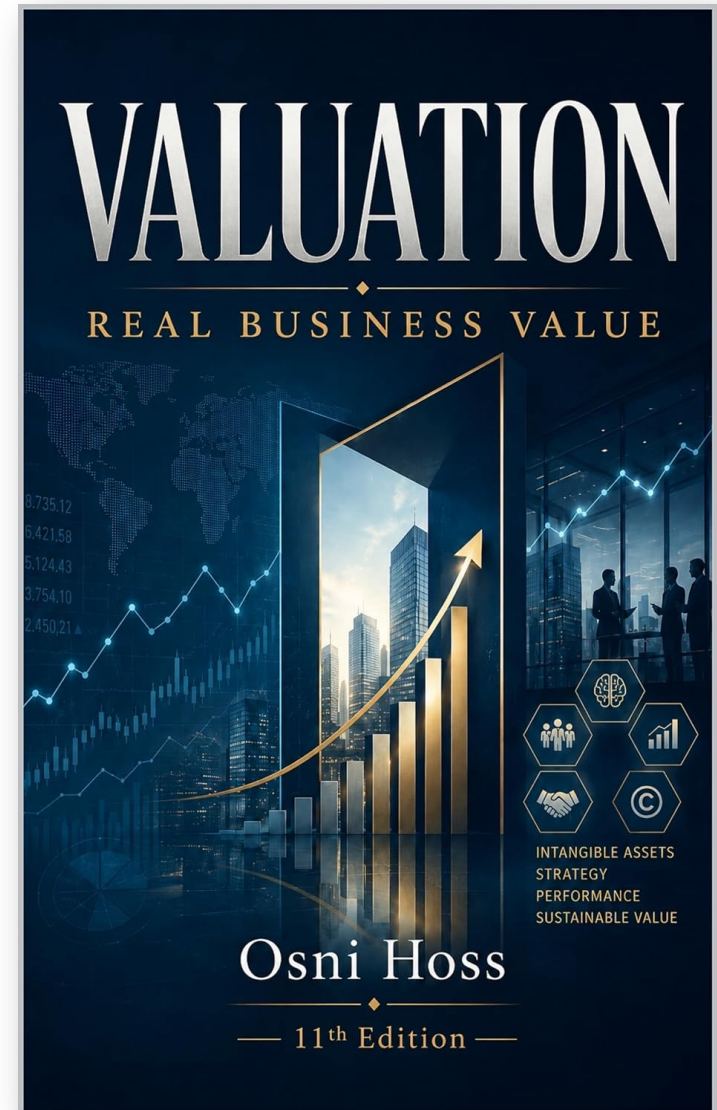


VALUATION REAL BUSINESS VALUE METHOD

VALUATION METHOD



VALUATION REAL BUSINESS VALUE METHOD

Knowing where, how, with whom, for whom and with what wealth is created

Strategic for monitoring the performance of companies

Identifying points for improvement, as well as for evaluating the success of the implemented management strategies

FUNDAMENTALS

Ability to generate wealth by corporations that must accrue an aggregation of income above the cost of capital

Proposed groupings

Human, Processes, Structural and Relational

Time series

Past-present and present-future

variables are measured

Quantitative and qualitative terms

FRAMEWORKS



Quadrants	Perspectives		Focus		Drivers	
	Internal	External	Past-present	Present-future	Qualitative	Quantitative
Human	X			X	X	X
Processes	X		X		X	X
Structural	X		X		X	X
Relational		X		X	X	X

METHOD

THE PROCESS

Where, how, with whom, for whom and through what the wealth of organizations is created



VALUATION - REAL BUSINESS VALUE

FORMULA

VALUATION - REAL BUSINESS VALUE

$$\mathbf{RBV = KA + EMV}$$

RBV = Real Business Value

KA = Knowledge Assets

EMV = Equity at Market Value

VALUATION - REAL BUSINESS VALUE

$$RBV = KA + EMV$$

$$KA = (CAR + VAI) \times (1 + VCA)$$

VALUATION - REAL BUSINESS VALUE

STEP 1

$$\mathbf{KA} = (\mathbf{CAR} + \mathbf{VAI}) \times (1 + \mathbf{VCA})$$

KA = Knowledge Assets

CAR = Comprehensive Assessment Result

VAI = Value-Adding Investment

VCA = Valuation Coefficient Assessment

COMPREHENSIVE ASSESSMENT RESULT (CAR)

