

Indication of value

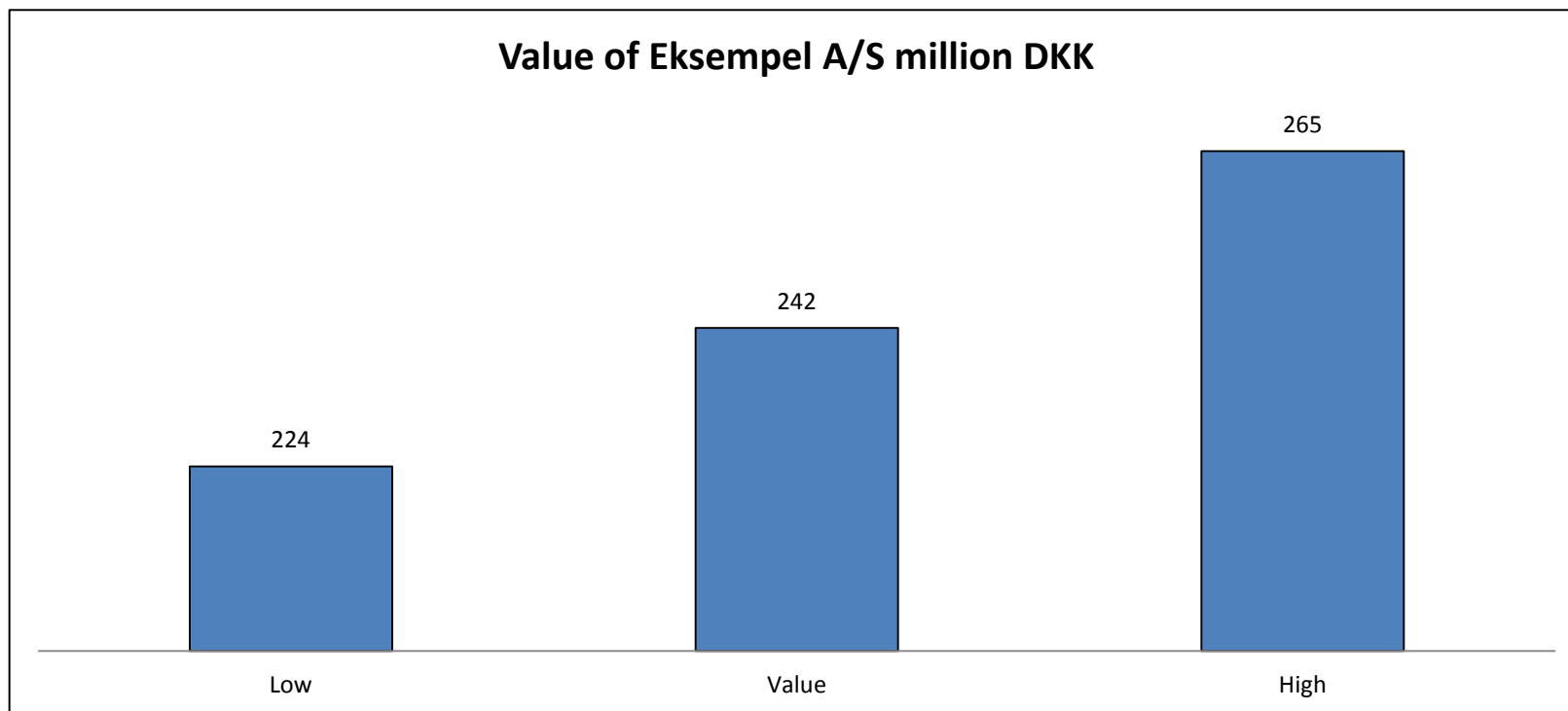
Increasing the value

Enclosed two reports.

Based on budgets from Eksempel A/S

Indication of Value is dkk million 242

- Eksempel A/S can be classified as a fast growing innovative company.
- The value is estimated at **242 million dkk** with a range from 224 million dkk to 265 million DKK.
- The value calculation is carried out in report no. 1: "Value indicator"



Adjustments to the price:

The value has been adjusted down as

- the company is not listed on a stock exchange (normal discount due to illiquidity).
- Furthermore the value has been adjusted down due to lack of financial history.
The value may be increased if projected budgets are realized.

