

PwC Modelling Centre of Excellence

Helping you make the right
decisions

Our clients use financial models on a daily basis

Consolidated Business models
(shareholders & board)

Deal models
(buyers, sellers)

Treasury models
(capital markets)

Segmentation &
Operating models
(reporting & planning)

Market models
(investors & analysts)



CEO

CFO

M&A / Strategy
/ Corp Dev

Treasury

FP&A / Tax
/ Accounting

Investor
Relations

80%

of models meet
less than 3 of our
10 modelling best
practices

90%

of models have
math or logic errors

100%

have opportunities
for logic or design
improvements

> 70%

are unnecessarily
complex, or
not fit-for -purpose





Helping you to support your executive decisions

Financial models are used to support almost every critical business decision. Are you confident that your model is correct? Does your model give you the right insights and analyses to support your decision making process? Is your model 'fit for purpose'?

It is essential that you have confidence in your financial model, to ensure the information you are working with is accurate when making decisions which impact the future of your business.

We design and deliver financial models tailored to your business' needs and use our bespoke model review methodology to provide the comfort you need to make critical decisions for your business.

One-time use models are specifically build for one purpose or specific 'ad-hoc' situations. Examples of these types of model can be deal models, restructuring models or carve out models.

One-time use

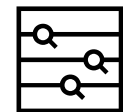
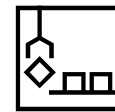
Business as Usual

Business as Usual (BaU) models are used continuously in the organisations of our clients to monitor and control performance and to forecast company performance. Examples could be budget models, strategic planning models or short term cash flow models.

Model Build

Our product and industry experts can assist you in preparing best in class financial models tailored to your specific needs.

In addition to full model builds, we can help you by performing timely checks and model 'fixes' on a regular basis to make sure your model is 'fit for purpose.'



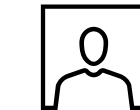
Model Review

Detailed review of a model to gain comfort with model outcomes. Typically performed on a cell-by-cell basis from input, calculation to output.



Model Health Checks

An analytical review of models to provide insights in key model outputs through charting and use of analytical tools. Typically performed to asses if a model is fit for purpose.



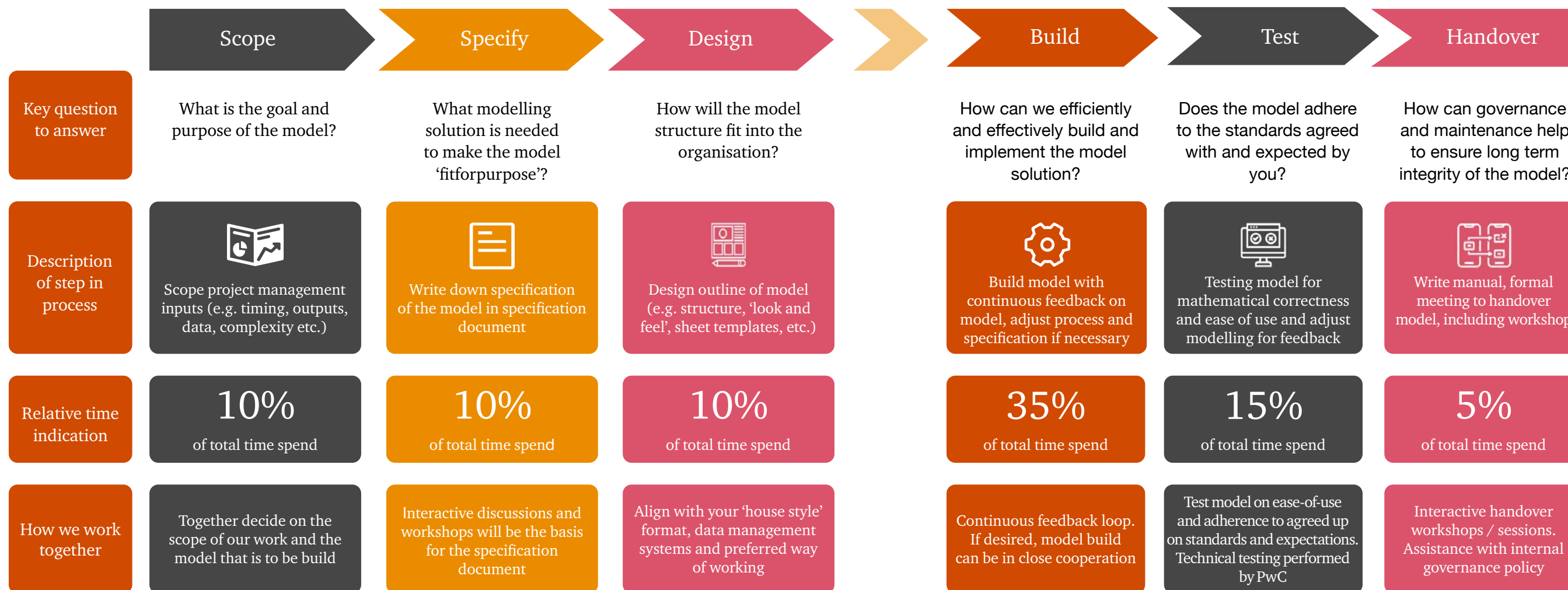
Model Training

We provide (on-site) trainings to help upskill your people. Trainings can be tailored to your specific needs and requirements.

