Figure 24.2: InfoSoft: A Valuation

**Current Cashflow to Firm**
- EBIT(1-t): 2,933
- Nt CpX: 2,633
- Chg WC: 500
- FCFF: <200
- Reinvestment Rate: 106.82%

**Expected Growth in EBIT (1-t)**
- 1.1217 * 0.2367 = 0.2528
- 25.28%

**Return on Capital**
- 23.67%

**Stable Growth**
- g = 5%
- Beta = 1.20
- D/(D+E) = 6.62%
- ROC = 17.2%
- Reinvestment Rate = 29.07%

**Terminal Value**
- 6743 / (0.1038 - 0.05) = 125,391

**Firm Value**
- 73,909 + Cash: 500 - Debt: 4,583 = Equity: 69,826

**Cost of Equity**
- 11.16%

**Cost of Debt**
- 4.42%

**Weights**
- E = 93.38%, D = 6.62%

**Risk Premium**
- 4%

**Unlevered Beta for Sectors**
- 1.24

**Beta**
- 1.29

**Beta**
- 1.20

**Government Bond Rate**
- 6%

**Riskfree Rate**
- 6%

**Risk Premium**
- 4%

**Country Risk Premium**
- 0%

**Historical US Premium**
- 4%