DINO

Reuters: DNPP.WA Bloomberg: DNP PW

Santander

CEE Equity Research

Food retail, Poland

13/03/2025 08:05 CET

Long-awaited normalization

Outperform maintained, TP up to PLN568

We reiterated Outperform recommendation after 4Q24 preliminary results release. We are increasing our TP by 20% to PLN568, which offers over 21% upside potential. We are increasing 2025/26E EBITDA/net profit forecast by 5%/3% and 5%/4%, respectively. We believe Dino is heading for at least a few strong quarters with regard to financial results thanks to materialization of a long awaited normalization in the food industry. In the long term, the equity story also looks attractive with an increasing momentum of store openings and still vast room for store chain growth in Poland. We expect 2025-27E CAGR in sales/net profit at 20.0%/25.7%. Dino is currently trading at 2025E P/E and EV/EBITDA at 22.7x and 14.7x, which is 35%/33% below historical averages. Taking into account (1) continued high business growth, (2) markedly improving FCF and (3) rising balance sheet capabilities for starting dividend payment, we think that these discounts should narrow.

Equity story. 4Q24 preliminary results came in line with SANe/market consensus on sales/EBITDA, while higher on net profit (+3% beat). Note also very strong FY24 FCF at PLN952mn (+93% y/y). 2025 guidance assumes (1) HSD LFL growth, (2) return to EBITDA margin growth, (3) increasing pace of net openings and (4) capex at PLN1.7bn-1.8bn. Having embedded these into our forecast, our 2025/26E EBITDA estimates are going up by 4.7%/4.6%, while net profit by 2.6%/3.7% despite lower sales estimate by 1.4%/1.8%. We think that competition headwinds already peaked in 2H24 and y/y margin contraction (favourable food CPI-PPI spread, slower growth in minimum wage) should be left behind. We think that the following company specific issues should also be helpful: better negotiations and laser focus on efficiency. We also hope that first signals of volume recovery in January were not premature. This should further lead to continued softening in the promotional environment. These factors might suggest that Dino is heading for at least a few solid quarters.

Target multiples. We increased EV/EBITDA and P/E target multiples to 18.5x and 29.5x in our multiple valuation, which represents 15% discount to 2017/24 historical averages (21.8x and 34.8x). We earlier used 16.0x and 25.0x, which represented 27%/28% discounts. We think that discounts should narrow ahead of long awaited normalization in the industry dynamics, which means return to low single digit food volume growth and the reversal of basket deflation.

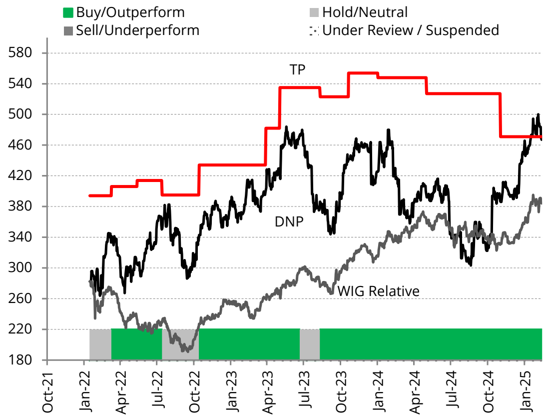
Valuation and risks. We are increasing our TP by 21% to PLN568. We are increasing multiple valuation by 35% to PLN548 (70% weight), while DCF valuation remains pretty much unchanged at PLN615 (30% weight). The key downside risks to our TP include: more prolonged than assumed recovery of food volume growth, prolonged LFL sales growth slowdown to mid-single digit levels and continuously intense competition from discounters.

Dino: Financial summary (year to December)

PLNmn	2022	2023	2024P	2025E	2026E	2027E
Sales	19,802	25,666	29,272	35,255	42,631	50,559
EBITDA	1,838	2,233	2,317	3,032	3,679	4,300
EBIT	1,538	1,876	1,908	2,552	3,143	3,706
Net profit	1,132	1,405	1,508	2,020	2,522	2,999
P/E (x)	32.5	32.1	25.5	22.7	18.2	15.3
EV/EBITDA (x)	20.8	20.6	16.7	14.7	11.9	10.0
FCF Yield	-0.5%	1.1%	2.5%	2.8%	3.8%	5.0%
Dividend Yield	0.0%	0.0%	0.0%	0.0%	2.6%	3.3%

Source: Company data, Santander Brokerage Poland estimates

Recommendation	Outperform
Target price (PLN, Dec'25)	568.0
Price (PLN, 11 March 2025)	467.2
Market cap. (PLNmn)	45,618
Free float (%)	49.0
Number of shares (mn)	98.0
Average daily turnover 3M (mn)	20.1
Previous report issued on Nov 30, 2024 with:	
Recommendation	*Outperform*
Target price (Dec'25, PLN)	*471*



The chart measures performance against the WIG20 index.

