

IV. Course Outlines

➤ INTRODUCTION TO EXCEL AND 3 STATEMENT FORECASTING (DAY 1)

This session will introduce participants to Excel and the fundamentals of 3 statement modeling. Participants will learn how to forecast the 3 financial statements, balance a model and handle issues related to circularities. Best practices will be incorporated throughout the course.

- Excel and modeling fundamentals
 - Optimal excel settings
 - Key shortcuts
 - Formula construction
 - Matrix integrity
- 3 statement modeling
 - Steps to building a model
 - Income statement construction
 - Supporting calculations and debt schedule
 - Balance sheet and cash flow statement construction
 - Balancing the model
 - Understanding circular references and building a circ breaker

➤ DISCOUNTED CASH FLOW ANALYSIS (DAY 2 AM)

DCF valuation can be one of the most intricate valuation methodologies. Small changes in assumptions often result in large changes in value. Both the theory and practical applications of DCF are covered during this session and ultimately participants build a DCF model similar to those found on the desk.

- Calculating unlevered free cash flow
- Ensure cash flows have reached steady state by terminal year
- Calculating WACC
 - Cost of equity vs. debt
 - Target capital structure
 - Determining the after-tax cost of debt and associated tax shield
 - Calculating cost of equity using CAPM
 - Risk free rate
 - Market risk premium
 - Unlevering and relevering beta
 - Small cap “size” premium
- Calculating the terminal value
 - Perpetuity growth method
 - Exit multiple method
- Building a discounting model
- Mid-year adjustments
- Calculating enterprise and equity values
- Implied multiples and perpetuity growth rates
- Sensitivity analysis via data tables

➤ **SHORT-FORM M&A MODELING (DAY 2 PM)**

Participants build a short-form M&A model while covering key concepts of M&A analysis. Emphasis will be placed on accretion/dilution and ability to pay.

- Key assumptions and drivers needed to build a short-form M&A model
- Building a flexible sources and uses of funds table
- Stock vs. cash financing
- Relative P/E's: acquirer P/E vs. debt P/E vs. acquisition P/E
- Earnings accretion/dilution analysis
- Sensitivity analysis
- Synergies-to-break-even analysis
- Analysis at various prices
- Ability to pay analysis