

IPO Modeling: 1 Day

Delegate Profile: This course is targeted at delegates working in corporate finance, broking, investment management 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 IPO within an indicative valuation range.

Key Learning Outcomes

- Delegates will learn how to build an IPO model, the accounting adjustments made on an IPO, and the proforma financial effects: eps, dps and capital structure
- They will derive proforma shareholder ownership based on their IPO structure and analyze the impact of variations in the offer structure (primary vs. secondary shares and greenshoe) on shareholder dilution
- Finally, they will examine the impact of changes in the offer price on shareholder dilution and the proforma financials and valuation multiples

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 IPO modeling
- An integrated IPO model for an actual IPO (Gartmore plc), 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 IPO 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 Gartmore plc as a standard IPO example for training purposes, however, the client may wish to examine an alternative IPO or select a private company to hypothetically IPO. We would be delighted to model 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 IPO Model

- Defining objectives for your model and designing a flowchart
- Input, Workings and Output worksheets
- Operating, Investing and Financing Assumptions and Using Names
- IPO Offer Assumptions

Session 2

Building the Sources and Uses of Funds

- IPO Shares Offered: Primary, Secondary and Greenshoe
- Gross and Net Proceeds
- Refinancing existing facilities

Session 3

Proforma Capital and Ownership Structure

- Pre-Money vs. Post-Money Enterprise and Equity Values
- Financing adjustments
- Proforma share ownership
- Share Capital and Share Premium
- Fees and Expenses

Session 4

Proforma Financial Effects

- Income statement, balance sheet and cash flow
- Debt and tax schedules
- WACC
- EPS, DPS, Dividend yield and policy
- Ratios: profitability, credit and valuation multiples

Session 5

Valuation Sensitivities

- Summary of Valuation range: DCF, Comparable Multiples (historic, forecast and prospective)
- Enterprise Value Multiples vs. Equity Value Multiples (EV/EBITDA vs. PER)
- Data tables and sensitivities of IPO price vs. Implied multiples and shareholder dilution