Main shareholders	% of votes
Mr T. Biernacki	51.0
Free float	49.0

Source: stooq.pl

Company description

Dino is a FMCG retail stores operator under the 'Dino' brand in Poland.

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Santander

Financial forecast

Fig. 1. Dino: Financial forecasts to 2027E

PLNmn, year to December	2022	2023	2024P	2025E	2026E	2027E
Sales	19,802	25,666	29,272	35,255	42,631	50,559
chng.	48%	30%	14%	20%	21%	19%
number of stores	2,156	2,406	2,688	3,021	3,366	3,711
growth (x)	341	250	282	333	345	345
chng.	19%	12%	12%	12%	11%	10%
avg. number of stores	1,986	2,281	2,547	2,855	3,194	3,539
chng.	21%	15%	12%	12%	12%	11%
sales area (k sqm)	821	916	1,023	1,150	1,281	1,413
chng.	19%	12%	12%	12%	11%	10%
avg. sales area (k sqm)	756	868	970	1,087	1,216	1,347
chng.	21%	15%	12%	12%	12%	11%
sales per avg. store	10.0	11.3	11.5	12.4	13.3	14.3
chng.	22.7%	12.8%	2.1%	7.5%	8.1%	7.0%
sales per avg. sqm	26.2	29.6	30.2	32.4	35.1	37.5
chng.	22.7%	12.8%	2.1%	7.5%	8.1%	7.0%
LfL	28.6%	17.7%	5.4%	9.6%	11.2%	9.8%
Gross profit	4,763	5,925	6,810	8,445	10,125	11,909
gross margin	24.1%	23.1%	23.3%	24.0%	23.8%	23.6%
chng. in bps.	-82	-97	18	69	-20	-20
opex	2,923	3,695	4,496	5,416	6,450	7,614
as % of sales	14.8%	14.4%	15.4%	15.4%	15.1%	15.1%
opex/avg. number of stores	1.5	1.6	1.8	1.9	2.0	2.2
chng.	18.0%	10.0%	9.0%	7.5%	6.5%	6.5%
D&A	300	357	409	481	537	594
profit on sales	1,540	1,873	1,905	2,549	3,139	3,702
chng.	50%	22%	2%	34%	23%	18%
margin	7.8%	7.3%	6.5%	7.2%	7.4%	7.3%
other operating profits	-2	3	3	3	4	4
EBIT	1,538	1,876	1,908	2,552	3,143	3,706
EBITDA	1,838	2,233	2,317	3,032	3,679	4,300
chng.	44.6%	21.5%	3.8%	30.9%	21.3%	16.9%
margin	9.3%	8.7%	7.9%	8.6%	8.6%	8.5%
chng. in bps	-23	-58	-78	69	3	-13
EBITDA/avg. store	0.9	1.0	0.9	1.1	1.2	1.2
chng.	19.7%	5.7%	-7.1%	16.8%	8.5%	5.5%

Source: Company data, Santander Brokerage Poland estimates

Fig. 2. Dino: Forecast changes

		2025E			2026E			2027E	
PLNmn	new	old	*chng.*	new	old	*chng.*	new	old	*chng.*
Sales	35,255	35,739	*-1.4%*	42,631	43,424	*-1.8%*	50,559	51,717	*-2.2%*
EBITDA	3,032	2,897	*4.7%*	3,679	3,519	*4.6%*	4,300	4,115	*4.5%*
EBIT	2,552	2,426	*5.2%*	3,143	2,989	*5.2%*	3,706	3,524	*5.2%*
net profit	2,020	1,968	*2.6%*	2,521	2,431	*3.7%*	2,998	2,878	*4.2%*

Source: Santander Brokerage Poland estimates

4Q24 preliminary results review

- Dino reported 4Q24 preliminary results, which came roughly in line with SANe/mkt. cons. on sales (-1%/-1%), EBITDA (-1%/-2%), while higher on net profit (+3%/+3%) thanks to lower net financial costs, in our view. Dino also reported very strong 4Q24 FCF at PLN394mn (vs. SANe outflow PLN255mn) thanks to both much stronger OCF (PLN864mn vs. SANe PLN447mn) and lower capex (PLN469mn vs. SANe PLN702mn). Net debt amounted to PLN195.7mn (0.1x 2024 EBITDA).
- Dino reported sequential improvement of sales growth to 15.7% y/y in 4Q24 from 10.6% y/y in 3Q24 thanks to LFL acceleration to 6.4% y/y (vs. SANe 7.8% y/y) on the back of (1) +80bps tailwind from lower basket deflation (-0.2% vs. -1.0% in 3Q24, we think) and (2) volume growth acceleration to even 6.6% y/y vs. 3.3% y/y in 3Q24.

