



Abstract

In finance, there are an array of valuation method to choose from. Analyst are free to use any which they deem are appropriate according to the situation that they have. This study explores the advantages and disadvantages that any of the valuation methods might have and how it affects the selection and usage by analysts. Through interviews with industry professionals, the study found that there are inherent characteristics that is based in the theoretical foundation of the valuation methods, enabling them to be heavily favored by analysts. Methods such as DCF and Income Statement Multiple dominate the finance world in terms of valuation. This research further found that although DCF and Multiples have these advantages and disadvantages, its selection is entirely up to the researcher in question. Their advantages plays a part in their selection, but it comes down to the analyst's instinct and familiarity. Thus, its characteristics and drawbacks plays a part although not majorly influencing the choice of selection, the decision making aspect of the job, and the result of the valuation.

Keywords: valuation methods, DCF, Multiples, Income Statement, advantages, drawbacks