



Valuation Services

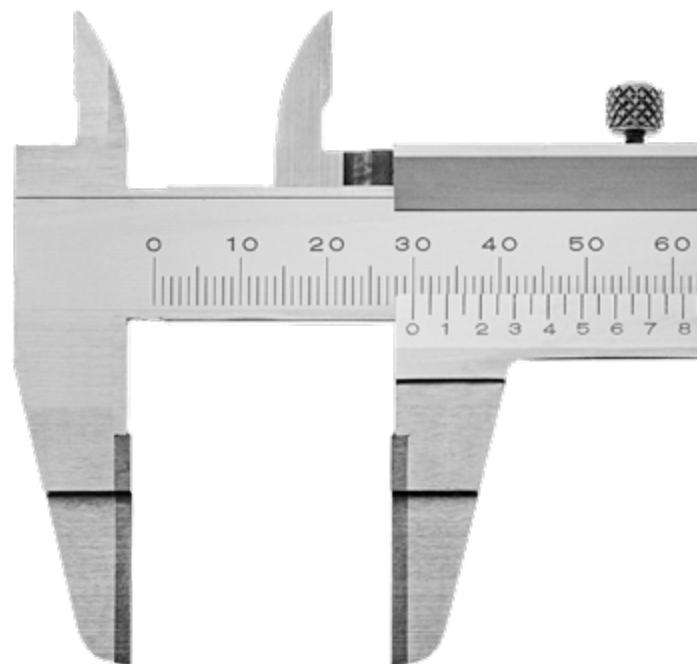
Industry expertise.

Independent services.

In the life-time of a privately owned company, an assessment of how much the business is worth is often sought to comply with regulatory requirements or for corporate governance purposes. Valuation is also a key process for any privately owned company, whether you are trying to sell your company, raise new funds, buy a company or meet regulatory and corporate governance requirements.

As certified public accountants, we can act as an independent expert valuator during the AIFM valuation process, providing comfort to your investors that the valuation process is documented, rigorous, transparent and complies with market practices and prices.

We listen to your needs and provide tailor-made solutions. Thanks to our longstanding expertise, we can help you make optimal and strategic decisions.



“The technical skills, the capacity of analysis and the reactivity of the Péru & Partners teams were very appreciated during the various missions of evaluations which we entrusted to them.”

Amaury Lefebure, Partner - Trail Capital

Specific needs. Tailored services.

Our team of experienced professionals has the technical knowledge, practical experience and market knowledge to provide objective and independent valuation services to investors, fund managers and private companies.

Investors

For investors (LPs) such as funds of fund invested in PE funds, we can assist with:

- Assessment of net asset value (NAV) per class of shares issued by non-listed funds
- Certification of investment multiples (paid-in, distribution paid-in, total value paid-in, etc.) and return calculations (gross or net internal rate of return (IRR))
- Analysis of waterfall of non-listed funds (hurdle, carried allocation, etc.)

Fund managers

For management companies (GPs), we provide:

- An independent valuation expert, in line with the AIFM Directive
- Support to management companies' investment teams for internal procedures reinforcement
- Provision of fairness opinion before transferring investments between two or more funds managed by the same management company
- Regulatory watch and assessment

Private companies

For private companies (whether backed or not by an investment fund), we can help with:

- Determination of an enterprise value range in a transactional context (LBO, OBO, MBO, MBI, etc.)
- Determination of an expected price per share in a management incentive package (MIP)
- Valuation analysis before opening the capitalisation table of a private company
- Analysis of the value creation of non-listed investments (multiple impact, shareholder stake, var. % margin, etc.)

Your challenges.

Our solution.

Alternative funds face a range of regulatory challenges under the AIFM Directive (Directive 2011/61/EU). The fund's portfolio of assets must be valued by an independent expert who is not part of the management company's investment team. Valuation principles and methods must also be implemented in line with up-to-date best business practices; for example, IPEV standards.

The fair value of unlisted financial instruments in a transactional context (buy vs. sell side, management incentive package (MIP), etc.) or in a regulatory context (IFRS measurements, etc.) must be determined and certification obtained. A fairness opinion during transactions between funds of the same management company may also be required.

