

An Evo Valuation Report

SAMPLE COMPANY LTD



THIS IS A CONCISE, INDEPENDENT EVO VALUATION REPORT COMMISSIONED BY SAMPLE COMPANY LTD. IT INCORPORATES THE FINANCIAL DATA FROM 2020 TO 2022

THE CONTENTS OF THIS REPORT:

YOUR ONE-PAGE OVERALL VALUATION

THE MULTIPLIERS

THE CALCULATION PAGE

THE 3 YEAR TREND

THE VALUE OF SHARES

THE FINANCIAL NUMBERS

THE WORKINGS OUT

Overall Valuation.

HOW MUCH IS SAMPLE COMPANY LTD WORTH, BASED ON OUR ASSESSMENT OF THE 2022 ACCOUNTS? BASED ON OUR EBITDA AND PROFIT MULTIPLE VALUATION, HERE IS THE OVERALL VALUATION FIGURE:

£1,464,527

THAT IS THE OVERALL VALUE OF THE BUSINESS AFTER CASH & LIABILITIES ARE ACCOUNTED FOR

▲ 54%

THAT IS THE YEAR ON YEAR TREND IN THE OVERALL VALUATION FIGURE

.....

EBITDA VALUE

£1061722

PROFIT VALUE

£1423733

THESE ARE THE TWO DIFFERENT PRE-LIABILITY VALUATION CALCULATIONS USED



The multipliers.

THE FIRST STEP IS TO DECIDE THE MULTIPLIERS MOST APPROPRIATE FOR THE SIZE, INDUSTRY, OWNERSHIP & PERFORMANCE CHARACTERISTICS OF THE BUSINESS. THE FOLLOWING IS A BREAKDOWN OF THE RATIOS AND THE ADJUSTMENTS TO MAKE IT APPROPRIATE TO SAMPLE COMPANY LTD

INDUSTRY BASE MULTIPLIER

What is the standard valuation multipliers for a SME in the UK Flooring Wholesalers industry?

EBITDA	PROFIT
4.10	3.20

EBITDA MULTIPLIER ADJUSTMENTS

Industry Base Multiplier		4.10
Adjustment for longevity	+	0.15 x
Owner managed	-	0.10 x
Consistent growth	+	0.00 x
Stable Margin	+	0.10 x

EBITDA MULTIPLIER 4.25

PROFIT MULTIPLIER ADJUSTMENTS

Industry Base Multiplier		3.20
Adjustment for longevity	+	0.10 x
Owner managed	-	0.08 x
Consistent growth	+	0.00 x
Stable Margin	+	0.10 x

PROFIT MULTIPLIER 3.32



The calculation.

THE OVERALL VALUATION IS BASED ON TWO VALUATION METHODS - 1) PROFIT MULTIPLE VALUATION AND 2) THE EBITDA METHOD. WE CALCULATE A FIGURE FOR BOTH PROFIT VALUE AND EBITDA, THEN USE THE MULTIPLIERS DEVELOPED ON THE PREVIOUS PAGE, SPECIFIC TO SAMPLE COMPANY LTD

EBITDA VALUATION

SAMPLE COMPANY LTD has a turnover of £4059867, with cost of goods sold at £3346295. After subtracting operating expenses, interest, amortization and depreciation, EBITDA is £249817. That figure is then multiplied by the EBITDA multiplier we adjusted for SAMPLE COMPANY LTD. That multiplier is calculated as 4.25.

Revenue:	£4,059,867
Gross Profit:	£713,572
EBITDA:	£249,817
EBITDA Multiplier:	4.25

EDITDA VALUATION **£1,061,722**

PROFIT MULTIPLE VALUATION

To calculate a profit multiple valuation, we add the £254556 pre-tax profit plus directors fees, interest paid and the net value of the assets. We then remove non-trading income. This is the multiplied by the profit multiplier we adjusted for SAMPLE COMPANY LTD. This multiplier is calculated as 3.32

Pre-Tex Profit:	£254,556
Interest paid:	£0
Non-trading income:	£4,700
Directors fees:	£51,636
Asset Value:	£422,780
Profit Multiplier:	3.32

PROFIT VALUATION **£1,423,733**



The calculation.

