TargetCo | Preliminary sell-side valuation

Student task | 31 December 2025 | EUR millions unless stated

Professional assignment

The shareholders of Aurelium Packaging Solutions S.A.S. are considering a potential sell-side mandate. No auction or bid process has started. The VP asks for a defensible preliminary valuation range using trading comparables, precedent transactions, a simplified DCF and reasoned reconciliation.

The difficult work is not arithmetic. Decide which observations are comparable, how to treat management-adjusted EBITDA, which forecast assumptions a banker can defend, whether the forecast is economically consistent and how the methods should be reconciled.

Materials

- `TargetCo_company_profile.pdf` and `TargetCo_historical_model.xlsx`;
- `TargetCo_valuation_evidence_pack.pdf`;
- `TargetCo_management_case.pdf`;
- `TargetCo_valuation_workbook.xlsx`;
- `SESSION3_DELEGATION_CANVAS.pdf`.

Stage 1 | Closed laptop, 15 minutes

No ChatGPT. No Claude. No laptop.

Complete the Delegation Canvas on paper. Decide the output, decisions, delegation, conclusion rights, sources, independent checks, stop rules, six-message allocation and exact first prompt.

Do not write the prompt until you have decided what decision rights the AI receives.

Six analytical user messages

Each group has a budget of six analytical user messages for the core assignment. Allocate them before opening AI. Purely technical upload/interface retries do not count. You are not graded mechanically on using exactly six; the purpose is to put AI where it creates real analytical leverage.

Required work

Keep evidence extraction, human judgement and calculation visibly separate.

A. Trading comparables

1. Build an evidence matrix before selecting peers.
2. Define primary, secondary and diagnostic comparison dimensions and exclusions.
3. Select a primary set and label defensible borderline alternatives.
4. Recalculate EV/Revenue and EV/EBITDA. Use growth, ROIC, EV/EBITA, EV/NOPAT and CapEx intensity as diagnostics.
5. Apply selected multiples to both FY2025A reported and management-adjusted EBITDA. Keep Scenario R and Scenario M separate.

Management's Core Peer label is evidence, not authority. A comparability score requires defined dimensions, weights, scale and missing-data treatment.

B. Precedent transactions

Build an evidence matrix, select usable observations with caveats, recalculate multiples and distinguish supplied facts from unsupported causal explanations. Do not invent synergies, scarcity, strategic fit, bidding tension or distress explanations.

C. DCF and forecast consistency

Review the Management Case. Populate the blank Banker/Base assumption cells using only a few transparent driver families. For each change record management's assumption, the Base assumption, evidence and reason. Complete FCFF, implied ROIC, terminal value and the WACC $\times$ g sensitivity.

Normalization boundary. The Management Case already assumes FY2025A commissioning and duplicate-quality costs disappear from FY2026E. Do not add the EUR 1.4m historical adjustment again as a forecast saving.

D. Reconciliation

For each method state what it measures, strongest evidence, dominant assumption, principal limitation and defensible range. Do not average midpoints or invent weights without an explicit analytical reason.

E. VP challenge

After forming and checking a preliminary conclusion, use the final challenge prompt shown in class. Decide whether the range survives.

Required outputs

Complete the workbook and a concise preliminary VP conclusion.

Excel outputs

- peer inclusion decisions, selected statistics and both TargetCo EBITDA applications;
- precedent inclusion decisions, selected statistics and TargetCo application;
- Banker/Base assumptions and evidence;
- Management versus Base diagnostics, implied ROIC and WACC $\times$ g sensitivity;
- method-by-method reconciliation and EV-to-equity bridge;
- AI Delegation Log.

Do not overwrite raw-data sheets or collapse the two EBITDA scenarios into one unlabeled figure.

AI Delegation Log

Record: stage; delegated task; evidence supplied; what AI may and may not conclude; output used; human decision/change; independent verification; open issue. This is a professional decision record, not a prompt transcript.

Final deliverable

Submit the completed workbook and a concise VP conclusion containing the EV range and equity bridge, selected peer and precedent sets, Banker/Base DCF and sensitivity interpretation, principal unresolved issue for each method, and the three VP challenges with your response.

Frame the output as a preliminary sell-side valuation range supporting shareholder expectations, process planning and later offer evaluation. Do not present it as a predicted sale price.