STEP 1

$$KA = (CAR + VAI) \times (1 + VCA)$$

$$CAR = \frac{\sum_{i=1}^7 (FCF_i - A/E_i \cdot HR_i)}{7}$$

FCF = Free Cash Flow

HR = Hurdle Rate

A/E = Total Assets or Equity

COMPREHENSIVE ASSESSMENT RESULT (CAR)

i	1	2	3	4	5	6	7	Subtotal
Periods	-3	-2	-1	0	+1	+2	+3	
(=) EBITDA								
(-) Investments								
(=) FCF								
(-) Opportunity cost as Total Assets or Equity $\times$ Hurdle Rate								
(=) CAR								
Average								
Standard deviation								
CAR $-\sigma$								
CAR								
CAR $+\sigma$								

VALUE-ADDING INVESTMENT (VAI)

STEP 1

$$KA = (CAR + VAI) \times (1 + VCA)$$

$$VAI = \frac{\sum_{i=1}^7 (VAI_{hi} + VAI_{pi} + VAI_{si} + VAI_{ri})}{7}$$

VAI_h = Value-Adding Investment of the human quadrant

VAI_p = Value-Adding Investment of the process's quadrant

VAI_s = Value-Adding Investment of the structural quadrant

VAI_r = Value-Adding Investment of the relational quadrant

VALUE-ADDING INVESTMENT (VAI)

i	1	2	3	4	5	6	7	Subtotal
Periods	-3	-2	-1	0	+1	+2	+3	
Variable 1								
Variable n								
(=) VAI (h, p, s, r)								

VALUE-ADDING INVESTMENT (VAI)

	1	2	3	4	5	6	7	Subtotal
Periods	-3	-2	-1	0	+1	+2	+3	
VAI (h)								
VAI (p)								
VAI (s)								
VAI (r)								
VAI								
							Periods	
							Average	
							Standard deviation	
							VAI $-\sigma$	
							VAI	
							VAI $+\sigma$	

VALUATION COEFFICIENT ASSESSMENT (VCA)

STEP 1

$$KA = (CAR + VAI) \times (1 + VCA)$$

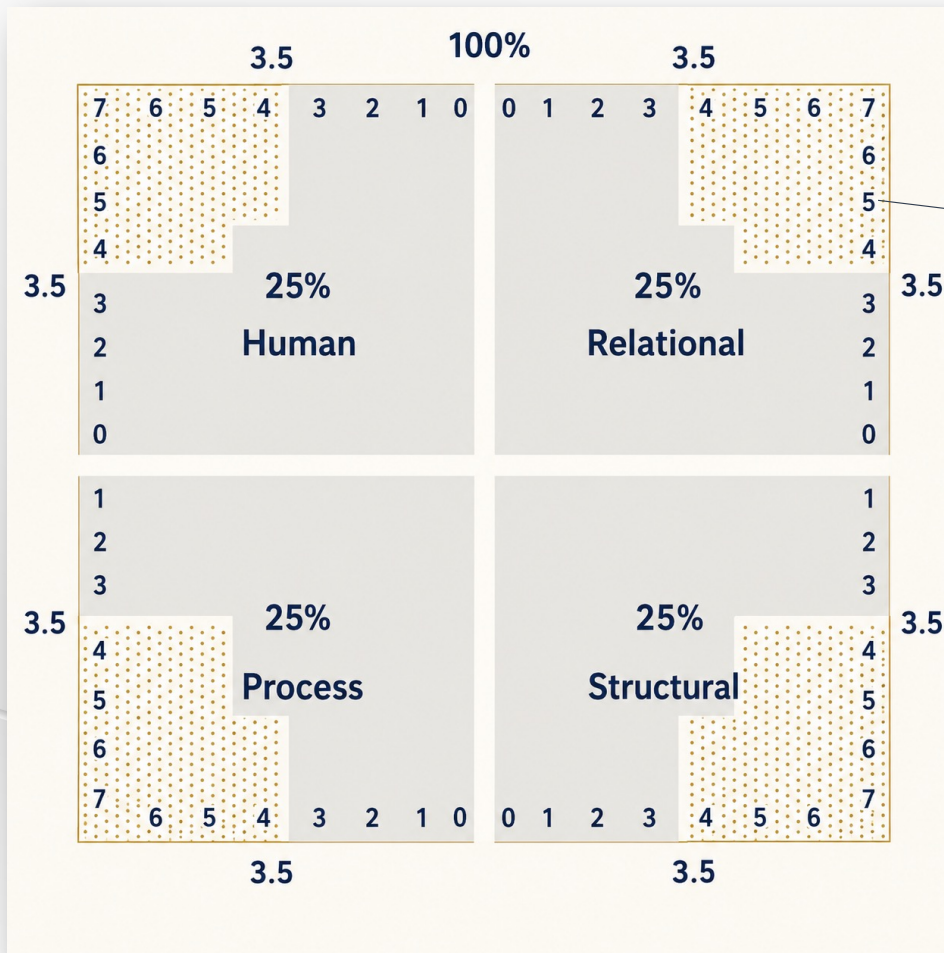
$$VCA = VCA(h, p, s, r) + 1 + \sum_{i=1}^n ((\mu VAR - 3.5) 0.071429)$$

