



Lacing Up Timberland

<http://www.fool.com/news/mft/2005/mft05031018.htm>

By Lawrence Meyers
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As reported [here](#) recently, **Timberland**([NYSE: TBL](#)) booted another quarter solidly between the uprights, sending the stock up and me back to my spreadsheet on the company. I [wrote](#) about Timberland a few months ago, and to this day, I remain puzzled at how a retailer can continue to perform so strongly year after year. My concern has always been the [fickle nature](#) of the retail business. Somehow, though, the folks at Timberland either can predict style trends (less likely) or spend more time focusing on just making good products (more likely) and knowing customers will buy for that reason alone.

The other thing I really like about Timberland is how management has handled its money. Here is a company that's been around for more than 30 years and is still boasting some pretty incredible numbers, as per Yahoo! Finance. Along with an enterprise value of \$2.14 billion and an enterprise value-to-EBITDA ratio of 8.31, trailing-12-months numbers include a net margin of 10.18%, an operating margin of 15.6%, return on assets of 23.52%, return on equity of 32.84%, operating cash flow of \$179 million, and free cash flow of \$149 million.

This may be one of those rare companies that is still growing at a good clip and could be considered value-priced in many ways. Fellow Fool Mike Cianciolo pointed out that Timberland is relatively cheap compared with competitors like **Wolverine World Wide**([NYSE: WWW](#)) and **Nike**([NYSE: NKE](#)) on a price-to-earnings basis. I also see a surprisingly low, though not dirt cheap, enterprise value-to-EBITDA ratio.

Also, neither Wolverine World Wide nor Nike sports margins comparable to Timberland's. Wolverine's net margins are 6.67%, and its return on assets and return on equity are half that of Timberland's. Nike's margins are about two-thirds that of Timberland.

Timberland's well-managed growth has led to some very strong returns for stock market investors -- the stock has beaten the Standard & Poor's 500 over virtually all periods, and there's no sign that things will change.

For more, see:

- [Timberland Scales New Heights](#)
- [Taking Timberland for a Walk](#)
- [One Slick Stock](#)

Fool contributor [Lawrence Meyers](#) owns none of the stocks mentioned in this article and reminds you to do your own research before investing.