



## Breathing exercise

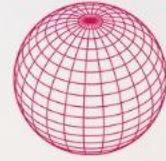


REC

# LIFE LESSONS OF A FINANCIAL ANALYST



VALUATION MASTER CLASS  
by  
*A. Slatz*  
INVESTMENT  
RESEARCH



VALUATION MASTER CLASS

by  
*A. Stotz* INVESTMENT  
RESEARCH



Weak minds hold strong opinions;  
strong minds hold weak opinions.

# Weak minds hold strong opinions; strong minds hold weak opinions

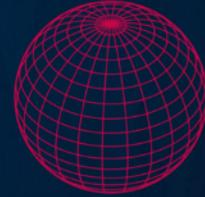
- ★ A weak-minded person feels confident and comfortable holding firm to their opinion
- ★ Those with strong minds are more open to uncertainty and complexity, holding more tentative or flexible views (weak opinions)
- ★ A strong-minded person tries to see both sides of a story



Andrew Stotz, PhD, CFA

# Weak minds hold strong opinions; strong minds hold weak opinions

- ★ An even bigger challenge is to keep two opposing ideas in your head at the same time
- ★ Most things in life are not as sure as they seem, so learn to be less confident in your opinions



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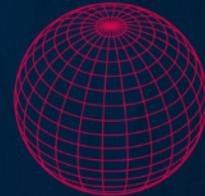
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# The economist John Maynard Keynes said



“When the facts  
change, I change my  
mind.”



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# Start with the customer, not the...

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# Don't waste your energy on just sprints...

---



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# You made it through Week 1



- Performance review update of Week 1
- How to come up with a great story
- Get to know your final company
- Week 2 assignment instructions

# You made it through Week 1



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- Performance review update of Week 1
- How to come up with a great story
- Get to know your final company
- Week 2 assignment instructions

# Team 1

# Last Friday

Team 1	Score	Lectures				Team	Project		
		Acct. found.	Compet. adv.	Three margins	Real sou. of val.		Industry analysis	Present	Account ability
victor alalade	100	x	x	x	x	x	x	x	x
Aya Tawheed khater	88	x	x	x		x	x	x	x
Sneha Seth	88	x	x	x		x	x	x	x
Mohaned Abayazeed	88	x	x	x		x	x	x	x
Opeyemi Ogunwale	75	x	x			x	x	x	x
Yasmine Fakhfakh	75	x	x			x	x	x	x
Amina Meky	75	x	x	x		x	x	x	
Mohamed Hassan	63	x				x	x	x	x
Oluwadamilare Adeleye	63	x				x	x	x	x
Shubhangi Vaish	50					x	x	x	x
Kritvi Gera	25	x						x	
chen huan teow	-								
Tolulope Akande	-								
VAIBHAV PARMAR	-								

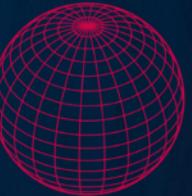
**Andrew Stotz, PhD, CFA**

- 80-100% Leaders
- 60-79% Survivors
- <60% DOR
- Only 1 @ 100
- No DORs yet
- 5 At risk of dropping out on Monday

# Team 1

# Updated

Team 1	Score	Lectures				Team	Project		Accountability
		Acct. found.	Compet. adv.	Three margins	Real sou. of val.		Team Meet	Industry analysis	
victor alalade	100	x	x	x	x	x	x	x	x
Aya Tawheed khater	100	x	x	x	x	x	x	x	x
Sneha Seth	100	x	x	x	x	x	x	x	x
Mohaned Abayazeed	100	x	x	x	x	x	x	x	x
Mohamed Hassan	100	x	x	x	x	x	x	x	x
Yasmine Fakhfakh	88	x	x	x		x	x	x	x
Amina Meky	88	x	x	x	x	x	x	x	
Oluwadamilare Adeleye	88	x	x	x		x	x	x	x
Kritvi Gera	88	x	x	x	x	x	x		x
Opeyemi Ogunwale	75	x	x			x	x	x	x
Shubhangi Vaish	50					x	x	x	x
chen huan teow	38	x	x	x					
Tolulope Akande	-								
VAIBHAV PARMAR	-								



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- 80-100% Leaders
- 60-79% Survivors
- <60% DOR
- 5 @ 100
- 4 DORs

# Team 2

# Last Friday

Team 2	Score	Lectures				Team Meet	Project		Account ability
		Acct. found.	Compet. adv.	Three margins	Real sou. of val.		Industry analysis	Present	
Farwa batool	88	x	x	x	x	x	x		x
Zishan Ali	75	x	x			x	x	x	x
Sanjana Sarsam	75	x	x			x	x	x	x
Harika Enjamuri	63	x				x	x	x	x
Sagar Yadav	63	x				x	x	x	x
Gninnankan Samira Ouattara	63			x		x	x	x	x
Ozioma Nwankwo	63	x				x	x	x	x
Oluwatimilehin Agbejimi	50					x	x	x	x
Rajat Jindal	38					x	x		x
Aditya Bharadwaj	13								x
Aslesha Agarwal	13								x
Vishan Sharma	-								

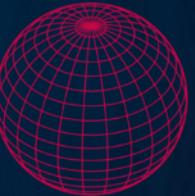
**Andrew Stotz, PhD, CFA**

- 80-100% Leaders
- 60-79% Survivors
- <60% DOR
- 0 @ 100
- 1 DOR
- 4 At risk of dropping out on Monday

# Team 2

# Updated

Team 2	Score	Lectures				Team Meet	Project		Account ability
		Acct. found.	Compet. adv.	Three margins	Real sou. of val.		Industry analysis	Present	
Zishan Ali	100	x	x	x	x	x	x	x	x
Sanjana Sarsam	100	x	x	x	x	x	x	x	x
Harika Enjamuri	100	x	x	x	x	x	x	x	x
Gninnankan Samira Ouattara	100	x	x	x	x	x	x	x	x
Ozioma Nwankwo	100	x	x	x	x	x	x	x	x
Rajat Jindal	100	x	x	x	x	x	x	x	x
Farwa batool	100	x	x	x	x	x	x	x	x
<u>Sagar Yadav</u>	<u>63</u>	x				x	x	x	x
Oluwatimilehin Agbejimi	50					x	x	x	x
Aditya Bharadwaj	13								x
Aslesha Agarwal	13								x
Vishan Sharma	-								



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- 80-100% Leaders
- 60-79% Survivors
- <60% DOR
- 6 @ 100
- 4 DORs

# Team 3

# Last Friday

Team 3	Score	Lectures				Team	Project			
		Acct. found.	Compet. adv.	Three margins	Real sou. of val.		Team Meet	Industry analysis	Present	Account ability
Mohammed Abdul Basith	88	x	x	x			x	x	x	x
Mary Akinkuowo	88	x	x	x			x	x	x	x
Pranjal Jain	75	x	x	x			x	x		x
Priyanshu Jain	75	x	x	x			x		x	x
Krishna Kumar Tiwari	75	x	x				x	x	x	x
Akedanai Tamrongwathanagun	63	x					x	x	x	x
Chaarvi Sood	63	x					x	x	x	x
Anant Narayan Dash	50						x	x	x	x
Shorob Das	38						x	x	x	x
SUNDAY ODEYALE	38						x	x		x
Clara Clarizza	13								x	
Jobanpreet Singh	-									
Shashwat Srivastava	-									

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- 80-100% Leaders
- 60-79% Survivors
- <60% DOR
- 0 @ 100
- No DORs
- 6 At risk of dropping out on Monday

# Team 3

# Updated

Team 3	Score	Lectures				Team Meet	Project		
		Acct. found.	Compet. adv.	Three margins	Real sou. of val.		Industry analysis	Present	Account ability
Mohammed Abdul Basith	100	x	x	x	x	x	x	x	x
Mary Akinkuowo	100	x	x	x	x	x	x	x	x
Pranjal Jain	100	x	x	x	x	x	x	x	x
Priyanshu Jain	100	x	x	x	x	x	x	x	x
Krishna Kumar Tiwari	100	x	x	x	x	x	x	x	x
Akedanai Tamrongwathanagun	100	x	x	x	x	x	x	x	x
Chaarvi Sood	100	x	x	x	x	x	x	x	x
Anant Narayan Dash	100	x	x	x	x	x	x	x	x
SUNDAY ODEYALE	100	x	x	x	x	x	x	x	x
Clara Clarizza	88	x	x	x	x	x	x		x
Jobanpreet Singh	88	x	x	x	x	x	x	x	
Shorob Das	75	x	x			x	x	x	x
Shashwat Srivastava	-								



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- 80-100% Leaders
- 60-79% Survivors
- <60% DOR
- 9 @ 100
- 1 DOR

# Team 4

# Last Friday

Team 4	Score	Lectures				Team Meet	Project		
		Acct. found.	Compet. adv.	Three margins	Real sou. of val.		Industry analysis	Present	Accountability
Omkar V	88	x	x	x		x	x	x	x
Rachael Ilori	75	x	x			x	x	x	x
Georgii Khvedelidze	63	x				x	x	x	x
Kumporn Pengtong	50					x	x	x	x
Patheera Hutachoke	50					x	x	x	x
Laiba Rasool	50					x	x	x	x
Haidy amin	50					x	x	x	x
toaa elgohary	50	x				x	x	x	
Rimpy Mishra	50					x	x	x	x
Blessing Akanbi	25	x					x		
Krupa Vora	-								
Ovoke Ohwoganohwo	-								

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- 80-100% Leaders
- 60-79% Survivors
- <60% DOR
- 0 @ 100
- No DORs
- 9 At risk of dropping out on Monday

# Team 4

# Updated

Team 4	Score	Lectures				Team Meet	Project		Account ability
		Acct. found.	Compet. adv.	Three margins	Real sou. of val.		Industry analysis	Present	
Omkar V	100	x	x	x	x	x	x	x	x
Rachael Ilori	100	x	x	x	x	x	x	x	x
Georgii Khvedelidze	100	x	x	x	x	x	x	x	x
Kumporn Pengtong	100	x	x	x	x	x	x	x	x
Pattheera Hutachoke	100	x	x	x	x	x	x	x	x
Laiba Rasool	100	x	x	x	x	x	x	x	x
Haidy amin	88	x	x	x		x	x	x	x
toaa elgohary	88	x	x	x	x	x	x	x	
Ovoke Ohwoganohwo	88	x	x	x	x	x	x	x	
Blessing Akanbi	63	x	x	x	x		x		
Rimpy Mishra	50					x	x	x	x
Krupa Vora	-								



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- 80-100% Leaders
- 60-79% Survivors
- <60% DOR
- 6 @ 100
- 2 DORs

# Last Friday

Team 5	Score	Lectures				Team Meet	Project		Account ability
		Acct. found.	Compet. adv.	Three margins	Real sou. of val.		Industry analysis	Present	
Rajat Chopdekar	75	x	x			x	x	x	x
Bolade Mayowa	75	x	x	x	x	x	x		
Damilola Olufidipe	75	x	x			x	x	x	x
Olayemi yisau	63	x				x	x	x	x
Muhammed Al-ameen Ajenifuja	50	x				x		x	x
David Martins Fadahunsi	50					x	x	x	x
Rithen Reddy Dhareddy	50	x				x		x	x
Prakash Kandel	38	x				x	x		
Roheemoh Aminulahi	38	x				x		x	
Oluwatobi Olorundare	13								x



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- 80-100% Leaders
- 60-79% Survivors
- <60% DOR
- 0 @ 100
- No DORs
- 6 At risk of dropping out on Monday

# Team 5

# Updated

Team 5	Score	Lectures					Team Meet	Project	
		Acct. found.	Compet. adv.	Three margins	Real sou. of val.	Industry analysis		Present	Account ability
Rajat Chopdekar	100	x	x	x	x	x	x	x	x
Olayemi yisau	100	x	x	x	x	x	x	x	x
Roheemoh Aminulahi	100	x	x	x	x	x	x	x	x
Muhammed Al-ameen Ajenifuja	88	x	x	x	x	x		x	x
Rithen Reddy Dhareddy	88	x	x	x	x	x		x	x
Prakash Kandel	88	x	x	x	x	x	x	x	
Oluwatobi Olorundare	88	x	x	x	x	x	x		x
Bolade Mayowa	75	x	x	x	x	x	x		
Damilola Olufidipe	75	x	x			x	x	x	x
David Martins Fadahunsi	63	x			x	x	x	x	x



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- 80-100% Leaders
- 60-79% Survivors
- <60% DOR
- 3 @ 100
- 0 DORs

# Team 6

# Last Friday

Team 6	Score	Lectures				Team	Project		
		Acct. found.	Compet. adv.	Three margins	Real sou. of val.		Team Meet	Industry analysis	Present
Shriya Jitendran	88	x	x	x		x	x	x	x
peerawat kulcharasamnuay	63	x	x	x		x			x
Jeremiah Fasakin	63	x	x			x	x		x
Andy Nguyen	63	x	x			x	x		x
Yash Baliyan	50					x	x	x	x
Kaustubh Kumar	50					x	x	x	x
Ployruethai Kanokwiroon	38	x					x	x	
Blessing Olajide	25					x			x
Gourav Yadav	25					x			x
Giridharan Srinivasan	0								
Ayush Shankaram	0								
Joshua Oyewale	0								
Diya Shah	0								

**Andrew Stotz, PhD, CFA**

- 80-100% Leaders
- 60-79% Survivors
- <60% DOR
- 0 @ 100
- No DORs
- 9 At risk of dropping out on Monday

# Team 6

# Updated

Team 6	Score	Lectures				Team Meet	Project		Account ability
		Acct. found.	Compet. adv.	Three margins	Real sou. of val.		Industry analysis	Present	
Shriya Jitendran	100	x	x	x	x	x	x	x	x
Jeremiah Fasakin	100	x	x	x	x	x	x	x	x
Yash Baliyan	100	x	x	x	x	x	x	x	x
Blessing Olajide	100	x	x	x	x	x	x	x	x
peerawat kulcharasamnuay	88	x	x	x	x	x	x		x
Ployruethai Kanokwiroon	88	x	x	x	x	x		x	x
Andy Nguyen	75	x	x	x		x	x		x
Ayush Shankaram	75	x	x	x	x		x	x	
Kaustubh Kumar	50					x	x	x	x
Gourav Yadav	25						x		x
Diya Shah	25						x	x	
Giridharan Srinivasan	0								
Joshua Oyewale	0								



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- 80-100% Leaders
- 60-79% Survivors
- <60% DOR
- 4 @ 100
- 5 DORs

# Last Friday

	Score	Lectures				Team	Project		
		Acct. found.	Compet. adv.	Three margins	Real sou. of val.		Team Meet	Industry analysis	Present
Team 7									
Yasmina Kafafy	100	x	x	x	x	x	x	x	x
John Paul Juaban	88	x	x	x		x	x	x	x
amira tarek	88	x	x	x		x	x	x	x
Aishat Oseni	75	x	x			x	x	x	x
Malak Nabhan	75	x	x			x	x	x	x
Yuvraj Anand	50					x	x	x	x
Awatf Hosni	50	x	x			x			x
Akhil Manoharan	38	x				x			x
Michael Oguntoyinbo	38					x	x		x
Zaher Khalif	38	x				x			x
Maha Hesham	38					x	x	x	
Chaitanya Gupta	25	x				x			
Nishtha Jain	25					x	x		
Supawech Sangtrakool	13							x	
Peter Olaewe	13								x
omotola otukoya	0								

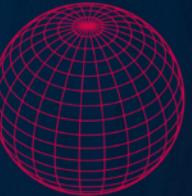
**Andrew Stotz, PhD, CFA**

- 80-100% Leaders
- 60-79% Survivors
- <60% DOR
- 1 @ 100
- No DORs
- 11 At risk of dropping out on Monday

