

Stamps.com Inc. (STMP)

June 9, 2015

Company Overview

Stamps.com Inc. provides Internet-based postage solutions in the United States. It offers solutions for mailing and shipping various mail pieces, such as postcards, envelopes, flats, and packages using a range of United States Postal Service (USPS) mail classes, including First Class Mail, Priority Mail, Priority Mail Express, Media Mail, Parcel Select, and others. The company's products and services comprise USPS approved PC Postage service that enables users to print electronic stamps directly onto envelopes, plain paper, or labels using personal computer, printer, and Internet connection. It also provides multi carrier shipping solutions under the ShipStation and ShipWorks brands; mailing and shipping integrations solutions comprising electronic postage for transactions to partners who manage the front-end process; sells NetStamps labels, shipping labels, other mailing labels, postage printers, scales, and other mailing and shipping-focused office supplies through its mailing and shipping supplies store; and Stamps.com branded insurance to insure mails or packages. In addition, the company offers PhotoStamps, a patented form of postage service, which

Valuation

Current Price	\$	70.40
NCAV	\$	1.98
Total Net Reprod. Cost	\$	13.15
Earnings Power Value (EPV)	\$	35.03
Discounted Cash Flow (DCF)	\$	45.28
EBIT Multiple Valuation	\$	52.98
Katzenelson Absolute PE	\$	80.30
Ben Graham Formula	\$	70.46

Key Statistics

Mkt Cap (\$M)	\$	1,151.74
Enterprise Value (\$M) TTM	\$	1,079.68
52 Wk High	\$	75.20
52 Wk Low	\$	30.48
% off 52Wk Low		131.0%

Cash Flows

Owner Earnings FCF		
5 yr FCF Growth		49.1%
10 yr FCF Growth		7.6%

Effectiveness

CROIC		
Avg		14.9%
FCF/S		
Avg		17.9%
ROA		
Avg		23.6%
ROE		
Avg		25.7%

Efficiency

Receivables Turnover (TTM)		13.0
Inventory Turnover (TTM)		
Days Sales Outstanding (TTM)		27.7

Selected Financial Statements

(In Millions, Except per Share Amounts)	2010	2011	2012	2013	2014	TTM/Latest
Revenue	\$ 86	\$ 102	\$ 116	\$ 128	\$ 147	\$ 158
Gross Profit	\$ 62	\$ 75	\$ 88	\$ 100	\$ 114	\$ 123
Margin %	72.31%	74.20%	76.00%	78.49%	77.66%	77.80%
R&D	\$ 9	\$ 9	\$ 10	\$ 11	\$ 13	\$ 15
Margin %	11.01%	9.25%	8.86%	8.57%	9.04%	9.29%
Operating Income	\$ 1	\$ 17	\$ 24	\$ 34	\$ 24	\$ 14
Margin %	1.71%	16.96%	20.89%	26.69%	16.17%	9.04%
Net Income	\$ 6	\$ 26	\$ 39	\$ 44	\$ 37	\$ 29
Margin %	6.47%	25.86%	33.34%	34.54%	25.04%	18.08%
Earnings Per Share						
Basic	\$ 0.38	\$ 1.78	\$ 2.40	\$ 2.81	\$ 2.30	\$ 1.80
Diluted	\$ 0.38	\$ 1.73	\$ 2.30	\$ 2.71	\$ 2.25	\$ 1.74
Weighted Average Diluted Shares Outstanding	14.69	15.17	16.79	16.30	16.42	16.36
Dividends Per Share	\$ 0.13	\$ -	\$ -	\$ -	\$ -	\$ -
Dividend Yield	1.09%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Cash From Operating Activities	\$ 5	\$ 15	\$ 27	\$ 36	\$ 52	\$ 50
(Dollars in Millions)						
Net Property, Plants & Equipment	\$ 2	\$ 2	\$ 29	\$ 30	\$ 30	\$ 30
Total Assets	\$ 57	\$ 108	\$ 131	\$ 187	\$ 255	\$ 279
Long-term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stockholders' Equity	\$ 44	\$ 94	\$ 113	\$ 172	\$ 205	\$ 220



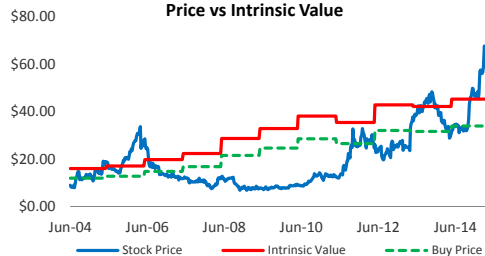
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Figures in Millions except per share values



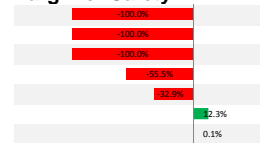
Price vs Intrinsic Value



Fundamental Ratios

	2013	2014	TTM
P/E	15.67	20.68	40.37
P/E (cash adjusted)	14.01	19.40	37.83
EV/EBITDA	16.88	25.01	53.59
EV/EBIT	18.14	30.09	75.60
P/S	5.41	5.19	7.29
P/BV	4.03	3.73	5.25
P/Tang BV	4.05	6.44	8.60
P/CF	13.76	18.78	36.38
P/FCF	22.71	15.63	23.77
FCF/S	23.8%	33.2%	30.7%
FCF Yield	4.4%	6.4%	4.2%
Magic Earnings Yield	5.5%	3.3%	1.3%
ROE	25.7%	18.0%	13.0%
ROA	23.6%	14.5%	10.2%
ROIC	25.3%	17.7%	12.7%
CROIC	17.7%	23.8%	22.1%
Current Ratio	6.33	2.00	1.55
Total Debt/Equity Ratio	0.00	0.00	0.00
Inventory Turnover			

Margin of Safety



Company Stats

Industry: Retail (Catalog and Mail)	
Earnings Date	7-May-15
Shares Outstanding	16
Shares Float	15
Insider Ownership	4.70%
Insider Transactions	-13.8%
Institutional Owners	83.7%
Float Short	3.4%
Short Ratio	2.9
Piotroski (TTM)	6
Altman (MRQ)	17.6
Beneish (TTM)	-3.0

Margins & Profitability

Gross	
Gross Margin	77.8%
Operating	
Operating Margin	21.0%
Net Profit	
Net Margin	18.1%

Financial Strength (MRQ)

