



VALUATION · FUNDAMENTALS

How do bankers decide what a company is worth?

The four methods behind Rothschild's fairness opinion on Amex GBT, explained from scratch

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KEY TERMS AT A GLANCE

Enterprise value (EV)	What the whole business is worth to all its funders: equity value plus net debt
Equity value	What the shares are worth: share price × number of shares
EBITDA	Earnings before interest, tax, depreciation and amortisation: a rough measure of operating cash profit
Multiple	EV divided by EBITDA. It says how many years of profit a buyer pays for
Discount rate	The yearly return an investor demands. Higher means future cash is worth less today
Terminal value	The value of all cash flows after the forecast ends, often most of a DCF
Football field	A chart showing each method's value range side by side

IN 60 SECONDS

1. **A company is worth the cash it will produce.** Every method is a different shortcut to estimating that.
2. **Bankers either compare or calculate.** Comparing means pricing it like similar companies or deals. Calculating means forecasting its cash and discounting it back to today (a DCF).
3. **The answer is a range, not a number.** For Amex GBT, Rothschild's four methods ran from \$6.00 to \$10.00 a share. The \$9.50 offer sat near the top.

01 Why this matters

In our Deal Breakdown No. 001, we looked at Long Lake's \$9.50-a-share takeover of American Express Global Business Travel (Amex GBT). The key exhibit (Exhibit 3) was a chart with four bars: Rothschild's valuation ranges, set against the offer. Each bar is a different way of answering one question: what is this company worth?

We picked this topic because those four bars are the backbone of almost every M&A deal, and they're rarely explained to people who are new to finance. By the end of this piece, you should be able to read that chart and say why each bar sits where it does.

Read alongside: *Deal Breakdown No. 001: Was \$9.50 enough?*

02 The one idea underneath everything

Think about valuing a flat you want to buy to rent out. You have three obvious options:

- **Look at the asking prices of similar flats on the market today.** That is trading comparables.
- **Look at what buyers actually paid for similar flats recently.** That is precedent transactions.
- **Add up the rent you'll collect over the years, allowing for the fact that money later is worth less than money now.** That is a discounted cash flow (DCF).

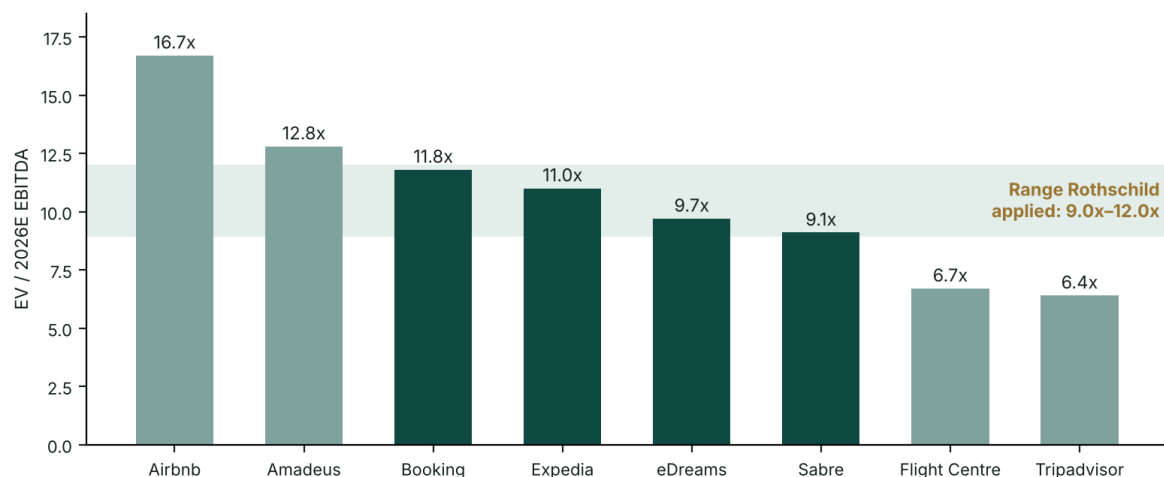
Bankers add a fourth check for public takeovers: how big a premium buyers usually pay over the share price. The first, second and fourth methods compare. The DCF calculates. Using all of them and seeing where they overlap is called triangulation.

03 Method 1: Trading comparables

The idea: find listed companies that look like yours, see how the market values them relative to their profits, and apply that ratio to your company.

The ratio most often used is EV / EBITDA. If a peer has an EV of \$11bn and EBITDA of \$1bn, it trades at 11x. Exhibit 1 shows the travel companies Rothschild compared Amex GBT with.