# Team 7

# Updated

Team 7	Score	Lectures				Team Meet	Project		Account ability
		Acct. found.	Compet. adv.	Three margins	Real sou. of val.		Industry analysis	Present	
Yasmina Kafafy	100	x	x	x	x	x	x	x	x
John Paul Juaban	100	x	x	x	x	x	x	x	x
amira tarek	100	x	x	x	x	x	x	x	x
Aishat Oseni	100	x	x	x	x	x	x	x	x
Malak Nabhan	100	x	x	x	x	x	x	x	x
Yuvraj Anand	100	x	x	x	x	x	x	x	x
Awatf Hosni	100	x	x	x	x	x	x	x	x
Akhil Manoharan	100	x	x	x	x	x	x	x	x
Maha Hesham	88	x	x	x	x	x	x	x	
Chaitanya Gupta	88	x	x	x	x	x	x	x	
Supawech Sangtrakool	63	x				x	x	x	x
Michael Oguntoyinbo	38					x	x		x
Zaher Khalif	38	x				x			x
Nishtha Jain	25					x	x		
Peter Olaewe	13						x		
omotola otukoya	0								



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- 80-100% Leaders
- 60-79% Survivors
- <60% DOR
- 8 @ 100
- 5 DORs

# Team 8

# Last Friday

Team 8	Score	Lectures				Team Meet	Project		
		Acct. found.	Compet. adv.	Three margins	Real sou. of val.		Industry analysis	Present	Account ability
Trixie Marie Masaoy	88	x	x	x		x	x	x	x
Aalimah Ahmad	88	x	x	x		x	x	x	x
Arnav Kapoor	88	x	x	x		x	x	x	x
Aye Pyae Phyo	88	x	x	x		x	x	x	x
Priyanshu Chaurasia	63	x				x	x	x	x
Shorouk Ashraf Meselhy	63	x				x	x	x	x
Haneen Ashraf	63	x				x	x	x	x
Aayush Gopal	63	x	x			x	x	x	
Peter Akinyode	50	x				x	x	x	
Glory Nwachukwu	50	x				x	x		x
Chethan Sreenivasa Reddy	50					x	x	x	x
Daksh Vaja	50	x	x			x			x
Ashish Lalwani	50	x	x			x	x		
Abhilash Banerjee	0								

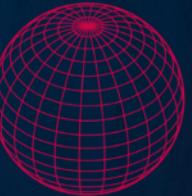
**Andrew Stotz, PhD, CFA**

- 80-100% Leaders
- 60-79% Survivors
- <60% DOR
- 0 @ 100
- 1 DOR
- 6 At risk of dropping out on Monday

# Team 8

# Updated

Team 8	Score	Lectures				Team Meet	Project		Account ability
		Acct. found.	Compet. adv.	Three margins	Real sou. of val.		Industry analysis	Present	
Trixie Marie Masaoy	100	x	x	x	x	x	x	x	x
Aalimah Ahmad	100	x	x	x	x	x	x	x	x
Arnav Kapoor	100	x	x	x	x	x	x	x	x
Aye Pyae Phyo	100	x	x	x	x	x	x	x	x
Priyanshu Chaurasia	100	x	x	x	x	x	x	x	x
Shorouk Ashraf Meselhy	100	x	x	x	x	x	x	x	x
Chethan Sreenivasa Reddy	100	x	x	x	x	x	x	x	x
Peter Akinyode	88	x	x	x	x	x	x	x	
Glory Nwachukwu	88	x	x	x	x	x	x		x
Ashish Lalwani	88	x	x	x	x	x	x	x	
Aayush Gopal	75	x	x	x		x	x	x	
Haneen Ashraf	63	x				x	x	x	x
Daksh Vaja	50	x	x			x			x
Abhilash Banerjee	0								



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- 80-100% Leaders
- 60-79% Survivors
- <60% DOR
- 7 @ 100
- 2 DORs

# Last Friday

Team 9	Score	Lectures				Team Meet	Project		Account ability
		Acct. found.	Compet. adv.	Three margins	Real sou. of val.		Industry analysis	Present	
Yusuf Oladele	88	x	x	x	x	x	x	x	x
Sanvitha Kovvuri	88	x	x	x		x	x	x	x
Ayushmita Ghosal	88	x	x	x		x	x	x	x
Đinh Kim Tùng	75	x	x			x	x	x	x
Soundharya Raghavan	75	x	x			x	x	x	x
Sann Wai Lhyan	75	x	x			x	x	x	x
Victoria okpaefi	63	x	x			x	x		x
Ibrahim Quadri	63	x	x	x		x			x
Hussien Elshallaly	50					x	x	x	x
Shreya Sai Duddu	50					x	x	x	x
Nilesh Jindal	38	x				x			x
Junaid Javed	38					x	x		x
muhammed alaran	25					x			x
Arolayo Ajayi	13								x

**Andrew Stotz, PhD, CFA**

- 80-100% Leaders
- 60-79% Survivors
- <60% DOR
- 0 @ 100
- No DORs
- 6 At risk of dropping out on Monday

# Team 9

# Updated

Team 9	Score	Lectures				Team Meet	Project		Account ability
		Acct. found.	Compet. adv.	Three margins	Real sou. of val.		Industry analysis	Present	
Sanvitha Kovvuri	100	x	x	x	x	x	x	x	x
Ayushmita Ghosal	100	x	x	x	x	x	x	x	x
Đinh Kim Tùng	100	x	x	x	x	x	x	x	x
Soundharya Raghavan	100	x	x	x	x	x	x	x	x
Sann Wai Lhyan	100	x	x	x	x	x	x	x	x
Victoria okpaefi	100	x	x	x	x	x	x	x	x
Ibrahim Quadri	100	x	x	x	x	x	x	x	x
Hussien Elshallaly	100	x	x	x	x	x	x	x	x
Shreya Sai Duddu	100	x	x	x	x	x	x	x	x
Muhammed Alaran	100	x	x	x	x	x	x	x	x
Yusuf Oladele	88	x	x	x	x	x	x		x
Arolayo Ajayi	88	x	x	x	x	x	x		x
Junaid Javed	50	x				x	x		x
Nilesh Jindal	38	x					x		x

**Andrew Stotz, PhD, CFA**

- 80-100% Leaders
- 60-79% Survivors
- <60% DOR
- 10 @ 100
- 2 DORs

# Team 10

# Last Friday

Team 10	Score	Lectures				Team	Project		
		Acct. found.	Compet. adv.	Three margins	Real sou. of val.		Team Meet	Industry analysis	Present
Olaadele Ojedokun	88	x	x	x	x	x	x	x	x
Pihu Singla	88	x	x	x	x	x	x	x	x
Ahmed Nawar	75	x	x			x	x	x	x
Reem Ayman	75	x	x			x	x	x	x
Manya Gupta	75	x	x	x		x	x		x
Ahmed Al Ghamdi	63	x				x	x	x	x
Temilola Adeyemi	50	x					x	x	x
Saloni Shaw	50					x	x	x	x
Aziza Al habsi	25					x	x		
Fawaz Babatunde	25	x	x						
Muniratu Ebune	13					x			
Dibakar Sarkar	13							x	
Giwa Yusuf	0								
Erick Li	0								

**Andrew Stotz, PhD, CFA**

- 80-100% Leaders
- 60-79% Survivors
- <60% DOR
- 0 @ 100
- No DORs
- 8 At risk of dropping out on Monday

Team 10	Score	Lectures				Team	Project		
		Acct. found.	Compet. adv.	Three margins	Real sou. of val.		Team Meet	Industry analysis	Present
Olaadele Ojedokun	100	x	x	x	x	x	x	x	x
Pihu Singla	100	x	x	x	x	x	x	x	x
Ahmed Nawar	100	x	x	x	x	x	x	x	x
Reem Ayman	100	x	x	x	x	x	x	x	x
Manya Gupta	100	x	x	x	x	x	x	x	x
Saloni Shaw	100	x	x	x	x	x	x	x	x
Aziza Al habsi	75	x	x	x		x	x	x	
Ahmed Al Ghamsi	63	x				x	x	x	x
Temilola Adeyemi	63	x	x			x	x	x	
Fawaz Babatunde	25	x	x						
Giwa Yusuf	25					x	x		
Muniratu Ebune	13					x			
Dibakar Sarkar	13						x		
Erick Li	0								



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- 80-100% Leaders
- 60-79% Survivors
- <60% DOR
- 6 @ 100
- 5 DORs

# This day might be your last day in the Boot Camp

---

- ★ For the DOR group (<60%), Mo'men already asked you to drop out of the Boot Camp
- ★ If you don't have a strong reason for why you are falling behind this would be the end of your Boot Camp journey!



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You completing an hour-long  
video in just 30 seconds!



# Don't just click through lectures

---

- ★ We have found a few people who just quickly clicked through many of their lectures
- ★ We know who you are
- ★ Obviously, we do not want you to do this



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Andrew Stotz, PhD, CFA

\*Get tough  
\*DO hard  
things!  
\*Build your  
confidence

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# VALUATION MASTER CLASS

## Boot Camp – Week 2



	MON	TUE	WED	THU	FRI
<b>Lectures</b> <small>Minutes</small>	Money acquisition to fund growth <small>91</small>	Basic financial ratios <small>129</small>	Revenue Part I <small>70</small>	Revenue Part II <small>75</small>	
<b>Assignments</b>		Team Meeting			
<b>Live session 6pm (GMT+7)</b>	How to come up with a great story	Live + Team Meeting			Feedback Friday
<b>Final project</b>	3 key stories of your company	Company Background	Revise the industry page	Company Background video	
<b>Work with Andrew</b>	Office hours & Students start booking 1-on-1 career development video calls (30 minutes per student)				

### Notes:

- Submit the **3 key stories of your final report company the background text assignment, and the video** by Thursday midnight.
- Start reading as much of the company material as possible (Annual reports, presentations, news).
- On Feedback Friday, each team will pick 2 representatives to present. (1 for the 3 key stories & we'll randomly select 1 presenter from each of the 3 industries)

# You made it through Week 1



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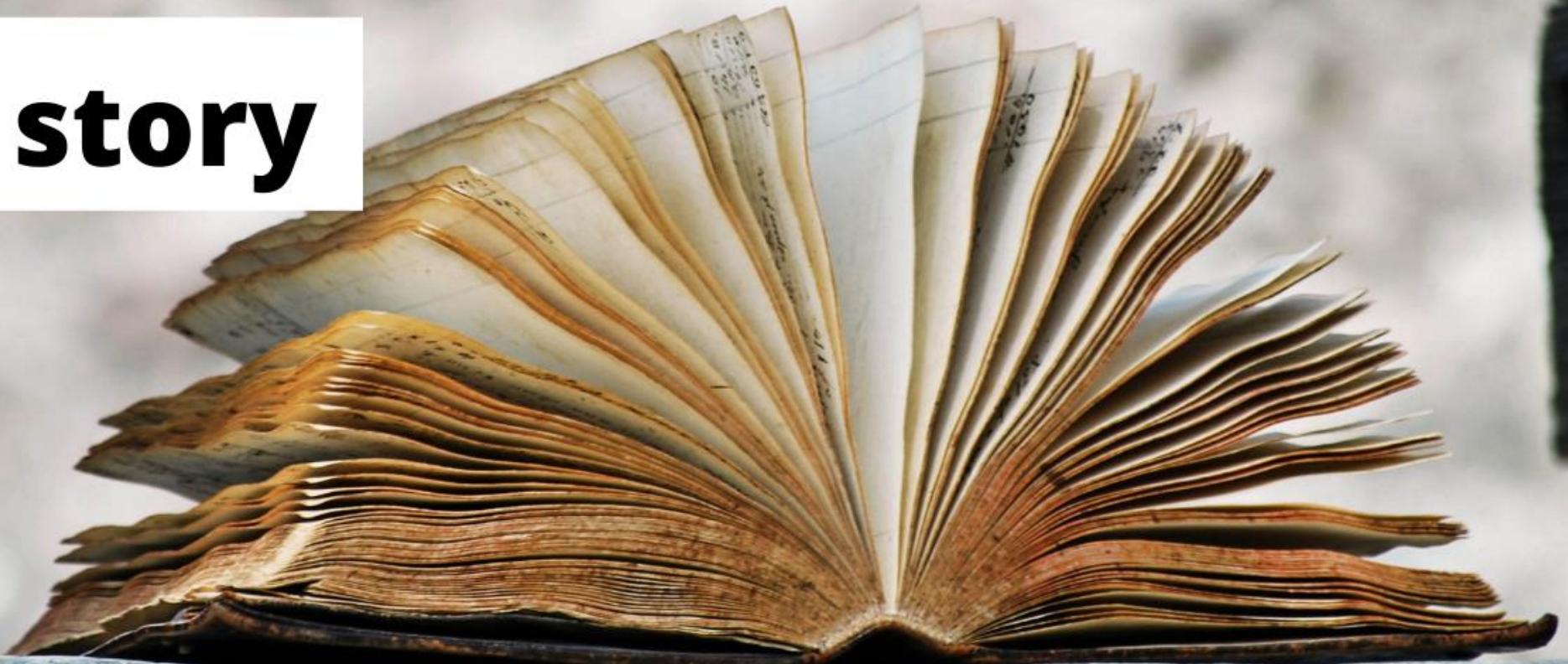
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- Performance review update of Week 1
- How to come up with a great story
- Get to know your final company
- Week 2 assignment instructions

# **How to come up with a**

# **GREAT story**



# Most new analysts make the mistake of talking all about the past

---

- ★ They may dazzle you with their in-depth knowledge of everything that happened in the company's past
  - **But the past already happened and is likely all “in the price”**
- ★ Valuation is all about the future

# When I started as an analyst, I was all numbers

## Unfortunately, this made me really boring!



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# Something was missing when I spoke

---

- ★ When I talked about the company, I sounded like this
  - “Company ABC should increase profit by 100% over the next three years”
  - “First quarter profit was US\$12m which was up 50% year-on-year and 10% quarter-on-quarter”
- ★ No excitement, no hook, no emotion



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# Story is the foundation of your valuation

---

- ★ The hardest part of any valuation is producing the story of the company's future
- ★ This story attempts to explain what is going to drive the FUTURE earnings and valuation of the company



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# Buffett's narrative/story/thesis

---

- ★ On November 2, 2009, Warren Buffett's Berkshire Hathaway bought 77.4% of BNSF Railway Company shares for \$100, bringing its ownership to 100%
- ★ This US\$44bn deal was Buffett's largest acquisition up until then
- ★ Why did Buffett buy BNSF?



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# 3<sup>rd</sup> Place, Ryan Arnold: “A BNSF coal train coasts along the shore of the Pacific Northwest...”



