SPRING 2025

Equity Research Field Lab

KICK OFF MEETING

20th January 2025



About Us



Luís Barbosa



Diogo Vaz da Silva

The Work Project Allocation Process



Quizz on Moodle "Pair / Calendar / Target Company Selection"

to be answered by every student, deadline
 27th January

- 1) Indicate **name** and **student ID** of your group partner
- 2) Ordered list (in terms of **preference**) of **target companies** you are willing to analyze (**3 companies**)

Advisors will approve the target company on a rolling basis, then you can start to work

Field Lab Methodology

Important rules:

- All students have to work in pairs and all WP submissions are in pairs
- The advisors will not meet with students outside the pre-scheduled meetings nor will they answer emails from students
- All contacts with the advisors are to be done:
 - Using the various meetings that will be held for (larger or smaller) groups of students;
 - Through the Sharing Q&A Forum on Moodle

Legend

Work in progress by students

Kick-off Meeting

Valuation workshop

Group Meeting with Advisor

Deliverable

Calendar

Calendar

Activities	January	February	March	April	May	June
Phase 1: Qualitative and Model	•	•				
Study the company and the sector			7 th March			
Create an excel valuation model			17 th	March		
Submit model for revision						
Incorporate feedback and update model						
Phase 2: Improve your analysis			\rightarrow		•	
Improve forecast model						
Incorporate additional analyses				18 th April		
Adjust the model to incorporate your view						
Write a report that summarizes your view					28 th April	
Submit report for revision				V	7 th May - 2	1 th May
Incorporate feedback and update report						- may
Deliver report						
Phase 3: Presentation						16st June - 30th June
Prepare presentation						
Present final work project						

Advisor Allocation

Each group will have allocated one single advisor

Advisor allocation depends on:

- Number of students per advisor
- Sector that you are covering (typically, each sector will be covered by one specific advisor)



Advisor allocation may occur after you have started working – initial meetings and Q&A are managed as a whole, feedbacks and last meetings are with your advisor

Equity Research in a Nutshell

"written communication that includes an analysis of a stock and provides information reasonably sufficient upon which to base an investment decision"

Equity Research in a Nutshell

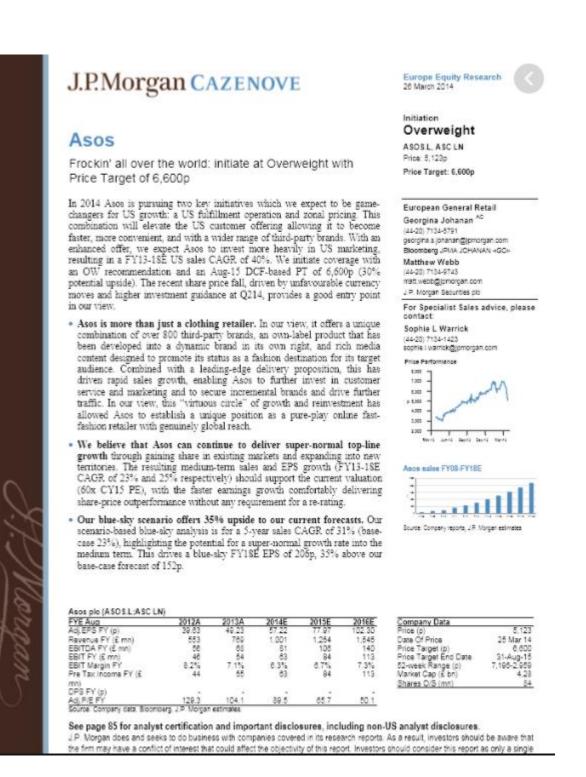
The report should include:

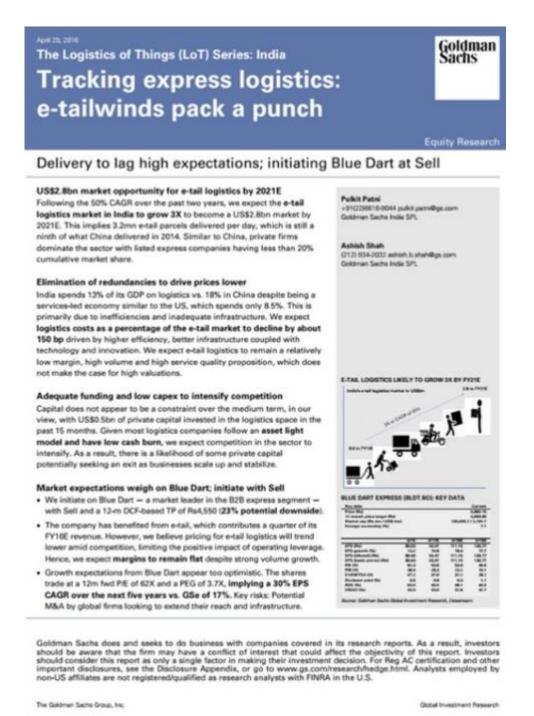
- Main output: A price target as a result of the company's detailed valuation (as a whole and of its various business units, whenever applicable);
- Full and comprehensive analysis of the company, its sector and competitors; and
- A clear analysis of the main parameters driving the company's value and risks.



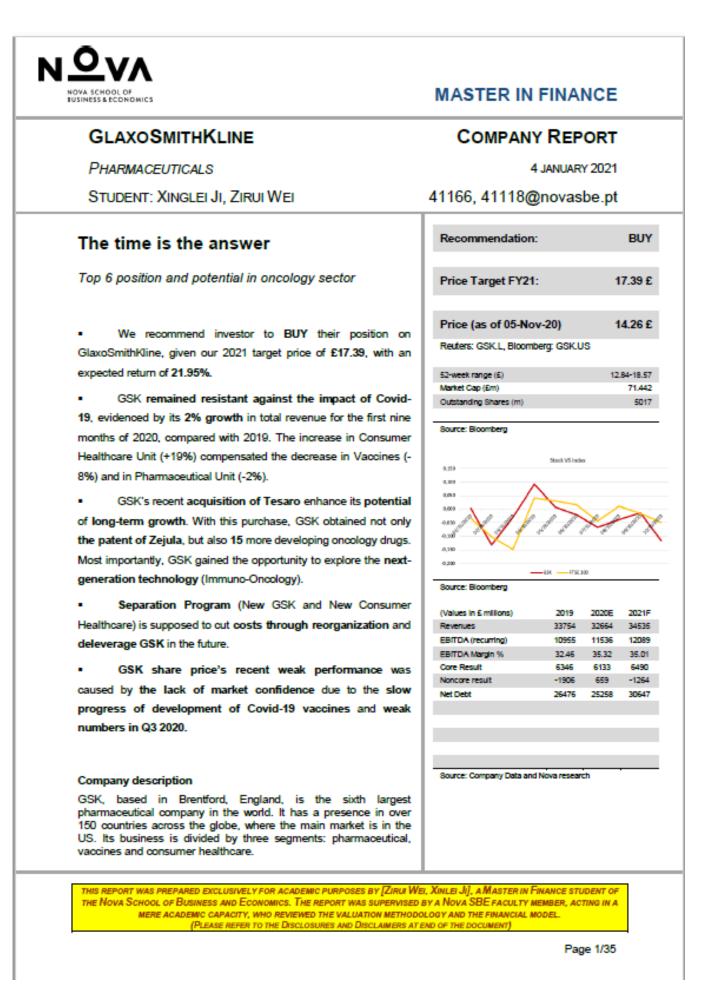
Although the model is an essential (instrumental) tool to conduct your work, it is by no means the final goal of your work!

