wevalue Manual (v-1-2)

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1 Before we start

Thank you for choosing wevalue or showing interest in testing our web-based valuation solution. This manual will give you an overview of the basic application of the software, in order for you to be able to quickly and efficiently work with our tool.

This manual is based on the pre-set sample valuation of "Heinrich Malz AG". It is, however, equally applicable for self-made valuations.

For optimal display and compatibility of the application, we recommend Google Chrome. In principle, the tool should also run with Mozilla Firefox, Microsoft Edge and Apple Safari. However, the state-of-the-art technology of the application is no longer supported by Internet Explorer.

2 Register/ Login

Before accessing the tool, a one-time registration is required. To register, you must enter your first and last name along with your e-mail address, and create a password. You will receive a confirmation e-mail with a link to activate your account.

Use your email address and password for returning logins. If you have forgotten your login details, you can have them reset at any time.

By using this beta version, you accept the General Terms and Conditions (GTC) and Privacy Policy, which can be viewed on the website.

3   Start (Manage valuations or create new valuations)

In the "Dashboard" of the wevalue application, select the menu item "Valuations". The sample valuation "Heinrich Malz AG" is displayed in the overview. Click on the blue company name to open the valuation. This may take a few seconds.

Should you wish to create your own valuations, you can access the overview with the individual subscriptions by clicking the button "Valuations/Buy Subscription". By clicking "Upgrade" behind the desired subscription, you can conveniently purchase the desired number of valuations and pay for the licence by invoice or credit card.

For each company valuation, you can provide a reason for the valuation and a comment. This is particularly useful if you want to value the same company for different purposes (e.g., external sale, internal succession). You can also record notes about the valuation case, such as a list of documents and valuation steps which are still missing.

You can easily copy or archive existing valuations by clicking on the corresponding buttons in the "Actions" column on the right.

By clicking on the blue text in the "Files" column, you can upload documents related to the valuation and save them with the valuation case. This ensures you always have the relevant documents at hand and do not have to search for them or store them separately on your computer.

If you have created valuations in an older programme version (v-1-0 or v-1-1), you can upgrade them to the latest programme version at any time. Simply agree to the upgrade by clicking the "OK" button when opening the valuation. The system automatically creates a backup copy of the valuation's original version and stores it as an "Archived" valuation.

4 Navigation / Valuation steps

wevalue maps the workflow of a typical company valuation, which allows you to navigate intuitively through the programme without overlooking any criteria that are essential for the valuation. The process tree on the left side of the screen shows the procedure.

You can skip optional input fields in a "speed track" that quickly brings you to an initial result. You can return to the valuation later and enter additional details as they become relevant. Information entered in the tool is automatically transferred to the valuation report.

The entries made in the tool can be saved at any time. Simply click on "Save" in the menu bar at the top right. You will also find the "Report" button to create the valuation report in PowerPoint format, the "Start" button to return to the "User Dashboard" and the "Support" button which features our chat function and FAQs.

For almost every valuation step, you will find further information and explanations. These can be displayed by clicking on the information icon "i".

5 Valuation assignment

Information on the valuation assignment, such as initial situation, assignment, data basis/sources, procedure & valuation methods and authorship, is transferred directly to the valuation report. No information is required in order to test the valuation software. In the case of the "Heinrich Malz AG" valuation, this information has already been entered as an example.

The valuation report, a standardised PowerPoint presentation, is the result of your work and has no references to wevalue in the presentation format. It can be personalised with your company logo, branded according to your corporate identity, and adapted to alternative formats if desired.

6 Object of valuation

Here, you can enter the legal form and the registered office of the object to be valued. Based on the selected domicile a corresponding corporate tax rate is suggested. You can enter this or your own (municipality-specific, effective) corporate tax rate manually in the "Tax rate (in %)" field.

In addition, you can assign your company to one or more industries or sub-industries. You can either select the industry or industries manually in the four-level navigation tree or search for the corresponding industry in the search field. If you hover the mouse over the individual industries, the industry description is displayed. Based on your industry selection, a "peer group" with the corresponding capital costs (beta factors) and multiples will be suggested to you in a later valuation step.

Heinrich Malz AG: Bewertungsobjekt

Rechtsform, Firmensitz und Steuersatz ℹ

Rechtsform
Aktiengesellschaft (AG) ▼

Land
Schweiz ▼

Kanton des Firmensitzes (Steuersitz)
Aargau ▼

Firmensitz (Ortschaft)
Brugg

Steuersatz (in %)
18.61

Hinweis: Der Unternehmens-Steuersatz in Aargau beträgt **18.61%** (Quelle: KPMG, 2020).

Branchen-Zugehörigkeit ℹ

Angabe der Industrien, in welchen die Heinrich Malz AG tätig ist:

Nach Industrie suchen...

▷ ☐ Energie
▷ ☐ Material
▷ ☐ Industrieunternehmen
▷ ☐ Nicht-Basiskonsumgüter
▽ ☐ Basiskonsumgüter
  ▷ ☐ Handel mit Lebensmitteln und Basiskonsumgütern
  ▽ ☐ Lebensmittel, Getränke & Tabak
    ▽ ☐ Getränke
      ☑ Brauereien
      ☐ Brennereien & Winzer
      ☐ Erfrischungsgetränke
    ▷ ☐ Nahrungsmittel
    ▷ ☐ Tabak
  ▷ ☐ Haushaltsartikel & Körperpflegeprodukte
▷ ☐ Gesundheitswesen
▷ ☐ Finanzen
▷ ☐ Informationstechnologie
▷ ☐ Kommunikationsdienste
▷ ☐ Versorgungsunternehmen
▷ ☐ Immobilien

7 Company portrait

Information on the company portrait, including short description, company profile, products and services, sales markets and distribution channels) is directly transferred to the valuation report. Here, you can also upload the logo of the valuation object, among other things. No information is required to test the valuation application, because this information has already been entered for the valuation case of "Heinrich Malz AG".

8 Actual figures

Here, the (external) actual figures are recorded or entered in order to create the basis for the subsequent planning calculation. In the following three steps, the actual figures are adjusted for any hidden reserves, non-operating values and ER normalisations. If you only want to make a rough valuation, you can choose to enter a minimum of actual figures in order to arrive at an initial enterprise value as quickly as possible without adjustment steps and without an integrated planning calculation.

You can enter the actual figures (balance sheet and income statement) manually in the tool; you can also import them directly from Excel by selecting the field "Import data using Excel template" and following the prompt to upload the corresponding file. It is important that you enter the figures in the data format, which is accomplished with a corresponding Excel template. You can obtain this template by clicking on the "Download template" button.

Here we show you how to enter the data directly in the tool. First, determine in which balance sheet currency (incl. unit) you want to record the actual figures and on how many actual years you want to base the valuation. Select the appropriate option using the drop-down menu or the slider. The number of actual years should be chosen in such a way that the period for future planning is as representative as possible. You can enter up to ten actual years. You should also set the last balance sheet date.

Note: The current version of the programme uses the last balance sheet date as the valuation date. There are plans to make it possible for the valuation date to differ from the last balance sheet date in later versions of the tool.

