Company ABC – Buy the turn around/under covered growth story

Rating: Buy (x% upside)   **Share Price: S$xx**   **Target Price: S$xx**

Executive Summary

One paragraph to talk about your call, your valuation, your view of the company and the industry trend and a few key reason why you make the call. How much is the upside/downside of your call? What is the time horizon of your call? What are the catalyst for the company to reach your target? (1month? 6 months? 12 months?)

Point 1.

Point 2.

Point 3.

Target Price and Valuation method.

Thesis body

You can start the details of your thesis here or JUST use this page solely for Executive summary

Company Name: ABC Beverage Co Ltd
Bbg Ticker: ABC SP

Share Price: S$xx.xx
Target Price: S$xx.xx (X% upside/downside)
Rating: Buy/Sell/Hold

Market Cap (US$m):xx
Avg 1mth daily value traded (US$m/day): xx

Shares outstand (m): x,xxx
Freefloat: xx%
Major shareholder 1:
Xxx, xxx%
Major shareholder 2:
Xxx, xxx% [remove if necessary]

Share performance
[Insert 1 yr share price chart here, can just screenshot from Bloomberg, change line width to 3 by clicking into "Security/Studies" under GP page]

Financial Highlights (<mark>MUST appear at the bottom of first page</mark>, Highlight in Yellow to be replaced by actual data of the company)

Financial Year End: Dec	FY12	FY13	FY14E	FY15E	FY16E
Revenue (USD m)					
EBIT (USD m)					
Net Profit (USD m)					
EPS (USD /share)					
Net Profit net of extraordinary (USD m)					
Revenue YoY %					
EBIT YoY %					
Net Profit ex one off YoY %					
EPS YoY %					
EBIT Margin (%)					
Net Profit Margin (%)					
Net Gearing (%)					
P/E (x)					
P/B (x)					
EV/EBITDA (x)					
Dividend Yield (%)					

Source: Bloomberg/company/analyst

[Company analysis] <- please take out the bracket once you have your own section header

Provide a company background description

What does the firm do and how they derive their revenue source(s)

What kind of asset the company have?

What are the business model of the company? Ie Basically how do they make money

Quantitative analysis of the company's financials – cashflow, balancesheet, is there any concern in the company's future cashflow due to expansion/acquisition?

[Growth/expansion/turnaround/event analysis]

How will the company growth? By expansion, improving margins, more distribution channels and etc?

[Industry/Competition analysis] < - VERY IMPORTANT

How does the industry operate and the firm's relative position to the industry

What is the trend in the industry: is the company riding the trend or against the trend

VERY IMPORTANT: Background of the industry in which your company operates. Is the industry in an uptrend or a downtrend? What is the supply and demand in the industry looks like?

Who's the key players in the industry ?

What's the competitive edge of the company and disadvantage of the company?

Who's in the value chain and how is their performance? [Most of our participants in the past did not really study the industry, if you can't even tell me who are the big guys and how does the company plans to compete, it means that you have quite a lot of work to do.]

How is the company's operating statistics compared with its peers and what is your conclusion? (for example ROE, ROIC, margins, gearing, cash cycle (payable, receivable, inventory), operations (same store sales growth, like-for-like growth, utilization rate, growth rate, average transaction size), technology leadership)

What is your channel checks / research? How is the supplier/customer doing operationally and financially.

You can use SWOT analysis if you are familiar with the methodology. Basically what is the company's edge or is it a run of the mill company?

[Why Do you pick this Company, not the others?] – Expand on the few key reasons in your executive summary (Maybe provide brief examples to back the point), You can combine this section into either Valuation or Industry analysis and highlight in "Executive Summary"

Come up with 3-4 points explaining briefly on why you buy them & explain in details, for example:

1)   Market leader position far ahead of the rest

2)   Why is there value from the price, potential expansions, market over reacted, waiting for the industry to turn?

3)   Superior operations, unique business model (What is their edge if so?)

4)   Unlocking of value (Asset play?) explain the odds of it happening.

[Valuation analysis]

DCF – Do not use it as primary valuation unless necessary as it is prone to valuation engineering. If you base your valuation on DCF, pls provide key assumptions of your DCF calculation. And based on this DCF valuation, what are the target price multiple compared to peers. For DCF, you will also need to provide valuation sensitivity (how much % change to your base case TP) vs. WACC assumption and long term growth rate. Please do not engineer your DCF to reach 20% upside/downside.

SOTP. If you base your valuation on SOTP, pls provide details (valuation breakdown) on SOTP calculation. You need to justify the holding co discount here. And based on this SOTP valuation, what are the target price multiple compared to peers. Historical discount rate the company is traded.

If you base your valuation on other metrics (PE, PB, EV/EBITDA), please provide your justification.

Peer valuation. What multiple is its peer traded? If the company is trading below its peer value, is there particular reason? How's peers' operation compared to this company? Who are the best peers of your company? Do you think the company should be trading at premium or discount to peers, Why? Select appropriate companies, try to get pure play coys for a better appreciation of the peer comps, they may be in the same segment say luxury goods, but the breakdown in profits may differ and might not make them an apple to apples comparison anymore.

