MONASH
BUSINESS
SCHOOL

Expert advice from experts

Marie Curie
Nobel Prize, PhD

Pierre Curie
Nobel Prize, PhD

Report for
Acme Corporation

24 September 2020

Department of Econometrics & Business Statistics

(03) 9905 2478
BusEco-Econometrics@monash.edu

ABN: 12 377 614 012

147 variables with 102 having the missing value

```
##      Name              Symbol             Market             Sector
##  Length:45          Length:45          Length:45          Length:45
##  Class :character   Class :character   Class :character   Class :character
##  Mode  :character   Mode  :character   Mode  :character   Mode  :character
##
##
##
##    Industry           intra_day           ent_value            trail_pe
##  Length:45          Min.   :      6.4   Min.   :      7.8   Min.   :  7.54
##  Class :character   1st Qu.:     36.3   1st Qu.:     59.3   1st Qu.: 17.26
##  Mode  :character   Median :     79.6   Median :    122.4   Median : 24.74
##                     Mean   :  71455.7   Mean   :  70367.6   Mean   : 46.22
##                     3rd Qu.:    204.8   3rd Qu.:    241.0   3rd Qu.: 41.50
##                     Max.   :1670000.0   Max.   :1670000.0   Max.   :769.92
##      for_pe            peg               ttm              mrq
##  Min.   : 3.59   Min.   :-27.96   Min.   : 0.25   Min.   : 0.620
##  1st Qu.:14.62   1st Qu.:  1.34   1st Qu.: 1.17   1st Qu.: 2.490
##  Median :18.54   Median :  2.39   Median : 3.08   Median : 5.320
##  Mean   :21.90   Mean   : 19.23   Mean   : 4.40   Mean   : 7.352
##  3rd Qu.:25.85   3rd Qu.:  4.19   3rd Qu.: 5.94   3rd Qu.:11.710
##  Max.   :98.25   Max.   :713.67   Max.   :18.62   Max.   :28.070
##       rev              ebitda          tot_risk       envir_risk
##  Min.   : 0.560   Min.   : 5.69   Min.   :11.00   Min.   : 0.000
##  1st Qu.: 1.420   1st Qu.:11.48   1st Qu.:17.00   1st Qu.: 1.000
##  Median : 3.670   Median :14.68   Median :20.00   Median : 2.000
##  Mean   : 4.779   Mean   :18.52   Mean   :22.78   Mean   : 4.333
##  3rd Qu.: 6.940   3rd Qu.:21.38   3rd Qu.:27.00   3rd Qu.: 7.000
##  Max.   :17.570   Max.   :83.52   Max.   :40.00   Max.   :18.000
##   social_risk      gover_risk
##  Min.   : 3.00   Min.   : 4.0
##  1st Qu.: 7.00   1st Qu.: 6.0
##  Median :10.00   Median : 7.0
```

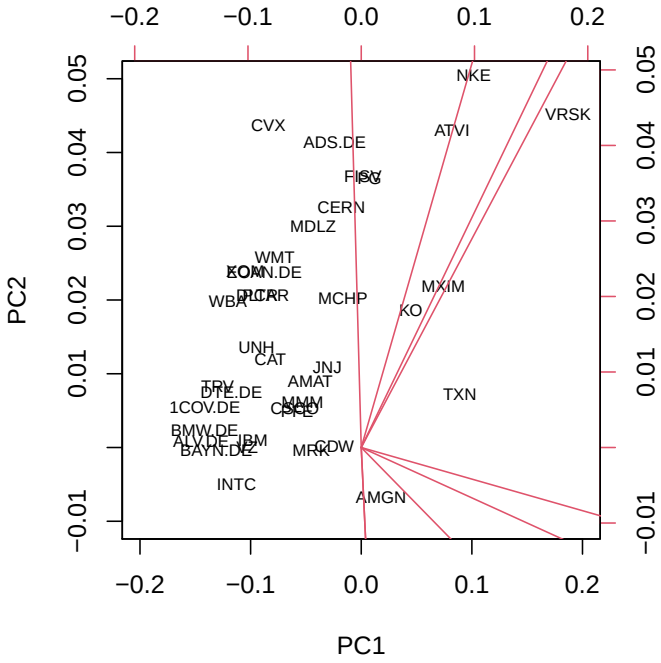
```
##  Mean   :10.76   Mean   : 7.6
##  3rd Qu.:14.00   3rd Qu.: 9.0
##  Max.   :25.00   Max.   :12.0
```

0.1 Description of the variables related to the value of stocks:

- Market capitalization refers to how much a company is worth as determined by the stock market. It is defined as the total market value of all outstanding shares. To calculate a company's market cap, multiply the number of outstanding shares by the current market value of one share. Companies are typically divided according to market capitalization: large-cap ($10 billion or more), mid-cap ($2 billion to $10 billion), and small-cap ($300 million to $2 billion). Enterprise value includes in its calculation the market capitalization of a company but also short-term and long-term debt as well as any cash on the company's balance sheet. Enterprise value is used as the basis for many financial ratios that measure the performance of a company.
- Enterprise value (EV) is a measure of a company's total value, often used as a more comprehensive alternative to equity market capitalization.
- Trailing P/E is calculated by dividing the current market value, or share price, by the earnings per share over the previous 12 months.
- The forward P/E ratio estimates a company's likely earnings per share for the next 12 months.
- The PEG ratio enhances the P/E ratio by adding in expected earnings growth into the calculation. The PEG ratio is considered to be an indicator of a stock's true value, and similar to the P/E ratio, a *lower PEG may indicate that a stock is undervalued*.
- The P/S ratio is a key analysis and valuation tool that shows *how much investors are willing to pay per dollar of sales for a stock.* The P/S ratio is typically calculated by dividing the stock price by the underlying company's sales per share.A low ratio could imply the stock is undervalued while a ratio that is higher-than-average could indicate that the stock is overvalued.
- The P/B ratio measures the market's valuation of a company relative to its book value.*The market value of equity is typically higher than the book value of a company.* P/B ratio is used by value investors to identify potential investments. P/B ratios under 1 are typically considered solid investments.
- The enterprise value-to-revenue (EV/R) multiple helps compares a company's revenues to its enterprise value. *The lower the better, in that, a lower EV/R multiple signals a company is undervalued.*