Now you can enter the values of the (external) balance sheet and income statement for the number of selected actual years. The level of detail of the items is based on the SME chart of accounts. A control line is inserted at the end of the balance sheet and the profit and loss account to check whether the balance sheet is correct (assets and liabilities are equal) and whether the profit in the profit and loss account corresponds to that in the balance sheet (as part of the equity capital). **Please make sure that you enter expenses in the profit and loss account as minus entries.**

By clicking the speech bubble symbol, you can enter comments on the balance sheet and income statement. For example, you can record which items you have summarised and how, in order to make this comprehensible at a later date.

Heinrich Malz AG: Ist-Zahlen

○ **Nur Mindesterfassung der Ist-Zahlen**
● **Detaillierte Erfassung der Ist-Zahlen**

Achtung: Ein Wechsel der Art und Weise, wie die Ist-Zahlen erfasst werden, löscht sämtliche vorgängig erfassten Ist-Zahlen.

| Stammdaten Jahresrechnung | Bilanz | Erfolgsrechnung |

Bilanz

☐ **Nur das letzte Ist-Jahr anzeigen (restliche Ist-Jahre ausblenden)**

in TCHF

Input-Zellen

Bilanz per 31.12.	2015	2016	2017	2018	2019
Flüssige Mittel und kurzfristig gehaltene Aktiven mit Börsenkurs	1,136.81	1,128.37	464.54	707.52	801.12
Forderungen aus Lieferungen und Leistungen	354.86	321.15	325.95	383.42	385.09
Übrige kurzfristige Forderungen	45.40	52.02	38.45	27.50	23.82
Vorräte und nicht fakturierte Dienstleistungen	637.47	596.40	596.27	628.00	707.33
Aktive Rechnungsabgrenzungen	45.19	64.67	43.82	3.41	58.03
Umlaufvermögen	2,219.73	2,162.61	1,469.02	1,749.85	1,975.39
Finanzanlagen	53.90	37.89	32.37	35.22	36.57
Beteiligungen	13.33	16.00	66.67	93.33	80.00
Mobile Sachanlagen	414.52	442.05	507.39	453.18	352.80
Immobile Sachanlagen	2,656.27	2,346.40	2,036.53	1,726.67	1,416.80
Immaterielle Werte	2.67	400.00	26.67	93.33	106.67
Anlagevermögen	3,140.69	3,242.34	2,669.61	2,401.74	1,992.84
AKTIVEN	5,360.42	5,404.95	4,138.63	4,151.59	3,968.23

9 Hidden reserves

It is necessary to record the hidden reserves in order to obtain an adjusted basis for the derivation and plausibility check of the planning calculation. You can either choose not to make an adjustment, only adjust the balance sheet as at the valuation date or carry out a detailed preparation. If the hidden reserves are recorded for all actual years, this affects both the adjusted actual balance sheets and the adjusted actual income statements. wevalue automatically takes this into account. The hidden reserves are taken into account (or disclosed) in the actual balance sheets. Changes in hidden reserves, on the other hand, are reflected in the income statement via the corresponding income or expense accounts.

To record the hidden reserves, enter the corresponding data under "Description" (e.g., third of goods) and then select the corresponding balance sheet and profit and loss account item from the cell drop-down menu. You enter the amounts in the individual columns. **All positions with a positive sign are to be recorded.** The deferred taxes are calculated automatically and entered as liabilities in the balance sheet under "Provisions and similar items provided for by law". A po-

tentially reduced tax rate (e.g., 50% of the effective tax rate) may be defined via the slider "Tax rate for deferred taxes in % of the corporate tax rate of…" and refers to the tax rate recorded in the step "Valuation object".

Should you have too few or too many lines for the entry of silent reserves, you can expand them via the buttons "Add line" or reduce them via "Delete empty lines". Incorrectly entered items can be removed by clicking on the waste-paper basket symbol. Any comments can be entered by clicking on the speech bubble symbol.

Practical tip

Hidden reserves are undervalued assets or overvalued liabilities. Inventories, tangible assets and provisions, among other things, often show hidden reserves in practice. In the case of Heinrich Malz AG, a third of the goods, tax-motivated provisions for guarantees and excessive depreciation on real estate were taken into account and adjusted in the valuation (balance sheet and income statement).

Heinrich Malz AG: Stille Reserven

○ Keine Erfassung von stillen Reserven
○ Erfassung der stillen Reserven lediglich per Bewertungsstichtag (ohne Anpassung der ER)
⦿ Detaillierte Erfassung der stillen Reserven für alle Ist-Jahre (inkl. automatischer Anpassung/Bereinigung der Bilanz und ER)

Achtung: Ein Wechsel der Art und Weise, wie die stillen Reserven erfasst werden, löscht sämtliche vorgängig erfassten Werte

Positionen mit stillen Reserven

➕ Zeile hinzufügen
➖ Leere Zeilen löschen

in TCHF

	Beschreibung	Korrespondierende Bilanzposition	Korrespondierende Erfolgsrechnungsposition	2014	2015	2016	2017	2018	2019
🗑	Warendrittel	Vorräte und nicht fakturierte Dienstleistungen ▼	Material- und Warenaufwand ▼	315.00	315.00	295.00	295.00	310.00	350.00
🗑	Garantierückstellungen	Rückstellungen sowie vom Gesetz vorgesehene ähnliche Positionen ▼	Betrieblicher Ertrag aus Lieferungen und Leistungen (Umsatz) ▼	11.33	11.33	11.33	11.33	10.67	13.33
🗑	Zu hohe Abschreibungen auf Immobilien	Immobile Sachanlagen ▼	Abschreibungen und Wertberichtigungen immobile Sachanlagen ▼	-	100.00	200.00	300.00	400.00	500.00
	Stille Reserven brutto			326.33	426.33	506.33	606.33	720.67	863.33
	Latente Steuern (50% des Unternehmenssteuersatzes)	Rückstellungen sowie vom Gesetz vorgesehene ähnliche Positionen	Direkte Steuern	-30.37	-39.67	-47.11	-56.42	-67.06	-80.33
	Stille Reserven netto			295.96	386.66	459.22	549.91	653.61	783.00
	Veränderung der stillen Reserven			-	90.70	72.56	90.69	103.70	129.39

Input-Zellen

Steuersatz für die latenten Steuern in % des Unternehmenssteuersatzes von 18.61%

[slider: 0 —————●——————— 100] 50

10 Non-operating values

Recording of non-operating values is necessary to obtain an adjusted basis for the derivation and plausibility check of the planning calculation. You can dispense with an elimination, adjust only the last actual year or make adjustments for multiple actual years recorded.

The corresponding balance sheet items are adjusted by the recorded non-operating values and the net amount is booked out via the reserves in equity. This creates a balance sheet with only operating values, which forms the basis for the cash flow forecast. The total amount of the non-operating values is added separately at the end of the reconciliation from gross to net enterprise value. However, if there are hidden reserves on the non-operating values, these must be disclosed in advance, i.e., in the preceding valuation step.