WE NOW HAVE TWO VALUATION FIGURES FOR SAMPLE COMPANY LTD. HOW DO WE CALCULATE A WEIGHTED FIGURE FOR COMPANY THIS SIZED IN THE UK FLOORING WHOLESALERS INDUSTRY? USING OUR ANALYSIS OF SAMPLE COMPANY LTD WE ARE ABLE TO SUGGEST AN ACCEPTED WEIGHTING OF THE TWO VALUATIONS AS:

60% EBITDA / 40% PROFIT MULTIPLE

THEREFORE.....

£637033 + £569493

MEANING THE OVERALL VALUE BEFORE CASH & LIABILITIES IS:

£1,206,527

THEN WE ADD BACK CASH ON THE BALANCE SHEET.....

Cash or equivalent:	£583,294
----------------------------	-----------------

....AND FINALLY WE SUBTRACT TOTAL LIABILITIES

Trade Creditors:	£171,195
Formal Loans:	£0
Other Liabilities:	£154,099
Total Liabilities	£325,294

Therefore, the club is worth £1206527 before liabilities and cash. Adding back the £583294 cash on the balance sheet, then subtracting the £325294 in liabilities, SAMPLE COMPANY LTD is ultimately valued at:

£1,464,527

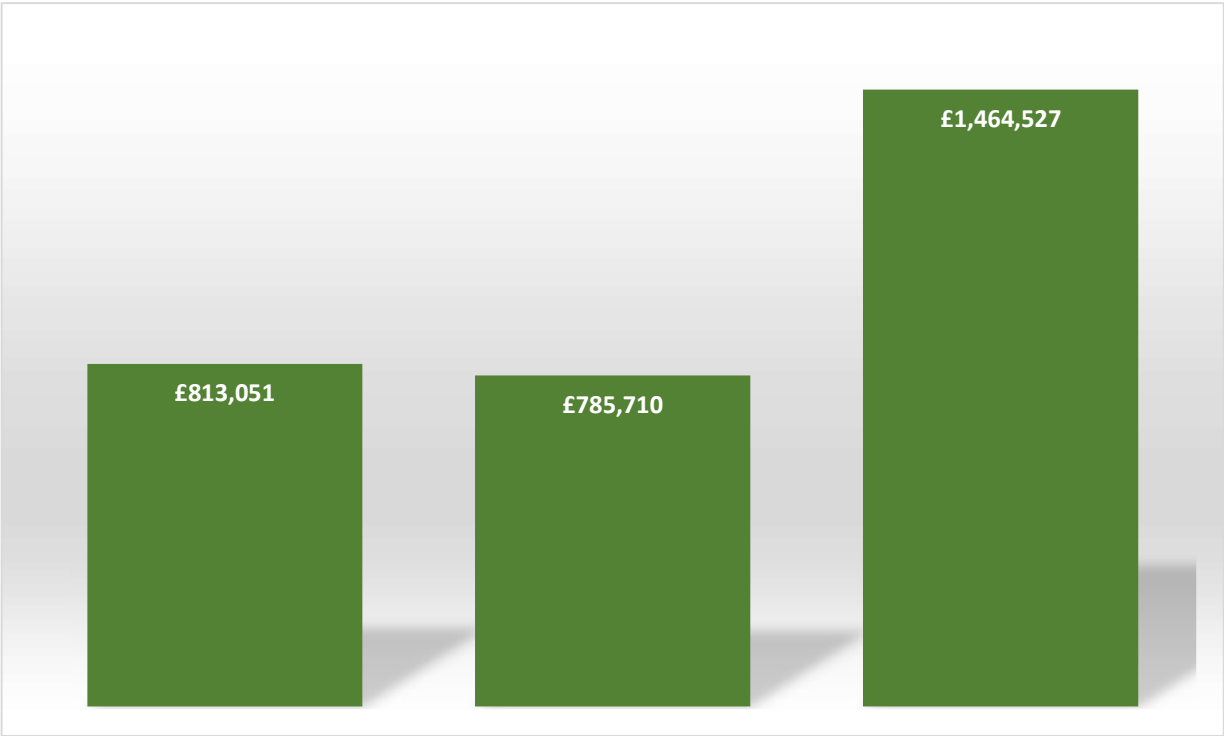


The trend.

