



**RENAULT**  
Passion for life



# SUMMARY

Capital structure

General Ratios

Equity valuation with the Dividend Discount Model

Conclusion



The **ratio** is used to evaluate a company's financial leverage

**DEBT TO EQUITY = Total Liabilities/Shareholder's EQUITY**

2017 DATA = **49891/33385**

2018 DATA = **52675/35489**

	<b>Year 2017</b>	<b>Year 2018</b>
<b>Debt to Equity</b>	1,49	1,48



% of Assets from debt

**DEBT RATIO = DEBT/(DEBT+EQUITY)**

2017 DATA = **49891/(49891+33385)**

2018 DATA = **52675/(52675+35489)**

**2017**

**DEBT RATIO = 0,6%**

**2018**

**DEBT RATIO = 0,6%**



## GENERAL RATIOS

P/E ratios are used by investors and analysts to determine the relative value of a company's shares

**P/E Ratio = Share Price / Earnings per Share**

2017 DATA = **83,38/4,95**

2018 DATA = **88,57/3,55**

**2017**

P/E RATIO = **16,84%**

**2018**

P/E RATIO = **24,9%**



Measures how many dollars of net income have been earned by each share of common stock

**EPS = Net Income / Number of shares outstanding**

2017 DATA = **5215 / 290,47**

2018 DATA = **3302 / 289,23**

**2017**

EPS RATIO = **17,95%**

**2018**

EPS RATIO = **11,41%**



## GENERAL RATIOS

Sum of declared dividends issued by a company for every ordinary share outstanding. Important metric to investors because the amount a firm pays out in dividends directly translates to income for the shareholder

**DPS = Total Dividend / Number of shares outstanding**

**2017 DATA = 856 712 891 / 290 470 000**

**2018 DATA = 987 127 299 / 289 230 000**

**2017**

**DPS RATIO = 2,95%**

**2018**

**DPS RATIO = 3,41%**

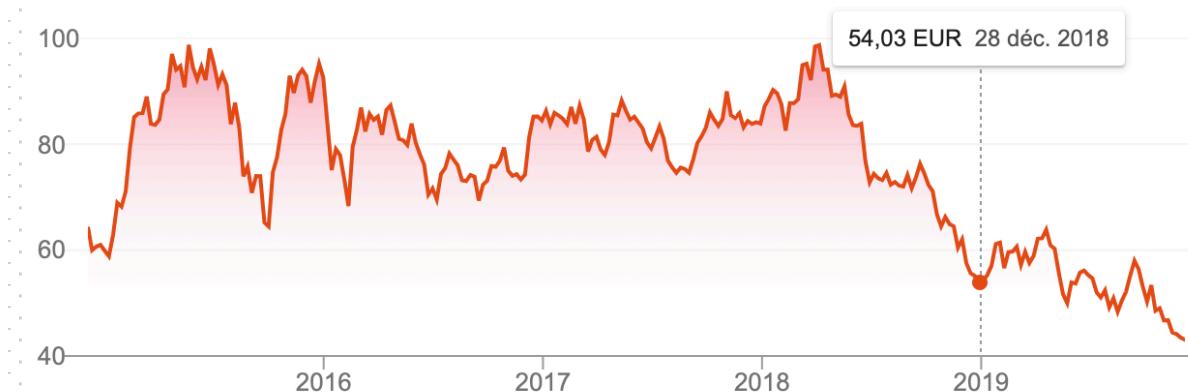
## GENERAL RATIOS

= The amount of money a company pays shareholders (over the course of a year) for owning a share of its stock divided by its current stock price

### Dividend Yield = DPS / Price per Share

$$\text{2017 DATA} = 2,95 / 83,91 = 3,5\%$$

$$\text{2018 DATA} = 3,41 / 54,03 = 6,3\%$$





## GENERAL RATIOS

% of a company's earnings that is paid out as dividends to shareholders

**Pay-out Ratio = Total Dividend / Net Income**

2017 DATA = **856 712 891 / 5215**

2018 DATA = **987 127 299 / 3302**

**2017**

Pay-out RATIO = **0,16%**

**2018**

Pay-out RATIO = **0,29%**



## GENERAL RATIOS

Measures how effectively management is using a company's assets to create profits

As a shortcut, investors can consider a return on equity near the long-term average of the S&P 500 (14%) as an acceptable ratio and anything less than 10% as poor.

