

19-2 Evaluating a Firm

REQUIRED:

Consider the financial data below for the Example Company, and assess the value of the Company. Explain your choice(s) of valuation method(s). All figures are 000s except for share price

Example Company Selected Financial Data						
Account Description	2002	2003	2004	2005	2006	2007
Cash	25,141	25,639	32,977	34,009	49,851	30,943
Accounts Receivable	272,450	312,776	368,267	419,731	477,324	542,751
Prepays	3,982	4,402	5,037	5,246	5,378	6,648
Inventories	183,722	208,623	222,128	260,492	298,696	399,533
Property & Equipment (net)	47,578	49,931	55,311	61,832	77,173	91,420
Other Assets	18,734	20,738	23,075	26,318	36,248	39,403
Total Assets	551,607	622,109	706,795	807,628	944,670	1,110,698
Accounts Payable	49,831	64,321	70,853	80,861	94,677	78,789
Accrued Expenses	86,087	102,650	113,732	131,899	143,159	164,243
Notes Payable	99,539	118,305	182,132	246,420	237,741	390,034
Long-term Debt	62,622	43,251	35,407	32,301	128,432	126,672
Deferred Taxes Payable	7,551	7,941	8,286	8,518	9,664	11,926
Other Liabilities	5,279	5,521	5,697	5,593	5,252	4,695
Total Liabilities	310,909	341,989	416,107	505,592	618,925	776,359
Capital Stock	73,253	87,851	79,009	71,601	81,238	73,186
Retained Earnings	167,445	192,539	211,679	230,435	244,507	261,153
Total Stockholders Equity	240,698	280,120	290,688	302,036	325,745	334,339
Total Liabilities & Equity	551,607	622,109	706,795	807,628	944,670	1,110,698
Net Sales	982,244	1,095,083	1,214,666	1,259,116	1,378,251	1,648,500
Cost of Goods Sold	669,560	739,459	817,671	843,192	931,237	1,125,261
Depreciation Expense	8,303	8,380	8,972	9,619	10,577	12,004
Interest Expense	11,248	13,146	14,919	18,874	16,562	21,128
Income Tax Expense	26,650	34,000	38,000	32,800	26,500	25,750
Dividends Paid	13,805	17,160	19,280	20,426	20,794	20,807
Net Income	32,563	37,895	41,809	39,577	35,212	37,787
Number of common shares outstanding at year-end	12,817	13,714	13,728	13,684	14,023	13,993
Market price per share	38	43	55	65	43	31