In addition, the valuation of closed-end funds' investments (secondary process, risk assessment, multiples, net internal rate of return (IRR), etc.) must be audited.

“Thanks to its experience, its mastery of market practices and its understanding of the business, the Péru & Partners team was able to set up a methodological, rational and coherent approach, meeting both the needs of the investment team and the expectations of our investors.”

Delphine Colin Patillot, Operational Director - Experienced Capital Management

Stage 1

Preliminary analysis

We run a deep analysis of the company or business to be valued in order to understand the business drivers, the main risks, the context of the valuation and your existing valuation procedures, if any.

We:

- Analyse the company profile, business model and key drivers based on a broad range of information such as company data, market intelligence, industry and sector information, analysis of comparable companies and transactions (peer group)
- Perform a “flash” diagnosis of existing valuation procedures, if any
- Assist in the selection of appropriate valuation methods to be used
- Recommend key indicators to monitor the value creation of each company over time
- Benchmark preliminary analysis and results
- Support the integration of new market standards (norms, guidelines, etc.)
- Select a range of valuation models and key drivers

Stage 2

Implementation of a valuation process in line with best business practices

You're looking to improve the transparency and efficiency of the valuation process. You can achieve this by implementing a methodology based on a multi-criteria approach and the precise and reasoned selection of valuation methods. We can help you integrate the full range of required financial data and information into your processes to better evaluate your investments.

We:

- Provide the tools and methodology to perform a valuation calculation of “Fair market Value” vs. the mechanical application of a single criteria process based on entry multiples
- Mitigate risks and detect upstream reasons for a change of methodology, taking into account the evolution of intrinsic investment characteristics and market conditions
- Explain the impact of KPIs, financial data, metrics, etc. before their use in valuation models
- Document the restatement of key metrics (such as IFRS 16, etc.) to support normative key drivers of a valuation exercise
- Define a valuation model, key drivers and back testing models

Stage 3

Valuation development

In accordance with AIFM requirements, you will need to implement a defined methodology for each of your portfolio companies before reporting fair market value inserting in your quarterly reports. In a transaction context, we can help you set up a defined methodology to determine a fair market value (buy vs. sell side, MIP, etc.). We can also help you implement a defined methodology before transferring an asset from one portfolio to another to eliminate any risk of conflict of interests (i.e. fairness opinion).

We help you achieve these goals using a two step approach.

Phase 1:

- Identify and update key parameters of the valuation model
- Collect and assess financial data or restated metrics such as EBITDA, net financial debt, etc.
- Assess external data to be integrated into each valuation model (market multiples, weighted average cost of capital (WACC) if DCF method, etc.)

Phase 2:

- Adapt fair market values with a multi-criteria approach (intrinsic methods vs. analog methods)
- Provide KPIs of the valuation of any private company and professional judgement
- Justify a range of valuations – either enterprise value or share value taking into account the context of the valuation exercise

Stage 4

Report and documentation

As required by professional accounting and auditing organisations (for example *Ordre des Experts Comptables* and *Compagnie des Commissaires aux Comptes* in France) and regulatory authorities (ie AMF, CSSF, BVCA, etc.), we provide reports certifying the fair market value or the fairness of the valuation exercise determined using market conditions and guidelines (IPEV, etc.). These reports are always conducted by skilled professionals using best in class procedures, IQ-EQ tools and market databases.

Our reports provide:

- Certification of the fair value of unlisted companies determined by application of market standards
- Explanation of the range of enterprise value of the private companies
- Description of the waterfall from an enterprise value to share value subject to the work of IQ-EQ professionals
- Clarification of the assumptions used and the consideration of market conditions

About us*

We are IQ-EQ, a leading investor services group employing over 4,000+ people across 24 jurisdictions worldwide. We bring together that rare combination of global expertise with a deep understanding of the needs of our clients. We have the know how and the know you to support fund managers, global companies, family offices and private clients.

Key contacts

If you'd like to speak to us about valuation services, simply contact Sébastien Péru or Amaury De la Porte du Theil. They and their team would be delighted to discuss your requirements.



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