

Equity & entrepreneurship



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2. Edufinet Project

3. Equity

4. Entrepreneurship



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Financial education

- Financial education

1. Knowledge and understanding of finances
2. Development of skills
3. Informed choices

- Increasing importance of economic and financial concepts

- PISA 2015 report: OECD average, 489 points; Highest: China, 566

- The importance of financial education

1. Wide variety of financial products
2. Complexity of financial products
3. Consumers have a lack of information and advice



PISA

This graph shows the price of one Rich Rock share over a 12-month period:



Which statements about the graph are true?

1. The best month to buy the shares was September.
2. The share price increased by about 50% over the year.



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Edufinet project



eduFΦnet

eduFΦemp
PORTAL DE EDUCACIÓN FINANCIERA
PARA EMPRESARIOS Y EMPRENDEDORES

edufinext
Educación Financiera para jóvenes



↓
Exercise of CSR
To contribute to:

The transfer of knowledge
related to the financial system

The improvement of
financial literacy



PROMOTION OF:
▪ Transparency
▪ Security
▪ Responsibility

In the financial
relations of citizens



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What is the stock market?

The stock market is a meeting point where supply and demand meet. In other words: where savers and companies meet

Savers



Stock market



Companies



Money

Money



Shares

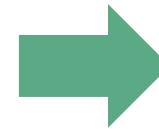
- Shares → unit of ownership in a company that has issued shares
- No term
- Ownership → political rights and right to getting a share of the profits
- Last position in ranking of credits
- Risk, return and liquidity





