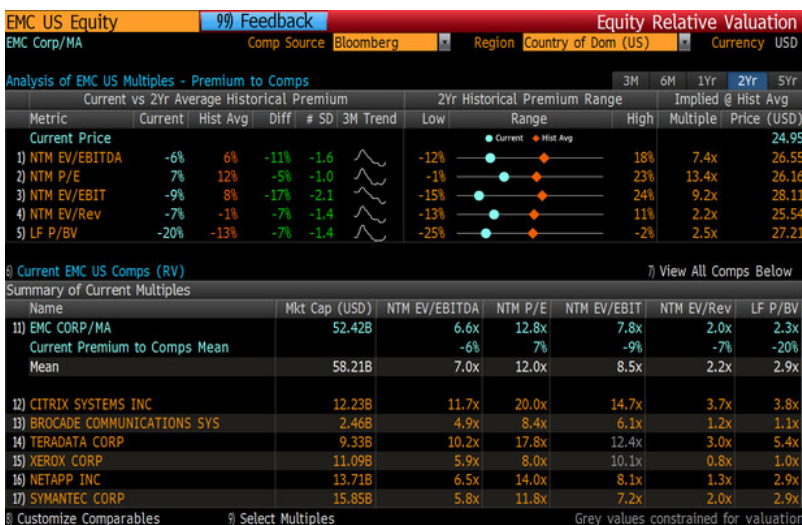


## Analyzing Stock Valuations With Historical Context

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> }.

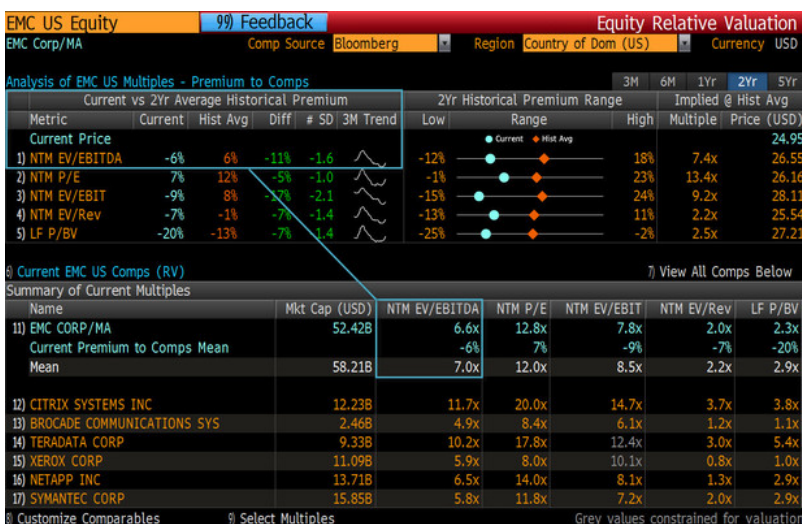
The page is divided into two sections. The bottom half contains a customizable list of comparable companies, with their market capitalization and common multiples. The top half displays the historical context of the valuation metrics.



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.

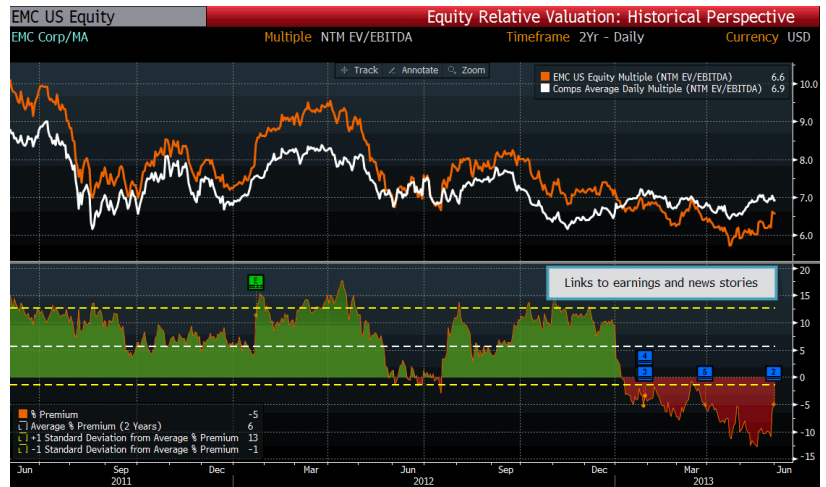


The time frame of the calculations is determined by the historical comparison period at the top right above the table. This example shows a two-year period. The range bars graphically represent the current premiums versus their historical low, average and high.

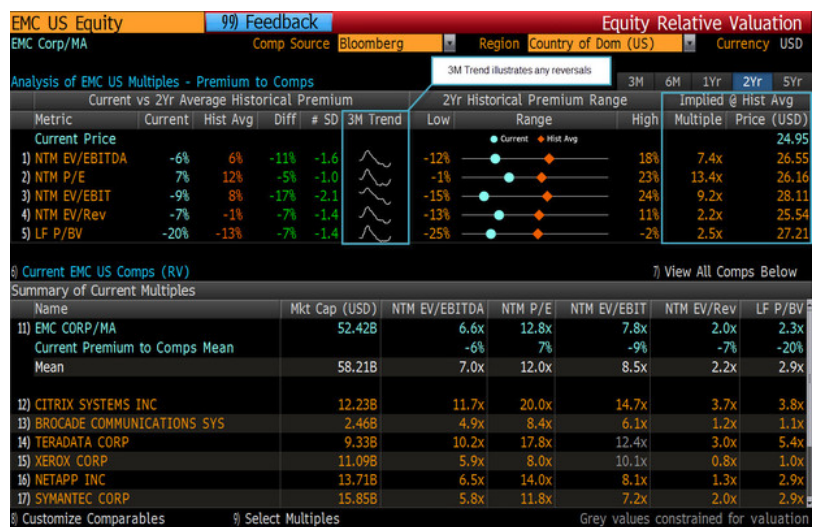
To customize the comparables or multiples, click 'Customize Comparables' or 'Select Multiples' at the bottom of the page.

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Bloomberg has populated historical data for multiples and comparables. Click the row of data in the current-versus-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.



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.



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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