

Investment Case for Etsy (ETSY)



A DISCOUNTED CASH
FLOW (DCF) VALUATION
& SENSITIVITY ANALYSIS



YOUR NAME



DATE

Executive Summary



Objective: Assess the intrinsic value of Etsy using DCF modeling.



Key Finding: Estimated intrinsic value of \$9.68 billion.



Recommendation: [BUY/HOLD/SELL] based on market price.

Company Overview

1

Etsy's Business Model: Online marketplace for handmade and vintage goods.

2

Competitive Advantage: Niche market, strong brand, and asset-light model.

3

Growth Drivers: Expansion into international markets, strategic partnerships.

Financial Highlights



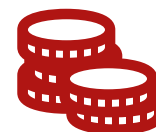
Total Revenue
(Latest Year): \$2.56
billion



Gross Profit Margin:
~71%



Net Income: -\$694
million (due to one-
time charges)



Operating Income:
\$386 million

DCF Valuation Methodology

Approach: Free Cash Flow to Firm (FCFF)

Key Assumptions:

- Growth Rate: 5%

- Discount Rate (WACC): 8%

- Terminal Growth Rate: 2%

DCF Valuation Results



Forecasted Free Cash
Flows (Next 5 Years)



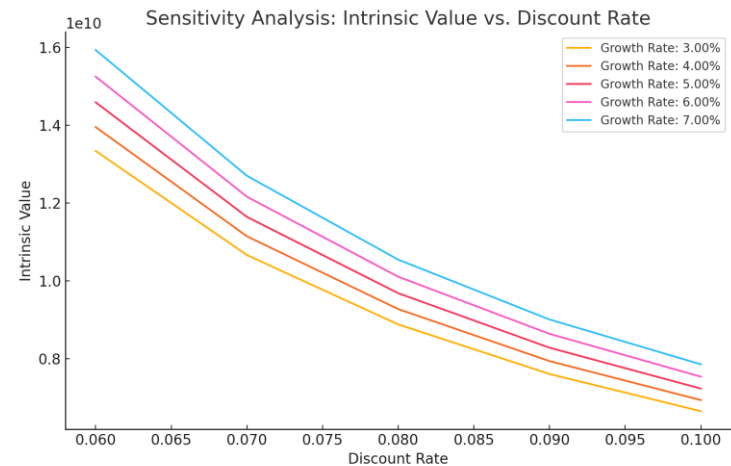
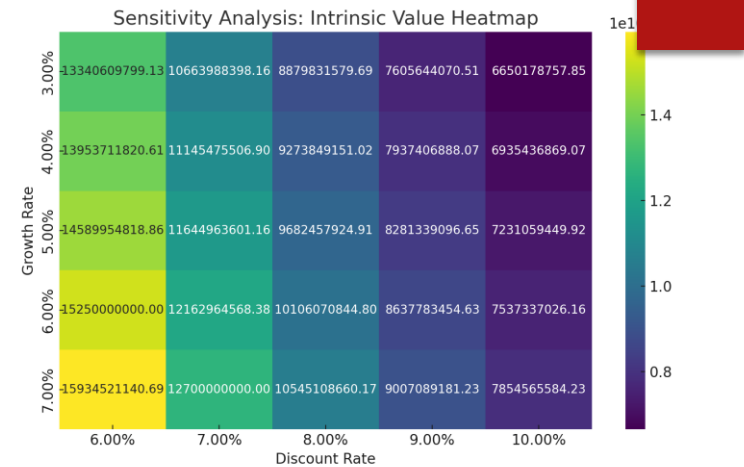
Terminal Value
Calculation



Discounted Cash
Flows & Intrinsic Value:
\$9.68 billion

Sensitivity Analysis

- Impact of Growth Rate & Discount Rate on Intrinsic Value
- Graph: Intrinsic Value vs. Discount Rate
- Heatmap Visualization



Key Investment Considerations

1

Strengths: Scalable platform, strong margins, loyal customer base.

2

Risks: Competition from Amazon Handmade & eBay, macroeconomic headwinds.

3

Opportunities: International expansion, product diversification.

Investment Recommendation



BUY if the market cap
is significantly below
\$9.68 billion.



HOLD if fairly valued
with strong future
prospects.



SELL if overvalued with
uncertain growth.