

# Valuation Services for Private Equity Structures

Providing efficient valuation methods and tools  
April 2012

*Market turbulence, credit crisis, and pressure from governing bodies for additional regulation in the alternative investment sector are some important elements which we believe will put an increasing emphasis on the requirement to have a strong and reliable fair valuation process for private equity assets. Going forward, General Partners can expect investors, auditors and regulators to scrutinise their valuation estimation more closely.*



## Your challenges

Fair value intends to provide investors with a transparent view of the performance on their investment. Regardless of the methods and assumptions utilised when calculating fair value, it is essential to be in a position to thoroughly explain the reasoning behind them. In today's volatile economic environment, exercising and exhibiting sound judgement when making these choices is more important than ever.

- As a General Partner, are you comfortable with the due diligence process in place before approving a deal? Are you ready to answer investors questions on the price paid or received from the investment transaction?
- As an independent director of a Private Equity entity, are you confident and ready to sign off on the fair value of the assets of the entity?
- As Management, don't you believe that obtaining external fair valuation or external assistance in the fair valuation process is a principle of good governance?
- As a Limited Partner, what level of confidence do you need on your investments value?

# How we can help

## Fair valuations

Our extensive and distinguished client base enables us to deliver leading edge industry and technical perspectives and insights to carry out governance, methodology, process and controls reviews, as well as process improvement assignments, which could include:

- Definition and documentation of fair valuation process,
- Review of fair valuation process quality,
- Periodical review of portfolio fair value,
- Evaluation of controls surrounding fair valuation.

## Transaction

Our team is an expert in providing Valuation Solutions in transactional contexts, either sell-side or buy-side. Robust and timely valuation of a business brings a strong advantage in the negotiation process, giving you an indisputable basis for value discussions surrounding any of the following:

- Mergers & Acquisitions advisory (buy & sell),
- Financial due diligence,
- Bid support and bid defense services.

## Tax Optimisation

Valuation is a critical part of a tax structuring process. Our teams have created efficient tools and techniques accepted by the tax administrations in Luxembourg. Together with our tax experts, we will be your full service tax provider with services such as:

- Tax due diligence,
- Structuring support.

## Reporting & Valuation

We have developed advanced quantitative and qualitative reporting tools which will support your third-party audit process by ensuring an accurate and defensible valuation of any balance sheet and off-balance sheet item held by the company, including:

- OTC valuation: Swaps, PECs / CPECs, Options, etc.,
- Intellectual Property (IP) valuation: brand, license, other IP assets, etc.,
- Fundamental businesses valuation: Discounted Cash Flows models,
- Relative businesses valuation: earnings or transactions multiples, etc.,
- Impairment review: goodwill, participation, IP assets, Purchase Price Allocation.

## Private Equity Training Programme

Through our dedicated training center PwC Academy and our Private Equity Training Programme, our experts can provide your teams with concrete and easy-to-use valuation methods and tools. Our experience is yours.



## Why PwC Luxembourg?

Our valuation experts locally and through our network offer an unrivalled breadth and depth of experience in the valuation sector. We have a large and diverse team of engineers and mathematicians in a broad range of specific markets, such as Infrastructure, Sustainability, Financial Sectors, Pharmaceuticals and Life Sciences, etc., which will ensure that your specific needs are sufficiently addressed.

PwC Luxembourg ([www.pwc.lu](http://www.pwc.lu)) is the largest professional services firm in Luxembourg with more than 2,100 people employed from 57 different countries. It provides audit, tax and advisory services including management consulting, transaction, financing and regulatory advice to a wide variety of clients from local and middle market entrepreneurs to large multinational companies operating from Luxembourg and the Greater Region. It helps its clients create value by giving comfort to the capital markets and providing advice through an industry focused approach.

### To get started, call:

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