**Return on equity = Net Income / Total shareholder's equity (t-1)**

**2017 DATA = 5215 / 33385**

**2018 DATA = 3302 / 35489**

**2017**

**ROE= 15%**

**2018**

**RAO = 9,3%**



# Dividend Discount Model

$$P_N = \frac{Div_{N+1}}{r_E - g}$$

**2017 DATA :**

Dividend / action : 3,55 €

ROE 2017 = **15%**

g = ?

**2018 DATA :**

Dividend / action : 3,55 €

ROE 2018 = **9,3%**

g = ?



# Equity valuation with the Dividend Discount Model

## 2017 DATA :

Dividend / action : 3,55 €

Requity 2017 = **6,02%**

g = ?

Free Cash Flow 2017:

2 101 000 000

Market Interest rate: 2,5%

## PV calculation:

$$PV = C/R$$

$$PV = 2 101 000 000 / 0,025$$

$$PV = 84 040 000 000$$

## 2018 DATA :

Dividend / action : 3,55 €

Requity 2018 = **6,02%**

g = ?

Free Cash Flow 2018:

1 878 000 000

Market Interest rate: 2,5%

## PV calculation:

$$PV = C/R$$

$$PV = 1 878 000 000 / 0,025$$

$$PV = 75 120 000 000$$



# Equity valuation with the Dividend Discount Model

**2017 DATA :**

Dividend / action : 3,55 €

ROE 2017 = **15%**

g = ?

**PV = 84 040 000 000**

**g = (FP – PV) / PV**

$g = (86\ 141\ 000\ 000 - 84\ 040\ 000\ 000) / 84\ 040\ 000\ 000$

g = 2,5%

**FV calculation:**

$FV = PV \times (1 + \text{interest rate})$

$FV = 84\ 040\ 000\ 000 \times (1 + 0,025)$

$FV = 86\ 141\ 000\ 000$

**2018 DATA :**

Dividend / action : 3,55 €

ROE 2018 = **6,02%**

g = ?

**PV = 75 120 000 000**

**g = (FP – PV) / PV**

$g = (76\ 998\ 000\ 000 - 75\ 120\ 000\ 000) / 75\ 120\ 000\ 000$

g = 2,5%

**FV calculation:**

$FV = PV \times (1 + \text{interest rate})$

$FV = 75\ 120\ 000\ 000 \times (1 + 0,025)$

$FV = 76\ 998\ 000\ 000$



## Dividend Discount Model

$$P_N = \frac{Div_{N+1}}{r_E - g}$$

**2017 DATA :**

Dividend / action : 3,55 €

Requity 2017 = **6,02%**

g = 2,5 %

**P<sub>2017</sub> = 100,85 €**

**2018 DATA :**

Dividend / action : 3,55 €

Requity 2018 = **6,02%**

g = 2,5 %

**P<sub>2018</sub> = 100,85 €**

## Conclusion

- The company's finance leverage were **higher in 2017** than 2018, so **the company improved in its indebtedness.**
- In terms of PER, Renault got a **higher annual net benefit payment** on it shares in the market of the year **2018**.
- The **net income after tax** that is divided by the common stockholders were higher in 2017 because they maked a **40% better** income.
- However in 2018 Renault had a **better dividends ratio per ordinary share outstanding**, in this year the dividend yeld were more attractive **(6,3%)** to the market.
- That's why the **percentage of the company's earnings** that is paid out to shareholders was **almost double** that the previous year.
- Finally Renault used in a more effective way the companys assets to **create profits in 2017**, as we know, (14%) as an acceptable ratio and **anything less than 10%** as poor.

# THANK YOU FOR YOUR ATTENTION