Equity Research in a Nutshell









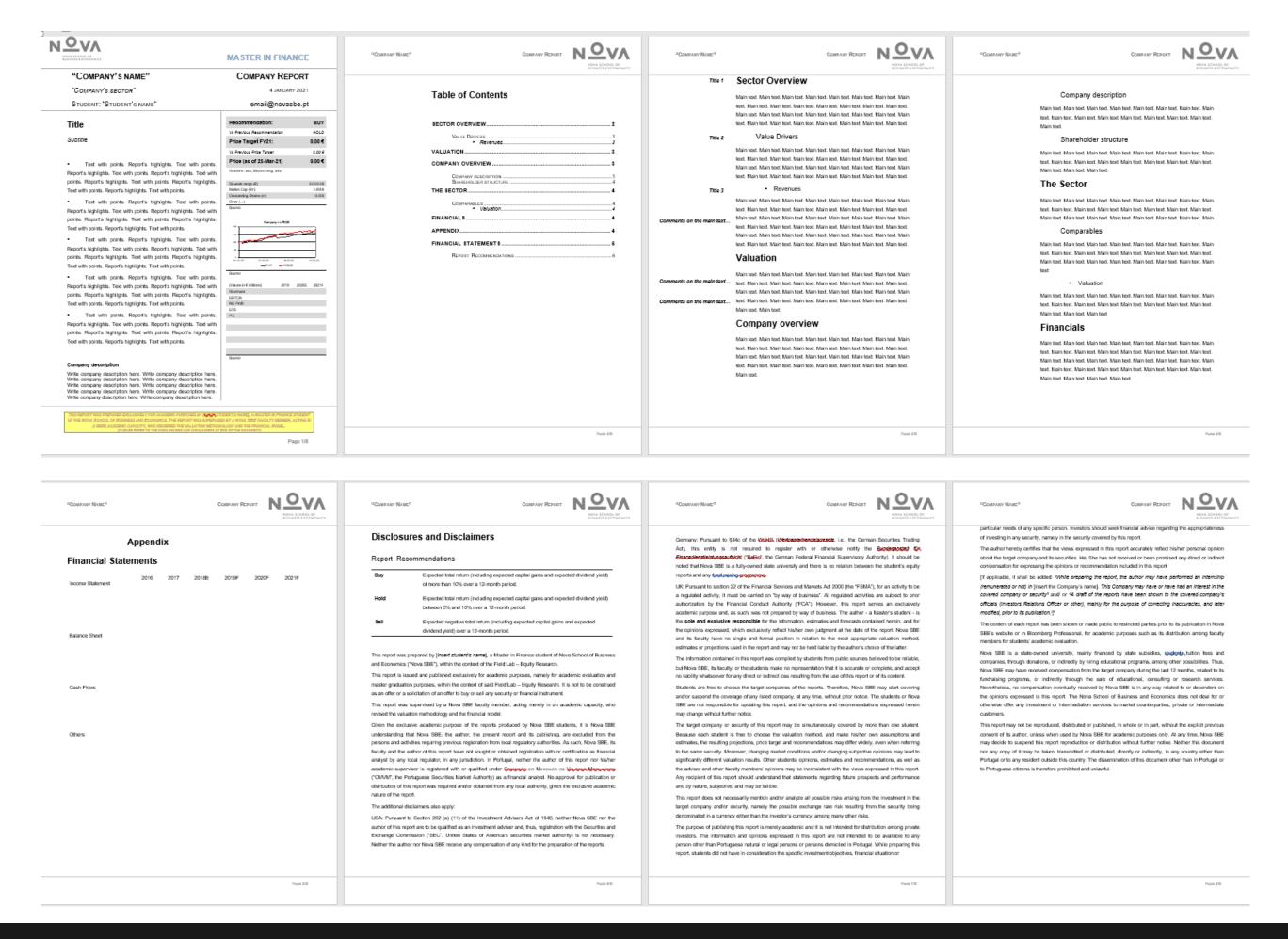
The format looks similar to other ER, but not necessarily the content, the structure of the report, or the depth of the analysis. This is an academic work – with a professional look.

Templates

Final delivery of each student consists of two documents:

- JOINT REPORT: the same for both elements of the pair, has the following structure:
 - Max 30 Pages Text (equity research report)
 - Max 10 pages of Appendix (Projected Financial Statements plus any other relevant analysis)
- INDIVIDUAL REPORTS: the joint report is the sum of the two separate individual reports (repository). It can be viewed as a "book" written by two students, each one responsible for a few sections, and both responsible for the overall quality of the "book".
 - That means that all the content of the joint report must be included in the two individual reports.
 - It also means that there are no sections of the joint report simultaneously included in both individual reports.
 - Each individual report can cover any sections of the joint report (in sequence, or not), providing that each individual report is readable, understandable on a stand-alone basis and incorporates significant value-added.
 - The individual report has the following structure:
 - 1 Page with Introduction (where you explain how your individual report contributes to the objectives of the joint report)
 - Max 15 Pages Text (approx. half of the Max 30 Pages from the joint report)

