



FIN322 Industrial Equity Analysis



Subject outline

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Section 1 — General information

1.1 Administrative details

Associated higher education awards	Duration	Credit points	Level
Graduate Certificate in Applied Finance Graduate Diploma of Applied Finance Master of Applied Finance	One study period (12 weeks)	6	AQF9

1.2 Core or elective subject

This is an elective subject for the Graduate Certificate in Applied Finance, Graduate Diploma of Applied Finance and Master of Applied Finance.

1.3 Delivery mode

This subject is delivered online.

1.4 Prerequisites

There are no prerequisites for this subject. However please review the 'Assumed knowledge' section below to understand the prior knowledge Kaplan advises you should hold before enrolling in this subject.

1.5 Assumed knowledge

Whilst there are no prerequisites for this subject, Kaplan assumes that students have completed FIN203 Fundamentals of Equity Markets and FIN205 Business Valuation, or understand the content covered in those subjects, prior to undertaking FIN322 Industrial Equity Analysis.



1.6 Course transition subject equivalence

Students may not be required to complete this subject if they have transitioned from a SIA/Finsia/Kaplan course and have completed the following subjects:

- E131 Industrial Equity Analysis
- FIN222 Industrial Equity Analysis

1.7 Work integrated learning

There are no placements, internships or work experience requirements associated with undertaking this subject.

1.8 Other resource requirements

Students do not require access to specialist facilities and/or equipment to undertake this subject.



Section 2 — Academic details

2.1 Subject overview

This subject focuses on the role of an equity analyst and the tools and methods they use to prepare a broker's report to value a given company. This includes discussion of financial models used in equity analysis, and then a detailed examination of equity analysis in different market sectors, including retail, health care, media, infrastructure, and banking. Students analyse these different industry sectors and the strategies of companies within them, and build a financial model to judge a company's operational and financial performance.

2.2 Subject learning outcomes

On successful completion of this subject, individuals should be able to:

1. Critically analyse the industry positioning, competitive advantage and corporate strategy of a company using fundamental tools, industry practices and research.
2. Determine the impact of key quantitative and qualitative data on industrial equity stocks.
3. Evaluate operational and financial performance of a company using industry standards benchmarks and peer analysis.
4. Construct a financial model of a company incorporating advanced financial modelling techniques.
5. Create a report on the analysis of a company performance, including financial ratios, that can be used to make investment decisions.
6. Evaluate key sectors within the industrial equities market, with a focus on the critical issues and key drivers of shareholder value.

2.3 Topic learning outcomes

Topic 1: The analyst's world

On successful completion of this topic, students should be able to:

- distinguish between the industrial and the resources equity markets in the context of the Australian and the global equity markets
- explain the role of an equity analyst
- explain the role of fieldwork in the research process
- determine which features and considerations should be part of any comprehensive report
- recognise the factors that contribute to forming an investment recommendation for a company.

Topic 2: Analysing non-financial factors

On successful completion of this topic, students should be able to:

- determine the external business and industry factors that affect selected companies
- analyse how corporate visions and strategies can drive sustainable competitive advantages
- critique the impact of internal business and strategic management issues
- evaluate how leadership style and change strategy can influence corporate objectives
- analyse the emergence of corporate sustainability as a viable company strategy
- discuss some of the reasons why mergers and acquisitions are not successful.

Topic 3: Building a basic financial model

On successful completion of this topic, students should be able to:

- evaluate the underlying performance of a business by analysing its revenue and earnings
- identify the key issues to focus on when forecasting earnings for future years
- calculate normalised earnings to use as the basis for modelling
- explain a simple (earnings focused) financial model including:
 - the linkages between the various sections and financial statements
 - the forecasts/inputs by the user of the model
- explain and calculate earnings per share (EPS), based on average shares on issue, and understand the difference between basic and diluted EPS
- analyse and draw conclusions from a financial model.

Topic 4: Introducing complexity to a financial model

On successful completion of this topic, students should be able to:

- evaluate the robustness of forecasts
- apply financial modelling techniques to complex situations
- demonstrate knowledge about DuPont analysis and its uses and limitations
- explain the common and specialised valuation techniques
- construct a report detailing the findings of the analysis of a company.

Topic 5: Equity market sectors

On successful completion of this topic, students should be able to:

- compare the sector breakdown of the Australian market with overseas markets
- analyse the key earnings drivers for companies across different sectors
- compare and contrast the different factors that need to be considered when analysing companies across different sectors
- apply financial modelling techniques to different types of companies
- evaluate significant trends and issues across the sectors.

Topic 6: Retail

On successful completion of this topic, students should be able to:

- explain the differences between various retail sub-sectors
- describe the key external earnings drivers in the retail sector
- describe the key internal earnings drivers in the retail sector
- analyse some of the traits common to successful retailers
- derive information from retailers' financial statements to aid in forecasting growth and profits
- identify some of the criteria by which retail stocks can be valued
- analyse some of the critical future trends for the retail sector that are likely to influence forecasting.

Topic 7: Health care

On successful completion of this topic, students should be able to:

- explain the key segments of the health care sector
- assess the key value drivers and industry consolidation considerations of the sector
- evaluate the valuation measures appropriate to the sector
- assess the key trends affecting the sector.

Topic 8: Media

On successful completion of this topic, students should be able to:

- explain the key segments of the media sector
- describe the key external earnings drivers in the media sector
- describe the key internal earnings drivers in the media sector
- evaluate the valuation methods used by analysts when assessing media companies.

Topic 9: Infrastructure

On successful completion of this topic, students should be able to:

- describe the different types of projects in the industry
- explain the key characteristics of infrastructure and utility companies and contrast these features with those of other industrial companies
- discuss the primary value drivers for an infrastructure or utility project
- provide an introduction to regulation in this sector in Australia
- assess the key risks involved in various investments in this sector
- critically evaluate the valuation techniques available and their relative merits.

Topic 10: Banking

On successful completion of this topic, students should be able to:

- describe the key characteristics of the banking sector
- identify the major drivers influencing bank performance
- critically evaluate the valuation methods used for the banking sector
- discuss key influences on future banking earnings forecasts.

2.4 Assessment schedule

Assessment	Description	Week	Topics	Weighting	Subject learning outcomes assessed
Assignment 1	Short-answer questions based on a case study	Week 4	1–2	20%	LO1
Assignment 2	Short-answer and Excel based modelling questions based on case study	Week 7	1–6	40%	LO1–LO6
Exam	Short-answer and scenario-based assessment	Week 12	3–10	40%	LO1–LO4, LO6

Please refer to our website <www.kaplanprofessional.edu.au> to review student policies relating to your assessment, including the *Kaplan Assessment Policy* and *Academic Integrity and Conduct Policy*.

2.5 Prescribed text

There is no prescribed text for this subject. Students are provided with key readings and access to Kaplan's online databases. Students are encouraged to research and read widely on the topic.

2.6 Study plan

Week(s)	Topic name	Study load in hours
1	Topic 1: The analyst's world	7
2	Topic 2: Analysing non-financial factors	8
3	Topic 3: Building a basic financial model	10
4	Topic 4: introducing complexity to a financial model Assignment 1 (Weighting: 20%)	10
5	Topic 5: Equity market sectors	15
6	Topic 6: Retail	12
7	Topic 7: Health care Assignment 2 (Weighting: 40%)	10
8	Topic 8: Media	8
9	Topic 9: Infrastructure	10
10	Topic 10: Banking	10
11–12	Examination (Weighting: 40%)	20
Total minimum study load		120 hours

Additional study hours (if required), dependent on knowledge and personal commitments	60 hours
Total study load, including additional study hours	180 hours