**Overview of the Case Study Analysis – The Valuation and Financing of Lady M Confections**

In this activity, you will analyze a case study and answer a few questions based on it. Given below are a few guidelines for how you will need to approach this activity.

1. Read the case study provided in the next segment, and answer the given questions.
2. Submit your responses in the form of a PDF. document. The minimum length of the document should be 2 pages (double-spaced).
3. Ensure that your report is formatted as per the [APA format guidelines](https://irsc.libguides.com/apa6/apaformatpaperfreedownload#:~:text=Typography,point%20Times%20New%20Roman%20font.),
4. Use the Excel worksheet template provided in the next segment to calculate the required values.
5. Upload the Excel file on Google Drive and include the Drive link in the PDF document for the Excel file in the report.
6. Ensure that you provide open access to the Excel file.
7. Submit the **PDF document** on the platform, ensuring the **Excel Drive link is**present onthe report's first page.

Given below are the details of this activity.

**Type**- Individual Project

**Grading weightage**- 30%

**Total marks**- 25

# Case Study Introduction

The case study document is attached below for your reference.

**The Valuation and Financing of Lady M Confections**

**Download**

Please refer to the Excel template attached below. This Excel worksheet will help you calculate the required values, such as the firm's break-even point in terms of income, free cash flow, and perpetuity.

**Case Study Analysis: Excel Template**

**Download**

### **What to discuss in the report:**

1. **How many cakes would Lady M need to sell in a year to break even? Does this number seem feasible?**(5 marks)
2. **What is your recommendation? Should Romaniszyn open a new location in the World Trade Center?**(5 marks)
3. **What is Lady M’s enterprise value? Does it matter if one uses an EBITDA multiple or a perpetuity growth formula for a terminal value? How much of an equity stake should they give to the Chinese investors?**(5 marks)
4. **What do you think of Romaniszyn’s and Tom's baseline assumptions? Are they realistic?**(5 marks)
5. **Do you think they should take the Chinese investors' offer? Why/why not?**(5 marks)

# Grading Guidelines

## **Grading Rubrics**

|  |  |  |
| --- | --- | --- |
| **Element of Marketing Plan** | **Description** | **Marks** |
| Question 1 | | |
| How many cakes would Lady M need to sell in a year in order to break-even? Does this number seem feasible? | Use the break-even analysis Excel worksheet to determine the break-even point. (2 marks)  Explain in about 150 words if it would be feasible to produce the desired number of cakes. (3 marks) | 5 mark |
| Question 2 | | |
| What is your recommendation? Should Romaniszyn open a new location in the World Trade Center? | In about 250 words, explain your recommendation for Romaniszyn if they should open a new location in World Trade Center. (5 marks) | 5 mark |
| Question 3 | | |
| What is Lady M’s enterprise value? Does it matter if one uses an EBITDA multiple or a perpetuity growth formula for a terminal value? How much of an equity stake should they give to the Chinese investors? | Use the Projected FCF and Perpetuity Growth Method Excel worksheet to determine if it matters if one uses the EBITDA multiple or a perpetuity growth formula for a terminal value. (2 marks)  Explain in about 150 words your recommendation on how much equity stake they should give the Chinese investors.  (3 marks) | 5 mark |
| Question 4 | | |
| What do you think of Romaniszyn’s and Tom's baseline assumptions? Are they realistic? | In about 250 words, explain your thoughts on Romaniszyn and Tom's baseline assumptions. Justify your response, why their assumption is or is not realistic. (5 marks) | 5 mark |
| Question 5 | | |
| Do you think they should take the Chinese investors' offer? Why/why not? | In about 250 words, explain your recommendation if they should take the Chinese investor's offer. (5 marks) | 5 mark |