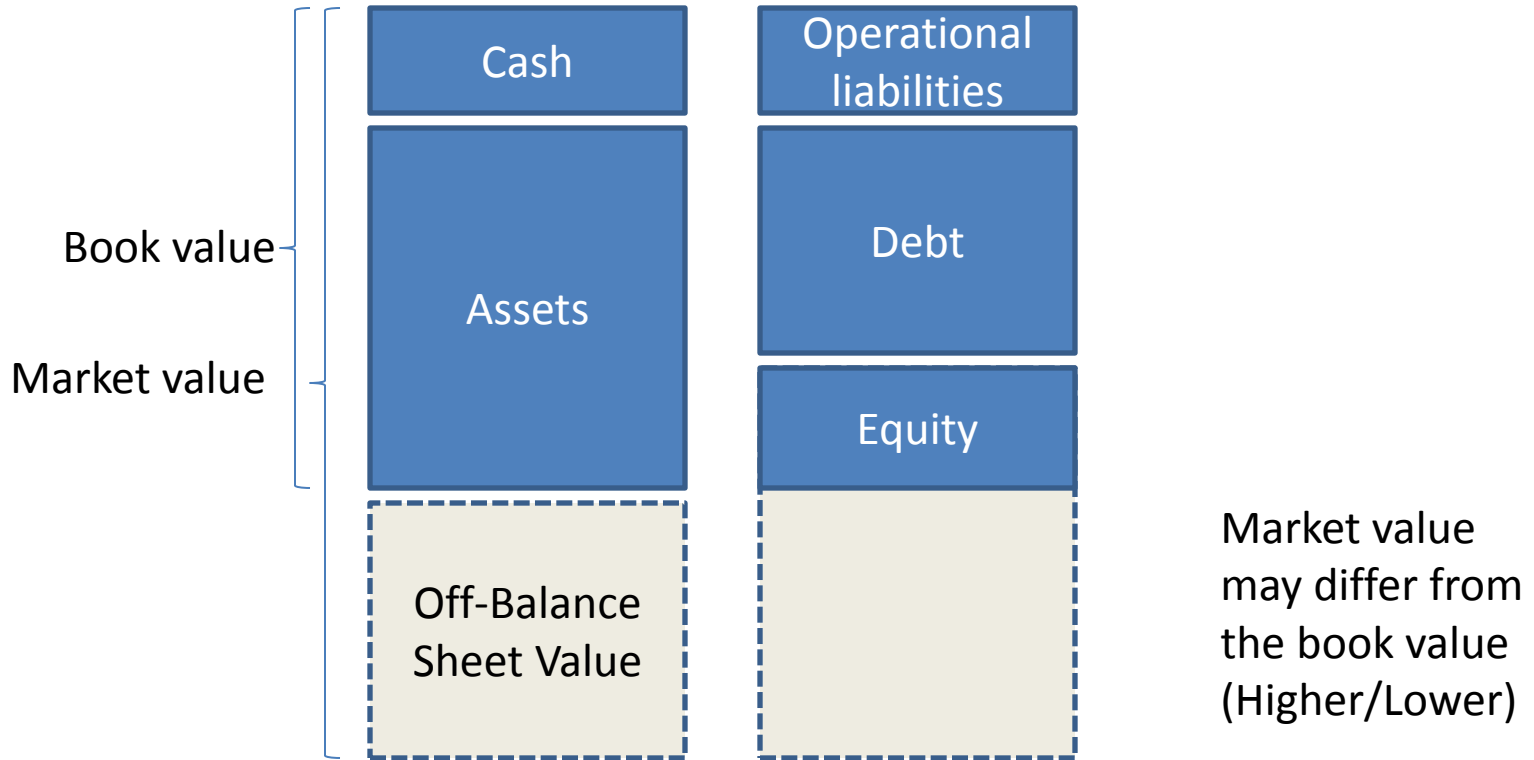


A. Valuation

Book Value \neq Market Value



Off-balance sheet value (1)

- Intangible assets not purchased

- ✓ Quality of the people
- ✓ Brand Value http://www.interbrand.com/best_global_brands.aspx
- ✓ Reputation
- ✓ Client database
- ✓ ...