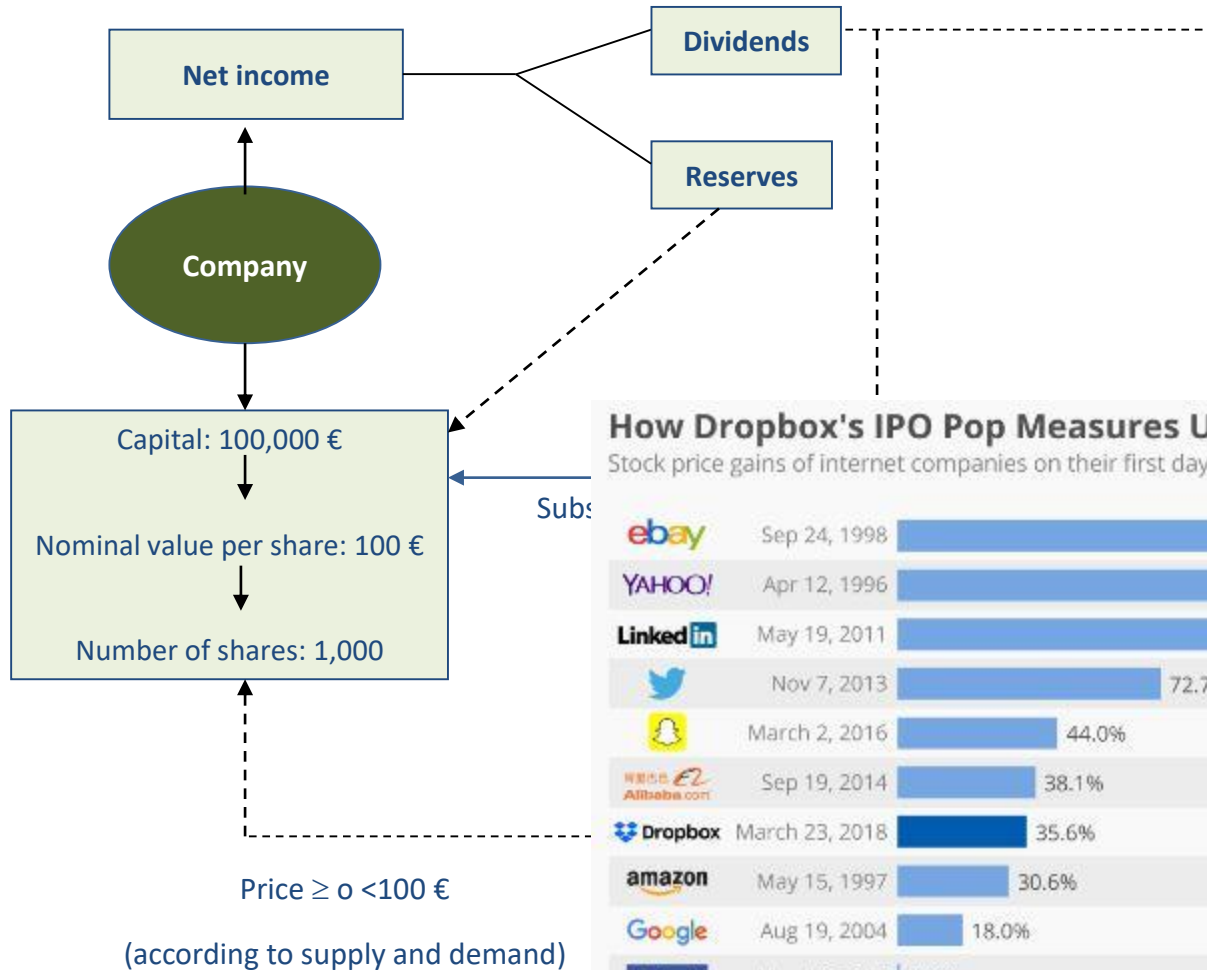
Shares

- Shareholder → owner of shares of a company
- There are two types of shareholders:
 - Minority shareholders: they don't have a way to influence the decision-making process of the company due to the low level of their share holdings.
 - Major shareholders: they hold such a big amount of shares that they can directly influence or manage the company.



