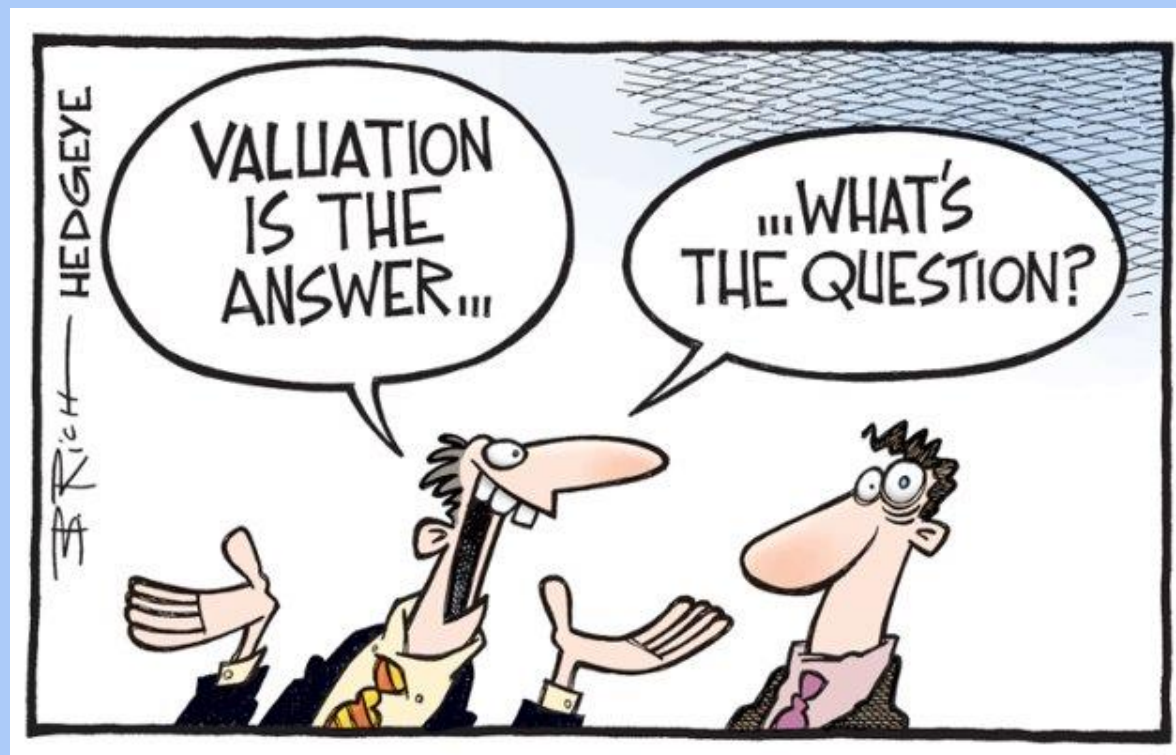


ANALYZING PROFITCENTS VALUATION SOLUTIONS

A Strategic Overview

profitcents[®]



profitcents®

Course Agenda



ProfitCents

SVS
Valuation

ProfitCents



5 to 10 Year Projection

Projection Controls											
Learn how to use this projection											
Savage Sundries											
Common Size >>					Common Size >>						
Historical					Projected						
12/31/2015			12/31/2016		12/31/2017	12/31/2018		12/31/2019	12/31/2020	12/31/2021	12/31/2022
12 months			12 months		12 months	12 months		12 months	12 months	12 months	12 months
PFV Income Statement											
P	Sales (Income)	\$14,780,497	\$13,990,531	\$13,132,815	\$12,315,954	\$11,549,902	\$10,831,498	\$10,157,779	\$9,525,965		
P	Prescriptions	\$13,511,287	\$12,772,037	\$12,061,304	\$11,311,090	\$10,607,541	\$9,947,752	\$9,329,002	\$8,748,738		
P	Over-the-Counter	\$390,406	\$375,983	\$351,280	\$329,430	\$308,940	\$289,724	\$271,702	\$254,803		
P	Equipment Rental	\$809,457	\$768,377	\$651,697	\$611,162	\$573,147	\$537,498	\$504,065	\$472,712		
P	Other	\$69,347	\$74,134	\$68,534	\$64,271	\$60,274	\$56,525	\$53,009	\$49,712		
P	Cost of Sales (COGS)	\$10,738,412	\$10,031,086	\$9,888,150	\$9,151,985	\$8,582,732	\$8,048,886	\$7,548,246	\$7,078,745		
P	Depreciation (COGS-related)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
P	Cost of Sales	\$10,933,190	\$10,607,460	\$10,141,972	\$9,386,910	\$8,803,045	\$8,255,495	\$7,742,004	\$7,260,452		
P	Rebates	(\$194,778)	(\$576,374)	(\$253,822)	(\$234,925)	(\$220,311)	(\$206,609)	(\$193,758)	(\$181,705)		
P	Purchases for Resale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
P	Direct Materials	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
P	Direct Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
--	Gross Profit Margin	27.35%	28.30%	24.71%	25.69%	25.69%	25.69%	25.69%	25.69%		
--	Gross Profit	\$4,042,085	\$3,959,445	\$3,244,665	\$3,163,969	\$2,967,170	\$2,782,612	\$2,609,533	\$2,447,220		
P	Depreciation	\$73,391	\$37,610	\$27,090	\$21,521	\$21,521	\$21,521	\$1,456	\$0		

Robust Forecasting

Projection Control Panel

Projection Type | Projection Dials | Account Projections | Formatting | Log A Purchase

		Industry Averages
Sales Growth (Annual)	8.29 %	11.02%
Gross Profit Margin	100 %	28.41%
Gross Profit	\$ 10,095,101	
Overhead Growth (Annual)	0 %	
Net Profit Before Taxes	\$ 10,095,101	
Accounts Receivable Days	0 days	46.42 days
Accounts Payable Days	0 days	46.25 days
Inventory Days	0 days	79.11 days

Start Over Ok

Discounted Cash Flow Valuation

A Company Valuation for Savage Sundries

Below is a company valuation using your projected Net Free Cash Flow as a baseline. The valuation gives you an approximate value of what the business could be worth today, based on the projected Net Free Cash Flow analysis that has been performed.

