

THE
VALUATION EXPERTS



30 YEARS OF VALUATION

OVER 1,000 VALUATIONS

Business valuation operates in tension between accounting, corporate planning, company law, financial mathematics, statistics, tax law and economics.

In 1991 the company was founded to create a specialized consulting unit for this complex task.

Valuation reports become necessary in the case of inheritance disputes, structural measures under stock corporation law, tax valuation occasions as well as when shareholders leave the company, to name just a few examples. For the parties involved, a lot of money is regularly at stake in these cases.



Christoph Wollny

Diploma in Business | Tax Advisor | Auditor



*We believe there is no room for
second-best solutions.*

FINDING SOLUTIONS

AND COMMUNICATING THEM CONVINCINGLY

We pursue business valuation as a passion. Mandates are not just processed but handled with the aim of finding the best possible solution. The praise and satisfaction of our clients are a daily incentive for us. Three decades of valuation routine sharpen our eye for the non-obvious solutions in valuation issues.

Comprehensive valuation know-how creates sovereignty in the defense of our appraisals, whether before ordinary courts or arbitration tribunals, vis-à-vis the tax authorities or professionals of opposing negotiating parties.

Successful appraisal work consists not least of the ability to explain the results in a comprehensible manner and to present them convincingly.



*This benefits
our clients.*



CUSTOMER SATISFACTION



OUR DAILY DRIVE | EXCERPTS 1

Many thanks to Mr Wollny and his team. We were advised in a highly competent and very friendly manner. After a short familiarisation with our individual business model, we were always asked the right (sometimes uncomfortable) questions, which showed that the „key factors“ were quickly understood. As a result, a determined approach by the Wollny team was apparent right from the start, which in the end led to a pleasing result for us. Further cooperation in the future is very conceivable for us at any time if the need arises.

**Albert Weber, Executive Vice President Finance,
Member of the Executive Board of Epigenomics AG, Berlin**

In connection with the settlement of a departing shareholder, the valuation of our company was necessary. Mr. Wollny and his team worked out the essential issues of the planning calculation together with us and presented a professional valuation report as a result, which formed the basis for a good and amicable solution between the shareholders. We would like to express our sincere thanks for the cooperation and can expressly recommend WOLLNY WP on the basis of our experience.

**James Francum and Dr Zuhdi-Eldin Hussein,
Shareholders of GxP-CC GmbH, Kaiserslautern**

The purchase interest of a strategic investor opened up interesting future prospects for my company. The subsequent negotiations were time-consuming and turned out to be difficult. Thanks to the professional organisation and management of the sales process and her negotiating skills, a result was achieved that would not have been possible without this advice.

**Ralph Sonntag, shareholder of Edi.Son Energietechnik GmbH,
Wustermark**

In the course of a tax audit, the tax authorities based the conversion of my sole proprietorship into a limited liability company on what I considered to be a completely excessive enterprise value. I commissioned WOLLNY WP to prepare a counter-assessment and the subsequent correspondence with the tax authorities. The subsequent agreement on an appropriate company value was reached to my complete satisfaction. Thank you again for your help and great cooperation.

Robin Wink, Bad Ems

CUSTOMER SATISFACTION



OUR DAILY DRIVE | EXCERPTS 2

*Dear Mr Wollny,
In connection with the purchase of a company, claims for an increase in the purchase price were disputed. The valuation report we commissioned from WOLLNY WP and your convincing explanations convinced the court and saved us from great damage.
Many thanks again for this.*

**Albert and Paul Sprehe, shareholders of the Sprehe Group,
Cloppenburg**

We would like to thank Mr Wollny and his team for the pleasant cooperation and the necessary perseverance in determining an objective company value for our group of companies in connection with a tax valuation occasion. The valuation date was already several years ago. The result led to a pleasing outcome for us. Further cooperation in the future is intended.

**Jürgen Rannacher, Member of the Board of VSTR AG Rodewisch,
Rodewisch**

I have used the service of WOLLNY WP several times. I can only recommend!

