
Margin %	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
Operating Income	$ 90	$ 88	$ 108	$ 187	$ 199	$ 195
Margin %	*4.59%*	*4.59%*	*5.11%*	*7.87%*	*8.00%*	*7.80%*
Net Income	$ 59	$ 46	$ 68	$ 121	$ 132	$ 121
Margin %	*2.98%*	*2.38%*	*3.22%*	*5.06%*	*5.29%*	*4.85%*
Earnings Per Share						
Basic	$ 1.14	$ 0.87	$ 1.29	$ 2.35	$ 2.59	$ 2.41
Diluted	$ 1.13	$ 0.87	$ 1.28	$ 2.33	$ 2.58	$ 2.40
Weighted Average Diluted Shares Outstanding	51.94	52.28	52.85	51.69	51.03	50.13
Dividends Per Share	$ 0.28	$ 0.28	$ 0.36	$ 0.49	$ 0.73	$ 0.73
Dividend Yield	2.49%	1.49%	1.37%	1.35%	2.44%	1.62%
Net Cash From Operating Activities	$ 129	$ 163	$ 170	$ 163	$ 226	$ 219

(Dollars in Millions)

	2009	2010	2011	2012	2013	TTM/Latest
Net Property, Plants & Equipment	$ 387	$ 345	$ 333	$ 356	$ 389	$ 397
Total Assets	$ 1,188	$ 1,232	$ 1,320	$ 1,406	$ 1,496	$ 1,415
Long-term Debt	$ 125	$ 106	$ 83	$ 106	$ 106	$ 99
Stockholders' Equity	$ 842	$ 902	$ 971	$ 1,019	$ 1,096	$ 1,003

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	MW	JOSB								
Company	The Men's Wearhouse, Inc.	Jos. A Bank Clothiers Inc.								
Sector	Services	Services								
Industry	Apparel Stores	Apparel Stores								
Country	USA	USA								
Earnings Date	11-Sep-2013	5-Sep-2013								
Price	$45.32	$49.04								
Market Cap	$2,258.88	$1,372.19								
Change	-1.03%	-0.24%								
Volume	605,560	710,238								
Change from Open	-0.50%	-0.22%								
Gap	-0.52%	-0.02%								
50-Day High	-2.62%	-0.75%								
50-Day Low	39.62%	24.47%								
52-Week High	-2.62%	-3.18%								
52-Week Low	68.82%	31.44%								
P/E	19.04	21.51								
Forward P/E	16.53	18.05								
PEG	2.29	1.79								
P/S	0.90	1.35								
P/B	2.25	1.99								
P/Cash	69.50	4.12								
P/Free Cash Flow	29.34	33.71								
Dividend Yield	1.59%	0.00%								
Payout Ratio	30.10%	0.00%								
EPS (ttm)	$2.38	$2.28								
EPS growth this year	10.80%	-18.60%								
EPS growth next year	11.24%	3.98%								
EPS growth past 5 years	-1.30%	9.30%								
EPS growth next 5 years	8.30%	12.00%								
Sales growth past 5 years	3.30%	11.70%								
EPS growth quarter over quarter	-26.10%	-38.60%								
Sales growth quarter over quarter	-2.30%	-10.70%								
Return on Assets	8.00%	7.30%								
Return on Equity	11.20%	9.60%								
Return on Investment	12.10%	11.70%								
Current Ratio	2.40	4.90								
Quick Ratio	0.50	2.50								
LT Debt/Equity	0.00	0.00								
Total Debt/Equity	0.00	0.00								
Gross Margin	44.80%	57.80%								
Operating Margin	7.80%	10.10%								
Profit Margin	4.80%	6.30%								
Shares Outstanding	49.84	27.98								
Shares Float	45.03	27.58								
Insider Ownership	1.20%	0.60%								
Insider Transactions	-20.69%	3.07%								
Institutional Ownership	98.00%	0.00%								
Institutional Transactions	0.01%	0.00%								
Float Short	4.39%	13.07%								
Short Ratio	2.2	8.9								
Performance (Week)	28.60%	17.71%								
Performance (Month)	34.00%	15.14%								
Performance (Quarter)	16.99%	17.49%								
Performance (Half Year)	39.36%	19.55%								
Performance (Year)	39.27%	0.80%								
Performance (Year)	39.27%	0.80%								
Beta	1.46	1.35								
Average True Range	1.57	1.33								
Volatility (Week)	4.02%	3.69%								
Volatility (Month)	2.60%	2.68%								
20-Day Simple Moving Average	24.94%	10.82%								
50-Day Simple Moving Average	21.36%	15.32%								
200-Day Simple Moving Average	31.47%	16.03%								
Relative Strength Index (14)	77.63	74.63								
Analyst Recom	2.00	3.70								
Average Volume	900.17	407.34								
Relative Volume	0.67	1.74								

