Using Duff & Phelps Navigator Data in ValuSource Pro, BVM Pro, and Express Business Valuation

ValuSource is working on developing the functionality to import the data directly from Duff and Phelps Navigator into our valuation software and expect to have this update available soon. However, until we release the update, we want to provide you with a **manual method** of using Navigator data in our software.

The first step is to use the Navigator and export the spreadsheet (or PDF). If you are using the **buildup method**, you will need the risk free rate, the equity risk premium and the industry risk premium. If you are using the **CAPM**, you will need the risk free rate, equity risk premium and the beta and size premium.

Then follow the instructions below based on what version of our software you have:

ValuSource Pro and BVM Pro

In the past, the Duff & Phelps folder was used to input the variables needed to get the data. With the Navigator, those inputs are in the Navigator and not in the software. This means that the Duff & Phelps folder should be ignored. instead go to the appropriate income method.

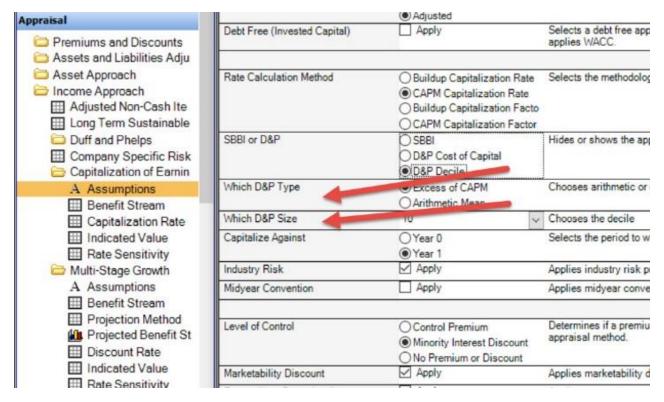
The next step is to set the appropriate assumptions. Choose the appropriate Rate Calculation Method. Buildup or CAPM. These should correspond to your selections in the Navigator.

VSP8 Navigator	ValuSource Pro - Analysis: ins	turctions.vsp		
Financial Statements	Assumption	Change Value		
- montant protections	Earnings Base	After Tax Cash Flow	-	Selects the economic base that is cap taxes, EBITDA is earnings before inte
Financial Analysis	Historic or Adjusted Base	OHistoric		Selects the historic or adjusted finance
Appraisal		 Adjusted 		
Premiums and Discounts	Debt Free (Invested Capital)	Apply		Selects a debt free approach. Adds ba applies WACC.
 Assets and Liabilities Adju Asset Approach Income Approach Adjusted Non-Cash Ite Long Term Sustainable 	Rate Calculation Method	 Buildup Capitalization Rate CAPM Capitalization Rate Buildup Capitalization Fact CAPM Capitalization Fact 	to	Selects the methodology to determine
Duff and Phelps Company Specific Risk Capitalization of Earnin	SBBI or D&P	 S88I D&P Cost of Capital D&P Decile 		Hides or shows the appropriate rows
A Assumptions	Which D&P Type	Excess of CAPM Arithmetic Mean		Chooses arithmetic or excess of CAP
Capitalization Rate	Whiteman fire	10	~	Chooses the decile
Indicated Value Rate Sensitivity	Capitalize Against	OYear 0 ⊚Year 1		Selects the period to which the capital
C Multi-Stage Growth	Industry Risk	Apply		Applies industry risk premia to rate.

The next assumption to set is to the Decile (CRSP) or Cost of Capital (Risk Premium Report)

VSPB Navigator	ValuSource Pro - Analysis: instarctions.vsp				
Financial Statements	 Assumption 	Change Value			
	Earnings Base	After Tax Cash Flow	¥	Selects the economic base that taxes, EBITDA is earnings before	
Financial Analysis	Historic or Adjusted Base	OHistoric	-	Selects the historic or adjuster	
Appraisal		Adjusted			
Premiums and Discounts Assets and Liabilities Adju	Debt Free (Invested Capital)			Selects a debt free approach. J applies WACC.	
Asset Approach Income Approach	Ray Calculation Mithod	 Buildup Capitalization Rt CAPM Capitalization Rat Buildup Capitalization Fac CAPM Capitalization Fac 	e scto	Selects the methodology to det	
Duff and Phelps Company Specific Pak Capitalization of Emnin	SBBI or D&P	 SBBI D&P Cost of Capital D&P Decile 		Hides or shows the appropriat	
A Assumptions	Which D&P Type	Excess of CAPM		Chooses anthmetic or excess	
E Capitalization Rate	Which D&P Size	10	1	Chooses the decile	
Indicated Value Rate Sensitivity	Capitalize Against	OYear0 ⊛Year1		Selects the period to which the	
D Multi-Stage Growth	Industry Risk	Apply Apply		Applies industry risk premie to	
A Assumptions	Midyear Convention	Apply	_	Applies midyear convention to	
Projection Method	Level of Control	O Control Promium		Determines if a premium for co	

If the Decile is selected, then the next two items will be available to select. These select the type and size of the CRSP data. The analysis sheet is not affected by these selections but the report writer will use them to populate the report with the boiler plate text describing them.



