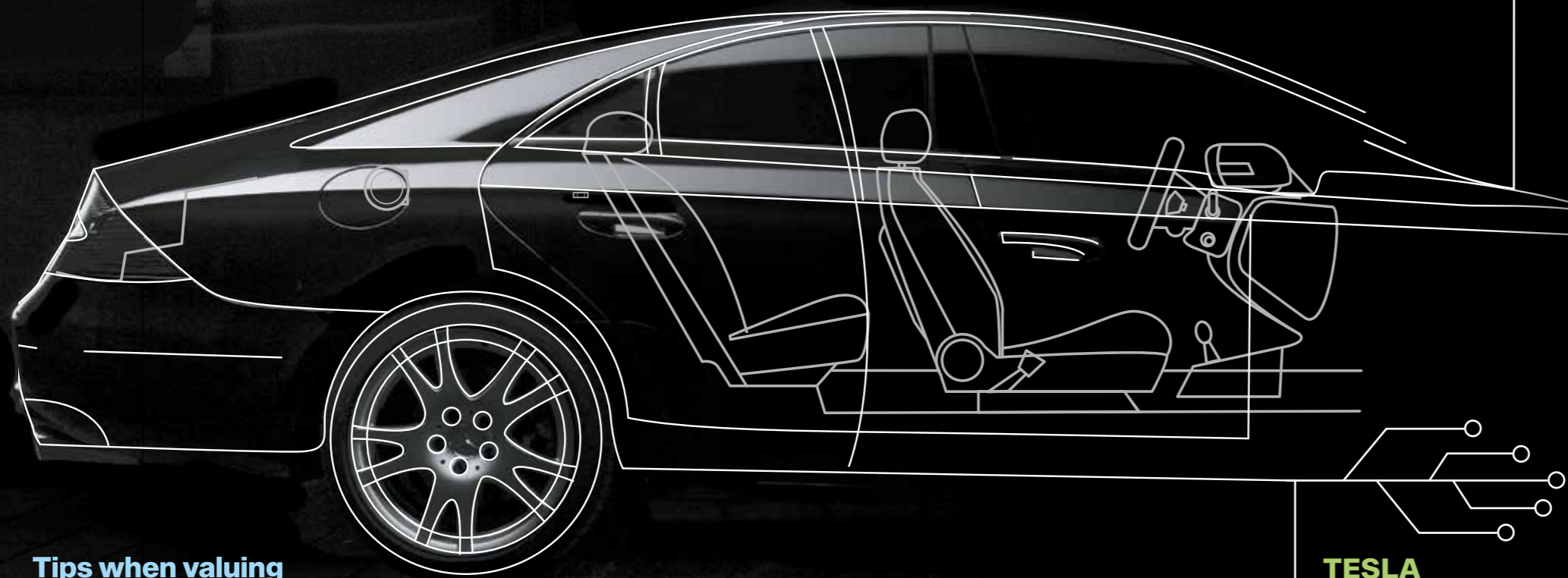


THE BIG PICTURE

The new drivers of value

To estimate the market value of a public company, it's common to do a comparable company analysis, calculating a target company's value based on what other, similar companies in the market are worth. However, as the boundaries between industries get blurrier, the comparable for a company like Tesla or Ferrari may not, in fact, be another car company. You need to analyze the business model first to determine where the real value lies. Your closest comparable may surprise you. Let's take a look under the hood...



Tips when valuing companies

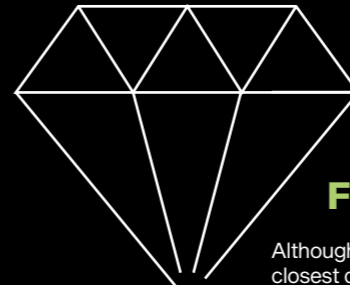
Dig into the business model to discern the company's **underlying sources of value** and understand what's really driving revenue.

Envisage **different future scenarios**, including changes to the current business model.

Evaluate each of the scenarios using **realistic ranges** for calculating various ratios.

Work backward: What revenue growth, profit margins and other metrics would the company need in future in order to maintain its current stock price? Is there, or could there be, a business model capable of sustaining those figures?

SOURCE: Calculations done by MBA students as part of a Corporate Finance course taught by IESE finance professor Carles Vergara. Data based on 2022 forward-looking multiples from S&P Global Market Intelligence (as of July 2021).

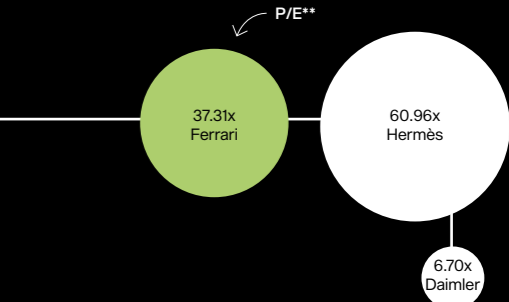


FERRARI

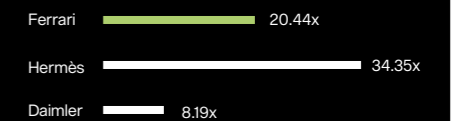
Although you might expect Ferrari's closest comparable to be another luxury car manufacturer like Daimler, an examination of two common valuation ratios reveals that Ferrari's are closer to those of a luxury goods firm like Hermès, whose only cars are printed on its limited-edition silk scarves.

WHERE DOES THE REAL VALUE LIE?

- Strong emotional appeal and connection with brand-conscious customers
- Status symbol
- Superior craftsmanship and exclusivity



TEV/EBITDA*



* Total Enterprise Value (TEV) divided by Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

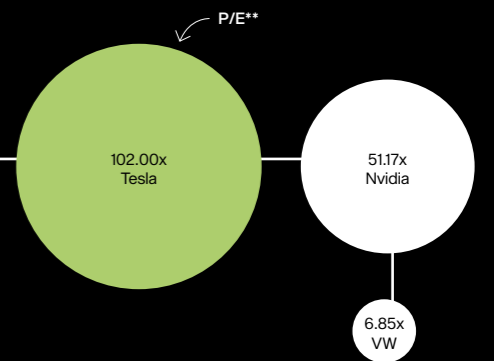
**Price-to-Earnings Ratio (P/E): The company's share price divided by the company's earnings per share

TESLA

If you take apart a Tesla, where does most of its value lie? In its electric motor? Comparing its ratios with those of another well-known electric carmaker, Volkswagen, reveals otherwise. Tesla seems to be more comparable to the innovative tech company Nvidia, inventor of the graphics processing unit (GPU) for PCs, game consoles and mobile devices.

WHERE DOES THE REAL VALUE LIE?

- State-of-the-art AI and machine learning technologies
- Collecting data on user behavior and performance
- Enhanced software with over-the-air updates



TEV/EBITDA*

