BIWS Premium Financial Modeling Course:
Course Outline

Click Here to Sign Up Now for the
BIWS Premium Package

If you’re reading this document, you’re probably considering signing up for one of the Breaking Into Wall Street Financial Modeling Training Courses.

If that’s you, then this special report explains...

▪ Everything you get in the course, in detail.
▪ How this training is different from anything else on the market.
▪ How you can save money by signing up for the lowest possible enrollment fee.

This document describes every single module and lesson in the full package. However, you don’t have to sign up for everything if you don’t need it. You have three signup options, which I’ll outline at the end of this document.

▪ Excellence with Excel – Outline
▪ Financial Modeling Fundamentals – Outline
▪ Advanced Financial Modeling – Outline
▪ Signup Options & Enrollment Fee


However, if you only sign up for one of those courses, then you only get what’s in that course.

To get everything outlined here, you must sign up for the BIWS Premium package (this package also offers you, by far, the best value).

Breaking Into Wall Street Has Worked For Others.
It Will Work For You Too.

If you’ve already signed up for our free video tutorials, you have already seen how Breaking Into Wall Street can benefit just about anyone interested in moving into finance and anyone who wants to advance within the industry.

Here are just a handful of the thousands of customer testimonials we have received:
“I just wanted you to know that I think your BIWS Excel course is probably one of the most valuable ways [that I] could have spent my time before starting an analyst position at a REIT 5 months ago.”

Hi Brian,

I just wanted you to know that I think your BIWS Excel course is probably one of the most valuable ways I could have spent my time before starting an analyst position at a REIT 5 months ago. During the hiring process they amazingly didn’t make me do an excel test, which is a good thing because I would have failed miserably. Once I was offered the position though, I had 2 weeks to become the excel jockey they apparently thought I was. In desperation I bought the BIWS Excellence with Excel course, the Financial Modeling Fundamentals, and the Real Estate and REIT modeling course and got far more out of it than I ever thought possible. Even though I didn’t have time to become an expert (I was working full time at the time) I was able to design the perfect path for my unique needs with exactly the parts I needed because of how structured and straightforward every module is. I was amazed at how well the material is presented, how quickly any questions were answered (although my questions were few because you explain everything so well), and how effective the teaching format is with the spreadsheets and accompanying materials. I have an MBA and I can honestly say that your course was better than some of my graduate level finance classes. A few months after I started at the REIT they told me how impressed they were at my spreadsheet skills and how quickly I was able to pick up the underwriting of properties. And being able to go back and review things or learn new things, even 5 months after starting the job, has been invaluable (yes, things I should have known already, but better late than never). Your Excel course was worth every penny - thank you so much for taking the time to put it all together. I can honestly say BIWS has had a big impact on my succeeding at my dream job.

“I used your course to build up my financial skills and then wrote my own research and financial model on Ryanair. I sent this off to a VC, who hired me soon after. I was then transferred to a hedge fund, where I find myself working now — applying the skills you have taught me.”
"I moved from being a tax accountant/lawyer with a Big 4 accounting firm to now working in the investments team of a PE fund. This would not have been possible without the core grounding I got from your practical courses in financial modeling."
“I just landed a job in a private equity fund, and I could not have done it without this course.”

Subject: Thank you

There are no additional details for this ticket.

Clear and concise explanation of concepts that are sometimes hard to comprehend.”

Hi Brian,

Your course was recommended to me by my colleague at work who took couple of your courses earlier. My intent to take the financial modeling fundamentals course was to learn the professional approach / way to financial modeling in order help me make a career switch. I learnt a lot over the last couple months. What I like is -

1. Your prompt response to all my queries. This may sound not that big of a deal; but, I value this a lot more than anything else. Thank you.
2. The course touches upon some very important topics / concepts often ignored or not taught in detail in an academic program
3. Clear and concise explanation of concepts that are sometimes hard to comprehend.

Thanks for everything.
“Without your course, there was no way I could have pursued an “organic” strategy, where I was able to secure a full-time IB role with no internships and now finally get into healthcare PE. So thank you, this has completely transformed my life.”