- Value of the growth in the future

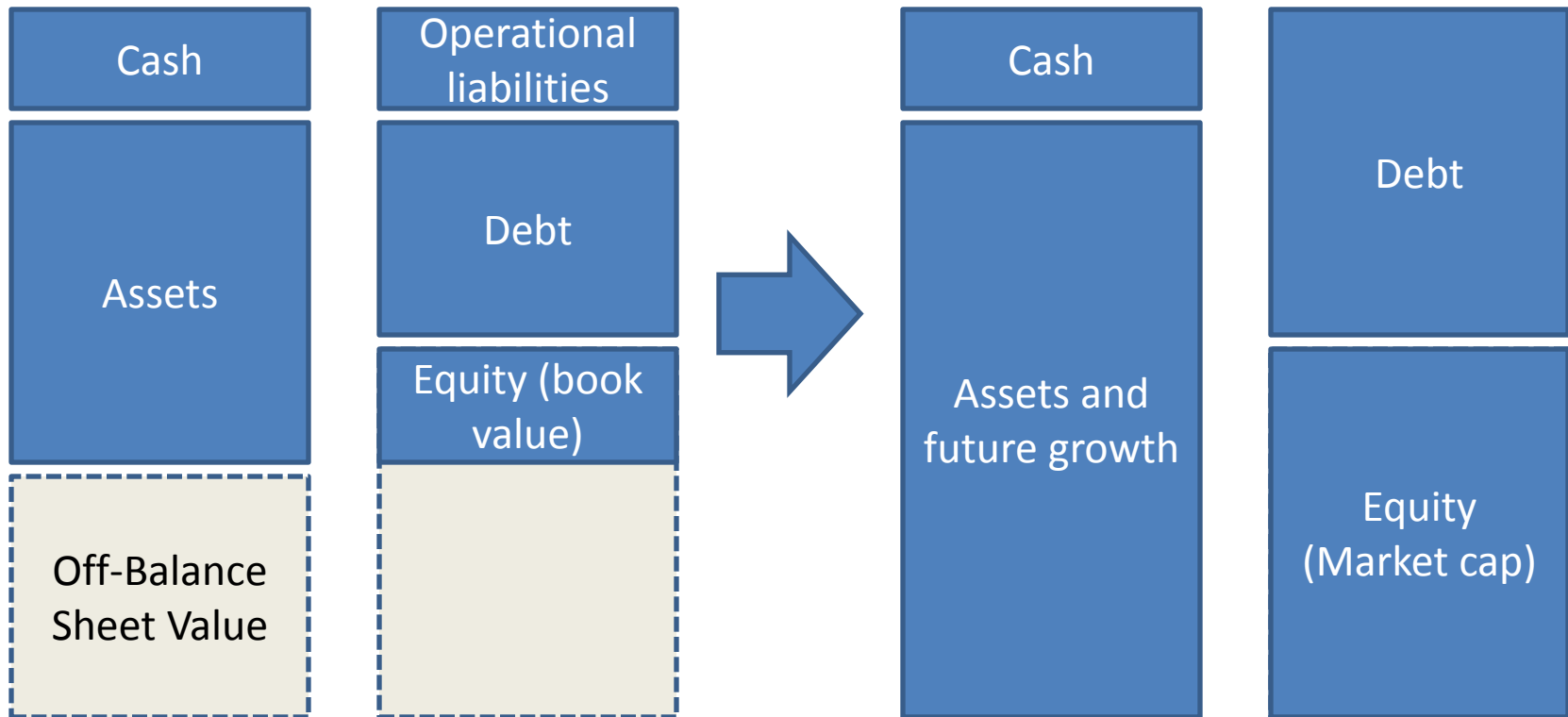
FYI

- ✓ High Technology Company's Life is 6 year
- ✓ Engineering Company's Life is 14 year
- ✓ Asos' Life ...???

