



How to increase the value of the company

Applied valuation model including simulation of value: Discounted Cash Flow - *most commonly used.*

Every business owner wants to know the value of the company, BUT as with any investment the concerns of investors at some point is to have an Exit, and then it is more important to know how to increase the value in the money earned.

Company which are valued incl. 3 concrete actions to increase the value

Name	Eksempel A/S	CVR no.	12345678
Address	Eksempel vej 11		
Zip & City	1111	Eksempelby	

Initial valuation - indicative value

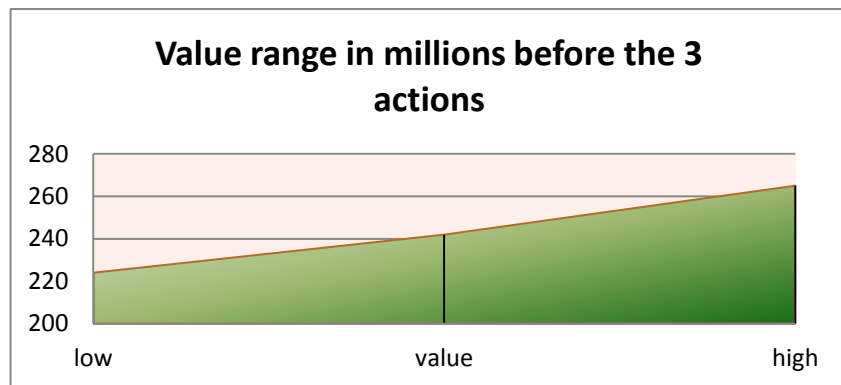
The value calculated before 3 actions

Initial valuation. sensitivity analysis is performed on discount rate and growth in terminal value. Results can be seen here.

Value: **242 million**

Lowest sensitivity **224 million**

Highest sensitivity **265 million**



Value optimization - the three actions overall

From: **242 million**
To: **295 million**

This shows how strongly the three measures together affect the value of the company.

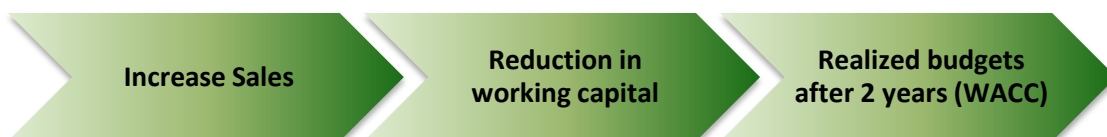
The three proposals are explained on the next pages.

Growth: **22,0% in value**

242 million

+ 53 million

295 million





Increased value - action 1 alone

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Action 1: Increase sales

Revenue from initial valuation (before the action 1):

R2014/15	E2015/16	E2016/17	E2017/18	E2018/19	E2019/20
478,0%	92,6%	246,9%	31,4%	5,0%	3,0%

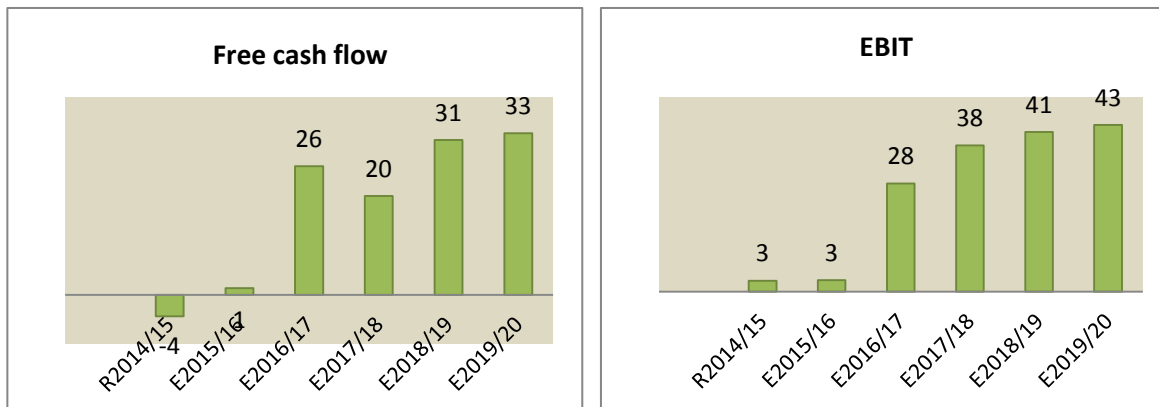
5% point is added in 2018/19 og 2% point in 2019/20

Action 1: Cash flow and EBIT (Earning Before Interest and Tax)

Figures for cash flow and profit after tax

Realized the first 2 years and estimates the next 5 years

(million DKK)



The increase in value by action 1 alone

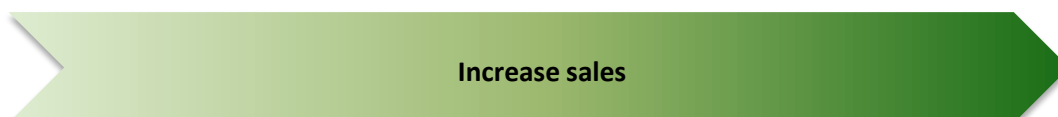
From: 242 million
To: 255 million

This shows how much action 1 alone affects the value of the company.

