



MICRO-PLAYBOOK

# The Price Discipline Playbook

Test value, cash, financing and downside without inventing a market multiple.

LANGUAGE

**EN**

STATUS

**RELEASE CANDIDATE**

EVIDENCE CUTOFF

**24 September 2026**

REFERENCE

**B04**

# The Price Discipline Playbook

## The problem

Overpayment is not only about a high multiple. It is paying a price that fails after earnings normalisation, working-capital needs, sustaining CAPEX, financing cost or a less favourable operating case.

DealPME does not issue a formal valuation opinion in the governed perimeter. This playbook teaches price discipline and the questions to take to a qualified valuation or financial adviser.

## Step 1 — Define what the price represents

Separate enterprise value, equity value, debt, cash, working capital, non-operating items and transaction costs. Multiple comparisons are meaningless if bases differ.

## Step 2 — Normalise EBITDA / cash flow

List every adjustment: owner pay, related parties, unusual costs, non-recurring revenue, costs that return, subsidies, underinvestment and FX. Each adjustment needs evidence and a status: **ACCEPT** , **REJECT** , **PARTIAL** , **PRO\_REVIEW** .

## Step 3 — Test cash conversion

EBITDA is not cash. Review tax, working capital, sustaining CAPEX, debt service, seasonality and growth needs.

## **Step 4 — Use comparables cautiously**

IVS provides a framework for valuation approaches and data. Where comparable data are scarce, do not invent a local multiple. Document size, country, sector, growth, margin, control, date, liquidity and data quality.

## **Step 5 — Build downside cases**

At minimum: revenue decline, margin compression, higher working capital, unexpected CAPEX, delayed integration and higher debt cost.

## **Step 6 — Test financing capacity**

A price can appear acceptable at equity value while creating fragile debt. Test lender metrics/headroom, minimum cash and reserves.

## **Step 7 — Review terms, not only price**

Deferred consideration, earn-out, seller finance, warranties, partner escrow, rollover equity and conditions redistribute risk between parties.

# Valuation Sanity Check

| Test                   | Base case | Downside | Evidence | Question                |
|------------------------|-----------|----------|----------|-------------------------|
| Normalized EBITDA      |           |          |          | are adjustments robust? |
| Cash conversion        |           |          |          | cash after WC/CAPEX?    |
| Debt capacity          |           |          |          | lender case survives?   |
| Customer concentration |           |          |          | revenue at risk?        |
| Owner dependency       |           |          |          | transition cost/time?   |
| Implied multiple       |           |          |          | comparable evidence?    |
| Equity headroom        |           |          |          | reserve after close?    |

## Stop conditions

Unsupported EBITDA adjustments, insufficient cash after CAPEX/WC, financing that only works in the optimistic case, weak comparable evidence, undefined debt/cash/WC, a price justified only by an unsourced “market multiple”, or dependence on immediate hypothetical refinancing.

## Deal-Pricer boundary

Under the conditional architecture, Deal-Pricer may provide an indicative range with visible method and sources. It must never be described as a formal DealPME valuation opinion.

## Professional escalation

Where price is material, complex, contested, tax-sensitive or used by a financier, use a qualified valuation/financial professional and document scope, basis of value, methods, assumptions and limitations.

## Build the enterprise-value to equity-value bridge

Explicitly document enterprise value, included/excluded debt, cash, cash-like/debt-like items, working-capital target, specific provisions, transaction costs and non-operating items. Each item needs a contractual definition or open question.

## Comparable Evidence Checklist

For each comparable record source, date, country, sector, size, growth, margin, control, transaction type, metric, data quality and required adjustments. If those fields are unknown, the multiple has limited evidential value.

## **Funding-price feedback loop**

After every material price or structure change, recalculate sources & uses, debt service, minimum cash and downside. Price should not live in one model while financing lives in another.

## **Walk-away discipline**

Before the offer, define conditions that make economics incoherent: insufficient cash flow, fragile leverage, hidden CAPEX, unresolved dependency, missing management or blocking regulatory risk. These are guardrails, not a universal formula.

## Mini-FAQ

**Can I apply a multiple from a nearby transaction?** Only after analysing comparability and calculation basis. A context-free multiple is not valuation evidence.

**Should I set one maximum price?** You can set economic discipline, but deferred consideration, earn-out or seller finance can change risk and therefore real economics.

# Working tool — Downside Scenarios

Print or complete this table during the process. Blank fields are intentional and should be completed using deal-specific evidence or decisions.

| Scenario          | Revenue | Margin | Working capital | CAPEX | Debt cost | Cash after debt service |
|-------------------|---------|--------|-----------------|-------|-----------|-------------------------|
| Base              |         |        |                 |       |           |                         |
| Moderate downside |         |        |                 |       |           |                         |
| Severe plausible  |         |        |                 |       |           |                         |

# Working tool — Ebitda Adjustments

Print or complete this table during the process. Blank fields are intentional and should be completed using deal-specific evidence or decisions.

| Adjustment | Management rationale | Evidence | Buyer treatment                                 | Recurring? | Amount |
|------------|----------------------|----------|-------------------------------------------------|------------|--------|
|            |                      |          | ACCEPT /<br>REJECT /<br>PARTIAL /<br>PRO_REVIEW |            |        |

# Working tool — Valuation Sanity Check

Print or complete this table during the process. Blank fields are intentional and should be completed using deal-specific evidence or decisions.

| Test                   | Base case | Downside | Evidence | Status | Question                  |
|------------------------|-----------|----------|----------|--------|---------------------------|
| Normalized EBITDA      |           |          |          |        | Are adjustments robust?   |
| Cash conversion        |           |          |          |        | Cash after WC/ CAPEX?     |
| Debt capacity          |           |          |          |        | Does lender case survive? |
| Customer concentration |           |          |          |        | Revenue at risk?          |
| Owner dependency       |           |          |          |        | Transition cost/time?     |
| Implied multiple       |           |          |          |        | Comparable evidence?      |
| Equity headroom        |           |          |          |        | Reserve after close?      |

# Sources, methodology and limitations

The sources below support the rules, methods or context used in this playbook. They do not turn the document into transaction-specific legal, tax, financing, valuation or investment advice.

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## International Valuation Standards

Publisher: IVSC · Tier: Tier 3 / international standard setter

Use: Valuation scope, bases, approaches, data, models and reporting; relevant for valuation discipline, not DealPME valuation advice.

<https://ivsc.org/standards/>

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## DealPME governed product baseline - Core Build Pack and P04-P25 process reference

Publisher: DealPME · Tier: Governed internal source

Use: Product rules for disclosure, qualification, VDR, diligence, closing, Deal-Ready, partner boundaries and human decision ownership.

Source interne gouvernée / Governed internal source