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Analyzing Stock Valuations With Historical Context

EMC Corp. announced a quarterly dividend on May 30 and expanded its stock buyback plan at a time when it was trading 15 percent below its 12-month high. The shares have since gained about 5 percent. Bloomberg's new Equity Relative Valuation function provides historical context to valuation multiples, showing the company is trading cheaper than its average premium relative to peers.

The Equity Relative Valuation tool is security specific. To analyze EMC's stock, run { EMC Equity EQRV<GO> }. The page is divided into two sections. The bottom half contains a customizable list of comparable companies, with their market capitalization and common multiples. The top half displays the historical context of the valuation metrics.



In the 'NTM EV/EBITDA' column in the lower part of the screen, the mean multiple of 7.0x is the average enterprise value to Ebitda of the comparable group. The blue '6.6x' is EMC's current multiple, while '-6%' represents the percentage difference, which is the discount at which EMC is trading relative to the group.

The top left of the page shows how rich or cheap EMC is trading compared with its historical averages. EMC has traded at a 6 percent premium by EV/EBITDA during the past two years.

The difference between the two is about minus 11 percentage points, and the standard deviation is minus 1.6, which means the stock is trading cheaply on a relative historical basis.

EMC US Equity		99) Fe	eedba	ck				Equity	Relative \	Valuation
EMC Corp/MA		C	omp So	urce B	loomber	g 🗾	Region Count	try of Dom (US)	🔹 Cu	rrency USD
Analysis of EMC US M	lultiples -	Premium t	o Comp	os				3M	6M 1Yr	2Yr 5Yr
Current vs 2Yr Average Historical Premium						2Yr His	storical Prem	ium Range	Implied (a Hist Avg
Metric	Current	Hist Avg	Diff	# SD 3	3M Trend	d Low	Range	High	Multiple	Price (USD
Current Price							🔵 Current 🔶 His	t Avg		24.9
1) NTM EV/EBITDA	-6%		-11%	-1.6	~	-12%	• •	189	7.4x	26.5
2) NTM P/E	78	12%	-58	-1.0	~~	-1%	• •	231	13.4x	26.1
3) NTM EV/EBIT	-9%		-178		~	-15%	• •	249	9.2x	28.1
4) NTM EV/Rev	-7%		-76	-1.4	~	-13%	• •	119	2.2x	25.5
5) LF P/BV	-20%	-13%	-78	1.4	A,	-25%	• •	-29	2.5x	27.2
Name Name Current	: Multiples		Mk	ct Cap (52	USD) N 2.42B	ITM EV/EBITDA 6.6>		NTM EV/EBIT	NTM EV/Rev 2.0	
Current Premium	to Comps	Mean				-69		-9%	-7	
Mean				58	3.21B	7.0>	(12.0x	8.5x	2.2	x 2.9
2) CITRIX SYSTEMS	INC			12	2.238	11.7>	c 20.0x	14.7x	3.7	x 3.8)
B) BROCADE COMMUN	ICATIONS				2.46B	4.9>	(8.4x	6.1x	1.2	
4) TERADATA CORP					9.338	10.2>	c 17.8x	12.4x	3.0	x 5.4
IS) XEROX CORP				11	L.09B	5.9>	(8.0x	10.1x	0.8	x 1.0
6) NETAPP INC				13	3.71B	6.5>	c 14.0x	8.1x	1.3	x 2.9
17) SYMANTEC CORP					5.85B	5.8)	(11.8x	7.2x	2.0	x 2.9)
Customize Compara	ables	9) Se	lect Mul	tiples				Grey values	constrained f	or valuatio

The time frame of the calculations is determined by the historical comparison period at the top right above the table. This example shows a two-year period. The range bars graphically represent the current premiums versus their historical low, average and high.

To customize the comparables or multiples, click 'Customize Comparables' or 'Select Multiples' at the bottom of the page.

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Bloomberg has populated historical data for multiples and comparables. Click the row of data in the currentversus-historical table to load a chart of the spread between EMC's multiple and the average for the comparables group. This also displays icons for earnings and key news stories during the period.

Functions for the Market



Use the Menu key to return to the main page. The 'Implied @ Hist Ave' section at the far right shows the multiple and the price implied by EMC's historical premium.

EMC's two-year average EV/EBITDA multiple would be 7.4 times, which implies a price of \$26.55/share.