You’ll find many, many more comments from happy customers right here:

https://breakingintowallstreet.com/biws/reviews/
Course Highlights

The topics in *Breaking Into Wall Street* are designed to prepare you for what you’ll need to know when:

1. You’re interviewing with investment banks and other finance firms; and
2. Once you start working at a bank, private equity firm, hedge fund, or other finance firm.

Everyone is coming in with a different level of technical knowledge, and that’s why we’ve made it easy to tackle the lessons in any order you want.

If you’re in a time crunch and needed answers yesterday, you can skip to whatever you need help with – but if you want to go through everything from top to bottom, you can do that too.

- **Time Required:** You can get something out of the course in as little as **8 hours**, and we do have an 8-hour study plan in the Fundamentals course if that’s you. Ideally, you will have more like **3-4 weeks** to absorb the concepts at a deeper level. And to get the maximum benefit out of the course, you’ll have **2-3 months** for it (at approximately 1-2 hours per day).

- **There are 451 videos** with accompanying Excel files for everything, which may seem like a ton of content. But don’t worry: **everything is broken into bite-sized chunks** so you can digest it easily. We also provide study plans for **the most important parts**, so you can tailor your study plan to your time available.

- **All the content is downloadable to your preferred device** (works with most media players and on desktops, laptops, tablets, smartphones, and more).

- **You also get full transcripts and subtitles for all the videos.** Use the transcripts to learn via written text rather than video, or to quickly revisit key concepts **without** having to find the exact location in the videos. You can also activate in-video captions/subtitles for everything, so you can follow along more effectively.

- **Easily track your progress:** As you move through the lessons, you can check off what you’ve completed and what’s still on your “to-do” list. You can also create Playlists of your favorite videos and bookmark your progress in specific lessons.

- **Fast answers to all your questions:** Our expert support team is standing by to answer any questions you have about any of the content, for up to 24 months after you sign up.

- **Quizzes and Certifications.** After you have completed each course, you will be eligible to take our challenging Certification Quiz. Once you pass the Quiz, you’ll receive a Certificate that you can add to your resume / CV and refer to in interviews. There are also Practice Quizzes throughout the lessons.

- **Lifetime Access:** You also get **lifetime access** once you sign up, so you can come back to the courses whenever you need them – whether that’s in 1 month, 1 year, or 10 years.
Excellence With Excel 3.0

- In this course, you'll master Excel and learn how to use VBA efficiently to write and edit macros to automate your work.

- You will complete two case studies: one based on an operating model and valuation of Walmart, and one based on an analysis of customer and sales rep data for due diligence purposes.

- Through these case studies, you'll learn how to navigate through Excel, set up formatting and printing, use formulas and built-in functions, manipulate and analyze data, create graphs and charts, and write macros and VBA code.

Module 1: Overview & Excel Setup (Separate PC and Mac Versions)

In this first module, you’ll learn how to set up the Quick Access Toolbar (QAT) to save time, and how to optimize your system settings and Excel options (note that the Quick Access Toolbar shortcuts only work in PC versions of Excel; the Mac setup and optimization are separate).

Then, you’ll learn the basic navigation and file shortcuts, the ribbon menu and format dialog box, and key shortcuts for editing and deleting cells and inserting, editing, and deleting rows and columns.

You'll learn how to enter and copy and paste formulas, text, and numbers, how to use absolute and relative references and cell anchors, how to name and jump to cells, and how to manipulate workbooks and worksheets to organize your files.

1.1 Shortcuts You Already Know (8:32)
You’ll learn how the standard Windows, Mac, and Office shortcuts apply to Excel in this lesson, and you’ll get practice opening, saving, and closing a file.

1.2 Basic Navigation Shortcuts (8:06)
In this lesson, you’ll learn the basic navigation shortcuts in Excel, including Ctrl + Arrow Keys, Shift + Arrow Keys, Ctrl + Shift + Arrow Keys, and other shortcuts for moving around and through spreadsheets quickly.

1.3 The Ribbon Menu and Format Dialog Box (10:29)
You’ll learn how the Ribbon Menu and Format Dialog Box work in this lesson, and you’ll understand the trade-offs of applying formatting using the Quick Access Toolbar vs. Home Menu vs. Format Dialog Box.

