

Value Analytics Excel Add-In

\$495/USD
1-year

Definitions and Pro-Forma Adjustments

Deriving pricing multiples requires calculation of two categorical financial items: asset values and their associated cashflow streams. Basic assumptions are required to ensure “normalization” of each. These assumptions are described in detail.

While Generally Accepted Account Principles (“GAAP”) provide a framework for standardizing financial reporting, a number of varied and nuanced treatments may exist across the several thousand publicly traded U.S. companies. Further standardization is performed through a proprietary machine-learning algorithm that re-categorizes unique financial statement items into traditional accounting items.

Enterprise Value and Market Capitalization are the two measures relied upon for asset values. The former refers to the value of the firm, the latter refers to the value of equity. Market Capitalization is calculated by multiplying the price per share by the total outstanding shares.

Debt and Debt-like Items include short- and long-term interest-bearing debt, short- and long-term derivative hedging liabilities, short- and long-term liabilities from discontinued operations, and interest and dividends payable. Non-operating assets include short- and long-term notes receivable, long-term investments, short- and long-term derivative hedging assets, short- and long-term assets from discontinued operations, assets held for sale, and investments in affiliates.

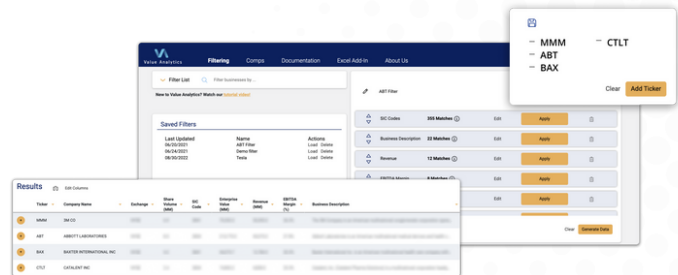
Several cashflow streams are utilized in deriving pricing multiples. In particular, Adjusted Net Income, Adjusted Gross Cashflow, Adjusted EBITDA, Adjusted EBIT, Adjusted Gross Profit, and Revenue. “Adjusted” reflects income and expense normalization. Certain income and expense items are demoted to ensure cashflow streams are indicative of on-going operations, free of extraordinary or non-recurring items. For abnormal profit & loss items see table 2.

Acquired In-Process R&D Merger / Acquisition Expense Abnormal Derivatives Disposal of Assets Early extinguishment of Debt Asset Write-Down Impairment of Goodwill & Intangibles Sale of Business Legal Settlement Restructuring Charges Sale of and Unrealized Investments Insurance Settlement Other Abnormal Items

Additional Information

Table 1 - Enterprise Value

- Market Capitalization
- + Debt and Debt-like Items
- + Minority Interest
- + Preferred Stock
- Cash and Equivalents
- Nonoperating Assets



Enterprise Value

Table 2 - Abnormal Profit & loss Items

- Acquired In-Process R&D
- Merger / Acquisition Expense
- Abnormal Derivatives
- Disposal of Assets
- Early extinguishment of Debt
- Asset Write-Down
- Impairment of Goodwill & Intangibles
- Sale of Business
- Legal Settlement
- Restructuring Charges
- Sale of and Unrealized Investments
- Insurance Settlement
- Other Abnormal Items

