

VALUATION MANAGEMENT FOR COMPANY BYTE-TRANSIT- CONTINENT LLC

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SUMMARY

The goal of the master's thesis is to determine the value of Byte-Transit-Continent LLC for potential external investor and the ways, which can lead to increase in the company's value. The thesis is divided into the theoretical and practical part. The theoretical part considers the basic concepts of business valuation, such as value standards, evaluation process, valuation methods. The practical part is based on theoretical part and includes the process of company value determination, which assumes applying the strategic and financial analysis, forecast and planning tools.

ABOUT COMPANY

LLC "Byte-Transit-Continent" is a transport and logistics company, which operates on the road freight shipping market. The company specializes in cargo transportation by road transport. Also, the company provides freight shipping services by railway transport, sea and air transport.

RESULTS

COMPANY VALUE

- Three valuation methods were selected to determine the company's value, such as the DCF method, EVA method and company transaction method. Nevertheless, company's value calculated by DCF entity method is the basic value, since it meets the goals set in this paper. During the negotiation for company's selling price, the company's value determined by DCF entity method will act as a starting point. Thus, company's value obtained by DCF entity method can be considered as final result.

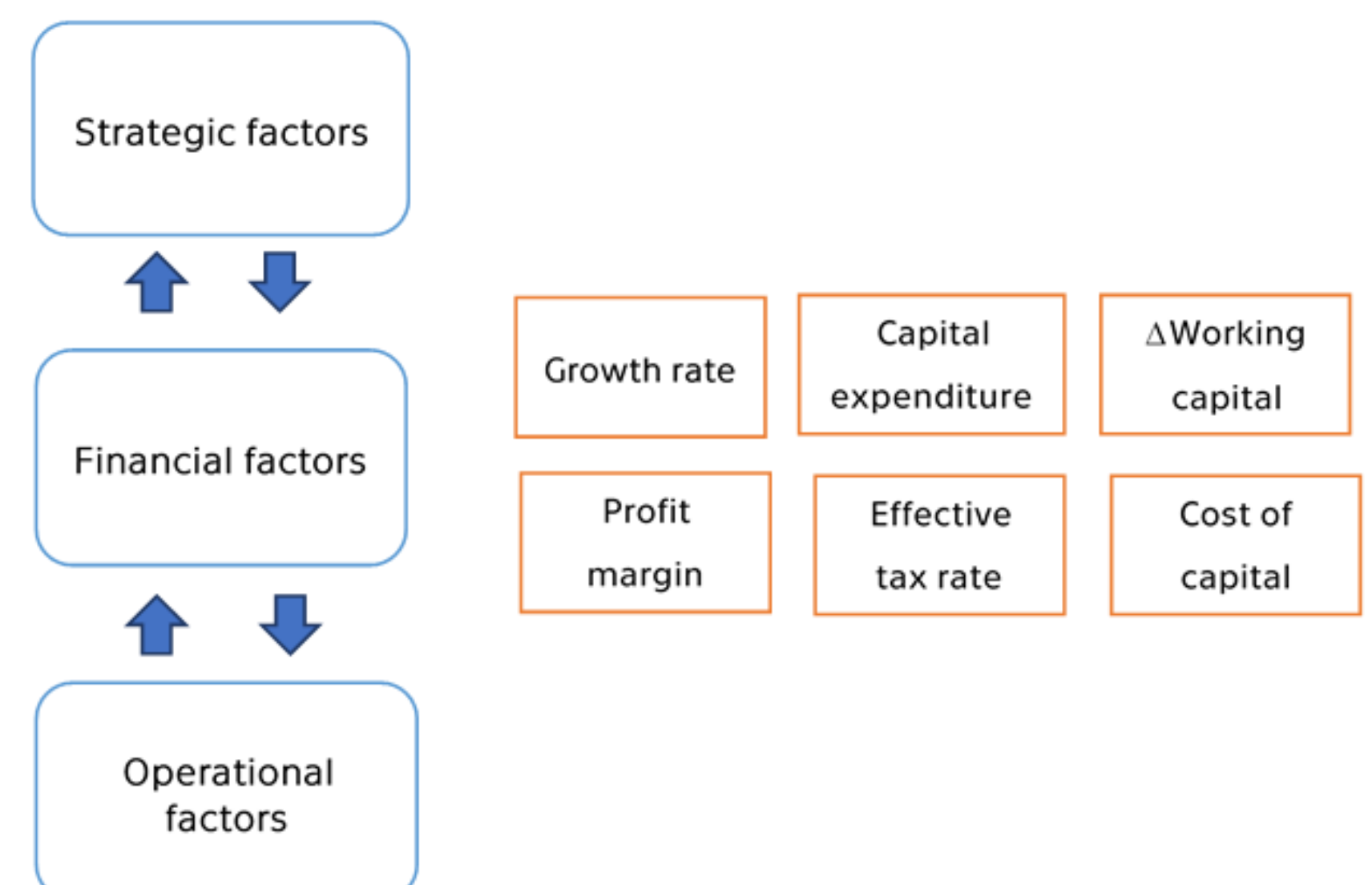
SENSITIVITY ANALYSIS

- Sensitivity analysis was carried out to determine degree of influence of company value factors. The main factors of company value are those, which have a direct impact on the future cash flows. Costs factor has the highest degree of influence on company's value. Thus, if the management intends to rapidly increase the company's value, it should cut the costs or increase sales. The discount rate also has strong influence on the value, however change in this factor more depends on external environment than on company's management.

