

Financial & Valuation Modeling Boot Camp

TARGET AUDIENCE

- IB Analysts & Associates
- Equity research associates
- Private equity associates
- Business development analysts
- Corporate finance analysts
- Accounting/Treasury/CFO professionals
- MBAs

PREREQUISITES

Financial Accounting
Excel – Beginner level

FORMAT

Full course – 3 days
LBO modeling pre-recorded video lectures and online comps training included

CONTINUING ED CREDITS

27 CPE credits
35 PD credits

Pricing:

\$1,400 for CFALA Members
\$1,500 for non-Members

Venue:

University of California, Los Angeles (UCLA)

Contact:

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Overview

3-day intensive training program where trainees learn financial & valuation modeling in Excel using in a hands-on, case-study approach. The modeling methodologies covered include:

Boot Camp Agenda

- Day 1 Financial Statement Modeling and Excel Best Practices
 - Day 2 Valuation Overview and DCF Modeling
 - Day 3 M&A (Accretion/Dilution) Modeling
- Pre-recorded 8-hour video lectures of LBO Modeling*
Online 15-hour Trading & Transaction Comparables Modeling

Step-by-step, intuitive approach

Each modeling methodology is preceded by conceptual introductions that relate academic coursework to the hands-on step-by-step exercises trainees undertake on their computers in class. The program is a synthesis of Excel modeling, navigating through various financial reports, and the application of accounting, corporate finance, and valuation courses.

What sets this program apart?

- The training materials that trainees receive are comprehensive and intuitive, and are designed to serve as stand-alone materials for easy use long after the training session has ended.
- Case study presentations and an end of program examination enable both participants and supervisors to assess individual performance.
- Our instructors are all practitioners (investment bankers, equity research analysts, etc.) with a passion for teaching with years of directly relevant real-world experience. They understand the importance of teaching in a way that empowers finance professionals to apply the lessons from the classroom directly on the job.
- Unlimited support for 2 years post-seminar
- Issuance of Certification in Financial & Valuation Modeling
- 27 CPE credits and 35 PD credits

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Financial & Valuation Modeling Boot Camp

Day 1 – Financial Statement Modeling

Summary

Participants develop a model completely from scratch, inputting historical data and assumptions to project out financial statements using step-by-step instruction on selecting, locating, and developing appropriate projection drivers. At completion, participants will have developed a complete and comprehensive three-statement model using various supporting schedules.

Interactive, Step-by-Step Learning Approach

Participants follow intuitive, step-by-step instruction manuals while building models using Excel model templates and are directed to the appropriate external documents (SEC filings, research reports, etc.) in order to build comprehensive models the way they would on the job.

Key Learning Outcomes

- Building financial models from scratch the way it is done at financial institutions.
- Excel and formatting best practices, efficient formula construction, and appropriate driver selections.
- Learn to use advanced Excel functions to present various sensitivities to projected financial metrics.
- Balancing the balance sheet accounts, including excess cash and revolver.
- Fixing circularity problems, iteration, and other common modeling troubleshooting.
- Balance sheet / cash flow statement crosschecks.

MORNING SESSION (8-11AM)

- Introduction to financial modeling
- Overview of financial modeling
 - Understanding projections
 - Modeling techniques
 - Excel best practices foundation and exercises
 - Useful Excel shortcuts and functions
 - Gathering historical documents/information

MIDDAY SESSION (11AM-3:30PM)

- Building the model, step-by-step
- Setting up the core financial statements
- Working capital, Depreciation & amortization (PP&E), and Other balance sheet items.
- Shareholders' equity & Shares Outstanding
- Debt & Interest

AFTERNOON SESSION (3:30-5PM)

- Improving the finished product
- Controlling circular references using automated circuit breakers
- Balancing the model
- Scenario analysis
- Creating forms in Excel

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Day 2 – Valuation Overview & DCF Modeling

Summary

Participants will learn the conceptual underpinnings of the valuation framework followed by step-by-step training for building a professional, robust discounted cash flow (DCF) model in Excel from scratch, using real case studies, industry best practices, and sensitivity analyses.

Key Learning Outcomes

- Understand the important differences between enterprise and equity valuation, unlevered and levered free cash flow estimation, and intrinsic vs. market-based valuation
- Learn proper treatment and adjustments for options, preferred stock, minority interests, debt, cash and marketable securities
- Derive valuation ranges
- Build a professional, robust discounted cash flow (DCF) model in Excel
- Project levered & unlevered cash flows in Excel by normalizing operating profits for calculating free cash flows and avoid common mistakes.
- Project working capital items, deferred taxes, capital expenditures, and long-term accruals.
- Calculate the terminal value using both the exit multiple and the growth in perpetuity approach.
- Discount cash flows using a mid-year convention toggle.
- Correctly calculate the discount rate by deriving the cost of debt, of equity, and of capital using CAPM.
- Understand the role of capital structure in determining beta, the cost of equity, and ultimately WACC.
- Learn how to delever and relever beta.
- Model for and deal with the circularity inherent in the discount rate calculation.
- Calculate shares outstanding using the treasury stock method.
- Utilize the enterprise value to determine implied share prices.