If the Cost of Capital or the risk premium report is selected the Type and Size assumptions are greyed out or unavailable.

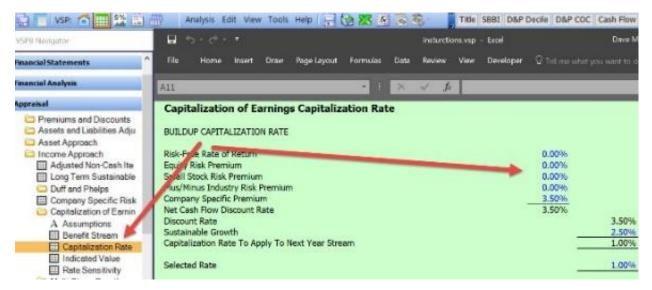
VSP8 Navigator	ValuSource Pro - Analysis: inst	urctions.vsp	
Financial Statements	 Assumption 	Change Value	
	Earnings Base	After Tax Cash Flow	Selects the economic base that taxes, EBITDA is earnings before
Financial Analysis	Historic or Adjusted Base	OHistoric	Selects the historic or adjuster
Appraisal		 Adjusted 	Citeration and Citeration
Premiums and Discounts Assets and Liabilities Adju	Debt Free (Invested Capital)		Selects a debt free approach. / applies WACC.
Asset Approach Income Approach Adjusted Non-Cash Ite Long Term Sustainable	Rate Calculation Method	 Buildup Capitalization Rate CAPM Capitalization Rate Buildup Capitalization Facto CAPM Capitalization Factor 	Selects the methodology to det
Duff and Phelps Company Specific Risk Capitalization of Earnin	SBBI or D&P	SBBI Der cost of Capital D&P Decile	Hides or shows the appropriate
A Assumptions	Which D&P Type	Excess of Comments	Chooses arithmetic or excess
Benefit Stream Capitalization Rate	Which D&P Size	10	Chooses the decile
Indicated Value Rate Sensitivity	Capitalize Against	⊖Year 0 ⊚Year 1	Selects the period to which the
C Multi-Stage Growth	Industry Risk	Apply	Applies industry risk premia to
A Assumptions	Midyear Convention	Apply	Applies midyear convention to

The next assumption to choose is the IRP (Industry Risk Premium) if it is appropriate to the engagement

VSP8 Navigator	ValuSource Pro - Analysis: inst	urctions.vsp	
Financial Statements	Assumption	Change Value	
Financial Analysis	Earnings Base	After Tax Cash Flow	Selects the economic base that taxes, EBITDA is earnings before
rinanciai Analysis	Historic or Adjusted Base	OHistoric	Selects the historic or adjusted
Appraisal		Adjusted	
Premiums and Discounts Assets and Liabilities Adju	Debt Free (Invested Capital)		Selects a debt free approach. A applies WACC.
Asset Approach Income Approach Adjusted Non-Cash Ite Long Term Sustainable	Rate Calculation Method	Buildup Capitalization Rate CAPM Capitalization Rate Buildup Capitalization Facto CAPM Capitalization Factor	Selects the methodology to dete
Duff and Phelps Company Specific Risk Capitalization of Earnin	SBE OF D&P	SBBI D&P Cost of Capital D&P Decile	Hides or shows the appropriate
A Assumptions	Which D&P Type	 Excess of CAPM Arithmetic Mean 	Chooses arithmetic or excess
Capitalization Rate	Which D&P Size	10	Chooses the decile
Indicated Value Rate Sensitivity	Capitalize Against	O Year 0	Selects the period to which the
C Multi-Stage Growth	Industry Risk	Apply	Applies industry risk premia to
A Assumptions Benefit Stream	Midyear Convention	Apply	Applies midyear convention to
Projection Method	Lovel of Control	O Control Promium	Determines if a premium for co

After the assumptions are selected, the schedules need to be filled in. The rate schedule is where the data is input. Depending on the assumption selection the schedule will display different rows. The blue font cells are what need to be typed over to manually input the data.