In order to record the non-operating values, enter the corresponding data under "Description" (e.g., surplus liquidity) and then select the corresponding balance sheet item via the cell drop-down menu. You enter the entries in the individual columns. **Please ensure that asset items are to be entered with a positive sign and liability items with a negative sign.**

Should you have too few or too many lines for recording non-operational values, you can expand them using the buttons "Add line" or reduce them using "Delete empty lines". Incorrectly entered items can be removed by clicking on the waste-paper basket symbol. Any comments can be entered by clicking on the speech bubble symbol.

💡 Practical tip

Non-operating values are, by definition, assets or liabilities that do not directly serve the purpose of the business. Since they are not necessary for generating free cash flows, they are excluded from the valuation and added separately to the enterprise value at the end. In practice, frequently occurring items are surplus liquid assets, tangible assets with a private character, real estate or participations. In the case of Heinrich Malz AG, surplus cash and a private vehicle were taken into account and excluded from the balance sheet during the valuation.

Heinrich Malz AG: Nicht-betriebliche Werte

○ Keine Erfassung nicht-betriebsnotwendiger Vermögenswerte

○ Erfassung nicht-betriebsnotwendiger Vermögenswerte für das letzte Ist-Jahr

● Detaillierte Erfassung nicht-betriebsnotwendiger Vermögenswerte für alle Ist-Jahre (inkl. automatischer Anpassung/Bereinigung der Bilanz)

Achtung: Ein Wechsel der Art und Weise, wie die nicht-betriebsnotwendigen Vermögenswerte erfasst werden, löscht sämtliche vorgängig erfassten Werte

Erfassung nicht-betrieblicher Vermögenswerte

➕ Zeile hinzufügen

➖ Leere Zeilen löschen

in TCHF

	Beschreibung	Bilanzposition	2015	2016	2017	2018	2019
🗑	Überschüssige Liquidität	Flüssige Mittel und kurzfristig gehaltene Aktiven mit Börsenkurs ▾	836.00	828.00	164.00	407.00	501.00
🗑	Privates Fahrzeug	Mobile Sachanlagen ▾	15.00	13.00	11.00	9.00	7.00
	Total nicht-betriebsnotwendiger Vermögenswerte		851.00	841.00	175.00	416.00	508.00

11 Income statement adjustment

You can make any further adjustments, normalisations or reclassifications in the income statement here. The aim of this step is to obtain the most undistorted actual business figures possible as a basis for future planning. An example of a typical normalisation of the income statement for SMEs is a managing director's salary that has been set too high or too low due to profit payment in the form of a bonus.

You can choose not to adjust the income statement, adjust only the last actual year or adjust all the actual years entered. To enter ER adjustments, enter the relevant matter under "Description" (e.g., excessive salary for management) and then select the corresponding income statement item from the cell drop-down menu. Enter the amounts in the individual columns. **Excessively low external expenses are normalised with a negative entry, excessively high expenses with a positive entry. Accordingly, excessively low income is corrected with a positive value, while excessively high income is corrected by an item with a negative sign.**

If you have too few or too many lines for the entry of the ER adjustments, you can click "Add line" to expand them or "Delete empty lines" to reduce them. Incorrectly entered items can be removed by clicking the waste-paper basket symbol. Comments can be entered by clicking the speech bubble symbol.

> ### 💡 **Practical tip**
>
> ER adjustments are only made up to the level of EBIT, as this represents the starting point of the free cash flow derivation. The net effect of the adjustments of the income statement items above EBIT is balanced out via the item "Extraordinary, non-recurring or out-of-period income". This ensures that the net profit remains unchanged (and thus still corresponds to that in the balance sheet) and that it is a mere reclassification within the income statement.

Heinrich Malz AG: ER-Bereinigung

○ Keine weitere Bereinigung der Erfolgsrechnung (mit Ausnahme der allfällig erfassten stillen Reserven)

○ Erfassung zusätzlicher ER-Bereinigungen für das letzte Ist-Jahr

● Detaillierte Erfassung zusätzlicher ER-Bereinigungen für alle Ist-Jahre (inkl. automatischer Anpassung/Bereinigung der ER)

Achtung: Ein Wechsel der Art und Weise, wie die ER-Bereinigung vorgenommen wird, löscht sämtliche vorgängig erfassten Werte

Bereinigung der Erfolgsrechung

➕ Zeile hinzufügen

➖ Leere Zeilen löschen

in TCHF

	Beschreibung	Erfolgsrechnungsposition	2015	2016	2017	2018	2019
🗑	Überhöhter Lohn für die Geschäftsführung	Personalaufwand ▼	20.00	25.00	15.00	25.00	25.00
🗑	Repräsentationsspesen	Übriger betrieblicher Aufwand ▼	5.00	5.00	5.00	5.00	5.00
	Total der ER-Bereinigungen		25.00	30.00	20.00	30.00	30.00

12 Planning manager

The planning manager is used to determine whether the free cash flows are to be estimated directly or derived from a fully integrated financial plan (balance sheet, income statement, cash flow statement). The number of planning years can also be defined. Up to 40 years can be explicitly planned before switching to the terminal value.

The second tab of the planning manager is used to manage the scenarios. In the "Heinrich Malz AG" case, one scenario has been entered as an example, the so-called "basic scenario". By clicking on the button "Add scenario" in the tab "Scenarios", further scenarios (e.g., best case, worst case) can be planned. As a result, a different detailed planning, higher capital costs and a different terminal value estimate can be stored for all scenarios. The respective scenario can then be selected in the following valuation steps by clicking on the drop-down menu "Scenario to be displayed".

Heinrich Malz AG: Planungsmanager

Einstellungen | Szenarios

Einstellungen   i

Art und Weise der Detailplanung

● Planung der Free Cashflows über eine integrierte Planungsrechnung (Bilanz, Erfolgsrechnung, Geldflussrechnung)
○ Direkte Erfassung der Free Cashflows, d.h. ohne Planung der Bilanz und Erfolgsrechnung

Anzahl Plan-Jahre

1 —————●———————————————— 40   [5]

13 Detailed planning

Detailed planning is used to derive the annual accounts for the planned years on the basis of the recorded and adjusted (hidden reserves, non-operating values, ER adjustment) balance sheets and income statements for the actual years. This is either done relatively (e.g., in %) or by entering absolute figures, differentiated for each year or constant over the planning period. The detailed planning is divided into the tabs "Turnover", "Expenses & Profit", "Net Current Assets", "Investments & Depreciation", "Other Positions" and "Financing, Liquidity & Distribution".

By clicking on the black button "Propose target figure parameters for this scenario", you can display a rough proposal based on the adjusted actual figures. Essentially, the typical growth rates and position values from the past (median values) are extrapolated, whereby any above- or below-average growth in turnover over the planning period is adjusted to a realistic long-term growth rate of 1% for the Swiss economy.

This rough planning enables you to quickly get initial results. All suggested values can, of course, be overwritten manually. As in Excel, values can be copied either by using the "Ctrl+C" and "Ctrl+V" functions or by selecting the small square in the lower right corner of the cell and dragging it to the right with the cursor.

At the top right of the respective planning register, you will find a "Comment" button in which comments on the forecast of the corresponding position can be recorded.