MORNING SESSION (8-11AM)

Overview of valuation modeling

- Enterprise value vs. Equity value
- Relative vs. Intrinsic value
- Calculating and interpreting multiples (PE ratios, EBITDA multiples, etc.)
- The “football field”

AFTERNOON SESSION (11AM-5PM)

Participants build a complete working DCF model. Training encompasses the following:

- From accounting profit to levered and unlevered free cash flows—proper methodology and best practices for projections in Excel.
- Estimating the weighted average cost of capital (WACC) and common pitfalls to avoid.
- Applying the two major approaches to calculating terminal value
- Using data tables to analyze a broad range of scenarios given different assumptions

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Day 3 – M&A (Accretion/Dilution) Modeling

Summary

Participants will build a merger model in Excel to reflect the pro forma impact of various acquisition scenarios. Topics covered include a quick test of accretion-dilution in all-stock deals, pricing structures (exchange ratios/collars/"walk-away" rights), purchase accounting and the step-by-step allocation of purchase price.

Modeling exercises will address common pitfalls and status of changing accounting treatments, and typical adjustments required for arriving at pro forma financial projections.

Key Learning Outcomes

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.
- Error-checking a merger model and inserting circuit breaker switches where appropriate.
- 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

Advanced merger accounting:

- Understanding the differences between asset sales (inc. 338h10 elections) and stocks sales
- Taxation issues, including deferred taxes created by the step-up of asset values
- Legal considerations in acquisitions

MORNING SESSION (8-11AM)

- M&A modeling overview
- Purchase accounting
- Accretion/dilution overview and exercise
- Common pricing structures

AFTERNOON SESSION (11AM-5PM)

- Building the accretion/dilution model
- Sensitivity analysis using data tables
- Breakeven and contribution analysis
- Tax and legal considerations
- Asset sale vs. stock sale
- Indifference analysis

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Video Lecture – LBO & Recapitalization Modeling

Summary

Through a pre-recorded video lecture, participants learn intuition and mechanics of building a robust LBO and recapitalization model in Excel.

The pre-recorded video lecture begins with an introduction to the dynamics of an LBO and a discussion of the qualitative motivations behind such transactions, major players, current financing environment, and industry benchmarks.

Participants will develop an understanding of leveraged financing, purchase and recapitalization accounting and the step-by-step allocation of purchase price. Typical exit strategies and return requirements are discussed and analyzed.

Key Learning Outcomes

Constructing a fully integrated LBO model:

- Participants will learn typical deal structures of leveraged buyouts, along with current market metrics. They will then structure an Excel model for the valuation and analysis of an LBO transaction in line with those typical deal benchmarks using a real life case study.
- The LBO analysis will be driven off an integrated, dynamic three statement pro forma LBO projection model
- Participants will learn how to model the typical instruments of LBO financing, including cost assumptions and sources and uses of funds:
- Learn to insert a revolving credit facility and cash sweep, integrate industry standard treatment of senior notes, PIK instruments, and preferred equity and equity.
- Identify and error-proof the circularities and iteration problems inherent in an LBO model

Exit and sensitivity analysis:

- Participants will build the sensitivity tables required for correct analysis of an LBO, including the construction of multiples, and IRR tables using both data tables and various sorting functions in Excel, including VLOOKUPS, OFFSET, CHOOSE, and INDEX.
- Participants will design different scenarios for their LBO model, including: Base/Best/Worst Case

LBO MODELING VIDEO LECTURE OVERVIEW

- LBO modeling overview
- Market dynamics & current environment
- Purchase & recapitalization accounting
- Simple LBO exercise
- Constructing the LBO model
- Constructing a revolver & cash sweep
- Circularity and error checking

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Online – Trading and Transaction Comparables Modeling

Summary

Trading and transaction comparables analysis is the most widely used valuation methodology, and fundamental part of the core valuation skill set of investment bankers and finance professionals. Participants will learn how to select comparables and build dynamic comps models in Excel from scratch, using real case studies, industry best practices, and sensitivity analyses.

Key Learning Outcomes – Trading Comparables Modeling

- Learn to select appropriate comparable companies by evaluating operational, financial, size, and other similarities
- Set evaluation benchmarks & select comparable companies
- Gather appropriate financial history and projections
- Normalizing operating results and calculating LTM operating results to reflect nonrecurring charges and stock option expenses
- Standardize various expense classifications including FIFO to LIFO inventory accounting
- Calculate shares outstanding using the treasury stock method
- Input financial data & calculate and interpret financial and market ratios
- Presenting trading comps by structuring output schedule
- Selecting key valuation multiples using the VLOOKUP function and generating multiple tables

Key Learning Outcomes – Transaction Comps Modeling

Participants spread trading comps in Excel and learn how to choose peer companies for the target they are valuing. They also learn how to “scrub” the data, select the value drivers, calculate and use multiples correctly, and calculate implied share price from enterprise value

- Similarly to trading comps, participants set evaluation benchmarks, select precedent transactions, gather appropriate financial details, input financial data, and calculate and interpret financial and market ratios.
- Calculating purchase premiums
- Understanding pricing structures (fixed vs. floating, collars, and walk-away rights).
- Best practices for incorporating synergy assumptions and appropriately calculating unaffected pre-deal share prices.

TRADING COMPS OVERVIEW

- Overview of trading comps modeling
- Selecting comps and gathering appropriate documents
- Spreading comps and normalizing operating results for LTM calculations in Excel
- Calculating shares outstanding using the treasury stock method
- Selecting and presenting multiples

TRANSACTION COMPS OVERVIEW

- Overview of transaction comps
- Spreading comps and normalizing operating results for LTM calculations in Excel
- Accounting for synergies
- Using data tables to analyze a broad range of scenarios given different assumption