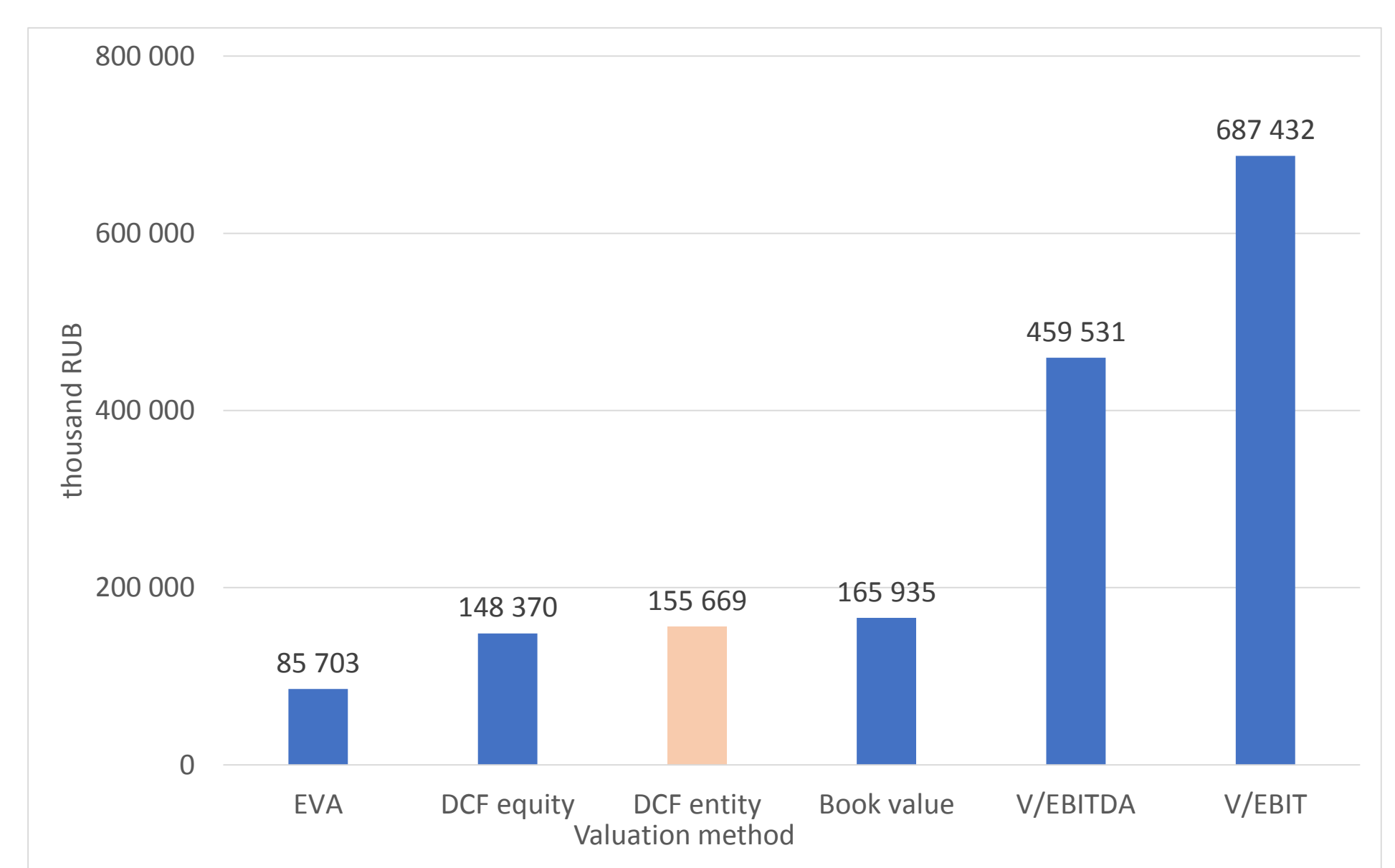
WAYS TO INCREASE COMPANY'S VALUE

- The cutting repair and maintenance expenses by on average 3% and fuel expenses by 2% lead to decrease in the costs of sales by 1,1%. If the costs of sales decrease by 1,1%, the company's value will increase by 23,81% and will amounts to 192 737 thousand RUB.

FACTORS OF COMPANY'S VALUE



COMPANY'S VALUE BY DIFFERENT METHODS



The market value of Byte-Transit-Continent by DCF entity to the valuation date 10th May 2018 amounts to **155 669** thousand RUB

COMPANY'S VALUE DUE TO CHANGES IN VALUE FACTORS

Factors of company value	Changes in value factors					
	-10%	-5%	-1%	1%	5%	10%
Growth rate	-14,4%	-7,6%	-1,5%	1,2%	7,7%	15,4%
Costs	216,4%	108,2%	21,6%	-21,7%	-108,3%	-217,2%
Capital Expenditure	6,5%	3,2%	0,6%	-0,6%	-3,2%	-6,5%
NWC	1,8%	0,9%	0,2%	-0,2%	-0,9%	-1,8%
WACC	13,6%	6,4%	1,2%	-1,2%	-5,7%	-10,8%

COMPANY'S VALUE DUE TO EXPENSES REDUCTION

Repair and maintenance expenses	-3%
Fuel expenses	-2%
Cost of sales	-1,1%
The company's value	+23,81%