Current Ratio(MRQ)	1.5
Quick Ratio(MRQ)	1.5
LTD/Eq(MRQ)	0.0
Tot D/Eq(MRQ)	0.0

Enter Ticket Refresh

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	TTM	5YR Min	Median	5YR Max
Financial Statistics & Ratios															
Valuation Ratios															
	Color Coding														
P/E		50.28	18.57	20.75	14.73	20.78	31.79	14.91	11.18	15.67	20.68	40.37	11.18	18.17	40.37
P/E (cash adjusted)		46.43	16.58	14.55	8.02	13.18	28.14	12.79	10.25	14.01	19.40	37.83	10.25	16.70	37.83
EV/EBITDA		42.62	19.00	15.99	12.87	11.66	66.57	18.53	15.35	16.88	25.01	53.59	15.35	21.77	66.57
EV/EBIT		57.44	23.84	23.39	18.44	14.10	107.19	19.49	16.39	18.14	30.09	75.60	16.39	24.79	107.19
P/S		8.48	3.64	2.56	1.78	1.57	2.07	3.85	3.73	5.41	5.19	7.29	2.07	4.52	7.29
P/BV		4.78	2.79	2.38	1.93	1.71	4.01	4.16	3.82	4.03	3.73	5.25	3.73	4.02	5.25
P/Tang BV		4.78	2.79	2.38	1.93	1.71	4.01	4.16	3.82	4.05	6.44	8.60	3.82	4.11	8.60
P/CF		47.58	22.28	31.39	20.62	23.31	17.12	14.29	5.46	13.76	18.78	36.38	5.46	15.71	36.38
P/FCF		43.24	15.41	13.56	13.93	13.21	53.87	27.98	533.89	22.71	15.63	23.77	15.63	25.88	533.89
FCF/S		19.6%	23.6%	18.9%	12.8%	11.9%	3.8%	13.8%	0.7%	23.8%	33.2%	30.7%	0.7%	18.8%	33.2%
FCF Yield		2.3%	6.5%	7.4%	7.2%	7.6%	1.9%	3.6%	0.2%	4.4%	6.4%	4.2%	0.2%	3.9%	6.4%
Magic Formula Earnings Yield		1.7%	4.2%	4.3%	5.4%	7.1%	0.9%	5.1%	6.1%	5.5%	3.3%	1.3%	0.9%	4.2%	6.1%
ROE		9.5%	14.9%	11.5%	13.0%	8.2%	12.5%	27.9%	34.1%	25.7%	18.0%	13.0%	12.5%	21.8%	34.1%
ROA		8.8%	13.5%	10.2%	10.9%	6.9%	9.6%	24.3%	29.5%	23.6%	14.5%	10.2%	9.6%	19.0%	29.5%
ROIC		7.5%	10.3%	6.9%	7.8%	7.1%	11.5%	27.1%	33.4%	25.3%	17.7%	12.7%	11.5%	21.5%	33.4%
CROIC		11.0%	18.1%	17.5%	13.8%	12.9%	7.4%	14.9%	0.7%	17.7%	23.8%	22.1%	0.7%	16.3%	23.8%
GPA (Gross Profitability to Assets)		37.5%	49.2%	57.6%	66.5%	66.3%	107.7%	69.8%	67.2%	53.6%	44.9%	44.1%	44.1%	60.4%	107.7%
Book to Market		20.9%	35.9%	42.0%	51.9%	58.5%	24.9%	24.0%	26.2%	24.8%	26.8%	19.1%	19.1%	24.9%	26.8%
Solvency															
Quick Ratio		5.26	3.52	5.80	5.23	4.06	2.21	5.15	3.13	6.33	2.00	1.55	1.55	2.67	6.33
Current Ratio		5.26	3.52	5.80	5.23	4.06	2.21	5.15	3.13	6.33	2.00	1.55	1.55	2.67	6.33
Total Debt/Equity Ratio		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Debt/Equity Ratio		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Short Term Debt/Equity Ratio		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Efficiency Ratios															
Asset Turnover		0.52	0.70	0.82	0.91	0.92	1.49	0.94	0.88	0.68	0.58	0.57	0.57	0.78	1.49
Cash % of Revenue		65.0%	39.1%	76.6%	81.0%	57.5%	23.8%	54.6%	31.0%	57.3%	32.2%	45.7%	23.8%	39.0%	57.3%
Receivables % of Revenue		3.4%	2.8%	2.9%	4.9%	5.3%	5.7%	10.3%	12.5%	13.7%	8.4%	7.6%	5.7%	9.3%	13.7%
SG&A % of Revenue		47.5%	46.6%	53.2%	57.8%	54.4%	53.5%	48.0%	46.3%	43.2%	46.7%	47.5%	43.2%	47.1%	53.5%
R&D % of Revenue		10.7%	10.4%	9.6%	9.9%	10.6%	11.0%	9.2%	8.9%	8.6%	9.0%	9.3%	8.6%	9.1%	11.0%
Liquidity Ratios															
Days Sales Outstanding		12.6	10.2	10.7	17.9	19.4	20.8	37.6	45.5	50.0	30.5	27.7	20.77	34.08	49.98
Days Inventory Outstanding		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.00	0.00
Days Payable Outstanding		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.00	0.00
Cash Conversion Cycle		12.6	10.2	10.7	17.9	19.4	20.8	37.6	45.5	50.0	30.5	27.7	20.77	34.08	49.98
Receivables Turnover		29.05	37.63	35.14	25.42	19.26	18.53	13.25	9.29	8.00	9.87	13.00	8.00	11.44	18.53
Inventory Turnover													0.00	#NUM!	0.00
Average Age of Inventory (Days)													0.00	#NUM!	0.00
Intangibles % of Book Value		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	42.2%	39.0%	0.0%	0.3%	42.2%
Inventory % of Revenue		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Structure Ratios															
LT-Debt as % of Invested Capital		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ST-Debt as % of Invested Capital		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
LT-Debt as % of Total Debt													0.0%	#NUM!	0.0%
ST-Debt as % of Total Debt													0.0%	#NUM!	0.0%
Total Debt % of Total Assets		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Working Capital % of Price		6.9%	9.0%	27.3%	41.7%	32.3%	9.0%	14.8%	8.8%	11.8%	4.5%	2.8%	2.8%	8.9%	14.8%
Quality Scores															
Piotroski F Score		6.00	6.00	7.00	8.00	6.00	7.00	6.00	5.00	6.00	4.00	6.00	4.00	6.00	7.00
Altman Z Score (Original)		32.31	12.56	6.03	1.10	0.31	-0.92	13.46	12.24	26.33	12.91	10.41	-0.92	12.57	26.33
Altman Z Score (Revised)		53.68	18.69	8.14	-0.57	-3.00	-9.24	21.30	18.97	45.54	21.31	17.57	-9.24	20.14	45.54
Beneish M Score (5 Variable)		-	-2.74	-3.09	-3.14	-1.84	-2.65	-2.31	-2.13	-2.88	-2.63	-3.01	-3.01	-2.64	-2.13
Beneish M Score (8 Variable)		-	-2.59	-2.93	-2.79	-1.90	-2.35	-1.05	-1.24	-2.03	-2.87	-2.92	-2.92	-2.19	-1.05

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Figures in Millions except per share values

Earnings Quality Check with Accrual Analysis

Earnings growth due to accrual growth is not sustainable. This is like cookie jar accounting where a company "borrows" earnings from the future to make earnings look good today.

Balance sheet accrual can indicate whether capital is being used properly. A company with high accruals can come from acquiring or merging with companies which expands the asset base. Low balance sheet accrual companies tend to shrink their balance sheet through spin offs, share repurchases or large write offs. In these situations, it is usually removing bad performing assets or returning money to shareholders which is always a good use of capital.

High accruals indicate that the company has expanded its asset base rapidly.

Companies with high balance sheet accruals tend to have higher sales growth than low balance sheet accrual companies.

High balance sheet accruals also have a higher ROE.

Remember that maintaining a high sales growth or high ROE is difficult unless you have an entrenched moat. Such companies revert to the mean and disappoint..

Companies with low balance sheet accruals tend to have below average returns on equity. Analysts expect the company to lag.

Color Coding: **Green** = safe zone, **Yellow** = ratio is getting into warning zone, **Red** = Danger zone. Ratios are too high or low. Requires check.