CAUTION: The reliability of this valuation depends heavily on the length and accuracy of the projection. We **STRONGLY** recommend reviewing your data in the Projection tab of this worksheet before examining the valuation below.

Company Value: \$6,178,249

Major Assumptions: The major assumptions made when performing this analysis have been listed in each section. You may edit / change any of the values shown in red.

Cash Flow

ProfitCents Projection uses a discounted cash flow method to value a firm. The premise behind this method is that a company should not have a price higher than the amount of cash it will generate in the future. Also, the time value is factored in -- \$100 today is worth more than \$100 in ten years, or even a year. Below are the cash flows of the company -- you may make changes to these cash flows or to the discount rate used to find the present value of the cash f

	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
EBIT	\$490,541	\$669,588	\$857,479	\$1,074,727	\$1,283,118
Less: Taxes	\$0	\$0	\$0	\$0	\$0
⑦ Noncash Expenses	\$21,521	\$21,521	\$21,521	\$1,456	\$0
⑦ Less: Change in Working Capital	\$19,229	\$44,030	\$46,231	\$48,543	\$50,971
Less: Capital Expenditures	\$0	\$0	\$0	\$0	\$0
Free Cash Flow	\$492,833	\$647,079	\$832,769	\$1,027,640	\$1,232,147
Present Value of Cash Flows (End of Year)	\$415,087	\$459,025	\$497,557	\$517,129	\$522,228

Present Value of Cash Flows = Net Free Cash Flow / (1 + Discount Rate) ^ X where X = Projected Year (1, 2, 3, etc)

Discount Rate ⑦	=	Risk Free Rate ⑦	+	Risk Premium ⑦
18.73%	=	2.73%	+	16.00%

Your Controls



SVS VALUATION



Financial Information



Valuation Methods



Report Builder

SVS Navigation

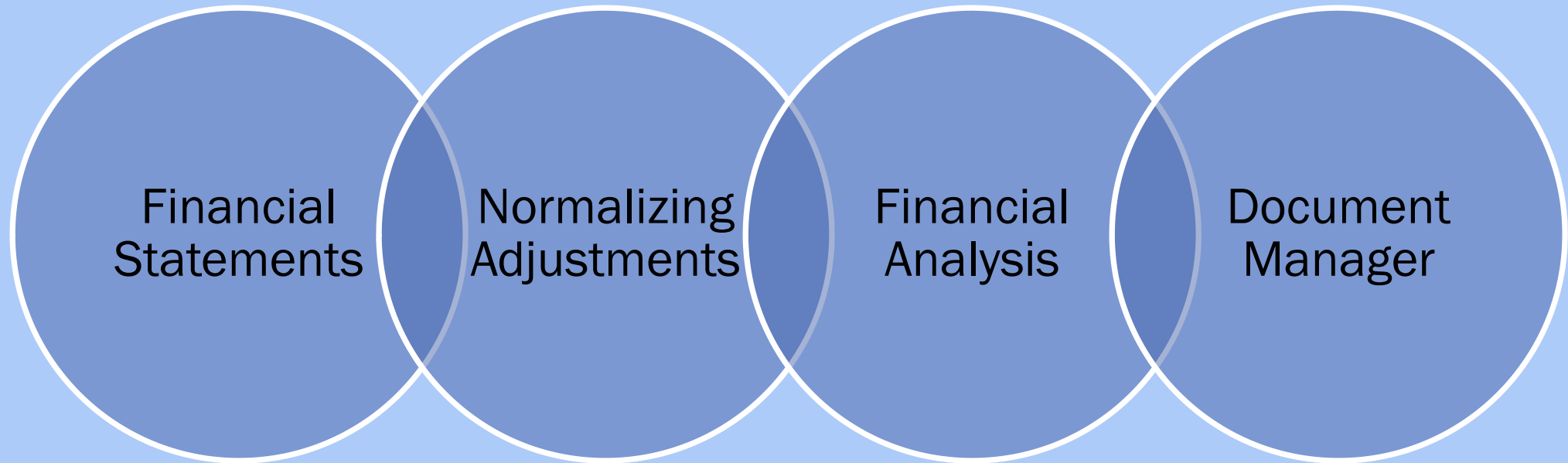


Financial
Information

Valuation
Methods

Report
Builder

Financial Information



Financial Statements Entry

ProfitCents

CCH -
ProSystems fx
Engagement

QuickBooks

Creative
Solutions

Caseware

Xero

Excel

Tax Return

Normalizing Adjustments

? How do I make normalizing adjustments?