WHAT'S A VALUATION FOR SAMPLE COMPANY LTD WITHOUT A BIT OF CONTEXT? USING OUR UNIQUE VALUATION MODEL FOR THE LAST THREE YEARS, LETS HAVE A LOOK AT WHETHER THE VALUATION IS GOING UP OR ON ITS WAY DOWN

2020	2021	2022
£813,051	£785,710	£1,464,527
YEAR ON YEAR TREND	-3%	86%

THE FOLLOWING CHART SHOWS THE THREE YEAR TREND IN THE VALUATIONS OF SAMPLE COMPANY LTD



The trend.

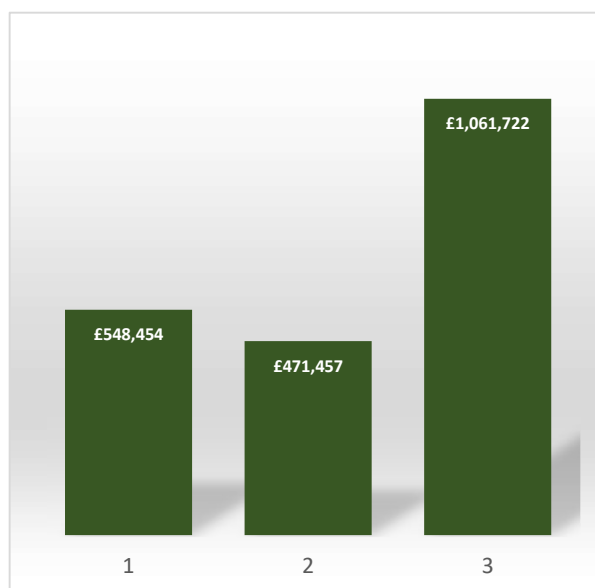
THE VALUATION FOR SAMPLE COMPANY LTD IS A WEIGHTED MODEL INCORPORATING EBITDA AND PROFIT VALUATIONS. THE FOLLOWING IS A BREAKDOWN OF THE TREND IN BOTH OF THOSE TWO KEY VALUATIONS MEASURES:

EBITDA VALUATION

An EBITDA valuation is used to show operating performance without tax, interest, or depreciation distortions. The latest EBITDA valuation for SAMPLE COMPANY LTD is:

£1061722

▲ **44%**

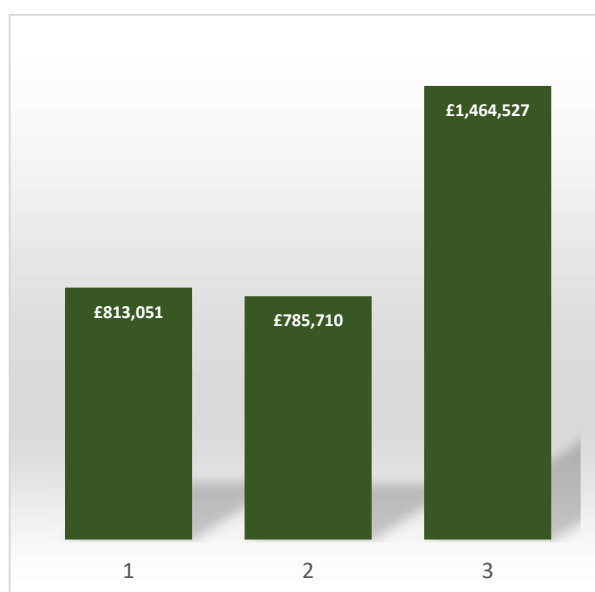


PROFIT VALUATION

A profit-based valuation is used to showcase real earnings after all costs, taxes, and interest. The latest Profit Valuation for SAMPLE COMPANY LTD is:

£1423733

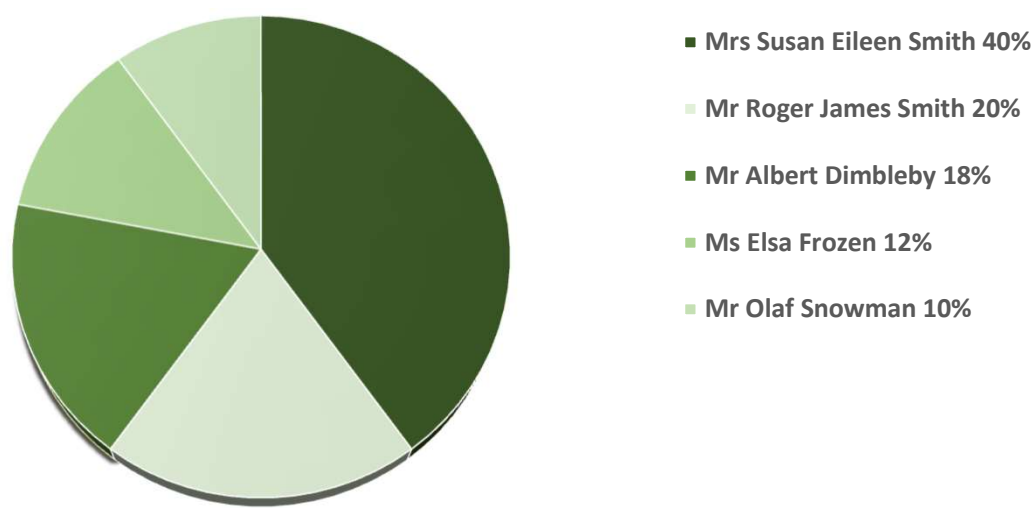
▲ **61%**



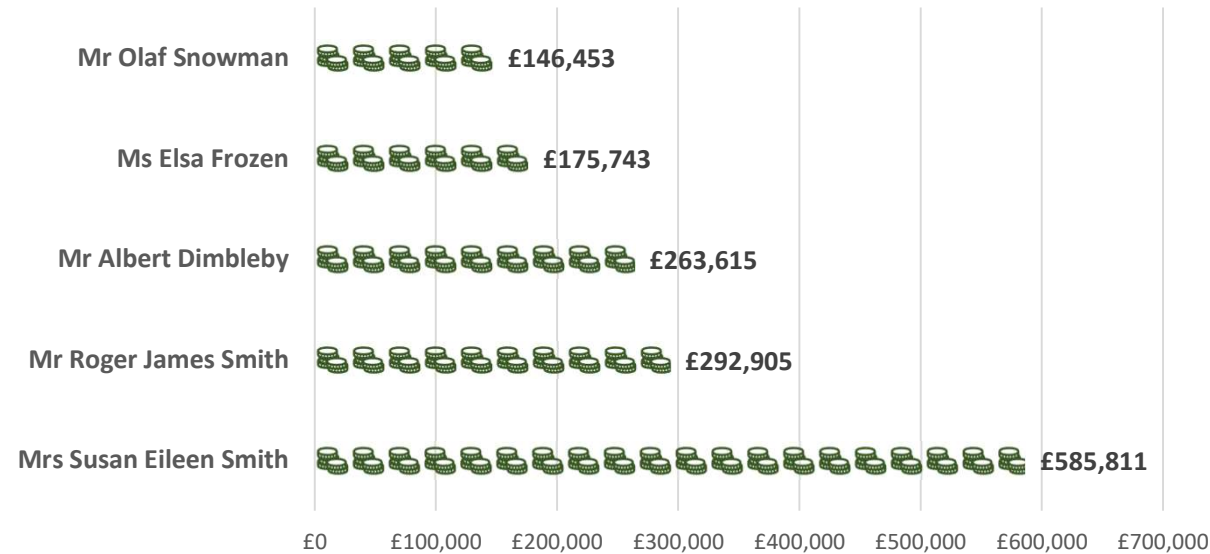
The shares.

