**Group Report Outline Phase 2 (Part 3 & Part 4)**

**FIN 440**

**(Continuation of Part# 1 & Part# 2 of the report)**

Sheet 5: Cost of capital calculations (Cost of Equity using CAPM, Cost of Debt, WACC)

Sheet 6: Valuation of the company using discounted cash flow method.

**Part 3: Weighted Average cost of Capital**

1. Describe Calculation of Cost of Equity (**using CAPM**)
2. Describe Calculation of Cost of Debt
3. Describe calculation of WACC
4. Describe any assumption(s) made

**Part 4: Valuation**

1. Calculate the value of the company using the variable growth formula using Free Cash Flow (FCF) valuation method.
2. Compare the calculated value with the current market price and comment if undervalued or overvalued.

**To calculate Beta, use the following formula:**

**Beta = Slope of Annual Rate of return of the company and Annual Rate of return of the market**

For the market assume the following returns: one return is done for you do the rest. Calculate the rate of return for your company in the same way and then use the above formula to calculate the Beta. In Excel use the formula **SLOPE** to calculate Beta. For market, use DSEX Index.

|  |  |  |
| --- | --- | --- |
| Year  | DSE Index | Market Rate of Return (RM) |
| 2021 | 6,756.65 |  |
| 2020 | 5,402 | = (5402-4453)/4453 =21.31% |
| 2019 | 4,453 |  |
| 2018 | 5,385 | =(5,385-6,244)/6,244=-13.75% |
| 2017 | 6,244 | =(6,244-5,036)/5,036=23.99% |
| 2016 | 5,036 |  |
| 2015 | 4,630 |  |
| 2014 | 4,865 |  |
| 2013 | 4,267 |  |
| 2012 | 4,219 |  |
| 2011 | 5,257 |  |

**Submission deadline is 28th August 2022.**