Valuation Overview, DCF and M&A Modeling

Overview

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

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.
- 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
- 12-month access to Excel crash course – valued at $69
- 12-month on-line access to Trading & Transaction Comparables modules - valued at $169
- Pre-recorded video lectures covering FSM, DCF, M&A, and LBO Modeling content – valued at $69
- Lifetime subscription to Boost Pro Excel add-in – valued at $199 (http://wspanalytics.com/)
- 18 CPE credits

TARGET AUDIENCE

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

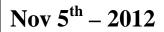**PREREQUISITES**

Financial Accounting

Excel – Beginner level

DURATION

2 days

CONTINUING ED CREDITS

18 CE Credits (9 per day)

Pricing

$ 999

Valuation Overview & DCF Modeling

TARGET AUDIENCE

☐ IB Analysts & Associates

☐ Equity research associates

☐ Private equity associates

☐ Business development analysts

☐ Corporate finance analysts

☐ Accounting/Treasury/CFO professionals

PREREQUISITES

Financial Accounting

Excel – Beginner level

DURATION

1 day

CONTINUING ED CREDITS

9 CE Credits

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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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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