Which Companies Should Be Valued with a DCF

Ideal Characteristics for a DCF

> Mature-stage company (in terms of growth)

>> Makes forecasting more accurate

> Stable, consistent future cash flows

>> Makes forecasting more accurate

> Operates within a non-cyclical industry

> High visibility on future revenues to inform forecasts (e.g. contracted revenues)

> Historical financials to compare to forecast assumptions

Suitable Sample Sectors for DCF

▲ Utilities

▲ Infrastructure

▲ FMCG

Unsuitable Sample Sectors for DCF

▼ Early-Stage Tech

▼ Biotech

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