242 million

+ 13 million

255 million





Increased value - action 2 alone

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Action 2: Reduction of working capital

Effect of reduction of receivables from customers (faster payment) and increased capacity has a direct impact on cash flow

Receivables from clients:, decreasing from 45 to 30 days (natural level) from year 3

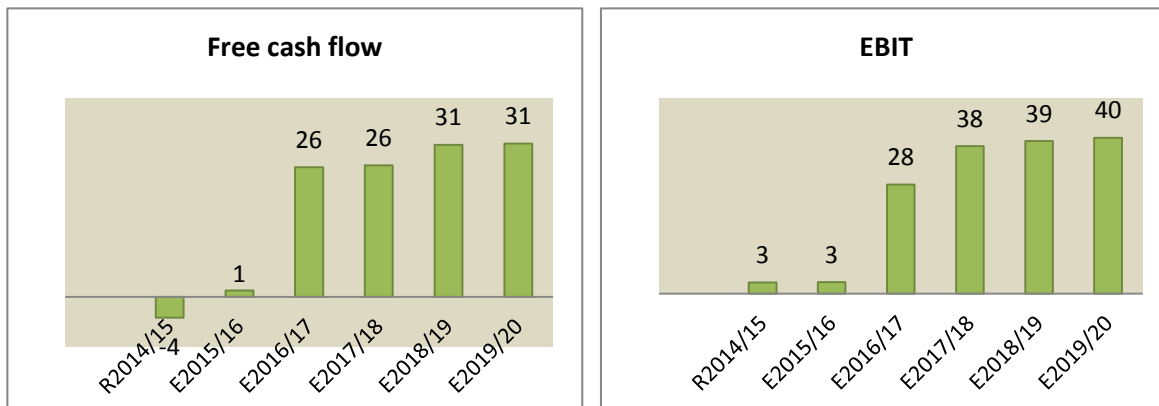
Inventory: Turnover rate in days reduced from 60 to 30 days (natural level) from year 3

Action 2: Cash flow and EBIT (Earning Before Interest and Tax)

Figures for cash flow and profit after tax

Realized the first 2 years and estimates the next 5 years

(million DKK)



The increase in value by action 2 alone

From: 242 million
To: 248 million

This shows how much action 2 alone affects the value of the company.

242 million

+ 6 million

248 million





Increased value - action 3 alone

Applied valuation model including simulation of value:

Discounted Cash Flow - *most commonly used* .

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Action 3: Budgets are realized after 2 years

The discount rate includes additional surcharge of 2% due to lack of history
 If the company is estimated to be effectively achieving budgets after 2 years this allowance are removed. The discount rate (WACC) can thus be reduced from 14.7% to 12.7%.

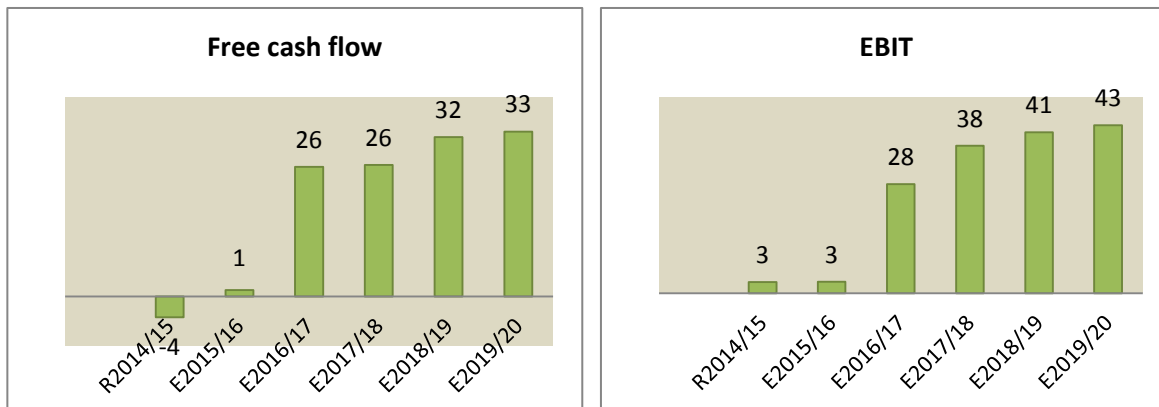
Note how much impact these few percent has value.