Dino also presents **2025E guidance**, in which it assumes:

- **High single digit LFL growth in 2025E** (basket inflation and volume growth y/y); vs. **SANe LFL @ 9.6% y/y.**
- Return to **EBITDA margin growth**; vs. **SANe +69bps y/y**.
- **Net openings** should grow by **over a dozen % y/y** vs. 282 opened in 2024 vs. **SANe +18% y/y.**
- **Capex** should amount to **PLN1.7bn-1.8bn** vs. **SANe PLN1.7bn**.

Fig. 3. Dino: 4Q24 preliminary results' review

PLNmn	4Q23	1Q24	2Q24	3Q24	4Q24P	y/y	q/q	Cons.	SANe
Sales	6,698	6,671	7,243	7,607	7,750	*15.7%*	*1.9%*	7,798	7,850
EBITDA	554	492	521	673	631	*14.0%*	*-6.3%*	640	641
EBITDA margin	8.3%	7.4%	7.2%	8.9%	8.1%	*-0.1*	*-0.7*	8.2%	8.2%
EBIT	460	398	422	568	521	*13.4%*	*-8.2%*	532	533
Net profit	348	295	348	439	425	*21.9%*	*-3.2%*	411	414
Net margin	5.2%	4.4%	4.8%	5.8%	5.5%	*0.3*	*-0.3*	5.3%	5.3%
PE (LTM)	29.0	27.2	24.0	23.6	30.8				
EV/EBITDA (LTM)	18.6	17.5	15.7	15.4	20.1				
FCF yield (LTM)	1.4%	1.9%	1.5%	1.6%	2.0%				

Source: Company data, Santander Brokerage Poland

Valuation

Fig. 4. Dino: Valuation summary*

PLN/shr.	New	Previous	Change	weight
DCF	**614**	**625**	***-1.8%***	**30%**
Multiple valuation:	**548**	**406**	***35.0%***	**70%**
EV/EBITDA	*570*	*432*	*31.9%*	*40%*
P/E	*609*	*475*	*28.3%*	*40%*
FCF ex. growth	*379*	*309*	*22.6%*	*20%*
Target price (weighted average, Dec'2025)*	**568**	**471**	***20.4%***	

*Source: Santander Brokerage Poland estimates, * we assigned greater weight to multiple valuation to focus more on mid-term perspectives and market valuation multiples, which we see fair for the company*

DCF

Fig. 5. Dino: WACC calculation

	2024/26E forecast	2027/32E forecast + TV
Risk-free rate	6.0%	5.0%
Unlevered beta	1.0	1.0
Levered beta	1.1	1.1
Equity risk premium	6.0%	6.0%
Cost of equity	**12.3%**	**11.0%**
Risk-free rate	6.0%	5.0%
Debt risk premium	1.2%	1.2%
Tax rate	19%	19%
After tax cost of debt	**5.8%**	**5.0%**
%D	6%	6%
%E	94%	94%
WACC	**11.9%**	**10.6%**