**Rüdiger Andresen, Auditor, Tax Advisor
REVISA Andresen GmbH & Co. KG Auditing company Tax consulting company**

The purchase price was determined on the basis of an appraisal by WOLLNY WP, which was prepared in advance and formed the basis for the subsequent sales negotiations. The employees and management of WOLLNY WP handled both tasks excellently with great commitment, comprehensive expertise and a high level of negotiating skills.

**Dieter Kroll, Partner of Schwäbische Werkzeugmaschinen GmbH,
Schramberg-Waldmössingen**

My personal recommendation for other clients: A medium-sized company is never able to sell a company successfully on its own. It would be the biggest wrong decision at the end of a long successful management.

**Günter Ruß, Managing Director of Schleifscheibenfabrik Rottluff GmbH,
Chemnitz**

On the basis of the experience I have gained, I can expressly recommend WOLLNY WP GmbH for any tasks in the field of planning, valuation and M&A consulting.

**Christoph Rainer, Managing Director of Schließenanlagen GmbH Pfaffenhain,
Jahnsdorf**

AN EAR TO THE GROUND



SEMINAR "BUSINESS VALUATION FOR TAX VALUATION PURPOSES, COMPANY ACQUISITION AND COMPENSATION"

More than 1,000 listeners have taken part in the series of lectures on „Business Valuation and Acquisition and Sale of Businesses“. The business valuation seminar, designed for the German Federal Chamber of Tax Advisors, has been attended by tax advisors, auditors and lawyers since 2008.

The direct professional exchange with professional colleagues and company representatives currently shows the issues in practice. We use these suggestions to develop solutions for our valuation models. Former seminar participants have remained loyal to us for years and consult us with their valuation tasks.



...weil Know-how in der Unternehmensbewertung eine Voraussetzung für kompetente Beratung bei Nachfolgeregelung, MBOs, Gesellschafterabfindung und Unternehmensverkauf ist.

BSIBK BUNDES
STEUERBERATER
KAMMER



Christoph Wollny WP, StB, Berlin

VALUATION EXPERTISE

IN COLD PRINT

The objectified company value is now available in its third edition. Professional colleagues and judges praise the successful conception. The differentiated treatment of theoretical issues, practical topics and the viewpoint of case law leaves no question unanswered in daily valuation work.

Business Valuation for Inheritance Tax is devoted to specific tax valuation aspects. The book contribution in the Legal Handbook on Business Valuation by the publishers Fleischer/Hüttemann deals in a hitherto untreated form with the determination of company values in connection with claims for damages, inter alia in the wake of company acquisitions.



VALUATION KNOW-HOW

COMPREHENSIVE AND SPECIALIZED | 1 – 8

Valuation under Company Law

Certain valuation occasions arise due to legal provisions, such as in the following cases:

- Redemption of the shares of a GmbH shareholder
- Termination of the partnership position in a partnership
- Death of a co-partner and compensation of heirs
- Exclusion of shareholders (squeeze-out)
- Merger of public companies
- Conclusion of a profit transfer agreement

Since the rights of the shareholders are interfered with or these rights are changed, the shareholders or their legal successors have a claim to compensation. The Basic Law and company law standards provide for compensation at the market value. This is determined by a company valuation. For compensation cases, the enterprise value is to be determined as an objectified enterprise value.

Our Services

- Company valuation taking into account the relevant legal regulations and case law
- Analysis and consideration of the tax consequences of the settlement regulation
- Determination of objectified company values in the case of occasion-related tax typification
- Determination of company and investment values for all legal forms
- Preparation of expert opinions for courts
- Acting as auditors of valuation reports in the case of statutory valuation events

Your Benefits

- Professional handling of complicated valuation cases
- Use of valuation professionals with extensive experience
- Appraisal work on schedule, even in time-critical cases
- Competent negotiation in valuation matters
- Use of up-to-date valuation know-how
- Extensive experience with regard to the procedures and requirements of court appraisals

VALUATION KNOW-HOW

COMPREHENSIVE AND SPECIALIZED | 2 – 8

Expert Opinions for Litigation

Expert witnesses advise the parties or the court in court proceedings if the parties involved do not have the necessary specialist knowledge or wish to hear a third party on the subject matter.

