

## Assignment - II

### 1) Operating Income Approach

⇒ Focuses on the income generated from the core operation of a business.

⇒ Emphasizes operating income (EBIT or EBITDA)

⇒ A company's ability to generate profits from its core operations.

⇒ How its Calculate

Subtracts operating expenses from gross profit.

### Cost of Capital Approach

⇒ This approach considers the overall cost of financing a company's operations, including both debt and equity.

⇒ Focus on the Cost of Capital (WACC)

⇒ The best investment opportunities for a given level of risk or rate of return.

Analyzes the cost of capital.