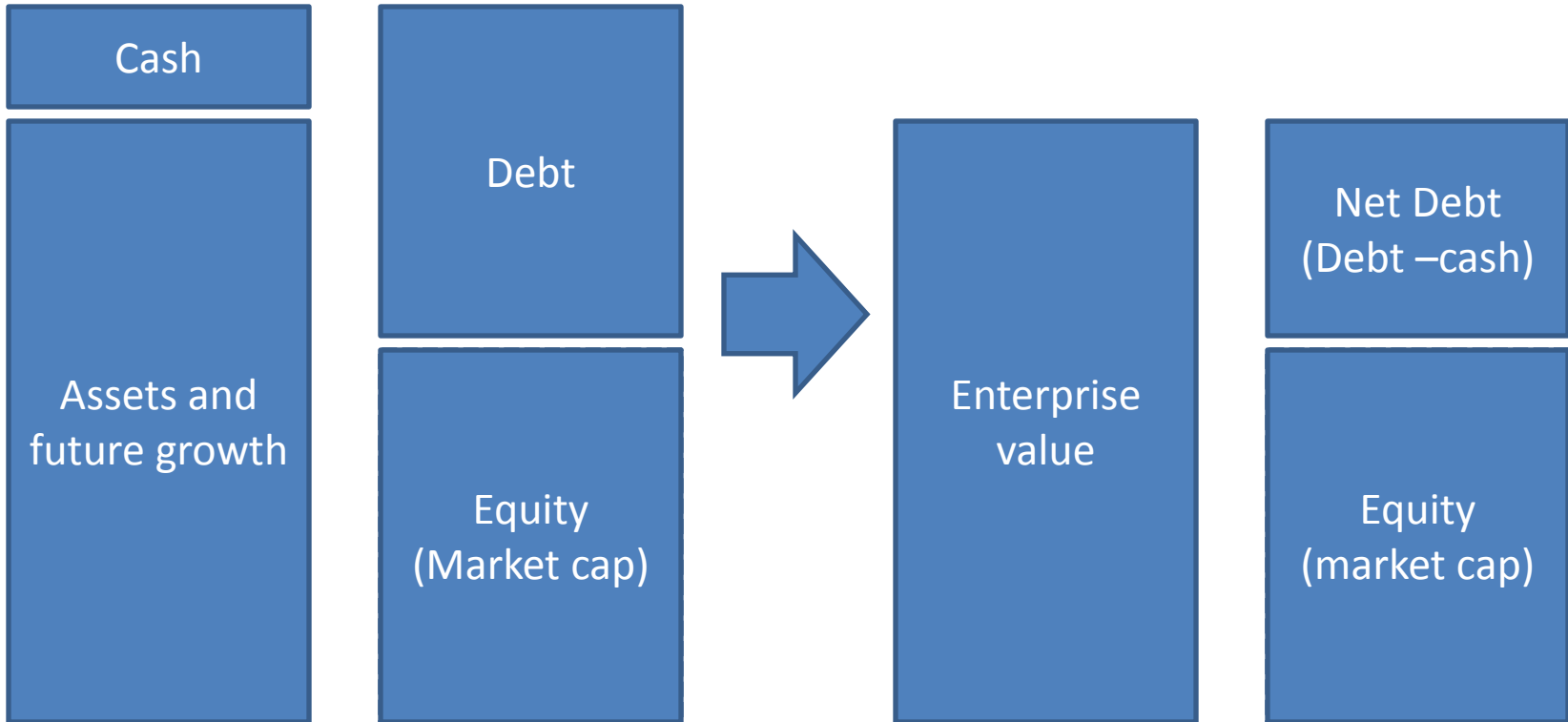
Off-balance sheet value (2)

- Intangible liabilities
 - ✓ Leases
 - ✓ Future liabilities currently invisible

Restating the Balance sheet from the book value to the market value



Calculation of Enterprise Value (EV)



Market cap = #shares*price

Enterprise value (EV) = Market cap + Net debt

Accounting Returns vs. Economic Returns

Way to improve Accounting Returns

- Leverage
- Share repurchases
- Let assets age
- Lease assets off balance sheet
- Realize gains
- Change depreciation Schedule
- Take one-time charges

Way to improve Economic Returns

No Economic Benefit

- Growth Sales
- Increase margins
- Improve fixed asset utilization
- Reduce Inventory
- Shorten receivables
- Stretch payables
- Sell unprofitable business

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Stuff that's matter

Multiples Valuation

The most common means of valuing an asset is to find the prices of similar assets.