Action 3: Cash flow and EBIT (Earning Before Interest and Tax)

Figures for cash flow and profit after tax

Realized the first 2 years and estimates the next 5 years

(million DKK)



The increase in value by action 3 alone

From: 242 million
To: 271 million

This shows how much action 2 alone affects the value of the company.

242 million

+ 29 million

271 million





Increased value - all 3 actions

Applied valuation model including simulation of value:

Discounted Cash Flow - most commonly used.

Every business owner wants to know the value of the company, BUT as with any investment that at some point have an Exit, it is more important for you to know how to increase the value in the money earned.

Three concrete actions to increase the value

Below is shown the effect of all three actions together.

Your company may choose to work with the three steps or more.

It has both great effect on daily performance and particularly value can be strongly influenced.

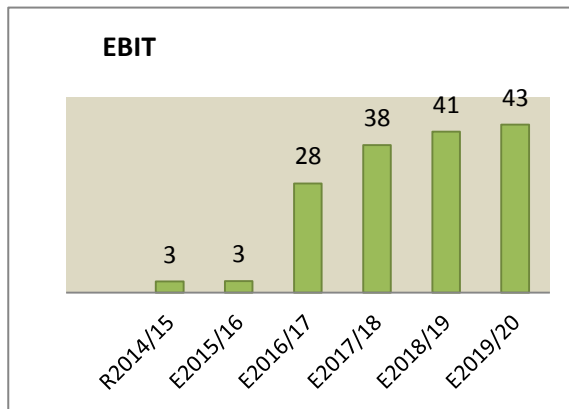
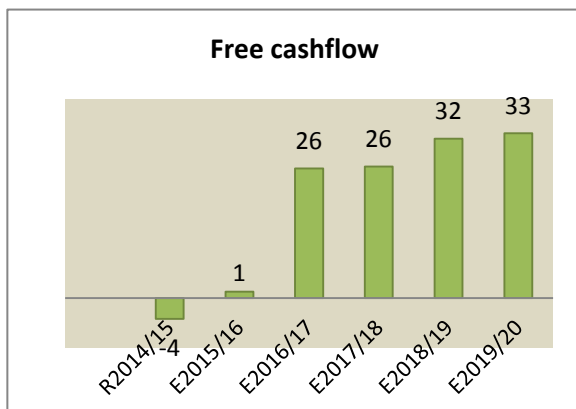
See next page where the overall model for increased value appears.

All three actions: Cashflow og EBIT (Earnings Before Interest and Tax)

Figures for cash flow and profit after tax

Realized the first 2 years and estimates the next 5 years

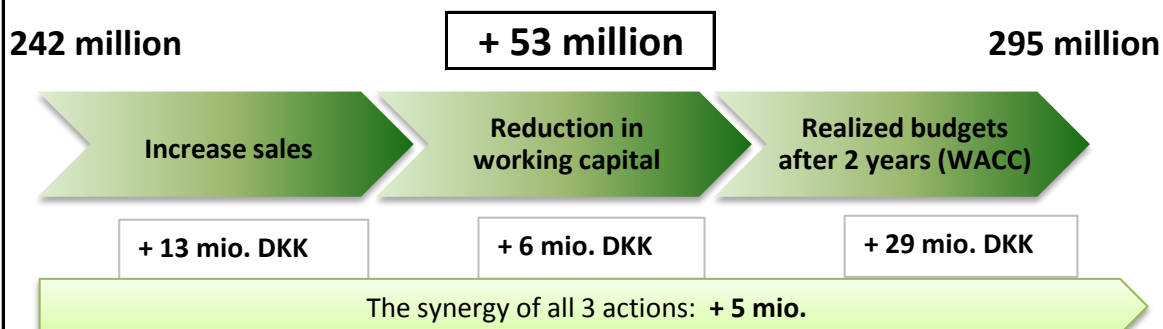
(million DKK)



All three actions together - the overall increase in value

From: **242 million**
 To: **295 million**

This shows how much all three actions together affect the value for each activity





Review Your company overall

Turn-around, optimization of capital, savings and growth companies

Business value and increasing the value of the company. The model below show the focus areas.

Shareholdervalue - how to increase it

Optimize the operations and capital structure

Please see below the areas that can be reviewed and optimized:

