



Transformation, reorganisation or temporary change?

From a valuation perspective, current trends which are evident for family groups can be summarised into the following:

- 1) Understanding the real worth of the group, by assessing the value of each existing assets/portfolio whether it be for internal purposes or as part of a transfer of assets.
- 2) Identifying the value of the brand name and goodwill of the group or individual assets.
- 3) Exploring different options to maximise value, which may include the execution of internal initiatives at asset and portfolio level, or reshaping the portfolio through the disposal of certain assets or entering new ventures through partial or comprehensive reorganisation processes.
- 4) Developing a process to manage and monitor capital allocation over time, in order to manage risk and to be positioned to capture the next trend.

The goals for any type of transformation tend to be similar: boost innovation, enhance financial performance and ensure long term sustainability.

“Obtaining an objective view on value and capital allocation is a key component of any transformation process. Measuring value within a family business has taken on a renewed level of importance particularly as leadership and wealth transitions to the next generation.” Scott Whalan, Financial Advisory Family Office Leader, Valuation & Modeling Partner.

Future trends in a family enterprise’s approach to valuations are already emerging. Family businesses are typically characterised by several, core operating businesses, together with other investments that have been added over time as the group’s wealth has accumulated. When assessing the real cumulative value within a family business, each business and investment is valued separately. The objective is to reflect what a third party would trade each single asset at, having regard to its risk and growth characteristics. The individual parts are assessed using common valuation methodologies such as discounted cash flows, market multiples, etc., with the results aggregated to the total cumulative value of the group. The result, in most cases, differs vastly to the accounting ‘shareholder equity’ (or book value) of the group which has historically been considered by many as the ‘measure of worth’, however, this is not the case.

From our experience, assessing the value of a diverse and complex conglomerate does pose many challenges compared to a standard valuation, including, but not limited to: 1) Assessing an optimal capital structure for each business and group given the willingness of family businesses to take on debt historically 2) The relationship between the businesses within the group such as any related party trading, intercompany funding, and use of assets/investments within the operating businesses. How should these be treated if one were to assess value from a third-party perspective? 3) The role of the family within the Board and management 4) Whether the consolidated value of the ‘parts’ reflects what may be achieved in a sale to a third party of the group on a stand-alone basis. Should an additional premium or discount be applied to the consolidated value in recognition of the business structure, track record, or other factor? 4) How can the value of the group be maximized? What efficiencies and synergies can be achieved, where are there tangible areas to improve performance or re-position the portfolio to maximise returns? Would a divestment of an asset (say via a trade sale or initial public offering (IPO)) yield more favourable returns than what is currently provided to the group? Where is value being diluted?

Our dedicated Deloitte Private team supports private clients across their transformation journey, be that within the business, the family or the wealth. In a world of unprecedented disruption and market turbulence, transformation today may revolve around the need to generate new value—to unlock new opportunities, drive new growth and deliver new efficiencies. Our specialised Valuation & Modeling team offers extensive services to assist families in this journey through offering tailor-made advice to help assess the value of their portfolios whether it be to measure and monitor capital allocation over time, support growth initiatives, or to help facilitate the transition of assets and wealth to the next generation.

Why Deloitte?

Right Team



- Our team brings together the specialised expertise from our regional and global practices to deliver the most impactful solution
- We will leverage our global scale and already tested global project ideas to deliver and excel
- We have extensive experience in delivering successful portfolio assessment in the Middle East and around the world



Right Approach

- Create long term impact through focus on objectivity, solid and well thought through assumptions that all stakeholders align-on
- Day-to-day collaboration with the management and various other teams to ensure alignment at all times
- Strong focus on stakeholder management and involvement as well as use of innovative collaboration methods to accelerate speed of decision making

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