Week – 15

Calculate FCFE and FCFF using the following data. Assume tax rate of 30%

|  |  |
| --- | --- |
| Net Profit | 660 |
| Depreciation | 100 |
| EBITDA | 1100 |
| Interest | 120 |
| Dividend | 75 |
| Change in Receviables | 115 |
| Change in Payables | -70 |
| Capital Expenditure | 140 |
| New Loans Raised | 270 |

Next, assume, Risk free rate = 5%, Equity Risk Premium = 8%. Tax Rate = 30%. Beta = 1.2. Terminal growth rate of 4%. Calculate the equity value assuming steady state growth, and using the FCFE model.