

Initiating Coverage:

Ralph Lauren Corporation (\$RL)

Dressed for Success

Key Take-away: Despite an uncertain macroeconomic environment, Ralph Lauren Corporation (Ralph Lauren Corp.) shares gained 12.9% over the past six months while the discretionary sector has grown 9.68%. The firm is dealing with rising costs by optimizing supply chains and amending price promotions to combat inflation. Ralph Lauren Corp.'s excellent performance and proactive brand strategy retain investor confidence. Continued global growth and technological adaptation make leadership hopeful in the company.

Finances in Vogue: Ralph Lauren Corporation reported an outstanding result for fiscal Q1 2026, exceeding expectations with \$1.7 billion in net revenue, a 14% YoY increase, and EPS of \$3.77, which is \$0.29 above the consensus estimate. This development was driven by a 21% growth in Asian markets, which includes a 35% explosion in digital commerce. Europe and North America respectively saw 16% and 8% increases in revenue with global direct-to-consumer comparable store sales expanding 13%. Gross profit was \$1.2 billion and gross margin was 72.3%, offsetting tariff pressure through shifting channels, discounting less, and lower cotton prices. Regardless of inflation, tariffs, and consumer behavior changes, RL expects a low-to-middle single-digit increase in revenue. Ralph Lauren Corporation has also approved a \$1.5 billion increase to their stock option repurchase program.

A New Generation of Timelessness: With \$11 million invested, Ralph Lauren Corp. is in the early stages of executing the Next Generation Transformation (NGT) project, a large-scale, multi-year global initiative poised to significantly reshape the company's operations and accelerate its strategic transition toward a direct-to-consumer (DTC) business model. The NGT project will be completed in phases and focuses on redesigning end-to-end processes and implementing an advanced suite of technology systems worldwide, including machine learning and AI. These efforts are expected to yield substantial improvements and synergies in merchandise buying and planning, procurement, inventory management, retail and wholesale operations, and financial planning and reporting, thereby enhancing the company's ability to optimize inventory levels and rapidly respond to shifts in consumer demand across markets. Ultimately, this will create a seamless connection between digital platforms, flagship stores, and local consumer experiences.

Valuation: We initiate coverage with a \$339.00 PT.



Consortium Research Group
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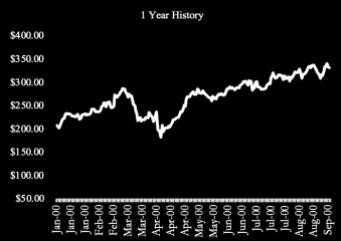
Stock Rating Overweight

Price Target: \$339.00

Price: \$332.77

Potential Upside/Downside: 1.9%

Ticker: \$RL



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Company Overview

Brand and Market Position: Ralph Lauren is the quintessential American brand that offers apparel, accessories, home goods, fragrance, and luxury experiences. The fashion house's success is incumbent upon maintaining a reputation of authenticity and timeless Americana, allowing it to distance from high-end competitors and create a gap with its unique lifestyle. Its blend of effortless staples and lavish styles sustains an aspirational identity that enables it to charge premium prices while maintaining a diverse yet loyal customer base. Ralph Lauren sustains this aspirational image through a cohesive aesthetic of American luxury that it weaves throughout its stories of adventure and refined living. The brand offers an immersive experience by extending its product line into home goods that place the customer in an exclusive world.

Diversification and Resilience: Ralph Lauren engages with multiple channels, including retail, wholesale, and licensing. This allows them to have a balanced geographic reach and diversified product offerings. Revenue stability and growth prospects remain in a volatile environment because of their ability to offer a wide range of goods to consumers through stores and e-commerce. A presence in North America, Europe, and Asia gives Ralph Lauren resilience to fluctuations in demand in a single market and allows it to take advantage of global trends.

