**SIA Module worksheet week 5**

|  |  |  |  |
| --- | --- | --- | --- |
| Seminar **Questions** (to check and/or develop your relevant knowledge on investment appraisal) | **Answers** (write here in your own words & underline key concepts) | e.g. **Illustrate** from last year’s case study – find this data in the annual report of the target company or the exemplar assessment | NB - **Find** the equivalent data for the assessment case study you are tasked with analysing from available data |
| 1. What are the main pieces of financial information you need to find to start estimating free cash flow for a target company? |  | Which of these have you already identified in weeks 1 to 5 and which extra pieces can you find? |  |
| 1. Why is predicting working capital investment more important in some sectors than others? |  | Why is the investment in working capital from 2018 to 2019 so low? |  |
| 1. How can we work out a suitable enterprise value and hence equity value to pitch a successful bid price, using free cash flow? |  | Look back to week 4 to identify the sector PE ratio, multiply this by the average EPS for the last 2 +ve yrs for the target company and comment on the result? |  |
| 1. Define the following terms    1. Kd    2. Wd    3. We    4. WACC    5. Soft landing |  | Find the values for each term for the target company:   1. Kd 2. Wd 3. We 4. WACC |  |