A typical Model Build process is structured in different phases



A model build project is an interactive process where intensive upfront engagement with you is key for a successful implementation of the financial model in a later stage



Best practices to build models

- Are structured**
A model is structured in a robust, logical way to convert inputs into a reasonable set of financial forecasts
- Enable decision support**
A model should be a tool to support decision making of our clients
- Are flexible and easy to use**
A model should be flexible with the ability to adjust inputs dynamically and perform sensitivities and scenarios
- Capture key drivers**
A model should capture key drivers to arrive at the outputs required by the users

[Link to the PwC Modelling page](#)

[Link to the Modelling Guidelines](#)

A typical Model Review ensures models are reliable and robust and involves multiple iterations

A Model Health Check presents key model insights



Full review of model mechanics with additional focus on commercial considerations, data quality and reliance of model outcomes



Reliance on review methodology and procedures
Financing banks or potential buyers might require reliance on the review procedures performed, to increase levels of comfort that the model works correctly



Non-technical considerations and discussions
Typically, we perform our model review not only on the technical components, but engage in discussions on commercial and deal considerations with our clients



Answer key questions

- Do our review procedures give rise to concern on the integrity of the model?
- Is the model the best tool to answer the question of our client?
- Can you trust on the outcomes of the model, given correctness of data inputs and interpretation?



A targeted, fast and cost effective review approach prioritising the high-risk and high-complexity sections of the model



Assess error vulnerability
Understand the likelihood of error and identify opportunities to reduce it through best practices



Unlock new insights
Demystify a model's logic and flow, unlocking meaningful insights and perspectives



Answer key questions

- Are key calculations working properly?
- Is it fit-for-purpose? Too complex? Not complex enough?
- Am I missing any important commercial considerations?

Service	Risk focus	Model integrity							Commercial considerations						Deal considerations						
This table shows the standard scope per service. These can be tailored to your specific needs and requirements	Reassess key risks and focus areas	Discussion of key risks and focus areas	Clarify complex calculations via drivers and other visual aids	Formula review	Complexity & best practice assessment	Visualization and other executive reporting	Test speed and performance of model	Relationship between CapEx and revenue growth	Cash conversion cycle	Fixed/variable and (in)direct cost breakdown	Scenario and sensitivity analysis	Impact of tax reform on profit and cash	Key profit drivers	Comparable peers, industry and market indicators	Variance in P&L trends	Key performance metrics	Standalone to acquisition view	Structure and sector driven observations	Deal structure (asset vs. stock)	Synergy prioritization and clarification	Key drivers of value
	Model Review	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Model Health Check	✓	✓	✓		✓	✓	✓						✓	✓	✓			✓			✓

We help improve your teams' core modelling skills through modelling trainings and workshops



Modelling expertise

Vast experience in building and reviewing (financial) models both in deal situations as in "business-as-usual" context, which we can leverage when facilitating trainings and workshops to your finance staff



PwC academy

Well established educational methods developed by our internal PwC Academy to provide engaging, insightful and meaningful workshops and learning materials

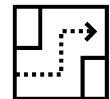


Development of core modelling skills

We can add to your in-house expertise by creating centres of modelling excellence within your organisation, enhancing the modelling and analytical skills and establishing your modelling standards and best practices. Trainings can be tailored to the level of skill and experience available in the team and desired by you, either in-house, on-site or virtual in both Dutch and English

Sector knowledge

Technical modelling expertise can be brought together with deep sector knowledge through our broad network of industry experts, understanding key value drivers and topics concerning your industry



Experience

An experienced Amsterdam based international team with extensive modelling knowledge gained in serving a wide range of companies, offering practical insights gained in successfully finalised projects



Development of modelling skills through training will increase reliability of models and efficiency of your team and can be a starting point for new business opportunities



We have a dedicated team of modelling specialists and other (deal) advisors at your disposal



Key contacts

Danyel Slabbers
Partner PwC Deals | Valuations & Modelling
Tel: +31 (0) 51 48 19 46
Mail: danyel.slabbers@pwc.com

Mark Dekker
Director PwC Deals | Valuations & Modelling
Tel: +31 (0) 6 2273 8076
Mail: mark.dekker@pwc.com

Advisory

Deals

Valuations – Modelling Centre of Excellence

Delivering Deal Value

Strategy

Corporate Finance

Business Restructuring

Data & Analytics

Financial Due Diligence