Ownership Structure and Governance: The corporation continues to have clear guidance and vision from the Lauren family, which holds over 85% of the company's voting power and a significant portion of the financial stake. This influence over strategic choices like mergers and acquisitions allows for consistent brand stewardship, but limited investor involvement when they disagree with the Lauren family interests. In 2025, much of the proactive investments are in areas like environmental sustainability, digital transformation, and direct-to-consumer channels. Management has stated that they desire to remain ahead of threats and opportunities in the retail space.

Industry Overview

Economic Volatility and Tariffs: In 2025, the consumer retail industry is facing strong macroeconomic forces, with the recent lowered interest rates from the Federal Reserve stimulating spending while inflation remains a pressure on households. The apparel industry is seeing weak consumer confidence with the new round of tariffs going into effect and direct costs being forced on retailers and manufacturers. Companies like Ralph Lauren must navigate this uncertain environment by carefully balancing their price strategies and operational affairs to protect profitability.

Shifts in Spending and Trading Down: As incomes feel the pressure of tariffs and inflation, they increasingly "trade down" and alter spending patterns to cheaper alternatives. This has become the norm for lower-to-middle income shoppers, while high-income customers continue to sustain retail sales upside. This leaves premium and high-fashion brands with the need to differentiate and justify the value of spending money on luxury goods. As more consumers opt for cheaper alternatives, expensive retailers must find new ways to reinforce their benefits offered in economic downturns.

Rising Demand for Convenient Experiences: With the technological advancements in the retail and delivery processes, shoppers now require convenient and frictionless experiences that can come in the form of things like fast delivery, omnichannel shipping and buy-now-pay-later offerings. Whether it be cross-company collaborations or limited-edition collections, various methods of brand partnerships are being implemented to build hype and retain relevance with a younger and more fickle generation of customers. Brands that succeed in

this space will be those that can deliver comfortable shopping experiences and innovate with new and exciting offerings.

Peer Comparisons

Comparable Companies Analysis

Ralph Lauren Corporation

Full Table

Financial Data

Debt	\$2,668
Cash	\$2,084
# of Shares Outstanding	61

Comparable Companies

\$mm

Ticker	Mkt Cap	EV	P/E LTM	Revenue LTM	EBITDA LTM
Tapestry	\$21,532	\$23,424	0.0x	\$7,207	\$1,572
PVH	\$3,909	\$5,985	0.0x	\$8,777	\$889
Capri Holdings	\$2,657	\$4,295	0.0x	\$3,949	\$235
LVMH Moet Hennessy Louis Vuitton	\$369,011	\$381,777	0.0x	\$90,041	\$26,676
Ralph Lauren Corporation	\$20,603	\$20,199	0.0x	\$7,570	\$1,370

Ticker	LTM EV/EBITDA	Gross Margin	EBITDA Margin	EBIT Margin	1 Yr Rev Growth	Rate LF
Tapestry	14.9x	0.0%	6.0%	0.0%	0.0%	0.0%
PVH	6.7x	0.0%	29.6%	0.0%	0.0%	0.0%
Capri Holdings	18.3x	0.0%	10.1%	0.0%	0.0%	0.0%
LVMH Moet Hennessy Louis Vuitton	14.3x	0.0%	21.8%	0.0%	0.0%	0.0%
Ralph Lauren Corporation	14.7x	0.0%	18.1%	0.0%	0.0%	0.0%

High	18.28x	0.0%	29.6%	0.0%	0.0%
75th Percentile	14.90x	0.0%	21.8%	0.0%	0.0%
Average	13.79x	0.0%	17.1%	0.0%	0.0%
Median	14.74x	0.0%	18.1%	0.0%	0.0%
25th Percentile	14.31x	0.0%	10.1%	0.0%	0.0%
Low	6.73x	0.0%	6.0%	0.0%	0.0%

Ralph Lauren Corporation Relative Valuation

Implied Enterprise Value (25th Percentile)	\$	19,607
Implied Enterprise Value (Median)	\$	20,199
Implied Enterprise Value (75th Percentile)	\$	20,414
Implied Share Price (25th Percentile)	\$	313.70
Implied Share Price (Median)	\$	323.47
Implied Share Price (75th Percentile)	\$	327.01