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# BNSF on the move



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Source:

[https://upload.wikimedia.org/wikipedia/commons/2/2d/Freight\\_train\\_near\\_Shallowater\\_Texas.jpg](https://upload.wikimedia.org/wikipedia/commons/2/2d/Freight_train_near_Shallowater_Texas.jpg)



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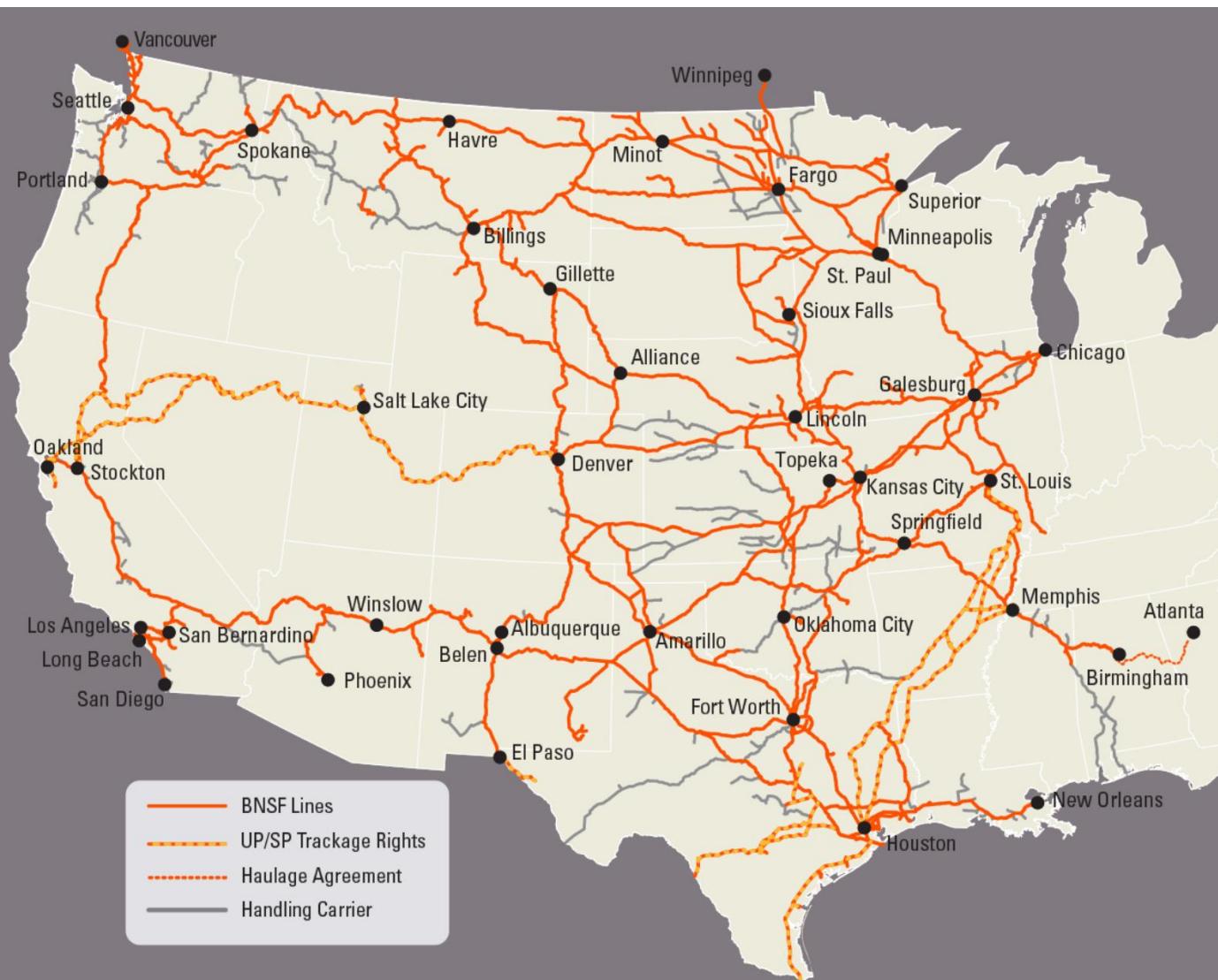
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# Map of the BNSF Railway as of 2016



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# In 2010, Buffett described why he and Charlie Munger bought BNSF

---

★ “Both of us are enthusiastic about BNSF's future because railroads have major cost and environmental advantages over trucking, their main competitor. Last year, BNSF moved each ton of freight it carried a record 500 miles on a single gallon of diesel fuel...



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# In 2010, Buffett described why he and Charlie Munger described more about BNSF

---

★ ...That's three times more fuel-efficient than trucking is, which means our railroad owns an important advantage in operating costs. Concurrently, our country gains because of reduced greenhouse emissions and a much smaller need for imported oil. When traffic travels by rail, society benefits.”



Andrew Stotz, PhD, CFA



# In his 2010 shareholder's letter Buffett noted

---

- ★ "A little math will tell you that more than 11% of all inter-city ton-miles of freight in the U.S. is transported by BNSF. Given the shift of population to the West, our share may well inch higher."



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# Let's summarize this story

---

- ★ Cost and environmental advantages over trucking
  - Each ton of freight it carried a record 500 miles on a single gallon of diesel fuel
- ★ 3x more efficient than trucks, which gives it a major cost advantage
- ★ When traffic travels by rail, society benefits
- ★ Strong market share
  - More than 11% of all inter-city ton-miles of freight in the U.S. is transported by BNSF



Andrew Stotz, PhD, CFA



# Why are stories important for a financial analyst?

---

- ★ Anyone can plug numbers into a financial model and produce a forecast
- ★ Investors won't listen to you or read your report if you don't have a good story
  - **Even if your forecasts are accurate**

# Why are stories important for a financial analyst?

---

- ★ Since the beginning of time, human knowledge has spread through stories
  - The Bible and the Quran are collections of stories
- ★ There is a reason they used stories
  - Stories are easy to remember
- ★ We all have stories to tell
  - So start telling them
- ★ Stories touch emotions
  - Numbers and evidence rarely arouse emotion



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# Stories must be relevant and impact the company's future earnings

---

- ★ The most crucial input in absolute valuation is getting the free cash flow forecast right
- ★ When evaluating the relevance of a story, estimate the impact on the company's free cash flow



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# My framework of free cash flow drivers

---

Investment
NOPAT



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# My framework of free cash flow drivers

NOPAT	Revenue Costs
Investment	Capital



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# Every business starts with revenue

Driver		Examples of relevant stories
NOPAT	Revenue	Price Pricing power, degree of differentiation, entrance of new competitors, niche market, price wars
	Costs	
Investment	Capital	

# Revenue is price times quantity

	Driver	Examples of relevant stories
NOPAT	Revenue	<p>Price      Pricing power, degree of differentiation, entrance of new competitors, niche market, price wars</p> <p>Quantity    Capacity expansion, new products, demand-supply imbalances, M&amp;A, loss of customers</p>
	Costs	
Investment	Capital	

# COGS is usually the biggest cost in a business

	Driver	Examples of relevant stories
NOPAT	Revenue	Price Pricing power, degree of differentiation, entrance of new competitors, niche market, price wars
		Quantity Capacity expansion, new products, demand-supply imbalances, M&A, loss of customers
	Costs	COGS Asset efficiency, gap to competitors, low cost leadership, backward or forward integration
Investment	Capital	

# NOPAT is operating profit after taxes

Driver			Examples of relevant stories
NOPAT	Revenue	Price	Pricing power, degree of differentiation, entrance of new competitors, niche market, price wars
		Quantity	Capacity expansion, new products, demand-supply imbalances, M&A, loss of customers
	Costs	COGS	Asset efficiency, gap to competitors, low cost leadership, backward or forward integration
		Opex	Consolidation, closure of inefficient factories or stores, restructuring or divestments of business units
	Capital		

# Falling NWC could be a positive

	Driver	Examples of relevant stories
NOPAT	Revenue	Price Pricing power, degree of differentiation, entrance of new competitors, niche market, price wars
		Quantity Capacity expansion, new products, demand-supply imbalances, M&A, loss of customers
	Costs	COGS Asset efficiency, gap to competitors, low cost leadership, backward or forward integration
		Opex Consolidation, closure of inefficient factories or stores, restructuring or divestments of business units
Investment	Capital	NWC Increase in payables deferral, decrease in inventory conversion, decrease in receivables collection

# CAPEX is necessary to drive growth, but companies should not over invest

	Driver	Examples of relevant stories
NOPAT	Revenue	Price Pricing power, degree of differentiation, entrance of new competitors, niche market, price wars
		Quantity Capacity expansion, new products, demand-supply imbalances, M&A, loss of customers
	Costs	COGS Asset efficiency, gap to competitors, low cost leadership, backward or forward integration
		Opex Consolidation, closure of inefficient factories or stores, restructuring or divestments of business units
Investment	Capital	NWC Increase in payables deferral, decrease in inventory conversion, decrease in receivables collection
		CAPEX Overinvestment, underinvestment, foundation for long-term growth, necessary funding



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# My framework of free cash flow drivers

	Driver	Examples of relevant stories	
NOPAT	Revenue	Price	Pricing power, degree of differentiation, entrance of new competitors, niche market, price wars
		Quantity	Capacity expansion, new products, demand-supply imbalances, M&A, loss of customers
	Costs	COGS	Asset efficiency, gap to competitors, low cost leadership, backward or forward integration
		Opex	Consolidation, closure of inefficient factories or stores, restructuring or divestments of business units
Investment	Capital	NWC	Increase in payables deferral, decrease in inventory conversion, decrease in receivables collection
		CAPEX	Overinvestment, underinvestment, foundation for long-term growth, necessary funding
FCF	<b>Strong</b>		<b>Moderate</b>
			<b>Weak</b>

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- **Strong:** Company can achieve double-digit FCF growth
- **Moderate:** FCF grows in line with the economy
- **Weak:** Company reaches maturity and saturation

# Present evidence to support your arguments

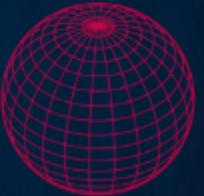
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- ★ Support your conclusions with evidence, so the listener finds them credible
- ★ Represent the interests of the listener by being critical, objective, and independent



## Point:

Main point to support your conclusion



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# What's your point?

---

- ★ This stock is cheap
- ★ Expect growth to explode
- ★ Price should double
- ★ Economy is going to bounce back



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P

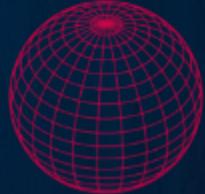
## Point:

Main point to support your conclusion

E

## Evidence:

Appeal to the “Logical Left”



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# What's your evidence?

---

- ★ This stock is cheap
  - **Trading on 10x PE vs. 20x for the industry**
- ★ Expect growth to explode
  - **Newest contract to add US\$100m in profit**
- ★ Price should double
  - **If it re-rates to only 20% of industry average**
- ★ Economy is going to bounce back
  - **Has bounced back after each of the past crashes**



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# Standard I(B) Independence and Objectivity

## The Standard

Members and Candidates must use reasonable care and judgment to achieve and maintain independence and objectivity in their professional activities. Members and Candidates must not offer, solicit, or accept any gift, benefit, compensation, or consideration that reasonably could be expected to compromise their own or another's independence and objectivity.



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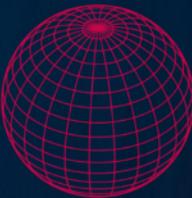


# Top analysts are independent and objective

## Remember, you do NOT represent the company



You are not a mouthpiece of the company



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# Good stories



**THAILAND**  
THANI TB Neutral  
Bt5.35  
Price (at 05.03.22 Feb 2017 GMT)

## Ratchthani Leasing

Positive outlook but not cheap

### Conclusion

- We maintain our Neutral rating with a higher TP of Bt5.00 (from Bt4.80). Operating outlook remains positive with relatively strong receivable growth, lower funding cost and stable asset quality. That said, its valuations remain rich, with a P/E of 13.4x and PBV of 2.6x on 2017E, both of which are at +1SD vs its historical trading ranges.

### Impact

- Our assumptions slightly more aggressive.** Compared with THANI's 2017 financial targets, our assumptions are slightly more aggressive. We expect 2017 receivable growth at 10.4% vs guidance of 10%. Our lending spread assumption is more aggressive, at 4.3% vs THANI's guidance of 4%, as the company implicitly assumes a YoY stable funding cost, while we believe THANI should be able to lower the funding cost slightly further based on its currently debenture maturity profiles. As for asset quality, THANI expects its NPL ratio to decline to 4.4% due to the stable asset quality outlook and more contribution from lower-risk fleet financing. Our credit cost assumption of 160bp has already factored in 80bp general provisions for IFRS9 and thus we are in line with company guidance of normalised provision of 100bp.
- Funding cost to be lower in 2017.** Despite the higher yield curve, we still

THANI TO INVEST Bt5.00



## GMM Grammy

Net loss—less sparkle than modeled

### Greater net loss than estimated

GRAMMY reported a 4Q16 net loss of Bt258m, against net loss of Bt1.3bn and Bt11m in 4Q15 and 3Q16, respectively. Excluding the extra items, core loss was Bt200m, a 14% greater loss YoY and a turn to core loss QoQ. The reported net decline was bigger than our model of Bt160m, due to lower sales and GM than assumed.

### Results highlights

The core loss was deeper in the red YoY and reversed to core loss QoQ, led by the impact of the mourning period. Cost of sales and services fell 28% YoY and 15% QoQ. SG&A dived 32% YoY and 9% QoQ. However, total revenue plunged 34% YoY and 27% QoQ.

Its music unit reported a 52% YoY revenue drop and a fall of 45% QoQ, driven by the cancellation of events and activities during the fourth quarter. Its GMM channel business revenue plummeted 26% YoY and 37% QoQ, due to the impact of the mourning period. Merchandise revenue fell 22% YoY and 14% QoQ. The equity loss from ONE Enterprise was slimmer by 23% YoY but comprised a greater loss 68% QoQ.

### Outlook

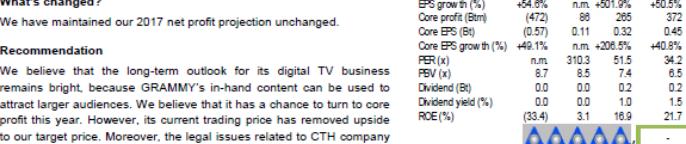
GRAMMY's bottom line should still be in the red in 1Q17, but the company should post slimmer core losses QoQ due to the broad recovery in ad spending since the primary mourning period concluded. Moreover, the firm's other businesses, such as showbiz, concerts and stage productions should return to the field.

### What's changed?

We have maintained our 2017 net profit projection unchanged.

### Recommendation

We believe that the long-term outlook for its digital TV business remains bright, because GRAMMY's in-hand content can be used to attract larger audiences. We believe that it has a chance to turn to core profit this year. However, its current trading price has remained upside to our target price. Moreover, the legal issues related to CTH company



### Sector Note

#### | Thailand

#### Overweight (no change)

##### Highlighted companies

- Carabao Group ADD, TP THB92.00, THB74.25 close**
- In 3Q16, CBS posted operating revenue growth of 10.4% and net profit growth of 60%. We forecast revenue and net profit CAGR of 20% each in FY16-1F, driven by the company's successful penetration of overseas markets and expansion of its product range.
- Maintain sector Overweight. We think the market is overly concerned about this issue and any correction is an opportunity to buy. CBG and MALEE are top picks.

##### Market cap Public Co Ltd ADD, TP THB157.0, THB180.0 close

- We believe that export and CMG products will be the main revenue drivers for Market cap Public Co Ltd in the next few years. The Philippines' newest market entry is likely to bring significant growth in the near term. We expect sales growth in FY17 onwards to be boosted by two JV - Manila Male Beverage Corporation (MMBC) in the Philippines and Mega-Male JV in Thailand.

##### Sapce ADD, TP THB35.50, THB27.75 close

- SAPPE has established an indirect subsidiary in China to support its sales strategies in the country. We expect a gradual recovery in its China sales volume, which will boost back to the elevated levels prior to FY16, when the copycat problems started. We forecast sales CAGR of 10% and EPS CAGR of 19.2% in FY17-1F.
- Summary valuation metrics**

We carried out an analysis on various excise tax rate scenarios. In our worst-case scenario, we estimate a 20% increase in excise tax rates would result in a 10% decline in sales and 15% decline in net profit.

## Food & Beverages

### Does the new excise tax matter?

- The new Excise Tax Act has already been passed as law by the National Legislative Assembly and will take effect in Aug 2017.
- We are less concerned about the Act having a negative impact on the F&B sector as companies could adjust prices to pass on the cost to consumers.
- Excise Department likely to continue tax exemptions on certain domestic agricultural materials and possibly taxes on sugar, drink and green tea are concerns.
- Maintain sector Overweight. We think the market is overly concerned about this issue and any correction is an opportunity to buy. CBG and MALEE are top picks.

**New Excise Tax Act approved by National Legislative Assembly**

During its 84<sup>th</sup> meeting on 29 Dec 2016, the National Legislative Assembly (NLA) approved the new Excise Tax Act. The Act will come into force 180 days after the date of its publication in the Government Gazette. We expect the Act to be published in the Gazette in Feb 2017 and take effect in Aug 2017. The new Excise Tax Act will replace the Excise Tariff B.E.2527 (1984) and other associated laws.

### What's new?

The biggest difference in the new Excise Tax Act is the change in the price of goods used in the calculation of excise from ex-factory to retail price (typically higher). In addition, the minimum excise tax unit for non-taxed products is increased from 10% to 20% per unit to 30%. However, we do not expect the Act to have a direct impact on beverage manufacturers. The biggest impact would come from ministry regulations (due to be published in Aug 2017) that specify actual tax rates and method of implementation.

