



## **Financial Modeling and Private Equity Course Syllabus**

### 1. Financial Statements Overview & Analysis

- Introduction to Accounting
- Where to find data and how to use it
- Refresher on accounting – Income Statements, Balance Sheet and Cash Flow
- Analyzing financial statements
- Share options, Convertible bonds, Taxation, IFRS vs. US GAAP, etc.
- Study how accounting rules affect transactions and post-transaction reporting
- Normalizing financial results
- Financial ratio analysis

### 2. Intermediate Level of Financial Modeling

- Introduction to Financial Modeling
- Modeling and excel essentials
  - ✓ Forecasting model: use, trade-offs and limitations
  - ✓ Financial model vs. Operating model
  - ✓ Typical elements of a model
  - ✓ Link Balance Sheet, Income Statement and Cash Flow Statement
  - ✓ Modeling best practices
  - ✓ Formatting and excel settings
  - ✓ Sources of financial forecasts
- Build (step-by-step) an intermediate level financial model with an integrated Balance Sheet, Income Statement and Cash Flow Statement in class
- Scenario and Ratio analysis

### 3. Comprehensive Valuation techniques

- Valuation overview and introduction
- Comparable Public multiples (Trading multiples)
- Recent Transaction multiples (Deal multiples)
- Discounted Cash Flow (DCF)
- Valuation Case analysis. Convert a previously built intermediate level financial model to a valuation model in class.

#### 4. Intermediate level Leveraged Buyouts (“LBO”)

- Introduction to LBOs
- Building and analyzing of a full-blown LBO model in class:
  - ✓ Input and output sheets
  - ✓ Scenario toggle
  - ✓ Working schedules for debt instruments/interest and equity; Deal capital structure
  - ✓ Capital expenditures, depreciation and working capital
  - ✓ Sensitivity analysis and data tables

#### 5. Private Equity (“PE”) investments and value creation

- PE introduction and overview
- Deals screening, analysis and due diligence
- The challenges of analyzing and valuing privately held firms
- Value creation and harvesting of PE investments

#### 6. Merger Modeling

- Discussion of accretion and dilution
- Treasury stock calculation for options vesting in acquisitions
- Impact of synergies on price paid
- Calculating exchange ratios, types of consideration paid, and impact on dilution
- Collars in stock deals
- Create accretion/dilution model in class. Learn how to model synergies required to break even (no dilution), and different mixes of cash and stock.
- How to build a Merger Model
  - ✓ Calculation of Equity Value and Purchase Price
  - ✓ Explanation of Consideration used in Purchase (stock, cash, assumed debt)
  - ✓ Discussion of Multiples Paid
  - ✓ Post-Merger Control Issues
  - ✓ Synergies and pre-tax Synergies required to Breakeven
  - ✓ Revenue and EBITDA contribution
  - ✓ Proforma Income Statement
  - ✓ EPS Dilution for Acquirer
  - ✓ Discussion of Goodwill and other accounting treatment issues
  - ✓ Sensitivities
- Create full scale Merger model in class.