The price at dkk 242 million reflects these adjustments and is based on budgets provided by Eksempel A/S.

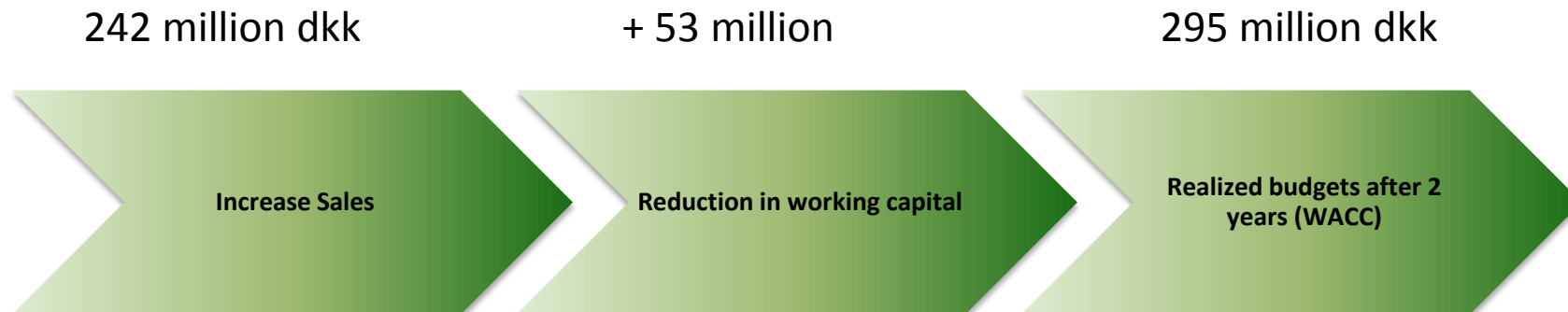
Additional capital requirements:

- It is apparent that in 2015/16 Eksempel A/S will need further capital (page 5 in the valuationreport at "Short-term debt (banks)").
- An injection of 18 million DKK would be sufficient. Looking at the budgets provided by Eksempel A/S, the cash flow will be strong and the company would likely be able to quickly re-pay any such loan.

Increasing value from dkk 242 million to 295 million

3 concrete actions

- Report number 2 illustrate the huge impact on the value from the optimization of daily operations. Increased sales and ROIC (return on invested capital) plus reducing the discount rate (WACC) are the overall 3 key factors.



Focus pages in report no. 1 – Value indicator:

- Page 1. The estimated value and the model used (Discounted Cashflow)
- Page 4. Income statement forecast 5 years
- Page 5. Asset/liabilities forecast 5 years including the estimated debt and cash.
- Page 6 and 7. The forecast ratios are typed here in the yellow area based on historical figures and income budgets. New scenarios can be calculated by changing ratios in that area.
- Page 9. Free cash flow is calculated. Free cash flow is the cash flow for investors.
- Page 11. Sensitivi calculation. This page simulate how changes in the discount rate (WACC) and the terminal growth affect the value.
- Page 13 and 14. The discount rate (WACC) is calculated here. The lower the discount rate the higher value of the company.
- Page 15. Final value calculation.

Focus pages in report no. 2 – Increasing value:

- Page 1. Sums it all up. Implement 3 actions which can increase the value from 242 million to 295 million. This also show how sensitive the valuation model is to changes in the assumptions.
- Page 2 to 5. Describe each action.
- Page 6. An overall model to investigate for increasing value of the company.

Generally:

The overall path to increase the value for all companies are only 3 areas:

1. Sales growth - **up**
2. Return on invested capital - **up**
3. WACC which is the discount rate (capital costs) - **down**

Expand sales, increase the EBIT more than investments in fixed assets plus working capital and optimize the capital structure to lower the capital costs.