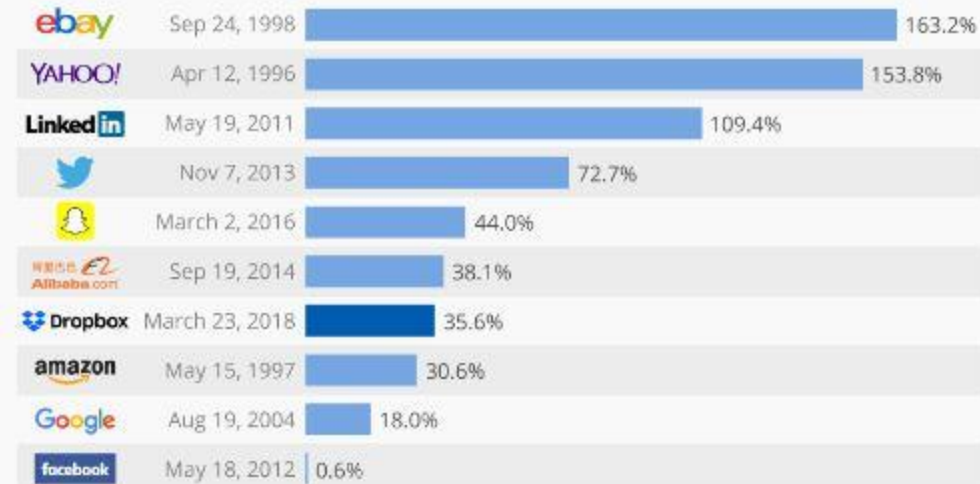


Stock market



How Dropbox's IPO Pop Measures Up Historically

Stock price gains of internet companies on their first day of public trading*





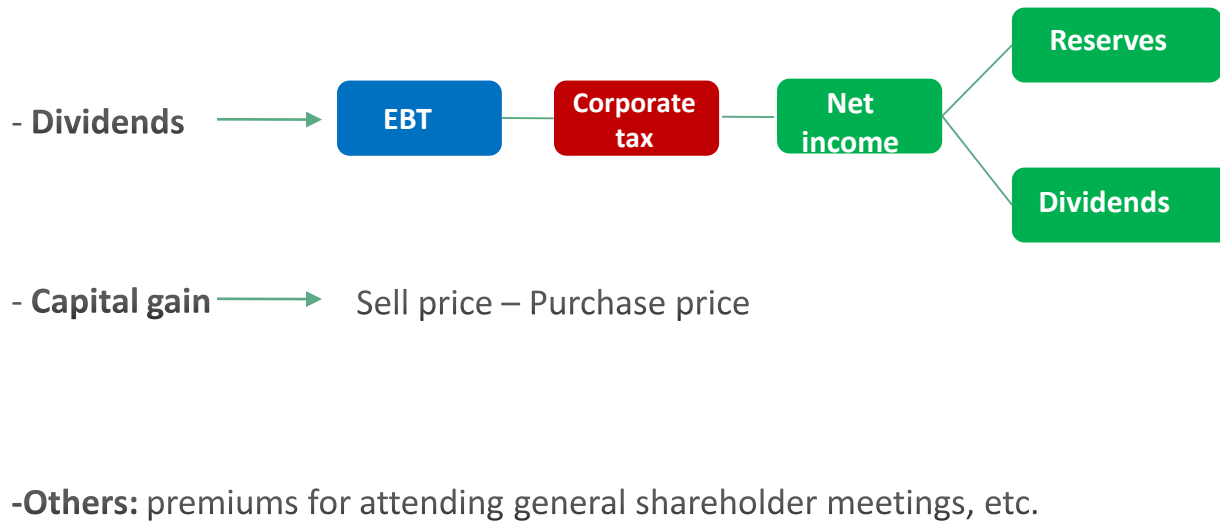
Stock market purposes

- Source of liquidity for shareholders
- Channel savings so they can fund the economy
- Provide official information about listed companies





Returns

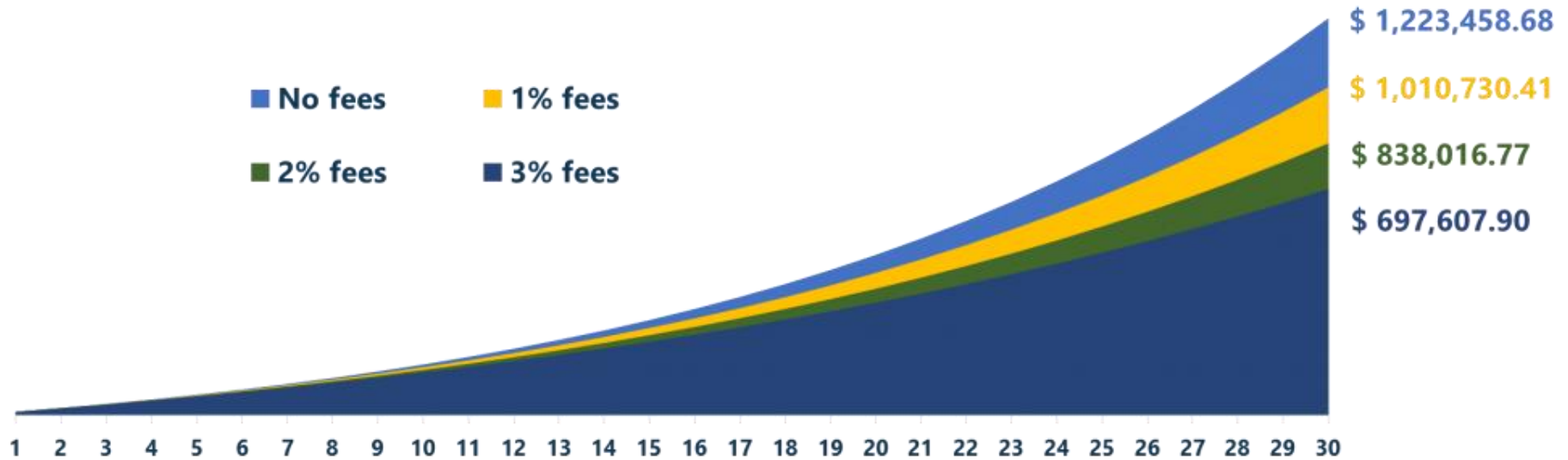


[Fees, stock market fees]



Returns

Saving \$10,000 per year with 8% annual return



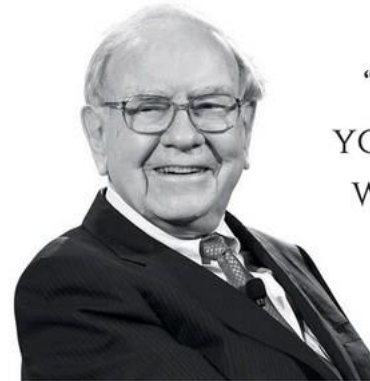


Valuation

- Price \neq value

Valuation methods

1. Net Asset value
2. Discounted cash flow
3. Comparable Company analysis



“PRICE IS WHAT
YOU PAY. VALUE IS
WHAT YOU GET.”

– WARREN BUFFETT –



Valuation case

Balance sheet	Daimler (2017)	BMW (2017)
Total Assets	255,345 €	195,506 €
Total Liabilities	191,476 €	141,835 €
Total Equity	63,869 €	53,671 €

Figures expressed in millions of euros

Income statement	Daimler (2017)	BMW (2017)
Total revenue	164,330 €	98,678 €
Operating income	13,401 €	9,880 €
Net income	10,525 €	8,620 €
EPS	10,5	13,4

Figures expressed in millions of euros (except EPS)

Dividend & Share price	Daimler	BMW
Share price (12/10/2018)	52,89 €	74,49 €
Dividend	3,65 €	4,00 €

Profitability

ROA: Net income / Total assets

	Daimler	BMW
ROA	4,12%	4,41%

Indebtedness

Debt ratio: Total liabilities / Total assets

	Daimler	BMW
Debt ratio	74,99%	72,55%

Valuation

P/E: Price / EPS (Earnings per share)

Dividend yield: Dividend / Price

	Daimler	BMW
P/E	5,04	5,56
Dividend yield	6,90%	5,37%



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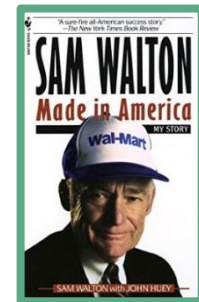


Walmart Case

- 1962: Walton brothers opened first Walmart in Arkansas
- 1970: Walmart became public (IPO)
- 1990: 1st retailer in the U.S.
- 1991: International expansion
- 2003: Largest corporation in the world
- Biggest retailer in the world



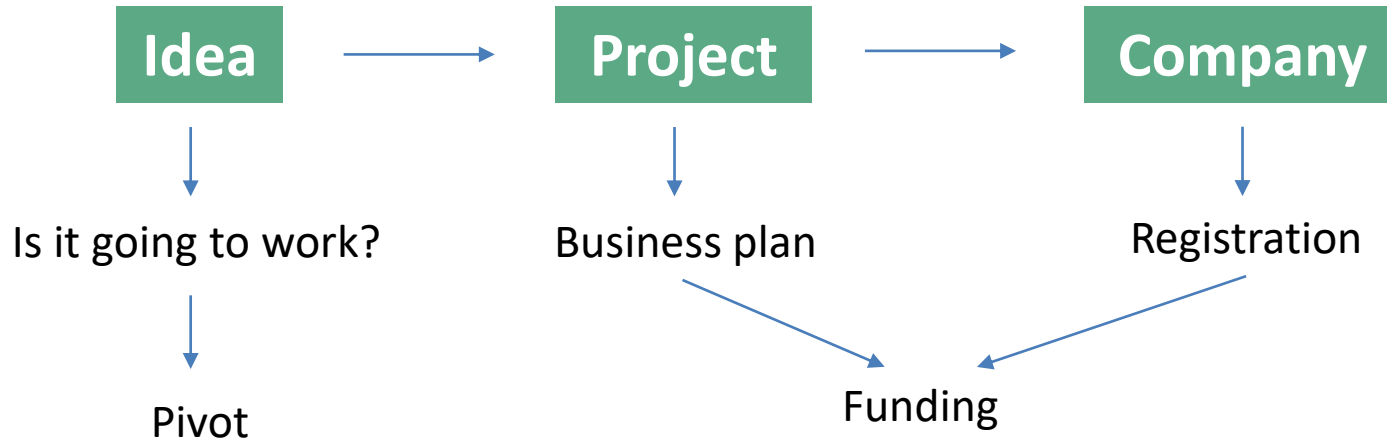
Walmart Stock Return History



\$1,000 invested in 1970 would have been \$989,100 at the end of 2016



Entrepreneurship



Being an entrepreneur

It is not an easy walk

Believing in the project

Facing setbacks easier

As a startup CEO, I slept like a baby. I woke up every 2 hours and cried.

Ben Horowitz
Opsware Co-founder



Key failure factors (KFF)

“In order to avoid failure, you need to know the reasons why others failed”

General KFFs

1st KFF: to be an entrepreneur with a reason but without motivation

2nd KFF: not having entrepreneurial spirit

Associates KFFs

3rd KFF: associates... do you really need them?

