



FIN 470: Financial Analysis in Excel

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Group Excel Assignment 7, Stock Valuation

Remember that for credit all Excel spreadsheets must conform to the [Excel Guidelines](#).

CAUTION: Capital IQ (as well as other web sites) automatically downloads data as a 1997-2003 (xls) format Excel file. Immediately save your file in the current (xlsx) format since some recent Excel features are not available in the earlier format.

NOTE: Unless stated otherwise assume all values are annual.

1. Create a workbook "FIN 470 A7 Group X (Fall22).xlsx".
2. Price the stock with a discounted dividend model
3. On a worksheet labeled, "SPrice", download 10 years of dividend data on your stock.
 - A. You can get this from the income statements on CapIQ, but it may be easier to get from an alternate source.
4. Graph the dividend history.
5. Based on the pattern and trend of the dividend history, decide how you will forecast future dividends:
 - A. Decide if the best model is a constant dividend, a constantly growing dividend, or a mixed/multi-stage dividend.
 - B. If constantly growing or mixed/multi-stage dividend, decide how to forecast future (ST) dividends. Possibilities:
 - i. TREND
 - ii. Trend lines
 - iii. Various TS forecasting techniques
 - iv. Etc.
 - C. Forecast ST dividends and discount for PV
 - i. Assume required rate of return/discount rate is 10%
 - D. Determine LT (infinite) growth rate of dividends.
 - E. Value LT terminal perpetuity and discount
 - F. Price = PV(ST) + PV(LT)