MC Corp/MA			omp so	ource	Bloomber	rg Re	sgion Count	ry of Dom (US)	Cur	rency US
nalysis of EMC US M	ultiples -	Premium t	o Com			3M Trend	illustrates any re	versals 3M	6M 1Yr	2Yr 5Y
		erage Histo			m	2Yr Hist	orical Prem			Hist Avg
Metric		Hist Avg			3M Tren		Range	High		Price (US
Current Price							Ourrent 🔶 Hist	Avg		24.
1) NTM EV/EBITDA	-6%	6%	-11%	-1.6	A.	-12%	• •	18	7.4x	26.
2) NTM P/E	78	12%	-5%	-1.0	~	-18		231	13.4x	26.
3) NTM EV/EBIT	-9%			-2.1	~	-15%		249	9.2x	28.
4) NTM EV/Rev	-7%			-1.4	N.	-13%	• +	119	2.2x	25.
5) LF P/BV	-20%	-13%	-7%	-1.4	A,	-25%		-29	2.5x	27.
Current EMC US Cor	nps (RV)							;	View All Cor	nps Belov
Current EMC US Cor ummary of Current	nps (RV)		- 14		(1100)		NTH 0 /5			
Current EMC US Cor ummary of Current Name	nps (RV)		Mk	kt Cap		NTM EV/EBITDA	NTM P/E	NTM EV/EBIT	NTM EV/Rev	LF P/E
Current EMC US Cor ummary of Current Name II) EMC CORP/MA	nps (RV) Multiples		Mk		(USD) 1 52.42B	6.6x	12.8x	NTM EV/EBIT 7.8x	NTM EV/Rev 2.0x	LF P/E
Current EMC US Cor ummary of Current	nps (RV) Multiples		Mk	5				NTM EV/EBIT	NTM EV/Rev	LF P/B 2.3 -20
Current EMC US Cor ummary of Current Name II) EMC CORP/MA Current Premium	nps (RV) Multiples		Mk	5	2.42B	6.6x -6%	12.8x 7%	NTM EV/EBIT 7.8x -9%	NTM EV/Rev 2.0x -7%	LF P/E 2.3 -20
Current EMC US Cor ummary of Current Name II) EMC CORP/MA Current Premium Mean	nps (RV) Multiples		Mł	5	2.42B	6.6x -6%	12.8x 7%	NTM EV/EBIT 7.8x -9%	NTM EV/Rev 2.0x -7%	LF P/E 2.3 -20 2.9
Current EMC US Cor ummary of Current Name (1) EMC CORP/MA Current Premium Mean (2) CITRIX SYSTEMS	nps (RV) Multiples to Comps INC	: Mean	M	5	52.42B 58.21B	6.6x -6% 7.0x	12.8x 7% 12.0x	NTM EV/EBIT 7.8x -9% 8.5x	NTM EV/Rev 2.0x -7% 2.2x	LF P/E 2.3 -20 2.9
Current EMC US Cor ummary of Current Name (I) EMC CORP/MA Current Premium Mean (2) CITRIX SYSTEMS (3) BROCADE COMMUN	nps (RV) Multiples to Comps INC	: Mean	Mł	9	52.42B 58.21B 12.23B	6.6x -6% 7.0x 11.7x	12.8x 7% 12.0x 20.0x	NTM EV/EBIT 7.8x -9% 8.5x 14.7x	NTM EV/Rev 2.0x -7% 2.2x 3.7x	LF P/E 2.3 3 -20 2.9 4 3.8 4 1.1
Current EMC US Cor ummary of Current Name 1) EMC CORP/MA Current Premium Mean 2) CITRIX SYSTEMS 3) BROCADE COMMUN 4) TERADATA, CORP	nps (RV) Multiples to Comps INC	: Mean	Mł	5	52.428 58.218 12.238 2.468	6.6x -6% 7.0x 11.7x 4.9x	12.8x 7% 12.0x 20.0x 8.4x	NTM EV/EBIT 7.8x -9% 8.5x 14.7x 6.1x	NTM EV/Rev 2.0x -7% 2.2x 3.7x 1.2x	LF P/E 2.3 3.4 2.5 3.4 3.4 3.4 3.4 3.4 3.4 3.4 3.4 3.4 3.4
Current EMC US Cor ummary of Current Name 11) EMC CORP/MA Current Premium	nps (RV) Multiples to Comps INC	: Mean	M	5	52.428 58.218 12.238 2.468 9.338	6.6x -6% 7.0x 11.7x 4.9x 10.2x	12.8x 7% 12.0x 20.0x 8.4x 17.8x	NTM EV/EBIT 7.8x -9% 8.5x 14.7x 6.1x 12.4x	NTM EV/Rev 2.0x -7% 2.2x 3.7x 1.2x 3.0x	LF P/E 2.3 -20 2.5 3.8 1.1 5.4 5.4 1.0

In the current vs. historical table at left, the '3M Trend' column helps visually identify when a valuation trend may be flattening or reversing. An investor who believes EMC is undervalued may choose to buy it instead of its peers, since the trend appears to have turned upward.

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