Note: It is planned that in a future version of the valuation application, these comments will automatically be included in the valuation report.

💡 **Practical tip**

For a first valuation and to get to know the tool, we recommend first of all to have the planned figures suggested ("Suggest planned figure parameters for this scenario"). You can then adjust the parameters and see what effects this has. Under the info icon "i" you will find information on how the individual positions are planned and what the default values are based on.

Heinrich Malz AG: Detailplanung

Planzahlen-Parameter für dieses Szenario vorschlagen

| Umsatz | Aufwand & Erfolg | Nettoumlaufvermögen | Investitionen & Abschreibungen | Übrige Positionen | Finanzierung, Liquidität & Ausschüttung |

Planung der Aufwendungen und des betrieblichen Nebenerfolgs

Planungsart Aufwand & Erfolg
- Zeitvariabler Prozentsatz des Umsatzes
- Differenzierte Prognose der jährlichen Aufwände bzw. des Nebenerfolgs (in CHF)

☐ Nur das letzte Ist-Jahr anzeigen (restliche Ist-Jahre ausblenden)

Input-Zellen

Position	2015 Ist	2016 Ist	2017 Ist	2018 Ist	2019 Ist	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Material- und Warenaufwand	30.40%	30.48%	28.51%	27.50%	29.72%	29.72%	29.72%	29.72%	29.72%	29.72%
Personalaufwand	30.65%	31.58%	30.42%	29.61%	28.76%	30.42%	30.42%	30.42%	30.42%	30.42%
Übriger betrieblicher Aufwand	20.67%	20.50%	19.77%	20.67%	20.36%	20.50%	20.50%	20.50%	20.50%	20.50%
Betrieblicher Nebenerfolg	0.43%	0.84%	1.42%	0.29%	0.09%	0.43%	0.43%	0.43%	0.43%	0.43%

14 Peer group

The peer group is the relevant comparison group of listed companies for the valuation object. With wevalue you can derive the beta factor required for the capital costs, as well as various multiples from the peer group. The peer companies can be selected from over 150 industries and 17 countries.

Based on the industry sector(s) and country of domicile selected in the previous "Valuation object" step, the system suggests a corresponding peer group. This can easily be supplemented with additional companies by clicking the navigation tree on the left or using the manual search field labelled "Search for company" at the top. Companies that have been entered incorrectly or appear unsuitable can be removed by clicking the wastepaper basket symbol or by deselecting the check mark in the selection tree.

By clicking the black button "Reset Peer Group Selection to Default Values", the peer group is reset to the system suggestion made according to industry affiliation and country. The peer group and the capital market data are updated regularly (at least once a month). By clicking the green button "Update peer group data" you can import the latest data.

Practical tip

In the case of "Heinrich Malz AG", it makes sense to compile the peer group from the "breweries" sector, as the companies in this category have a comparable risk profile to the valuation object (cyclicality, cost structure, etc.). Since there are no listed breweries in Switzerland, the range was expanded to include other countries.

15 Cost of capital

The cost of equity and debt capital as well as the weighted average capital costs (WACC) are derived here. The estimate of the capital costs is divided into the tabs "Cost of debt & WACC" and "Cost of equity". Values that seem reasonable to us are pre-set. With the help of the "sliders" or by making entries in the corresponding number fields, you can change the default values and adapt them to your requirements. You can reset the settings to the default values at any time by clicking on the black button "Reset capital cost parameters to default values".

The (unlevered) beta can either be selected as that of the peer group (this is calculated automatically on the basis of the selection made under the previous step "Peer Group") or entered yourself ("Own estimate of unlevered beta (detached from peer group)"). You can further specify the beta by selecting the corresponding button "Display and specification of extended options for estimating the cost of equity (rarely required)" (e.g., estimation period, method for unlevering and relevering the beta), which should, however, only rarely be required.

Note that the proposed or manually entered beta is the unlevered beta for a hypothetically fully equity-financed company. If the valuation object has financial liabilities, which can be specified via the slider "Debt ratio (target capital structure) at market values", the unlevered beta is adjusted (relevered) to the corresponding capital structure (more debt increases the systematic risk and thus the beta).

Practical tip

For a first valuation and to become acquainted with the tool, you can simply accept the pre-set values. Later, you can adjust the parameters and then see how these affect the valuation. Typically, you will vary the "small cap premium" (increase or decrease), the beta (replace with your own estimate), the cost of debt (adjust the credit spread) and the debt ratio (increase or decrease).

Heinrich Malz AG: Kapitalkosten

Kapitalkosten-Parameter auf Defaultwerte zurücksetzen

Fremdkapitalkosten & WACC | Eigenkapitalkosten

Eigenkapitalkosten

Marktrisikoprämie (in %)
0 —————————————— 10   **7**

Unternehmensspezifischer Risikozuschlag
0 —————————————— 50   **5**

Beschreibung des Risikozuschlags
Small Cap Prämie (in %)

Beta (unverschuldet)

Der Medianwert des unverschuldeten (unlevered) Betas der Peer Group ist **0.6775**

☐ Eigene Schätzung des unverschuldeten Betas (losgelöst von Peer Group)

☐ Anzeige und Spezifikation erweiterter Optionen zur Schätzung der Eigenkapitalkosten (selten erforderlich)

The cost of equity capital consists of the risk-free interest rate, the market risk premium multiplied by the debt-related beta factor and, if applicable, a small cap premium. The cost of debt capital (before tax) corresponds to the sum of the risk-free interest rate and the credit spread. Since interest on borrowed capital is tax deductible, it is reduced by the tax rate recorded under "Valuation object". Finally, the total capital cost (WACC) is calculated by weighting the equity and debt capital costs with the respective capital shares at market values. Care must be taken to ensure that either the current or a realistically achievable capital structure is assumed.

Practical tip

The weights of the cost of equity and the cost of debt should rely on market values. As these market values are not directly observable for SMEs, it is assumed for simplification that the market value of the debt capital is equivalent to the short-term and long-term interest-bearing liabilities. The remaining debt positions are taken into account when deriving the free cash flow.

Equity capital is a little more demanding. The market value of equity is equivalent to the product of the number of shares and the price per share (share price). Since this market value is not known for SMEs or represents the actual result of the valuation (= net enterprise value), an approximation is needed here. The average capital structure of the peer group can be used as a first approximation (see "Debt-equity ratio" in the "Peer group basic data" in the previous valuation step). Alternatively, the capital structure can be automatically iterated in the following valuation step "DCF valuation" until the weighting assumption for the cost of capital matches the valuation result. It is rarely appropriate to assume the book value of equity as the market value of equity.

The capital cost is displayed graphically below the data entry fields. The various representations provide you with information about the capital cost as well as the dispersion of the peer group betas.