If the Buildup and Decile assumptions are selected, then the rows open like the picture below. Type in blue font cells.



If the CAPM and Decile assumptions are selected, then the rows open like the picture below. Type in blue font cells. The beta is a white cell and the program is expecting a manual input.

	and the second se		Decile D&P COC Cash Flow
VSP0 Navigator	□ 5 • C • •	insturctions.vsp - Excel	Dave M
Financial Statements	File Home Insert Draw Page Layout Formulas	Data Raview View Developer	\boldsymbol{Q} . Tell me what you want to d
Financial Analysis	A11 * :	× √ fr	
Appraisal	Capitalization of Earnings Capitalization Rate		
 Premiums and Discounts Assets and Liabilities Adju Asset Approach Asset Approach Adjusted Non-Cash Ite Long Term Sustainable Duff and Pheips Company Specific Risk Company Specific	CAPM CAPITALIZATION RATE Risk-Free Rate of Return Equity Risk Premium X Company Beta Beta Adjusted Consulton Stock Premium Risk Adjusted Consulton Stock Premium Risk Adjusted For Stock Premium Company Specific Premium Net Cash Flow Discount Rate Discount Rate Sustainable Growth Capitalization Rate To Apply To Next Year Stream Selected Rate	0.00% 0.00% 0.00%	0.00% 0.00% 3.50% 3.50% <u>3.50%</u> <u>3.50%</u> <u>1.00%</u> <u>1.00%</u>

If Buildup and Cost of Capital is selected, then the rows open like the picture below. Type in blue font cells.



Express Business Valuation

In the past, the Duff & Phelps folder was used to input the variables needed to get the data. With the Navigator, those inputs are in the Navigator and not in the software. This means that the Duff & Phelps folder should be ignored. instead go to the appropriate income method.

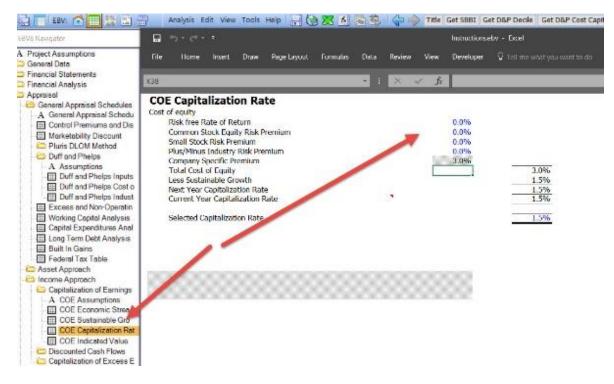
The next step is to set the appropriate assumptions. Select the Decile (CRSP) or Cost of Capital (Risk Premium Report). This should correspond to your selections in the Navigator

A Project Assumptions	Assumption	Charge Value	De	
General Data General Analysis General Appraisal General Appraisal Schedules Assot Approach	Earrings Ease	After Tax Cash Flow	Selects the economic base that is capitalized: EBT is earnings before taxes. EBIT is depreciation and amortization.	
	Debt Free (Invested Capital)	Select	Selects a debt free approach. Deducts interest expense from benefit stream, deduct	
	SEEL or D&P	O SEE © DSP Decile O DSP Cost of Capital	Hides or shows the appropriate rows to match the equity risk premium dataset.	
Capitalization of Earnings	Inhich D&P Type	Excess of CAPM OArithmetic Mean	Chooses arithmetic or excess of CAPM rate	
A COE Assumptions	Inhich D&P Size	10 2	Chooses the decile	
COE Economic State COE Sustainable of COE Capitalization Role COE Indicated Value Discounted Cash Flows	Midyear Convention	C Acety	Applies Midyear convention to the capitalization rate	
	Company Specific Premin	pecific Premium 🔂 Expand Expands capitolization rate build up to include input		
	Risk Free Rate	OEnd of Year Rate OAverage Annual Rate @End of Month Rate	Chooses the risk free rate from the SBBI database. Choose the best proxy for the v	
	Leiter/Value	Control Premium Minority Interest Discourt Office Premium or Discourt	Determines if a premium for control or a discount for lack of control is applied to the	
	Marketability Discount	2 Apply	Applies marketability discount to the Capitalization of Earnings appraisal method	
	Excess/Non-Operating Assets	Apply Apply	Applies excession-operating assets to the Capitalization of Earnings appraisal me	
	Level of Value for Excess/Non- Operating Assets	Apply Premium/Discourt	Applies premise of value premium or discount to the excession-operating assets	
	Marketability Discourt for Excess/Non -Operating Assets	Apply Discourt	Applies marketability discount to the excess/non-operating assets	

If Decile is chosen then choose the Excess of CAPM and the size. Note that size is used for the report and does not affect the rate schedule.

