Analysis of APPL using DCF

For your project, you have to write a report on the APPL stock (Apple Inc.) (6 pages without figures and tables.) The report should contain the following: Presentation of the company: business model, industry, its peers and the company’s position within that group; history; leadership; etc. Fundamentals of the company: past performance of the stock; revenue and earnings and their development over the years; appropriate financial ratios. Price and price expectations: based on the previous section, run a DCF analysis to arrive at your best estimate for the intrinsic value of the company and your best estimate for the share price. Clearly explain your assumptions and provide two alternate scenarios.The report should contain the main table of the DCF for readers to observe your calculations and assumptions. For your DCF you need to find beta which you can do with a regression analysis, as well as the credit rating. Risks and headwinds: your DCF is based on assumptions about the future of the company, its industry environment, and the market and business environment. How sensitive is your analysis to this? More specifically, what are the headwinds and risks that the company faces in its operations in the near and medium-term future? Additionally, create a bull case and a bear case scenario in which you describe a more positive and a more negative outcome for the future. Importantly, base your updated estimates on a narrative, e.g., the successful or unsuccessful launch of a new product, business expansion, etc. Conclusion and recommendation for three investors (see below). The stock report must be submitted as a word document. Use the APA style formatting. Font size 11 are acceptable. Additionally, attach the Excel spreadsheet in which you performed your analysis. You have to create your own excel spreadsheet; that means, downloading, using and submitting prepared DCF Excel documents from the Internet will lead to a loss of points. Please make sure your text is grammatically correct and free of spelling mistakes, as such diligence is going to be taken into account for your final grade as well. The three investor profiles are as follows: 1.Bryant is a 25-year old young professional, employed in a major city in the northeast. Since joining the workforce three years ago, he contributes as much money as possible to his retirement accounts which is invested in a diverse set of index funds. An avid fan of Benjamin Grahams the Intelligent Investor, he has decided to consider a few individual stocks of companies with good and stable long-term prospects as well as a great management. Explain and justify your recommendation for Bryant. If you choose to not recommend your stock, propose an alternative from the same industry.2.Nicole is 52 years old, and a few months ago, she retired from her well-paying job after aggressively saving and investing her money prudently for much of her life. While she could go back to work if necessary, she prefers her financial independence. In order to maintain a steady cash-flow, her portfolio is heavily geared towards high yielding stocks, allowing her and her family to live of dividend payments for the most part. Aware of the downturn of General Electric and their dividend cut, she focuses on companies from which she expects a solid and steady dividend growth. Explain and justify your recommendation for Nicole. If you choose not to recommend your stock, propose and alternative from the same industry. 3. Peter is in his mid-30s. Starting late to contribute to his retirement fund, he wants to complement his investments in ETFs in his individual retirement account (IRA). Therefore, in addition to his retirement funds, he sets aside $10,000 every year for the next ten years to seek out riskier, but potentially much more profitable high-growth opportunities. He is open to shorting stock for fundamental or hedging reasons, if the opportunity presents itself. After the ten years of active portfolio management, he wishes to wind down his positions to seek more stable investments. (This gives you Peter’s time horizon.) Explain and justify your recommendation for Peter. If you choose not to recommend your stock, propose and alternative from the same industry.