NOW THAT WE KNOW THE VALUATION OF SAMPLE COMPANY LTD AND THE TREND OVER THE PAST THREE YEARS, WHAT ABOUT WHO OWNS WHAT? THE FOLLOWING IS A BREAKDOWN OF THE VALUATION OF EACH SHAREHOLDER:

WHO OWNS WHAT % OF SAMPLE COMPANY LTD:



....AND THOSE SHAREHOLDINGS ARE WORTH:



The numbers.

IF YOU HAVE READ THIS FAR, YOU'RE PROBABLY REALLY INTERESTED IN THE WORKINGS BEHIND THE VALUATION ALGORITHMS AND THE CHARTS DERIVED FROM THEM. HERE IS A FULL BREAKDOWN OF THE DATA INCLUDED FOR THE THREE YEARS INCLUDED IN THE EVO VALUATION REPORT FOR SAMPLE COMPANY LTD

	2020	2021	2022
Turnover	£3,302,905	£3,108,811	£4,059,867
Cost of Goods Sold	£2,774,048	£2,600,691	£3,346,295
Operating Expenses	£399,809	£397,189	£463,755
Interest Received	£782	£279	£39
Interest Paid	£0	£0	£0
Taxes	£24,847	£25,591	£49,348
Depreciation	£7,543	£6,415	£6,306
Amortisation	£0	£0	£0
Pre-Tax Profit	£129,830	£137,676	£254,556
Directors' Fees	£41,233	£44,095	£51,636
Non-Trading Income	£0	£26,466	£4,700
Fixed Assets	£32,205	£28,449	£32,350
Intangibles	£0	£0	£0
Intermediate Assets	£0	£0	£0
Stocks	£76,633	£99,364	£82,012
Debtors	£210,153	£223,666	£308,418
Cash	£401,761	£456,121	£583,294
Trade Creditors	£164,931	£170,567	£171,195
Other Liabilities	£107,619	£129,555	£154,099
Formal Loans	£0	£0	£0
Short Term Borrowing	£0	£0	£0



The calculations.

USING THE FINANCIAL DATA, WE THEN USE A SERIES OF CALCULATIONS TO DETERMINE A NUMBER OF ELEMENTS THAT FORMULATE THE FINAL VALUATION:

Gross Profit	£713,572	Turnover - Cost of goods sold
Operating Income	£249,817	Gross Profit - Operating Expenses
Earnings Before Tax (EBT)	£249,817	Operating Expenses - Interest
Net Income Before Depreciation & Amortization (NIBDA)	£200,469	EBT - Taxes
Net Income	£194,163	NIBDA - Depreciation & Amortisation
EBITDA	£825,193	Net Income + Interest + Taxes + Amortization + Depreciation
Formal Loans	£0	Short term borrowing + Total Loan Capital
Other Liabilities	£154,099	Sum of Other Creditors + Accruals
Total Liabilities	£325,294	Trade creditors + Formal loans + Other liabilities
Net liabilities	£258,000	Cash - total liabilities
Profit Valuation	£1,423,733	(Pre-Tax Profit + Interest + Directors Fees - Non-Trading Income) x Company Specific Multiplier + Total Assets
EBITDA Valuation	£1,061,722	(Net Income + Interest + Taxes + Amortization + Depreciation) x Company specific multiplier
Asset Value	£422,780	Fixed Assets + Intangible Assets + Intermediate Assets + Stocks + Debtors



The disclaimer.

Every precaution has been taken to ensure the accuracy of the information contained in an Evo Valuation Report at the date of publication; however, no warranty, express or implied, is given regarding its correctness. An Evo Valuation Report is intended as a guide to the financial position of its subject company and should be used in conjunction with the customer's financial advisers. Evo Valuations shall not be liable in contract or tort for any loss or damage caused to the customer, its employees, or its agents arising from the use of the information and/or analysis contained within an Evo Valuation Report.

The information used to analyze and value companies in this report is sourced from the public domain unless the client has provided their own accounts and data. If additional accounts or data have been provided, this will be mentioned in the valuation delivery email. The calculation method used to determine the company value is as defined in this document, unless a modification has been requested and described in the valuation delivery email. All data, analysis, text, and charts are copyrighted, with all rights reserved.



