

Equity Research (EQR)

Individual Assignment 2

Masters in Finance (Elective Course)

2020/2021, 1st Semester

DEADLINE: 04/01/2021 23:59h, submit through Aquila:

- xls file for A) and B);
- doc file for B) and C).

Subject Company: The company to be valued in the MFW

This assignment consists of a preliminary forecast and valuation of the subject company for the MFW, including the following chapters:

- Research snapshot (first part only)
- Valuation
- Investment risks

DESCRIPTION:

A) (8.0 points) Forecast the three main financial statements until 2025F:

- Assumptions should have a reasonable economic rationale and should be detailed in the “Assumptions” Appendix;
- At this stage, forecasts set by the company can be used (e.g., strategic goals).

B) (9.0 points) Based on the forecasts in A), estimate the price target for 2021YE and issue an investment recommendation.

- Text limited to 400 words – not including Tables and Figures;
- At this stage, inputs for the DCF (e.g., cost of capital, g , etc.) can be obtained directly from Thomson Reuters Eikon or Bloomberg.

C) (3.0 points) Several risks can jeopardize the investment recommendation in B). Stress some of these risks to assess the robustness of the investment recommendation.

- Text limited to 200 words – not including Tables and Figures (optional);
- The risk matrix is not required.