

Assignment 8 LIVE CASE STUDY

VALUATION

Objective: To analyze and compare the financial multiples of different companies within the same industry to evaluate their relative valuation and performance.

Key steps:

1. Obtain data on relative financial multiples of your company and other peer competitors
2. Assess growth patterns
3. Evaluate your firm in relative terms

Framework for analysis:

1. Collect the following financial data: EBIT, Interest coverage ratio, Total Assets, ROA, ROE, and some multiples (e.g., P/E, P/BV and P/Sales) for your company and at least one competitor.
2. Estimate the growth patterns of operative earnings and size (total assets), to evaluate the firm in the last 3-5 years (you can have a quantitative or qualitative approach, meaning that you might want to work on accounting data or check firms' report to obtain the result). Do this for both your company and the competitor
3. Make a judgment about whether your firm is in a stable growth pattern or in a high growth pattern (does it grow more than the industry peers? What does the firm declare about its growth? What is the reinvestment rate of your company?).
4. Create a table comparing the variables in point 1 for each company. Briefly comment the main differences that you find.