Valuation Modeling: 1 Day

Delegate Profile: This course is targeted at delegates working in corporate finance, broking, investment management or equity research, who are already familiar with modeling integrated financial statements, having attended the 2-Day Practical Financial Modeling course or similar (please refer to the Practical Financial Modeling for details of this content). They are seeking to develop their modeling skills in valuing major corporates, both from an equity and enterprise value perspective, and incorporate various valuation techniques within a financial model to derive an indicative valuation range.

Key Learning Outcomes

- Delegates will learn how to analyze historic data to determine appropriate input assumptions which are then applied to brought forward financial data to build an integrated financial forecast
- They will learn how to derive Discounted Cash Flow valuations, as well as incorporating multiple-based, dividend discount-based and return-based methodologies within their model to create a summary table of results
- Finally, they will learn how to incorporate sensitivity and scenario analysis into their models in order to examine the impact on their valuation results from flexing key value drivers

Pre-requisite Knowledge: Delegates should already be familiar with building basic integrated financial models and using common excel functions through attending a 2-Day Practical Financial Modeling course (or equivalent).

Our Approach: The course is very 'hands-on' and based entirely in excel. Each delegate should be provided with a laptop, which is pre-loaded with all the materials in excel format. (Note: the course may be delivered in either Excel 2003 or 2007, however, all delegates should use the same version of excel in the training room.) We facilitate the learning process through a combination of:

- Short 'single worksheet' exercises to demonstrate how excel functions may be applied in valuation modeling
- An integrated valuation model for a Major Corporate, which delegates build over progressive stages and derive DCF, Multiples-based, Dividend discount-based and Returns-based valuations
- A one page summary sheet, as a take away and reminder of the key excel functions and best practice valuation model design

Training Fees: £2,500 plus VAT. This covers all research, design and delivery of the training by James Gilpin, for up to 12 delegates. (Note that a smaller delegate group is necessary for financial modeling training)

Expenses: All incremental travel and accommodation expenses will be charged separately, however, we will work hard to ensure all costs are kept to a minimum. With regard to materials, JGFT can provide all materials electronically, which must be loaded onto delegate laptops in advance of the course.

Day One

Session 1
Excel Functions
- Linear and Non-linear trends
- Linear regression, multiple regression and the Trend function
- Forecasting dividends
- Charts and Chart Wizard

Session 2
Designing a Valuation Model
- Defining objectives for your model and designing a flowchart
- Input, Workings and Output worksheets
- Creating Operating, Investing and Financing Assumptions and Using Names
- Using brought forward data to build a forecast

Session 3
Building the Workings Schedules and Financial Statements
- Revenue, Costs (Fixed and Variable) and EBITDA
- Working Capital (Inventory, Receivables and Payables)
- Fixed Assets: additions, disposals and depreciation
- Taxation: current and deferred
- Financing: Cash waterfalls with mandatory and discretionary repayments
- Balance sheet, Income Statement and Cash Flow
- Balance Sheet checks

Session 4
Discounted Cash Flow
- Deriving NOPLAT (top down vs. bottom up)
- Adjustments to derive Free Cash Flow
- Determining the discount rate (WACC)
- Determining the terminal value (with/without growth and using multiples)
- Standard DCF vs. Adjusted Present Value method

Session 5
Other Valuation Methodologies
- Comparable and Transaction multiples
- Dividend discount model (target growth, Gordon growth and target capital structure)
- Returns-based model (EVA)
- Summarising results in a floating bar chart
- Data tables, scenarios and sensitivity analysis