Step 4: In final step, terminal value has been calculated and forecasted equity cash flows for the three years (2020 to 2023). The calculated intrinsic value is 221.24 and market price of Skyworks Solutions, Inc. is 108.43 before the pandemic and now it is trading at 161.39. Since the calculated value is more than the current market price, it's undervalued. It gives strong signal to the investor to buy the selected stock.

CONCLUSION:

In the current paper, the purpose was to calculate the fundamental or the intrinsic value of the selected equity. EFCF Model has been employed, average of the closing prices of the concerned company's share price. Furthermore, the calculated intrinsic value is compared with the corresponding market value. In the valuation of stock , researcher considered on the free cash flow to equity(FCFE) instead free cash flow of the firm(FCFF). The resulted figure depicts the undervauation of Skyworks Solutions, Inc. which clearly states the strong signal to the investor to go for long position.

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