1.4 Editing and Deleting Cells (7:30)
In this lesson, you’ll learn the key shortcuts for editing and deleting cell contents in Excel, and you’ll get practice by modifying the column titles in the customer order data.
1.5 Inserting, Editing & Deleting Rows and Columns (12:37)

You’ll learn the key shortcuts for selecting, inserting, and deleting rows and columns in this lesson, and you’ll learn how to auto-fit column widths and row heights and set them manually.

1.6 Entering Formulas, Text, and Numbers (12:05)

In this lesson, you’ll learn how to enter formulas and built-in functions in Excel, as well as text and numbers, and you’ll learn some of the key shortcuts to do this efficiently and check your work.

1.7 Copying and Pasting Formulas, Text, and Numbers (11:58)

You’ll learn how the “Paste Special” command and shortcuts work in this lesson, as well as how to copy down and copy right to save time with built-in shortcuts that eliminate the need to copy and paste manually.

1.8 Relative and Absolute References and Anchoring Cells (14:43)

In this lesson, you’ll learn how relative and absolute references and mixed relative/absolute references differ, and how you can anchor cells with the F4 or ⌘ + T shortcut to create and use these references in Excel formulas.

1.9 Naming and Jumping to Cells (13:42)

You’ll learn how to name cells and ranges, how to jump to them, and how to select specific types of cells, such as ones that contain constants or formulas, in this lesson.

1.10 Manipulating Workbooks and Worksheets (18:14)

In this lesson, you’ll learn how to insert, delete, hide, move, copy, rename, and color worksheets so you can organize your Excel files more effectively.

Module 2: Formatting and Printing (Separate PC and Mac Versions)

In this second module, you’ll learn (and review) the key shortcuts for formatting, how to use built-in number formats, and key date, time, and text manipulation functions.

You’ll also learn how to clean up data, set up custom number formats, format financial models, and set up conditional formatting that changes entire rows based on the contents of individual cells.

You’ll finish by learning how to group and hide rows and columns, how to set up freeze panes and split panes, and how to format spreadsheets for proper printing.

2.1 Formatting Overview: Fills, Fonts, Borders, and Alignment (16:03)
In this lesson, you’ll review the formatting shortcuts from Module 1, learn a few new ones, see how the Format Painter works, and get practice applying the formatting shortcuts by fixing the “input box” cells of the Assumptions area in the Walmart model.

2.2 Built-In Number Formats (12:50)

You’ll learn how to use the shortcuts for Excel’s built-in number formats in this lesson, and you’ll see why we usually do *not* use these commands when formatting financial models.

2.3 Dates and Times (19:12)

In this lesson, you’ll learn how to use the key date and time functions in Excel, such as EDATE and EOMONTH, and you’ll fix the dates for the customer orders and the historical and projected dates in the Walmart model.

2.4 Text Manipulation (19:09)

You’ll learn how to manipulate, edit, and join together text in this lesson, and you’ll get practice with the key functions by fixing customer name and phone number data in the Customer Orders file.

2.5 Cleaning Up Data (10:20)

In this lesson, you’ll complete a practice exercise to clean up and separate address data into separate columns and fix problems with the capitalization and punctuation using the text and formatting functions in Excel.

2.6 Custom Number Formats (26:30)

You’ll learn how to use custom number formats in Excel in this lesson, including how operators such as (, *, _, $(, and work, and how to combine text and change the number format based on the contents of the cell – so you can format dates, valuation multiples, percentages, and currencies properly.

2.7 How to Color Code and Format Financial Models (32:42)

In this lesson, you’ll learn how to apply color coding and formatting to financial models and fix problems with decimals, currency signs, indentation, alignment, links vs. formulas vs. constants, and more – and you’ll practice by fixing the formatting on the Summary spreadsheet.

2.8 Conditional Formatting (13:55)

You’ll learn how to apply Conditional Formatting in this lesson, including how the basic syntax and setup work, some of the restrictions to keep in mind, and common errors with formulas, and you’ll get practice color-coding the customer order data.

2.9 Grouping and Hiding Rows and Columns (14:02)
In this lesson, you’ll learn how to group and hide rows and columns in Excel, including shortcuts and best practices, and you’ll get practice grouping schedules in the Walmart financial model.

