

DEUTSCHE BANK AND THE ROAD TO BASEL Harvard Case Solution & Analysis



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History

The company was founded in 1987 by a group of former employees of the former East German government. The company's first product was a software package for the management of the company's assets. The company has since expanded its product line to include a variety of other software products, including a suite of financial management tools.



History

- Founded in 1870 in Berlin, Germany
- Within 2 years Deutsche Bank had opened offices in Bremen, Yokohama, Shanghai, Hamburg & London
- Continuation of international expansion
- 1914: "biggest bank in the world"
- Liquidation of foreign branches due to WWI
- 1923-1930: Hyperinflation, mergence
- 1931: Economic Crisis occurs in Germany, forcing Deutsche Bank to allocate 1/3 of its resources to the state-owned bank, Golddiskontbank
- Tool for Nazi Party in WWII
- 1957: Deutsche Bank's branches merged once again to re-build company
- 1989: Deutsche Bank acquired Morgan Grenfell, giving the bank relations in New York City
- Today, Deutsche Bank remains a top leader in banking in Europe & is expanding its base in North America & Asia

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Valuation Ratios	Company	Industry	Sector	S&P 500
P/E Ratio (TTM)	14.90	15.47	15.93	18.44
P/E High - Last 5 Yrs.	13.37	30.45	111.77	90.55
P/E Low - Last 5 Yrs.	6.51	9.64	84.73	12.30
Beta	1.62	1.26	0.99	1.30
Price to Sales (TTM)	1.43	3.36	4.92	2.26
Price to Book (MRQ)	0.80	1.03	1.42	3.11
Price to Tangible Book (MRQ)	1.20	1.35	1.85	5.65
Price to Cash Flow (TTM)	6.03	17.66	15.56	62.23
Price to Free Cash Flow (TTM)	--	0.91	3.15	61.72
% Owned Institutions	--	--	--	--

Dividends	Company	Industry	Sector	S&P 500
Dividend Yield - 5 Year Avg.	3.44	1.74	1.29	2.46
Dividend 5 Year Growth Rate	-19.95	8.71	6.77	-4.49
Payout Ratio(TTM)	30.17	11.75	15.55	43.80

Growth Rates	Company	Industry	Sector	S&P 500
Sales - 5 Yr. Growth Rate	-7.15	16.60	16.02	7.46
EPS - 5 Yr. Growth Rate	-14.31	5.73	8.54	4.68
Capital Spending - 5 Yr. Growth Rate	4.49	10.34	8.72	3.57

Profitability Ratios	Company	Industry	Sector	S&P 500
Gross Margin - 5 Yr. Avg.	--	0.00	10.34	29.79
EBITD - 5 Yr. Avg	--	0.00	9.10	19.02
Operating Margin - 5 Yr. Avg.	15.87	24.43	19.43	14.66
Pre-Tax Margin - 5 Yr. Avg.	15.87	25.00	19.58	14.26
Net Profit Margin - 5 Yr. Avg.	12.36	17.64	14.50	10.49
Effective Tax Rate - 5 Yr. Avg.	22.14	28.55	32.78	24.77



Current Financial Value:

Enterprise Value - €154,119,961,000

Market Capitalization - €38,598

Net Asset - €58.733 billion

Income Statement Method - €12.630 billion

P/E Ratio - €188.187 billion

Outstanding # of shares sold - €58,733,038,600

What a similar company sold for - \$50 billion $\approx$ €34 billion

Current Financial Value - €85,028,112,930 $\approx$ \$126,117,917,325