EXHIBIT 1: PEER MULTIPLES, EV / 2026E ADJUSTED EBITDA



Source: Amex GBT proxy supplement (24 July 2026). EBITDA is adjusted EBITDA less capitalised software. Navan was also reviewed but its multiple was not meaningful.

Rothschild didn't just take the average. It chose a range of 9.0x to 12.0x, leaving out outliers at either end such as Airbnb, a very different, faster-growing business. Exhibit 2 shows how a multiple turns into a share price.

EXHIBIT 2: FROM MULTIPLE TO SHARE PRICE

Step	Low (9.0x)	High (12.0x)
2026E EBITDA (our estimate)	\$505m	\$505m
× multiple = enterprise value	\$4.55bn	\$6.06bn
– net debt and debt-like items	\$1.23bn	\$1.23bn
= equity value	\$3.32bn	\$4.83bn
÷ 534.3m shares = value per share	c.\$6.25	c.\$9.00

Source: Rothschild's multiples, net debt and share count from the proxy supplement. The proxy does not show the EBITDA figure; JMA back-calculated about \$505m from Rothschild's published range.

The catch: no two companies are truly alike, and choosing the peers and the range is a judgement call. Shift the range by one turn and the value moves by about \$1 a share.

04 Method 2: Precedent transactions

The idea: look at what buyers paid for whole companies in the same industry, measured the same way, and apply those multiples.

Rothschild looked at 12 past travel deals, with multiples ranging from 6.9x to 18.8x (the top being Amex GBT's own purchase of Egencia in 2021). It applied 10.0x to 12.0x to Amex GBT's last-12-months EBITDA of about \$440m.

EXHIBIT 3: PRECEDENT TRANSACTIONS, WORKED THROUGH

Step	Low (10.0x)	High (12.0x)
Last-12-months EBITDA	\$440m	\$440m
× multiple = enterprise value	\$4.40bn	\$5.28bn
– net debt and debt-like items	\$1.23bn	\$1.23bn
= equity value	\$3.17bn	\$4.05bn
÷ 534.3m shares = value per share	c.\$6.00	c.\$7.50

Source: Amex GBT proxy supplement. EBITDA is pro forma for the CWT acquisition, including expected 2026 cost savings.

Why is this range lower than the trading range? You might expect takeover prices to be higher, since buyers pay a premium. Here, the multiple is applied to last year's profit (\$440m) rather than the full-year 2026 forecast (about \$505m), and some of the past deals, including one from 2020 at 6.9x, were done when travel was depressed.

Compare it with the real deal: \$6.3bn of EV divided by \$440m is about 14.3x, well above any multiple Rothschild applied. Long Lake paid for its own plans, not for the business as it stood.

05 Method 3: Discounted cash flow (DCF)

The idea: forget other companies. Forecast the cash this company will generate, then work out what that future cash is worth today.

A DCF has four steps:

1. Forecast free cash flow for a few years. Rothschild used management's forecasts to 2030.
2. Estimate a terminal value for everything after the forecast, assuming cash grows at a steady rate forever. Rothschild used 1% to 3% a year.
3. Discount everything back to today at a rate that reflects the risk. Rothschild used 11% to 13%.
4. Subtract net debt and divide by the shares. Rothschild's result was \$6.50 to \$10.00 a share.

Step 2 is where most of the value comes from, and where small assumptions matter most. The terminal value uses this formula:

$$\text{Terminal value} = \text{next cash flow} \div (\text{discount rate} - \text{growth rate})$$

Here, "next cash flow" means the first year after the forecast ends. So the terminal value is really a multiple of one year's cash flow: $1 \div (\text{discount rate} - \text{growth rate})$. Exhibit 4 shows that multiple across Rothschild's assumptions.

EXHIBIT 4: HOW MANY YEARS OF CASH FLOW THE TERMINAL VALUE IS WORTH

Discount rate \ long-run growth	1%	2%	3%
11%	10.0x	11.1x	12.5x
12%	9.1x	10.0x	11.1x
13%	8.3x	9.1x	10.0x

JMA calculation: $1 \div (\text{discount rate} - \text{growth rate})$.

The same stream of cash is worth 12.5 years of cash flow at one corner of the grid and 8.3 years at the other, a 50% difference. That's why the DCF bar on the football field is the widest, running from \$6.50 to \$10.00.

The catch: a DCF is only as good as its forecasts and assumptions. Here, they came from Amex GBT's own management.