2.10 Freeze Panes and Zooming (8:38)

You’ll learn how to zoom in and out and freeze and split panes in this lesson to make it even easier to navigate Excel and review rows and columns as you enter data and modify assumptions in models.

2.11 Page Setup and Printing (20:29)

In this final lesson of Module 2, you’ll learn how to set up spreadsheets for printing and creating PDFs, including the key shortcuts and commands for page breaks, headers, footers, repeating rows and columns, and more.

Module 3: Financial Formulas and Lookup Functions (Combined PC/Mac)

In this third module, you’ll learn about the key functions and formulas required for financial modeling in Excel, including logical, arithmetic, and financial functions, as well as lookup functions, INDEX, MATCH, and INDIRECT.

You will practice these functions across several exercises, and then you will learn how to use array functions, CHOOSE and OFFSET, sensitivity tables, and Goal Seek and Solver for more advanced features.

You’ll also learn how to handle circular references in models, how to audit formulas and find problems, and how to leave comments or notes and error-check your formulas.

3.1 Entering Formulas in Excel and Why You Need Quotations and Ampersands (25:15)

In this lesson, you’ll learn how to enter formulas properly in Excel, including why you sometimes need to use single quotes, double quotes, ampersands, and exclamation marks depending on the content of the formula – and you’ll learn when to use each one.

3.2 Logical Functions and Operators (19:08)

You’ll learn how to use logical functions and operators, such as IF, IFS, AND, OR, and CHOOSE, in this lesson, and you’ll see examples of how to apply them in financial models and data analysis files.

3.3 Arithmetic Functions (25:37)

In this lesson, you’ll learn how functions such as SUMIF, SUMIFS, COUNT, AVERAGE, SUMPRODUCT, and their variations work, and you’ll apply these functions to create annual summaries of the customer data and fix parts of the Walmart model.

3.4 Financial Functions (32:50)
You’ll learn how to use key financial functions in this lesson, including ones that apply to all companies and deal types (IRR, XIRR, MRR, NPV, and XNPV), ones that are useful in real estate (IPMT, PPMT, and FV), and ones that are used for credit analysis (YIELD, PRICE, and DURATION).

3.5 Copying, Pasting, and Moving Formulas (15:39)

In this lesson, you’ll learn and review functionality for copying, pasting, and moving around formulas, and you’ll learn how to save time when setting up and extending schedules in financial models.

3.6 Lookup Functions (HLOOKUP and VLOOKUP) (15:19)

You’ll learn how to use HLOOKUP and VLOOKUP in this lesson, and you’ll understand why we prefer to avoid these functions because of their built-in limitations and the way Excel calculates them internally.

3.7 INDEX and MATCH, Part 1: Basic Syntax and Data Analysis (16:32)

In this lesson, you’ll learn the basic syntax for INDEX and MATCH, two of the most powerful functions in Excel, and you’ll learn how to use them to create improved versions of the HLOOKUP and VLOOKUP functions.

3.8 INDEX and MATCH, Part 2: Scenarios and Data Retrieval in Financial Models (21:51)

You’ll learn how to use INDEX and MATCH to set up scenarios and retrieve data in financial models in this lesson, and you’ll complete a practice exercise with a set of comparable public companies.

3.9 The INDIRECT Function (12:50)

In this lesson, you’ll learn how to use the INDIRECT function to create cell references out of text inputs and how it can be useful in financial models and data analysis.

3.10 Combining INDEX, MATCH, and INDIRECT for Data Retrieval (14:00)

You’ll learn how to write a single formula to retrieve city-level data for REITs using INDEX, MATCH, and INDIRECT in this lesson, and you’ll learn how to test the formula as you build up to the finished product.

3.11 INDEX, MATCH, and INDIRECT Challenge Round (16:11)

In this lesson, you’ll complete a practice exercise to summarize quarterly real estate data and create an annual summary using a single SUMIFS function as well as the MATCH and INDIRECT functions.

3.12 Array Functions and TRANSPOSE (27:12)

You’ll learn how to use array functions in Excel in this lesson, including TRANSPOSE, and you’ll learn how to use arrays to write your own versions of MINIF, MAXIF, and SUMPRODUCT, and to reverse the order of lists.

