

Valuation Framework

Purpose

Provide a pragmatic range and drivers so sellers understand how value is determined before formal diligence.

Core Methods

- EBITDA multiple cross-check with FCF yield guardrails
- Quality-of-Earnings (QoE) adjustments: add-backs, one-time items, owner comp normalization
- Risk-adjusted range: customer concentration, churn, cyclicity, and key-person risk
- Growth vector overlay: organic, pricing power, operating leverage

Range Drivers & Typical Bands

- Revenue quality: recurring vs. project-based
- Margin quality: gross and contribution margin consistency
- Working capital intensity and cash conversion
- Retention and cohort stability
- Operational maturity: systems, process, compliance

Sanity Checks

- Public/private comps triangulation
- Payback period within disciplined threshold
- Sensitivity analysis on two critical assumptions