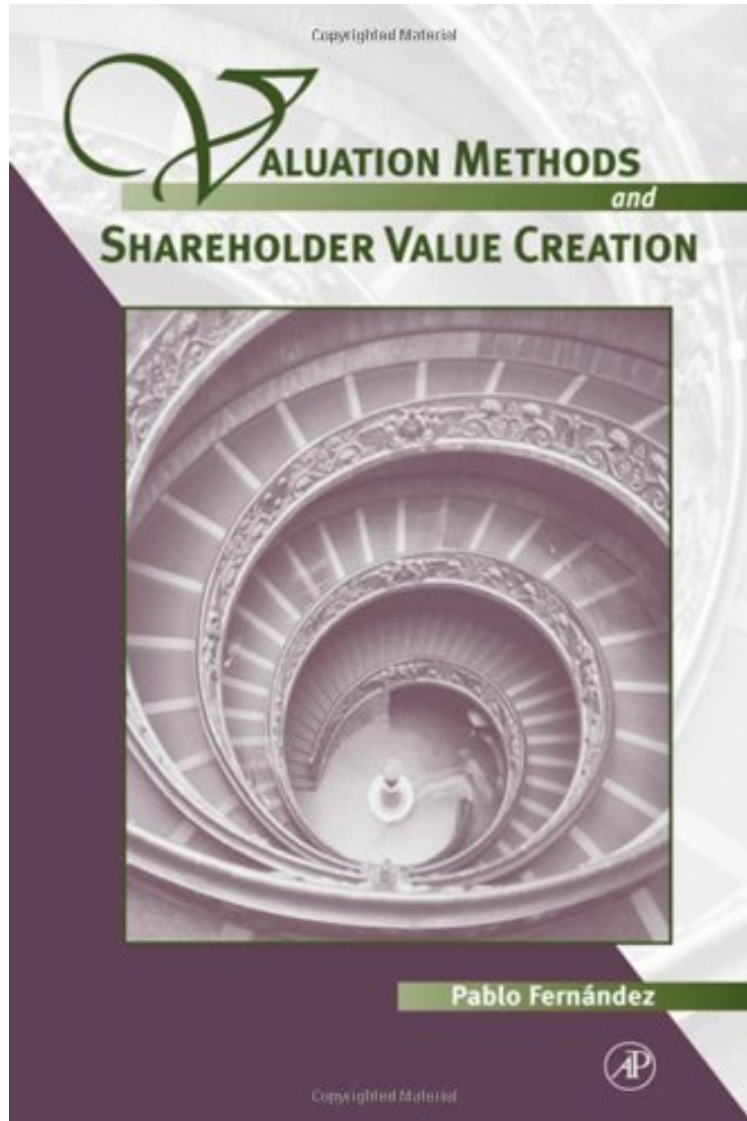


# Valuation Methods and Shareholder Value Creation: 1

*Pablo Fernandez*

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**Pablo Fernandez : Valuation Methods and Shareholder Value Creation: 1** before purchasing it in order to gage whether or not it would be worth my time, and all praised Valuation Methods and Shareholder Value Creation: 1:

0 of 0 people found the following review helpful. Four StarsBy CustomerClear and concise end to end discussion of techniques on valuation methods.7 of 8 people found the following review helpful. All the valuation methods that you ever wanted to read aboutBy Joseph ThamIn his new book on valuation, Pablo Fernandez presents and analyzes a variety of valuation methods. The book is comprehensive in covering ALL of the methods and contains a wealth of information, data and examples on the relevant topics. The book is a valuable source for obtaining details on the different methods. However, there is a risk, although small, that the number of trees may overwhelm the reader and the

reader may miss the forest. In Part III, which is the theoretical part of the book, he examines all the various approaches for Discounted Cash Flow Valuation. In particular, Pablo Fernandez makes the unusual claim that for FCF in perpetuity with a constant growth rate of  $g$ , the discounted value of the tax shield (DVTS) is not the present value of the tax shield (PVTS). Furthermore, he defines the PVTS as follows:  $PVTS = T \cdot D \cdot K_u / (K_u - g)$ . At first sight, this definition of the PVTS seems very strange. To obtain this result, which is in direct contradiction with the formulas in Copeland's book, he assumes that the return to levered equity  $K_e$  does not depend on whether the growth rate is zero or nonzero. This departure from the accepted definition of the PVTS may surprise those readers who are familiar with other books on valuation. In common with other books on valuation, the examples on the cost of capital are restricted to cash flows in perpetuity. Without providing the necessary justification, the author assumes that the formulas for the cost of capital carry over to finite cash flows. The book would be strengthened if there were numerical examples that linked the discussion on the cost of capital directly to the finite cash flow statements that are derived from the usual financial statements.

6 of 7 people found the following review helpful. A great book with excellent support web site  
 By A Customer  
 A great book with clear explanations and excellent support web site. The book describes many tools on how to do the valuation (DCF, ratios, real options etc.). I particularly like the explanation of eight models of DCF. Chapters 19, 20 and 21 are the best ones I have ever read about discounted cash flow valuation. For finance professionals, "Valuation methods and shareholder value creation" is a wonderful book to study, to keep and to look up for reference. I strongly recommend investment bankers (and clients), finance managers and MBAs to have one. It explains Adjusted Present Value much better than Copeland's and Damodaran's books. Now, I understand it!!!

Valuation Methods and Shareholder Value Creation provides a comprehensive examination of valuation tools and guidance for analyzing and valuing a business. It covers the basics of valuation methods and shareholder value creation in addition to rigorous approaches to discounted cash flow valuation and real options for valuing a company. It highlights quantitative analyses of firm value; emphasizes qualitative management assessments; and integrates data from international companies. By examining eight different methods of discounted cash flow valuation and discussing the pros and cons of each method, the book offers thorough, accessible coverage of corporate valuation. The book provides well-structured guidance for practitioners and MBA students with a background in finance. Highlights quantitative analyses of firm value Emphasizes qualitative management assessments Integrates data from international companies

"This book is an impressive synthesis of sound theory and best practice, accessible to the novice and yet of such depth as to be compelling to the advanced practitioner. It is an important addition to the professional library of both the aspirant to senior executive positions, and to the finance specialist. Acquire it without hesitation." --Robert F. Bruner, Distinguished Professor of Business Administration and Executive Director of the Batten Institute, University of Virginia, Charlottesville

"Pablo Fernandez's Valuation Methods and Shareholder Value Creation is an ambitious and comprehensive managerial treatment of valuation. Valuing projects and firms is critical to the work of executives, investors, bankers and others, and this book provides these decision-makers with a valuable road map through this difficult terrain." --Peter Tufano, Sylvan C. Coleman Professor of Financial Management and Chair, Finance Area, Harvard Business School

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