### Does the new excise tax matter?

Today, we expect the SET Index to fall for a third day within a channel of 1555-1560 points with a trading value of less than THB50 per day, continuing the trend of the last three days. We expect a gradual recovery in the market as the economy recovers and overseas. We advise closely monitoring foreign investment because the S50H7 closed below SET50 index by a wide difference of 6.81 points, sinking to below 900 points. We believe foreign investors will gradually close their short status (53,373 QTD remaining). This will create positive sentiment after deceleration in the past three weeks. Another key factor is Trump's speech to congress, particularly his economic policies, which could cause the movement of risky assets to safe havens. Our advised short-term strategy is to accumulate mid-cap stocks, particularly those whose

## Morning News

**The market yesterday**

Close	Chg	%Ch
SET 1,564.59	-2.73	-0.1
SET 50 981.51	-1.13	-0.1
SET 100 2,214.21	-3.41	-0.1
Vol.m 10,857.56	+44.63	+0.4
Val THM 41,604.13	-5,377.03	-11.8

Key factors today:

- COMEX passed through USD1250 per ounce, owing to concern about Trump's policy and a spike in the inflation rate.
- Trump's speech to Congress tonight.
- Thai exports in January, which the Bloomberg consensus puts at +8.2% YoY, up from +6.2% YoY.

### Market Outlook: Neutral (21 day)

Today, we expect the SET Index to fall for a third day within a channel of 1555-1560 points with a trading value of less than THB50 per day, continuing the trend of the last three days. We expect a gradual recovery in the market as the economy recovers and overseas. We advise closely monitoring foreign investment because the S50H7 closed below SET50 index by a wide difference of 6.81 points, sinking to below 900 points. We believe foreign investors will gradually close their short status (53,373 QTD remaining). This will create positive sentiment after deceleration in the past three weeks. Another key factor is Trump's speech to congress, particularly his economic policies, which could cause the movement of risky assets to safe havens. Our advised short-term strategy is to accumulate mid-cap stocks, particularly those whose

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### Figure 1: Company overview

Thai Metal Trade (TMT) provides steel consulting services, trading, and processing as well as a full range of steel products. The company's customers include wholesalers, construction companies, cold rolling mills, and automobile parts manufacturers. Besides supplying quality products, TMT offers consultation, business solutions and material planning. These are aimed at creating greater values in order to benefit its customers by offering a fully integrated steel solution.

Source: Company data, KGI Research

### Figure 2: To concentrate on processing product

Breakdown sales volume by product type, percent



Source: Company data

### Figure 3: Dealers still play a vital role

Breakdown sales volume by customer type, percent



Source: Company data, KGI Research

### Figure 4: Exceptional sales and GPM growth in 2016

Sales, Bttn (LHS); gross profit margin (GPM), percent (RHS)



Source: Company data, KGI Research

### Figure 5: Steady good dividend payment

EPS & DPS, per share



Source: Company data, KGI Research

### Figure 6: PE

PE, times



Source: Company data, KGI Research

### Flash Note

Refer to important disclosures at the end of this report

### DBS Group Research . Equity

22 Feb 2017

### The Erawan Group (ERW TB) : BUY

Mkt. Cap: US\$317m | 3m Avg. Daily Val: US\$0.80m

Last Traded Price (21 Feb 2017): Bt4.44

Price Target: 12-mths Bt5.80 (11% upside)

Analyst: Namida ARTIGPONG +66 2657 7833; namida@dbsvickers.com

### As good as it gets

A good set of earnings result in Q416. Despite the mourning period which led to some cancellations and postponement of events and banquets at its hotels, ERW posted 10.6% earnings growth in 2016. This was thanks to lower interest expense from a smaller debt load and lower effective cost of fund, and a lower effective tax rate. Note that ERW booked Bt2.5m gains from the sale of its shop house in Tak in the quarter. As expected, hotel room revenue grew 6% y-o-y while F&B revenue declined 5% y-o-y due to the mourning period that led to the suspension of festive events.

Q416 hotel RevPar increased 3% y-o-y. Excluding budget hotels, ERW posted RevPar growth of 3%, mainly driven by an increase in the average occupancy rate (ADR) to 77%.

Among its hotel segments, luxury hotels showed the strongest RevPar growth on the back of the occupancy rate gaining 3pts to 73% and room rate gaining 3%.

41 hotels with 6,385 rooms as at end-FY16. ERW added three Hotel Inn hotels in Hat Yai, Phuket, and Manila in Q416. This Hotel Inn hotel in the Philippines represents its first overseas hotel.

Growing RevPar and hotel expansion will support FY17 earnings. Given Thailand's tourism sector, the Tourism and Sports Ministry of Thailand expects international tourist arrivals to Thailand to grow by at least 6% to 34.4m in 2017. This should support its hotel average occupancy rate. Given its high hotel average occupancy rate.

### Company Guide

The Erawan Group

The Erawan Group is one of the leading tourism and hospitality groups in Thailand, with a diversified portfolio of assets across the country.

It operates a network of luxury hotels, resorts, and spas, as well as a range of other tourism-related businesses.

The group's key assets include the Erawan Hotel in Bangkok, the Erawan Spa in Chiang Mai, and the Erawan Beach Resort in Hua Hin.

It also owns and operates several golf courses and restaurants.

The group's management team is experienced in the tourism and hospitality industry, and it has a strong track record of growth and success.

If you're interested in learning more about The Erawan Group, please visit their website or contact their public relations department.

Overall, The Erawan Group is a well-established and diversified company that is well-positioned to benefit from the growing tourism industry in Thailand.

**CREDIT SUISSE**

### Energy Absolute 4Q16 earnings: Below expectations

Watana Panayaratkarn, Research Analyst

- EA reported 4Q16 earnings that were 15% below our consensus. Its core profit was 15% YoY and 15% QoQ. Our consensus' estimate was commercial start-up costs for the miss.
- EA's improvement was driven by the Had Khang wind farm, solar panel installation, and energy efficiency projects.
- Earnings improvement was driven by the opening of its 126 MW Had Khang wind farm, which was completed in 2016. EA is now targeting for the start-up to be at the end of February 2017. Separately, seasonality for its solar farms should continue to be supportive in Q1.
- EA announced the start-up of its 126 MW Had Khang wind farm, which was completed in 2016. EA is now targeting for the start-up to be at the end of February 2017. Separately, seasonality for its solar farms should continue to be supportive in Q1.

### 1Q17 wind farm start-up hinged on the timely start-up of the Had Khang wind farm

Earnings improvement in 1Q17 is hinged on the successful commencement of its 126 MW Had Khang wind farm, which has been delayed since 2016. EA is now targeting for the start-up to be at the end of February 2017. Separately, seasonality for its solar farms should continue to be supportive in Q1.

### Maintain UNDERPERFORM

EA announced an FY16 dividend of Bt0.15/share, implying a 17% payout.

ROE (Bt) 0.08% -20.6% 40.3%

PER (Bt) 19.32 31.51 54.2

DPS (Bt) 0.14 0.27 0.45

Dividend yield (%) 0.00 0.02 0.2

Dividend yield (%) 0.00 0.01 0.15

ROE (%) 33.4 3.1 18.9 21.7

ROE (%) 0.00 0.02 0.04

ROE (%) 0.00 0.01 0.03

ROE (%) 0.00 0.02 0.04

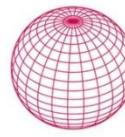
ROE (%) 0.00 0.01 0.03

ROE (%) 0.00 0.02 0.04

ROE (%) 0.00 0.01 0.03

ROE (%) 0.00 0.02 0.04

ROE (%) 0.0



Sector: Cons. Disc.



Largest manufacturer of footwear and sports apparel in the world with an estimated brand value of over US\$30bn

## My value estimate:

**US\$112**

(Downside 22%)

**SELL**



## 3 things to know about this company

- ★ Digital expansion bears fruit, driving top-line growth
- ★ Reengineering retail business could enhance margin further
- ★ Competitive position means profits beat those of biggest rival

## Key statistics

Analyst consensus (38)

PE ratio

Dividend yield

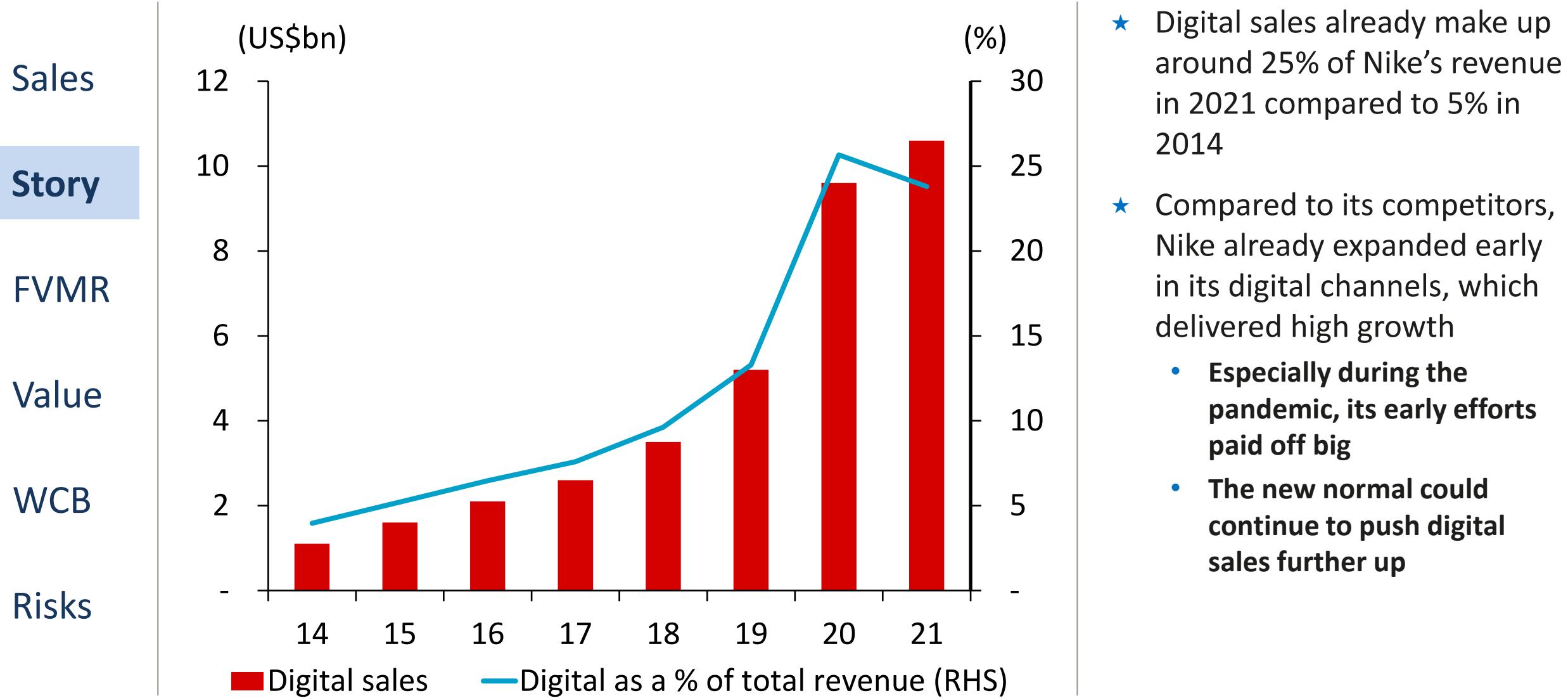
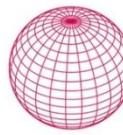
**US\$185**

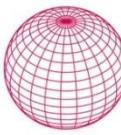
(Upside 29%)

**29x**

**0.7%**

**BUY**





# Digital penetration is part of its strategy shift

Sales

Story

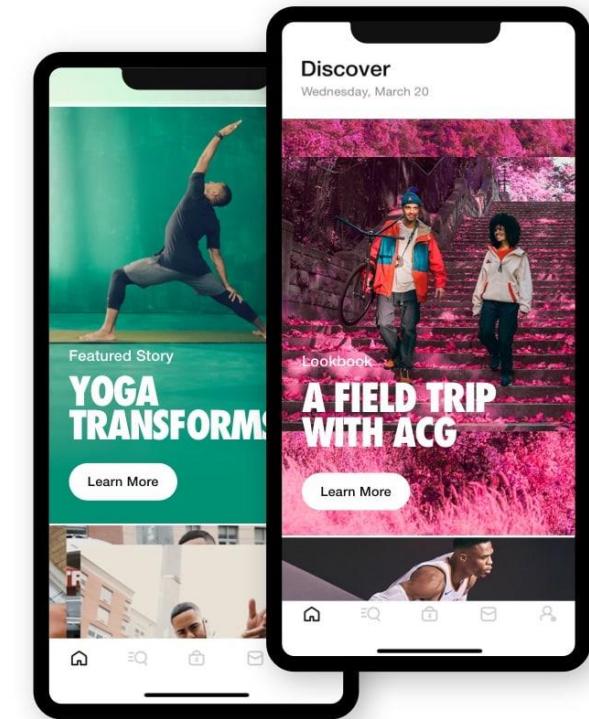
FVMR

Value

WCB

Risks

- ★ The company increasingly focuses on direct-to-customer sales
  - Under its campaign “Nike Direct” it aims to promote its own retail stores and expand its online platform
  
- ★ The objective is to create a monobrand experience and reduce the reliance on wholesalers
  - As a result, Nike can yield a higher average selling price

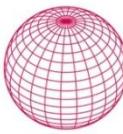


# How I incorporated the story into my forecast

Revenue (US\$bn)	19	20	21	22E	23E	24E
Digital	5.2	9.6	10.6	12.7	15.3	18.3
Non-digital	33.9	27.8	33.9	34.7	36.9	39.1
<b>Total revenue</b>	<b>39.1</b>	<b>37.4</b>	<b>44.5</b>	<b>47.4</b>	<b>52.2</b>	<b>57.4</b>

Expanding digital sales comprises the key growth driver in the future





Sales

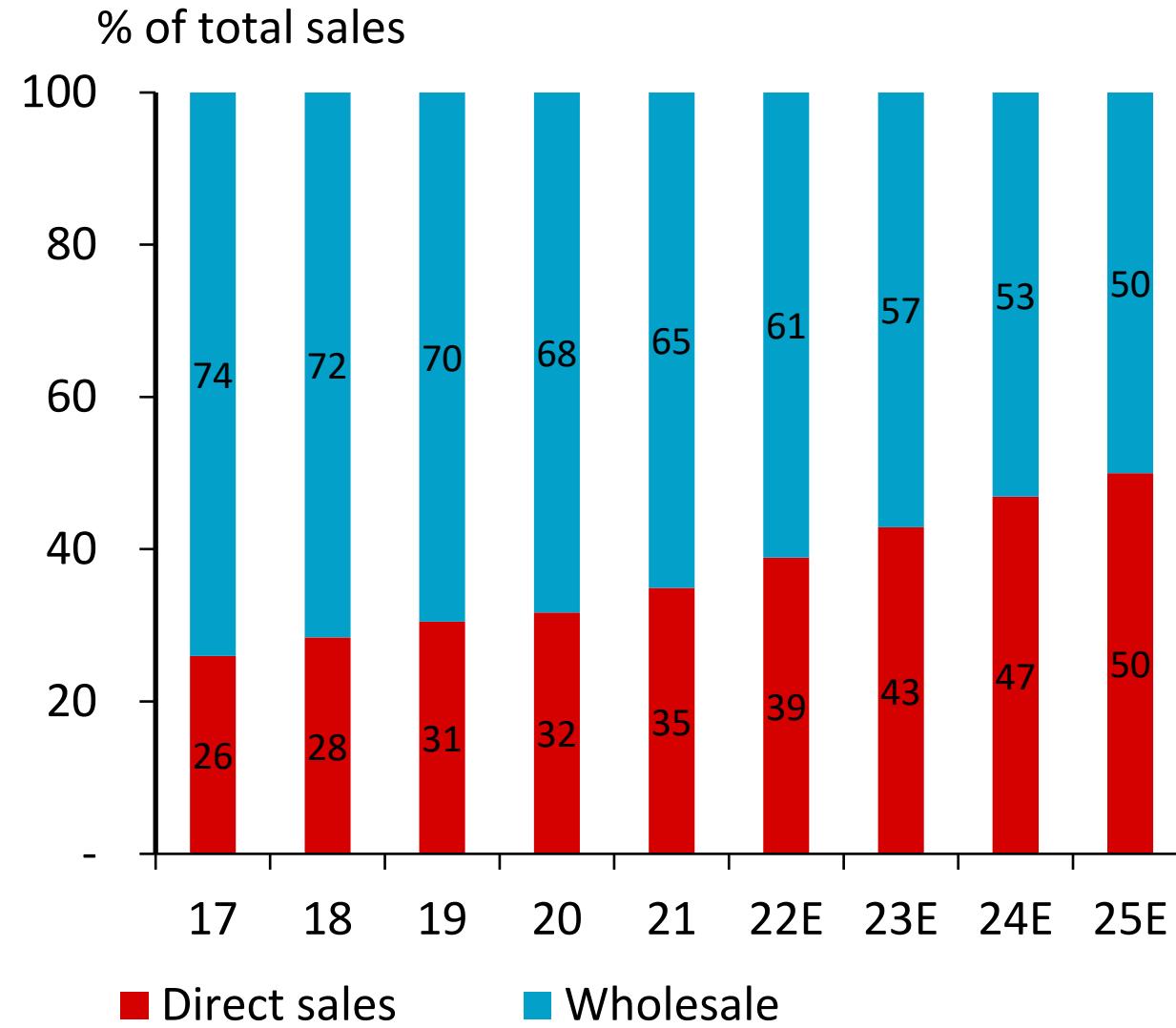
Story

FVMR

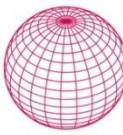
Value

WCB

Risks



- ★ In 2021, Nike's direct sales make up 35% of total revenue compared to 26% in 2017
- ★ By 25E, the company aims to ramp up the contribution of direct sales to 50%, cutting out wholesalers
  - Wholesale partners tend to offer large discounts when reselling, devaluing the brand
  - The shift also enables Nike to regain price control of its products



