

'Valuation Basics'



Mitchell G. Bolnick

602-686-0641

Mitchell.Bolnick@gmail.com

www.

excelgroupsolutions.com



EXCEL

The Excel Consulting Group[®]

HELPING

YOUR

BUSINESS EXCEL!

'Valuation Basics'

VALUING
YOUR
BUSINESS

A magnifying glass with a black handle and frame is positioned over a document. The lens is focused on the word 'value' written in a bold, black, sans-serif font. The word is centered on a white rectangular area of the document. Below the word, its reflection is visible on a light blue surface. The background of the document is a blurred pattern of blue and white.

value

EXCEL

'Valuation Basics'

IT'S AS SIMPLE AS.....



EXCEL

'Valuation Basics'

IT'S AS SIMPLE AS.....

THE ABILITY TO GENERATE **INCOME** INTO THE FUTURE,
FOREVER....

EXCEL

'Valuation Basics'

IT'S AS SIMPLE AS.....

THE ABILITY TO GENERATE **INCOME** INTO THE FUTURE,
FOREVER....**ADJUSTED FOR:**

➤ **TIME VALUE OF MONEY**



EXCEL

'Valuation Basics'

IT'S AS SIMPLE AS.....

THE ABILITY TO GENERATE **INCOME** INTO THE FUTURE,
FOREVER....**ADJUSTED FOR:**

➤ **TIME VALUE OF MONEY**

➤ **RISK**



EXCEL

'Valuation Basics'

IT'S AS SIMPLE AS.....

THE ABILITY TO GENERATE **INCOME** INTO THE FUTURE,
FOREVER....**ADJUSTED FOR:**

➤ TIME VALUE OF MONEY



➤ **RISK**



EXCEL

'Valuation Basics'

TIME VALUE OF MONEY

@10%

TODAY
\$1,000

End of Year 1
\$1,100

End of Year 2
\$1,210



EXCEL

'Valuation Basics'

TIME VALUE OF MONEY

@10%

TODAY
\$1,000

End of Year 1
\$1,100

End of Year 2
\$1,210



EXCEL

‘Valuation Basics’

EBIDTA

EARNINGS (= NET INCOME)

EXCEL

'Valuation Basics'

EBIDTA

EARNINGS (= NET INCOME)
BEFORE:
INTEREST,

EXCEL

'Valuation Basics'

EBIDTA

EEARNINGS (= NET INCOME)
BEFORE:
INTEREST,
DEPRECIATION,

'Valuation Basics'

EBIDTA

EARNINGS (= NET INCOME)
BEFORE:
INTEREST,
DEPRECIATION,
TAXES,

EXCEL

'Valuation Basics'

EBIDTA

EARNINGS (= NET INCOME)
BEFORE:
INTEREST,
DEPRECIATION,
TAXES, &
AMORTIZATION

EXCEL

'Valuation Basics'

IT'S AS SIMPLE AS.....

(INCOME ADJUSTED FOR TIME VALUE)

THE AVERAGE PRESENT VALUE EBIDTA

= VALUE

CAPITALIZATION RATE (%)

(RISK)

EXCEL

'Valuation Basics'

EXAMPLE 1

$$\frac{\$100,000}{10\%} = \$1,000,000$$

'Valuation Basics'

EXAMPLE 1

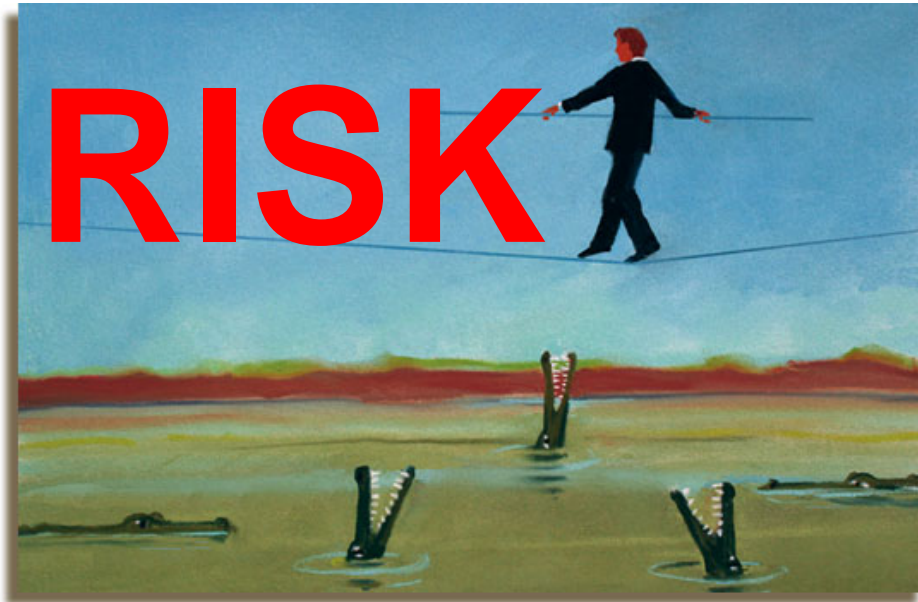
$$\frac{\$100,000}{10\%} = \$1,000,000$$

$$\frac{\$100,000}{50\%} = \$200,000$$

EXCEL

'Valuation Basics'

SO IT BASICALLY BOILS
DOWN TO.....

