Day 1 – Financial Statement Modeling

Review key Excel skills for financial modeling

- Basic Excel techniques and keyboard shortcuts
- The most accurate way to perform Excel's basic functions without the mouse
- Customize Excel's default settings for effective modeling.

Learn to format and structure financial models to limit errors and simplify auditing

- Standard modeling structures and formulas
- Best practices in modeling
- Learn the correct way to check models for errors, accuracy and integrity
- Check and fix circular reference and iteration problems (#REF)
- Tools for formula checking and auditing.

Learn how to present financial statement model

- Create a ratios page
- Prepare a model for distribution
- Learn summary and sensitivity analysis using data tables

Financial statement model development

- Learn to build projection drivers
- Learn to integrate assumptions into financial models – learn what makes a good assumption
- Build core statements:
  - Cash flow statement
  - Balance sheet
  - Income statement
- Build supporting schedules:
  - Debt schedule
  - Working capital
  - Interest schedule
  - Retained earnings
  - PP&E analysis
- Understand the interconnectivity of the core financial statements and learn how the cash flow statement, income statement, and balance sheet are linked.
- Learn to apply automatic "balance checks"
- Understand treatment of non-recurring charges and tax implications on financial models
- Understand implications of new FASB regulations on financial models used by investment banks and other financial institutions.

Day 2 – DCF Modeling
Valuation methodologies deconstructed
- Learn market-based valuation, including comparable company analysis and comparable transaction analysis using appropriate equity and enterprise value multiples (PE, EV/EBITDA, etc.)
- Intrinsic valuation, including DCF and LBO (floor) valuation
- Presentation of valuation results using sensitivity analysis and data tables
- Enterprise value relationships

Participants learn to identify and analyze the elements of the financial statement that are key to the value of an enterprise, including:
- Market capitalization
- Enterprise value
- Options
- Preferred stock
- Minority interests
- Debt
- Cash and marketable securities
- Treasury Stock Method of Calculating Diluted Shares Outstanding

Calculate free cash flows using the unlevered valuation approach
- Use previously built model to derive unlevered earnings and unlevered free cash flow
- Handle working capital items, deferred taxes and long-term accruals

Discount the cash flows
- Learn how to derive a discount rate by deriving the cost of debt and the cost of equity
- Derive the cost of capital using CAPM
- Select the correct discount rates

Calculate the value
- Estimating terminal value
- Calculating enterprise value
- Using the enterprise value to determine implied share prices

Sensitivity analysis
- Analyze key input assumptions at various sensitivities

Day 3 – M&A Modeling

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 (including 338h10 elections) and stock sales
- Taxation issues, including deferred taxes created by the step-up of asset values
- Legal considerations in acquisitions