Kapitalkosten und Peer Group Beta

Kapitalkosten (Überblick) | **Kapitalkosten (Details)** | Peer Group Beta Chart

Kapitalkosten (Details)

Eigenkapitalkosten

Small Cap Prämie (in %)	5.00%
Marktrisikoprämie	7.00%
Unverschuldetes Beta	0.68
Verschuldetes Beta	1.03
Eigenkapitalrisikoprämie	7.23%
Eigenkapitalkosten	12.73%
Verschuldungsgrad (FK/EK)	0.53
Risikoloser Zinssatz	0.50%

Fremdkapitalkosten

Risikoloser Zinssatz	0.50%
Fremdkapitalrisikoprämie	1.50%
Fremdkapitalkosten	2.00%
FK-Kosten nach Steuern	1.63%
Steuersatz	18.61%

Eigenkapitalanteil 65.55%
WACC 8.91%
Fremdkapitalanteil 34.45%

Berechnete Grössen
Modellparameter

16 Terminal value

The years after the explicit detailed planning period are summarised in the so-called terminal value. This terminal value can be modelled in our valuation tool using the following five methods: 1) Free cash flow of the last detailed planning year with perpetual updating, 2) Own planning of free cash flow with perpetual updating, 3) Value factor or value driver model, 4) Exit multiple, 5) Liquidation.

First, select the desired method in the drop-down menu "Method for modelling the terminal value". By clicking the black button "Suggest parameters for determining terminal value" you can then have plausible default parameters suggested that are based on the previous valuation steps (e.g., detailed planning, peer group, capital costs, etc.). These can be overwritten manually at any time.

In the "Free cash flow of the last detailed planning year with perpetual update" option, the free cash flow of the last detailed planning year is perpetually updated under the assumption of a long-term growth rate. The growth rate is intended to be a company-specific, future-related value which takes real and inflation-related growth into account. The inflation expectation, the overall economic growth (GDP) and the general interest rate level (assumed risk-free interest rate) provide reference points. Perpetual growth rates in the low single-digit range between 0% and 2% are likely to be appropriate for an SME.

In the option "Own planning of free cash flow with perpetual updating", the free cash flow in the terminal value can be manually forecasted and detached from the detailed planning by making an assumption for a long-term growth rate. These variables are required for the derivation of the free cash flow must be entered manually: EBIT, depreciation and amortisation, investments in fixed assets (CAPEX), investments in net current assets and changes in long-term non-interest-bearing liabilities. The tax rate required for the calculation of the NOPAT corresponds to the value set in the valuation step "Valuation object". The growth rate is intended to represent a company-specific, future-related value and to take into account real and inflation-related growth.

In the "value factor or value driver model" option, free cash flow is derived from the factors that determine it, which are profitability, growth and investments. This approach assumes that only those investments whose return is higher than the cost of capital increases the value of the company. Investments and growth must be financed. Since the capital structure is assumed not to change in the terminal value period, this must be accomplished by retention, which means partially retaining the free cash flows. Since no excess returns can be achieved in the long term, it is reasonable to assume that SMEs can equate the return on new investments (RONIC) with the cost of capital (WACC). This is the default assumption which is assigned when the button "Suggest parameters for terminal value determination" is clicked. If you want to plan a RONIC that is independent of the cost of capital, you can click on the option "Set value for RONIC independent of WACC". By default, the EBIT of the last detailed planning year is assumed to be the perpetual EBIT. This can be overwritten manually. It is important to ensure that the EBIT margin in the terminal value period corresponds to a reasonable, long-term achievable value, such as a margin customary in the industry. The higher the long-term growth rate, the more must be retained and reinvested, which reduces the free cash flow accordingly. Assuming RONIC = WACC, growth does not have a value-increasing effect.

In the "exit multiple" option, the terminal value at the end of the detailed planning period corresponds to the multiplication of EBIT and EBIT multiple. The EBIT of the last detailed planning year is assumed as the default EBIT. The pre-set EBIT multiple is equal to the median value of the selected peer group. Both values can be adjusted accordingly if necessary.

In contrast to the other methods, the "liquidation" option does not assume a perpetual continuation ("going concern"), but rather a liquidation of the company at the end of the detailed planning period. By clicking the button "Suggest parameters for terminal value determination", the sum of equity and current and non-current financial liabilities as of the last detailed planning year is suggested as the default liquidation value. This value can be overwritten manually if necessary.

Practical tip

The terminal value typically accounts for 50% to 80% of the gross enterprise value. Accordingly, it is absolutely crucial that plausible assumptions are made. One assumption often made regarding terminal value is that capital expenditure and depreciation are equal and that changes in net current assets are zero. Strictly speaking, however, this is only true if perpetual growth of 0% is assumed. If positive growth is assumed indefinitely, investments would always have to be slightly higher than depreciation. The value factor or value driver model takes this circumstance into account and automatically adjusts the investments to the assumed growth rate.

Heinrich Malz AG: Restwertbestimmung (DCF-Methode)

Parameter zur Restwertbestimmung vorschlagen

Erfassung der Parameter zur Restwertbestimmung in TCHF

Methode zur Modellierung des Restwerts
Free Cashflow des letzten Detailplanungsjahres mit ewiger Fortschreibung

Langfristige Wachstumsrate (in %)
0.5

Auswirkungen auf die DCF-Bewertung

DCF Bewertung (kompakt)   DCF Bewertung (detailliert)

DCF Bewertung (kompakt)

Unternehmenswert per 31.12.2019 (= letzter Bilanzstichtag)	in TCHF
Summe der Barwerte Detailplanungszeitraum	1,679.18
Barwert Restwert	2,829.92
Bruttounternehmenswert (Entity Value)	**4,509.09**
- Finanzschulden	-1,553.33
+ Nicht-betriebsnotwendige Vermögenswerte	508.00
Nettounternehmenswert (Equity Value)	**3,463.76**

Barwert Free Cash Flows Detailplanungszeitraum
1 679.18 (37.24%)

Barwert Restwert
2 829.92 (62.76%)
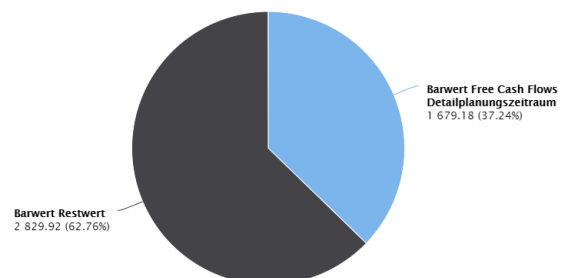
17 Actual numbers monitor

In the actual numbers monitor, the adjusted (internal) balance sheets and profit and loss accounts of the recorded actual years are shown. The external figures are corrected for any hidden reserves, non-operating values and ER adjustments.

In order to get a better overview or to make the presentation more compact, you have the option to display only the key positions (intermediate totals). By clicking the corresponding buttons, you can also select which actual years and adjustment columns are to be displayed.

