Case study: jaguar plc

Business

Management Summary The purpose of this case is the valuation of Jaguar pal for its imminent PIP. For this we analyze the market, in which Jaguar operates and its exchange rate risks. The luxury car market analysis delivers the following findings: *Jaguar's clients are rather price Insensitive, however they are highly quality aware. *The mall competitors at the time being are the German car producers BMW, Daimler-Benz and Propose *Jaguar exports a large part of Its production to the US The exchange rate risk analysis shows: In the last few years the exchange rates operated in favor of Jaguar pal. There are market indications that exchange rate movements are expected which would have a negative influence on Jaguar's results *Although customers of Jaguar are more or less price insensitive, there is the danger that due to exchange rate movements its German competitors could offer their products in the US at lower prices.

If in addition the GAP exchange rate develops against Jaguar this could result in significantly reduced profit margins for Jaguar. *Therefore Jaguar pal should use an elaborate portfolio of hedging instruments and recesses to ensure its further success.

The valuation of Jaguar pal reveals: *Different methods show a valuation range from mm to +mm with a most probable value close to mm. *The actual firm value of Jaguar Is highly dependent on the exchange rate. The economic exposure Is very Important.

*Bringing the PIP to a success, which Is one of the goals of the Thatcher government after the disastrous prevarication of Enterprise 011, we recommend a valuation close to the lower end of the range. Therefore we propose a value of mm. *Jaguar's clients are rather price insensitive, however they are highly quality aware.

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