**Diversity on the Street: Week 4, Multiples Homework**

**DUE FRIDAY (10/30) at 11:59PM EDT**

**Name:**

**NetID:**

1. **Explain Market Cap. What is the equation? What is misleading about this?**
2. **Explain Equity Value. What is the equation? What is misleading about this?**
3. **True or False: Equity Value = Book Equity Value. Explain your reasoning.**
4. **Explain Enterprise Value. What is the equation?**
5. **Why do you subtract cash in the EV equation?**
6. **If I have $230 million Equity Value, no PS, no NCI, cash $15 mill, what is EV?**
7. **If EV= $500 mill, no PS, $5 mill NCI, $300 mill cash, what is Equity Value?**
8. **True or False: Preferred stock gives you ownership of the company. Explain your reasoning.**
9. **Name a type of company that would commonly use the EV/EBITDA multiple. Explain your reasoning.**

**10.Can you have Equity Value/EBITDA? Explain your reasoning.**

**11.What would most likely have a higher P/E multiple: Amazon or American Airlines Group? Does the higher P/E multiple necessarily mean it is a superior investment?**

**12. Calculate EV/EBIT ratio if Equity Value = $550mill, no PS, no NCI, Cash = $20 mill, EBIT = $300mill.**

**13. Do some research and write down/explain a multiple that a certain industry may use often, that may not be used by other industries.**