Heinrich Malz AG: Ist-Zahlen

Ist-Bilanz | Ist-Erfolgsrechnung

Ist-Erfolgsrechnung   i

in TCHF

Anzuzeigende Jahre
2015, 2016, 2017, 2018, 2019 ▼

Anzuzeigende Spalten
Extern, Δ Stille Reserven, Bereinigung, Intern ▼

☐ Nur Schlüsselpositionen anzeigen

Erfolgsrechnung vom 31.12. bis 31.12.	2017				2018				2019		
	Extern	Δ Stille Reserven	Bereinigung	Intern	Extern	Δ Stille Reserven	Bereinigung	Intern	Extern	Δ Stille Reserven	Bereini
Betrieblicher Ertrag aus Lieferungen und Leistungen (Umsatz)	3,280.39	-	-	3,280.39	3,419.27	-0.67	-	3,418.61	3,659.85	2.67	
Material- und Warenaufwand	-935.13	-	-	-935.13	-955.01	15.00	-	-940.01	-1,128.33	40.00	
Bruttoergebnis nach Material- und Warenaufwand (Bruttogewinn I)	2,345.25	-	-	2,345.25	2,464.27	14.33	-	2,478.60	2,531.53	42.67	
Personalaufwand	-1,012.81	-	15.00	-997.81	-1,037.09	-	25.00	-1,012.09	-1,078.50	-	
Bruttoergebnis nach Personalaufwand (Bruttogewinn II)	1,332.44	-	15.00	1,347.44	1,427.18	14.33	25.00	1,466.51	1,453.03	42.67	
Übriger betrieblicher Aufwand	-653.48	-	5.00	-648.48	-711.76	-	5.00	-706.76	-750.78	-	
Betrieblicher Nebenerfolg	46.67	-	-	46.67	10.00	-	-	10.00	3.34	-	
Betriebliches Ergebnis vor Zinsen, Steuern und Abschreibungen (EBITDA)	725.62	-	20.00	745.62	725.42	14.33	30.00	769.75	705.59	42.67	
Wertberichtigungen Finanzanlagen	-10.67	-	-	-10.67	-12.00	-	-	-12.00	-13.33	-	
Wertberichtigungen Beteiligungen	-12.00	-	-	-12.00	-13.33	-	-	-13.33	-6.67	-	

18 Planned numbers monitor

If the option "Planning of free cash flows via an integrated planning calculation" has been selected in the planning manager, the fully integrated financial planning, consisting of planned balance sheet, planned income statement and planned cash flow statement, is displayed in the planned numbers monitor. This is created automatically on the basis of the adjusted actual figures and the planning assumptions entered under "Detailed planning".

In order to get a better overview or to present everything more compactly, you have the option of displaying only the last actual year or only selected key positions (intermediate totals).

If you have entered different scenarios, these values can be displayed separately for each scenario by selecting them from the corresponding drop-down menu.

Heinrich Malz AG: Plan-Zahlen

| Plan-Bilanz | Plan-Erfolgsrechnung | Plan-Geldflussrechnung | Schlüsselpositionen |

Plan-Bilanz

in TCHF

☑ **Nur das letzte Ist-Jahr anzeigen (restliche Ist-Jahre ausblenden)**

☐ **Nur Schlüsselpositionen anzeigen**

| Bilanz per 31.12.	2019	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Flüssige Mittel und kurzfristig gehaltene Aktiven mit Börsenkurs	300.12	448.59	552.47	656.68	759.20	756.22
Forderungen aus Lieferungen und Leistungen	385.09	399.93	412.49	422.50	429.74	434.04
Übrige kurzfristige Forderungen	23.82	44.58	45.98	47.09	47.90	48.38
Vorräte und nicht fakturierte Dienstleistungen	1,057.33	1,098.08	1,132.56	1,160.04	1,179.92	1,191.72
Aktive Rechnungsabgrenzungen	58.03	55.19	56.92	58.30	59.30	59.90
Umlaufvermögen	1,824.39	2,046.37	2,200.42	2,344.62	2,476.07	2,490.25
Finanzanlagen	36.57	34.82	33.50	32.51	31.77	31.77
Beteiligungen	80.00	91.86	102.08	110.88	118.46	118.46
Mobile Sachanlagen	345.80	359.98	370.64	378.66	384.69	384.69
Immobile Sachanlagen	1,916.80	1,751.73	1,600.87	1,463.00	1,337.01	1,337.01
Immaterielle Werte	106.67	134.67	154.18	167.77	177.24	177.24
Anlagevermögen	2,485.84	2,373.06	2,261.27	2,152.82	2,049.17	2,049.17
AKTIVEN	4,310.23	4,419.44	4,461.69	4,497.44	4,525.23	4,539.42

The integrated financial planning is supplemented by a tabular overview of the derivation of the valuation-relevant free cash flows as well as a graphical representation of the development of some variables relevant to valuation (turnover, EBIT-DA, EBIT, NOPAT, free cash flow) over time.

Heinrich Malz AG: Plan-Zahlen

Plan-Bilanz | Plan-Erfolgsrechnung | Plan-Geldflussrechnung | **Schlüsselpositionen**

Schlüsselpositionen   i

Tabellarische Darstellung | Umsatz (Grafik) | EBITDA (Grafik) | EBIT (Grafik) | NOPAT (Grafik) | **Free Cash Flow (Grafik)**
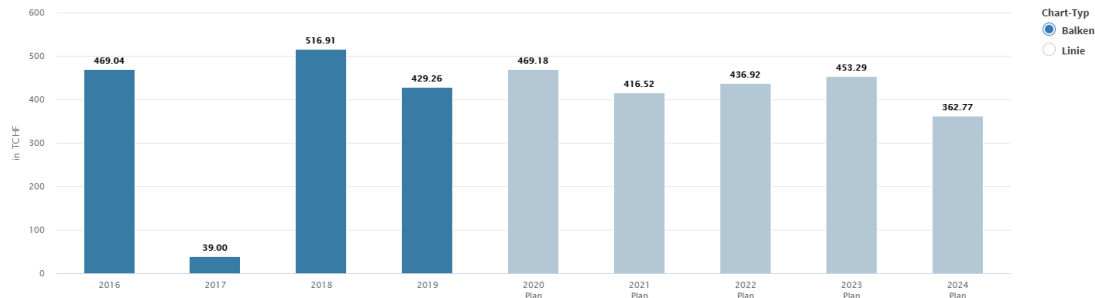
19 DCF valuation

The valuation monitor for the DCF valuation displays the essential results of the DCF valuation in a "dashboard". The net enterprise value (including the value range according to the sensitivity analysis), the cost of capital and various statistics are displayed. If you have entered different scenarios, these values can be displayed individually by selecting them from the corresponding drop-down menu.

The consistency index shows how well the capital structure used to calculate the capital cost corresponds to the capital structure resulting from the DCF valuation (financial liabilities in relation to the gross company value according to the DCF valuation). A value of 100% implies perfect agreement and thus a consistent valuation.

💡 **Practical tip**

Depending on the valuation purpose, it may be necessary to carry out the valuation with the actual capital structure. If you wish to do this, simply click on the button "DCF-implied capital structure". The valuation is then iteratively adjusted to the actual capital structure and the consistency index increases to 100%.