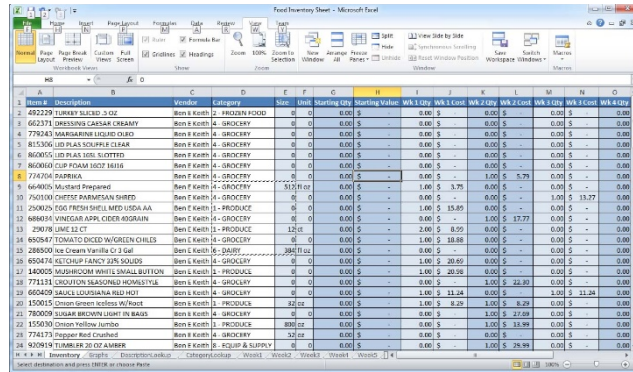


EXCEL

'Valuation Basics'

RISK FACTORS

- FINANCIAL PROJECTIONS

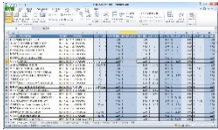


	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O		
	Item #	Description	Vendor	Category	Scale	Unit	Starting Qty	Starting Value	WA 1 Cost	WA 2 Cost	WA 3 Cost	WA 4 Cost	WA 5 Cost	WA 6 Cost	WA 7 Cost		
1	492220	TURKEY SLICED 3 OZ	Ben & Keith 2	MEAT/SEA FOOD	#	0	0.00	\$	-	0.00	\$	-	0.00	\$	-		
2	602371	DRESSING CAESAR CREAMY	Ben & Keith 4	GROCERY	#	0	0.00	\$	-	0.00	\$	-	0.00	\$	-		
3	779247	TUNA MARIANNE SLICED CHD	Ben & Keith 4	GROCERY	#	0	0.00	\$	-	0.00	\$	-	0.00	\$	-		
4	815336	LID PLAS SQUEEZE CLEAR	Ben & Keith 4	GROCERY	#	0	0.00	\$	-	0.00	\$	-	0.00	\$	-		
5	840016	LID PLAS 30L SLOTTED	Ben & Keith 4	GROCERY	#	0	0.00	\$	-	0.00	\$	-	0.00	\$	-		
6	860040	CLIP FOAM HOT MESS	Ben & Keith 4	GROCERY	#	0	0.00	\$	-	0.00	\$	-	0.00	\$	-		
7	714704	PAPRIKA	Ben & Keith 4	GROCERY	#	0	0.00	\$	-	1.00	\$	5.78	-	0.00	-		
8	664016	W/Start Prepared	Ben & Keith 4	GROCERY	#	0	0.00	\$	-	1.00	\$	3.78	0.00	-	0.00	-	
9	600100	CHEESE MARGARITA SHRED	Ben & Keith 4	GROCERY	#	0	0.00	\$	-	0.00	\$	-	1.00	\$	13.27		
10	250026	EGG FRESH SHELL MED USDA AA	Ben & Keith 1	PRODUCE	#	0	0.00	\$	-	1.00	\$	15.80	0.00	-	0.00	-	
11	484018	VINEGAR APPL CIDER AGGRAIN	Ben & Keith 4	GROCERY	#	0	0.00	\$	-	0.00	\$	-	1.00	\$	17.77		
12	290196	UNC 1/2 CT	Ben & Keith 3	PRODUCE	#	0	0.00	\$	-	2.00	\$	8.50	0.00	-	0.00	-	
13	660587	TOMATO DICED W/GREEN CHILES	Ben & Keith 4	GROCERY	#	0	0.00	\$	-	1.00	\$	18.88	0.00	-	0.00	-	
14	288900	Ice Cream Vanilla C 2 Gal	Ben & Keith 5	DAIRY	#	0	0.00	\$	-	0.00	\$	-	0.00	\$	-		
15	600414	ECTIONIP FANCY 2/3L DUBO	Ben & Keith 4	GROCERY	#	0	0.00	\$	-	1.00	\$	20.50	0.00	-	0.00	-	
16	140005	DAIRYROOM WHITE SMALL BUTTER	Ben & Keith 5	PRODUCE	#	0	0.00	\$	-	1.00	\$	20.50	0.00	-	0.00	-	
17	771111	COULTON MASCARPONE WHOLESTYR	Ben & Keith 4	GROCERY	#	0	0.00	\$	-	0.00	\$	-	1.00	\$	22.80		
18	600409	SHALL CLOUTMAN HILL FISH	Ben & Keith 4	GROCERY	#	0	0.00	\$	-	1.00	\$	11.24	0.00	-	2.00	\$	11.24
19	150015	Capon Green Leafless W/Heart	Ben & Keith 3	PRODUCE	#	0	0.00	\$	-	1.00	\$	8.29	1.00	\$	8.29	0.00	-
20	780009	SUGAR BROWN LIGHT FN BARS	Ben & Keith 4	GROCERY	#	0	0.00	\$	-	0.00	\$	-	1.00	\$	27.09		
21	150010	Capon Yellow Leafless	Ben & Keith 3	PRODUCE	#	0	0.00	\$	-	1.00	\$	18.88	0.00	-	0.00	-	
22	774173	Pepper Red Crushed	Ben & Keith 4	GROCERY	#	0	0.00	\$	-	0.00	\$	-	0.00	\$	-		
23	410914	TURKEY #2 20 OZ AMPER	Ben & Keith 4	ACQUIP & SUPPLY	#	0	0.00	\$	-	1.00	\$	26.98	0.00	-	0.00	-	

