



Financial Modeling & Valuation: HPG constructed discounted cash flow valuation model for a dental clinic considering a sale process.

Project Smile DCF Valuation Model

	Historical						Projected				
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net Income	\$32,405	\$37,237	\$10,161	\$41,888	\$4,109	\$42,616					
Loan Repayment	\$51,655	\$69,365	\$70,945	\$47,425	\$70,940	\$17,710					
Free Cash Flow	\$84,060	\$106,602	\$81,106	\$89,313	\$75,049	\$60,326	\$57,603	\$55,002	\$52,520	\$50,149	\$47,885
Discounted FCF	\$84,060	\$106,602	\$81,106	\$89,313	\$75,049	\$60,326	\$46,082	\$35,202	\$26,890	\$20,541	\$15,691

Value Calculation

Terminal Value	\$212,360
LT FCF Growth	2.0%
Discounted Cash Flows	\$144,406
Discount Rate	25.0%

Descriptions:

The final year cash flow in steady-state growth in perpetuity, discounted by discount rate.

The steady-state rate that free cash flow for the business grows in perpetuity.

Sum of all of the discounted projected cash flows.

Discount rate applied to all future cash flows based on industry standards.

Enterprise Value **\$356,766**

Using knowledge of capital markets and modeling HPG helped an entrepreneur know the worth of their business.