What is Company Valuation and Why is it important to YOU?

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- We often speak of valuation as if it is a defined number and quite specific
- Surely a company or a business has a value and that value is clear.
  - Look at the market price
  - Look at the transaction value
- Surely, that is what the company is worth…

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- The first issue is that valuation is not a number
- Valuation is a process
- The process is to try to determine what company is worth - its economic value

What is Company Valuation and Why is it important to YOU?

- There are many reasons for wanting and needing a business valuation
    - Raising Capital
    - Mergers and Acquisitions
    - IPO
    - Taxation
    - Partner Ownership
    - Pricing Options, Convertibles and Warrants

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- For every reason there are a number of different parties each of whom will have their own agenda and their own view on value - high or low

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- The Valuation process uses a range of methods which we will discuss in this course both intrinsic and relative

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- We also need to ensure that we look beyond the numbers
  - Management
  - Markets
  - Competitors
  - Products and Services
  - Competitive Advantage

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- Company valuations may vary depending on
  - Scale
  - Rate of Growth
  - Profitability (Margins)
  - Cash Flow
- These will all be taken into account

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- The methods for valuation take a range of approaches and seldom result in the same answer
- In fact, it is much more likely that the results will be different
- Not just that but each method will produce its own high/low range of outcomes

What is Company Valuation and Why is it important to YOU?

- Public and Private companies have different risk profiles and we will discover that risk is one of the central factors in every valuation approach

What is Company Valuation and Why is it important to YOU?

- Be prepared for a roll-a-coaster ride
- The valuation process has its ups and downs and just when you think you are getting a handle on it, it spins you off in a different direction

What is Company Valuation and Why is it important to YOU?

- To summarise, Company Valuation is a journey
- A journey without end
- It is constantly changing and will offer you a range of conflicting destinations
- Welcome and enjoy the ride!

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