EXCEL

'Valuation Basics'

RISK FACTORS



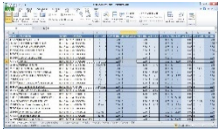
- **FINANCIAL PROJECTIONS**
- **BUSINESS PLAN**



EXCEL

'Valuation Basics'

RISK FACTORS



- **FINANCIAL PROJECTIONS**
- **BUSINESS PLAN**
- **TEAM**

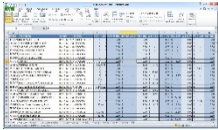


EXCEL

'Valuation Basics'

RISK FACTORS

- FINANCIAL PROJECTIONS
- BUSINESS PLAN
- TEAM



EXCEL

'Valuation Basics'

EXAMPLE 2

	<u>Year0</u>	<u>Year1</u>	<u>Year2</u>	<u>Year3</u>	<u>Year4</u>	<u>Year5</u>
Net Income		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000

EXCEL

'Valuation Basics'

EXAMPLE 2

	<u>Year0</u>	<u>Year1</u>	<u>Year2</u>	<u>Year3</u>	<u>Year4</u>	<u>Year5</u>
Net Income		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
PV @ 10%		\$ 90,521	\$ 81,941	\$ 74,174	\$ 67,143	\$ 60,779

EXCEL

'Valuation Basics'

EXAMPLE 2

	<u>Year0</u>	<u>Year1</u>	<u>Year2</u>	<u>Year3</u>	<u>Year4</u>	<u>Year5</u>
Net Income		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
PV @ 10%		\$ 90,521	\$ 81,941	\$ 74,174	\$ 67,143	\$ 60,779
Average PV	\$74,912					

EXCEL

'Valuation Basics'

EXAMPLE 2

	<u>Year0</u>	<u>Year1</u>	<u>Year2</u>	<u>Year3</u>	<u>Year4</u>	<u>Year5</u>
Net Income		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
PV @ 10%		\$ 90,521	\$ 81,941	\$ 74,174	\$ 67,143	\$ 60,779
Average PV	\$74,912					
Capitalization Rates		10%				
		\$749,116				

EXCEL

'Valuation Basics'

EXAMPLE 2

	<u>Year0</u>	<u>Year1</u>	<u>Year2</u>	<u>Year3</u>	<u>Year4</u>	<u>Year5</u>
Net Income		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
PV @ 10%		\$ 90,521	\$ 81,941	\$ 74,174	\$ 67,143	\$ 60,779
Average PV	\$74,912					
Capitalization Rates		10%	25%	50%	75%	
		\$749,116	\$299,646	\$149,823	\$99,822	

EXCEL

‘Valuation Basics’

SO IT BASICALLY BOILS
DOWN TO THE
CAPITALIZATION RATE



EXCEL

'Valuation Basics'

REALISTIC VALUES

- **3-5 YEARS OF PROJECTIONS**
- **DISCOUNT RATES 6%-8%**
- **CAP RATES >40% FOR START-UPS**

'Valuation Basics'



Mitchell G. Bolnick

602-686-0641

Mitchell.Bolnick@gmail.com

www.

excelgroupsolutions.com



EXCEL

The Excel Consulting Group[®]

HELPING

YOUR

BUSINESS EXCEL!