

***Premium buyers seek to acquire businesses that will enhance operations and contribute to future growth***

***Premium buyers value acquisition opportunities based on future cash flow potential***

***Utilizing sound, current and credible market research is an important first step to developing credible financial projections***

### **Valuation is driven by future value**

- While understanding the past performance of a business is an important step to framing valuation expectations, buyers are ultimately paying for the future cash flows of a business.
- Combining business judgment with sound market analysis to derive reasonable financial projections is therefore critical to achieving maximum value.
- In negotiating valuation, a seller should:
  - present the strategic and financial merits of the proposed transaction
  - convince the buyer of the future cash flow potential of the business
  - quantify the resulting revenue and cost synergies

### **Use market analysis to support financial projections**

- Utilizing sound, current and credible market research is important to supporting the future cash flow potential of a company.

### **Build a five year pro forma financial projections model that buyers will have confidence in**

- Utilizing defensible and realistic market assumptions in the context of a combination with the buyer as well as quantifying related synergies will allow the seller to convince the buyer of the value proposition of the transaction.
- Addressing future market penetration, revenue growth and cost savings opportunities is an important component to maximizing value.

### **GW Equity understands the dynamics that drive valuation discussions**

- With decades of collective experience, GW Equity's representatives have considerable experience in conducting rigorous market research and analysis to effectively market and position your company.
- *We are experts in helping companies develop sound, defensible financial projections that will serve as a key component in negotiating for maximum value.*