



Valuation & Business Modeling Services



With more than 400 professionals located in over 20 U.S. markets, the KPMG Valuation & Business Modeling Services practice assists companies in the areas of valuation, financial projections, financial analysis, and modeling support. Globally, KPMG has more than 1,200 valuation professionals residing in over 70 countries, making us one of the largest valuation and financial modeling practices in the world.



How can KPMG assist your company?

KPMG recognizes valuation and modeling needs are often related to broader business activities. In addition to bringing our specialized experience in these areas, we offer scalable solutions that draw on the knowledge of our advisory and tax colleagues. Our professionals regularly team with KPMG financial due diligence, accounting advisory, strategy, and other advisory professionals to better serve our clients' needs. As the only Big Four valuation services provider that is part of a national tax practice, we are also highly integrated with our transfer pricing, M&A tax, and international tax teams.

Given our extensive knowledge in the valuation of businesses, intangible assets, real estate, personal property, debt, and complex securities, we can value nearly any asset, liability, or derivative instrument. Our professionals also have significant experience in performing in-depth operational and financial analyses, creating models, and developing financial projections that can benefit clients in a variety of situations. Below is a nonexhaustive list of the areas in which we can be of assistance:

- Financial reporting valuations
- Business modeling services
- Tax planning and compliance valuations
- Tangible asset services
- Complex securities valuations



1,200+

Valuation professionals



70+

Countries

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Financial reporting valuations

Fair value measurements can play a significant role in financial statements and are often heavily scrutinized by a company's auditor and its regulators. Our professionals routinely team with the KPMG Audit practice to review financial reporting valuations performed on behalf of KPMG audit clients. As a result, we have a deep understanding of auditor, PCAOB, and SEC expectations and documentation requirements for fair value measurements. We have an appreciation for the risks involved and take a careful approach to our valuation engagements to help ensure the valuation process and resulting deliverables meet financial reporting requirements. We believe our commitment and knowledge in this area is unparalleled. To maintain a high level of quality in performing and auditing financial reporting valuations, we have established a dedicated team of valuation professionals in the KPMG National Office. In addition, KPMG was the first Big Four valuation practice to adopt the Certified in Entity and Intangible Valuations (CEIV) credential and its mandatory performance framework, which was developed specifically to establish standards in valuing businesses and intangible assets for financial reporting purposes.

Our professionals can assist you with any valuation need that may arise in accordance with the following accounting standards, as well as the IFRS equivalent guidance:

- ASC 805 (Business Combinations)
- ASC 350 (Intangibles—Goodwill and Other)
- ASC 360 (Property, Plant, and Equipment)
- ASC 718 (Compensation—Stock Compensation)
- ASC 842 (Leases)
- ASC 820 (Fair Value Measurement)
- ASC 815 (Derivatives and Hedging)
- ASC 852 (Reorganizations)
- ASC 323 (Investments—Equity Method and Joint Ventures)



Business modeling services

With the growing complexity of the business environment, companies increasingly need to model and quantitatively analyze their operations to help identify potential performance drivers, evaluate opportunities and risks, and make better informed financial and strategic decisions. These analyses may relate to

forecasting revenues, developing three-statement financial models, creating product funnels, analyzing business segment profitability, evaluating capital investment options, or assessing the implications of various operational decisions. Addressing these matters often involves quantitative techniques, such as sensitivity, simulation, and scenario analyses, advanced econometric methods, or transaction modeling.

