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Healthway Medical Corporation Limited: Do Stock Valuation Metrics Render Financial Analysis Redundant?

Authors: Jian Ming, Patricia Tan, Nandini Vijayaraghavan**Case Ref. No:** ABCC-2017-015**Pub/Rev Date:** 11-2017**Category:** Accounting**Case Length:** 25 pages**Teaching Note Ref. No:** ABCC-2017-015(TN)**Teaching Note Length:** 10 pages**Field Data Source:** No**Period Covered:** 2012-2016**Country:** China, Malaysia, Singapore**Topic:** Accounting; Economics & Finance**Publisher:** The Asian Business Case Centre, Nanyang Technological University

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Abstract

Alan Wong, an intern at Gem Asset Management, was pleasantly surprised when, as per his supervisor's instructions, reviewed the stock multiples (P/E, P/Sales, P/Book Value, and EV/EBITDA) of healthcare stocks listed on the Singapore Exchange (SGX). Certain stock valuation metrics of Healthway Medical Corporation appeared attractive in relation to SGX-listed peers. Alan performed the Du Pont analysis and financial statement analysis to ascertain if the Healthway stock was indeed attractive against the backdrop of its performance. Did the conclusions of his analysis support his initial impression?

Learning Objectives

(1) Introduce the concept of industry analysis; (2) Develop a systematic approach towards industry and company (fundamental) analysis before making an investment recommendation / decision; (3) Perform a financial analysis; (4) Choose appropriate parameters/ratios for a peer comparison; (5) Make an investment recommendation based on industry and financial analysis.

Keywords

Healthcare; Valuation Ratios; Du Pont Analysis; Financial Statement Analysis; Healthway Medical Corporation; IHH Healthcare Berhad; Q&M Dental; Cordlife Group; Health Management International