In these cases, we are regularly instructed on issues that are largely related to the topic of business valuation. The clients for the preparation of expert reports are the courts or one of the parties.

Our Services

- Carrying out company valuations and preparing valuation reports or expert reports for the courts
- Determination of the purchase price in the case of disputed purchase agreements, if necessary in conjunction with guarantees or earn-out clauses
- Determination of the business value or goodwill in the case of severance claims
- Determination of the amount of compensation to be paid to departing shareholders
- Determination of the equalisation of accrued gains in the case of communities of accrued gains
- Determination of the claim to a compulsory portion of disinherited relatives
- Valuation of assets in the case of inheritance disputes

Your Benefits

- Many years of experience in the preparation of relevant expert opinions
- Competent and experienced representation of the results of the expert report in court

VALUATION KNOW-HOW

COMPREHENSIVE AND SPECIALIZED | 3 – 8

Compensation of Damages

Damage to a company can result from tort or breach of contract. The damage is determined according to the logic of the civil law difference hypothesis by means of two company valuations.

The value of the enterprise is to be determined as it appears in the actual state after the damage. This state is to be compared with the hypothetical value of the enterprise without the damaging event.

Both company values are determined within the framework of a valuation report. The normative basis for this procedure is the claim for **lost profit**. The **determination of damages as differential damages** must take into account the special features of damages law in connection with the information that can be taken into account.

Our Services

- Professional preparation of business valuations and valuation reports
- Skilled communication and defence of the valuation results

Your Benefits

- Experience with valuation peculiarities under damage law
- Presentation and communication in court between parties and advising lawyers

VALUATION KNOW-HOW

COMPREHENSIVE AND SPECIALIZED | 4 – 8

Business Valuation in the Case of Inheritance, Claim to a Compulsory Portion and Equalisation of Gains

If the children of the deceased, his parents or his spouse are excluded from the succession, i.e. disinherited, they are entitled to the so-called compulsory portion. The compulsory portion is a monetary claim. If the estate includes companies or participations in companies, their market value must be determined by a company valuation. The business valuation must determine an objective business value within the framework of a valuation report in order to be able to derive the **claim to the compulsory portion**. Regulations in the will as to how the estate is to be valued are irrelevant. The valuation date is the date of the inheritance.

If a marriage is divorced under the statutory matrimonial property regime, the spouses are entitled to **equalisation of gains**. To determine the gain, the respective assets at the beginning of the marriage (initial assets) and at the time of the pendency of the divorce (final assets) are compared with each other. The increase in the final assets compared to the initial assets is the basis for determining the gain. If the initial or final assets include a company or a share in a company, its market value must be determined by means of a company valuation as an objectified company value.

Our Services

- Professional preparation of business valuations and valuation reports
- Skilled communication of the valuation results

Your Benefits

- Experience with valuation peculiarities under inheritance law
- Experience with valuation peculiarities under family law
- Presentation and communication in court between parties and advising lawyers

VALUATION KNOW-HOW

COMPREHENSIVE AND SPECIALIZED | 5 – 8

Fairness Opinion

Fairness opinions are opinions on the appropriateness of prices when buying or selling companies. The aim is to safeguard the acting corporate bodies on the buyer or seller side and to document their basis for decision-making. The subject of the valuation is the client.

Furthermore, fairness opinions are used when the board of directors and the supervisory board of the target company have to give an opinion on a public takeover bid within the scope of § 27 WpÜG. In this case, the shareholders of the target company are the subject of the assessment. Technically, the fairness test is carried out using the capitalised earnings value or DCF method and multiplier methods in the broadest sense, i.e. making intensive use of transaction data available on the capital market.

Fairness opinions are regularly issued under time restrictions and on the basis of limited available information, and in this respect differ from a regular company valuation according to IDW S1.

