

Valuation: Your Company's Worth

By: Tawfik Alwan | June 2010

A good news and a bad news

There is always someone interested in buying your company's shares....

.... However, you will not like the price they would pay!

We need to see it from the investor's prospective

Investors will look at it differently



A goose with a golden egg



The Grass is always greener on the other side



Treasure Chest



It is the future cash flow that interests the investors

Discounted Cash Flow

FCFF

FCFE

DDV

Points of Concern

- Revenues
- Income
- Cost of capital

Financial Model: From Revenues to Value



- | | | | | |
|---|--|--|--|---|
| <ul style="list-style-type: none"> ▪ Demand drivers ▪ Sales units ▪ Factors affecting price ▪ Short term and long term growth rates | <ul style="list-style-type: none"> ▪ Cost Elements ▪ Historical & Future Trends ▪ Capital Expenditure ▪ Capital Structure ▪ Financing Costs & Dividends | <ul style="list-style-type: none"> ▪ Operating Cash Flow ▪ Free Cash Flow ▪ Projected Dividends | <ul style="list-style-type: none"> ▪ Economic Condition & Capital Market Behavior ▪ CAPM (Risk Free rates & Risk Premiums) ▪ WACC | <ul style="list-style-type: none"> ▪ Terminal Value ▪ PV ▪ Valuation ▪ Additional discounting |
|---|--|--|--|---|

