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MANAGEMENT CONSULTANCY

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BUSINESS VALUATION

TABLE OF CONTENTS

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BUSINESS VALUE FOR OPERATIONAL COMPANY

VALUATION METHODOLOGIES

Standardized Methodologies for Calculating the Value of Business

No.	Valuation Methodology	Details / Subitems
1.	Scorecard Method	• Scorecard Method – (Pre-Revenue & Early Stage Companies)
2.	Checklist Method	• Checklist Method – (Pre-Revenue & Early Stage Companies)
3.	Venture Capital Method	• Venture Capital Method – (Investor's Required Return after Exit) • Pre-Money Valuation • Post – Money Valuation
4.	Free Cash Flow Methods	• Free Cash Flow Methods
5.	Discounted Cash Flow Method with Long Term Growth	• DCF Method with Long Term Growth • Free Cash Flow to the Firm for Firm Value (FCFF Method) • Free Cash Flow to the Equity for Equity Value (FCFE Method) • Present Value of Free Cash Flows for Firm Value & Equity Value • DCF Method with Market Multiples • Discounted Cash Flow Method with Terminal Value or perpetuity Method
6.	Market Multiple or Pricing Multiple	• P/E ratio • P/ E ratio • P/S ratio • Comparable Company Analysis • Comparable Transaction Analysis
7.	Asset Based Valuation	• Net Assets Value • Net Replacement Cost
8.	Enterprise Value Multiples	• EV/EBITDA • EV/Sales
9.	Earning Yield Method	• Earning Yield Method
10.	Blended Valuation	• Blended Valuation

DISCOUNT RATE FOR DCF-BASED VALUATION

For Valuation of Business or Companies we will use discounted Cash Flows, to discount rate and Discount rate can be further classified as:

1. **CAPM** is the cost of equity, which is used as the discount rate for the Free Cash Flow to the Equity (FCFE) to determine the equity value of the company.
2. **WACC** is the discount rate, which is used for the Free Cash Flow to the Firm (FCFF) to determine the business value (the value of the firm) of the company.

SPECIAL NOTE

We will utilize various valuation methods to determine the Fair Market Value of the business. It's important to note that not all methods will be applicable to every business. The choice of valuation method will depend on the nature of the industry and the availability of relevant information.

Early-Stage Methods (General Reference): The Scorecard Method, Checklist Method, and Venture Capital Method are intended as general reference methods for pre-revenue and early-stage companies, and are not part of the core valuation methods for an operational company package.

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SERVICE PROPOSAL

BUSINESS VALUE FOR OPERATIONAL COMPANY

BASIC PACKAGE | 1 METHOD – DCF

1. TABLE OF CONTENTS – SINGLE METHOD (BASIC PACKAGE)

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1.2 Executive Summary

- Company Vision & Mission
- Introductions of Company
- Purpose of Company Valuation
- Covering Letter from Auditor
- Financial Valuation Summary

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- Products & Services
- Market Position Analysis
- Management Team

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- UAE Market Overview
  - Inflation Rate in UAE
  - UAE Population Statistics
  - Industry Growth
  - Potential Target Market
- Risks & Mitigation Strategies
  - Business model risk
  - Operating Risk
  - Financial Risk
  - Technological Risk
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  - Legal Risk

1.5 Competitor's Analysis

- Competitor's No.1
- Competitor's No.2

1.6 SWOT Analysis

- Regarding Strength and Weakness
- Opportunities & Challenges
- Challenges for this Business
- Special Challenges / Risk Factors

2. BUSINESS VALUATION

2.1 Business Valuation

- Valuation Summary
- Valuation Methods & Approaches of Pvt. Company
- Application of Methods

2.2 Income Approach – 1st Valuation Approach

- Discounted Cash Flow Methods
- Capitalized Cash Flow Methods
- Excess Earnings Method or
- Residual Income Method

2.3 Historical Financial Information

- Historical Balance Sheet
- Historical Income Statement
- Historical Statement of Cash Flows
- Historical Financial Analysis
- Key Performance Indicator (KPIs)
- Fixed Assets Schedule
- Depreciation Schedule

2.4 Projected Financial Information

- Projected Balance Sheet
- Projected Income Statement
- Projected Statement of Cash Flows
- Projected Financial Analysis
- Key Performance Indicator (KPIs)
- Fixed Assets Schedule
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2.5 Valuation Techniques & Methodology

2.6 WACC or Discount rate or Cost of Capital

2.7 Levered / Unlevered Beta Calculation

2.8 Limitations & Restrictions

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2. Appendix B First Year Monthly Projected Income Statement
3. Appendix C First Year Monthly Projected Cash Flow Statement
4. Appendix D First Year Monthly Projected Revenue/Sales Forecast.
5. Appendix F Cost of Sales
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3.2 Key Assumptions

8. Revenue Assumptions
9. Operating Cost Assumptions
10. Expense Related Assumptions
11. Fixed Assets Schedule assumptions

3.3 References

2. Useful Web Links and Contacts

BASIC PACKAGE

SINGLE METHOD – DCF

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