

Financial Modelling and Valuation using Excel

Monday, 16th – Thursday 19th March 2020

Our Detailed Approach:

DAY 1

- 1.1 Introduction to Financial Modelling.**
- 1.2 Basic excel sheet functionalities**
- 1.3 1.3 Building formulas including:**
 - ✓ 'IF' equations
 - ✓ 'Sum' equations
 - ✓ 'Index' equations
 - ✓ 'Match' equations
 - ✓ Other equations relevant to financial analysis
- 1.4 Excel sheet organizing**
- 1.5 1.5 Financial Modeling Best Practices**
 - ✓ Formatting Conventions
 - ✓ Modeling Best Practices
 - ✓ Naming, Linking and Deleting Cells
 - ✓ Model Structure
- 1.6 The Income Statement**
 - ✓ Modeling the Historical Income Statement
 - ✓ Introduction to Forecasting
 - ✓ Segment-Level Revenue Forecasting
- 1.7 Inputting the Historical Balance Sheet**
 - ✓ Working Capital Forecasting & Roll-Forward Mechanics
 - ✓ Accounts Receivable
 - ✓ Inventory
 - ✓ Accounts Payable
 - ✓ Accrued Expenses and Deferred Revenue

DAY 2

- 1.8 Long Term Assets and Liabilities**
 - ✓ Intangible Assets
 - ✓ Modeling Intangible Assets
 - ✓ PP&E
 - ✓ Modeling PP&E
 - ✓ Other Balance Sheet Assets
 - ✓ Modeling Other Current Assets
 - ✓ Deferred Tax Assets
 - ✓ Deferred Tax Liabilities
 - ✓ Other Liabilities
 - ✓ Modeling Deferred Taxes & Other Balance Sheet Items
- 1.9 Modeling Debt**
- 1.10 Balance Sheet Equity**
 - ✓ Capital Stock
 - ✓ Modeling Capital Stock
 - ✓ Treasury Stock
 - ✓ Modeling Treasury Stock
 - ✓ Retained Earnings and OCI

- ✓ Modeling Retained Earnings
- ✓ Modeling Other Comprehensive Income
- ✓ Linking Schedules Back to the Balance Sheet
- ✓ The Cash Flow Statement
- ✓ Cash From Operations
- ✓ Modeling Cash from Operations
- ✓ Cash From Investing & Other Financing Activities
- ✓ Modeling Cash from Investing & Other Financing Activities

1.11 The Model Plugs: Revolver & Cash

- ✓ Understanding the Role of the Revolver in Financial Models
- ✓ Modeling the Revolver
- ✓ Modeling Interest Income
- ✓ Dealing with Circularities in Financial Models

1.12 Earnings Per Share

- ✓ EPS
- ✓ Modeling EPS

1.13 Finishing Touches

- ✓ Integrity Checking & Balancing the Model
- ✓ Sensitivity Analysis Using Data Tables
- ✓ Scenario Analysis
- ✓ Deeper Dives
- ✓ Depreciation Waterfall

DAY 3

2.1 Tips and hints in building financial models including creating and using:

- ✓ Pivot tables
- ✓ Data tables
- ✓ Look up equations

2.2 Valuation concepts

2.3 Valuation methodologies (including evaluation of different methodologies).

2.4 Using comparative valuation measures.

2.5 Dealing with common valuation issues.

2.6 DCF Modeling

- 2.6.1 Calculate free cash flows using the unlevered valuation approach
- 2.6.2 Discount the Cash Flows
- 2.6.3 Sensitivity Analysis

DAY 4

3.1 Building a robust merger model

- ✓ Setting up a control area for assumptions
- ✓ Inputting deal assumptions (% cash vs. stock considerations, purchase premium, asset write-ups, advisory fees, financing fees, and severance fees)
- ✓ Calculating shares outstanding using the treasury stock method
- ✓ Appropriate treatment of convertible securities
- ✓ Allocating purchase price and calculating goodwill
- ✓ Preparing the pushed-down balance sheet
- ✓ Making pro forma balance sheet adjustments
- ✓ Calculating sources & uses of funds
- ✓ Inputting operating & synergy projections
- ✓ Calculating the stub year period

- ✓ Building a pro forma income statement and making appropriate deal-related adjustments to arrive at accretion/dilution per share
- ✓ Sensitivity analysis: EPS accretion/dilution in stock vs. cash deal; interest rate assumptions, premium paid
- ✓ Pre-tax synergies required to break-even, and break-even PE analysis
- ✓ Revenue, EBITDA, and Net Income contribution analysis

3.2 Tax considerations in M&A

- ✓ Considerations to buyers and to sellers
- ✓ Inside vs. outside basis
- ✓ Asset sales vs. stock sales vs. 338(h)(10) elections
- ✓ Taxable vs. nontaxable transactions
- ✓ Exercise: Modeling tax considerations and buyer indifference points