Valuation

INTERMEDIATE PRACTICE WORKSHEET

Pick a real company you're curious about, and a direct competitor. There's no wrong answer, the goal is just practice.

Section 1 - Calculate P/E and PEG

For your chosen company: share price, EPS, and expected annual earnings growth. Calculate the P/E ratio and PEG ratio.

Section 2 - Compare to a Peer

Calculate the same ratios for a direct competitor. Which looks more expensive on a plain P/E basis? Does that change once you adjust for growth (PEG)?

Section 3 - Compare to History

If you can find the company's P/E from 1-2 years ago, is it trading richer or cheaper than its own recent history right now?

Section 4 - Sanity-Check the Growth Assumption

Where did the expected growth rate you used come from? How confident are you in it, and what would happen to the PEG if growth came in lower than expected?

Section 5 - Reflection

Combining everything from this track (margins, debt, cash flow, dividend/growth style, and now valuation) - would you call this company reasonably priced?