Our Services

- Review of the business plan on which the purchase price is based
- Company valuation according to all common valuation methods
- Valuation as a range (best case, worst case)

Your Benefits

- Derivation of realistic company purchase prices
- Acceleration of loan applications through professional preparation
- Avoidance of costly wrong decisions
- Preparation of detailed valuation bases for purchase price guarantees

VALUATION KNOW-HOW

COMPREHENSIVE AND SPECIALIZED | 6 – 8

Tax-based Company Valuations

In certain situations, tax law requires company values or share values as the basis of assessment for tax collection. This applies, for example, in the following cases:

- Inheritance of companies or shares in companies
- Donation of enterprises or shares in enterprises
- Relocation of business divisions from companies based in Germany to other countries
- Relocation taxation - transfer of the entrepreneur's place of residence abroad
- Contribution, merger or demerger of companies
- Reorganisation of companies taking into account tax losses carried forward

The valuation of a company does not follow general valuation standards, but is regulated specifically for each case under tax law. For example, the regulations of the Valuation Act apply to cases of donation or inheritance. For cases of relocation of business areas, the regulations of the Foreign Tax Act or the Relocation of Functions Ordinance apply.

Our Services

- Company valuation taking into account the relevant tax regulations and case law
- Analysis of the tax consequences
- Optimisation of the tax consequences
- Preparation of expert opinions for submission to the tax office

Your Benefits

- Professional handling of relevant valuation cases
- Use of recognised valuation specialists
- Application of comprehensive valuation knowledge
- Routine coordination of valuation issues with the tax authorities
- Utilisation of potential for tax minimisation

VALUATION KNOW-HOW

COMPREHENSIVE AND SPECIALIZED | 7 – 8

Impairment Test

The impairment test is an impairment test to be carried out at least annually to evaluate fixed asset items that are not depreciated according to schedule. This applies to goodwill recognised in the context of company acquisitions as well as intangible assets such as brands, technologies, customer bases or patents.

The impairment test is carried out in accordance with the accounting standards US-GAAP (two-step test) and IAS/IFRS (one-step test). In both cases, a forecast of the expected future cash flows is required as part of a planning calculation. To discount the cash surpluses, a calculation interest rate or discount rate must be determined.

The present value determined in this way (“fair value less costs to sell” or “value in use”) must be compared with the book value of the asset and any resulting depreciation must be calculated as an impairment loss.

Our Services

- Preparation, implementation and review of impairment models
- Determination of the valuation-relevant cash surpluses and derivation of the fair value less costs to sell or the value in use
- Determination of the cost of capital
- Carrying out scenario and sensitivity analyses for the main value drivers
- Determination of the need for impairment

Your Benefits

- Many years of experience in the preparation of planning calculations and the valuation of companies and assets
- Professional planning and valuation models
- Reliable identification and quantification of impairment risks

VALUATION KNOW-HOW

COMPREHENSIVE AND SPECIALIZED | 8 – 8

Determination of Beta Factors and Capital Costs I

The cost of capital is the interest rate used to discount the cash flows relevant to the valuation. The determination of the cost of capital is thus an essential component of business valuations. For the determination of cost of capital, the valuation standard IDW S1 explicitly refers to the capital market-based Capital Asset Pricing Model (CAPM or Tax-CAPM), according to which the cost of equity can basically be broken down into a base interest rate, a beta factor and a market risk premium. The beta represents the company-specific risk and measures the price fluctuation of the individual value (the individual value risk) in relation to the market (market risk).

The beta factor is determined on the basis of a linear regression of returns. In practice, a valuer is regularly faced with a challenge in this process: in the case of unlisted companies, the derivation must be made via the returns of suitable listed comparable companies (peer group).

In the context of “unlevering” and “relevering”, an adjustment to the specific financing risk of the company to be valued is also necessary. The selection of peer group companies and an improper calculation of the beta regularly become a point of discussion in the context of legal disputes. We determine peer groups, beta factors and cost of capital for your company valuation on an order-related basis and, upon request, prepare a corresponding report section for your expert opinion. If you have any questions, please do not hesitate to contact us.