VCA (h, p, e, r) = Calculation of the Valuation Coefficient Assessment of the human, processes, structural and relational quadrants
 μVAR = Average value of evaluations of each variable

THE FACTOR 0.071429 AND VALUE-ADDING

$$VCA = VCA(h, p, s, r) 1 + \sum_{i=1}^n ((\mu\text{VAR} - 3.5) 0.071429)$$

THE FACTOR 0.071429 AND VALUE-ADDING



$$\begin{array}{rcl} 25\% & \div & 7 = 0.03571 \\ 3.571429 & - & 3.5 = 0.071429 \end{array}$$

Each note can reach 3.571429
so that the quadrant
can reach 25%.

VALUATION COEFFICIENT ASSESSMENT (VCA)

	Assessments				Average	Standard	Difference	Factor	VCA
	1	2	...	n	(a)	(b)	(c=a - b)	(d)	(e = c x d)
Variable 1						3.5		0.071429	
Variable n						3.5		0.071429	
VCA (h, p, s, r)									

VALUATION COEFFICIENT ASSESSMENT (VCA)

Valuation Coefficient Assessment	subtotal
VCA (h) - human quadrant	
VCA (p) - processes quadrant	
VCA (s) - structural quadrant	
VCA (r) - relational quadrant	
VCA (h + p + s + r)	
1 + VCA	

VALUATION - REAL BUSINESS VALUE

STEP 2

$$RBV = KA + EMV$$

$$EMV = AMV - LPV$$

EMV = Equity at Market Value

AMV = Assets at Market Value

LPV = Liabilities at Present Value

VALUATION – REAL BUSINESS VALUE

THE COMPLETE FORMULA

VALUATION – REAL BUSINESS VALUE

RBV

$$= \left\{ \left(\frac{\sum_{i=1}^7 (FCF_i - A/E_i - HR_i)}{7} \right) + \left(\frac{\sum_{i=1}^7 (VAI_{hi} + VAI_{pi} + VAI_{si} + VAI_{ri})}{7} \right) \right. \\ \left. \times \left(1 + VCA(h', p', s, r) \right) + \sum_{i=1}^n ((\mu VAR - 3.5) \cdot 0.71429) \right\} + (AVM - LPV)$$

$$RBV = KA + EMV$$

VALUATION REAL BUSINESS VALUE METHOD

STRATEGIC DECISIONS ENABLED BY REAL VALUE ASSESSMENT

1. Strategic Planning

Align strategy with real value drivers (human capital, innovation, etc.)

Identify competitive advantages and sustainable paths

Use RBV to guide long-term strategic goals

2. Investment and Resource Allocation

Evaluate value-adding investments (VAI) across four quadrants

Prioritize investments in knowledge assets

Optimize resource allocation for long-term value

3. M&A and Company Valuation

Use RBV in mergers and acquisitions involving intangibles

Calculate Equity at Market Value (EMV) with accuracy

Support negotiations with funders and partners

4. Performance Monitoring

Track Comprehensive Assessment Result (CAR)

Compare free cash flow with opportunity costs

Identify areas for operational improvement

5. Governance and Communication

Provide transparency to stakeholders

Facilitate board-level decisions

Showcase the impact of strategic initiatives