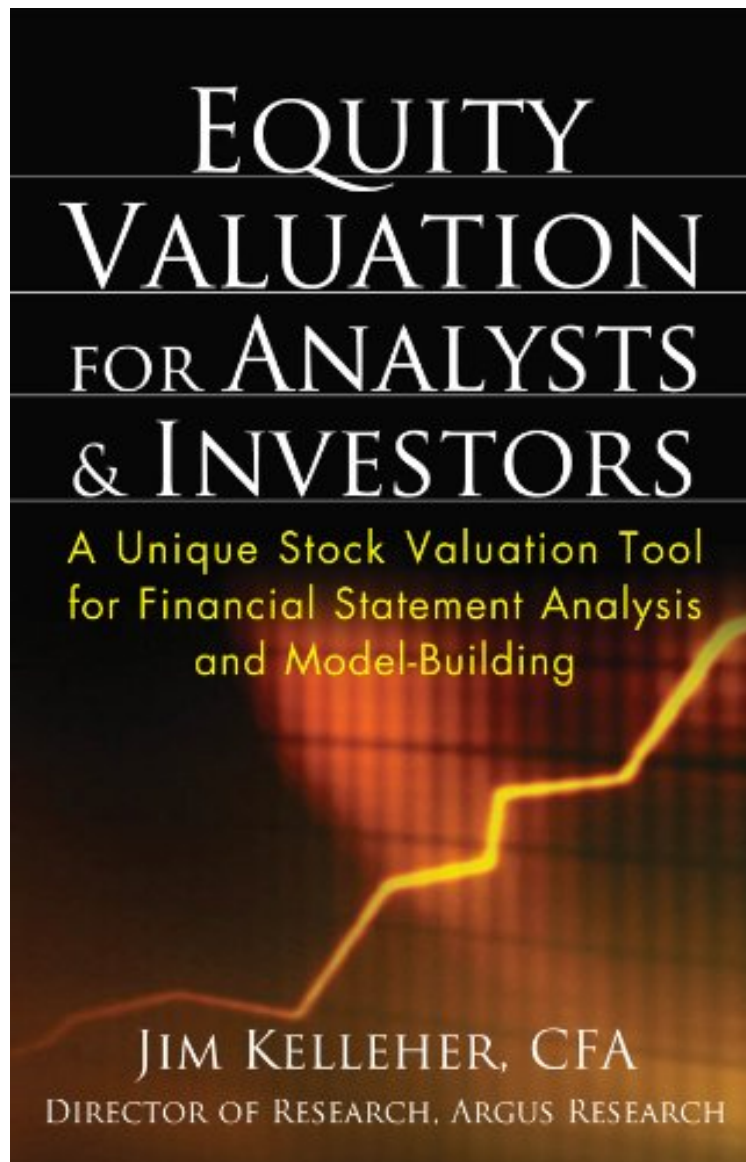



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Equity Valuation for Analysts and Investors (Professional Finance Investment)

James Kelleher

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James Kelleher : Equity Valuation for Analysts and Investors (Professional Finance Investment) before purchasing it in order to gauge whether or not it would be worth my time, and all praised Equity Valuation for Analysts and Investors (Professional Finance Investment):

13 of 13 people found the following review helpful. Great Book By Chris RAs someone who is trying to break into the research industry, I have read many other finance books but this one is hands down the best one. Jim Kelleher does a

great job of explaining a wide range of valuation methods and how to model them in Excel, all in a level of detail that makes it easy to follow along. He also shares many of his past experiences (covering stocks like GE, Motorola, etc.) and includes his real life financial models which to an amateur like myself, was very valuable to see. I highly recommend this book to anyone who is looking to learn the ways of research and also read some interesting insider tidbits along the way.

0 of 0 people found the following review helpful. Solid Reference Material, However Contemporary Metrics Are Missing

By JDM Introduction, "...Mature models tend to be hundreds of columns wide and hundreds of rows deep. Presenting these models 'As is' is simply impractical..." Perhaps a more appropriate title would include the words "For Beginners and Beyond," similar to W. Edward Olmstead's popular handbook on stock options. If you can read Equity Valuation cover to cover you must have an appetite for this type of text. Though I have been able to finish Anna Karenina and Don Quixote, a similar approach has not been used here. I am not criticizing Kelleher for being dry, and rather emphasize that the value he offers is probably found in reference material for the sedulous. With qualifications in mind, why not a five star rating similar to what many others have awarded? Here are some examples drawing on the current marketplace:

- 1) Amidst record low interest rates many corporations are borrowing inexpensively and buying back stock. Apple has announced a record program; other companies retiring their shares include Oracle, Merck and Co., Bed Bath and Beyond, Macy's, and this is really only a partial list. Equity Valuations summarizes the author's feelings on the subject "...Companies pour cash down the sinkhole with share repurchase (Pages 55-6)." It does not go beyond that--or mention metrics used by financial institutions other than Argus, such as Enterprise Value / Free Cash Flow.
- 2) There are also some stocks that have share prices that trade at astronomically high multiples to any earnings or cash flows. Examples include LinkedIn, Salesforce.com, and Tesla. Pertinently, Netflix may have the best performing stock in the SP 500 this year, up 227%. This book does not provide adequate tools to value such companies. One metric would be Enterprise Value / Sales, which is not included in the text (at least it is not mentioned in the index).
- 3) There are subscription services that purvey the research of financial institutions (such as JPMorgan, Goldman Sachs, or Deutsche Bank...), and also web sites that offer EV / FCF or EV / Sales. Getting such information can be so expensive that litigation may be cheap by comparison. Frustratingly, Equity Valuation, in discussing a Dividend Discount Model, says "On Bloomberg.com, you can enter any ticker, the Equity key, and type 'DDM' and you are transported instantly to the dividend discount model for that stock (Page 230)." Efforts to do so last night have proven entirely unsuccessful; but perhaps the model is offered through a premium Bloomberg service? In fairness, this work's copyright date is 2010, indicating that it is three years old. A new edition may focus on different topics as times and methods to address them change. It probably is helpful to anyone taking a close look at insurance companies, industrials, or consumer staples. To summarize, the book is either more of an introductory text than its publisher describes or is incomplete. Other reviewers like it and I believe there are valid reasons. However, to me, it is insipid because it not particularly insightful for the stocks that have been grabbing headlines.

2 of 2 people found the following review helpful. Bridges the gap

By Les G This is a great book that bridges the divide between theory and practice. I'm an experienced chartered accountant and I've found this book invaluable for building fluent excel models. You garner all of the inside tips and tricks of equities valuation from an experienced practitioner, I can't think of another equivalent. Well worth the money.

Create comprehensive stock valuation models--quickly and efficiently "This amazingly thorough book takes you through real-world financial modeling, provides concise techniques and methods for determining asset value, and offers a blended valuation approach that is responsive to changes in market dynamics. Peer Derived Value, introduced in the book, represents an original and commonsense approach to valuing a stock within its peer group. This book, in my view, is an invaluable addition to any investor's library." -- William V. Campbell, Chairman, Intuit Corporation

Equity Valuation for Analysts and Investors introduces you to the financial statement analysis and model-building methodology used by leading equity research firm Argus Research. Written by Jim Kelleher, the company's director of research, the book offers the tools for estimating individual equity cash value. These include a completely original and proprietary valuation methodology, Peer Derived Value, which values an equity based on the stock's current variation from its historical relation to a user-specified peer group. In a conveniently organized format, this in-depth guide covers all the tasks you need to master, including:

- Financial statement modeling
- Comparables analysis
- Discounted free cash flow
- Industry matrix models
- Blending valuation inputs to calculate fair value in any market environment

Valuing and predicting the future value of assets and stocks is a laborious task. Successful analysts and investors don't have time for tedious work that is outdated as soon as it's done. Equity Valuation for Analysts and Investors is the comprehensive guide to efficient financial statement analysis and model-building from one of the world-leading independent equity research firms, Argus Research. At the helm of the company's research is author Jim Kelleher, who developed his methodology and model-building techniques during his twenty years covering more than a dozen industries in nearly every sector. A good valuation model is an invaluable tool to help the serious investor: Wring more information from the 10-K and 10-Q Predict unexpected earnings shortfall or positive earnings surprises Master the art of "valuation choreography"

One of the biggest challenges to making accurate predictions with a valuation model today is the rapid and constant fluctuation of data. Equity Valuation for Analysts and Investors

provides a tried-and-true process for creating effective, compact models that add new measurement and valuation periods and accommodate a company's unique data presentation and reporting style. This versatile guidebook also provides both a rigorous process and a shortcut for each step in modeling financial statement data so analysts can customize their data focus based on their position in the value chain. When implemented in the real world, the valuation model uses the power of Excel to allow investors to quickly and accurately update their valuations and predictions by simply inputting adjusted data. Take control of your investments now by managing them based on your own research and Equity Valuation for Analysts and Investors.