Heinrich Malz AG: DCF-Bewertung

Überblick DCF-Bewertung DCF-Charts Kapitalkosten Sensitivitätsanalyse Implizite Bewertungs-Multiples
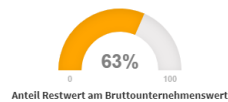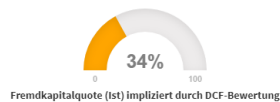
Überblick ⓘ

3'463.76
Nettounternehmenswert
(Equity Value) in TCHF

Wertbandbreite per Bewertungsstichtag 31.12.2019:
TCHF 3'257.36 bis TCHF 3'695.68

8.91%
Gesamtkapitalkosten
(WACC)

Eigenkapitalkosten: **12.73%**
Fremdkapitalkosten (vor Steuern): **2.00%**

Fremdkapitalquote (Zielkapitalstruktur) 34.45
0%   95%

DCF-implizierte
Kapitalstruktur

34%
0   100
Fremdkapitalquote (Ist) impliziert durch DCF-Bewertung

63%
0   100
Anteil Restwert am Bruttounternehmenswert

100%
0   100
Konsistenzindex zur DCF-Bewertung

The "DCF valuation" tab shows the derivation of the free cash flows and their discounting to the valuation date. The gross enterprise value corresponds to the sum of all discounted free cash flows (detailed planning and residual value period). To reconcile the gross enterprise value to the net enterprise value, the financial liabilities (current and non-current) are subtracted, and the value of non-operating assets on the date of valuation are added.

Heinrich Malz AG: DCF-Bewertung

Überblick DCF-Bewertung DCF-Charts Kapitalkosten Sensitivitätsanalyse Implizite Bewertungs-Multiples

DCF-Bewertung

in TCHF	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan	Restwert
EBIT	384.15	408.79	430.98	449.40	457.49	459.78
- Steuern (fiktiv unverschuldetes Unternehmen; Steuersatz @ 18.61%)	-71.49	-76.08	-80.20	-83.63	-85.14	-85.56
= NOPAT	312.66	332.71	350.77	365.77	372.35	374.21
+ Abschreibungen	368.89	367.90	364.55	359.76	359.76	361.56
- Investitionen ins Anlagevermögen (CAPEX)	-256.11	-256.11	-256.11	-256.11	-359.76	-361.56
- Investitionen ins Nettoumlaufvermögen	58.79	-30.41	-24.24	-17.53	-10.41	-10.46
+ Veränderungen langfristige unverzinsliche Verbindlichkeiten	-15.04	2.43	1.93	1.40	0.83	0.83
= Free Cash Flow	469.18	416.52	436.92	453.29	362.77	364.59
Diskontierungs-/Barwertfaktor (WACC @ 8.91%)	0.9182	0.8431	0.7741	0.7108	0.6527	
Barwert Free Cash Flow	430.81	351.16	338.23	322.20	236.77	
Restwert per Ende Detailplanungszeitraum (Wachstumsrate @ 0.5%)						4,335.94

Unternehmenswert per 31.12.2019 (= letzter Bilanzstichtag)	
Summe der Barwerte Detailplanungszeitraum	1,679.18
Barwert Restwert	2,829.92
Bruttounternehmenswert (Entity Value)	4,509.09
- Finanzschulden	-1,553.33
+ Nicht-betriebsnotwendige Vermögenswerte	508.00
Nettounternehmenswert (Equity Value)	3,463.76

The other tabs (DCF charts, cost of capital, sensitivity analysis and implied valuation multiples) contain additional information such as the determined enterprise value, and present individual

elements again in detailed and graphical form. In the sensitivity analysis, two central value drivers (e.g., growth rate and WACC) are gradually changed depending on the selected terminal value model in order to quantify their influence on the net enterprise value. For the implicit valuation multiples, the gross or net enterprise value of the valuation object is set in relation to a key figure on the valuation date (e.g., EBITDA or EBIT). The resulting implied multiple is compared with that of the peer group companies. This allows the DCF value to be checked for plausibility.
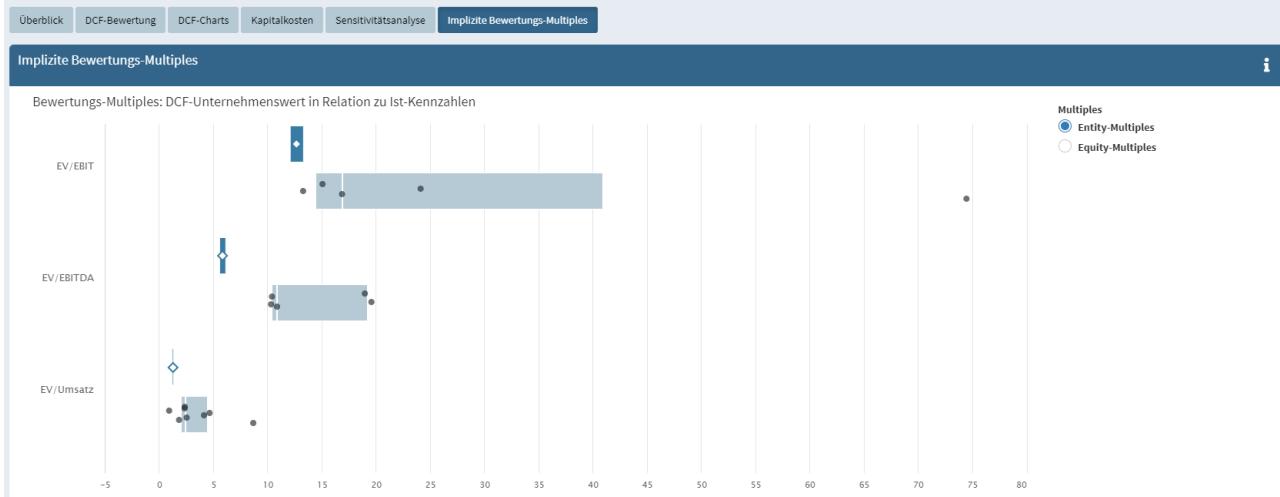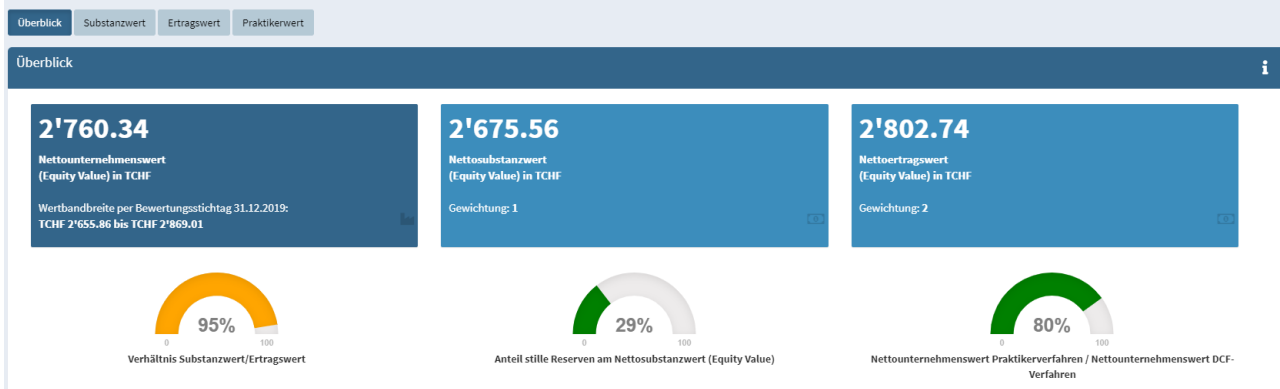

20 Practitioner's method

The practitioner's method is a combination of the net asset value and capitalised earnings value methods. In this method, the capitalised earnings value is usually weighted twice, and the net asset value is weighted once. However, the tool also allows other weightings. Any non-operating assets that have been disposed of are added separately to the operating enterprise value.