More reading:

<http://tinyurl.com/6p394ap>

<http://tinyurl.com/7ucpoe2>

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	TTM/MRQ
Balance Sheet Accrual Ratio	-	10.2%	-67.8%	-61.7%	17.1%	16.7%	9.9%	70.5%	23.0%	52.5%	-16.0%
Cash Flow Accrual Ratio	-	7.4%	-72.0%	-66.9%	1.5%	6.3%	1.2%	64.2%	18.3%	38.1%	25.7%
Sloan Accrual Ratio	-	5.7%	-50.7%	-26.7%	0.5%	3.7%	0.4%	30.2%	9.2%	21.3%	15.3%
Earnings	\$ 0.44	\$ 0.69	\$ 0.50	\$ 0.53	\$ 0.38	\$ 0.38	\$ 1.73	\$ 2.30	\$ 2.71	\$ 2.25	\$ 1.74
Stock Price	\$ 22.1	\$ 12.8	\$ 10.4	\$ 7.8	\$ 7.9	\$ 12.1	\$ 25.8	\$ 25.7	\$ 42.5	\$ 46.5	\$ 70.4
Total Assets	\$ 118.5	\$ 121.6	\$ 105.0	\$ 93.3	\$ 89.3	\$ 57.4	\$ 108.0	\$ 130.9	\$ 187.1	\$ 254.7	\$ 278.9
Cash & Equivalent	\$ 20.8	\$ 11.7	\$ 43.7	\$ 52.6	\$ 45.0	\$ 8.1	\$ 54.1	\$ 29.6	\$ 66.7	\$ 40.9	\$ 66.3
Total Liabilities	\$ 8.5	\$ 11.0	\$ 12.5	\$ 14.9	\$ 13.7	\$ 13.2	\$ 14.0	\$ 17.9	\$ 15.4	\$ 33.9	\$ 59.3
Short Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Operating Assets (NOA)	\$ 89.2	\$ 98.8	\$ 48.8	\$ 25.8	\$ 30.6	\$ 36.2	\$ 39.9	\$ 83.4	\$ 105.1	\$ 179.9	\$ 153.3
Net Income	\$ 10.4	\$ 16.5	\$ 10.7	\$ 10.2	\$ 6.2	\$ 5.5	\$ 26.3	\$ 38.6	\$ 44.2	\$ 36.9	\$ 28.6
CFO	\$ 15.0	\$ 22.4	\$ 16.9	\$ 11.7	\$ 10.0	\$ 4.8	\$ 15.3	\$ 27.3	\$ 35.8	\$ 51.7	\$ 50.3
CFI	\$ (9.9)	\$ (12.9)	\$ 46.9	\$ 23.4	\$ (4.3)	\$ (1.4)	\$ 10.5	\$ (28.3)	\$ (8.9)	\$ (69.1)	\$ (64.5)
Balance Sheet Aggregate Accrual	\$ -	\$ 9.6	\$ (50.0)	\$ (23.0)	\$ 4.8	\$ 5.6	\$ 3.8	\$ 43.5	\$ 21.7	\$ 74.8	\$ (26.6)
Cash Flow Aggregate Accrual	\$ -	\$ 7.0	\$ (53.2)	\$ (24.9)	\$ 0.4	\$ 2.1	\$ 0.5	\$ 39.5	\$ 17.3	\$ 54.3	\$ 42.8

Piotroski Score

A discrete score between 0-9 which reflects nine criteria used to determine the strength of a firm's financial position. The Piotroski score is used to determine the best value stocks, nine being the best. The score was named after Chicago Accounting Professor, Joseph Piotroski who devised the scale according to specific criteria found in the financial statements. For every criteria (below) that is met the company is given one point, if it is not met, then no points are awarded. The points are then added up to determine the best value stocks.

Profitability

- * Positive return on assets in the current year (1 point)
- * Positive operating cash flow in the current year (1 point)
- * Higher return on assets (ROA) in the current period compared to the ROA in the previous year (1 point)
- * Cash flow from operations are greater than ROA (1 point)

Leverage, Liquidity and Source of Funds

- * Lower ratio of long term debt to in the current period compared value in the previous year (1 point)
- * Higher current ratio this year compared to the previous year (1 point)
- * No new shares were issued in the last year (1 point)

Operating Efficiency

- * A higher gross margin compared to the previous year (1 point)
- * A higher asset turnover ratio compared to the previous year (1 point)

Piotroski F Scores	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	TTM
Piotroski 1: Net Income	1	1	1	1	1	1	1	1	1	1	1
Piotroski 2: Operating Cash Flow	1	1	1	1	1	1	1	1	1	1	1
Piotroski 3: Return on Assets	1	1	0	1	0	1	1	1	0	0	0
Piotroski 4: Quality of Earnings	1	1	1	1	1	0	0	0	0	1	1
Piotroski 5: LT Debt vs Assets	1	1	1	1	1	1	1	1	1	1	1
Piotroski 6: Current Ratio	1	0	1	0	0	0	1	0	1	0	0
Piotroski 7: Shares Outstanding	0	0	1	1	1	1	0	0	1	0	1
Piotroski 8: Gross Margin	0	0	0	1	0	1	1	1	1	0	1
Piotroski 9: Asset Turnover	0	1	1	1	1	1	0	0	0	0	0

Altman Z Score

The Z-score formula may be used to predict the probability that a firm will go into bankruptcy within two years.

Z-scores are used to predict corporate defaults and an easy-to-calculate control measure for the financial distress status of companies in academic studies. The Z-score uses multiple corporate income and balance sheet values to measure the financial health of a company.

The main problem with the Altman Z formula is that the formula is not suited for many industries. Industries that operate with high leverage, such as radio and utilities will show a higher risk of bankruptcy.

Also, industries with negative working capital, such as many retail and restaurant companies will also exhibit the same high level of bankruptcy.

(Wikipedia http://en.wikipedia.org/wiki/Z-Score_Financial_Analysis_Tool)

$$Z = 1.2 \cdot X_1 + 1.4 \cdot X_2 + 3.3 \cdot X_3 + 0.6 \cdot X_4 + 1.0 \cdot X_5$$

There is also a revised Altman Z score which is adjusted for non manufacturing corporations. The revised formula is:

$$Z = 6.56 \cdot X_1 + 3.26 \cdot X_2 + 6.72 \cdot X_3 + 1.05 \cdot X_4$$

X_1 = Working Capital/Total Assets

X_2 = Retained Earnings/Total Assets

X_3 = EBIT/Total Assets

X_4 = Market Value of Equity/Total Liabilities

X_5 = Net Sales/Total Assets

	2005	2006	2007	2008	Annual 2009	2010	2011	2012	2013	2014	MRQ Q1	MRQ
Working Capital	\$ 36.3	\$ 27.7	\$ 60.0	\$ 63.0	\$ 41.8	\$ 16.0	\$ 58.0	\$ 38.0	\$ 81.9	\$ 34.0	\$ 32.5	
Total Assets	\$ 118.5	\$ 121.6	\$ 105.0	\$ 93.3	\$ 89.3	\$ 57.4	\$ 108.0	\$ 130.9	\$ 187.1	\$ 254.7	\$ 278.9	
Total Liabilities	\$ 8.5	\$ 11.0	\$ 12.5	\$ 14.9	\$ 13.7	\$ 13.2	\$ 14.0	\$ 17.9	\$ 15.4	\$ 33.9	\$ 59.3	
Retained Earnings	\$ (493.7)	\$ (477.2)	\$ (466.6)	\$ (456.4)	\$ (450.2)	\$ (446.6)	\$ (420.3)	\$ (381.8)	\$ (337.6)	\$ (300.7)	\$ (301.7)	
EBIT	\$ 8.4	\$ 11.5	\$ 6.6	\$ 4.5	\$ 5.8	\$ 1.5	\$ 17.2	\$ 24.2	\$ 34.1	\$ 23.8	\$ (2.2)	
Market Value of Equity	\$ 525.3	\$ 307.9	\$ 219.9	\$ 151.0	\$ 129.2	\$ 177.4	\$ 391.2	\$ 431.9	\$ 692.0	\$ 763.9	\$ 1,151.7	
Net Sales	\$ 61.9	\$ 84.6	\$ 85.8	\$ 84.9	\$ 82.1	\$ 85.5	\$ 101.6	\$ 115.7	\$ 127.8	\$ 147.3	\$ 44.1	
Normal Altman Z Score	32.31	12.56	6.03	1.10	0.31	(0.92)	13.46	12.24	26.33	12.91	10.41	
Revised Altman Z Score	53.68	18.69	8.14	(0.57)	(3.00)	(9.24)	21.30	18.97	45.54	21.31	17.57	

			Altman Z Score		Revised Altman Z Score	
			Annual	MRQ	Annual	MRQ
X1	0.13	0.12				
X2	(1.18)	(1.08)				
X3	0.09	(0.01)				
X4	22.53	19.42				
X5	0.58	0.16				
			12.91	10.41	21.31	17.57

Original Altman Z Score

When Z is 3.0 or more, the firm is most likely safe based on the financial data. However, be careful to double check as fraud, economic downturns and other factors could cause unexpected reversals.