	Prior 3	Prior 2	Prior 1	Current Period
Period Duration:	Twelve Months ▾	Twelve Months ▾	Twelve Months ▾	Twelve Months ▾
Period End Date:	12/31/2014 📅	12/31/2015 📅	12/31/2016 📅	12/31/2017 📅
Sales (Income): T ▲	\$ 15,071,363	\$ 14,780,497	\$ 13,990,531	\$ 1,418,254
				sample adjustment

Financial Analysis



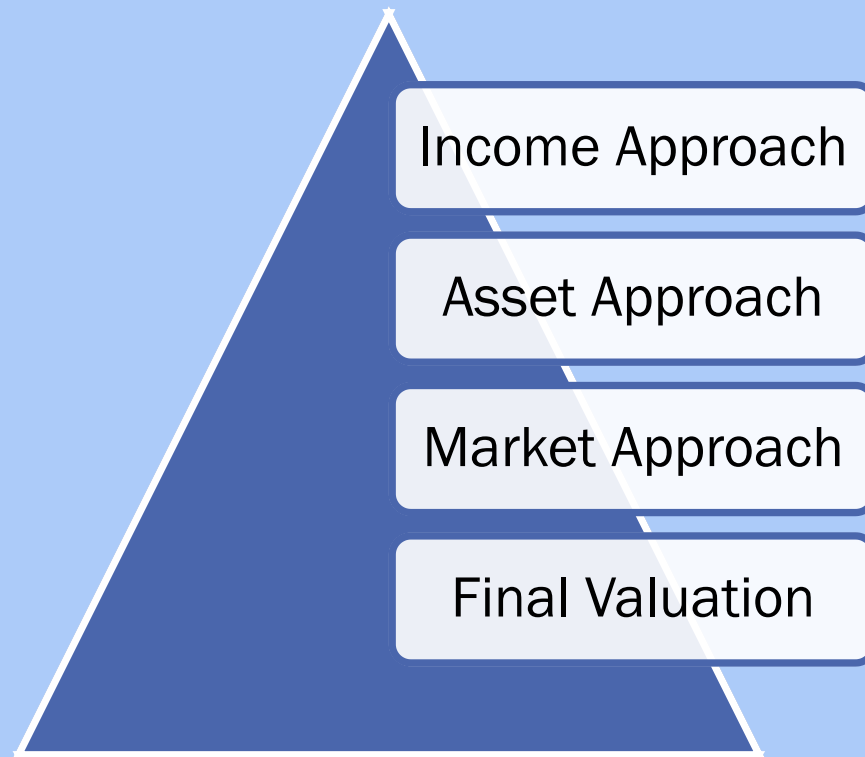
Document Manager

Load Document List Template:

[Copy Document List as a New Template](#)

Document	Current Period 12/31/2017		Uploaded By	Upload Date
Income Statement	Received	 	P. Savage	04/10/2019 
Balance Sheet	Requested			
Statement of Cash Flows	Requested			
Statements of Stockholder's Equity	Requested			
Federal Tax Return	Received	 	P. Savage	04/10/2019 

Valuation Methods





Discounted Future Benefits



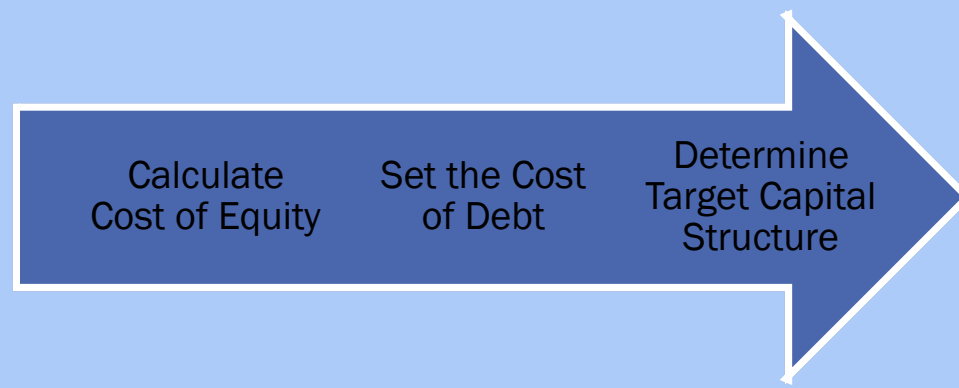
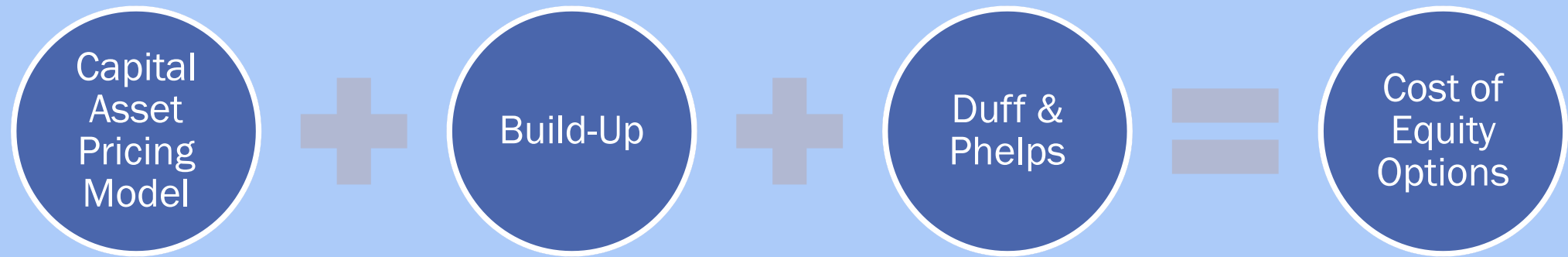
Capitalization of Benefits