# Cutting out the middleman should result in margin expansion

Sales

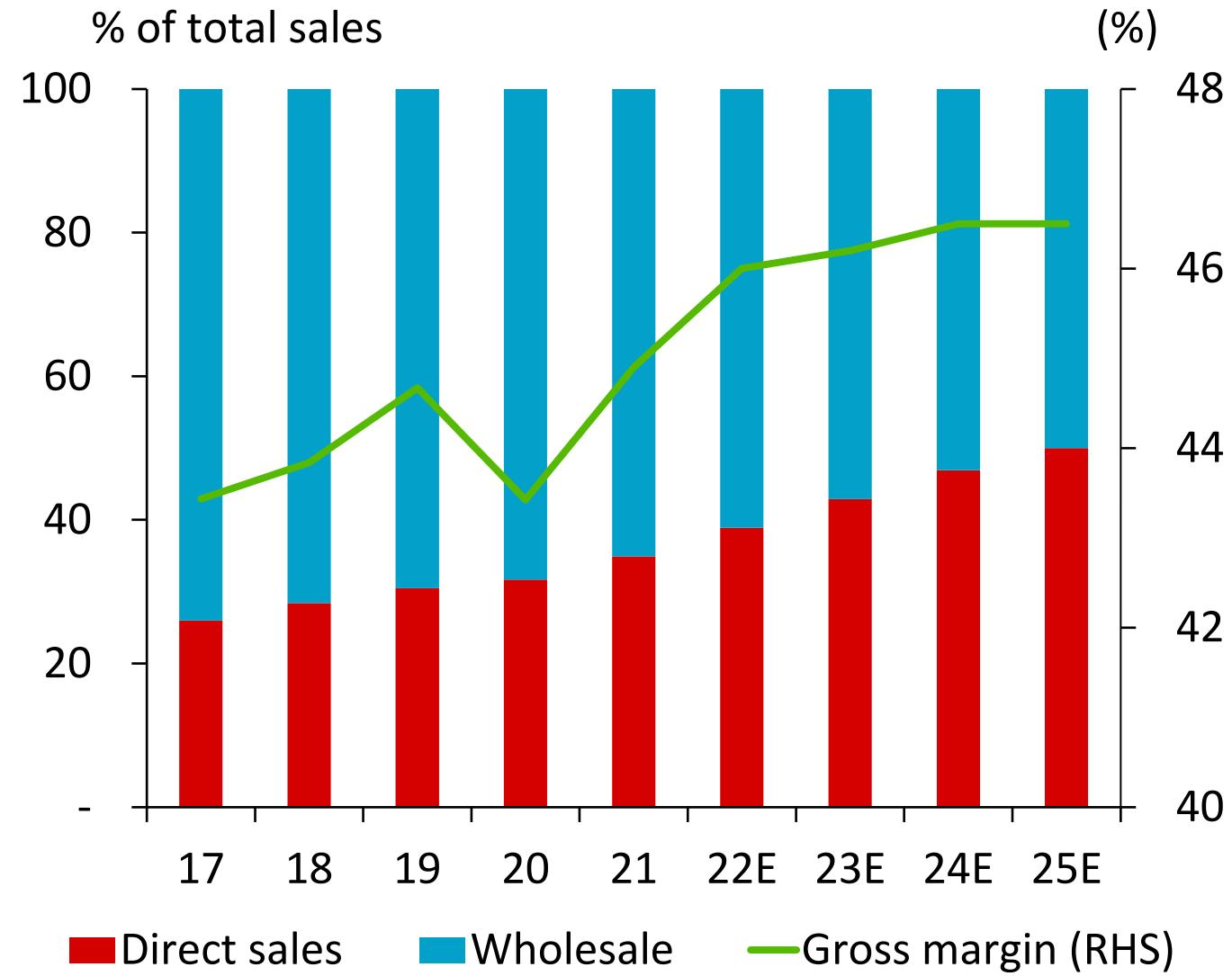
Story

FVMR

Value

WCB

Risks



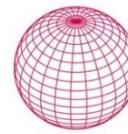
- ★ Focusing on direct sales could enhance Nike's gross margin by 2ppts over the near-term future, with further potential over the long run
- ★ This strategy makes sense as the company, unlike in its initial growth stage, is no longer completely dependent on wholesalers to raise brand awareness

# How I incorporated the story into my forecast

Revenue (US\$bn)	19	20	21	22E	23E	24E
Digital	5.2	9.6	10.6	12.7	15.3	18.3
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<b># of retail stores</b>						
United States	384	338	325	320	315	310
International	768	758	723	717	711	705
<b>Total</b>	<b>1,152</b>	<b>1,096</b>	<b>1,048</b>	<b>1,037</b>	<b>1,026</b>	<b>1,015</b>
<b>Profitability (%)</b>						
Gross margin	44.7	43.4	44.9	46.0	46.2	46.5

- Scarcity creates demand; Nike continues to reduce its own retail stores making its products more desirable
- The increasing management efforts to shift to direct sales should be rewarded with a significant gross margin expansion





Sales

Story

FVMR

Value

WCB

Risks

**5-yr average**

Revenue CAGR	1.8	<b>6.8</b>
Gross margin	49.4	44.1
EBIT margin	9.2	12.3
Net margin	5.8	9.5
Asset turnover	130	149
Assets/equity	2.6	2.7
ROE	21.0	<b>37.0</b>
ROIC	25.5	<b>46.0</b>

- ★ Nike's 5-yr revenue 6.8% CAGR was 4x higher than 2<sup>nd</sup> largest sports giant Adidas
- ★ ROE of 37% at Nike clearly beat 21% at Adidas, while ROIC was 2x larger than Adidas
- ★ Nike's profit is remarkably high, of course the risk is that it can only fall from here
  - Meanwhile, Adidas has room to improve

# What is the role of cash in invested capital?

19-yr. avg. US\$trn	Global
<i>Avg. # of companies</i>	12,079
Debt	11.1
Equity	15.6
<b>Invested capital</b>	<b>26.7</b>
Cash and ST-invest.	(4.3)
LT investments	(1.4)
<b>Non-oper. assets</b>	<b>(5.7)</b>
<b>Operating IC</b>	<b>21.0</b>
NOPAT	2.0
ROIC (%)	9.4
ROE (%)	11.8



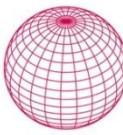
Ask  
Ajarn  
Andrew

# What is the role of cash in invested capital?

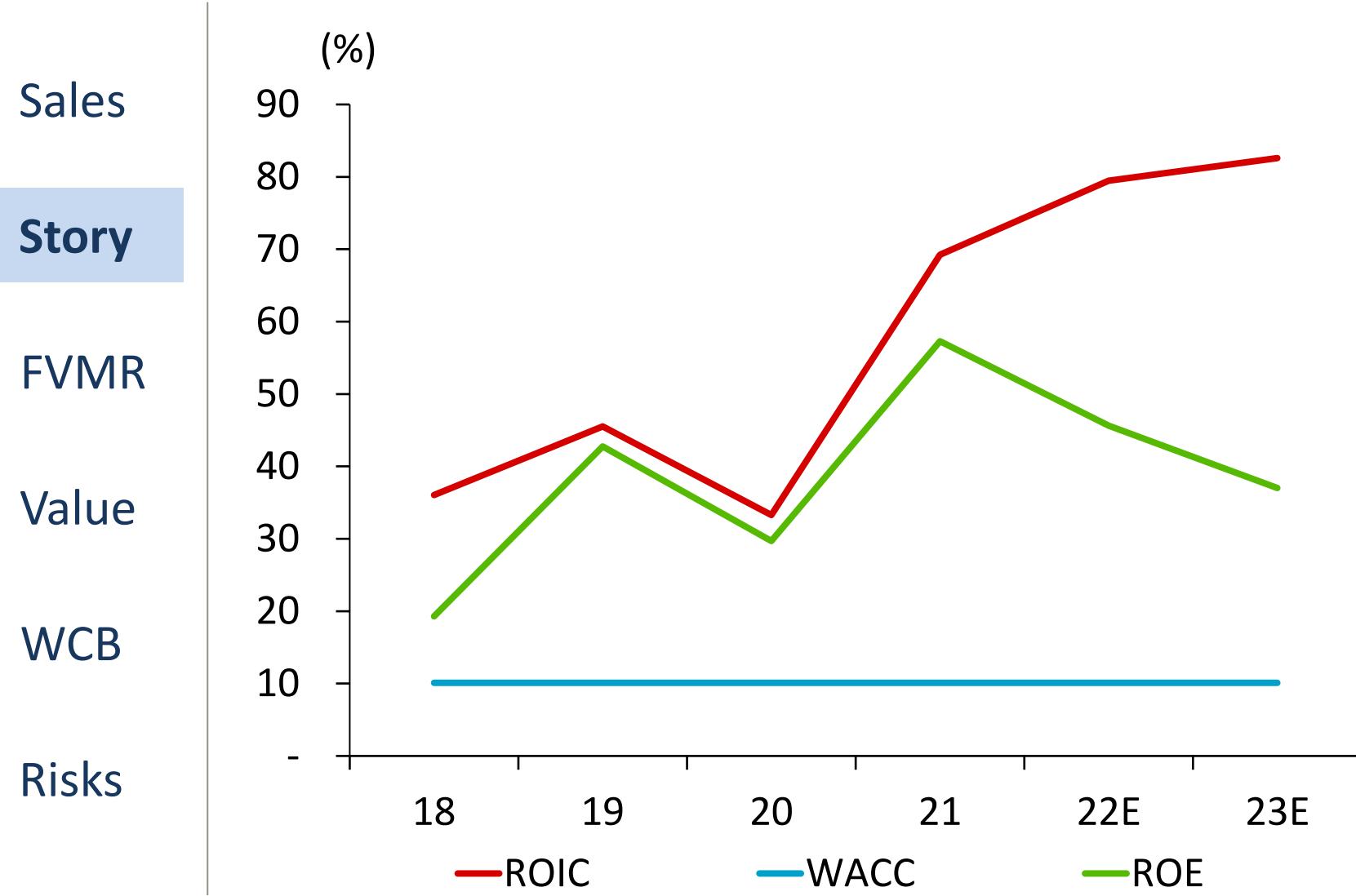
19-yr. avg. US\$trn	Global Cons. Disc.	
Avg. # of companies	12,079	2,127
Debt	11.1	1.6
Equity	15.6	2.0
<b>Invested capital</b>	<b>26.7</b>	<b>3.6</b>
Cash and ST-invest	(4.3)	(0.7)
LT investments	(1.4)	(0.2)
<b>Non-oper. assets</b>	<b>(5.7)</b>	<b>(0.9)</b>
<b>Operating IC</b>	<b>21.0</b>	<b>2.7</b>
NOPAT	2.0	0.2
ROIC (%)	9.4	8.8
ROE (%)	11.8	11.8



Ask  
Ajarn  
Andrew



# Massive value creation is already priced in



- ★ In 2021, Nike delivered an astonishing ROIC of 69% and could maintain the heightened level over the short run
  - I forecast that Nike can grow its extreme level of ROIC over time as it generates a lot of cash
  - Still, it does not lead to any upside which makes me assume that the consensus is too bullish about Nike's growth prospects

# How I incorporated the story into my forecast

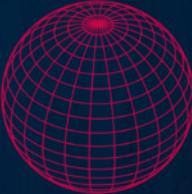
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<b>Profitability (%)</b>						
Gross margin	44.7	43.4	44.9	46.0	46.2	46.5
ROE	42.7	29.7	57.3	45.6	37.0	32.4
ROIC	45.5	33.3	69.2	79.5	82.6	83.4



# Let's review our NIKE story

---

- ★ Digital expansion bears fruit, driving top-line growth
- ★ Reengineering retail business could enhance margin further
- ★ Competitive position means profits beat those of biggest rival



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Bad stories

# Example 1: Joint Ventures

---

- ★ Joint ventures are business collaborations between two or more companies to share resources
  - However, in most cases JVs are small, hence do not have a major impact on financial statements
- ★ To check the relevance, compare JV investments to annual CAPEX
  - If it is less than 20%, it is probably not relevant

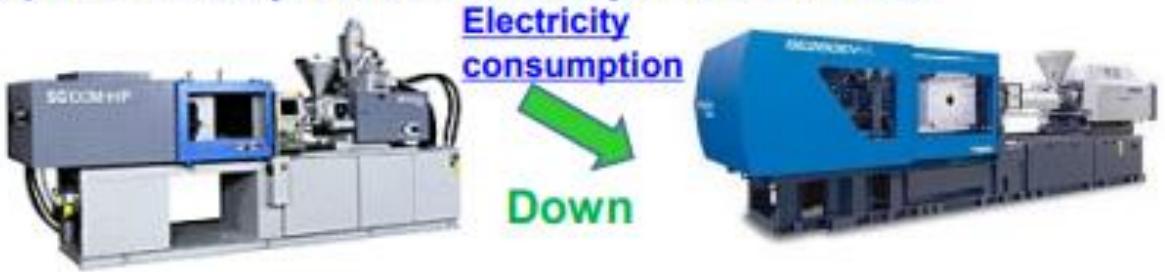


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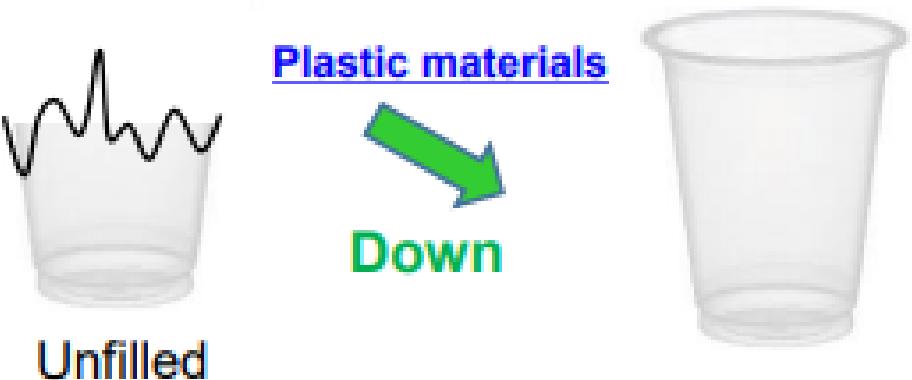
## Example 2: ESG

1. Replacement and renewal of hydraulic machinery (energy conservation, reduction of electricity cost)

Replacement of hydraulic machines by electric machines



2. Thinner-wall containers (reduction of plastic use)



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- Only a few companies have a real positive impact on sustainability, most just report ESG-related things to comply with demands

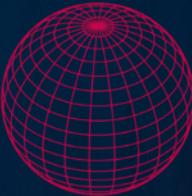
# Example 3: Changes in board composition

## Radical changes in Ownership and Leadership

**New Year – New Chair:** Former Royal Bank of Scotland Chair Stephen Hester was appointed as an Independent Non-Executive Director and Chair.

