Stages of the Valuation exercise

Source

Use historical evidence in order to make assumptions about the future

1

P&L Assumptions

- Top line projections
- Forecast of the rest of the P&L items
- Scenario modeling

Projection of the numbers during the explicit forecast period

2

BS Assumptions

- Forecasting through the number of "Days"
- Forecasting as % of revenues

3

P&L Output

An output sheet showing clean P&L numbers

4

BS Output

An output sheet showing clean BS numbers

5

Cash Flow

Calculate cash flows throughout the explicit forecast period

6

Discounted Cash Flow

Discount the cash flows during the explicit forecast period and calculate the terminal value of the business, which results in Enterprise Value