A Designed Associations	A constant of the	24 CONTRACTOR		
A Project Assumptions General Data Financial Statements Financial Analysis Appraisal General Appraisal Schedules	Assumption Earnings Base	Change Value After Tax Cash Flow	De Selects the economic base that is capitalized. EBT is earnings before taxes. EBIT is decrecation and amortization.	
	Debt Free (Invested Capital)	Select	Selects a debt free approach. Deducts interest expense from benefit stream, deduc	
	SBBI or D&P	O SEEI @ D&P Decile O D&P Cost of Capital	Hide of shows the appropriate rows to match the equity risk premium dataset.	
Capitalization of Earnings	Which D&P Type	Excess of CAPM Arithmetic Mean	Contract and the and the access of CAPM rate	
A COE Assumptions	Which D&P Size	10 ~	Chooses the decile	
	Nidyear Convention	Apply Apply	Applies Midyear convention to the capitalization rate	
	Company Specific Premium	Expand	Expands capitalization rate build up to include input of different factors for the comp	
COE Capitalization Rat COE Indicated Value Discounted Cash Flows Capitalization of Excess E Market Approach Canclusions Deal Structure Sanity Check Custom Worksheets ValuSource Databases	Risk Free Rate	End of Year Rate Average Annual Rate End of Month Rate	Chooses the risk free rate from the SBBI database. Choose the best proxy for the	
	Level of Value	Control Premium Minority Interest Discount ONo Premium or Discount	Determines if a premium for control or a discount for lack of control is applied to the	
	Marketability Discount	2 Apply	Applies marketability discount to the Capitalization of Earnings appraisal method	
		Excess/Non-Operating Assets	2 Apply	Applies excession-operating assets to the Capitalization of Earnings appraisal me
	Level of Value for Excess/Non- Operating Assets	Apply Premium/Discount	Applies premise of value premium or discount to the excess/non-operating assets	
	Marketability Discount for Excess/Non -Operating Assets	Apply Discount	Applies marketability discount to the excess/non-operating assets	

Go to the rate schedule and Input the blue font cells.



If cost of captital or risk premium report is chosen, the Excess of CAPM and size options will be greyed out and no further selections are needed.

A Project Assumptions	Assumption	Change Value	
General Data General Data Financial Statements Financial Analysis Appraisal General Appraisal Schedules General Apprach	Earnings Base	After Tax Cash Flow	Selects the economic base that is capitalized. EBT is earnings before ta depreciation and amortization.
	Debt Free (Invested Capital)	Select	Selects a debt free approach. Deducts interest expense from benefit stre
	SBBI or D&P	O SEBI O DEP Decile BIDEP Cost of Capital (Hides or shows the appropriate rows to match the equity risk premium d
Capitalization of Earnings	Wisch DAF Type	Excess of CAPM Arithmetic Mean	Chooses antiburetic or excess of CAPM rate
A COE Assumptions	Which D&P Size	10	Chooses the decile
COE Economie Strea COE Sustainabili Cro COE Capitalization n COE Capitalization n Coe Indicated Value Discounted Cash Flows Capitalization of Excess E Market Approach Conclusions Deal Structure Sanity Check Custom Worksheets ValuSource Databases	Midyear Convention	_ Apply	Applies Midyear convention to the capitalization rate
	Company Specific Premiu	Expand	Expands capitalization rate build up to include input of different factors f
	Risk Free Rate	CEnd of Year Rate Average Annual Rate End of Month Rate	Chooses the risk free rate from the SEEI database. Choose the best pro
	Let U of Value	Control Premium Minority Interest Discount No Premium or Discount	Determines if a premium for control or a discount for lack of control is a
	Marketability	2 Apply	Applies marketability discount to the Capitalization of Earnings appraisa
	Excess/Non-Operating Assets	Apply	Applies excession-operating assets to the Capitalization of Earnings a
	Level of Value for Excess/Non- Operating Assets	Apply Premium/Discount	Applies premise of value premium or discount to the excess/non-operation
	Marketability Discount for Excess/Non -Operating Assets	Apply Discount	Applies marketability discount to the excess/non-operating assets

Go to the rate schedule and input the blue font numbers with the variables from the Navigator.

