



BUSINESS VALUATION ANALYSIS

Company: Manufacturing Company Example
Statement: Manufacturing Company Statement
Reference Industry: 3086 - Plastics Foam Products (40 companies)

Valuation Measures

Technique 3 **Capitalization of Current Earnings**

Sales Growth Rate

Assumed

8% results in value of **\$4,943,010**

Sales Growth Rate			Bottom	Top		
	Industry	Company				
Bottom 10%	3.92 %	8.00 %	10%	25%	Median	25%
25%	9.84 %					
Median	14.50 %					
25%	89.30 %					
Top 10%	367.99 %					

Growing companies are valued more highly than firms that are not growing and this is an important variable in the value of a company. Your firm has a low growth rate compared to your industry and this diminishes the value of your firm.

Technique 4 **Average Industry P/E Ratio**

Estimated

9.52 results in value of **\$4,705,746**

Top Quartile Industry P/E Ratio

Estimated

20 results in value of **\$9,886,020**

Firms often sell for a value that is a multiple of their Net Income and the values for your company given here are based on the average and top quartile Price to Earnings Ratio used for privately held companies in your industry.

Technique 5 **Operating Income Multiple**

Assumed

5 results in value of **\$3,659,229**

The equity of privately held firms is frequently valued using a multiple applied to their operating income net interest-bearing debt. This multiple is usually between 4 and 7. However, in the case of your company that value is below the Book Value and is reverted to the Book Value.

Final Estimate **Estimated Value of Your Firm** **\$3,548,443**

This estimated value of your firm is based on the results of the techniques presented above and is intended to give you a general idea of the wealth created by your company. For a more precise estimate of value you should have an independent valuation expert complete a comprehensive valuation for your firm.

Industry Reference **Deficit Value Compared to Same Size Average Firm** **(\$1,652,801)**

It is estimated that your firm's value is about the same as the average for a similar size business in your industry. You should consider ways to increase sales, profits and retained earnings to determine if you can increase the relative value of your firm when compared to similar firms in your industry.