- The enterprise value to earnings before interest, taxes, depreciation, and amortization ratio (EV/EBITDA) compares the value of a company—debt included—to the company's cash earnings less non-cash expenses. The EV/EBITDA metric is a popular valuation tool that helps investors compare companies in order to make an investment decision. EV calculates a company's total value or assessed worth, while EBITDA measures a company's overall financial performance and profitability. Typically, when evaluating a company, *an EV/EBITDA value below 10 is seen as healthy*. It's best to use the EV/EBITDA metric when comparing companies within the same industry or sector.

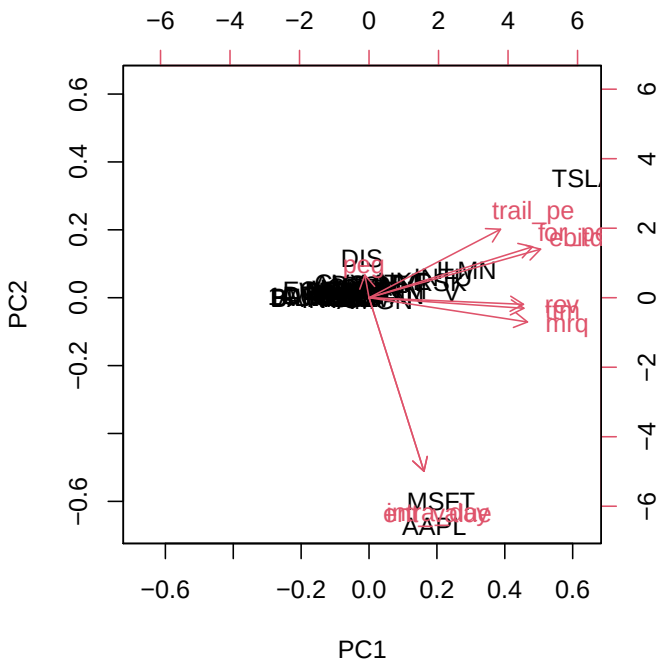
0.2 Value Analysis



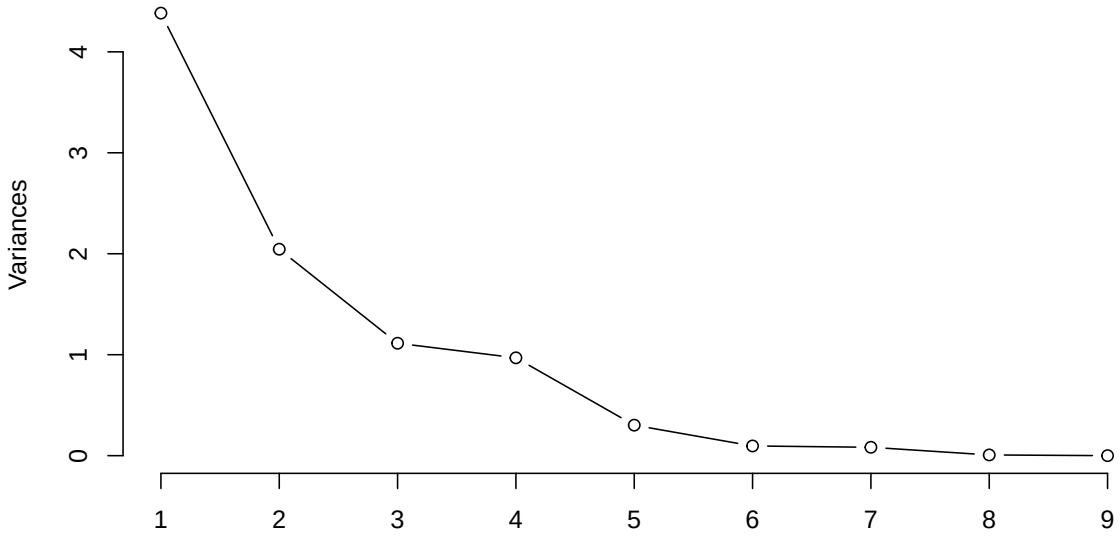
0.3 Value analysis(All)

```
## Importance of components:
##                           PC1    PC2    PC3    PC4     PC5     PC6     PC7
## Standard deviation     2.0937 1.4300 1.0553 0.9845 0.54966 0.31005 0.28822
## Proportion of Variance 0.4871 0.2272 0.1237 0.1077 0.03357 0.01068 0.00923
## Cumulative Proportion  0.4871 0.7143 0.8380 0.9457 0.97927 0.98996 0.99919
##                            PC8     PC9
## Standard deviation     0.08486 0.01127
```

```
## Proportion of Variance 0.00080 0.00001
## Cumulative Proportion  0.99999 1.00000
```



all_value



0.4 Risk