When Z is 2.7 to 3.0, the company is probably safe from bankruptcy, but this is in the grey area and caution should be taken.

When Z is 1.8 to 2.7, the company is likely to be bankrupt within 2 years. This is the lower portion of the grey area and a dramatic turnaround of the company is needed.

When Z is below 1.8, the company is highly likely to be bankrupt. If a company is generating lower than 1.8, serious studies must be performed to ensure the company can survive.

Revised Altman Z Score

When Z is 2.6 or more, the firm is most likely safe based on the financial data. However, be careful to double check as fraud, economic downturns and other factors could cause unexpected reversals.

When Z is 1.1 to 2.6, the company is probably safe from bankruptcy, but this is in the grey area and caution should be taken.

When Z is below 1.1, the company is highly likely to be bankrupt. If a company is generating lower than 1.8, serious studies must be performed to ensure the company can survive.

The Beneish Model - M Score Variables

DSRI = Days' Sales in Receivables Index. Measured as the ratio of days' sales in receivables in year t to year t-1. A large increase in DSR could be indicative of revenue inflation.

GMI = Gross Margin Index. Measured as the ratio of gross margin in year t-1 to gross margin in year t. Gross margin has deteriorated when this index is above 1. A firm with poorer prospects is more likely to manipulate earnings.

AQI = Asset Quality Index. Asset quality is measured as the ratio of non-current assets other than plant, property and equipment to total assets. AQI is the ratio of asset quality in year t to year t-1.

SGI = Sales Growth Index. Ratio of sales in year t to sales in year t-1. Sales growth is not itself a measure of manipulation. However, growth companies are likely to find themselves under pressure to manipulate in order to keep up appearances.

DEPI = Depreciation Index. Measured as the ratio of the rate of depreciation in year t-1 to the corresponding rate in year t. DEPI greater than 1 indicates that assets are being depreciated at a slower rate. This suggests that the firm might be revising useful asset life assumptions upwards, or adopting a new method that is income friendly.

SGAI = Sales, General and Administrative expenses Index. The ratio of SGA expenses in year t relative to year t-1.

LVGI = Leverage Index. The ratio of total debt to total assets in year t relative to year t-1. An LVGI >1 indicates an increase in leverage

TATA - Total Accruals to Total Assets. Total accruals calculated as the change in working capital accounts other than cash less depreciation.

The Beneish M Score Formula

The eight variables are then weighted together according to the following:

$$M = -4.84 + 0.92 \cdot DSRI + 0.528 \cdot GMI + 0.404 \cdot AQI + 0.892 \cdot SGI + 0.115 \cdot DEPI - 0.172 \cdot SGA I + 4.679 \cdot TATA - 0.327 \cdot LVGI$$

A score greater than -1.78 indicates a strong likelihood of a firm being a manipulator. In his out of sample tests, Beneish found that he could correctly identify 76% of manipulators, whilst only incorrectly identifying 17.5% of non-manipulators.

The 5 Variable Version of the Beneish Model

The five variable version excludes SGA I, DEPI and LEVI which were not significant in the original Beneish model.

$$M = -6.065 + 0.823 \cdot DSRI + 0.906 \cdot GMI + 0.593 \cdot AQI + 0.717 \cdot SGI + 0.107 \cdot DEPI$$

A score greater than -1.78 indicates a strong likelihood of a firm being a manipulator.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	TTM
M Score - 5 Variable	-	-2.74	-3.09	-3.14	-1.84	-2.65	-2.31	-2.13	-2.88	-2.63	-3.01
M Score - 8 Variable	-	-2.59	-2.93	-2.79	-1.90	-2.35	-1.05	-1.24	-2.03	-2.87	-2.92
DSRI	-	0.81	1.21	1.13	1.08	1.07	1.81	1.21	1.10	0.61	0.91
GMI	-	1.02	1.00	0.97	1.01	1.00	0.97	0.98	0.97	1.01	1.00
AQI	-	1.10	0.43	0.48	2.71	1.30	0.68	1.13	0.91	1.91	0.92
SGI	-	1.37	1.01	0.99	0.97	1.04	1.19	1.14	1.11	1.15	1.07
DEPI	-	1.08	0.82	1.16	1.05	1.06	1.19	5.33	0.69	0.57	0.83
SGAI	-	0.98	1.14	1.09	0.94	0.98	0.90	0.96	0.93	1.08	1.02
TATA	-	-0.05	-0.06	-0.02	-0.04	0.01	0.10	0.09	0.04	-0.06	-0.04
LVGI	-	1.26	1.32	1.34	0.96	1.50	0.56	1.06	0.60	1.62	1.60

DuPont Analysis

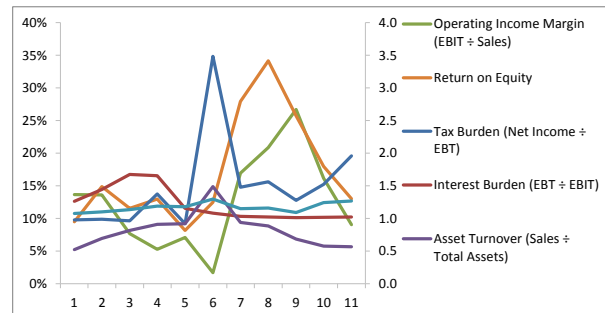
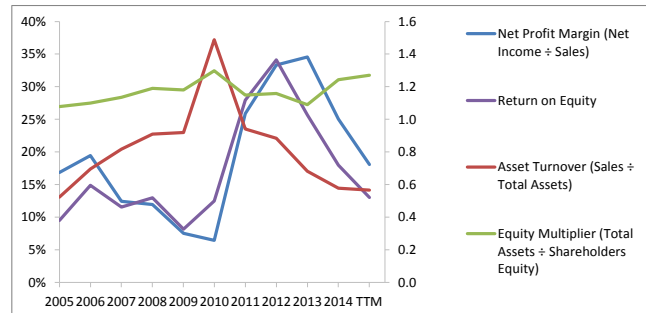
Full tutorial, example and discussion of how the DuPont analysis is used is provided on the blog.

<http://www.oldschoolvalue.com/blog/accounting/duPont-analysis-model-spreadsheet/>

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	TTM
Revenue	\$ 61.9	\$ 84.6	\$ 85.8	\$ 84.9	\$ 82.1	\$ 85.5	\$ 101.6	\$ 115.7	\$ 127.8	\$ 147.3	\$ 158.0
EBIT	\$ 8.4	\$ 11.5	\$ 6.6	\$ 4.5	\$ 5.8	\$ 1.5	\$ 17.2	\$ 24.2	\$ 34.1	\$ 23.8	\$ 14.3
EBT	\$ 10.7	\$ 16.6	\$ 11.1	\$ 7.4	\$ 6.7	\$ 1.6	\$ 17.8	\$ 24.7	\$ 34.6	\$ 24.2	\$ 14.6
Income Tax	\$ 0.2	\$ 0.2	\$ 0.4	\$ (2.8)	\$ 0.6	\$ (3.9)	\$ (8.5)	\$ (13.9)	\$ (9.6)	\$ (12.7)	\$ (14.0)
Net Income	\$ 10.4	\$ 16.5	\$ 10.7	\$ 10.2	\$ 6.2	\$ 5.5	\$ 26.3	\$ 38.6	\$ 44.2	\$ 36.9	\$ 28.6
Total Assets	\$ 118.5	\$ 121.6	\$ 105.0	\$ 93.3	\$ 89.3	\$ 57.4	\$ 108.0	\$ 130.9	\$ 187.1	\$ 254.7	\$ 278.9
Shareholders Equity	\$ 109.9	\$ 110.5	\$ 92.4	\$ 78.3	\$ 75.6	\$ 44.2	\$ 94.0	\$ 113.0	\$ 171.8	\$ 205.0	\$ 219.6