4th KFF: careful selection of associates

5th KFF: splitting profits evenly when not everyone is making the same contribution

Business idea KFFs

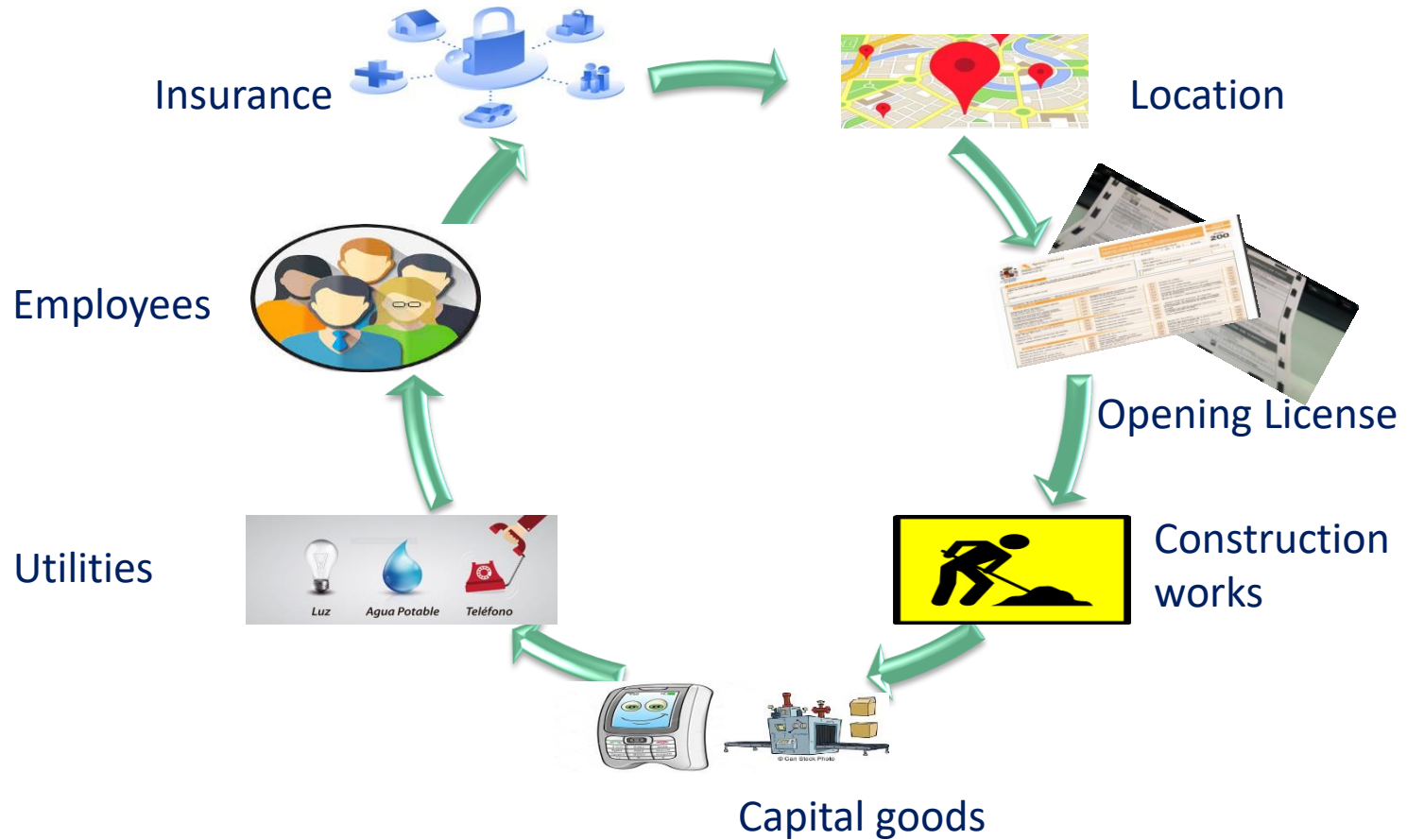
6th KFF: thinking that the idea is directly related to the success of the business

7th KFF: choosing an unattractive sector

Source: “The Little black book of entrepreneurship: a contrarian’s guide to succeeding where others have failed”, Fernando Trías de Bes, 2008



Initiating operations



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