



Case Competition Kick-Off

Binghamton Women in Finance



Overview

- Stock Pitch Competition
 - Create an investment thesis on a firm of your choice
- Teams of one to three people
 - Fill out the google form with your team member's names and emails by Sunday, October 1st at 11:59 pm



Timeline And Commitment

- Tentative Dates for Following Workshops:
 - October 3rd – Financial Statements
 - October 10th – Valuation
 - October 24th – Help Session
- Deliverable Schedule:
 - October 1st – Team Sign Up Due
 - October 8th – Pick Company + provide three catalysts
 - October 15th – Financial Statements & Projections
 - October 22nd – WACC, Beta, DCF, Comps
 - October 27th – Round 1 of competition
 - Presentation submission due Wednesday, September 25th at 11:59pm

Equities Overview

- When companies need money to expand (build factories, hire workers, etc.) they can sell ownership in the company, also known as “equity”
- Equity holders have partial ownership in a company, and have the right to the residual earnings of a firm
 - Residual earnings – the profit that is left over after paying interest, taxes, and noncontrolling interests (after cost of capital)
- The value of a stock is driven by the expect future residual earnings of a company

Why Invest in Equities?

- You want to invest in a stock when you believe that the market is not appropriately pricing some piece of information
- You want to buy a stock when you think the market is not fully appreciating the growth or is too negative on the outlook of a company
- You want to short a stock when you think the market has fully appreciated the growth or is too positive on the outlook of a company

Finding a Good Investment

- Top-Down Investing: think about the macroeconomic environment, looking for industries and companies that benefit most from certain trends
- Bottom-Up Investing: screen for companies based on certain characteristics, then analyze the industry and macroeconomic conditions
- Good companies can be bad investments and bad companies can be good investments
 - Why?
- Margin of safety: look for stocks with higher risk-adjusted upside in case some of your assumptions are not fully realized
- [Finviz.com](https://finviz.com) > Screener > Industry

Industry Overview

- Present information to others who may be unfamiliar with it
- Important for framing your pitch
- Review competitive landscape & competitors
- Discuss industry growth, trends, changing dynamics
- Highlight the most important details, avoid overwhelming the audience

Industry Overview Example

Binghamton Investment Fund | Equifax Inc.

Industry Overview

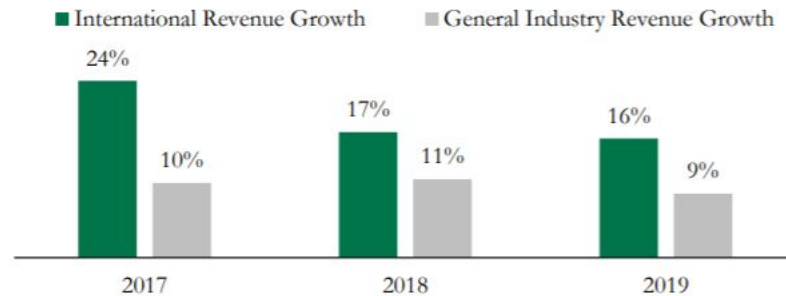
Competitive Landscape



Industries

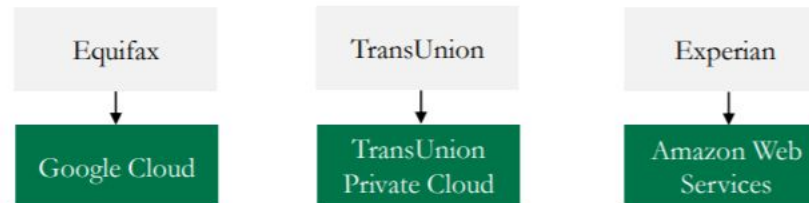
- 1 **Credit Information and Direct-to-Consumer Solutions:** consumers monitor their credit and secure their identity
- 2 **Data Collection and Recovery Management:** data analytics enable our clients to develop a more current and comprehensive view of consumers
- 3 **Commercial Solutions Products:** credit reporting, decisioning tools and risk management services
- 4 **Verification Services Markets:** employment and income verification services that enable third-party verifiers to check the employee's employment status and income information

Industry Sales Abroad Growing



Cloud Technology

Following a major data breach of Equifax in 2017, which exposed personal information for millions, many credit rating agencies have moved to cloud technology



Company Overview

- Highlight the operations of the company
- Discuss the operating segments of the company
- Break down earnings/sales by segment
- Show important financial metrics that are important to the thesis
 - Share Price
 - Market Cap
 - Revenue
- Returns vs. S&P 500 and/or sector performance
- Etc.