Source: FactSet

Investment Theses

Legacy of Timelessness: “Quiet Luxury,” “Coastal Grandmother,” and other variations of the WASP aesthetic have seen a resurgence in popularity through social media apps like Instagram, TikTok, and Pinterest. 57% of fashion shoppers reported recognizing “quiet luxury” and indicated being drawn to high-quality staples. In a general move away from the “hypebeast” and logo-heavy designs of the 2010s, people are gravitating towards brands that provide high quality and timeless elegance. Ralph Lauren maintains an “Old Money” and WASP visual by emphasizing tradition, heritage, and understated quality. Classic or “preppy” themes flow throughout, with chinos, blazers, knitted sweaters, and dark colors being integral parts of Ralph Lauren products.

On top of the shift in sartorial tastes, Generation Z's affinity for suitable shopping and thrifting mean that brands like Ralph Lauren are seeing designs from decades selling for hundreds to thousands of dollars. Secondhand apparel is projected to grow to \$350 million by 2028, which is three times faster than the rest of the apparel industry. As iconic and versatile pieces like the Oxford shirt and the Teddy Bear sweater go viral through styling accounts, these Ralph Lauren pieces are increasingly seen as long-term investments and not temporary presences in a wardrobe. The high quality of the materials, including cotton, cashmere, and leather, transcend seasonality and help build a narrative of durability.

Ralph Lauren has been taking advantage of this consumer phenomena by buying archival pieces that they authenticate and sell for upwards of five times the typical price. In controlling the story and experience, the firm is afforded and added trust that allows them to charge high prices on resale items. This practice has generated \$500 million in revenue, which was about 7% of their total revenue of the most recent fiscal year.

The move to "quiet luxury" also fits perfectly with the guiding forces of the Ralph Lauren brand. The aspirational world Ralph has designed is consistent in its Americana aesthetic, Ivy-League influences, and preppy lifestyle. While some pieces can cost thousands of dollars, Ralph Lauren uses its Polo moniker among others to serve as a relatively affordable entry point to this luxurious world Ralph has dreamt up.

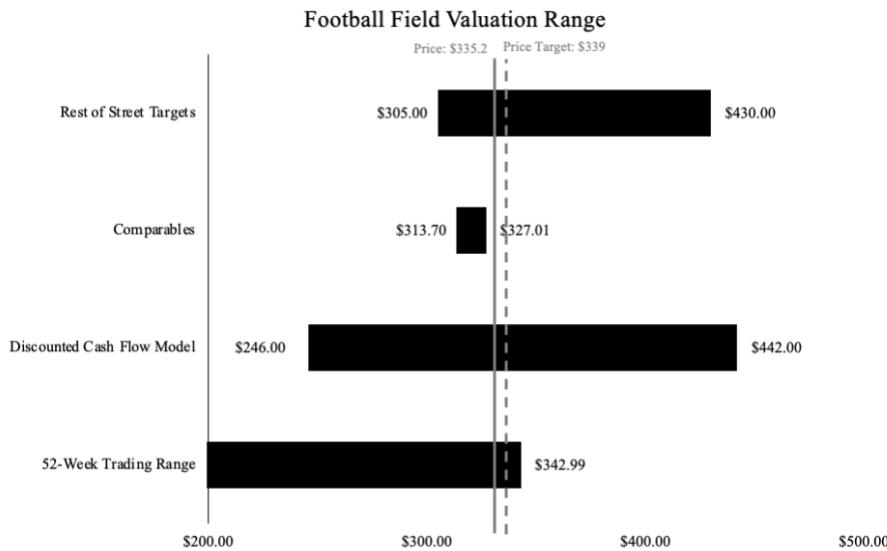
Competitive Edge: With the growing popularity of preppy sports like polo, golf, tennis, and sailing, Ralph Lauren anchors itself as a lifestyle brand that goes beyond articles of clothing and cements partnerships in these areas as authentic parts of the brand heritage customers buy into. Higher income individuals, those who are more likely to become regular and loyal customers, are 78% more likely to follow golf, 59% more likely to follow sailing, and 29% more likely to follow tennis. The selectivity of sports Ralph Lauren chooses to associate with engenders a sense of exclusivity to not become oversaturated. Events like Wimbledon, Team USA Olympics, and most recently the Ryder Cup tie Ralph Lauren to timeless and dignified celebrations that garner respect. The social media coverage from celebrity favorites Wimbledon and the U.S. Open provides a bridge between the general population and exclusive social events. In 2025, the brand generated \$22.4 million in media impact value, with The Princess of Wales driving adding over \$1 million in brand exposure by wearing Ralph Lauren clothes. By purchasing Polo or other RL brands, people all over the world can gain "membership" into elite and expensive places.

