

# **CZECH UNIVERSITY OF LIFE SCIENCES**

**Faculty of Economics and Management**

**Department of Economics**



**Abstract of Diploma Thesis**

## **Estimation of Vodafone's Stock Value**

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### **Abstract**

In the most recent times, the telecommunication sector had gone through many radical changes in the terms of technological advancement implications. These changes in the technologies of communication had positively affected the process of sharing information. The current research is been conducted for understanding the practices of a telecommunication company that is based in the United Kingdom and performs the operations required for conducting the effective telecommunication. The research also identifies the stock market value of the communication industry. The current dissertation is been developed for focusing on the estimating the stock value of the Vodafone PLC which is one of the leading telecommunications organizations in the globe. It will be quantitative research in nature. The review of the topic is based on a significant review of secondary data. The data will be collected from Vodafone Group's annual reports, magazines and publications. Thesis has focused the past and the current performance of Vodafone Stock. For the purpose of research, data have been included the period from 2008 to 2018 for past and present trends which includes analysis stock value and financial ability of the selected company. During the analysis, the researcher has applied graham model, ratio analysis, earnings per share and book value method to measure Vodafone PLC performance. The data is collected from Vodafone Group plc, Vodafone UK, S&P 500 Index, London Stock Exchange and Financial Conduct Authority (FCA) UK. In the end of the thesis, the results were concluded in a manner that can support the decision making of the investors in making their investment in the Vodafone PLC.

**Keywords:** Telecommunication, Stock market, London Stock Exchange (LSE), Capital Asset Pricing model (CAPM), Vodafone (VOD) PLC, Stock variations, financial markets etc.

## **Research Questions**

Question#1: What are the market trends of Vodafone stock in recent years?

Question#2: Is it good to invest in the Vodafone stock for the long term?

Question#3: How possible are the chances for Vodafone stock to keep itself in competition with other companies of the market?

## **Objectives**

The current research is aimed towards making an effective analysis of the share market of the UK for the selected organization Vodafone. The research further aims towards understanding the share market practices that can affect the share prices of the Vodafone in long run of business performance. The main objective of the current research is to identify and analyses different situations of the share market that had been affecting the share price of the chosen organization of Vodafone. Other objectives of the current research are listed below.

Objective#1: Developing a trend analysis that can explain the market trend of complete telecommunication industry.

Objective#2: Developing reasons that had brought a reduction in the stock prices of the Vodafone.

## **Main Methodology**

The research will be quantitative in nature. The review of the topic is based on a significant review of secondary data. The same will be collected from Vodafone Group's annual reports, magazines and publications. In addition, the information collected from the database of various departments is used to supplement the current literature of enriching secondary published data to reach a conclusion. Thesis has focused the past and the current performance of Vodafone Stock. For the purpose of research, I have included the period from 2008 to 2018 for past and present trends.

The data is collected from Vodafone Group plc, Vodafone UK, S&P 500 Index, London Stock Exchange and Financial Conduct Authority (FCA) UK. The qualitative data to be used in the study

comprises dividend discount model, graham model, ratio analysis, the market rate of return, earnings per stock, and book value method etc. to analyse the stock market performance of Vodafone. Through which, the company's performance was analysed and evaluated so that any conclusions can be reached with recommendations for better evaluation, based on current trends. Any problem areas that need to focus on various evaluation measures and the telecommunications sector have been researched so far.

The methodological approaches that can be used for the current research of estimating the stock prices of Vodafone are listed below:

- Dividend discount model,
- Graham model,
- Ratio analysis,
  - Return On Capital Employed (ROCE)
  - Gross Margin Ratio
  - Current Ratio
  - Quick Ratio
  - Debt To Equity Ratio
- The market rate of return,
- Earnings per share, and
- Book value methods

## **Conclusion**

A great noteworthy feature of the Vodafone can be discussed as the oligopolistic market. While moving away from the concept of the monopolistic market of telecommunication services, an oligopolistic market is a place where creates where few businesses are dynamic and have a high level of association in the exercises of the majority of the members. Additionally, another of Vodafone operations and performance can be described as the development of a position that can lead the organization towards leading the overall telecommunication sector. That industrial leader can be empowering the forces to minimize or keep the improvement of a powerful rivalry in the

applicable market, enabling it to for the most part carry on autonomously of its rivals, buyers and clients.

By examining the incomes of the Vodafone group in different countries around the globe, it is noticed that the incomes from the communication benefits in mobile communication are completely commanding, with the help of different incomes that are placed in total revenues of the organization. The cell phones are the business' biggest development segment, and in numerous nations, both the Vodafone services and the mobile communication devices help the businesses in attaining the great level of revenues. In the communications industry, the company like Vodafone can easily increase the number of administrators is customarily restricted by limitations originating from a restricted electromagnetic range. By watching the whole market at a full-scale level, it is valuable to energize aggressiveness that would lower the costs of broadcast communications administrations, and thus the previously mentioned dispersal of data, which would bring the offered administrations closer to the created nations of the world.

### **Resources:**

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