Note: This document includes information from the 2014 Valuation Handbook – Industry Cost of Capital (data through March 2014), and is made available for evaluative purposes.


2015 Valuation Handbook
Industry Cost of Capital


The 2015 Valuation Handbook – Industry Cost of Capital includes cost of capital estimates (equity capital, debt capital, and WACC) for over 200 U.S. industries, plus a host of detailed statistics that can be used for benchmarking purposes.

The hardcover 2015 Valuation Handbook – Industry Cost of Capital is published (John Wiley & Sons) with data through March 31, 2015, and includes optional June, September, and December 2015 Quarterly updates (not sold separately).

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About the Data

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Where do you get the data now?

Morningstar / Ibbotson
*SBBI Valuation Yearbook*
(discontinued)

2015 Valuation Handbook –
*Guide to Cost of Capital*

Company-level Cost of Capital

Morningstar / Ibbotson
*Cost of Capital Yearbook*
(discontinued)

NEW: 2015 Valuation Handbook –
*Industry Cost of Capital*

Industry-level Cost of Capital
Release date

Release date: March, 2015


This book provides key year-end data previously published in:

- The Morningstar/Ibbotson SBBI Valuation Yearbook and
- The Duff & Phelps Risk Premium Report.

Release date: Mid-June 2015

Duff & Phelps introduces the 2015 Valuation Handbook – Industry Cost of Capital

This book provides the same type of rigorous industry-level analysis previously published in:

- The Morningstar/Ibbotson Cost of Capital Yearbook.
A new standard source of industry-level analysis

The 2015 Valuation Handbook – Industry Cost of Capital:

- Meets,
- Builds on, and
- Exceeds

The industry-level data previously available in the Morningstar/Ibbotson Cost of Capital Yearbook.

Same type of rigorous industry-level analysis previously published in the green-cover Morningstar/Ibbotson Cost of Capital Yearbook.

Over 300 critical industry-level data points calculated for each industry.*

Over 200 U.S. industries analyzed

*Depending on data availability; some industries may not include all data points.
Who should use the new *Valuation Handbook – Industry Cost of Capital*

- **Traditional professional valuation analysts**, valuing public and private companies.
- **Corporate finance officers** when pricing or evaluating proposed mergers and acquisitions (M&A), raising private or public equity, estimating property taxes, and/or dealing with stakeholder disputes.
- **Corporate officers** when evaluating investments for capital budgeting decisions.
- **Investment bankers** when pricing initial (or follow-on) public offerings, proposed M&A transactions, and private equity financing.
- **Private equity investors** when pricing or evaluating proposed M&A transactions, designing and awarding management equity-based compensation, or making capital budgeting decisions.
- **CPAs and valuators** dealing with either valuations for financial and tax reporting purposes, or with dispute and bankruptcy valuations issues.
- **Judges and attorneys** dealing with valuation issues in M&A, shareholder and partner disputes, damage cases, solvency cases, bankruptcy reorganizations, property taxes, regulatory rate setting, transfer pricing, and financial reporting.
What’s included: cost of capital estimates by industry

Industry-level cost of capital estimates:

Cost of equity capital and weighted average cost of capital (WACC) are calculated eight ways for each industry:

1) Capital Asset Pricing Model (CAPM)

2) CAPM + Size Premium (using the CRSP Deciles Size Study)

3) Build-up + Industry Risk Premium (using the CRSP Deciles Size Study)

4) CAPM + Size Premium (using the Risk Premium Report Study)

5) Build-up + Risk Premium Over the Risk-free Rate (using Risk Premium Report Study)

6) 1-Stage Discounted Cash Flow (DCF) model

7) 3-Stage DCF model

8) Fama-French (F-F) 3-Factor Model

Cost of debt capital is also calculated for each industry.

What’s included: valuation multiples and capital structure by industry

Detailed industry-level statistics:

- Industry performance compared to the S&P 500 over 1-, 3-, and 5-year periods.
- Valuation Multiples
  - Price to Earnings
  - Price to Book
  - Market to Book
  - Enterprise Value to Sales
  - Enterprise Value to EBITDA
- Capital Structure
  - Capital structure
  - Debt to Equity
  - Debt to Total Capital
- And more.