Authentically Artificial: Ralph Lauren Corporation is continuing its approach as an early adopter of innovative technologies in the fashion industry by making a large investment in its own artificial intelligence agent. Launched in September 2025, Ask Ralph the product of a collaboration with Microsoft's Azure OpenAI. As RL's in-app conversational shopping assistant, it provides personalized, real-time styling advice and curates unique head-to-toe looks from the current inventory. This new feature reflects the dedication to omnichannel as a viable and lucrative approach to closing new sales. With Ask Ralph, RL will enhance the consumer experience and position itself as a leader among luxury brands in digital commerce.

By implementing AI models, Ralph Lauren is going to be able to optimize inventories through predictive analysis. The artificial intelligence has run successful pilot tests in Asia and Europe to forecast demand and manage pricing that will be expanded in 2026. Innovation Officer David Lauren sees the move to omnichannel as a data-informed retail model that provides scalable opportunities for innovation in retail. In FY25, RL gained 5.9 million new customers from the AI-boosted segmentation of digital-first consumers.

Price Target & Valuation

Our analysis gives (\$RL) a price target of \$339.00 and an (O) weight rating.



Potential Downsides/Upsides to Our Rating

Supply Chain and Cost Pressures: Disruption in the global supply chain Ralph Lauren participates in, including port congestion, shipping delays, geopolitical chokepoint risks, labor shortages, and higher fabric material costs, could impact inventory efficiency and raise costs on both the corporation and consumer. If Ralph Lauren cannot pass these costs off onto customers in the form of less frequent discounts or price increases proportional to inflation increases, gross margins will come under pressure. Despite this seemingly permanent risk that exists in the international retail space, the firm has made progress in diversifying its operations across multiple countries to increase agility and mitigate tariff pressure.

Brand Strength and Expansion: Ralph Lauren is strengthened by its strong brand equity and recognition across North America, Europe, and Asia. Their recent efforts in diversifying their customer base can be seen in the expansion of direct-to-consumer channels in international markets, like in Asia, which has seen rapid revenue growth. European and Asian presence is currently growing at a faster pace than that of North America, helping protect against the austere spending patterns of Americans hit with inflation and tariffs. Ralph Lauren has not only expanded their geographic demographics, but they have been meeting Gen Z demands of sustainability through their circular product initiatives.

Our Price Target: \$339.00
Our price target is based on a 15.2x exit multiple, steady, low single-digit annual revenue growth for Ralph Lauren, driven by stable global demand, a 21% tax rate, and D&A and capex in line with recent history. Margins remain relatively flat as management executes on operational improvements and digital investments, but no major new growth catalyst emerges. The calculated price (\$339.21) is just above the current share price (\$332.77), returning about 1.9%—which essentially reflects a “hold” or neutral/even stance for the stock.

Our Upside Case: \$442.00
Our upside case assumes Ralph Lauren Corporation will see revenue that outpaces the model because of strong international performance, spearheaded by Asia, enhanced brand appeal, and successful execution of digital channel improvement. A strider approach to pricing and discounts, along with supply chain agility, help improve margins. We assume that the company engages positive consumer trends and strategically navigates the macroeconomic environment.