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Select input with each list or enter

Shares Out.	M.O.S	Growth	Discount %	Terminal %	Select FCF	Adjust 2013 FCF
49.84	50%	13.5%	9.0%	2%	FCF	$111.0
		13.5%				

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Current Price	Fair Value	Buy Under	Actual M.O.S	52 Wk High	52 Wk Low
$45.32	$ 48.21	$24.11	6%	$46.54	$27.42

Fiscal Year	Trend	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	TTM
Cash Flow Data												
Cash from Operations		$118.8	$130.0	$154.6	$160.8	$204.9	$129.5	$163.2	$169.9	$162.8	$225.7	$218.5
Capex		($48.7)	($85.4)	($66.5)	($74.4)	($126.1)	($88.2)	($56.9)	($58.9)	($91.8)	($123.5)	($106.9)
Cash Flow		$112.4	$161.1	$187.6	$249.2	$305.6	$203.9	$192.7	$189.7	$252.3	$291.5	$282.7
Free Cash Flow		$70.1	$44.6	$88.1	$86.4	$78.8	$41.3	$106.2	$111.1	$71.0	$111.0	$111.6
		YOY% Change	-36.4%	97.5%	-1.9%	-8.8%	-47.6%	157.5%	4.6%	-36.1%	56.4%	0.6%
Margins												
Gross Margin		36.9%	39.0%	40.4%	43.3%	45.9%	43.1%	41.8%	42.7%	44.0%	44.5%	44.8%
Operating Margin		5.9%	7.6%	9.6%	11.9%	10.8%	4.6%	4.6%	5.1%	7.9%	8.0%	7.8%
Net Margin		3.6%	4.6%	6.0%	7.9%	7.0%	3.0%	2.4%	3.2%	5.1%	5.3%	4.9%
EPS & Tax												
Diluted EPS		$0.85	$1.29	$1.88	$2.71	$2.73	$1.13	$0.87	$1.28	$2.33	$2.58	$2.40
Tax Rate		37.3%	37.3%	36.1%	33.8%	36.0%	33.7%	33.0%	32.7%	34.7%	33.2%	34.0%
Efficiency & Profitability												
CROIC		13.4%	7.6%	14.2%	12.5%	9.0%	4.8%	12.9%	12.1%	7.1%	9.8%	10.4%
FCF/Sales		5.0%	2.9%	5.1%	4.6%	3.7%	2.1%	5.6%	5.3%	3.0%	4.1%	4.5%
Inventory Turnover		2.3	2.4	2.5	2.5	2.4	2.4	2.6	2.6	2.5	2.4	2.3
Return On Assets (ROA)		5.8%	7.2%	9.3%	13.5%	11.7%	5.0%	3.7%	5.1%	8.6%	8.8%	8.6%
Retun On Equity (ROE)		10.1%	12.5%	16.6%	19.7%	18.0%	7.0%	5.0%	7.0%	11.8%	12.0%	12.1%
Debt Related												
Debt to Equity		76.1%	74.6%	79.0%	45.5%	54.0%	41.0%	36.5%	36.0%	38.0%	36.5%	41.1%
Capitalization Ratio		21.0%	18.6%	24.6%	8.8%	10.2%	7.0%	4.6%	0.0%	0.0%	0.0%	0.0%
FCF to Total Debt		0.5	0.3	0.4	1.2	0.9	0.7	2.4				
FCF to Short Term Debt												
FCF to Long Term Debt		0.5	0.3	0.4	1.2	0.9	0.7	2.4				

5 Year Multi-Year Performance

	2008-2012	2009-2013	2008-2011	2009-2012	2010-2013	2008-2010	2009-2011	2010-2012	2011-2013	Median
Tang Shareholder Equity	5.2%	6.0%	5.0%	5.4%	5.6%	5.8%	5.3%	4.5%	6.7%	5.4%
Free Cash Flow	-2.6%	25.5%	12.1%	19.8%	-1.3%	16.1%	64.1%	-18.3%	-4.1%	**12.1%**
CROIC	9.0%	9.8%	10.5%	9.6%	10.9%	9.0%	12.1%	12.1%	9.8%	9.8%
FCF/Sales	3.7%	4.1%	4.5%	4.1%	4.7%	3.7%	5.3%	5.3%	4.1%	4.1%
ROA	5.1%	5.1%	5.0%	5.0%	6.9%	5.0%	5.0%	5.1%	8.6%	5.1%
ROE	7.0%	7.0%	7.0%	7.0%	9.4%	7.0%	7.0%	7.0%	11.8%	7.0%
Gross Margin	43.1%	43.1%	42.9%	42.9%	43.4%	43.1%	42.7%	42.7%	44.0%	43.1%
Operating Margin	5.1%	5.1%	4.9%	4.9%	6.5%	4.6%	4.6%	5.1%	7.9%	5.1%
Net Margin	3.2%	3.2%	3.1%	3.1%	4.1%	3.0%	3.0%	3.2%	5.1%	3.2%
Revenue Growth	3.1%	6.0%	-0.2%	6.5%	9.2%	-4.9%	3.2%	11.7%	8.8%	6.0%
Earnings Growth	-3.8%	22.9%	-22.3%	27.2%	43.7%	-43.5%	6.3%	63.7%	42.0%	22.9%
Cash from Ops Growth	-5.6%	14.9%	-6.0%	7.9%	11.4%	-10.8%	14.6%	-0.1%	15.2%	7.9%