Mr. Hester is no stranger to turnaround plans. Industry leaders widely praised him for the restructuring of RBS in the wake of its state bailout, in the 2008 financial crisis.

John Barton stood down as Chair on 1st Dec2021 after nine years of service.



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- In some cases, leadership changes can lead to turnaround of companies
- You should evaluate whether it has a major impact (in most cases it doesn't)

# Example 4: Past quarterly results

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## Notable orders received for Electric Trucks

Exceptional orders were placed in Q321.

Northern Europe's largest shipping and logistics company, DFDS, placed an order for 100 Volvo FM Electric Trucks.

The deal is the most significant commercial orders and is one of the largest ever for heavy electric trucks worldwide.



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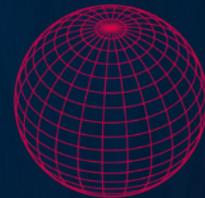
- Everyone has access to this information
- Hence, you are not providing new information to the investor

# Events from the past quarter are in the company MD&A, so you would not add much value

V O L V O

## Trucks

- Large electric orders in Europe and North America:
  - DFDS, Northern Europe's largest shipping and logistics company, ordered 100 Volvo FM heavy-duty electric trucks
  - Performance Team (a Maersk company) in California, ordered 16 Volvo VNR heavy-duty electric trucks
- Volvo Autonomous Solutions and Aurora revealed an autonomous Volvo VNL prototype for hub-to-hub highway operation
- Volvo Trucks intends to acquire JMC Heavy Duty Vehicle Co., for production of Volvo FH, Volvo FM and Volvo FMX in China from end of 2022.



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- Typically, past events are already incorporated in the market price

# Example 5: Technical details

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## FH Electric Truck passes independent testing with flying colors.

Recently independent energy efficiency testing was conducted in Germany.

FH Electric truck exceeded its official range and used 50% less energy than its Diesel counterpart.

The truck kept an average speed of 80km per hour across a multi-terrain route of 343km, all on one charge. Driving 500km during a regular working day with one short lunch and charging is now proving to be feasible.

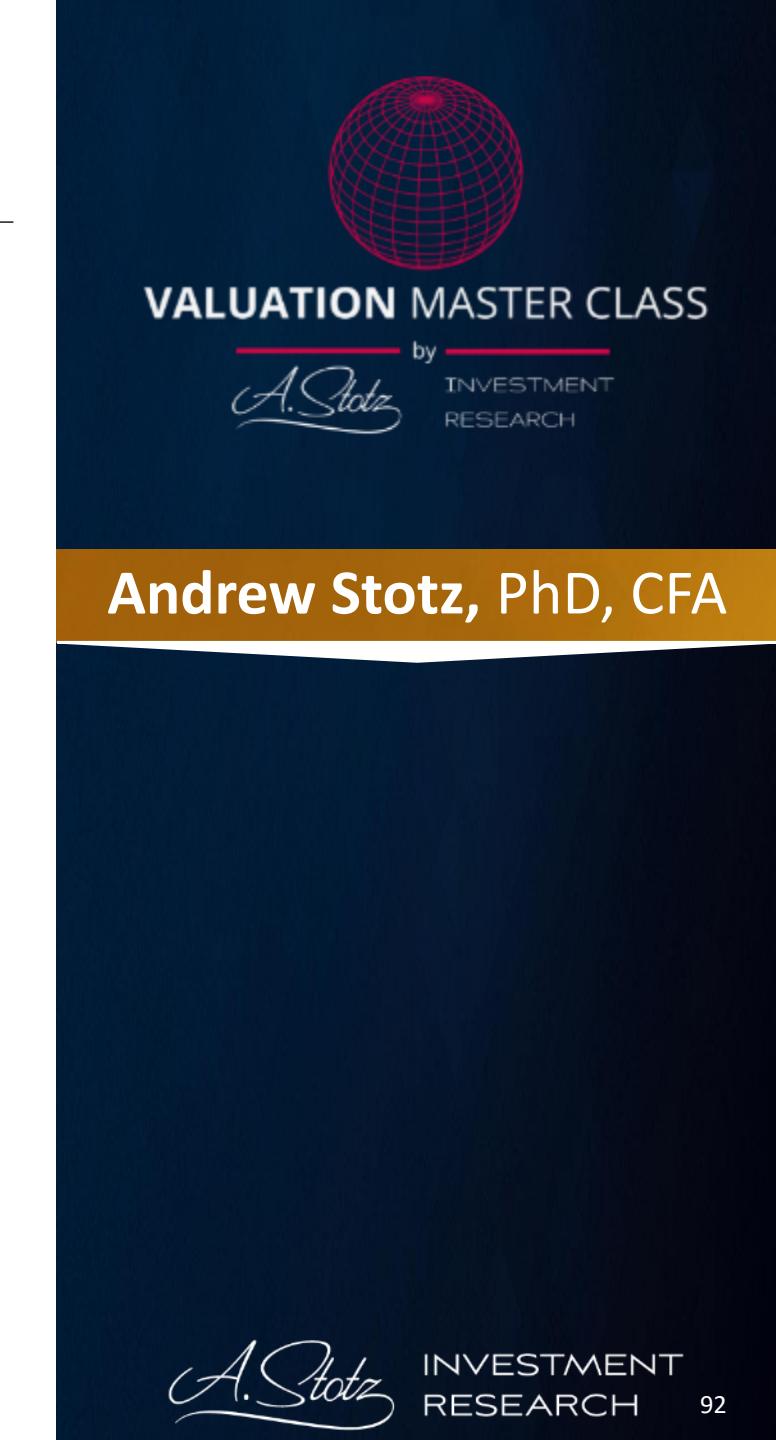
Volvo trucks' goal is that electric vehicles will account for half of its truck sales in 2030, and by 2040, 100% wheel to wheel based CO<sub>2</sub> reduction for new trucks sold.



**Andrew Stotz, PhD, CFA**

- Usually, company updates about product developments are not highly relevant

**Listen very carefully and tell me what you learn  
from this 3min video (Take notes)**



# You made it through Week 1



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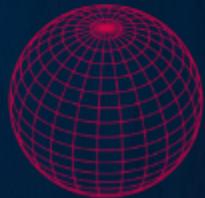
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- Performance review update of Week 1
- How to come up with a great story
- **Get to know your final company**
- Week 2 assignment instructions

# Announcing: Your final report company

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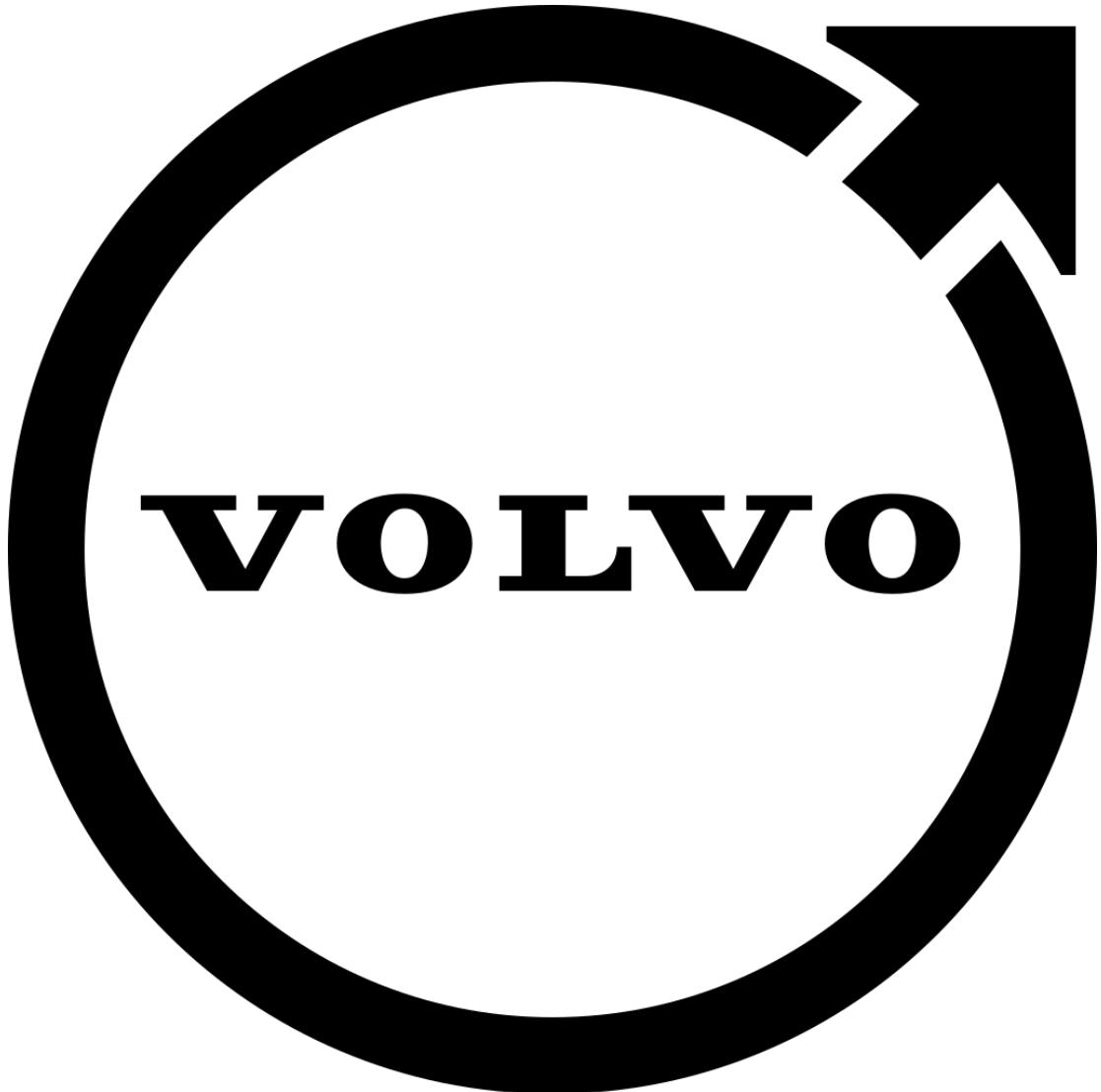
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# Team 1: Volvo

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Source: Wikipedia



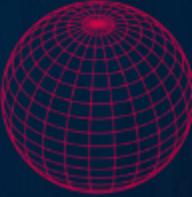
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## Team 2: Daimler

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# DAIMLER

Source: Wikipedia



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## Team 3: Traton

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# TRATON

Source: Wikipedia



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# Team 4: Costco

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Source: Wikipedia



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# Team 5: Walmart

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Source: Wikipedia



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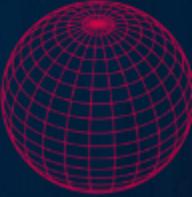
# Team 6: Target

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# TARGET

Source: Wikipedia



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## Team 7: Chevron

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Source: Wikipedia



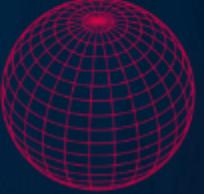
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# Team 8: Shell

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Source: Wikipedia



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# Team 9: BP

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Source: Wikipedia



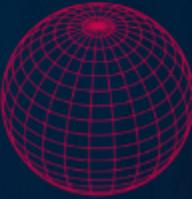
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## Team 10: Exxon Mobil

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**ExxonMobil**

Source: Wikipedia



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# BE READY!

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- ★ Towards the end of the Boot Camp, each attendee will record a video presentation of their final report on the assigned company
- ★ In addition, we will select the best member of each team to represent them in the **final presentation**
  - That person will present **LIVE** to Dr. Stotz and the VMC Boot Camp team in week 6
  - Attending the live presentation is **MANDATORY** for all attendees to graduate



Andrew Stotz, PhD, CFA

# You made it through Week 1



VALUATION MASTER CLASS

by

*A. Stotz*

INVESTMENT  
RESEARCH

- Performance review update of Week 1
- How to come up with a great story
- Get to know your final company
- **Week 2 assignment instructions**

A man with a beard and mustache, wearing an orange hard hat and a dark blue suit jacket over a light blue shirt, is looking at a large sheet of white paper he is holding in his hands. He has a surprised or shocked expression on his face. The background is a solid teal color.

# Assignments

# Week 2: Assignments

---

- ★ 3 Key Stories of your company
- ★ Company Background (More instructions tomorrow)
- ★ Company Background presentation
- ★ Team meeting
- ★ Finalize your industry page

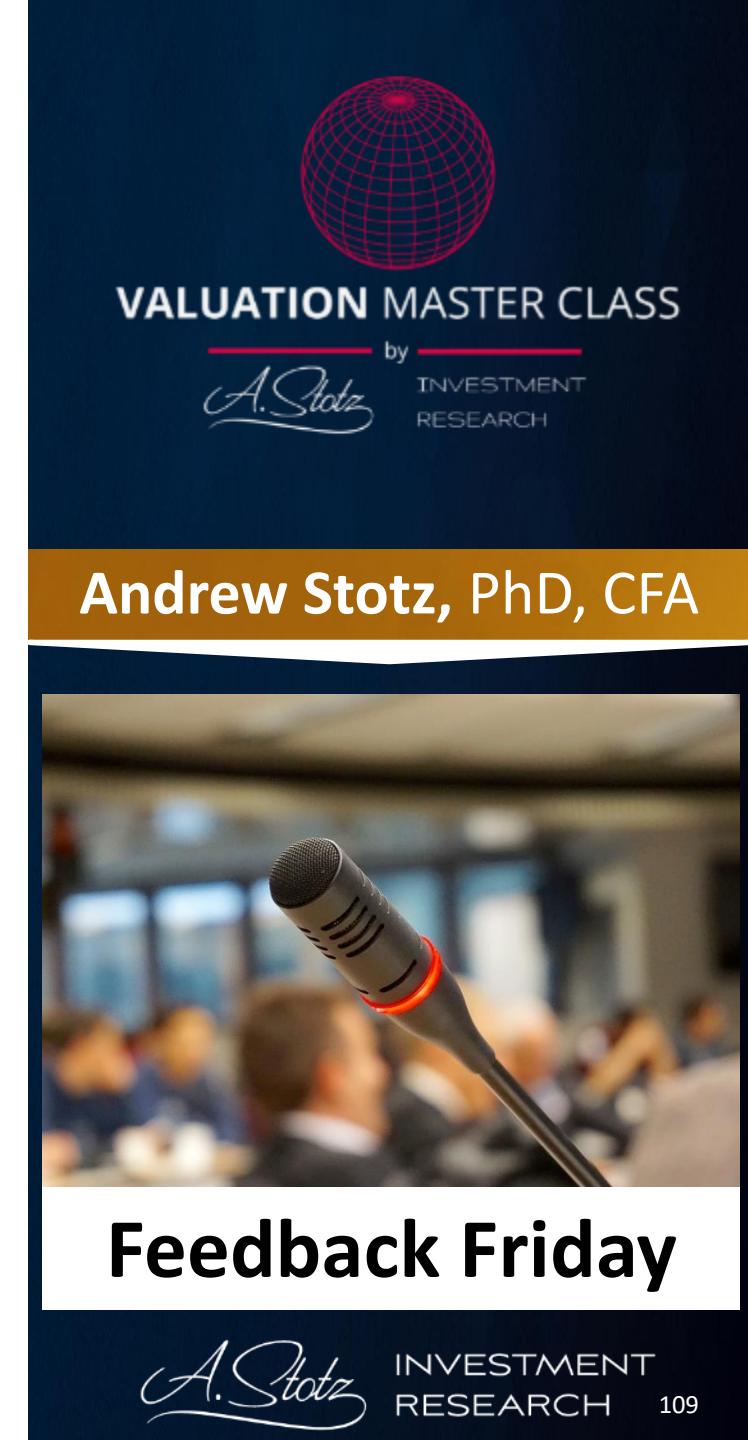


Andrew Stotz, PhD, CFA

# Timeline

---

- ★ **Monday:** Start your research to build your stories and the company background
- ★ **Tuesday:** Discuss your work in the team meeting, collect ideas, revise the industry page, and submit the team meeting protocol
- ★ **Thursday midnight:** Submit all your written work and the video on the learning platform
- ★ **Feedback Friday Live Session:** 2 people from each team should be ready to present your stories and your industry analysis



# Feedback on your industry page

---

- ★ First paragraph
- ★ Second and third paragraphs
- ★ Titles
- ★ Charts
- ★ Style



Andrew Stotz, PhD, CFA

# Feedback on your industry page – First paragraph

---

- ★ Your first paragraph should give a clear and straightforward overview aimed at someone who knows nothing about the industry.
- ★ Introduce the revenue or market size of the industry, the past growth, 3rd party research on future growth, etc.
- ★ Discuss the leading players in the industry and their size. Highlight if it is a concentrated industry or not?