Our Downside Case: \$246.00
Our downside case reflects risks like tariffs, global supply chain issues, margin shrinkage due to cost of inflation, or competitive pressures. In this scenario, revenue falls below the expected value, returns will become flat or negative, and share price potentially drops possibly. Inventory mismanagement or loss of relevance could also trigger lower margins.

DCF Case Values



Operations and Digital Strategy: Ralph Lauren has remained at the forefront of technological adaptation in the context of high-end retailers. Beyond investments in e-commerce and operational efficiency, the company has executed its “Next Generation Transformation” project, which modernizes their digital infrastructure and implements AI to enhance the user experience online. This commitment to innovation and creating seamless customer experiences reflects a potential to reduce costs long-term and improve inventory organization.

Projections

Income Statement (\$mm)	2024A	2025E	2026E	2027E	2028E	CAGR%
Revenue	12,778	7,488	7,901	8,327	8,765	-11.8%
EBITDA	(46)	1,258	1,122	1,182	1,245	-400.0%
EBIT	-	1,041	869	916	964	#DIV/0!
NOPAT	(13)	(12)	(10)	(8)	(9)	-14.0%
Margin & Growth Data	2024A	2025E	2026E	2027E	2028E	AVG%
EBITDA Margin	-0.4%	16.8%	14.2%	14.2%	14.2%	11.8%
EBIT Margin	0.0%	13.9%	11.0%	11.0%	11.0%	9.4%
Revenue Growth	-0.4%	-41.4%	5.5%	5.4%	5.3%	-5.1%
EBIT Growth	#DIV/0!	#DIV/0!	-16.5%	5.4%	5.3%	#DIV/0!
Valuation Metrics	2024A	2025E	2026E	2027E	2028E	AVG%
P/FCF	13.9x	19.2x	24.6x	23.3x	22.2x	20.6x
EV/Sales	1.6x	2.8x	2.6x	2.5x	2.4x	2.4x
EV/EBITDA	-450.4x	16.5x	18.5x	17.6x	16.7x	-76.2x
FCF Yield	7.2%	5.2%	4.1%	4.3%	4.5%	4.7%

About \$RL

Ralph Lauren Corporation (\$RL), founded in 1967, operates as a global leader in the design, fabrication, and distribution of premium products across apparel, lifestyle, fragrance, home furnishings, and accessories. The company's business is organized into North American, European, and Asian segments, spanning a portfolio of iconic brands, including Ralph Lauren, Polo Ralph Lauren, Purple Label, Double RL, and Lauren Ralph Lauren. All of these labels help convey a different aspect of Ralph Lauren's American dream and the combination of heritage and modern luxury. Ralph Lauren Corporation's primary goal is to inspire the dream of a better life through timeless style, focusing on elevating brand desirability, expanding its global reach, and driving sustainable, long-term growth.

Disclosures & Ratings

Consortium Research Group is a not for profit and is not a registered investment advisory corporation. Analysts and leadership are current college students pursuing careers in finance and are not registered investment

advisors. This is not investment advice. The group does not hold any professional relationships with any reported equities unless otherwise stated. All information contained in reports is public information.

Overweight means the analyst team believes the stock price will materially outperform the coverage industry benchmark (TMT, Healthcare, Industrial, Consumer, FIG, Energy & Sustainability) in the next 6-12 months.

Equal Weight means the team expects performance in line with the industry benchmark. **Underweight** means the team expects underperformance relative to the industry benchmark.

