



3-Day Corporate Valuation and Modeling

Course Description: Basic corporate valuation usually relies on the creation of a dynamic discounted cash flow model. Building one from a blank worksheet, using someone else's, or trying to manipulate one that is already created is difficult without a thorough knowledge of technical spreadsheet skill and solid financial concept understanding. This course provides participants with a thorough understanding of every component to building and using a powerful discounted cash flow model. In addition, major concepts are expanded upon to ensure that the assumptions being used are correct and the modeling is completed in the most accurate way possible.

Learning valuation and modeling is best done with a combination of theory, demonstration, and hands-on practice. Each section below is designed in such a way. Almost all exercises are Excel based and contribute to understanding a fully functioning, dynamic model. The following models will be reviewed and included with the course:

- Basic Corporate Finance Model
- Advanced Corporate Finance Model
- Data Stratification Tool

A CD-ROM is typically provided to each participant that includes all slides, incomplete exercises, complete exercises, and models. The minimum system requirement for the models is Microsoft Excel 2000 or later. Note that versions of Excel prior to 2000 will encounter problems as some of the models use code that requires code libraries from Excel 2000 or later.

EXPERIENCE: *Founded by former investment banker and financial author Keith Allman, and now composed of three other trainers and support staff, Enstruct is run by people who know how to build financial models. Given this depth of knowledge, courses and materials are designed from a practitioner's point of view. You will not find yourself sitting in an Enstruct course and thinking, "How do I use what the instructor is saying?"*

ACCREDITATION:

Enstruct is committed to being the premier quantitative training institution and is going through multiple accreditation processes. Already we Enstruct is registered with the CFA Institute as an Approved Provider of continuing education programs. Our Structured Finance Analytics with VBA is eligible for 26 CE credit hours as granted by CFA Institute. If you are a CFA Institute member, CE credit for your participation in this program will be automatically recorded in your CE Diary.

AGENDA

DAY ONE

Introduction to Corporate Financial Modeling

- Purpose of Financial Modeling
- Basic Model Layout & Design
- Dates & Timing: The Framework for a Model

Excel Finance Fundamentals

- Commonly Used Functions
- Power Function Combinations

Exercise: Working with Functions, Combinations, and Techniques

The Financial Statements: The Income Statement

- Analyzing Historical Information for the Income Statement
- Projecting Information for the Income Statement
- Focus on Important Drivers for the Income Statement

Revenue Analysis and Projection

- Historical Analysis of Revenue Using Multiple Methods

Exercise: Revenue Expectation Using Geometric Mean

Advanced Exercise: Using Regression to Estimate Revenue

- Managing Growth Rate Scenarios

Exercise: Implementing a Scenario Selection System

The Financial Statements: The Balance Sheet

- Organization and Structure of the Balance Sheet
- Major Items on the Balance Sheet
- Connections to the Income Statement

Asset Assumptions and Balance Sheet Integration

- Capital Expenditures: Setting up a schedule for CAPEX
- Depreciation Calculations
- Intangibles: Setting up a schedule for Intangibles
- Intangible Amortization Calculations

DAY TWO

Liability Assumptions and Balance Sheet Integration

- Debt: Setting Up a System for Proper Amortization
 - Understanding Debt Priority and Repayment
- Exercise: Sequential versus Pro Rata*
- Integrating Debt into a Model
 - Revolvers and Liquidity Facilities
 - Calculating Tax & Integrating Taxes Payable

Balancing a Projected Model

- Interaction between the Income Statement and Balance Sheet
- Asset and Liability Plugs

Exercise: Automating the Balance of Assets and Liabilities & Equity

Working Capital and Cash Flow

- Understanding Working Capital in the Model

The Financial Statements: The Cash Flow Statement

- Building a Cash Flow Statement and Accounting for All Cash

Exercise: Verifying the Movement of Cash Each Period

Discounted Cash Flow Valuation

- The Cost of Equity, Cost of Capital, & WACC
- Terminal Value: Various Methodologies & Calculations
- Free Cash Flow to the Firm (FCFF)
- Free Cash Flow to Equity (FCFE)

DAY THREE

Internal Checks & Output Reporting

- Internal Tests to Ensure Model Integrity
- Appropriate Outputs for a Corporate Finance Model
- Controlling the Output System

Important Ratios

- Understanding the Difference and Relevance of Ratios
- Relative Value Analysis

Capital Structuring Applications

Setting Up a Model for Capital Structure Analysis

Case Study & Exercise: Optimal Debt & Equity

Optimal Capital Structure in the Valuation Model

Mezzanine and Leveraged Finance

- Calculating the Value of Options and Warrants
- Convertible Debt Calculations
- PIK Notes and Mezzanine Finance Packages

Alternative Valuation Methods

- Dividend Discount Model (DDM)
- Economic Value Added (EVA)
- Adjusted Present Value (APV)

COURSE INFORMATION

Requirements

A basic to intermediate knowledge of Excel, and a basic understanding of finance. Participants will need a laptop computer with Microsoft Excel, and a CD-ROM drive.

Pricing

The fee for the 3-day training is \$3,300 per person. Payments can be made directly to Enstruct, or with credit card on our website, www.enstructcorp.com. Group rates are available for two or more employees from the same company.

Logistics

Enstruct is dedicated to being the premier organization for professional finance training, and therefore restricts class size to 20 professionals. Participants will be registered in the order that they submit course fees. Such fees will cease to be refundable four weeks prior to the training. Registered participants who cancel after the four-week deadline may apply their payment to a future Enstruct course. If registration becomes full, additional interested parties will be placed on a wait list. Participants on the wait list will receive a full refund if space does not become available.

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