



TheCaseSolutions.com


Number 1 in case studies solutions

ESTIMATING THE WACC OF MYLAN INC.



INTRODUCTION


WACC or Weighted Average Cost of Capital is an essential calculation of the cost of capital which combines both the equity and debts raised by the company. When it comes to Mylan Inc., it is imperative to find out WACC that will help in assessment of investment and capital structure, as well as financial performance.





COMPONENTS

Cost of Equity (R_e): It is the expected return that shareholders require in order to own the Mylan's stock. This can be determined with the help of the Capital Asset Pricing Model that takes into account the riskfree rate, Mylan's beta, and the market risk premium.





IMPORTANCE


Capital Investment: The decision regarding investment in new projects, gives more return than WACC is value added for the firm.





CONCLUSION

This paper aims to calculate WACC of Mylan Inc. for the purpose of financial planning of the company and its future strategic direction. Thus, comprehending the concepts related to the cost of capital means that Mylan can contain risks and obtain higher profitability. For a detailed case solution, visit thecasesolutions.com.





RECOMMENDATION

This case is just a sample partail case solution. Please place the order on the website to order your own orignally done case solution.

Resource: Visit thecasesolution.com for detailed analysis and more case studies.