Source: Santander Brokerage Poland estimates

Fig. 6. Dino: DCF analysis

PLNmn	2024P	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	TV
Sales	**29,272**	**35,255**	**42,631**	**50,559**	**60,063**	**69,256**	**80,561**	**92,445**	**104,854**	
EBITDA	2,317	3,032	3,679	4,300	5,032	5,745	6,659	7,604	8,575	
EBIT	1,908	2,552	3,143	3,706	4,381	5,043	5,913	6,821	7,762	
Cash taxes on EBIT	366	490	603	711	841	968	1,135	1,309	1,489	
NOPAT	**1,542**	**2,062**	**2,540**	**2,995**	**3,541**	**4,075**	**4,779**	**5,512**	**6,272**	
Depreciation	409	481	537	594	651	702	746	783	814	
Change in operating WC	600	439	281	302	362	350	431	453	473	
Capital expenditure	-1,601	-1,725	-1,653	-1,685	-1,658	-1,166	-1,188	-865	-829	
Free cash flow	**950**	**1,257**	**1,705**	**2,206**	**2,896**	**3,962**	**4,767**	**5,884**	**6,730**	**6,999**
WACC	11.9%			10.6%						10.6%
PV FCF 2024-32E	16,142									
Terminal growth	4.0%									
Terminal Value (TV)	105,747									
PV TV	38,545									
Total EV	**54,687**									
Net debt	900									
Equity Value	**53,788**									
Equity Value (Dec-25)	**60,197**									
Number of shares (mn)	98.0									
YE target price (PLN)	**614**									
DPS	0									
YE TP (ex-div, PLN)	**614**									
Revenue growth	14.0%	20.4%	20.9%	18.6%	18.8%	15.3%	16.3%	14.8%	13.4%	
EBITDA growth	3.8%	30.9%	21.3%	16.9%	17.0%	14.2%	15.9%	14.2%	12.8%	
NOPAT growth	1.7%	33.7%	23.1%	17.9%	18.2%	15.1%	17.3%	15.4%	13.8%	
FCF growth	120.8%	32.3%	35.7%	29.4%	31.3%	36.8%	20.3%	23.4%	14.4%	
EBITDA margin	7.9%	8.6%	8.6%	8.5%	8.4%	8.3%	8.3%	8.2%	8.2%	
NOPAT margin	5.3%	5.8%	6.0%	5.9%	5.9%	5.9%	5.9%	6.0%	6.0%	
Capex/Revenues	-5.5%	-4.9%	-3.9%	-3.3%	-2.8%	-1.7%	-1.5%	-0.9%	-0.8%	
Change in WC/Revenues	2.0%	1.2%	0.7%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%	

Source: Santander Brokerage Poland estimates

Multiple valuation

Fig. 7. Dino: multiple valuation

PLNmn	Valuation	Description
EBITDA (NTM)	3,032	
Target EV/EBITDA	18.5	15% discount to 2017-24 avg. EV/EBITDA of 21.8x.
Enterprise value	**56,100**	
(-) net debt (cash)	192	
Equity Value	**55,908**	
no. of shares	98	
per share (PLN)	**570**	
PLNmn	**Valuation**	
Net profit (NTM)	2,024	
Target P/E	29.5	15% discount to 2017-24 avg. P/E at 34.8x.
Equity Value	**59,721**	
no. of shares	98	
per share (PLN)	**609**	
2025E FCF (ex. growth)	**2,616**	
required yield	7.0%	
EV	**37,375**	
(-) net debt (cash)	192	
Equity Value	**37,183**	
no. of shares	98	
per share (PLN)	**379**	
Weighted average	**548**	

Source: Santander Brokerage Poland estimates, EV/EBITDA & P/E – 40% weights; FCF ex. growth – 20% weight

Fig. 8. Dino: multiple valuation

Ratio	2025E	3Y avg.	diff.	LT avg.	diff.
P/E	22.6	30.0	**-25%**	34.8	**-35%**
EV/EBITDA	14.6	19.4	**-25%**	21.8	**-33%**
FCF yield (ex. growth)	5.7%	3.9%	**46%**	4.2%	**37%**

