

# VALUATION



The energy valuation professionals at Opportune have vast experience valuing businesses, assets and financial instruments. Our technical resources and deep industry expertise enable us to perform advanced analytics and research to document complex valuation assignments and defend our positions. Opportune's highly experienced team of energy professionals is uniquely qualified to perform valuations for both financial reporting and tax purposes in connection with mergers and acquisitions, impairments and complex securities. Our valuation services span all energy sectors, with a particular emphasis on upstream, midstream, downstream, power and gas and oilfield services.

## Areas of Expertise:

- Financial Reporting
- Tax
- Advisory

## FINANCIAL REPORTING

### Purchase Price Allocations

• ASC Topic 805 and IFRS 3 (Business Combinations) – Our team identifies and estimates the fair value (as defined in ASC Topic 820 – Fair Value Measurements and Disclosures) of tangible and intangible assets and liabilities acquired in either a single reporting unit or multiple reporting units. We have expertise in estimating the fair value of contingent consideration at the initial measurement date, as well as subsequent measurement dates. We provide purchase price allocation services both in a pre- and post-deal context.

### Asset Impairments

• ASC Topic 360 (Property, Plant and Equipment) and IAS 36 (Impairment of Assets) – Our team tests the recoverability of depreciable, amortizable and/or depletable asset groups, and if the recoverability test is failed, measure the impairment.

### Goodwill and Indefinite-Lived Intangible Impairments

• ASC Topic 350 (Goodwill) and IAS 36 (Impairment of Assets) – Assess whether goodwill or indefinite-lived intangible assets are impaired and quantify any impairment as of the test date or in the instance a triggering event has occurred. We perform goodwill impairment services at the reporting unit or cash generating unit level in accordance with the relevant accounting standard.

## Fresh-Start Accounting

- ASC Topic 852 (Reorganizations) and ASC Topic 805 (Business Combinations) – Allocate the value of a business emerging from bankruptcy to the assets and liabilities of its reporting units. Fresh start accounting is a complex process for most management teams going through a restructuring for the first time. Our seasoned professionals have experience guiding companies through the fresh start accounting process.

## Stock and Share-Based Compensation

- ASC Topic 718 (Compensation – Stock Compensation) and IFRS 2 (Share-Based Compensation) – For both private and public companies we identify and review the terms of share-based payments issued to employees (e.g. stock options, stock appreciation rights, restricted stock units) and nonemployees (e.g. warrants), and estimate the fair value of these share-based payments on the grant date and at subsequent measurement periods, using appropriate valuation models and assumptions.

## Portfolio Valuation

- ASC Topic 820 (Fair Value Measurements and Disclosures) – For alternative asset investors and managers we estimate the fair value of portfolio holdings on either a quarterly or annual basis. The process of portfolio valuation for financial reporting purposes is complex given the accounting standards that must be followed and the level of support required to get sign-off from the investment company's independent auditors.

## TAX

### Tax Allocations

- IRC Section 1060 and IRC Section 338 – Allocate the purchase price paid in a transaction to the seven asset classes established by the tax code based on the respective asset classes' fair market value.

## Business & Legal Entity Valuations

- IRC sections, including IRC Section 338 and IRC Section 355 – Estimate the fair market value of the equity of subsidiary legal entities.

## Deferred Compensation

- IRC Section 409A – Assist private companies in estimating the fair market value of their common stock for purposes of setting the exercise price of stock options issued to employees.

## Gift & Estate Valuation

- Subtitle B of the Internal Revenue Code – Assist tax and legal professionals in estimating the fair market value of business assets and interests for gift and estate tax planning and reporting purposes.

## ADVISORY

- Bank Collateral
- Management Planning
- Divestiture Planning
- Litigation & Dispute Support
- Fraudulent Conveyance Support
- Capital Project Benchmarking
- Tangible Asset Lifecycle Planning
- Useful Life Analytics for Tangible Assets

## KEY CONTACTS

**Dean Price**, Partner

*dprice@opportune.com*

**Paul Legoudes**, Managing Director

*plegoudes@opportune.com*

**Shane Randolph**, Managing Director

*srandolph@opportune.com*

**Opportune LLP** is a leading global energy business advisory firm specializing in adding value to clients across the energy industry, including upstream, midstream, downstream, power and gas, commodities trading and oilfield services. Opportune's service lines include: complex financial reporting, dispute resolution, enterprise risk, investment banking, outsourcing, process and technology, reserve engineering and geosciences, restructuring, strategy and organizational design, tax, transactional due diligence and valuation.