Three-Step DuPont Model:	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	TTM
Net Profit Margin (Net Income ÷ Sales)	16.8%	19.5%	12.4%	12.0%	7.5%	6.5%	25.9%	33.3%	34.5%	25.0%	18.1%
Asset Turnover (Sales ÷ Total Assets)	0.52	0.70	0.82	0.91	0.92	1.49	0.94	0.88	0.68	0.58	0.57
Equity Multiplier (Total Assets ÷ Shareholders Equity)	1.08	1.10	1.14	1.19	1.18	1.30	1.15	1.16	1.09	1.24	1.27
Return on Equity	9.5%	14.9%	11.5%	13.0%	8.2%	12.5%	27.9%	34.1%	25.7%	18.0%	13.0%

Five-Step DuPont Model:	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	TTM
Tax Burden (Net Income ÷ EBT)	0.98	0.99	0.96	1.38	0.92	3.49	1.48	1.56	1.28	1.52	1.96
Interest Burden (EBT ÷ EBIT)	1.26	1.44	1.68	1.65	1.16	1.08	1.03	1.02	1.01	1.02	1.02
Operating Income Margin (EBIT ÷ Sales)	13.6%	13.6%	7.7%	5.3%	7.1%	1.7%	17.0%	20.9%	26.7%	16.2%	9.0%
Asset Turnover (Sales ÷ Total Assets)	0.52	0.70	0.82	0.91	0.92	1.49	0.94	0.88	0.68	0.58	0.57
Equity Multiplier (Total Assets ÷ Shareholders Equity)	1.08	1.10	1.14	1.19	1.18	1.30	1.15	1.16	1.09	1.24	1.27
Return on Equity	9.5%	14.9%	11.5%	13.0%	8.2%	12.5%	27.9%	34.1%	25.7%	18.0%	13.0%



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STMP

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	PBI								
Company	Stamps.com	Pitney Bowes							
Sector	Technology	Consumer Goods							
Industry	Application Software	Business Equipment							
Country	USA	USA							
Earnings Date	7-May-2015	30-Apr-2015							
Price	\$70.40	\$21.77							
Market Cap	\$1,151.74	\$4,390.57							
Change	-1.52%	-0.23%							
Volume	77,529	1,109,262							
Change from Open	-1.07%	-0.09%							
Gap	-0.46%	-0.14%							
50-Day High	-6.38%	-8.31%							
50-Day Low	17.02%	1.26%							
52-Week High	-6.38%	-20.83%							
52-Week Low	130.97%	4.65%							
P/E	40.23	13.11							
Forward P/E	21.46	10.03							
PEG	2.01	6.56							
P/S	7.29	1.16							
P/B	5.18	80.63							
P/Cash	15.93	4.81							
P/Free Cash Flow	23.75	14.25							
Dividend Yield	0.00%	3.45%							
Payout Ratio	0.00%	41.00%							
EPS (ttm)	1.75	\$1.66							
EPS growth this year	-17.00%	3.50%							
EPS growth next year	13.61%	14.57%							
EPS growth past 5 years	42.70%	-6.70%							
EPS growth next 5 years	20.00%	2.00%							
Sales growth past 5 years	12.40%	-7.30%							
EPS growth quarter over quarter	-113.60%	90.50%							
Sales growth quarter over quarter	32.40%	-5.00%							
Return on Assets	11.70%	5.80%							
Return on Equity	14.30%	214.20%							
Return on Investment	17.80%	12.40%							
Current Ratio	1.50	1.00							
Quick Ratio	1.50	1.00							
LT Debt/Equity	0.00	46.95							
Total Debt/Equity	0.00	56.53							
Gross Margin	77.80%	56.00%							
Operating Margin	21.00%	18.10%							
Profit Margin	18.10%	9.80%							
Shares Outstanding	16.36	201.68							
Shares Float	14.75	201.11							
Insider Ownership	4.70%	0.30%							
Insider Transactions	-13.78%	0.00%							
Institutional Ownership	83.70%	87.30%							
Institutional Transactions	3.92%	0.40%							
Float Short	3.35%	11.08%							
Short Ratio	2.9	13.6							
Performance (Week)	2.68%	-0.50%							
Performance (Month)	16.04%	-1.26%							
Performance (Quarter)	25.40%	-2.36%							
Performance (Half Year)	45.73%	-11.86%							
Performance (Year)	111.03%	-19.78%							
Performance (YTD)	46.70%	-9.18%							
Beta	1.19	1.50							
Average True Range	2.19	0.34							
Volatility (Week)	2.72%	1.24%							
Volatility (Month)	3.15%	1.31%							
20-Day Simple Moving Average	0.25%	-2.76%							
50-Day Simple Moving Average	4.41%	-4.24%							
200-Day Simple Moving Average	41.27%	-7.84%							
Relative Strength Index (14)	55.58	35.27							
Analyst Recom	2.00	1.80							
Average Volume	170.01	1,641.75							
Relative Volume	0.45	0.67							

Stamps.com Inc.
(STMP)

June 9, 2015

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Shares Out.

M.O.S

Growth

Discount %

Terminal %

Select DCF

Adjust DCF Start Value

old school value

Figures in Millions except per share values

16.36

25%

14.5%

9.0%

2%

Owner Earnings

Current Price

Fair Value

Buy Under

Actual M.O.S

52 Wk High

52 Wk Low

\$70.40

\$ 45.28

\$33.96

0%

\$ 75.20

\$ 30.48

Fiscal Year	Trend	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	TTM
Cash Flow Data												
Cash from Operations		\$15.0	\$22.4	\$16.9	\$11.7	\$10.0	\$4.8	\$15.3	\$27.3	\$35.8	\$51.7	\$50.3
Capex		(\$2.9)	(\$2.4)	(\$0.7)	(\$0.9)	(\$0.2)	(\$1.5)	(\$1.3)	(\$26.5)	(\$5.3)	(\$2.9)	(\$1.9)
Cash Flow		\$11.0	\$13.8	\$7.0	\$7.3	\$5.5	\$10.4	\$27.4	\$79.1	\$50.3	\$40.7	\$31.7
Owner Earnings FCF		\$15.1	\$23.2	\$18.3	\$15.7	\$8.2	\$3.9	\$28.6	\$8.7	\$39.3	\$30.6	\$32.7
YOY% Change			53.5%	-21.0%	-14.4%	-48.0%	-51.8%	629.0%	-69.5%	350.4%	-22.1%	6.8%

Margins												
Gross Margin		71.8%	70.7%	70.5%	73.0%	72.1%	72.3%	74.2%	76.0%	78.5%	77.7%	77.8%
Operating Margin		13.6%	13.6%	7.7%	5.3%	7.1%	1.7%	20.9%	26.7%	16.2%	16.2%	9.0%
Net Margin		16.8%	19.5%	12.4%	12.0%	7.5%	6.5%	25.9%	33.3%	34.5%	25.0%	18.1%

EPS & Tax												
Diluted EPS		\$0.44	\$0.69	\$0.50	\$0.53	\$0.38	\$0.38	\$1.73	\$2.30	\$2.71	\$2.25	\$1.74
Tax Rate		2.3%	1.0%	3.5%	-37.8%	8.2%	-248.6%	-47.6%	-56.1%	-27.6%	-52.5%	-95.9%