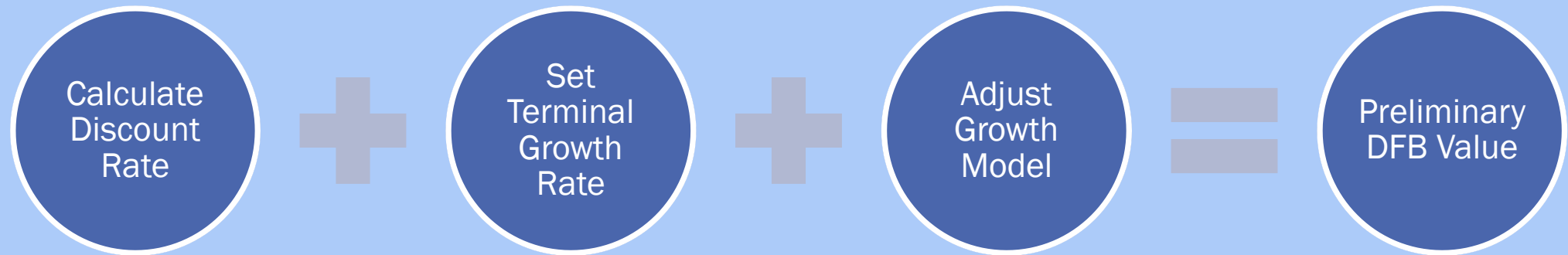
Capitalization of Excess
Earnings

Income Approach

Discount Rate & Terminal Value



Discounted Future Benefits Workflow



Adjusting Growth Model

Projection Control Panel

Projection Type | Projection Dials | Account Projections | Formatting | Log A Purchase

Item	Value	Industry Averages
Sales Growth (Annual)	7 %	9.85%
Gross Profit Margin	23.36 %	26.62%
Gross Profit	\$ 3,142,274	
Overhead Growth (Annual)	4.41 %	
Net Profit Before Taxes	\$ -25,864	
Accounts Receivable Days	13.9 days	27.04 days
Accounts Payable Days	0.2 days	27.27 days
Inventory Days	4 days	32.02 days

	12/31/2019 12 months	12/31/2020 12 months
7	\$14,393,123	\$15,400,642
0	\$13,166,350	\$14,087,995
0	\$402,181	\$430,333
6	\$746,128	\$798,357
1	\$78,465	\$83,957
3	\$11,030,890	\$11,803,052
0	\$0	\$0
0	\$0	\$0
0	\$0	\$0
0	\$0	\$0
61	\$10,901,914	\$10,607,460
19)	(\$31,834)	(\$576,374)
3%	27.88%	27.35%
		28.30%
		21.34%
		23.36%
		23.36%
		23.36%
7	\$4,201,283	\$4,042,085
	\$3,959,445	\$2,683,361
	\$3,142,274	\$3,362,233
	\$3,597,590	