10 Year Multi-Year Performance

	2004-2011	2005-2012	2006-2013	2004-2009	2005-2010	2006-2011	2007-2012	2008-2013	2004-2013	Median
Tang Shareholder Equity	11.0%	9.8%	7.8%	13.4%	12.0%	8.3%	5.6%	5.7%	10.0%	9.8%
Free Cash Flow	6.8%	6.9%	2.2%	-10.0%	19.0%	4.8%	-3.9%	5.4%	4.3%	**4.8%**
CROIC	12.3%	10.5%	10.9%	10.7%	10.7%	12.3%	10.5%	9.4%	9.8%	10.7%
FCF/Sales	4.8%	4.2%	4.3%	4.2%	4.2%	4.8%	4.2%	3.9%	4.3%	4.2%
ROA	6.5%	7.9%	8.7%	8.2%	8.2%	7.2%	6.9%	6.9%	7.9%	7.9%
ROE	11.3%	12.2%	11.9%	14.6%	14.6%	11.8%	9.4%	9.4%	11.9%	11.9%
Gross Margin	42.3%	42.9%	43.2%	41.8%	42.4%	42.9%	43.2%	43.6%	42.9%	42.9%
Operating Margin	6.8%	7.8%	7.9%	8.6%	8.6%	7.3%	6.5%	6.5%	7.8%	7.8%
Net Margin	4.1%	4.8%	5.2%	5.3%	5.3%	4.6%	4.1%	4.1%	4.8%	4.8%
Revenue Growth	6.1%	6.4%	5.4%	7.2%	4.3%	4.0%	4.8%	3.3%	6.7%	5.4%
Earnings Growth	6.1%	8.8%	4.7%	5.9%	-7.6%	-7.4%	-3.0%	-1.1%	13.2%	4.7%
Cash from Ops Growth	5.3%	3.3%	5.6%	1.7%	4.7%	1.9%	0.2%	2.0%	7.4%	3.3%

Projection of future Free Cash Flow

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Yearly Growth Input Field										
14%	$125.99	$142.99	$162.30	$182.02	$204.13	$228.93	$256.75	$284.82	$315.97	$350.52
Terminal Growth	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
2%	$ 357.53	$ 364.68	$ 371.98	$ 379.41	$ 387.00	$ 394.74	$ 402.64	$ 410.69	$ 418.90	$ 427.28

Calculation

Total Cash	$	32.49
MAX(0,Current Liabilities-Current A	$	-
Excess Cash	$	32.49
Adding some Intangibles	$	-
Interest Bearing Debt		$0.00
Present Value	$	2,402.84
Shares Outstanding		49.84
Per Share Value	$	48.21
Desired Margin of Safety		50%
Purchase Price	$	24.11
Current Price	$	45.32
Margin of Safety		6%

Sensitivity Matrix: Growth vs Discount Rate

Discount Rates

		7%	8%	9%	10%	11%
Growth Rates	10%	$ 44.98	$ 41.12	$ 37.73	$ 34.73	$ 32.07
	12%	$ 51.07	$ 46.58	$ 42.64	$ 39.16	$ 36.08
	14%	$ 57.99	$ 52.78	$ 48.21	$ 44.18	$ 40.62
	16%	$ 65.86	$ 59.82	$ 54.53	$ 49.87	$ 45.75
	18%	$ 74.78	$ 67.80	$ 61.68	$ 56.30	$ 51.55

Sensitivity Matrix: Margin of Safety %

Discount Rates

		7%	8%	9%	10%	11%
Growth Rates	10%	-0.8%	-10.2%	-20.1%	-30.5%	-41.3%
	12%	11.3%	2.7%	-6.3%	-15.7%	-25.6%
	14%	21.8%	14.1%	6.0%	-2.6%	-11.6%
	16%	31.2%	24.2%	16.9%	9.1%	0.9%
	18%	39.4%	33.2%	26.5%	19.5%	12.1%

Variable Fields

Intangibles% add to DCF	0%
Decay Rate (Yr4E-Yr7E)	10%
Extra Decay (Yr8E-Yr10E)	10%

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