Efficiency & Profitability												
CROIC		13.7%	21.0%	19.8%	20.0%	10.8%	8.9%	30.4%	7.7%	22.9%	14.9%	14.9%
FCF/Sales		24.4%	27.4%	21.4%	18.5%	9.9%	4.6%	28.2%	7.5%	30.8%	20.8%	20.7%
Inventory Turnover												
Return On Assets (ROA)		8.8%	13.5%	10.2%	10.9%	6.9%	9.6%	24.3%	29.5%	23.6%	14.5%	10.2%
Return On Equity (ROE)		9.5%	14.9%	11.5%	13.0%	8.2%	12.5%	27.9%	34.1%	25.7%	18.0%	13.0%

Debt Related												
Debt to Equity		7.7%	10.0%	13.5%	19.0%	18.1%	29.8%	14.9%	15.8%	8.9%	16.5%	27.0%
Capitalization Ratio		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF to Total Debt												
FCF to Short Term Debt												
FCF to Long Term Debt												

5 Year Multi-Year Performance

	2009-2013	2010-2014	2009-2012	2010-2013	2011-2014	2009-2011	2010-2012	2011-2013	2012-2014	Median
Tang Shareholder Equity	22.6%	43.1%	14.3%	56.9%	25.4%	11.5%	59.8%	34.8%	28.1%	28.1%
Owner Earnings FCF	48.2%	67.1%	2.3%	115.6%	2.3%	87.4%	49.1%	17.2%	87.3%	49.1%
CROIC	10.8%	14.9%	9.8%	15.9%	18.9%	10.8%	8.9%	22.9%	14.9%	14.9%
FCF/Sales	9.9%	20.8%	8.7%	17.9%	24.5%	9.9%	7.5%	28.2%	20.8%	17.9%
ROA	23.6%	23.6%	17.0%	24.0%	24.0%	9.6%	24.3%	24.3%	23.6%	23.6%
ROE	25.7%	25.7%	20.2%	26.8%	26.8%	12.5%	27.9%	25.7%	25.7%	25.7%
Gross Margin	74.2%	76.0%	73.3%	75.1%	76.8%	72.3%	74.2%	76.0%	77.7%	75.1%
Operating Margin	17.0%	17.0%	12.0%	18.9%	18.9%	7.1%	17.0%	20.9%	20.9%	17.0%
Net Margin	25.9%	25.9%	16.7%	29.6%	29.6%	7.5%	25.9%	33.3%	33.3%	25.9%
Revenue Growth	11.7%	14.5%	12.1%	14.3%	13.2%	11.2%	16.3%	12.2%	12.8%	12.8%
Earnings Growth	63.4%	56.0%	82.2%	92.5%	9.2%	113.4%	146.0%	25.2%	-1.1%	63.4%
Cash from Ops Growth	37.5%	81.2%	39.7%	95.3%	50.1%	23.6%	138.4%	52.9%	37.7%	50.1%

10 Year Multi-Year Performance

	2005-2012	2006-2013	2007-2014	2005-2010	2006-2011	2007-2012	2008-2013	2009-2014	2005-2014	Median
Tang Shareholder Equity	0.4%	6.4%	10.5%	-16.6%	-3.2%	4.1%	16.9%	19.7%	6.0%	6.0%
Owner Earnings FCF	-7.5%	7.8%	7.6%	-23.6%	4.3%	-13.8%	20.2%	30.3%	8.2%	7.6%
CROIC	16.8%	19.9%	17.4%	16.8%	19.9%	15.3%	15.4%	12.9%	17.4%	16.8%
FCF/Sales	19.9%	19.9%	19.6%	19.9%	19.9%	14.2%	14.2%	15.4%	21.1%	19.9%
ROA	10.5%	12.2%	12.7%	9.9%	10.5%	10.5%	17.2%	19.0%	12.2%	12.2%
ROE	12.7%	13.9%	15.5%	12.0%	12.7%	12.7%	19.3%	21.8%	13.9%	13.9%
Gross Margin	72.2%	72.7%	73.6%	72.0%	72.2%	72.7%	73.6%	75.1%	72.7%	72.7%
Operating Margin	10.7%	10.7%	11.9%	7.4%	7.4%	7.4%	12.0%	16.6%	13.6%	10.7%
Net Margin	14.6%	15.9%	18.7%	12.2%	12.2%	12.2%	18.9%	25.4%	18.2%	15.9%
Revenue Growth	9.3%	6.1%	8.0%	6.7%	3.7%	6.2%	8.5%	12.4%	10.1%	8.0%
Earnings Growth	26.7%	21.6%	24.0%	-2.9%	20.2%	35.7%	38.6%	42.7%	19.9%	24.0%
Cash from Ops Growth	8.9%	6.9%	17.3%	-20.4%	-7.4%	10.1%	25.0%	38.9%	14.7%	10.1%

Projection of future Owner Earnings

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Yearly Growth Input Field										
15%	\$35.05	\$40.14	\$45.96	\$51.95	\$58.73	\$66.40	\$75.06	\$83.88	\$93.73	\$104.74
Terminal Growth	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
2%	\$ 106.83	\$ 108.97	\$ 111.15	\$ 113.37	\$ 115.64	\$ 117.95	\$ 120.31	\$ 122.72	\$ 125.17	\$ 127.67

Calculation

Total Cash	\$ 66.31
MAX(0,Current Liabilities-Current A	\$ 39.80
Excess Cash	\$ 41.62
Adding some Intangibles	\$ -
Interest Bearing Debt	\$ -
Present Value	\$ 740.89
Shares Outstanding	16.4
Per Share Value	\$ 45.28
Desired Margin of Safety	25%
Purchase Price	\$ 33.96
Current Price	\$ 70.40
Margin of Safety	0%

Variable Fields

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

Sensitivity Matrix: Growth vs Discount Rate

		Discount Rates				
		7%	8%	9%	10%	11%
Growth Rates	11%	\$ 42.47	\$ 38.97	\$ 35.90	\$ 33.18	\$ 30.78
	13%	\$ 47.92	\$ 43.86	\$ 40.29	\$ 37.15	\$ 34.36
	15%	\$ 54.12	\$ 49.41	\$ 45.28	\$ 41.64	\$ 38.42
	17%	\$ 61.16	\$ 55.71	\$ 50.93	\$ 46.72	\$ 43.00
	19%	\$ 69.15	\$ 62.85	\$ 57.32	\$ 52.46	\$ 48.18

Sensitivity Matrix: Margin of Safety %

		Discount Rates				
		7%	8%	9%	10%	11%
Growth Rates	11%	-65.8%	-80.6%	-96.1%	-112.2%	-128.7%
	13%	-46.9%	-60.5%	-74.7%	-89.5%	-104.9%
	15%	-30.1%	-42.5%	-55.5%	-69.1%	-83.3%
	17%	-15.1%	-26.4%	-38.2%	-50.7%	-63.7%
	19%	-1.8%	-12.0%	-22.8%	-34.2%	-46.1%

Stamps.com Inc.
(STMP)

June 9, 2015

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Shares Out.	M.O.S	Growth	Projection	EPS	Corp Bond
16.36	25%	14.5%	Analyst Estimate	\$2.89	3.88
		14.5%			

Current Price	Intrinsic \$	Buy Under	Actual M.O.S	52 Wk High	52 Wk Low
\$ 70.40	\$70.46	\$52.85	0%	\$ 75.20	\$ 30.48

	2009-2013	2010-2014	2009-2012	2010-2013	2011-2014	2009-2011	2010-2012	2011-2013	2012-2014	Median
5 Yr EPS Growth	63.4%	56.0%	82.2%	92.5%	9.2%	113.4%	146.0%	25.2%	-1.1%	63.4%