Phone: **+49 (30) 20 39 57 0** – Mail: beta@wollnywp.de

Our Services - Beta Factors

- Identification of suitable peer companies from a pool of more than 60,000 listed companies and compilation of a peer group
- Examination of liquidity criteria of the stocks (trading volume, regularity of trading, bid/ask spread)
- Calculation of levered and unlevered beta factors over different time periods (e.g. 2 years, 5 years) and return intervals (e.g. weekly, monthly)
- Additional calculation of total beta, adjusted beta, debt beta
- Analysis of the dependence of the beta factor on the day of the week
- Relevering of the beta factor
- Transparent preparation of results and report sections for your valuation report

VALUATION KNOW-HOW

COMPREHENSIVE AND SPECIALIZED | 8 – 8

Determination of Beta Factors and Capital Costs II

Our Services - Cost of Capital

- Derivation of the base interest rate according to the specifications of IDW S1
- Notes on the historical market risk premium and the market risk premium recommended by IDW
- Calculation of cost of capital (cost of equity, cost of debt,

Our Services - Further Services

- Calculation of trailing and forward multiples from the peer group
- Review of your cost of capital calculation
- Review of your valuation model
- Review of your valuation report

Your Benefits

- Extensive experience in the determination of beta factors and cost of capital
- Use of professional tools to determine the cost of capital parameters
- Reliable, IDW S1-compliant cost of capital parameters supported by case law
- Transparent documentation of the results for your expert opinion

TRANSACTION CONSULTING

1 - 2

Transaction consulting for the sale of companies

Our Services

- Creation of a list of potential buyers (long list)
- Coordination of potential buyers with the client (short list)
- Preparation of a company description for the approach of a buyer
- Company valuation and derivation of achievable sales prices
- Addressing the selected potential buyers
- Arrangement of confidentiality agreements
- Informing potential buyers about key company data
- Obtaining indicative purchase price offers
- Selection of interested parties to be shortlisted
- Transmission of the company description to selected interested parties
- Arrangement of initial talks between interested parties and client
- Negotiation of the key points of the company sale
- Involvement of a lawyer and contract negotiation
- Ongoing information and coordination at every step of the sales process

Your Benefits

- Überwachung des Unternehmensverkaufs aus der Distanz
- Störungsfreie Weiterführung der laufenden Geschäfte
- Nutzung der Erfahrung professioneller Transaktionsberater
- Vermeidung von Konflikten mit Kaufinteressenten
- Zeitersparnis durch Delegieren der Verkaufsorganisation
- Überlegene Entscheidungen durch strukturierte Vorgehensweise
- Faktenbasierte Verhandlungsführung
- Optimales Verkaufsergebnis

TRANSACTION CONSULTING

2 - 2

Advice on the sale of a company - why?

Entrepreneurs have a lifetime of successful operations and therefore have a business that is of interest to buyers. Why should you hire a consultant to sell your business?

The sales price of a business is derived from its value. The value of a company follows from a complicated valuation logic. Multiplier valuations are only a weak substitute for a sound valuation. To be able to appreciate a buyer's offer, one must know the "right" value. Otherwise, the property is sold too cheaply or not sold at all due to exaggerated expectations. A professional transaction advisor takes care of this by providing a professional valuation.

Negotiations about the company concern a life's work. Enthusiasm or disappointment are bad advisors for negotiating on one's own behalf. The transaction advisor creates distance from the sales process and enables rational decisions to be made calmly and with a sense of proportion. The involvement of the transaction advisor on the seller's side signals to experienced buyers that professionals are leading the sale and that an appropriate price must be offered.

The organization of a company sale follows its own rules. If the buyer's side is supported by experienced advisors, which is the rule, then the seller is quickly at a disadvantage. Steps taken at the wrong moment cannot usually be repaired afterwards. An experienced transaction advisor knows the rules of the game and ensures a professional and successful course of the sales process. The seller is informed about every step of the process in advance and only appears on the scene when the final decisions are required. This also protects his standing and reputation.

THE VALUATION EXPERTS

FOR 30 YEARS

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