Identifying a Peer Group

❖ The selection of a Peer group means we need to understand the both the target company and the peer companies' business to ensure that we select an appropriate group

Identifying a Peer Group

❖ The selection of a Peer Group depends on a number of criteria

❖ In practice no two companies are identical which is why a basket of companies is selected

❖ Sector

❖ Business Model

❖ Geography

❖ Seasonality

❖ Accounting Policies

❖ Capital Structure

❖ Size

Identifying a Peer Group

❖ Often the starting point is the publicly traded sector companies but often with major companies you may have to take an international perspective as we have here

Identifying a Peer Group

❖ The list can then be shortened by carefully evaluating the companies for their similarity to your target company

❖ This can be done using some of the resources shown here

❖ Company Website

❖ Annual Financial Reports

❖ Listing Prospectus

❖ Analysts' Research Reports

❖ Bloomberg and other online information sources

❖ News Reports

❖ SIC Code

Identifying a Peer Group

You should pay particular attention to the size of the company, its level of profitability and its rate of growth

- Company Website
- Annual Financial Reports
- Listing Prospectus
- Analysts' Research Reports
- Bloomberg and other online information sources
- News Reports
- SIC Code