



Funded by
the European Union

HORIZON-EIE-2022-SCALEUP-01-01 Expanding Entrepreneurial Ecosystems

WORKSHOP N. 2 - ENTERPRISE VALUE

24/01/2024
Fabio Biscotti



PRE-MONEY – ENTERPRISE VALUE

Pre-Money:
Enterprise value before the investment

$$\text{Pre Money} = \text{Post Money} - \text{Investment}$$



ENTREPRENEDU is a project funded by the European Union under GA 101100507.

PRE-MONEY – ENTERPRISE VALUE

Asset method

- The value of enterprise is function of its asset
- The value would be equal to the net investment needed to re-start the company (buy the assets as the were new)
- The value you can earn selling the assets

PRE-MONEY – ENTERPRISE VALUE

Income / financial method

- The value of the company depends on its ability to generate incomes or cash
- The value is determined by means of the discounting of future incomes or cash



Funded by
the European Union



PRE-MONEY – ENTERPRISE VALUE

NPV= Net Present Value of positive incomes (or cash) – value of negative costs or expenses

$$VAN = -C_0 + \frac{C_1}{1+i} + \frac{C_2}{(1+i)^2} + \dots + \frac{C_n}{(1+i)^n}$$

C_t : Flux (net incomes or positive minus negative cash in a certain time «t»)

$1/(1+i)$: discounting factor

The investment project to prefer is that one with the highest

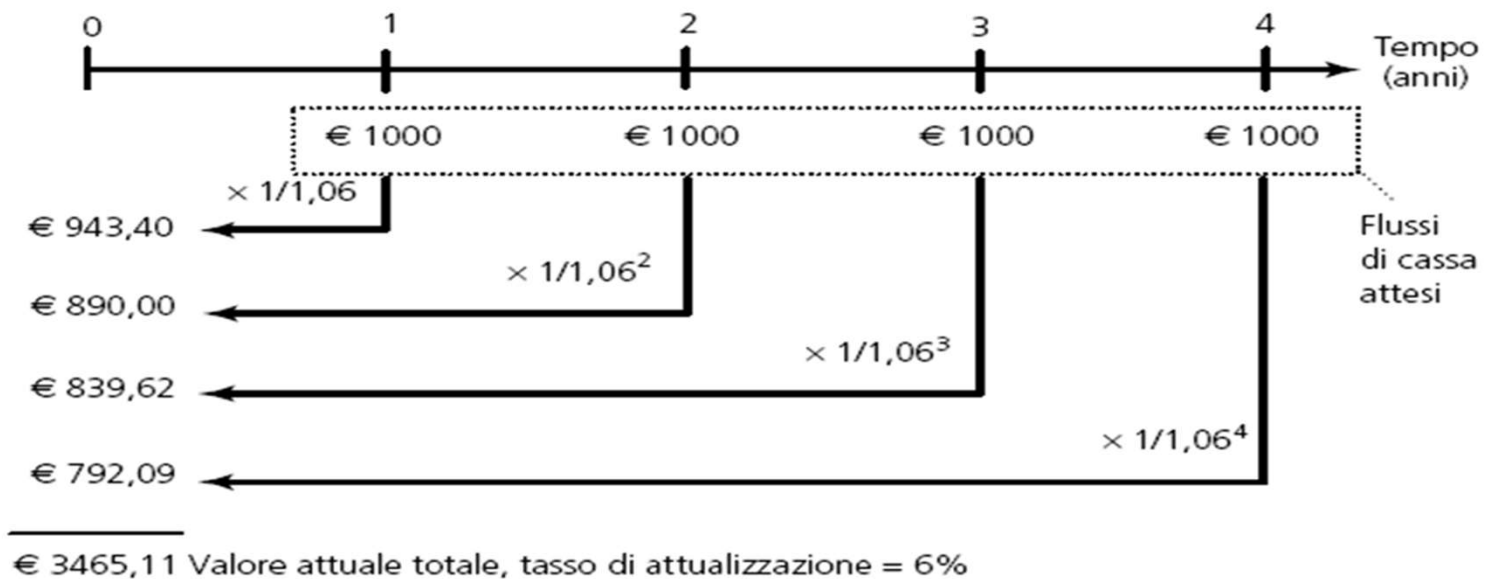


ENTREPRENEDU is a project funded by the European Union under GA 101100507.

PRE-MONEY – ENTERPRISE VALUE

NPV (NET PRESENT VALUE)

The example reports a NPV (with a discount rate of 6%) of 3.465,11 €. Thus, if the current cost of the project cost less than 3.465,11€, the NPV of the project would be positive.



PRE-MONEY – ENTERPRISE VALUE

Comparable method

The «comparable» approach esteems a fair obtainable price for a company (not listed) taking as benchmark past transaction dealing with similar companies



Funded by
the European Union



PRE-MONEY – ENTERPRISE VALUE

Calculation technique

- a) You need to refer, for a similar company, for a certain purchasing price (P1), a strictly linked variable (X1)
- b) You then assume a multiplier $P1 / X1$
- c) You assume the following relationship for your company/similar company: $P1 / X1 = P2 / X2$
- d) The value for your company is **$P2 = P1 (X2 / X1)$**

Most used multipliers

- 1) P/E = Price/ Profit (**most used**)
- 2) P/CF = Price/ Cash
- 3) P/S = Price/ Incomes
- 4) P/BV = Price/ Net assets (balance sheet)



Thank you for your attention!

Get in touch at: fabio.biscotti@consorzioipazia.it



Funded by
the European Union



ENTREPRENEDU is a project funded by the European Union under GA 101100507.