

Changes in Shares Outstanding

Analysis of the Impact on Share Price Performance

Haupt Verlag

Bern • Stuttgart • Wien
bern Stuttgart wien

UNIVERSITÄT ST.GALLEN
HOCHSCHULE FÜR WIRTSCHAFTS-,
RECHTS-UND SOZIALWISSENSCHAFTEN
BIBLIOTHEK

Table of Contents

1	Acknowledgments.....	7
2	Executive Summary.....	8
3	Introduction.....	11
3.1	Objective.....	11
3.2	Approach.....	12
4	How are Equities Valued?.....	13
4.1	Equity Valuation.....	13
4.1.1	Common Valuation Metrics.....	13
4.1.2	Financial Statement Analysis.....	14
5	Are Markets Efficient?.....	15
5.1	Three Possible Levels of Market Efficiency.....	15
5.2	How Efficient are Markets.....	15
6	Why Look at Changes in Shares Outstanding?.....	17
7	Approach and Methodology of Analysis.....	18
7.1	Source for and Adjustment to Shares Outstanding.....	18
7.2	Time Period of Analysis.....	19
7.3	Benchmark.....	20
7.4	Focus on Relative Price Performance.....	20
8	Results of Analysis.....	21
8.1	How have Shares Outstanding Changed?.....	22
8.2	What Impact do these Changes have on Share Price Performance?.....	23
8.2.1	Four Potential Outcomes.....	23
8.2.2	Results of Correlation.....	24
8.2.3	What Sectors Display the Most Consistency ?.....	25
8.2.4	Time Dependency and Other Limitations.....	26