Modelling

Prepared by BG Consulting

OUTLINE

info@bgconsulting.com
www.bgconsulting.com

Course Overview

Day One

Financial Modelling

Financial Modelling from Scratch

The trainer guides the class through the process of modelling from scratch and the class then use the model to forecast. To ensure adequate time to complete this exercise the excel template is already set up with styles, tabs, date headings and cover sheet, and participants only input the most recent year of historical numbers from the company's annual report. The class participants will need to develop their own forecast assumptions and then build out the models.

The emphasis is on using the ratios sheet to sanity check the assumptions chosen for the model. Ideally, we ask the class to work in pairs/teams on the assumptions and select two groups to present their completed models/results at the end of the day and explain their assumptions.

Day 2

Relative Valuation

Trading Comparables Analysis

We provide a refresher of what trading comparables analysis is, a reminder of the key steps, and a sample summary sheet from a real-life trading comparables model with key numbers highlighted. We cover how to pick which companies to include in a comps set, and we go through a detailed step by step guide with participants completing each step in an excel comps model for case companies – we include calculation of diluted shares and diluted equity value, net debt at market value, calculation of clean EBIT/EBITDA, normalized net income, LTM earnings – what they are and how to calculate, the participants add to the comps model.

We cover calendarizing – what it is and why it is used, this is shown in the comps model. We look at future earnings – where they are from and why they are needed, participants add them to the comps model. We teach how to sanity check the output from the comps model and the calculation/interpretation of each multiple, then how to derive value range; practice questions are deployed throughout; we finish the day with a demonstration of a client comps model.

Day 3

Absolute Valuation

Discounted Cash Flow Analysis

We cover a refresher of what DCF valuation is, a reminder of the key steps and provide sample extracts from a real life DCF model.

We cover free cash flows – what are they, how to calculate, and the concept of the steady state, how to sanity check using ratio analysis, the class builds and checks FCFs in a case excel DCF model.

We cover WACC – what is it, how to calculate, drill down on WACC components – Kd, Ke, Rfr and CAPM, beta, levering and unlevering beta and why, specific WACC issues and how to solve, the class builds and checks Kd, Ke, and WACC in the case excel DCF model.

We cover terminal value – what is it, how to calculate using both multiple and perpetuity methods, when and where each method is used with the advantages and disadvantages. We cover a simple exit multiple example, then the class builds this into the case excel DCF model. We cover a simple growing perpetuity method example, then the class builds this into the case excel DCF model. We cover how to sanity check the terminal value, including common errors and calculation of implied multiple and implied growth rates, and the class then adds this into the case excel DCF model.

We cover discounting the FCFs and TV – providing a reminder of the discount factor calculation, the mid-year adjustment – how to calculate manually and then how to incorporate into excel DCF models, the class then adds this into the case excel DCF model. We cover the issue of how to calculate the discount factor for multiple method terminal value v. perpetuity method terminal value through a simple example and then the class discount the terminal values in the case excel DCF model. We cover how to cross-check the two terminal values against each other via implied multiple and implied growth rate calculations, we work through a simple example and then the class adds this into the case excel DCF model.

We cover deriving an implied share price range from implied enterprise value – we provide a reminder of valuation bridge. We cover how to sensitize the result and how to build and use excel sensitivity tables via a simple example and then class adds sensitivity tables into the case excel DCF model.

We cover how to sanity check the DCF output, common errors and discussion of results of the class case. The class completes practice questions throughout the day and we finish with demonstration of a client DCF model.

Day 4

M&A Modelling

Advanced M&A Modelling

The trainer guides the class through building a fully integrated merger model combining full financial statement forecasts for both acquirer and target and allowing for deal adjustments such as fees, asset step-ups and deferred tax, amortization of new intangibles, detailed goodwill calculations, refinancing of target net debt and forecast synergies.

The outputs include: fully integrated three statement forecast model for the post-deal entity, eps, diluted eps and cash eps, ratios analysis, eps accretion/dilution analysis and sensitivity, ownership dilution and sensitivity, credit analysis, acquisition vs. stand-alone ROICs, acquisition premium analysis, contribution analysis, analysis at various prices, side by side comparison and deal summary.

The trainer concludes the session with a discussion of how to choose offer price range and financing.

Day 5

Advanced LBO Modelling

Advanced LBO Modelling

We provide a detailed step by step guide to building an LBO model with the class completing each step in a case company LBO excel model and we cover how to populate and interpret excel sensitivity tables in the LBO model.

During this session the trainer guides the class through building a fully integrated LBO model step by step. The model includes debt and advisory fees, detailed goodwill calculation, and refinancing of target net debt. Debt types modelled include revolver, Term A, Term B, Term C, high yield, mezzanine and shareholder loan. The model allows for flexibility in setting mandatory repayments on term debt and includes a detailed debt waterfall schedule.

The outputs include: returns to institutional investors and sensitivity, returns to mezzanine debt investors and sensitivity, average life for term debt and credit ratios.

The trainer concludes the session with a discussion of results.

Contact Us

To view the full outline for this course, or to find out more about our approach to training please contact:

info@bgconsulting.com

+44 (0) 20 7648 4000

https://twitter.com/bgconsulting1 www.bgconsulting.com/#!resources/czzk

Contact Us www.bgconsulting.com info@bgconsulting.com

BG Europe
Unit D, Molasses House
Plantation Wharf
Battersea
London SW11 3TN
T: +44 (0) 20 7648 4000
F: +44 (0) 20 7648 4020

BG Middle East
Level 14
Boulevard Plaza Tower One
Emaar Boulevard
Downtown Dubai
PO Box 334155
T: +971 4 455 8425

BG Anagram Asia
Anagram Group (Asia partner)
10 Anson Road
18-17 International Plaza
Singapore 079903
T: +65 62232809