Final DFB Calculation

Initial COE/Terminal Value

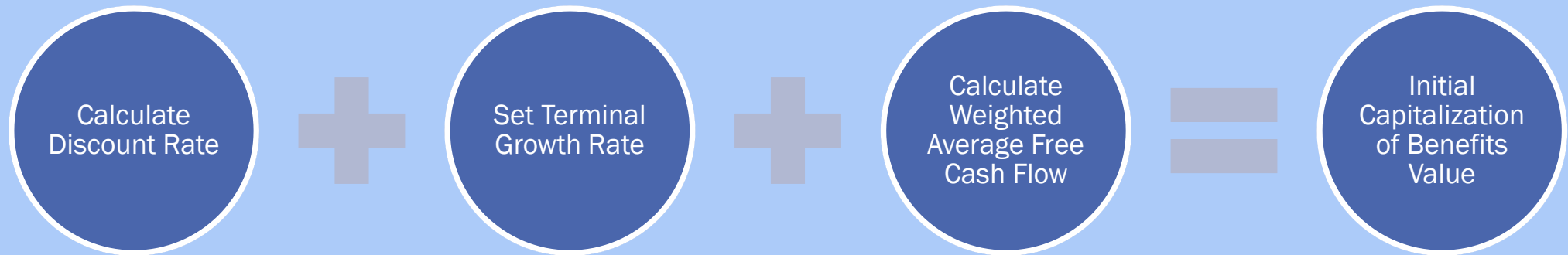
Growth Model Adjustments

Subtract Debt

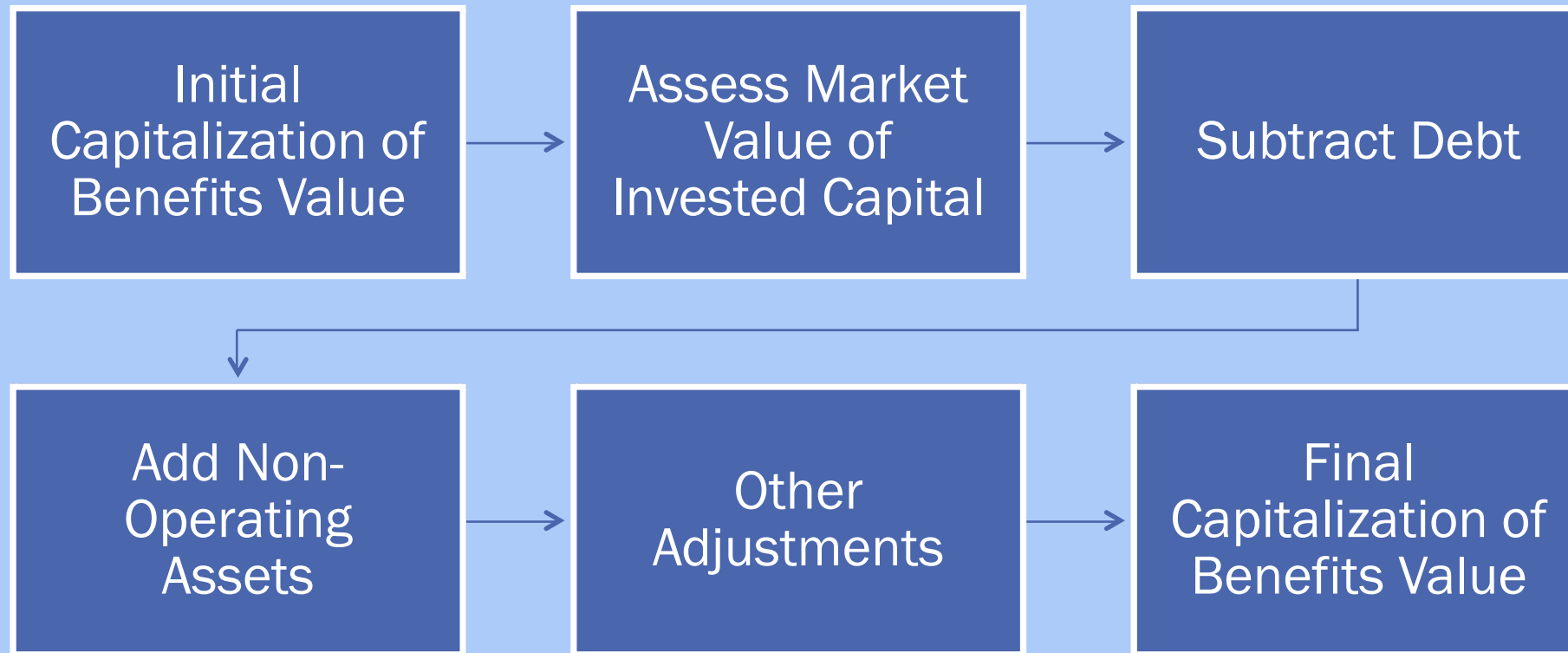
Add Non-Operating Assets

Final DFB Value

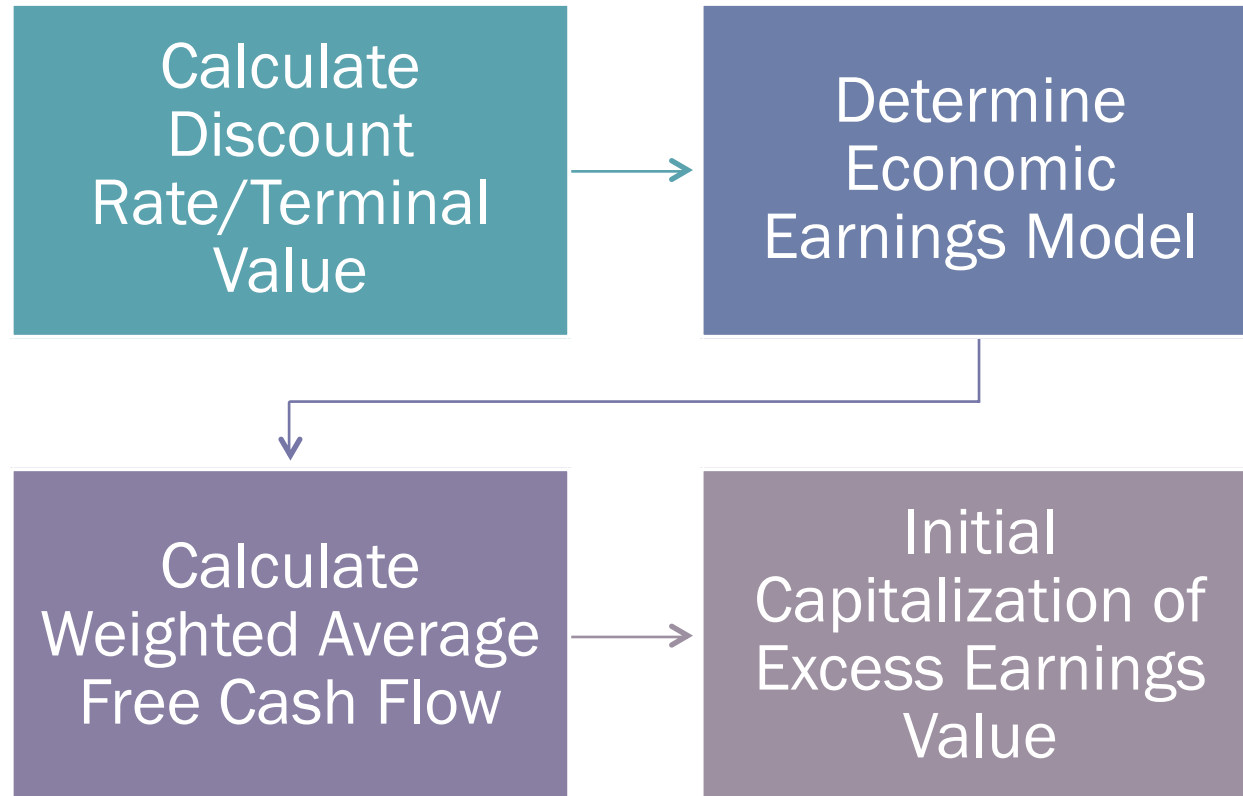
Capitalization of Benefits