The net asset value basically equates to the equity capital under commercial law on the valuation date, adjusted for any hidden reserves and deferred taxes. These values are transferred from the actual figures recorded and adjustments made.

The capitalised earnings value is calculated by perpetually capitalising the sustainable net profit with the cost of equity. The sustainable net profit can be derived on the basis of a freely selectable number of actual years and planned years. The result (EBITDA) of individual years can also be given more or less weight such as in the case of outlier years. By clicking on the button "Suggest earnings value parameters" you receive default values for the "sustainable" year derived from the adjusted actual figures (and, if applicable, the selected plan figures). While the EBITDA is based on an average of the selected years, the depreciation and amortisation, the financial expenses and the financial income are default values that have been updated at the level of the last adjusted actual year or the first plan year. Default values for non-operating income and extraordinary, non-recurring or out-of-period income are assumed to be zero. Direct taxes are calculated by multiplying the sustainable operating result before taxes by the tax rate set under "Valuation object". The cost of equity is based on the upstream valuation step "capital costs". All input parameters with a red background can be overwritten manually.

Heinrich Malz AG: Praktikerverfahren

Überblick Substanzwert **Ertragswert** Praktikerwert

Ertragswert

Herleitung Grafisch Sensitivitätsanalyse

Anzahl zu berücksichtigende Ist-Jahre: 3 (1 – 5)

Anzahl zu berücksichtigende Plan-Jahre: 1 (0 – 5)

Nachhaltigen EBITDA erfassen: ○ Gewichteter ● Direkt

Ertragswert-Parameter vorschlagen

Input-Zellen

Position in (TCHF)	2017	2018	2019	2020 Plan	Nachhaltig
Bereinigtes betriebliches Ergebnis vor Zinsen, Steuern und Abschreibungen (EBITDA)	745.62	769.75	778.26	753.04	761.67
- Abschreibungen	-497.01	-416.52	-420.76	-368.89	-368.89
= Betriebliches Ergebnis vor Zinsen und Steuern (EBIT)	248.61	353.23	357.50	384.15	392.78
- Finanzaufwand	-42.72	-38.88	-40.74	-33.90	-33.90
+ Finanzertrag	0.08	0.03	0.03	0.03	0.03
+ Betriebsfremder Erfolg	66.67	80.76	7.67	-	-
+ A.o., einmaliger oder periodenfremder Erfolg	36.62	-2.46	8.49	-	-
= Betriebliches Ergebnis vor Steuern (EBT)	309.26	392.69	332.94	350.28	358.91
- Direkte Steuern	-28.12	-30.29	-39.80	-65.19	-66.79
= Normalisierter Reingewinn	281.14	362.40	293.14	285.09	292.12
Eigenkapitalkosten					12.73%
Nettoertragswert (betrieblich)					2,294.74
+ Nicht-betriebsnotwendige Vermögenswerte					508.00
Nettoertragswert					2,802.74

The practitioner's value results from the defined weighting of net asset value and capitalised earnings value. The valuation procedure is rounded off by graphical derivations and sensitivity analyses.
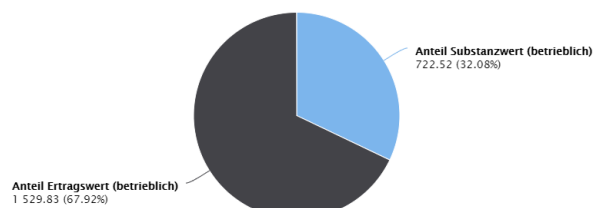
21 Documentation

By clicking the "Report" printer button at the top right of the navigation, a standardised valuation report is generated in PowerPoint format. You can adapt the layout to match your own corporate design; revise, add or delete texts; and integrate additional illustrations such as screenshots from the tool, into the report.

Note: The report will be expanded continuously. Future upgrades and releases will feature an expanded report that includes the multiples method, a graphical form of the key figures analysis and detailed information on the peer group companies.

![wevalue – einfach bewerten.]

Bewertung der
Heinrich Malz AG

Vertraulich

Bernhard Werter AG
Ueli Obdacht, dipl. Wirtschaftsprüfer

Lenzburg, 06.09.2020

22 Feedback / Chat / Contact

Do you have any questions about wevalue or would you like advice on choosing the right subscription? We will be happy to assist you at kontakt@wevalue.ch.

We also integrated a chat function in the application, which allows you to contact us conveniently and directly from the tool. Simply click on the corresponding "Support" button at the top right of the navigation and send us your question or message. We will do our best to reply as quickly as possible. The Chat function also contains numerous FAQs on our valuation tool.
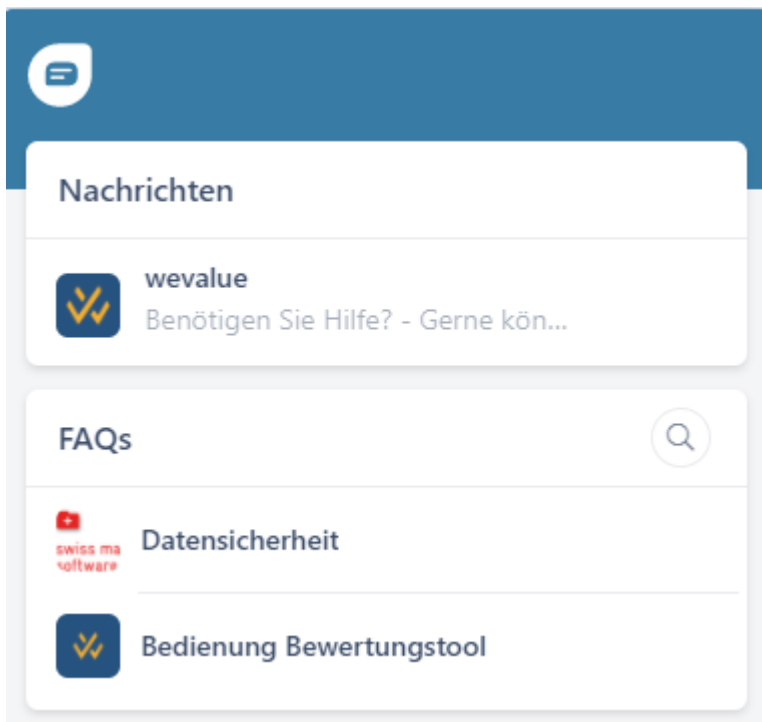
We hope you appreciate wevalue and thank you for the trust you have placed in us.

wevalue AG

Ligusterweg 12

CH-4310 Rheinfelden

kontakt@wevalue.ch

www.wevalue.ch