If you use the market approach to valuing a business, you need valuation multiples.

What’s included: levered and unlevered betas by industry

Levered and unlevered betas for each industry:

- Raw (OLS) betas
- Blume-adjusted betas
- Peer group betas
- Vasicek-adjusted betas
- Sum betas
- Downside betas

If you use the capital asset pricing model, you need betas.

What’s included: analysis off-balance-sheet debt by industry

Analysis of capital structure including off-balance-sheet liabilities

This analysis enables the valuation analyst to gauge the impact of off-balance-sheet debt-like items (specifically, capitalized operating leases and unfunded pension obligations) on the capital structure of the subject industry.

These debt-equivalent liabilities are not only taken into account by credit rating agencies when assigning a debt rating for a company, but should likely be considered when ascertaining the true financial (and equity) risk of the subject company as well.

The capital structure (and unlevered betas) of each industry are calculated with and without these off-balance-sheet debt-equivalent items.

Benchmark, supplement, and strengthen your custom analysis

The detailed industry analysis arms the valuation analyst with the ability to:

- Benchmark,
- Supplement, and
- Strengthen

his or her own custom analysis of the subject business, business ownership interest, security, or intangible asset.

“Is my own analysis of the subject company comparable to the subject company’s peers (i.e., the industry)?”
Quarterly Updates

**Hardcover book:**
Data through March 2015

The new 2015 Valuation Handbook – Industry Cost of Capital is published with data through March 2015, and includes the option of adding three intra-year Quarterly Updates (June, September, and December).

- The book is hardcover; the three Quarterly Updates are delivered by email in PDF format.
- The industry analyses in the Quarterly Updates include all of the information found in the industry analyses published in the hardcover book.
- The Quarterly Updates include updates to Appendices A and B (analysis of capital structure including off-balance-sheet liabilities)


**Quarterly Update 1:**
Data through June 2015

**Quarterly Update 2:**
Data through September 2015

**Quarterly Update 3:**
Data through December 2015

* Updates are optional (but recommended), and are not sold separately.

Ensure that you are always using the most up to date data – add the three quarterly updates.

Like the previous Morningstar/Ibbotson Cost of Capital Yearbook, the new 2015 Valuation Handbook – Industry Cost of Capital is published with data through March 2015, and includes the option of adding three intra-year Quarterly Updates (June, September, and December).

- The book is hardcover; the three Quarterly Updates are delivered by email in PDF format.
- The industry analyses in the Quarterly Updates include all of the information found in the industry analyses published in the hardcover book.
- The Quarterly Updates include updates to Appendices A and B (analysis of capital structure including off-balance-sheet liabilities)

- The data exhibits in the 2015 Valuation Handbook – Industry Cost of Capital include:* 

- 200+ U.S. Industry exhibits (each with 300+ calculated data points)

- Four “Size Groupings” (i.e., Large-, Mid-, Low-, and Micro-capitalization stocks),

- Analyses of the impact of “off-balance-sheet” debt on the capital structure of each of the 200+ U.S. industries, and

- Levered and unlevered industry betas calculated with and without the inclusion of off-balance-sheet debt for each of the 200+ U.S. industries examined.

* Depending on data availability; some industries may not include all calculated data points/estimates.
Sample industry page
(From the 2014 Valuation Handbook)


A representative industry data exhibit with sample data from the 2014 Valuation Handbook is included on the following page for evaluative purposes.
Purchasing information


Just like the (now discontinued) Morningstar/Ibbotson Cost of Capital Yearbook:

- Is calculated using data through March 2015
- Is available with optional quarterly updates (June, September, December) delivered via email as a PDF

The new 2015 Valuation Handbook — Industry Cost of Capital can be purchased from Business Valuation Resources (BVR).

The new 2015 Valuation Handbook — Industry Cost of Capital is $445; the June, September, and December 2015 quarterly updates are $350 for all three.

To reserve your copy:

Click:

- Pre-order the Handbook: $445

Click:

- Pre-order the Handbook + Quarterly PDF Updates: $795

Or call:

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