

Two-Day Course Outline on

Financial Modeling in Excel

DAY 1 :

Session 1: Do's and Dont's in Financial Modeling

- Accuracy, flexibility, User-friendliness
- Structural standards
- Iteration, Circular Errors, the #REF! problem
- Factual checks, Rational checks, Structural checks,
- Model Stress Testing, Proofreading
- Documentation & Preparing for Handoff

Session 2: Financial modeling Functions

- Different ways of summing and counting: SUM; SUMIF; SUMPRODUCT; COUNT; COUNTA; COUNTBLANK; COUNTIF
- IF(ThisIsTrue, DoThis, ElseDoThis)
- Alternative ways to using IF function: AND; OR; MAX; MIN; CHOOSE
- Error trapping: ISERROR; ISNUMBER; ISTEXT
- Controlling appearance of numbers and text: TEXT; CONCATENATE; ROUND; ROUNDUP; ROUNDDOWN; CEILING; FLOOR; INT; TRUNC; MOD
- Dates: YEAR; MONTH; DAY; DATE; DAYS360
- Lookup and reference: CHOOSE; OFFSET; INDEX; MATCH; HLOOKUP; VLOOKUP
- Discounting on uneven periods: NPV; XNPV; IRR; XIRR
- Data validation; Text to column
- Function keys: F2, F4, F5, F9, F2 + F4, F2 + F9
- Pivot tables
- Sensitivity and scenario analysis

Session 3: Modeling for financial and operational planning for a business unit

- A working capital management model
- A capital budgeting model

- An inventory policy model
- A plant opening/closing model

Session 4: Case Study

- Financial modeling for valuation of mergers and acquisitions

Session 5: Additional Analysis in Financial Modeling

- Debt repayment
 - Modeling based on seniority of debt obligations
- Book Depreciation and Tax Depreciation and modeling deferred tax asset/liability
 - Modeling Asset Sales

DAY 2:

Session 1: Credit Perspective

- Capital Structure
- Leverage Ratios
- Interest Coverage
- Working Capital
- Operating Results
- Liquidity Ratios

Session 2: Capital Structure Analysis

- Existing Debt
- Bank Revolver
- Senior Bank Term "A"
- Senior Bank Term "B"
- Other Long-Term Debt
- Senior Subordinated Debt
- Junior Subordinated Debt
- Seller Note
- Preferred Stock

- Book Capitalization
- Total Debt
- Book Equity
- Borrowing Base
- Revolver Debt

Session 3: Cost of Capital Modelling

Session 4: Valuation models using Discounted Cash Flow Analysis

- Free Cash Flow to Firm
- Free Cash Flow to Equity
- Single stage and multi stage models
- Principles of financial analysis using NPV, IRR, PBP and other measures
- Discounted Cash Flow Analysis
- Relative Valuation
- Hybrid of DCF and relative valuation
- Conducting reality check on results

Session 5: Modeling for Corporate Finance Transaction

Session 6: Evaluation of Newly built financial model and an existing model

- Objectives
- Assumptions
- Logical flow
- Key inputs
- Interrelationships among inputs
- Expected output
- Factual checks, Rational checks, Structural checks