## - Support information -

To help you with this Challenge, you have a short briefing about the different methods that you can apply to your valuation process and a summary of the points that Peter Lynch considered useful in order to analyze how to select a company (taken directly from Peter Lynch's book One up on Wall Street).

### **Three methods to set up the value of a company in Eikon.**

There are three methods to set up the value of a company in Eikon and it is very easy to look for them in Eikon. Let´s have a look to them.

Method 1: Discounted cash flows method.

The best way to use this method in Eikon is through Excel. We provide some templates where our analysts deploy specific and common models used in the industry. If you want to get this template go to the Thomson Reuters Excel add-in and then go to templates:
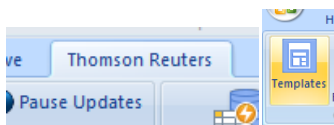
In templates search for DCF model and open it.
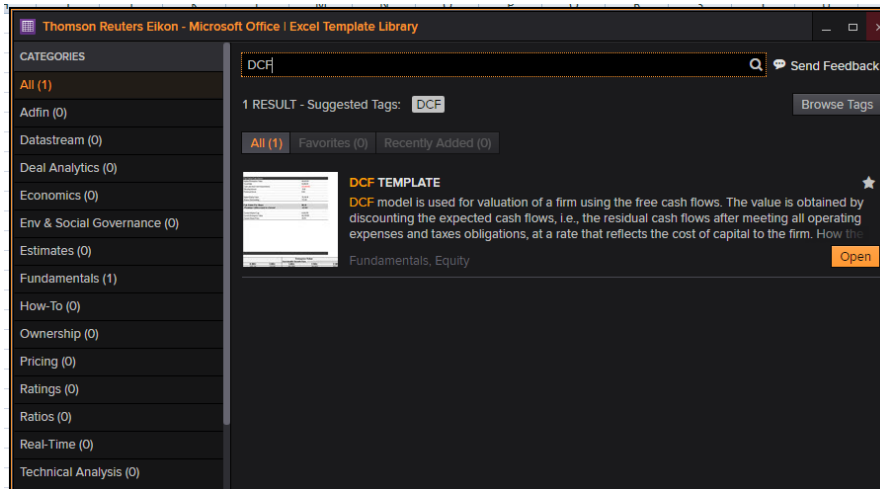
You need to follow the instructions provided in the first sheet. You need to use to code of a company (the RIC code) and change the different parameters provided (in the inputs sheet):


You can use two methods for the terminal value: exit multiple or perpetuity. If you want to know the differences between both you can have a look this page:
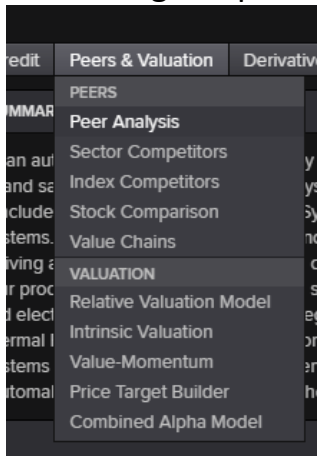
https://corporatefinanceinstitute.com/resources/knowledge/modeling/dcf-terminal-value-formula/

Method 2: comparable analysis.

You can get to peers of a company very fast and see if this company is expensive or cheap compared to it. Look for a specific company:
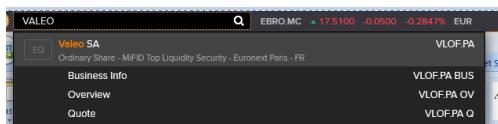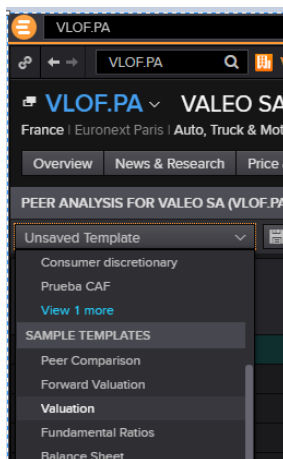
And then go to peers and valuation:

In the peers analysis you will get the company peers according to a Thomson Reuters algorithm but you can select your own peers of the peers according to a specific business classification.

Go to the valuation template:

And compare results:

You can customize your own columns if you want.

Method 3: Starmine models.

Starmine is company bought by Thomson Reuters some years ago. They try to apply quantitative methods to financial markets. They have built several and useful models. Regarding valuation there are two main methods that can help you to know if a company is cheap or not: Intrinsic valuation method and relative valuation model. Both can be accessed from the peers tab:
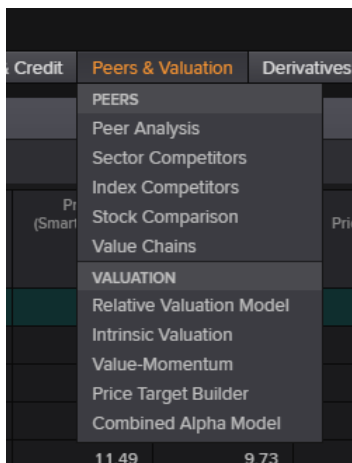
- *Intrinsic valuation*: gives a target price for a company using a DDM.
- *Relative valuation model:* provides a measure of attractiveness of a company compared with its peers.
- *Value*-Momentum: takes into account technical analysis.
- *Combined Alpha:* all the different aspects of the value of a company are considered in a single model.

Additionally, you can access relevant materials about how to use Eikon in https://training.refinitiv.com/

Some videos that you might be interested in:

Screener

Intrinsic Valuation Model

Creating New Investment Ideas

Sustainable Leadership Monitor

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