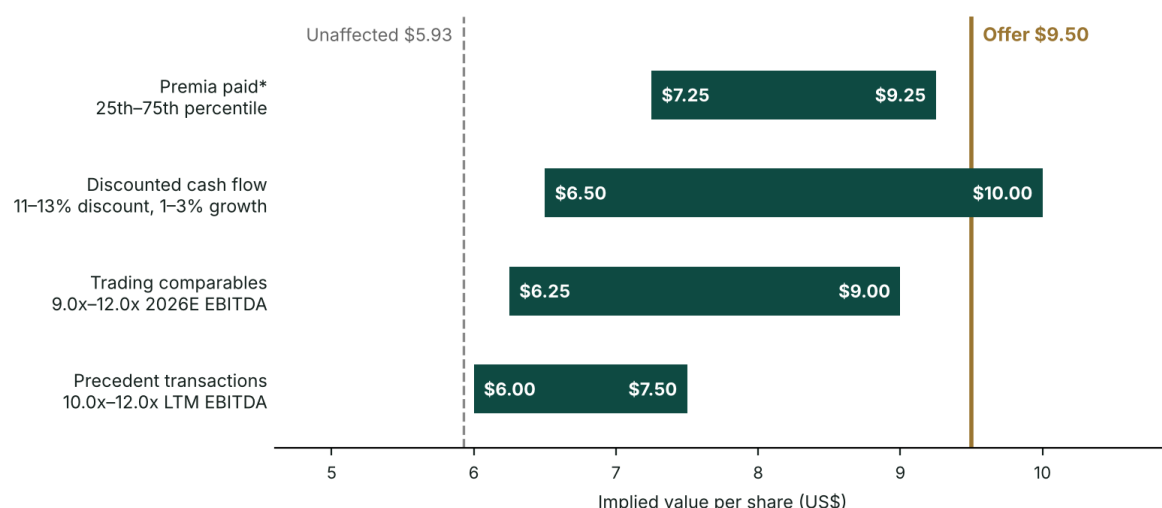
06 Method 4: Premia paid

The idea: in public takeovers, buyers usually pay a premium over the share price to win control. Look at the premiums in comparable deals and apply them to this company's share price.

Rothschild took the middle half of premiums in comparable deals (the 25th to 75th percentile) and applied them to Amex GBT's \$5.86 share price on 30 April, the last close before it gave its opinion. (The \$5.93 in our Deal Breakdown is the 1 May close, the last price before news of the deal broke.) That gave \$7.25 to \$9.25, which implies typical premiums of roughly 24% to 58%. Rothschild used this only as a reference point, not as part of its formal opinion. That makes sense, because it depends on the share price on the day rather than on the business itself.

07 Putting it together: the football field

Bankers show all the ranges on one chart, called a football field because the bars look like yard lines. Exhibit 5 is the same chart as Exhibit 3 in our Deal Breakdown.

EXHIBIT 5: ROTHSCHILD'S VALUATION RANGES VS THE OFFER (US\$ PER SHARE)

Source: Amex GBT preliminary proxy and proxy supplement. *Premia paid was reviewed for reference only.

How to read it:

- **Look for overlap.** All four ranges overlap between about \$7.25 and \$7.50. That's the zone where every method agrees.

- **Then look at the offer.** \$9.50 is above three of the ranges and near the top of the DCF. For the special committee, that made it easy to call the price fair.
- **Remember who chose the inputs.** Every bar reflects judgement: which peers, which deals, which discount rate. A football field shows a range of reasonable answers, not the right answer.

WHAT SURPRISED US

Before reading the proxy, we thought a DCF was the “scientific” method, and the others were rough guides. In fact, the DCF produced the widest range of all, because two assumptions a couple of percentage points apart change the answer by \$3.50 a share. The comparison methods are narrower precisely because the market has already made those judgements for you.

08 Check your understanding

1. Why might a buyer pay more than every valuation range suggests?

Because the ranges value the company as it stands. A buyer with its own plans, here Long Lake's AI strategy, can justify paying for value it expects to create.

2. If the discount rate rises from 11% to 13%, what happens to a DCF value?

It falls. Future cash is worth less today, and the terminal value multiple drops (from 12.5x to 10.0x at 3% growth).

3. Two companies have the same EBITDA and the same multiple. Why could their share prices differ?

Because the multiple gives enterprise value. The company with more net debt has a smaller equity value left for shareholders, and the share count matters too.

THE BIG IDEA

Valuation is a range of reasonable answers, built from judgement as much as maths. Bankers use several methods because each one is flawed in a different way, and the overlap is where you can be most confident.

Next time you read that a deal was “fair”, ask two questions: **fair according to which method, and whose assumptions?**

Sources

- [Amex GBT proxy supplement, 8-K, 24 July 2026 \(SEC EDGAR\)](#)
- [Amex GBT preliminary merger proxy \(SEC EDGAR\): premia paid analysis](#)
- [Amex GBT definitive merger proxy, 6 July 2026 \(SEC EDGAR\)](#)

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