

## Valuation: 1 Day

**Delegate Profile:** This course is targeted at delegates working in corporate finance, broking, research or investment management who are new to valuation techniques and seeking a general overview of the most commonly used techniques and how they are applied in practice.

### Key Learning Outcomes

- Delegates will learn how companies are valued on a fundamental basis, using the discounted cash flow approach
- They will learn 'market-based' valuation techniques using profit and asset multiples
- Finally, they will see how valuation techniques are applied in practice for the most common type of corporate transactions

**Pre-requisite Knowledge:** No prior knowledge of valuation techniques is assumed, however, delegates should already be familiar with financial statements through having attended the 3-Day Financial Statement Analysis course (or equivalent).

**Our Approach:** In this course we facilitate the learning process through a combination of:

- Presentation of core knowledge and concepts using power point slides
- Press articles and real life case studies, demonstrating how valuation concepts are applied in practice
- Short 'single worksheet' excel exercises to enable delegates to perform simple company valuations
- Regular summaries, to remind delegates of the key points of each session
- End of Day quizzes, to confirm the achievement of the learning outcomes
- One page course summary, as a take away and reminder of the key learning points

Each delegate should be provided with a laptop, which is pre-loaded with some exercises 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.)

**Training Fees:** £2,500 plus VAT (£2,500 per training day). This covers all research, design and delivery of the training by James Gilpin, for up to 20 delegates.

**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 2 options:

- JGFT can arrange for all materials to be professionally printed and couriered to the training centre for which we would recharge the cost (for 20 delegates approximately £200 - £300)
- All materials will be sent electronically to the client with instructions to print internally (at no additional cost)

With regard to excel exercises, JGFT can provide all these materials electronically, which must be loaded onto delegate laptops in advance of the course.

## Day One

### Session 1

#### Valuation Overview

- Overview of valuation techniques: fundamental (DCF), returns-based (EVA), contingent claims (option value), multiples (comparable vs. transactions) and asset-based (going concern vs. liquidation)
- Equity Value vs. Enterprise Value

### Session 2

#### Fundamental 'Discounted Cash Flow' Valuation

- Time Value of Money formulae (discounting, perpetuity with/without growth)
- Deriving free cash flow to the firm and free cash flow to equity
- Determining the forecast period vs. the terminal period
- Deriving the discount rate for discounting (WACC, Cost of Equity and the Capital Asset Pricing Model)
- Discounting free cash flow to determine NPV
- Different approaches to determine the terminal value (No growth, FCF growth and the Gordon growth model)
- Reconciling Enterprise Value with Equity Value and determining a fundamental price per share
- Using DCF in investment appraisal and valuing synergies

### Session 3

#### Relative Valuation using Multiples

- Overview of Income statement multiples (Sales, EBITDA, EBIT, PBT, PAT)
- Historic, trailing, forecast and prospective multiples
- Company vs. Sector vs. Market multiples and how they vary across the cycle
- Comparing EV/EBITDA vs. PER: pros and cons
- How accounting policies can distort multiples
- Operating leases vs. Finance leases: adjusting multiples on a proforma basis
- Trading Multiples vs. Transaction Multiples: why pay a premium?
- Industry specific multiples
- Comparing Multiples vs. DCF: pros and cons

### Session 4

#### Valuation in Practice

- Valuation on an IPO
- Valuing a Target for an M&A transaction
- Determining fair value for the shares in a quoted company
- Determining fair value of a minority stake in a private company