A Trouble Shooting Guide: What is wrong with this valuation? DDM 2 Sta

If this is your 'problem'   *this may be the s*

• If you get a extremely low value from the 2-stage DDM, the likely culprits are

    - the stable period payout ratio is too low for a stable firm ($< 40\%$)   If using fundame

                                                                                             If entering direct

    - the beta in the stable period is too high for a stable firm   Use a beta close

    - the use of the two-stage model when the three-stage model is more appropriate   Use a three-stage

• If you get an extremely high value,

    - the growth rate in the stable growth period is too high for stable firm   Use a growth rat