Template – Joint report



There is a specific template to use, that is different from traditional academic papers (the structure and the content are however 100% up to you)

Template – Individual report

A Work Project, presented as part of the requirements for the Assurd of a Master Degree in Economics ™+1 Text Finance / Management from the NOVA - School of Business and Economics. Main text. Table of Contents Introduction Main text. TITLE OF WORK PROJECT Main text. (egolging-site gurgode of the joint region, what are the corrolations, how it is attractured, what Main taxt. are the sections covered in this individual region, and what are the sections covered by your Keywords (up to four) STUDENT FULL NAME & MASTER STUDENT Main text. Holin text. Main taxt, Main text, Bhain text. Bhain text. Main text. A Project carried out on the Master in (Economics Vigance/Management) Program, under the supervision of: (Professor(s) name(s)) Main taxt. Bitain text. Main tast, Main text. Main text. Main text. Main text. This report is part of the ... report (annexed), developed by ... and ... and should be read has an DATE This work used infrastructure and resources funded by Underly para a Citative of Countries (UID/ECC)/00124/2013, UID/ECC)/00124/2019 and Social Sciences Onder, Project 22209), PGR Lisbou (LESBOA-01-0145-PEDER-007722 and Social Sciences Onder, Project 22209) and PGR Norte (Social Sciences Drubb, Project 22209).

Company Selection

- Ultimately, your work will be assessed based on your capacity to add value vs. everything else that
 has already been written and discussed about the company
- Don't select a company because it's "simple" it might turn out to be simpler to value but it will be
 harder to add value
 - Keep in mind that all the other equity research analysts from more "professional" institutions are your competition.
 In a real life setting, no one will pay you to simply repeat what others have already said.
 - You might want to read what they are saying (it's fine to check out your competition) but you should not use them as "sources" for whatever you want to say nor as a "quality benchmark".
- Pick a sector (and a company) that you like: one that raises your curiosity and/ or for which you would like to work in the future, that operates in geographies that you find interesting (e.g. emerging markets) and with an interesting business model you are going to spend a LOT of time looking into this company, so it better be something you like.

General framework (not exhaustive)

1. Qualitative work

- Study the **company** and the **sector**, future evolution of the sector, positioning of the company and competitive advantage, value drivers
- Sources (among others): Annual reports of the company, sectorial reports, any source of news, any database, investor's information, attending earnings calls, meeting with non-financial professionals in the sector, contact with investors relations of the company, etc.
- 2. Quantitative work (excel model) See Suggestions document for excel requirements and references
 - Insert, reorganize and perform a financial analysis of the company's past years choose longer rather than shorter term horizon
 - Forecast the complete financial statements for the next years again, longer explicit horizon is normally better than shorter term horizon
 - Implement discounted cash flows valuation models and multiple valuation (based on peers selection)
- Link between the qualitative and quantitative work: the identification of value drivers impact modelling choices (re-organization by segment, revenues forecast, etc.)

Additional Tips on Setting Up the Model

- Before inserting all past data into the spreadsheet, try to think about:
 - What are the business units of the company? How will you break them down?
 - What are the value drivers of the company? How will you estimate them?
 - What level of detail do you need for each caption of the balance sheet/ income statement/cashflows?
- Make sure all subtotals are matching (i.e. total sales need to be equal to sales from all divisions)
- Before jumping to the forecasting process, all past financial statements need to be reorganized in a manner that is useful to you later on: separating core operational captions vs. units or captions that you would rather value autonomously (non core) vs. financial and ensuring that the free cash flows balance
- The reference date of the valuation is Dec. 2025 (Price Target YE25) and the Investment
 Recommendation based on Total Expected Shareholders Return
- Don't worry about the assumptions you make for the forecast at this stage dummy values are fine.

Other Tips:

- Investment Banks usually use Equity Research Reports as a marketing tool, a signal of credibility and to sell an investment strategy, therefore the reports should:
 - be appealing, use tables and graphs to better communicate, instead of just text;
 - do not loose much part of the report describing the history of the company and focus on strategy,
 trends and risks of the industry and the company, and what the value drivers of the company are;
 - use sensitivity analysis to the main variables;
 - use scenario analysis to simulate the impact on value of the main upsides and downsides the company may have in the future;
 - present an investment thesis to support the investment strategy or recommendation you propose.