3 KEY BUSINESS VALUATION METHODS

Planning a sale before the capital gains tax hits? This is step one.

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MULTIPLES

- ☑ Fast, market-based way to estimate value
- ☑ Reflects current investor sentiment and sector trends

📌 **Example**: if similar companies sell for 6x EBITDA, multiply your EBITDA by 6.

ADJUSTED NET ASSET METHOD

- ☑ Based on the balance sheet
- ☑ Take the total assets and liabilities and adjust them to reflect their true economic value

📌 **Example**: real estate revalued, or accelerated depreciation reversed.

⚠️ No account of future profitability → purely static.

DISCOUNTED CASH FLOW (DCF)

- Captures growth potential & profitability
- Take the total assets and liabilities and adjust them to reflect their true economic value

This method calculates the present value of future cash flows the company is expected to generate.
⚠️ **Highly sensitive** to assumptions like growth and discount rates.