	2005-2012	2006-2013	2007-2014	2005-2010	2006-2011	2007-2012	2008-2013	2009-2014	Median
10 Yr EPS Growth	26.7%	21.6%	24.0%	-2.9%	20.2%	35.7%	38.6%	42.7%	24.0%

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	TTM
Diltued EPS	\$ 0.44	\$ 0.69	\$ 0.50	\$ 0.53	\$ 0.38	\$ 0.38	\$ 1.73	\$ 2.30	\$ 2.71	\$ 2.25	\$ 1.74

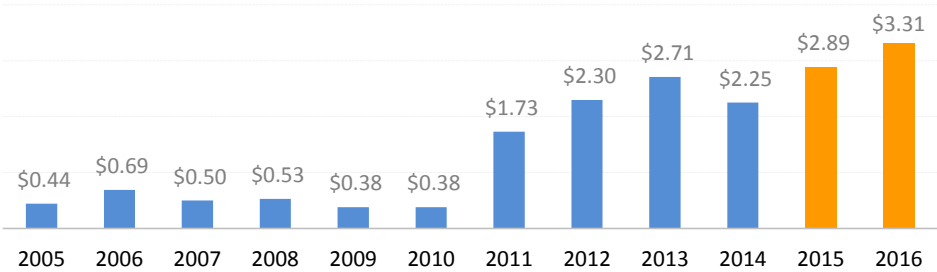
	2015E	2016E
Forecast Method	\$ 2.63	\$ 3.01
Linear Regression Method	\$ 2.70	\$ 3.09
Normalized Margins Metho	\$ 2.55	\$ 2.92
Analyst Estimate	\$ 2.89	\$ 3.28

Graham Value Calculation

Normal Earnings	\$ 2.89
Growth Rate	14.50%
Corp Bond Rate	3.88
Per Share Value	\$ 70.46
MOS	25%
Purchase Price	\$ 52.85
Current Price	\$70.40
Actual Discount	0%

Graham's Sensitivity Matrix

Growth Sensivity Incremen	10%
EPS Sensivity Increments	10%



Growth	EPS					
	\$ 2.31	\$ 2.60	\$ 2.89	\$ 3.18	\$ 3.47	
	11.6%	\$ 48.77	\$ 54.86	\$ 60.96	\$ 67.05	\$ 73.15
	13.1%	\$ 52.57	\$ 59.14	\$ 65.71	\$ 72.28	\$ 78.85
	14.5%	\$ 56.37	\$ 63.42	\$ 70.46	\$ 77.51	\$ 84.55
	16.0%	\$ 60.17	\$ 67.69	\$ 75.21	\$ 82.74	\$ 90.26
	19.1%	\$ 68.54	\$ 77.10	\$ 85.67	\$ 94.24	\$ 102.80

Stamps.com Inc. (STMP)

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Normalized Rev Period	Projection	EPS
3YR	Analyst Estimate	\$2.89

%old scl

Figures in Millions



Enter Ticker	Refresh	CLEAR	Current Price	Conservative	Normal	Aggressive
			\$70.40 M.o.S	\$37.61 0.0%	\$52.98 0.0%	\$64.69 0.0%

For Each Operating Segment ⁽¹⁾

	Conservative	Normal Case	Aggressive
Normalized Revenue Estimate ⁽²⁾	179.0	\$179.0	179.0
Manual Input for Revenue		\$179.0	
Projected Normalized Operating Margin ⁽³⁾	18.2%	18.2%	18.2%
Manual Input for Margins			
Operating Income Estimate (EBIT)	32.6	32.6	32.6
Valuation Multiple ⁽⁴⁾	16.4x	24.1x	30.0x
Manual Input for EBIT Multiple			30x
Estimate Value of Operating Segment	533.9	785.4	977.1

Cash & Equiv on Balance Sheet	81.4	81.4	81.4
Manual Input for Cash & Equiv			
Total Value of business + cash	615.4	866.8	1,058.5
Less Total Debt	0.0	0.0	0.0
Manual Input for Total Debt			
Less Off Balance Sheet Debt ⁽⁵⁾	0.0		0.0
Less Net Pension/Retirement/Workers Comp	0.0		0.0
Estimated Fair Value of Equity	615.4	866.8	1,058.5
Shares Outstanding	16.36	16.36	16.36
Current Price	\$70.40	\$70.40	\$70.40
Estimated Fair Value per Share	\$37.61	\$52.98	\$64.69
Margin of Safety	0%	0%	0%
Price/Intrinsic Value Ratio ⁽⁶⁾	1.9	1.3	1.1

How to Use

Enter values in the yellow boxes.

Make sure to keep your denominations consistent. E.g. use millions for rev & shares outstanding.

Do not use millions for revenue and thousands for shares outstanding.

Calculator Input Explanations

(1) For Each Operating Segment:

EBIT multiple calculation can be used for sum of the parts valuation.

Perform the same step for each part of the operating business and then sum it up to get the total value.

(2) Normalized Revenue Estimate

To get a normalized value, take the average or median across multiple years.

(3) Projected Normalized Operating Margin

Enter the operating margin for each scenario.

(4) Valuation Multiple

Enter the EBIT multiple that you wish to use for each scenario. Look at comparable industry and competitor multiples.

(5) Less Off Balance Sheet Debt

These are liabilities that are not found in the balance sheet. It can be found in the footnotes of the annual report.

A quick way to search for this is to do a find for the term "off balance sheet" or "off-balance sheet" in the financial statements.

(6) Price/Intrinsic Value Ratio

The lower the better. Simply price divided by the calculated intrinsic value of equity.

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Current EPS Exp Growth	Dividend Yield	Business Safety	Financial Safety	Earnings Safety
25%	0.00%	Above Average	Excellent	Above Average
Expected PE		14 of 20 pts	20 of 20 pts	14 of 20 pts

%old school value

Katsenelson Absolute PE

	Current Price	Fair Value	Fair Value PE	Current PE	FV Exp Grth	M.O.S		
	\$70.40	\$ 80.30	46.04	40.23	25%	12%		
Determine Business Risk	2010	2011	2012	2013	2014	TTM	AVERAGE	STDEV
ROE	12.51%	27.94%	34.14%	25.71%	17.99%	13.01%	21.9%	8.8%
Consistency/quality check		1	1	1	0	0	3	
ROA	9.63%	24.32%	29.47%	23.60%	14.48%	10.25%	18.6%	8.3%
Consistency/quality check		1	1	1	0	0	3	
CROIC	7.44%	14.87%	0.72%	17.74%	23.83%	22.07%	14.4%	8.9%
Consistency/quality check		1	0	1	1	1	4	
Intangibles % of Book Value	0.00%	0.00%	0.00%	0.61%	42.17%	38.98%	13.6%	20.9%
Consistency/quality check		1	1	1	0	1	4	
Business Risk Factor:	14 pts out of 20 Above Average 2% Factor						14	0.0%

Determine Financial Risk	2010	2011	2012	2013	2014	TTM	AVERAGE	STDEV
Current Ratio	2.21	5.15	3.13	6.33	2.00	1.55	3.40	1.92
Consistency/quality check		1	1	1	1	1	5	
Total Debt/Equity Ratio	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Consistency/quality check		1	1	1	1	1	5	
Short Term Debt/Equity Ratio	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Consistency/quality check		1	1	1	1	1	5	
FCF to Total Debt							#DIV/0!	#DIV/0!
Consistency/quality check		1	1	1	1	1	5	
Financial Risk Factor:	20 pts out of 20 Excellent 10% Factor						20	0.0%

