

Business Valuations



What is Business Valuation?

- **Business valuation is like finding out how much a company is worth by looking at its finances and comparing it to similar companies.**
- **It helps people decide if they want to buy or invest in it. It's like putting a price tag on a business.**

Why does it matter?

- **Business valuation is crucial for informed decision-making.**
- **Whether you're buying or selling a company, securing financing, or making strategic choices, understanding the true value of a business is essential.**

Types

- **Business valuation methods vary, with each offering unique insights.**
- **We'll delve into the Income Approach, Market Approach, and Asset-Based Approach in the following slides.**

Market Approach

- **The Market Approach relies on comparing your business to similar companies that have been sold.**
- **It's a favored method when there are robust market comparables available.**

Asset Based Approach

- **The Asset-Based Approach centers on assessing a business's value by subtracting its liabilities from the value of its assets.**
- **This approach is commonly used in asset-heavy industries.**

Income Approach

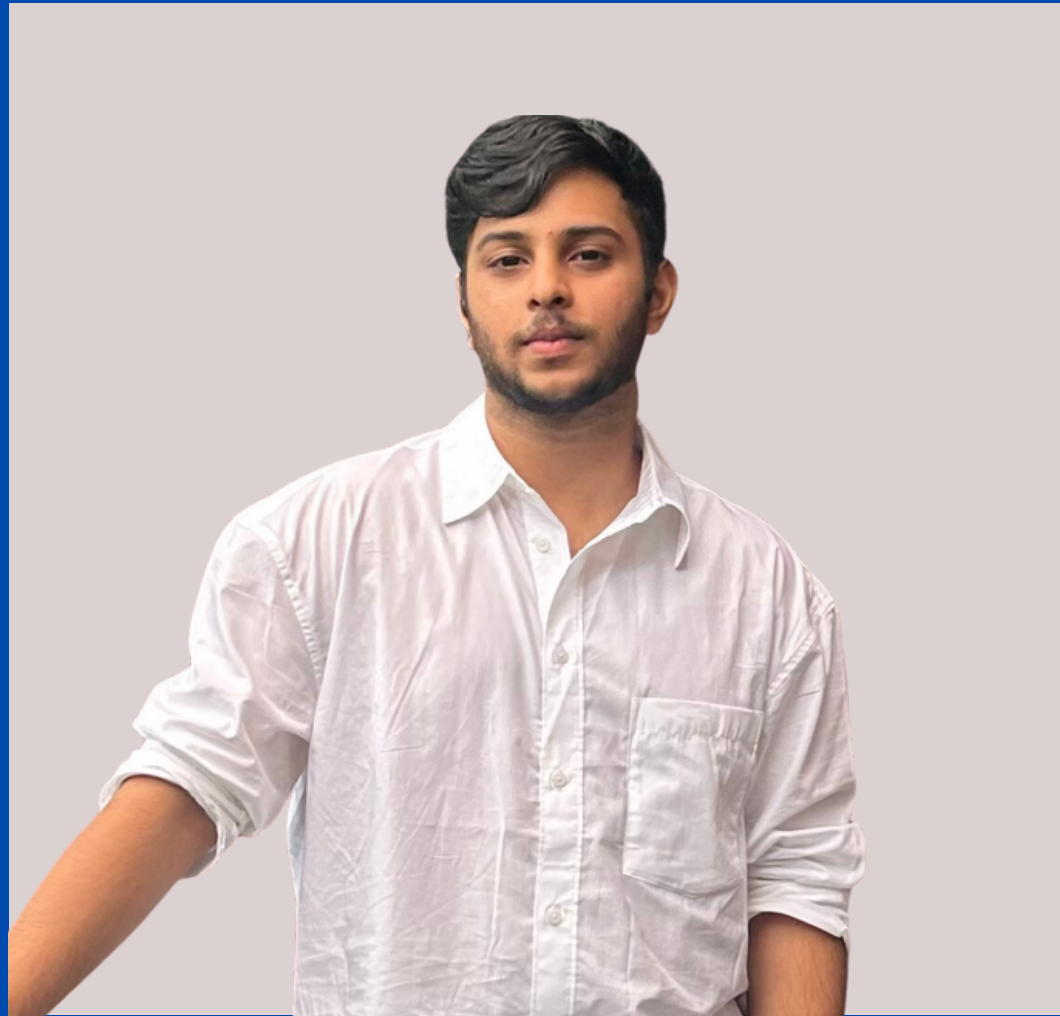
- **The Income Approach assesses a business's potential future cash flows and discounts them to present value.**
- **This method is particularly useful for startups and high-growth companies.**

Key Considerations in Valuation

- **Several factors can influence a business's valuation, such as market conditions, industry trends, competition, and the quality of management.**
- **Understanding these factors is vital.**

**We will get into more depth in the
techniques of valuations in the
upcoming posts!**

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