

M&A Modeling: 1 Day

Delegate Profile: This course is targeted at delegates working in corporate finance 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 analyzing the proforma effects of an M&A deal and determining value creation for shareholders.

Key Learning Outcomes

- Delegates will learn how to build an M&A model, the accounting adjustments made on consolidation, and the proforma financial effects: eps accretion/dilution, leverage and growth rates
- They will derive proforma shareholder ownership based on their offer structure and examine the impact of synergies and bid premia on value creation/destruction for each set of shareholders
- Finally, they will learn how to model different offer and financing structures, cash vs. shares and equity vs. debt, and incorporate sensitivity and scenario analysis to examine the impact on proforma results

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 key aspects to M&A modeling
- An integrated M&A model for a corporate transaction, which delegates build over progressive stages and derive proforma financial statements, ratios and shareholder value creation/dilution
- A one page summary sheet, as a take away and reminder of the key excel functions and best practice M&A 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). We use a standard M&A model for training purposes, however, the client may wish to examine a specific M&A deal or select two companies to hypothetically combine. We would be delighted to use alternative companies, however, additional research and design fees may be incurred.

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

Designing an M&A Model

- Defining objectives for your model and designing a flowchart
- Input, Workings and Output worksheets
- Creating Operating, Investing and Financing Assumptions and Using Names
- Creating Offer Assumptions
- Aligning the standalone formats and input assumptions

Session 2

Building the Sources and Uses of Funds

- Offer Consideration: Cash vs. Shares
- Financing the Offer: Equity vs. Debt
- Refinancing existing facilities
- Bid Premia

Session 3

Consolidation Adjustments

- Acquisition vs. Target goodwill
- Fair Value adjustments
- Minority Interest
- Financing adjustments
- Fees and Expenses

Session 4

Proforma Financial Effects

- Side-by-Side analysis
- Proforma income statement, balance sheet and cash flow
- Proforma debt and tax schedules
- Proforma WACC
- Building in synergies
- Proforma Growth rates and EPS accretion / dilution
- Proforma ratios: profitability, credit and valuation multiples

Session 5

Value Creation and Sensitivities

- Value creation: Synergies vs. Bid Premia vs. NPV
- Data Tables, Sensitivities and Scenario analysis
- Evaluating the results from a buy-side vs. sell-side perspective