You Always need to be objective



It is the opportunity cost that interests the investors

Comparables

Traded

Precedent

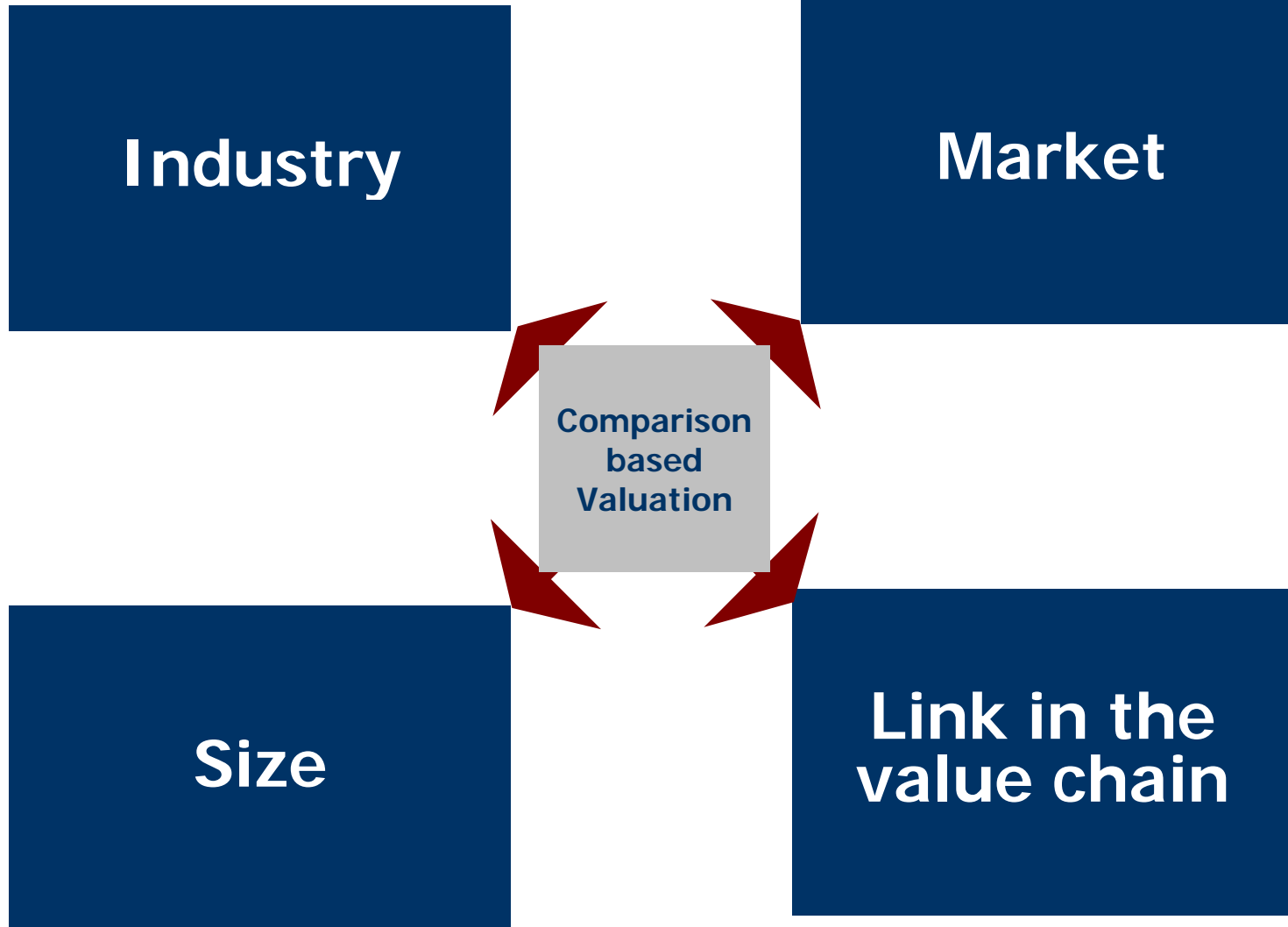
P/E

P/EBITDA

P / BV

Points of Concern

- The Exact Match
- Sector vs Country



Let's go on a Treasure Hunt



It is the bounty that interests the investors, not the chest

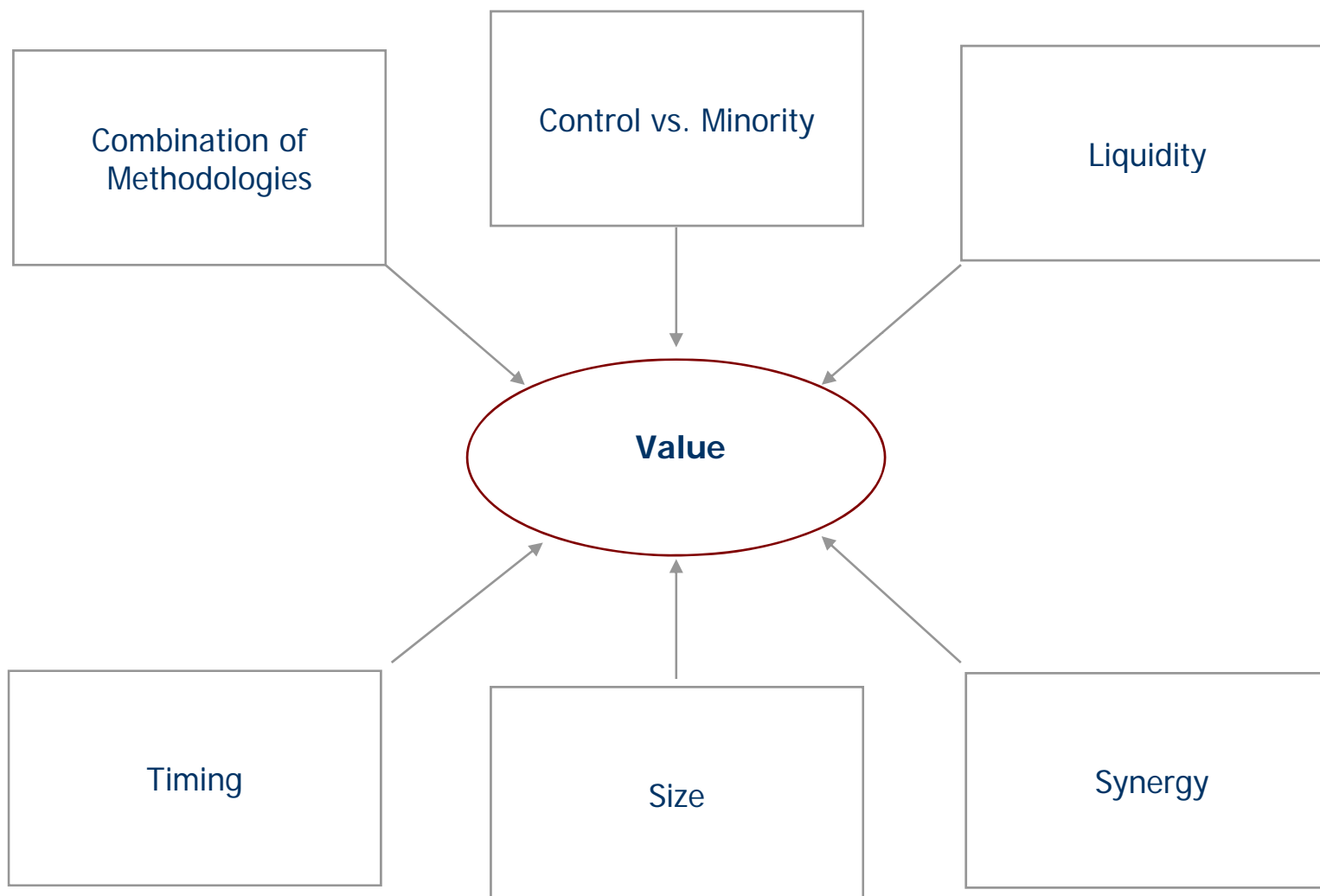
Build in wealth (holdings)

Adjusted NAV

Points of Concern

- Not always easy to disclose
- Subjective measurement and valuation

Other Factors to Consider



At the end, it is your Decision

What Are you Selling

.... And What are you getting in exchange

It all depends on your prospective

BMG Financial Group

Thank you