Think of a new flat in Ixelles, often priced by # rooms and square meters. If you rent a flat of 200sq meters with 4 rooms for EUR2000/month , you are paying EUR500 each or 10 euros per sq meter. If you visit another flat in Ixelles with 6 rooms and 300sq meter you will be ready to pay EUR3000/month but what price are you ready to pay for a garden ? EUR200?? EUR300???

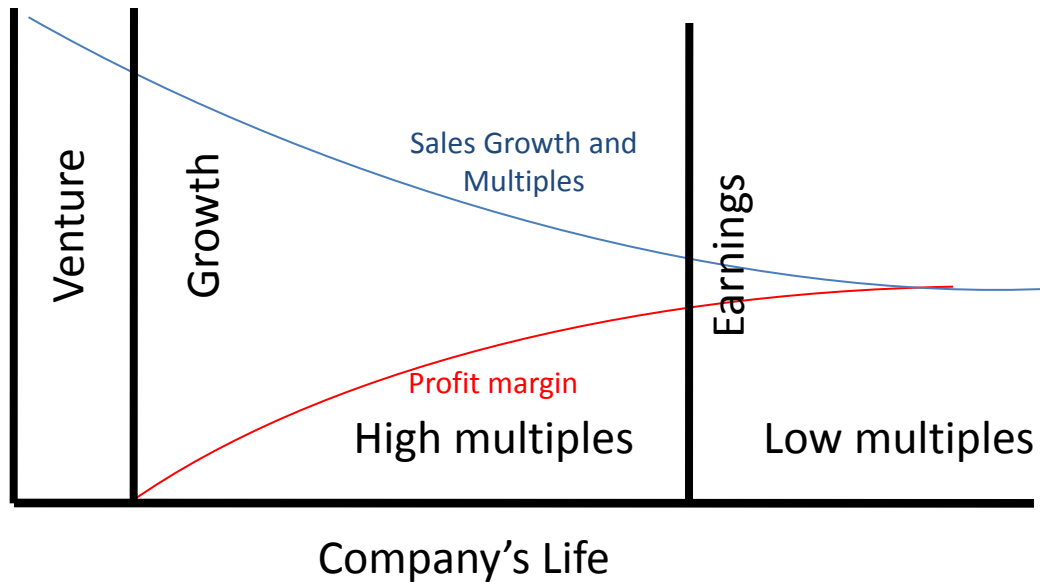
Analysts use exactly the same methodology. However, instead to use the price, they use multiples...

Which multiples to use ?

Different types of Multiples

Multiple	Calculation	Where and why it is used
Sales	EV/Sales	For loss making, fast growing companies with no earnings or where sales is a key value driver
EBITDA	EV/EBITDA	For loss making companies (at the EBIT or net income), or where leverage differs among the comparables, or where acquisitions are generating amortization
EBIT	EV/EBIT	For loss making companies, or where leverage differs among the comparables
PE	Equity Value/ Net Income	For stable companies in mature industries where leverage is similar

Growth story vs. Earnings Story (Star vs. Cow)



- Faster Growing companies have higher multiples - **Why?**

- ✓The potential sales growth should already be priced in the value number (The market anticipates the future sales growth → Price-to-book \gg 1)
- ✓Earnings will catch up as time goes on and the multiple will fall

B. Asos

News flow

- Q1 sales due 11 December 2012
 - 12% UK sales growth and 36% International
 - Soft prior year UK trading comp (+5% in Q1 last year)
 - Conference call available online
- News flow between March and September could be less impressive
 - Tougher comps
 - Price investment annualises
- Chinese & Russian platform out in september 2013