Appendix

DCF Analysis (\$mm)																
	FY2020 12/31/20	FY2021 12/31/21	FY2022 12/31/22	FY2023 12/31/23	FY2024 12/31/24	FY2025 12/31/25	FY2026 12/31/26	FY2027 12/31/27	FY2028 12/31/28	FY2029 12/31/29	FY2030 12/31/30	FY2031 12/31/31	FY2032 12/31/32	FY2033 12/31/33	FY2034 12/31/34	FY2035 12/31/35
Sub						0.87	1.87	2.87	3.87	4.87	5.87	6.87	7.87	8.87	9.87	
Discount Period						0.06	0.63	1.63	2.63	3.63	4.63	5.63	6.63	7.63	8.63	
Revenue	1,055	980	816	12,825	12,778	7,488	8,019	8,584	9,183	9,817	10,488	11,197	11,944	12,730	13,555	14,420
Revenue Growth	0%	7%	-17%	1473%	0%	-41%	7%	6%	6%							
Total Revenue	6,160	4,401	6,219	6,444	6,631	3,193	3,289	3,384	3,478	3,571	3,662	3,751	3,839	3,924	4,007	4,087
0.00	3,742	3,643	3,372	3,191	3,074	2,442	2,711	3,003	3,320	3,663	4,033	4,432	4,860	5,319	5,810	6,333
0.00	3,742	3,643	3,372	3,191	3,074	1,853	2,020	2,197	2,385	2,584	2,793	3,014	3,245	3,486	3,738	4,000
EBIT	0	0	0	0	0	1,041	1,083	1,159	1,240	1,325	1,416	1,512	1,612	1,719	1,830	1,947
EBIT Margin	0%	0%	0%	0%	0%	14%										
Tax Expense	13	12	10	8	9	228	227	243	260	278	297	317	339	361	384	409
Effective Tax Rate	7%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	22%	21%									
NOPAT	(13.45)	(12.04)	(10.22)	(7.98)	(8.57)	\$12.89	855.25	915.44	979.32	1,046.99	1,118.57	1,194.57	1,273.82	1,357.64	1,445.65	1,537.87
D&A	(68)	(50)	(41)	4	(46)	217	257	275	294	314	336	358	382	407	434	461
Capex	(779)	(782)	(393)	(599)	(1,511)	216	361	386	413	442	472	504	537	573	610	649
Changes in NWC	0	0	0	0	0	(236)	(241)	(258)	(275)	(295)	(315)	(336)	(358)	(382)	(407)	(433)
UFCF	697	720	341	595	1,456	1,050	992	1,061	1,135	1,214	1,297	1,385	1,477	1,574	1,676	1,783
PV of FCF						1,043	934	910	885	861	837	812	788	764	740	716

Weighted Average Cost of Capital (\$mm)

Market Risk Premium	5.10%
Beta	1.53
Risk Free Rate	4.39%
Cost of Equity	8.99%
Weighted Average Cost of Debt	4.50%
Tax Rate	21.00%
Cost of Debt	0.94%
Total Equity	\$20,302
Total Debt	\$584
Equity/Total Capitalization	73.61%
Debt/Total Capitalization	26.39%
WACC	9.93%

Terminal Value

Perpetuity Growth Method
2034 FCF
\$1,783
Growth
3.00%
Terminal Value
\$25,720
PV of Terminal Value
\$10,335
PV of Projection Period
\$9,292
PV of Terminal Value
\$10,335
Implied TEV
\$19,627
(-) Debt
\$2,668
(+) Cash
\$2,084
Implied Equity Value
\$19,043
Basic Shares Outstanding
61
Implied Share Price
\$314.03
Upside/Downside
-6.20%

Terminal Value

Exit Multiple Method
2034 EBIT
\$1,947
EV/EBIT Exit Multiple
15.2x
Terminal Value
\$29,589
PV of Terminal Value
\$11,889
PV of Projection Period
\$9,292
PV of Terminal Value
\$11,889
Implied TEV
\$21,181
(-) Debt
\$2,668
(+) Cash
\$2,084
Implied Equity Value
\$20,597
Diluted Shares Outstanding
61
Implied Share Price
\$339.66
Upside/Downside
1.5%

Blended Share Price

Perpetuity Growth Method	0%
Exit Multiple Method	100%
Blended Share Price	\$339.66
Upside/Downside	1.45%