

A hand is shown in the upper right corner, holding a red square block and about to place it on top of a staircase. The staircase is built from light-colored wooden blocks, with each step being one block higher than the previous one. The background is a soft, out-of-focus light gray.

CORPORATE FINANCE ADVISORY

FINANCIAL MODEL BUILD

PROVIDING BESPOKE DECISION MAKING
TOOLS FOR YOUR BUSINESS SUCCESS

IDEAS | PEOPLE | TRUST



FINANCIAL MODELLING AT BDO

A robust and flexible financial model is a critical tool for assessing the impact of strategic choices upon your business, as well as for raising finance or investment.

We work with companies, banks and investment funds to design and construct innovative, bespoke financial models across a broad range of industries and sectors.

We have decades of experience and expertise in model build, which we use in parallel with our understanding of investment metrics, financial economics, UK and international accounting standards and funding terms.

Our models are designed with an established methodology, in line with industry best practice, to provide you with a robust, reliable and user friendly model.

We focus heavily on the early stages of design and scope to better manage the build process and ensure the model is built for your requirements from the outset.

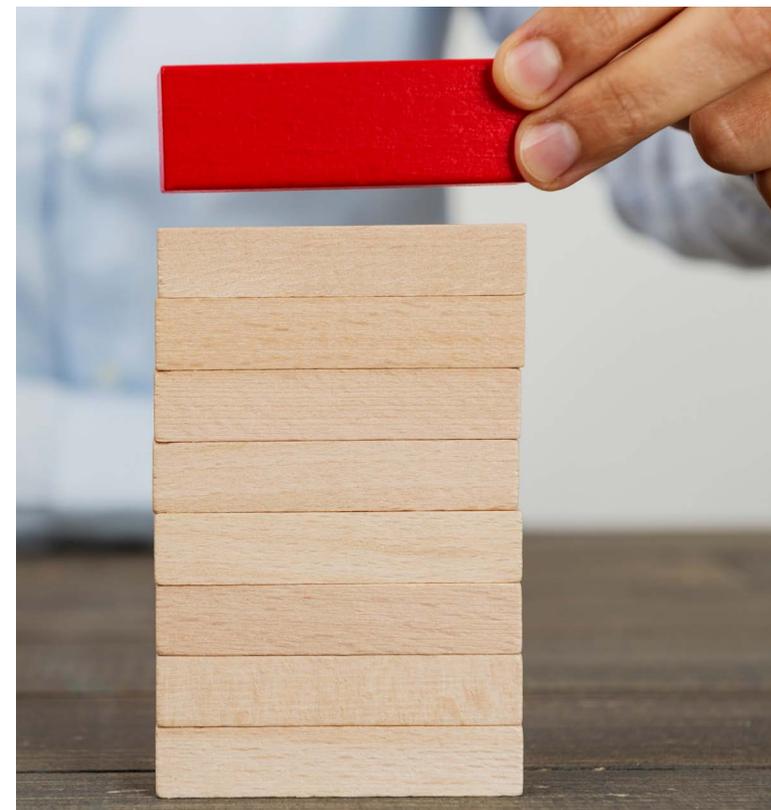
We look to balance granularity and simplicity in order to give you the most readily understood model, meeting your business requirements without unnecessary detail.

We know that financial models can be complicated, so at BDO we design our models to be easy to navigate, flexible and tailored to your needs. This gives model users confidence with a familiar, functional style and easy to follow logic.

Model risk is an issue we take seriously. We have internal quality control procedures, which include peer review, as well as formula and logic review by an independent team to provide you with the confidence needed to assist in your strategic decision making.

WORKING WITH OUR TEAM, YOU WILL BE BETTER ABLE TO:

- ▶ Understand the key operational dynamics of your business and their impact upon your financial performance
- ▶ Identify the impact of key growth areas and risks in the business
- ▶ Create robust and credible forecasts supported by flexible assumptions
- ▶ Improve your strategic decision making processes by viewing multiple scenarios quickly and effectively
- ▶ Evaluate the impact of refinancing
- ▶ Demonstrate that your business has adequate working capital
- ▶ Demonstrate compliance with banking covenants
- ▶ Communicate project performance to key stakeholders
- ▶ Understand the returns impact of a transaction.