Peer valuation table shown below is compulsory. You company must be inside the valuation comp table! You should provide valuation for more than one year.

Peer valuation comparison table

	BB Ticker	Mkt Cap (US$m)	PE			EV/EBITDA			EPS YoY %		P/B			Dividend Yield (Optional)	ROE %		
			13	14E	15E	13	14E	15E	14E	15E	13	14E	15E	14E	13	14E	15E
Peer Group1																	
Your Co																	
Co 1																	
Co 2																	
Co 3																	
Average																	
Peer Group 2																	
Co 4																	
Co 5																	
Co 6																	
Average																	

Source: Bloomberg, analyst estimates

[Key assumptions and forecasts] <- you can combine this into Valuation section

Do you build your own model to forecast the company's future? If yes, how do you forecast the segments of the company? What are the margins that you used in your assumption?

If No, do you think street consensus is fairly representing the company's operation?

[Risk analysis] <- In the past most of our participants failed to explain in good depth of the company's risk.

What are the key risks of the company's business operation? Do they have expansion and how do you see the execution risk of their expansion? Have they failed any M&A in the past?

Do you think the industry is in an uptrend or downtrend? Why? And how is it affecting the company?

What are the key risks to your valuation?

Debt profile - What are the debt profile (maturity and interest expense) of the company, do they have a lot of debt to mature in the near term? How is that compared to its peers. What are the latest interest rate the company obtain from bank or debt capital market?

Placements and rights issue – did they tap equity capital market in recent years? Based on their cashflow situation/forecast, do you think they will raise equity in the near to medium term? If yes, how would that affect your valuation?

Please give detailed analysis into the risk. DO NOT give general description of risk without detailed analysis.

Corporate Governance Redflag – related party transaction, earnings manipulation, do they have a lot of assets that are hard to value (such as biological assets)

[Key shareholders/management analysis] - optional

Whose the key shareholders/management ? What are they bringing to the company? Is there related party transactions. Has the stock keep on doing placing money or issue debt?

Has the company bought back shares in the past few months? Any major shareholder increase/reduce their stakes? Are they share dilutive? Dividend policy?

Shareholder background. It is very important to understand the shareholder behind an Asian company. Do they have political connections? How do they start the company? Do they have other business that has connection with this listed company?

Company Financials and Ratios [This section is EXEMPTED from 4 page limit.]

[if you build your model, then you should get your numbers from your model]

[if you don't build your model, but only use Bloomberg numbers, please grab Bloomberg numbers from FA pages, otherwise, it is highly recommended that you use Bloomberg function bdp() to pull out numbers in Excel and format it in this word document. Once you have this Bloomberg template, you can do it quickly in your next competition or job interview assignment.

The exact rows of IS, BS, CF in your report can be different from this template but you should have all the key elements for our judges to look at.]

Financial year end: XXX; Source: Bloomberg? Analyst?

Income Statement (USD m)	FY12	FY13	FY14E	FY15E	FY16E
Revenue					
Gross Profit					
EBITDA					
EBIT					
Net Interest Income					
Associate Income					
Profit Before tax					
Tax expense					
Minority income/Preferred dividend					
Net Profit					
Net Profit net of extraordinary (USD m)					

Balance Sheet 1 (USD m)	FY12	FY13	FY14E	FY15E	FY16E
Cash					
Receivables					
Inventories					
Other current asset					
Total – Current asset					
Net PPE					
Goodwill/Intangible					
Associate/JV					
Other long term asset					
Total – Long term asset					
Total - Asset					

Balance Sheet 2 (USD m)	FY12	FY13	FY14E	FY15E	FY16E
Short term borrowing					
Account Payable					
Other short term liability					
Total – Short term liability					
Long term borrowing					
Other – Long term liability					
Total – Long term liability					
Total - Liability					
Shareholder equity					
Minority interest					
Total – Liability and Equity					

Cash Flow (USD m)	FY12	FY13	FY14E	FY15E	FY16E
Profit After Tax					
D&A					
Change in working capital					

Other item					
Cashflow from Operation					
Capex					
Investment in JV/Associate					
Other investment					
Cashflow from Investment					
Net debt raised					
Equity raised					
Dividend payout					
Cashflow from Financing					
FX impact					
Beginning cash					
Ending cash					

Ratios	FY12	FY13	FY14E	FY15E	FY16E
Revenue YoY %					
EBITDA YoY %					
EBIT YoY %					
Net Profit ex one off YoY %					
EPS YoY %					
EBITDA Margin (%)					
EBIT Margin (%)					
Net Profit Margin (%)					
Net Gearing (%)					
P/E (x)					
P/B (x)					
EV/EBITDA(x)					
Dividend payout ratio (%)					
Dividend Yield (%)					
Inventory Days					
Receivable Days					
Payable Days					
Cash Cycle					
Dupont Analysis					
ROE %					
Net Margin %					
Asset turn over (x)					
Leverage (x)					

Q&A with management (Date& time of call: 1901 Jan 2nd 9:00PM, Company representative: Bill Johnson, Contact number: +852-1111 0000)

Pls provide your telephone conversation records here. What have you asked the company beyond the basic company background and strategy. And what are the response from the company.