We provide complementary and scalable support to corporate development, FP&A, finance, and tax teams by drawing on our diverse skill set. Our professionals can advise you on a wide range of business issues, including:

- Analyzing potential acquisitions, divestitures, spin-offs, and joint ventures
- Evaluating a potential restructuring or bankruptcy
- Assessing major investments or capital expenditure projects
- Estimating return on investment and cost of capital
- Forecasting demand and modeling consumer behavior to enhance business strategy
- Performing credit analyses
- Identifying customer attrition patterns
- Developing working capital and inventory management models

In addition, we can assist in the development, testing, and documentation of prospective financial information (PFI) to support transactions, financial reporting, or general budgeting and long-range planning. We employ a multifaceted approach that provides organizations with the requisite PFI detail to satisfy the demands of investors, regulators, and auditors, including the following:

- Provide an independent, unbiased assessment of management's forecast
- Highlight historical and projected trends, as well as anomalies in forecasts
- Assess historical forecasting accuracy and identify opportunities for improvement
- Leverage company, industry, and macroeconomic data to improve forecasting accuracy
- Evaluate the forecast risk embedded in PFI and quantify its impact on discount rates



Tax planning and compliance valuations

Valuations are required for a wide variety of international, federal, and state tax planning and compliance purposes. KPMG

has significant valuation experience in the following tax planning and compliance matters:

- Purchase price allocations
- Legal entity restructurings and reorganizations
- Cross-border transactions
- Utilization of net operating losses
- Property tax valuations
- Cancellation of debt and worthless stock deductions
- Debt modifications and cancellations
- Foreign Investment in Real Property Tax Act (FIRPTA)
- Gift and estate tax planning
- Partnership tax compliance
- Employee compensation and related ownership interest
- Charitable contributions

In addition to bringing deep experience in the above tax matters, we also have a dedicated team of valuation professionals in our Washington National Tax practice, which specializes in tax valuations.



Tangible asset services

Our practice has over 100 tangible asset valuation specialists located in 12 offices across the U.S. This team includes numerous professionals with the MAI,

ASA, and MRICS designations as well as certified general real estate appraisers in all 50 states.

We frequently assist clients with the following:

- Real and personal property valuation for financial reporting, tax, insurance, and business planning purposes
- Fixed asset management services, including fixed asset listing diagnostics, fixed asset cleanup and reconciliation, asset inventory and tagging, and development and implementation of fixed asset policies and procedures
- Real estate advisory services, including portfolio performance and risk analysis, net operating income review, lease abstraction, cash flow modeling, highest and best use studies, appraisal management services, and property transaction support and due diligence

- Valuation and appraisal consulting, including value dispute resolution, fair rental lease analysis, and depreciation and useful life studies



Complex securities valuations

Complex securities are rich in derivative-like features, requiring a deep understanding of financial economics and the ability to apply sophisticated stochastic valuation techniques. In the wake of the 2008 global financial crisis, financial reporting requirements related to complex financial instruments have increased along with regulatory scrutiny on valuation-related conclusions.

The KPMG Complex Securities practice is a dedicated group of professionals who possess the specialized experience, financial modeling knowledge, and quantitative skills necessary to assist clients in understanding, structuring, and valuing complex financial securities for financial reporting, tax, transaction support, or strategic planning purposes. Our team of specialists has a deep understanding of the requirements and expectations of investors, auditors, and regulators to address client needs related to complex financial instruments. The professionals of the Complex Securities practice have a wide range of valuation experience, including the following:

- Equity instruments, such as warrants, preferred shares, and employee compensation awards
- Fixed income securities, such as corporate bonds, interest rate swaps, and credit derivatives
- Hybrid instruments, including convertible/participating preferred stock, and contingent and convertible debt
- Deal structures, including contingent consideration and put/call arrangements
- Guarantees, forward contracts, carried interest, asset retirement obligations, embedded derivatives, commodity derivatives, and market risk insurance benefits
- Synthetic credit rating and expected credit loss analyses
- Structured products, including CDOs, CLOs, RMBS, CMBS, ABS, and ARS



Have questions?

For more information, please contact your local KPMG adviser.

Contact us

Ryan Marren

National Leader, Valuation Services

T: 703-286-8032

E: rmarren@kpmg.com

Dave Aglira

Principal, Economic & Valuation Services

T: 267-256-1899

E: daglira@kpmg.com

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