Source: Santander Brokerage Poland estimates

Financials

Fig. 9. Dino: Income statement forecasts

PLNmn	2022	2023	2024P	2025E	2026E	2027E
Net sales	**19,802**	**25,666**	**29,272**	**35,255**	**42,631**	**50,559**
COGS	15,039	19,741	22,461	26,810	32,505	38,649
Gross profit	**4,763**	**5,925**	**6,810**	**8,445**	**10,125**	**11,909**
OPEX	2,923	3,695	4,496	5,416	6,450	7,614
depreciation	300	357	409	481	537	594
profit on sales	**1,540**	**1,873**	**1,905**	**2,549**	**3,139**	**3,702**
Other operating income, net	-2	3	3	3	4	4
Operating profit	**1,538**	**1,876**	**1,908**	**2,552**	**3,143**	**3,706**
EBITDA	**1,838**	**2,233**	**2,317**	**3,032**	**3,679**	**4,300**
EBITDA adj.	1,838	2,233	2,317	3,032	3,679	4,300
Net financial costs (income)	136	137	84	53	22	- 5
Profit before tax	**1,402**	**1,739**	**1,824**	**2,499**	**3,120**	**3,711**
Income tax	270	334	317	480	599	712
Net profit	**1,132**	**1,405**	**1,508**	**2,020**	**2,522**	**2,999**
EPS	11.5	14.3	15.4	20.6	25.7	30.6
Gross profit margin	24.1%	23.1%	23.3%	24.0%	23.8%	23.6%
EBITDA margin	9.3%	8.7%	7.9%	8.6%	8.6%	8.5%
EBITDA adj. margin	9.3%	8.7%	7.9%	8.6%	8.6%	8.5%
EBIT margin	7.8%	7.3%	6.5%	7.2%	7.4%	7.3%
Pre-tax margin	7.1%	6.8%	6.2%	7.1%	7.3%	7.3%
net profit margin	5.7%	5.5%	5.2%	5.7%	5.9%	5.9%
Sales growth	48.2%	29.6%	14.0%	20.4%	20.9%	18.6%
Gross profit growth	43.3%	24.4%	14.9%	24.0%	19.9%	17.6%
EBITDA growth	44.6%	21.5%	3.8%	30.9%	21.3%	16.9%
EBITDA adj. growth	44.6%	21.5%	3.8%	30.9%	21.3%	16.9%
EBIT growth	50.2%	22.0%	1.7%	33.7%	23.1%	17.9%
Pre-tax profit growth	43.3%	24.1%	4.9%	37.0%	24.8%	18.9%
Net profit growth	40.6%	24.1%	7.3%	34.0%	24.8%	18.9%
EPS growth	40.6%	24.1%	7.3%	34.0%	24.8%	18.9%

Source: Company data, Santander Brokerage Poland estimates

Fig. 10. Dino: Balance sheet forecasts

PLNmn	2022	2023	2024P	2025E	2026E	2027E
Current assets	**2,707**	**3,253**	**4,320**	**5,886**	**6,944**	**8,290**
cash and equivalents	384	218	1,053	2,028	2,279	2,758
accounts receivable	275	330	377	454	549	651
inventories	1,979	2,639	2,816	3,314	4,007	4,753
prepaid expenses	69	65	75	90	109	129
Fixed assets	**6,296**	**7,125**	**8,317**	**9,561**	**10,677**	**11,768**
PPE	6,070	6,875	8,075	9,317	10,431	11,520
intangibles	30	115	107	109	111	113
long-term receivables	26	41	41	41	41	41
Total assets	**9,003**	**10,378**	**12,637**	**15,447**	**17,621**	**20,058**
Current liabilities	**3,604**	**3,568**	**4,813**	**5,627**	**6,496**	**7,446**
bank debt	772	279	700	500	300	100
accounts payable	2,814	3,275	4,098	5,112	6,181	7,331
Deferred income	86	311	355	428	517	613
Long-term liabilities	**1,096**	**875**	**336**	**236**	**136**	**36**
bank debt	1,061	840	300	200	100	0
other long-term liabilities	35	36	36	36	36	36
Provisions	13	18	20	25	30	35
Equity	**4,204**	**5,605**	**7,113**	**9,133**	**10,442**	**11,929**
share capital	10	10	10	10	10	10
capital reserves	3,062	4,190	5,596	7,103	7,911	8,920
net income	1,132	1,405	1,508	2,020	2,522	2,999
Total liabilities and equity	**9,003**	**10,378**	**12,637**	**15,447**	**17,621**	**20,058**
ROCE (after goodwill)	31.1%	30.8%	28.1%	34.3%	38.3%	41.4%
Net debt	1,449	900	196	-1,328	-1,879	-2,658
Net debt/EBITDA	0.8	0.4	0.1	-0.4	-0.5	-0.6