Andrew Stotz, PhD, CFA

# Feedback on your industry page – Second and third paragraphs

---

- ★ Each paragraph should get across one key point
- ★ Avoid overwhelming the reader with data and information; keep your key point clear
- ★ Support your conclusions with solid evidence
- ★ The reader should be able to ascertain your opinions on the industry quickly



Andrew Stotz, PhD, CFA

# Feedback on your industry page – Second and third paragraphs

---

- ★ Highlight the industry's key challenges and opportunities
- ★ Remove irrelevant or general topics like "sustainability"
- ★ Do not overly focus on the past; remove outdated events like 9/11
- ★ End each paragraph with how your points relate to the industry's future



Andrew Stotz, PhD, CFA

# Feedback on your industry page – Titles

---

- ★ Make titles/headlines concise, clear, and opinionated – Take a view
- ★ Avoid unnecessary capitalization in titles



Andrew Stotz, PhD, CFA

# Feedback on your industry page – Charts

---

- ★ Explain the relevance of charts to the presentation content
- ★ Ensure numbers on charts are large enough; follow the style guide
- ★ Ensure charts highlight key players
- ★ Ensure paragraphs and charts are connected and relevant



Andrew Stotz, PhD, CFA

# Feedback on your industry page – Style

- ★ Capitalize sources like "Global Market Insight"
- ★ Round numbers (e.g., 5.1% to 5%)
- ★ Consistent currencies (dollar, euro, etc.)
- ★ Improve grammar, capitalization, spacing, and currency consistency
- ★ Increase font size in charts according to the style guide
- ★ Use lowercase "b" in "billion"
- ★ Follow the style guide for fonts and formatting



Andrew Stotz, PhD, CFA

A woman with short blonde hair, wearing dark sunglasses and white earphones, is looking down at her black smartphone. She is wearing a black sleeveless dress with a belt and a tan jacket over her shoulder. The background is a blurred city street.

Remember

**Style guide**

# You MUST follow our style guide in your writing

The screenshot shows a Microsoft Teams channel interface. The left sidebar lists channels like 'vmc\_bc\_16' (selected), 'vmc\_bc\_16\_group\_1' through 'vmc\_bc\_16\_group\_10', 'vmc\_bc\_news', 'vmc\_bc\_party', 'vmc\_bc\_scholars', 'vmc\_pro\_07', 'youtube\_team', and others. The pinned message at the top is from 'Mo'men' (@channel) with the text: '@channel Here is the style guide checklist. Please, use it always to test your assignments' consistency.' Below this is another pinned message from 'Yesterday' (@channel) with the text: 'changes you think are good, and apply the feedback you week 6.' A pinned Excel file named 'Style guide checklist.xlsx' is also visible. Other messages in the channel include one from 'Vishan S.' (@channel) stating 'left vmc\_bc\_16. Also, BC16\_Daksh\_Vaja left.' and a scheduled message notification.



## Andrew Stotz, PhD, CFA

Mo'men shared the style guide checklist and pinned it already to the channel so that you can use it while working on your assignments

Neutral  
Bt5.35

# Ratchthani Leasing

## Positive outlook but not cheap

### Conclusion

- We maintain our Neutral rating with a higher TP of Bt5.20 (from Bt4.80). Operating outlook remains positive with relatively strong revenue growth, lower funding cost and stable asset quality. That said, its valuations remain high, with a P/E of 13.4x and P/BV of 2.8x on 2017E, both of which are at +10% vs its historical trading ranges.
- Impact**
- Our assumptions slightly more aggressive. Compared with THANI's 2017 financial targets, our assumptions are slightly more aggressive. We expect 2017 revenue growth at 10.4% vs guidance of 10%. Our lending spread assumption is more aggressive, at 4.3% vs THANI's guidance of 4%, as the company implicitly assumes a YoY stable funding cost, while we believe THANI should be able to lower the funding cost slightly further based on its currently debt-free maturity profiles. As for asset quality, THANI expects its IFRS ratio to decline to 4.4% due to the stable asset quality outlook and more contribution from lower-risk fleet financing. Our credit cost assumption of 100bp has already factored in 50bp general provisions for IFRS4 and thus we are in line with company guidance of normalized provision of 100bp.
- Funding cost to be lower in 2017. Despite the higher yield curve, we still expect THANI's funding cost to be lower in 2017, at 3.84% in 2018. Key reason is the ongoing re-pricing of its fleet.

Invested Financials

	Bt	BB	%	-4.5	-2.6	High
BB	8.00					
BB	8.00					
%	-4.5					
%	-2.6					
High						

Btmm

12,927

US\$6

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A 2017E 2018E 2019E

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# The purpose of this assignment

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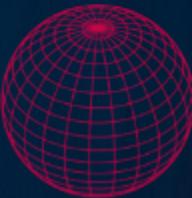
- ★ Before you start writing full paragraphs for your stories, we want you to plan your structure
  - Structuring your work first is critical
  - You don't have to stick with these stories
- ★ I will show you an example of TFMAMA, the largest instant noodle producer in Thailand



Andrew Stotz, PhD, CFA

# First, fill in your name and the company

	Andrew Stotz
	Thai President Foods PCL (TFMAMA)
Story 1	
Story 2	
Story 3	



VALUATION MASTER CLASS

by

A. Stotz

INVESTMENT  
RESEARCH

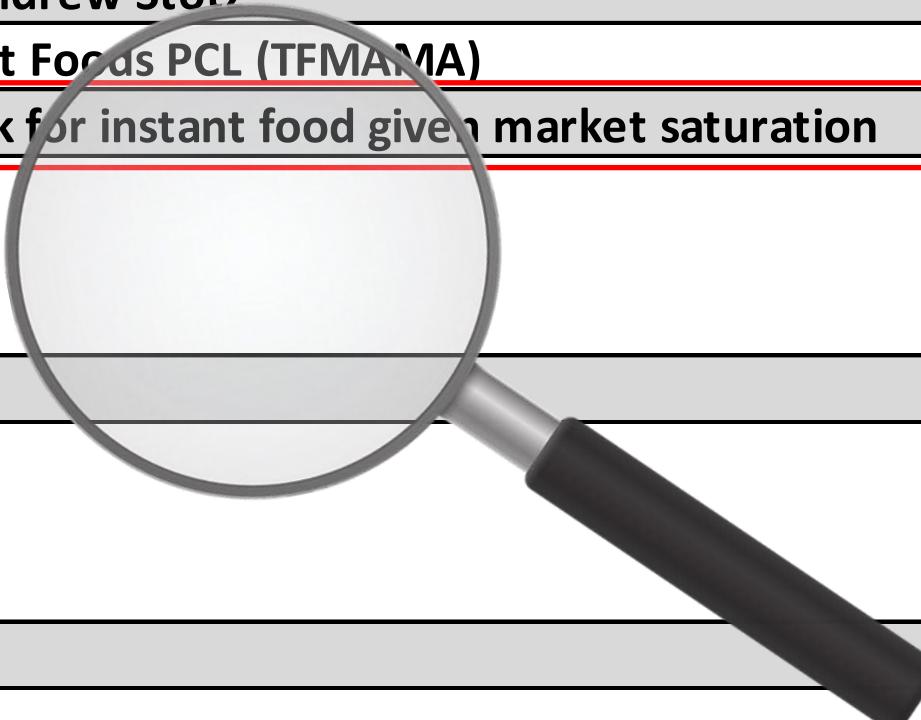
Andrew Stotz, PhD, CFA

A. Stotz

INVESTMENT  
RESEARCH

# Come up with a punchy headline for your first story point

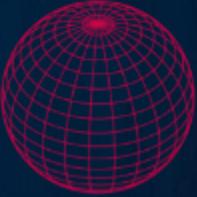
Andrew Stotz	
Thai President Foods PCL (TFMAMA)	
Story 1	Poor growth outlook for instant food given market saturation
Story 2	
Story 3	



Andrew Stotz, PhD, CFA

# Each headline should consist of 3 parts

---



**VALUATION** MASTER CLASS

by

*A. Stotz*

INVESTMENT  
RESEARCH

Andrew Stotz, PhD, CFA

- ★ Poor growth outlook for instant food given market saturation

*A. Stotz*

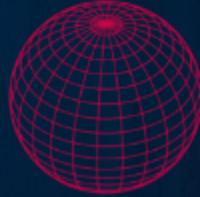
INVESTMENT  
RESEARCH

# The first part of the headline tells the investor the impact on the future

---

1

★ Poor growth outlook



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A. Stotz

INVESTMENT  
RESEARCH

Andrew Stotz, PhD, CFA

A. Stotz

INVESTMENT  
RESEARCH

# The second part mentions the segment or market which is affected

---

2

- ★ Poor growth outlook for instant food



Andrew Stotz, PhD, CFA

# The third part contains the reason or argument for your driver

---

3

- ★ Poor growth outlook for instant food given market saturation



Andrew Stotz, PhD, CFA

# Next, add 3 supporting evidence for your main story point

Andrew Stotz	
Thai President Foods PCL (TFMAMA)	
Story 1	<b>Poor growth outlook for instant food given market saturation</b>
No.1 instant noodle brand MAMA captures 46% of the Thai demand Thailand's yearly consumption is already high with 50 packs per person Launch of premium products is a new strategy to steal market share	
Story 2	
Story 3	



**Andrew Stotz, PhD, CFA**

- Each story should have 3 supporting bullets that are related to the story driver
- Your bullet points MUST justify your argument

# Let's look at the second story point

<b>Andrew Stotz</b>	
<b>Thai President Foods PCL (TFMAMA)</b>	
<b>Story 1</b>	<b>Poor growth outlook for instant food given market saturation</b>
No.1 instant noodle brand MAMA captures 46% of the Thai demand	
Thailand's yearly consumption is already high with 50 packs per person	
Launch of premium products is a new strategy to steal market share	
<b>Story 2</b>	<b>Exports are a growth catalyst due to rising foreign demand</b>
TFMAMA expanded production capacity to 7m from 6m packs a day	
In the past 5 years, its international sales saw a double-digit growth	
Strategic collaborations (e.g. Alibaba) help to tap into foreign markets	
<b>Story 3</b>	



**Andrew Stotz, PhD, CFA**

# Now you have an understanding of the structure

<b>Andrew Stotz</b>	
<b>Thai President Foods PCL (TFMAMA)</b>	
<b>Story 1</b>	<b>Poor growth outlook for instant food given market saturation</b>
No.1 instant noodle brand MAMA captures 46% of the Thai demand Thailand's yearly consumption is already high with 50 packs per person Launch of premium products is a new strategy to steal market share	
<b>Story 2</b>	<b>Exports are a growth catalyst due to rising foreign demand</b>
TFMAMA expanded production capacity to 7m from 6m packs a day In the past 5 years, its international sales saw a double-digit growth Strategic collaborations (e.g. Alibaba) help to tap into foreign markets	
<b>Story 3</b>	<b>Low growth for bakery unless consumer behavior changes</b>
The majority of Thais still prefers cheap bread, intensifying price competition TFMAMA increases presence in core provinces with new distribution centers Farmhouse App with fast delivery meets demand for digitalization	



**Andrew Stotz, PhD, CFA**

- Make a clear judgment call in the headlines
- Avoid general statements
- Don't get caught by the past
- Show your vision and opinion

# We will provide you with the same Excel template

---

- ★ This task forces you to write short statements
  - You only have one line for each argument
  
- ★ You should take your time to become familiar with conducting research
  - Over time, you will become fast at gathering information



Andrew Stotz, PhD, CFA

# You will find the template in VMC-Boot Camp

## Valuation Master Class - Boot Camp

0% complete

Search by lesson title

Checklists 0/3

The ValueModel 0/6

ASSIGNMENTS 0/3

FINAL REPORT - Week 2: Three key stories  
of your company

 ASSIGNMENT

### FINAL REPORT - Week 2: Three key stories of your company

Use the attached template to fill out the top 3 stories for your final report company.

When completed, upload your file here by **THURSDAY MIDNIGHT GMT+7**.

**Please upload as a picture (jpg). In case the macro does not work, just do a screenshot.**

#### Assignment download

Templateforkeystories.xlsm

31.1 KB

**DOWNLOAD**

#### Submit your assignment

You may only submit one file with maximum 100 MB in size

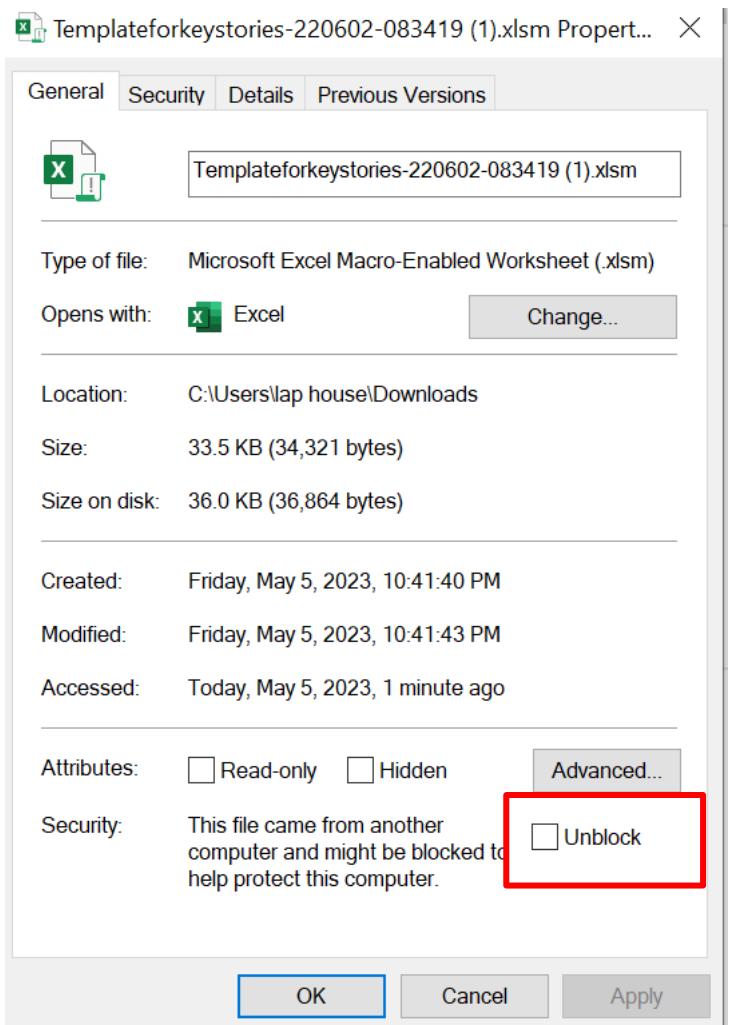


**Andrew Stotz, PhD, CFA**



INVESTMENT  
RESEARCH

# Download the template and follow these steps to enable the macro



Andrew Stotz, PhD, CFA

- Make one right-click on the file
- Next, click on properties
- You should see a window like this
- Click “Unblock” and then “Ok”