OUR MODEL BUILD APPROACH

At BDO our modelling approach is designed to provide you with an efficient, flexible model that meets your objectives.

Our tried and tested approach promotes an efficient and effective development process from start to finish.

SCOPE

01

Develop an understanding of your business and the purpose of the model.

Agree on project scope, deliverables and timings.

PLAN

02

Agree team and stakeholder responsibilities, and the sources of data and assumptions.

Outline the model inputs and outputs. Identify the calculations and processes necessary.

TEST

05

Development team and stakeholders test the model from both a technical and commercial viewpoint.

Evaluate the model functionality and identify areas for further development.

BUILD

04

Build the model according to the design, incorporating regular checks as work progresses.

DESIGN

03

Create prototypes of the inputs and outputs.

Design the structure and calculations to meet objectives, according our best practice methodology.

HANDOVER

07

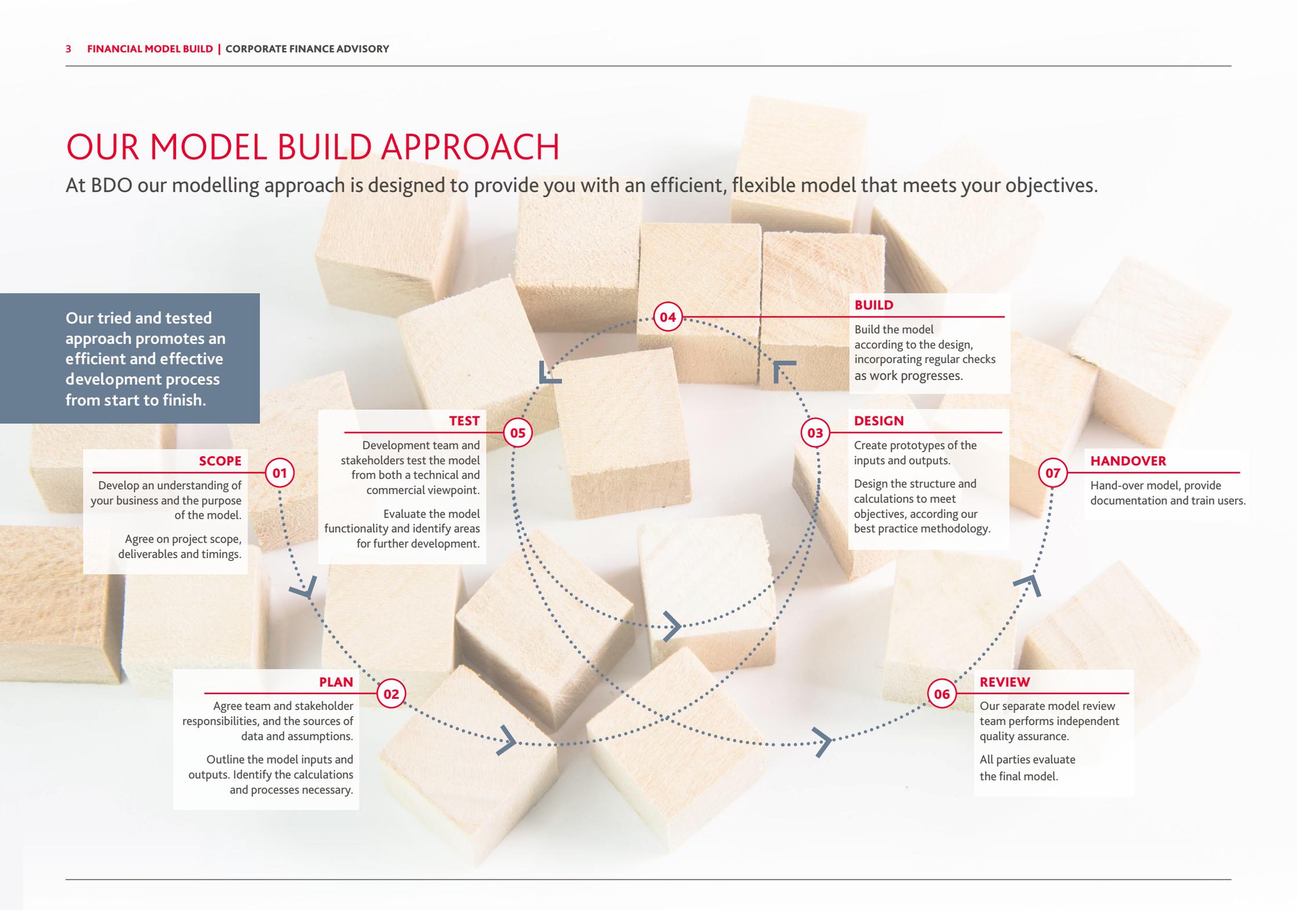
Hand-over model, provide documentation and train users.

REVIEW

06

Our separate model review team performs independent quality assurance.

All parties evaluate the final model.



OUR MODEL BUILD APPROACH (CONT.)

OPERATIONAL MODELLING

Built from scratch using key drivers for your business.

- ▶ Bespoke design for your operations and business fundamentals
- ▶ User friendly focus with logical design and structure
- ▶ Aligned with management accounts for straightforward updating of results
- ▶ Easily traceable and built using simple formula, enabling checks and diligence
- ▶ Detailed scope and design to capture the appropriate level of granularity
- ▶ Key checks give confidence to model integrity and outputs
- ▶ Variance analysis of actual performance against budget
- ▶ Relevant KPI and financial analysis
- ▶ Management of complex accounting
- ▶ Specific working capital design relevant to your business
- ▶ Insight into value drivers with potential transactions in mind.

The models we build at BDO provide you with a dual purpose model; adding long term value through use on an going basis beyond a transaction.

TRANSACTION MODELLING

Our transaction models can be bolted on to a BDO built operational model or an existing client operational model to help you manage any transaction.

- ▶ Returns analysis for existing management and incoming investors
- ▶ Dashboard enables quick changes to deal structure as it progresses
- ▶ Key sensitivities applied to underlying operations
- ▶ Meaningful scenario analysis
- ▶ Bank covenants calculated assisting debt limits and negotiations
- ▶ User friendly dashboards and charts for use in board presentations.

EXPERIENCE AND KNOWLEDGE

Our fully dedicated modelling team has extensive commercial, technical and financial knowledge across a variety of sectors.

MODEL BUILD EXPERIENCE

- ▶ Operational and business planning
- ▶ IPOs
- ▶ LBO/MBOs
- ▶ Private equity
- ▶ Growth and acquisitions
- ▶ Debt and refinancing
- ▶ Project finance
- ▶ Portfolio analysis
- ▶ Discounted cashflows.

SECTOR EXPERIENCE

- ▶ Leisure & travel
- ▶ Retail & consumer
- ▶ Healthcare and life sciences
- ▶ New energy / environmental
- ▶ Real estate & construction
- ▶ Infrastructure
- ▶ Mining
- ▶ Technology, media & telecoms
- ▶ Financial services
- ▶ Shipping & transport.



CREDENTIALS

We work closely with our clients to consistently provide them with high quality and bespoke financial models.

“ BDO produced a model that far exceeded our expectations. It was extremely user friendly and the handover with us enabled our investor presentations to go very smoothly. All the financial aspects of our business were covered off in the final document and at no time were we ever in a situation that we could not answer a question posed by the prospective buyers. ”

THE LAINE PUB COMPANY LIMITED

“ BDO modelling have supported us on multiple transactions and in every occasion they exceeded our expectations, producing high quality, commercial and user friendly models.

The team really understood the drivers of the businesses, and helped to support the Finance Directors throughout. Building a robust and well-designed model ahead of the process enabled diligence to run smoothly, adding value and removing risk from the transaction. BDO have a uniquely joined up approach combining specialist M&A Modellers working alongside their M&A colleagues.

We would absolutely work with them again. ”

RISK CAPITAL PARTNERS

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