

**ECONOMIC VALUATION OF COMPANIES BY APPLYING DISCOUNTED CASH FLOW MODELS, VALUE CREATION MODELS AND MARKET MULTIPLES**

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**ABSTRACT**

This paper presents the theory of economic valuation of companies through the implementation of three financial models. The main objective is to show the interrelationship between each of these models from fundamental variables that explain the financial situation of a company. In principle the model described was the discounted free cash flow then value creation models, finally complemented with the analysis of market multiples. The application was made to a company in the cement industry, the value obtained with the first two models was similar, but different from the value found with the market multiples model; these results suggest that the assumptions applied to the valuation models determine the final results, so it is necessary to compare these assumptions with market expectations.

**Keywords:** Valuation of Companies, Discounted Cash Flows, Residual Income, Economic Profit, Market Based Prices.