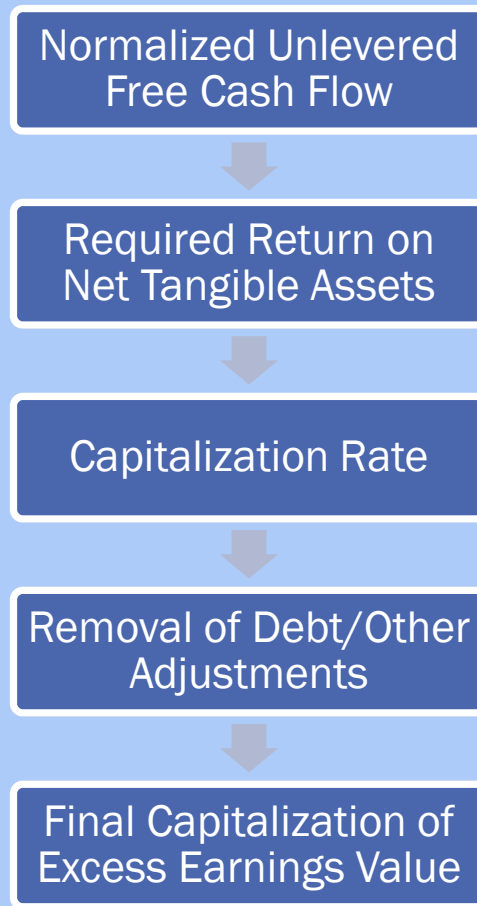
Capitalization of Benefits



Capitalization of Excess Earnings



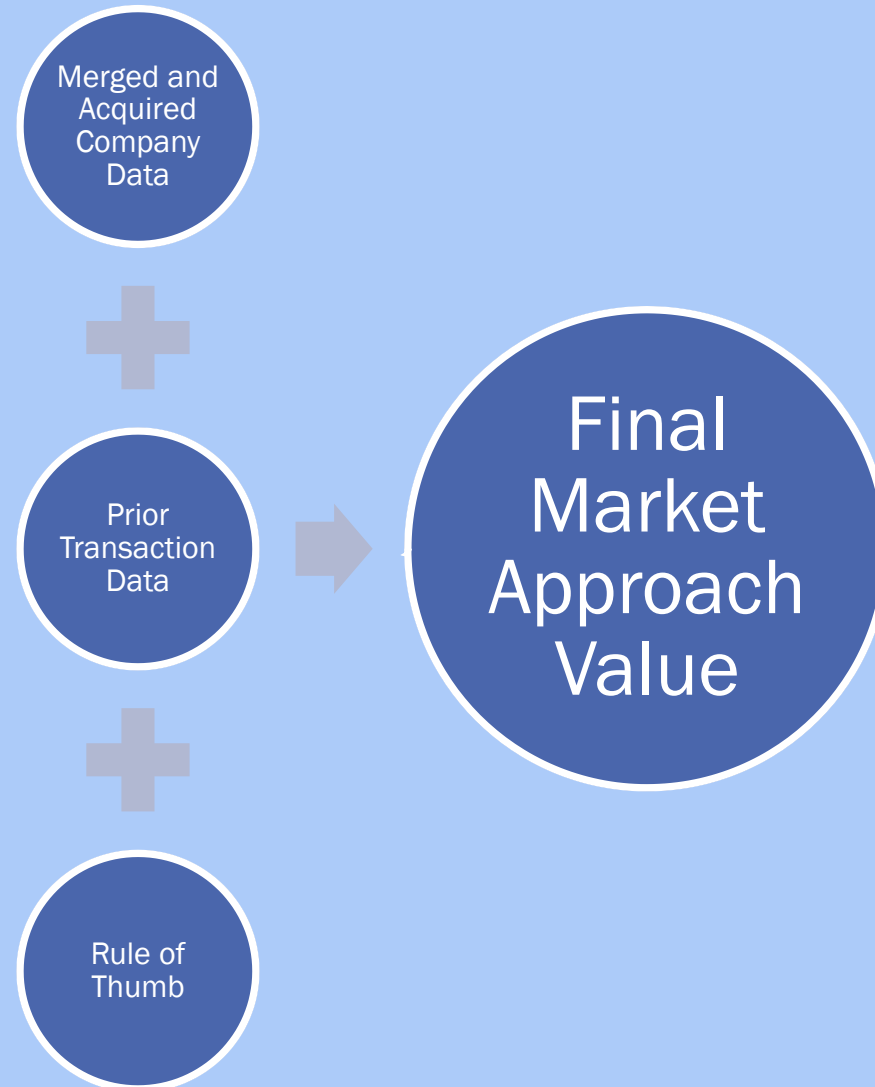
Capitalization of Excess Earnings



Asset Approach



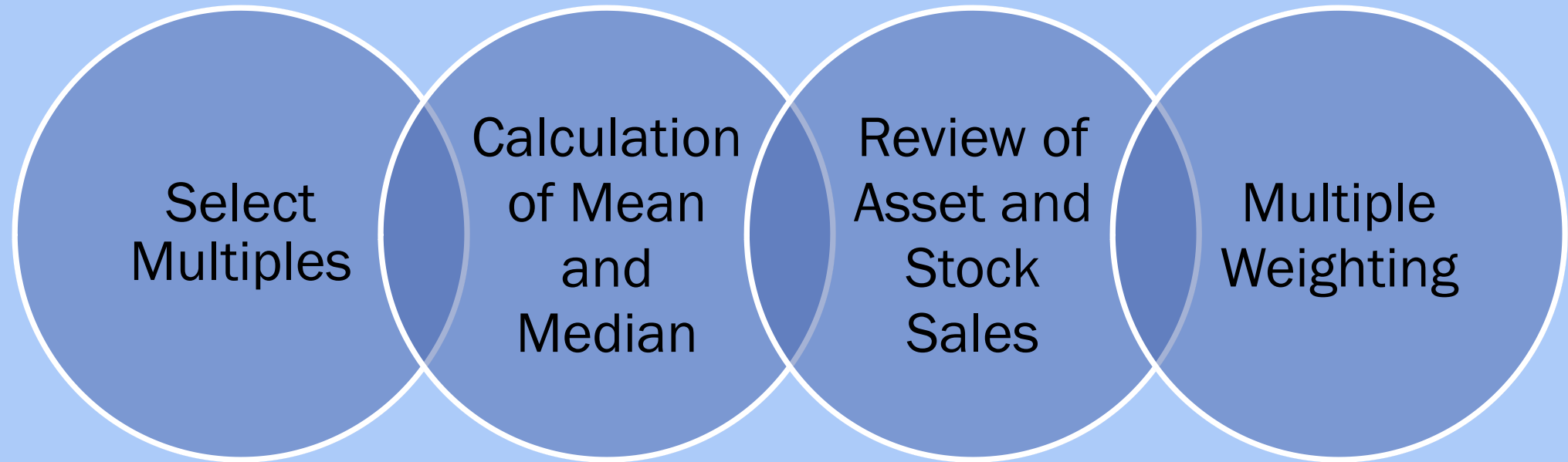
Market Approach



