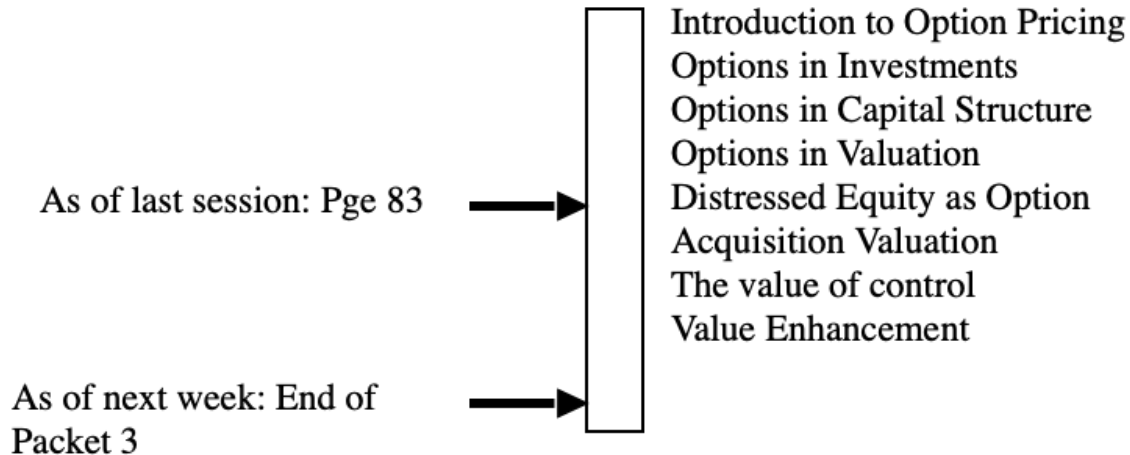


Valuation: Newsletter – April 30, 2022

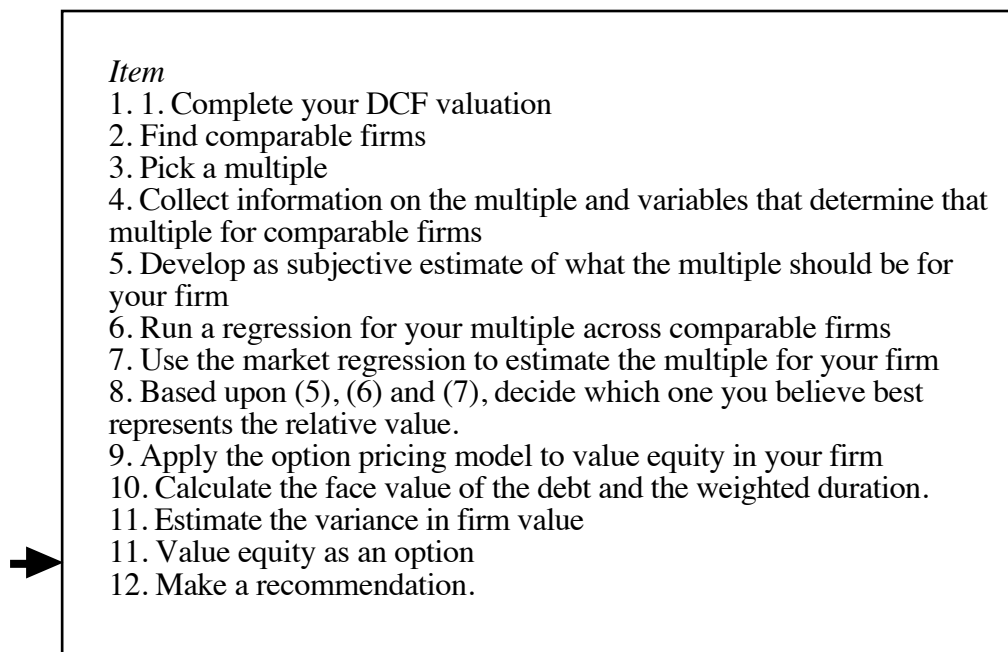
Where we are in class...

Lecture Notes Packet 3 (pdf)



Where you should be in the project...

Rest of Project



Data Notes...

In class this week, we will talk about the magic and mystery of real options. The fact that they allow you to add a premium to an intrinsic value gives them allure, but they should be using sparingly. We will start by looking at options and licenses as options, and

why their value can sometimes justify paying high prices for non-viable technologies and options. We will then look at how the option to expand into big markets can explain why companies often enter these markets, even though their initial entry may not pass financial muster. Finally, we will look at the option to abandon and how this can be used to explain why flexibility in investing and financing decisions can create value.

Miscellaneous FAQs

Where should I be on the project?

You should have completed or at least be working on your pricing.

When is the final exam?

The final exam is on the May 11.

When is the summary of the final project report due?

I would like you to update the Google shared spreadsheet with your shared numbers by Sunday, May 8.