Determine Earnings Predictability	2010	2011	2012	2013	2014	TTM	AVERAGE	STDEV
Gross Margin	72.31%	74.20%	76.00%	78.49%	77.66%	77.80%	76.1%	2.4%
Consistency/quality check		1	1	1	0	1	4	
Net Margin	6.47%	25.86%	33.34%	34.54%	25.04%	18.08%	23.9%	10.4%
Consistency/quality check		1	1	1	0	0	3	
Earnings	\$0.38	\$1.73	\$2.30	\$2.71	\$2.25	\$1.74	1.85	0.81
Consistency/quality check		1	1	1	0	0	3	
Cash from Ops	\$4.80	\$15.29	\$27.29	\$35.76	\$51.73	\$50.35	\$30.87	18.83
Consistency/quality check		1	1	1	1	0	4	
Earnings Predict. Factor:	14 pts out of 20 Above Average 2% Factor						14	0.0%

Katsenelson Absolute PE Valuation Model

Earnings Growth	25.00%	40.23
Dividend Yield	0.00%	0.00
	=	
Adjusted Base PE		40.23
Business Risk	Above Average [1 + (1 - 0.98)]	x
Premium/Discount Factor:	0.98	x
Financial Risk	Excellent [1 + (1 - 0.9)]	x
Premium/Discount Factor:	0.90	x
Earnings Predictability	Above Average [1 + (1 - 0.98)]	=
Premium/Discount Factor:	0.98	=
Adjusted Fair Value PE	25%	46.04

P/E	Exp EPS Grwth Rate
7.00	0%
7.65	1%
8.30	2%
8.95	3%
9.60	4%
10.25	5%
10.90	6%
11.55	7%
12.20	8%
12.85	9%
13.50	10%
14.15	11%
14.80	12%
15.45	13%
16.10	14%
16.75	15%
17.40	16%
17.90	17%
18.40	18%
18.90	19%
19.40	20%
19.90	21%
20.40	22%

Δ0.65

Δ0.50

Dividend Yield	Add'l P/E Points
0.0%	0.0
0.1%	0.5
0.5%	0.5
1.0%	1.0
1.5%	1.5
2.0%	2.0
2.5%	2.5
3.0%	3.0
3.5%	3.5
4.0%	4.0
4.5%	4.5
5.0%	5.0
5.5%	5.5
6.0%	6.0
6.5%	6.5
10.0%	10.0

Stamps.com Inc.

(STMP)

June 9, 2015

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Asset Valuation Section

Data: Asset Valuation

Shares Outstanding	16.4
Balance Sheet Assets	\$ 216.5
Adjusted Assets	\$ 216.5
Total Liabilities	\$ 59.3
Total Equity	\$ 219.6
Average SGA %	47.5%
Marketing/Brand Value	\$ 70.0
R&D Value	\$ 24.5
Cash Needed for Business	\$ 1.6
Interest Bearing Debt	\$ 0.5
Non Interest Bearing Debt	\$ 26.5
Excess Cash	\$ 69.3

Calculation: Asset Valuation

	Total	Per Share
Tangible BV	\$ 71.55	\$ 4.37
Adjusted BV	\$ 157.16	\$ 9.60
NCAV	\$ 32.48	\$ 1.98
Reprod. Cost of Assets	\$ 310.96	\$ 19.00
Reprod. Cost of Assets BV	\$ 251.64	\$ 15.38
Total Net Reprod. Cost	\$ 215.14	\$ 13.15

Adjustments: Assets

	Book Value	Fixed BV	Multiplier	Reproduction Asset Value
Cash & Equivalents	\$ 66.3			\$ 66.3
Marketable Securities	\$ 6.0			\$ 6.0
Accounts Receivable	\$ 12.0			\$ 12.0
Other Receivable	\$ -			\$ -
Net Receivables	\$ 12.0			\$ 12.0
<i>Inventories: Raw Materials</i>	\$ -			
<i>Inventories: Work in Progress</i>	\$ -			
<i>Inventories: Purchased Components</i>	\$ -			
<i>Inventories: Finished Goods</i>	\$ -			
<i>Inventories: Other</i>	\$ -			
Inventories -- Total	\$ -			\$ -
Prepaid Expenses	\$ -			\$ -
Current Deferred Income Taxes	\$ 2.1			\$ 2.1
Other Current Assets	\$ 5.4			\$ 5.4
Total Current Assets	\$ 91.8			\$ 91.8
Goodwill, Net	\$ 66.9			\$ 66.9
Intangibles, Net	\$ 18.7			\$ 18.7
Intangibles	\$ 85.6			\$ 85.6
Property/Plant/Equipment - Net	\$ 29.6			\$ 29.6
Other Long Term Assets, Total	\$ 9.5			\$ 9.5
Total Assets	\$ 216.5			\$ 216.5

Figures in Millions except per share values

Shares Out.	Main. Capex	Normalized Income	Discount Rate	R&D Years	SG&A %	%old school value
16.36	\$1.36	\$46.64	9%	3	25%	

Current Price	EPV	Net Reproduction Value	EPV MOS	NCAV	52 Wk High	52 Wk Low
\$ 70.40	\$35.03	\$13.15	0.0%	\$1.98	\$ 75.20	\$ 30.48

EPV Valuation Section

Values for Normalized Income

TTM Owner Earnings FCF	\$ 32.7
Avg Normalized Income	\$ 46.6
Med Normalized Income	\$ 56.1
Avg Adj. Income 5 yrs	\$ 59.4
TTM Adjusted Income	\$ (90.3)

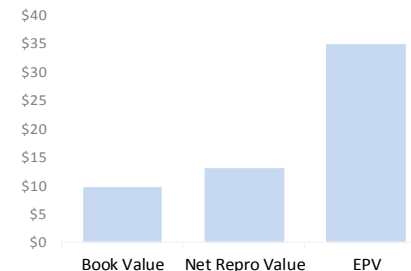
EPV > Net Repro Value = Moat exists

EPV = Net Repro Value = No Moat

EPV < Net Repro Value = Value Destroyer

Data: EPV

Cost of Capital	9.0%
Normalized Adjusted Income	\$ 46.6
Average Maintenance Capex	\$ 1.4
Interest Bearing Debt	\$ 0.5
1% of sales	\$ 1.6
Cash & Equiv	\$ 72.3
Cash - Debt	\$ 70.2
Shares	16.36



Calculation: EPV

Cost of Capital Rates	EPV	Per Share	+ Cash - Debt	Per Share
5%	\$ 905.5	\$ 55.34	\$ 975.7	\$ 59.63
7%	\$ 646.8	\$ 39.53	\$ 717.0	\$ 43.82
9%	\$ 503.1	\$ 30.74	\$ 573.3	\$ 35.03
11%	\$ 411.6	\$ 25.15	\$ 481.8	\$ 29.44
13%	\$ 348.3	\$ 21.28	\$ 418.5	\$ 25.57

Adjustments:

Liabilities & Equity

	Book Value	Fixed BV	Multiplier	Reproduction Liability Value
Accounts Payable	\$ -			\$ -
Accrued Expenses	\$ -			\$ -
Other Accounts Payable and				
Accrued Expenses	\$ -			\$ -
Short Term Debt	\$ -			\$ -
Current Port. of LT Debt/Capital				
Leases	\$ -			\$ -
Other Current Liabilities	\$ 26.5			\$ 26.5
Total Current Liabilities	\$ 26.5			\$ 26.5
Long-Term Debt	\$ -			\$ -
Capital Lease Obligations	\$ 0.5			\$ 0.5
Deferred Income Taxes	\$ -			\$ -
Total Other Liabilities	\$ -			\$ -
Total Liabilities	\$ 59.3			\$ 59.3
Common Stock Equity	\$ 219.6			\$ 219.6
Retained Earnings	\$ (301.7)			\$ (301.7)
Total Capitalization	\$ 219.6			\$ 219.6
Total Equity	\$ 219.6			\$ 219.6
Total Liabilities & Equity	\$ 278.9			\$ 278.9

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