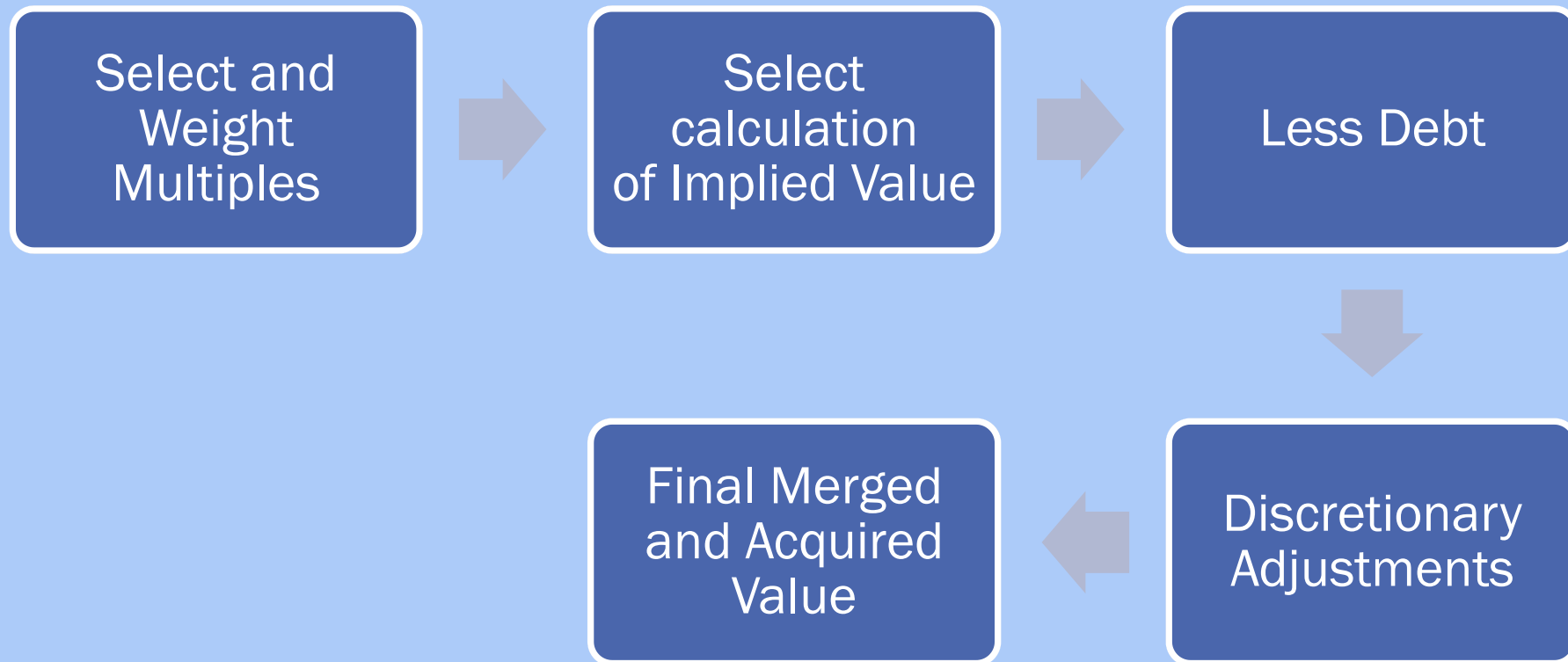
Merged and Acquired Company Data



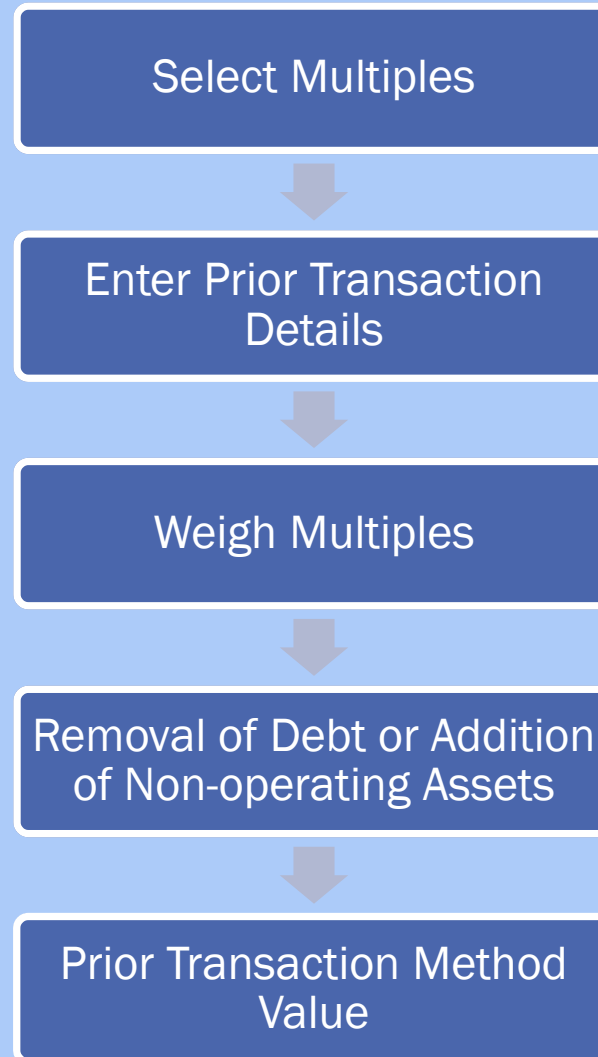
Sourced Data – Merged and Acquired



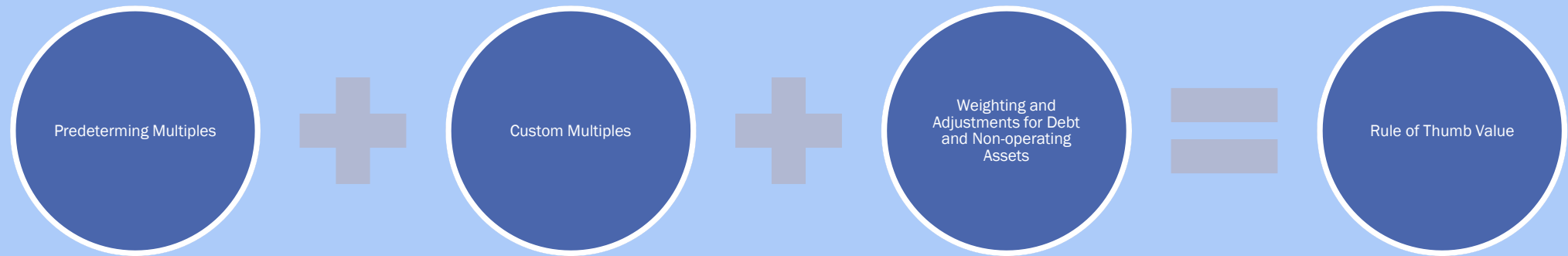
Final Merged and Acquired Value



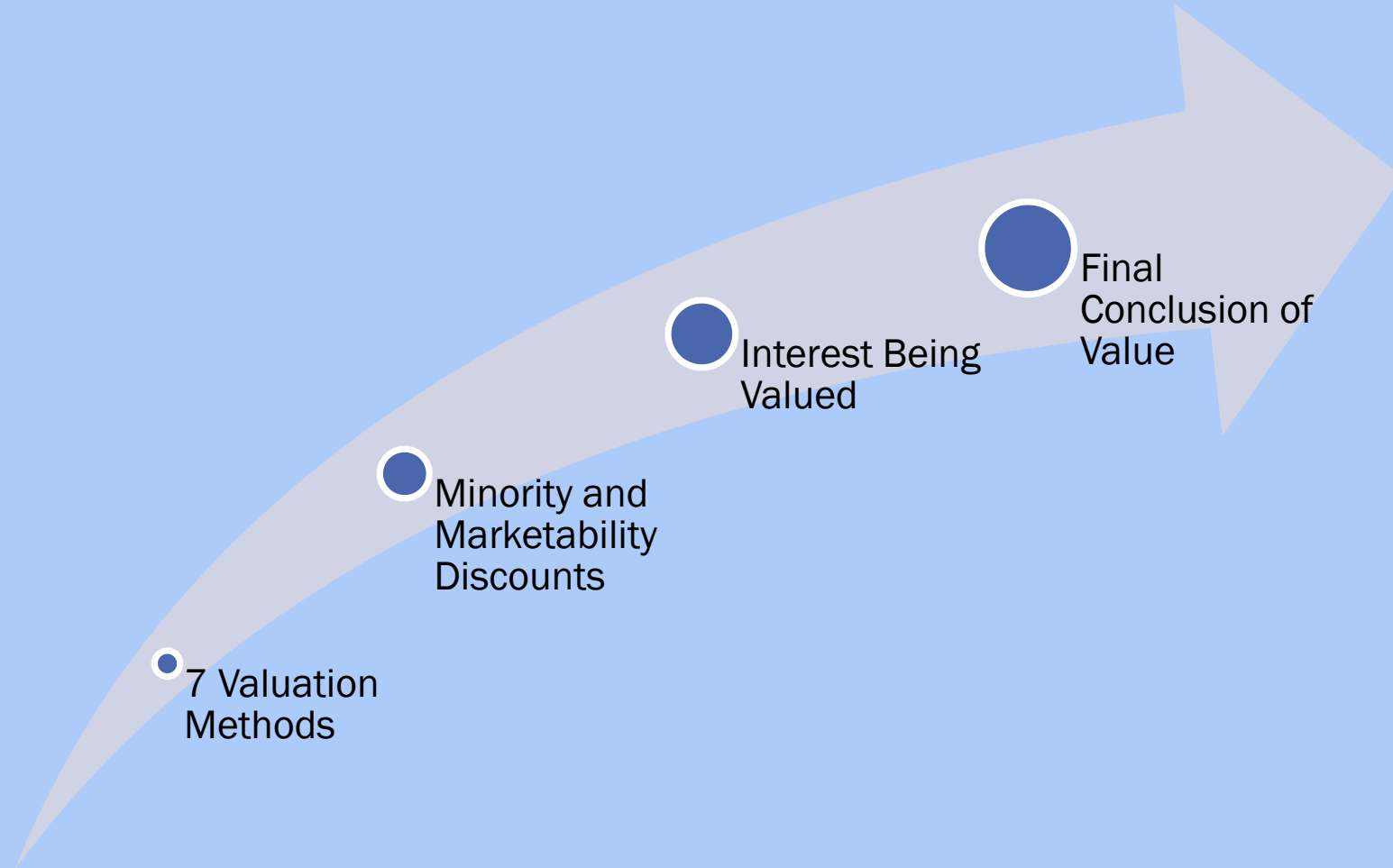
Prior Transaction Value



Rule of Thumb Value



Final Valuation



Report Writing

Report
Builder

Complete
Custom
Design

Ability to
Create
Templates

SVS
Template

Pre-designed
format

Customizable



THANK YOU!

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