EXPANSION MODELING

SUMMARY:

This hands-on advanced modeling course deals with a common issue encountered by finance professionals: how to modify an existing model to dynamically incorporate a new potential operating and/or financing scenario?

This session will cover design and flexibility concepts as well as various Excel techniques.

Participants will be given an existing model of a company and asked to include an expansion scenario.

Prerequisite: This course builds on "Building a Financial Model (of a Company)", so participants may want to complete that course prior to taking the Expansion Modeling session.

Timing: This course requires 1 day

Experts in financial modeling training

(416) 583-1802
www.MarqueeGroup.ca

LEARNING TOPICS:

Design and Structure a Financial Model
✓ Design and layout a financial model clearly and logically
✓ Incorporate an assumptions section that sets out the parameters of the expansion project

Build Powerful Scenarios and Financial Statements
✓ Include a switching mechanism to turn the expansion on and off
✓ Permit the user to choose the year of expansion and the schedule/timing of Capex and incremental production capacity

Modify all Relevant Schedules
✓ Calculate the impact of the expansion on the company, including:
  – the incremental revenues; and
  – the adjusted costs resulting from the expansion (including semi-variable costs)
✓ Incorporate a new term loan (with mandatory repayments) in the model to finance the project
✓ Add an excess cash flow sweep feature to an existing term loan
✓ Ensure that the pre-existing debt schedules continue to work properly
✓ Properly incorporate the new financing into the financial statements and ensure the balance sheet stays balanced
✓ Value the expansion project to determine its impact on the overall value of the company
✓ Assess the credit quality of the company taking into account the expansion and related financing, including:
  – Leverage ratios and recommended covenant structure
  – Revolver size
  – Dividend sustainability

Modify an existing model to assess the impact of a new operating and/or financing scenario