# Once you are done, click on the button and upload the picture on the learning platform

Andrew Stotz
Thai President Foods PCL (TFMAMA)
<b>Story 1</b> Poor growth outlook for instant food given market saturation
No.1 instant noodle brand MAMA captures 46% of the market demand
Thailand's yearly consumption is already high at 50 bags per person
Launch of premium products is a new strategy to increase market share
<b>Story 2</b> Exports are a growing opportunity due to rising foreign demand
TFMAMA expanded production capacity to 7m from 6m packs a day
In the past 5 years, its international sales saw a double-digit growth
Strategic collaborations (e.g. Alibaba) help to tap into foreign markets
<b>Story 3</b> Low growth for bakery unless consumer behavior changes
The majority of Thais still prefers cheap bread, intensifying price competition
TFMAMA increases presence in core provinces with new distribution centers
Farmhouse App with fast delivery meets demand for digitalization

Type your name here
Typ the company name here
<b>Story 1</b> Headline
<b>Story 2</b> Headline
<b>Story 3</b> Headline

Example



Fill in this one with your information



Andrew Stotz, PhD, CFA

- If you are using Mac, the macro might not work
- In this case, just make a screenshot and submit

# Two main challenges in research

---

- ★ The amount of information you get about a company often depends on its size and relevance
- ★ You are likely to face either of two challenges
  - **There is too much information, and you must identify what is relevant**
  - **There is too little information available that can support your forecast**



Andrew Stotz, PhD, CFA

- Remember that your forecast is a translation of your story into numbers

# Some sources of company information

---

- ★ Company publications
- ★ Newspaper articles
- ★ Industry reports
- ★ Data providers
- ★ Other analyst reports
- ★ Visit the company or their website
- ★ Send an email to the investor relations department



Andrew Stotz, PhD, CFA

# Determine whether the information is relevant

---

- ★ Information is relevant when it has a material impact on your forecast
- ★ It is your job as an analyst to estimate the impact of a company's actions or plans



Andrew Stotz, PhD, CFA

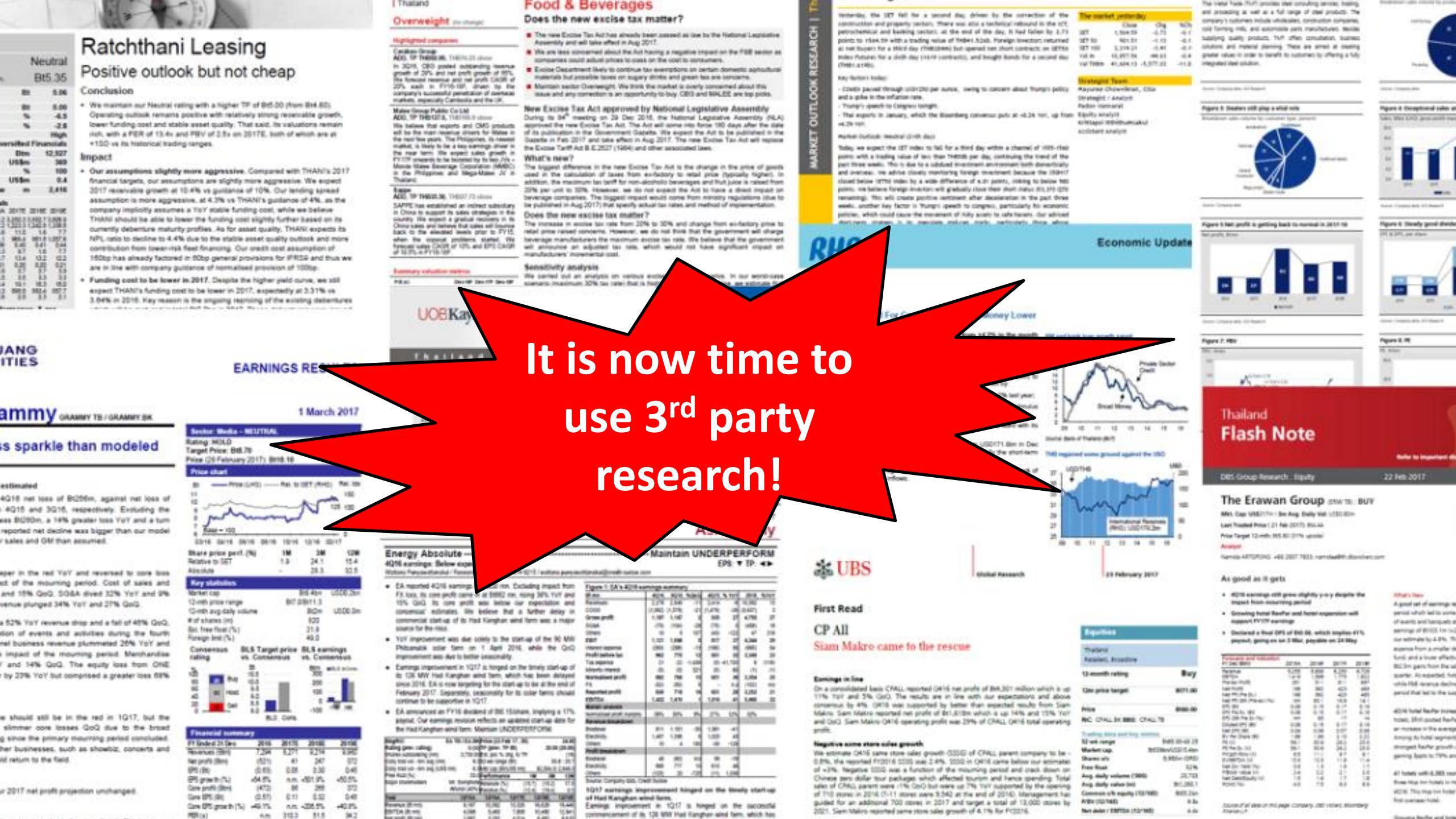
# Things you should consider in detail

---

- ★ Capacity expansion
- ★ Expansion into foreign markets
- ★ Entrance of new competitors
- ★ Technological development
- ★ Introduction of new products
- ★ Attraction or loss of key customers
- ★ M&A or long-term investments plans



Andrew Stotz, PhD, CFA





Story

Sales

FVMR

P5F

Team

WCB

ESG

Value

Risks

### Thanks to wealthy buyers, revenue growth would hike

According to consultant Wealth-X, the annual growth in the population of ultra-high-net-worth individuals was 6% from 2016 to 2020. It is correlated with the revenue growth of Ferrari averaged 8% annually while volume growth averaged 5.0% from 2006 to 2021. According to the Knight Frank Wealth Report, the global ultra-high-net-worth population growth is still forecast to grow at an annualized rate of 5% from 2021 to 2026. This will provide Ferrari with a significant addressable market expansion of at least 5% volume growth to increased numbers of wealthy buyers.



**Jutamas Srisukpongak**

## Boot Camp #6

**Graduated in Nov. 2022**



Ferrari NV is a holding company based in Maranello, Italy. The company was spun off from Fiat Chrysler and listed on NYSE and MIL in 2015.

More than 85% of revenue comes from the design, engineering, production, and sales of sports cars, and spare parts. The company also builds racing cars and engages in car racing such as Formula 1 championship. Another part of the revenue is generated from sponsorship, commercial, and brand licensing to various producers and retailers of lifestyle goods.

Ferrari always prefers to serve a niche market by following a low-volume production strategy, and broad selection which helped the company to maintain both scarcity and overall volume, the record high of shipments in 2021 with 11K cars worldwide.

# Time to apply what you found!

---

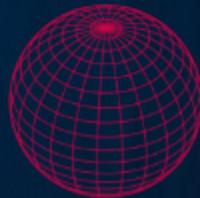
- ★ You worked hard to find third-party research related to the industry and now you should find more related to your company
  - You should use your findings to construct your stories
  - Each one of you should have at least one story coming from third-party research
- ★ Transform your findings to be in line with your vision
  - It is your interpretation that your listeners care about



Andrew Stotz, PhD, CFA

# Any assignment like this would be rejected

Type your name here	
Typ the company name here	
<b>Story 1</b>	<b>Expanding 7nm production to drive revenue growth</b>
SMIC increased 7nm production in China to increase its revenue.	
7nm considered to be the most competitive-edged line of business in SMIC	
<b>Story 2</b>	<b>Future uncertainty amid the U.S. and China tension</b>
The U.S government restricted list negatively impact SMIC revenue growth	
The supply of chip equipment such as EUV can be restricted to SMIC	
<b>Story 3</b>	<b>More dependent on domestic market</b>
Nearly 64% of SMIC revenue generated in Chinese market.	
SMIC can be self-sufficient by the domestic consumers	
Only dependent on domestic market can dampen the new tech development	



VALUATION MASTER CLASS

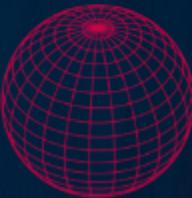
by  
INVESTMENT  
RESEARCH

Andrew Stotz, PhD, CFA

- No name or company name
- No sufficient evidence

# Any assignment like this would be rejected

Walt Disney Company	
Story 1	New growth engines driving streaming service bottom-line growth by 57%
Expanding on types of streaming services platforms, Disney aims to capture a larger share in the rapidly growing on-demand entertainment service market	
Story 2	Improving self-reliance in Streaming Media due to tougher competition
Expanding on types of streaming services platforms, Disney aims to significantly increase competition to attain licensing and broadcasting rights for content on streaming platforms	
Story 3	Theme Park and subscription fees Price hike , could drive top-line growth
Increased Theme park ticket prices by \$10 and subscription for streaming services demonstrate ARPU focus post-pandemic	



VALUATION MASTER CLASS

by

A. Stotz

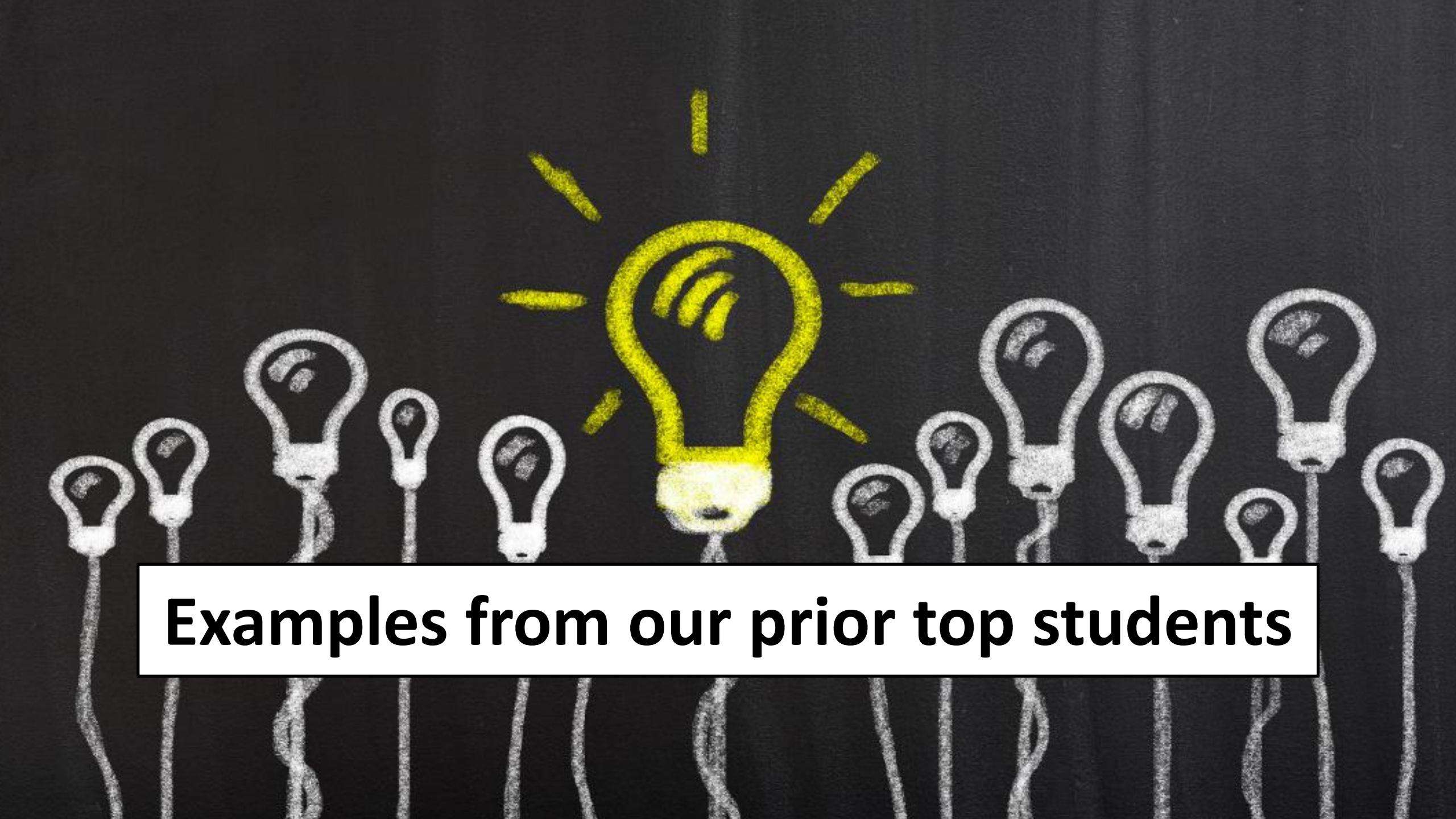
INVESTMENT  
RESEARCH

Andrew Stotz, PhD, CFA

- Long sentences, not bullet points

A. Stotz

INVESTMENT  
RESEARCH



**Examples from our prior top students**

# Some good examples from prior students

SUPAWAN LAOSUWAN	
<b>Taiwan Semiconductor Manufacturing Company Limited(TSMC)</b>	
<b>Story 1</b>	<b>Upcoming 5G world is an oportunity to TSMC</b>
Referring to the Ericsson Mobility report, the forecast number of global 5G adoption would keep growing and reach 4 Billion in 2027. This would be an opportunity to TSMC to boost its sales.	
<b>Story 2</b>	<b>Strong purchasing power to bargain raw material price</b>
TSMC has various number of suppliers located around the world so that the suppliers would have lower power to bargain its selling price. This would lead TSMC to manage its cost of production.	
<b>Story 3</b>	<b>Expanding automotive platform opportunity</b>
Reuters published TSMC's tap with the leaders of chip suppliers in the automotive industry, NXPI.O and STM.DE, to serve its chips to them. TSMC could raise its sales revenue by this platform.	



Andrew Stotz, PhD, CFA

# Some good examples from prior students

<b>Daniel Jordao</b>	
<b>BYD Company Limited (BYD)</b>	
<b>Story 1</b>	<b>BYD's top China share, key edge in vast market</b>
China is expected to add 1.8 mi BEV sales in 2023 vs 0.7(EU)/0.4(US) New Energy Vehicles(NEV) sales urge 53% YoY, no expect to slowdown 2023 total vehicle sales forecast is 2.9 mi units, up 57% YoY	
<b>Story 2</b>	<b>Massive expansion overseas using different strategies</b>
BYD is launching strategic plants in Asia, America, and Europe Released new models at various price points to seize global market share Sells EVs abroad at higher prices, boosting margins post-shipping costs	
<b>Story 3</b>	<b>Earnings and margins are booming, confirming optimism</b>
Solid Q3 2023 growth, with net income up 82% vs previous year BYD's gross margin was 22.1%, the highest since Q3 2020 With scale benefits/lower costs, 2023-25 net profit is forecast up by 6%	

