DISCOUNTED CASH FLOW VALUATION ANALYSIS

SUMMARY:

This hands-on course is focused on the practical implementation of a Discounted Cash Flow ("DCF") valuation analysis.

The skills required to build a DCF analysis will be discussed and incorporated into a financial model.

Participants will learn to recognize and avoid the most common errors that finance professionals make when creating a DCF analysis.

This course will also include a number of Excel tips and skills to help a user check and audit a financial model.

Timing: This course requires 1 day

Experts in financial modeling training

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LEARNING TOPICS:

Review Valuation Concepts
✓ Discuss various valuation methodologies and the appropriateness of using a discounted cash flow methodology to value a business
✓ Use two common styles to create a DCF analysis
✓ Discuss various methodologies to value the terminal period

Incorporate a DCF Analysis
✓ Properly calculate a company's levered or unlevered free cash flows
✓ Build a terminal year in the model to create a steady-state perpetual cash flow
✓ Review critical terminal year assumptions including Capex, depreciation, working capital, margins and income taxes
✓ Calculate the tax impact of unlevering a company's cash flows
✓ Calculate the company's cost of capital and choose an appropriate weighted average cost of capital (WACC) range
✓ Discount the cash flows in the forecast period and ensure that the cash flows are discounted to the correct period
✓ Discuss common discounting errors and review the magnitude of discounting the cash flows to the wrong time period

Understand the DCF Analysis
✓ Use a number of powerful Excel tools to sensitize the outputs
✓ Incorporate appropriate ratios and performance metrics
✓ Create "flags" to warn the user if a covenant has been tripped
✓ Conditionally format output tables to highlight specific results

Recognize and avoid the most common errors that finance professionals make when creating a DCF analysis