Source: Company data, Santander Brokerage Poland estimates

Fig. 11. Dino: Cash flow statement forecasts

PLNmn	2022	2023	2024P	2025E	2026E	2027E
Cash flow from operations	**1,253**	**1,740**	**2,553**	**3,001**	**3,415**	**3,977**
Net profit	1,402	1,405	1,508	2,020	2,522	2,999
Provisions	0	4	3	4	5	6
Depreciation and amortization	300	357	409	481	537	594
Changes in WC, o/w	-392	-255	600	439	281	302
inventories	-605	-660	-177	-498	-693	-745
receivables	-153	-56	-46	-77	-95	-102
payables	367	461	823	1,014	1,069	1,150
Other, net	-57	229	35	57	71	76
Cash flow from investment	**-1,435**	**-1,188**	**-1,601**	**-1,725**	**-1,653**	**-1,685**
Additions to PPE and intangibles	-1,440	-1,247	-1,601	-1,725	-1,653	-1,685
Change in long-term investments	0	12	0	0	0	0
Other, net	5	48	0	0	0	0
Cash flow from financing	**146**	**-718**	**-118**	**-300**	**-1,512**	**-1,813**
Change in long-term borrowing	322	-221	-540	-100	-100	-100
Change in short-term borrowing	0	-493	421	-200	-200	-200
Change in equity	0	-4	0	0	0	0
Dividends paid	0	0	0	0	-1,212	-1,513
Other, net	-176	0	0	0	0	0
Net change in cash and equivalents	**-36**	**-166**	**834**	**976**	**251**	**479**
FCF	**-186**	**493**	**952**	**1,276**	**1,763**	**2,292**
yield	-0.4%	1.1%	2.1%	2.8%	3.9%	5.0%
FCF (ex. growth)	**1,013**	**1,455**	**2,226**	**2,616**	**2,986**	**3,502**
FcF yield (ex. growth)	2.8%	3.2%	5.8%	5.7%	6.5%	7.7%

Source: Company data, Santander Brokerage Poland estimates

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The discounted cash flows (DCF) valuation method is based on expected future discounted cash flows. One advantage of the DCF valuation method is that it takes into account all cash streams reaching Issuer and the cost of money over time. Some disadvantages of the DCF valuation method are that a large number of parameters and assumptions need to be estimated; and the valuation is sensitive to changes in those parameters.
The comparative valuation method is based on the economic rule of "one price". Some advantages of the comparative valuation method are that the analyst need only estimate a small number of parameters; the valuation is based on current market conditions; the relatively large accessibility of indicators for companies being compared; and that there is an extensive knowledge of the comparative method among investors. Some disadvantages of valuation by the comparative method are the considerable sensitivity of the results of the valuation on the choice of companies to the comparative group; the method can lead to a simplification of the picture of the company which in turn can lead to omitting certain important factors (e.g. growth dynamics, extra-operational assets, corporate governance, the repeatability of results, differences in applied accounting standards); and the uncertainty of the effectiveness of a market valuation of companies being compared.
The mid-cycle multiple valuation is based on long-term average valuation multiples of a sector or a peer group. The methodology aims to calculate a fair, through the cycle value of the company. Among its shortfalls is that at peaks and/or troughs of the cycle, the implied fair value may deviate substantially from the market's value of an analysed stock as well as the methods' reliance on the quality of external data (we usually use Bloomberg or Damodaran databases). Simplicity and average through-cycle value allowing to capture over- as well as under-valuation of a given stock are the main advantages of this methodology.
The dividend discount model (DDM) valuation is based on the net present value of the future dividends that are expected to be paid out by the company. Some advantages of the DDM valuation method are that it takes into account real cash flows to equity-owners and that the methodology is used in respect to companies with long dividend payout history. Main disadvantage of the DDM valuation method is that dividend payouts are based on a large number of parameters and assumptions, including dividend payout ratio.
Residual income method is conceptually close to the discounted cash flows method (DCF) for non-financial stocks, the difference being that it is based on expected residual income (returns over COE) rather than expected future cash flows. One advantage of this valuation method is that it captures the excess of profit potentially available to shareholders and the cost of money over time. Main disadvantage of the valuation method is that a large number of parameters and assumptions need to be estimated; and the valuation is sensitive to changes in those parameters.
The warranted equity method (WEV) is based on the formula P/BV = (two year forward ROE less sustainable growth rate)/(Cost of equity less sustainable growth rate) which allows estimating a fair value (FV) of a given stock in two years' time. Subsequently the FV is discounted back to today. The main advantage of the WEV method is that it is a transparent one and based on relatively short term forecasts, hence substantially reducing the margin of forecasting error. The main disadvantage in our view is that the model is based on the principle that stock price should converge towards its fair value implied by company's ROE and COE.
SOTP valuation - different assets of a company are being valued according to different valuation methods, and the sum of these valuations represents the final valuation of the company. SOTP valuation advantages / disadvantages are identical to advantages and disadvantages of the specific valuation methods used.
Liquidation value method – liquidation value is the estimated amount of money that an asset or company could be quickly sold for, such as if it were to go out of business. Then, the estimated assets value is adjusted for liabilities and liquidation expenses. One advantage of this valuation method is its simplicity. This method does not account for intangible assets as goodwill, which is the main disadvantage.

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