

Capstone — What Is Jollof Express Worth?

Student brief

A private-equity fund has offered to acquire one hundred percent of Jollof Express Limited. The founders have asked Mountain River for a valuation and a recommended negotiating position.

Your team will present to a panel. **Fifteen minutes, then questions.**

What you must deliver

1. **A discounted cash flow valuation**, with a discount rate you have built and can defend. State the currency of your rate and show that it matches the currency of your cash flows.
2. **A multiples range**, with the comparable set justified and the country adjustment argued explicitly.
3. **A reconciliation** of the two. Where do they agree, where do they diverge, and what do you conclude?
4. **A recommended price band** — where to open, what to target, and where to walk away.

Exhibit A • Financial profile

JOLLOF EXPRESS • LATEST FINANCIAL YEAR

GH¢ millions

LINE	AMOUNT
Revenue	96.0
EBITDA	14.4
Depreciation and amortisation	(2.4)
EBIT	12.0
Interest	(1.2)
Tax at 25%	(2.7)
Net income	8.1
BALANCE SHEET	
Cash	3.5
Bank debt	9.0
Net working capital	2.1
Net property and equipment	21.0

Exhibit B · Operating information

OPERATING INFORMATION

ITEM	VALUE
Outlets	Twelve, all company-owned
Recently opened	Two within the last eighteen months, not yet at mature revenue
Average outlet fit-out cost	GH¢2.4m
Typical refit cycle	5–6 years
Maintenance capex, last year	GH¢2.8m
Revenue growth, last three years	18%, 14%, 11%
Leases	Four fall due for renewal within two years
Management	Founders remain in day-to-day management
Ghana inflation (expected)	20%
Ghana corporate tax rate	25%

*So that the panel is comparing like with like, every team should forecast ****five explicit years**** and hold net working capital at its ****current percentage of revenue****. Every other assumption is yours to make and yours to defend.*

Exhibit C · Market inputs

MARKET INPUTS

INPUT	VALUE
10-year US Treasury yield	4.0%
US market risk premium	6.0%
US inflation (expected)	2.0%
Global restaurant industry beta	0.95
Ghana sovereign spread over US Treasuries	600 bp

COMPARABLE MULTIPLES

Illustrative. Refresh from current market data and date-stamp the exhibit.

COMPARABLE SET	MULTIPLE
Global QSR groups	14.50× EV/EBITDA
Emerging-market QSR operators	8.75× EV/EBITDA
African listed food and beverage	5.75× EV/EBITDA
African listed food and beverage	8.00× P/E

What the panel will ask

Prepare for these four. They are asked of every valuation, every time.

What is driving the number? · Why those comparables? · What would change your mind? · What don't you know?