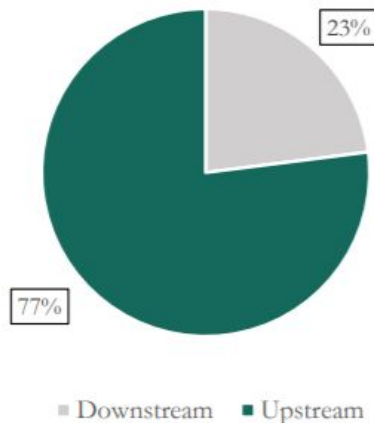
Company Overview Example

Chevron Overview

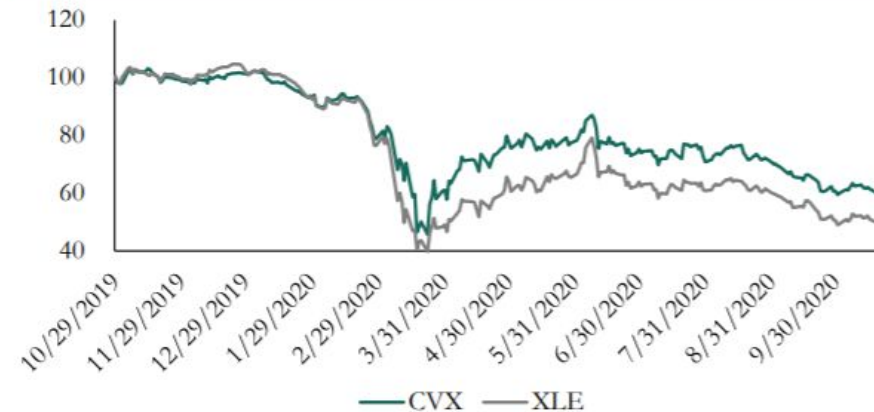
Overview	
Headquarters	San Ramon, CA
CEO	Michael K Wirth
# of Employees (as of December 31, 2019)	48,200
Year Founded	1879
Company Type	Integrated
Exchange Traded On	NYSE
Net proved reserves – liquids (MMBbl)	6,521
Net proved reserves – natural gas (Bcf)	29,457
Refinery capacities and crude oil inputs (MBbl/d)	1,748

Key Financials (FY 22 Estimates)	
EBITDA (\$ millions)	32,508
Revenue (\$millions)	130,681
Net Income (\$millions)	8,681
EBIT/Interest Expense	20.33x
52 Week Range (\$)	51.60 – 122.94
EV/EBITDA	4.92x
EV/EBIT	11.44x
P/E	15.26x
P/CF	6.19x

Operating Segments, by Revenue Generation



CVX v. Sector Returns



Investment Catalyst Overview

- One of the most important parts of the presentation
- Catalysts are **future events** that you believe will impact a company's stock – negatively or positively
- Important to highlight factors that **are not** priced into the stock
 - If priced in, there will be no upside – this is not a catalyst
 - Valuation can help determine what is and is not priced into the stock
- Catalysts can be macro-based or industry/company-specific
- Notice all factors looking ahead to future performance of the company

Catalyst Timing

- A catalyst is always something that investors have not priced in or not appreciated enough
- Also needs a future event that will cause investors to notice
 - Could be earnings report, company event, government event, etc.
- Should answer the question: Why should someone buy/short the company NOW?

Valuation

- Valuation could be evidence for why a catalyst is not priced in
 - Ie. Are investors/Wall Street pricing in as much growth as you predict?
- What multiples does the company trade at? Should it trade at that multiple?
 - Multiple = financial ratio
 - Shows how expensive a company is
 - If a company trades at P/E of 8x, investors are paying \$8 for \$1 of earnings
 - If a company trades at an EV/EBIT of 10x, the company is worth \$10 for \$1 of EBIT

Next Steps

- Fill out the google form with your team member's names and emails by Sunday, October 1st at 11:59 pm



- Homework due October 8th: Pick Company & Provide 3 Catalysts
 - Describe what the company does & how they make money
 - Write about 3 catalyst for why your company is a good buy or short

Thank You!

Questions?

Emails:

bingwomeninfinance@gmail.com

President: **Reina Amar** | ramar1@binghamton.edu

Executive Vice President: **Lauren Levine** | llevine7@binghamton.edu

VP of Internal Relations: **Stefana Stan** | sstan1@binghamton.edu

VP of External Relations: **Bethany Goldstein** | bgoldst9@binghamton.edu