3.13 Scenarios and Data Validation (CHOOSE and OFFSET) (16:39)
In this lesson, you’ll learn how to use Data Validation to create drop-down menus for inputs in Excel, and you’ll learn alternative methods of setting up scenarios in financial models, including CHOOSE and OFFSET, and why we always prefer INDEX/MATCH instead.

3.14 Circular References (10:46)

You’ll learn about circular references in Excel formulas in this lesson, including why they come up, how to deal with them properly, and why you should generally avoid them in financial models.

3.15 Auditing Formulas (16:54)

In this lesson, you’ll learn how to audit formulas and fix problems by using the Select Dependents and Precedents and Trace Dependents and Precedents commands in Excel.

3.16 Comments and Error-Checking (16:14)

You’ll learn how to add, edit, and delete comments or “notes,” including threaded comments in Office 365, and how to error-check formulas and functions using IFERROR in this lesson.

3.17 Sensitivity Tables in Financial Models (17:58)

In this lesson, you’ll learn how to set up sensitivity tables in financial models, including the key requirements for inputs and outputs and the required steps, and you’ll get practice creating these tables in the Walmart valuation.

3.18 Goal Seek and Solver (19:26)

In this final lesson of the module, you’ll learn how to use Goal Seek to back-solve simple, one-variable problems, and the Solver add-in for more complex formulas and constraints that would normally require linear programming to solve.

Module 4: Data Manipulation and Analysis (Combined PC/Mac)

In this fourth module, you’ll learn how to manipulate and analyze data in Excel, including Data Tables, sorting and filtering, Power Query and other import methods, SUMIFS, SUMPRODUCT, and Database Functions.

You’ll also learn how to use Pivot Tables and Power Pivot to slice, dice, and aggregate data according to different row and column criteria, and you’ll get practice customizing the tables, creating visualizations, and using Calculated Columns and Measures to build KPIs.

The last few lessons here only work in the PC versions of Excel as of the time of this course because Microsoft had not yet implemented Power Pivot support in Mac Excel; however, you can replicate many of these features by creating extra columns in normal Data Tables.

4.1 Data Tables and Structured References (19:37)
In this lesson, you’ll learn how to set up data tables in Excel; you’ll also learn how to write formulas with structured references to use columns and rows in data tables.

4.2 Sorting and Filtering Data (11:26)
You’ll learn how to sort and filter data outside the context of data tables in this lesson, and you’ll learn how to set up multiple criteria for both.

4.3 Importing Web Data and Files with Power Query (23:36)
In this lesson, you’ll learn how to use the Power Query feature in Excel to import text files and data from websites, transform the data, and set it up for automatic refreshing and updates in Excel; you’ll also learn some tips for importing and modifying financial data from companies.

4.4 Querying Data with SUMIFS and SUMPRODUCT (25:40)
You’ll learn how to query data and find sales by sales rep, month, year, industry, and region using SUMIFS and SUMPRODUCT in this lesson – and you’ll see some of the downsides and drawbacks of these functions.

4.5 Improved Queries with Database Functions (21:26)
In this lesson, you’ll learn how to query and aggregate data tables more effectively with Database Functions such as DSUM and DCOUNT – and you’ll understand how to enter complex sets of AND and OR conditions to do so.

4.6 Pivot Tables: Setup, Formatting, Formulas, Charts, and Visualizations (25:59)
You’ll learn how to set up pivot tables in this lesson, including the basic setup with rows, columns, filters, and values, as well as formatting and visualizations such as pivot charts conditional formatting with data bars.

4.7 Pivot Tables: Internal Data Model, Calculated Fields, and Slicers (17:12)
In this lesson, you’ll expand on the basic pivot table and learn how to use Excel’s internal data model to join tables together based on foreign keys, and you’ll customize pivot tables using calculated fields and slicers.

4.8 Power Pivot: Calculated Columns and Measures (PC Only – No Mac Support) (32:27)
You’ll learn how to set up Calculated Columns and Measures in Power Pivot in this lesson, and you’ll learn how functions such as FILTER, RELATED, ALL, and CALCULATE work – and why they save you time and effort over standard pivot tables.

4.9 Power Pivot: Hierarchies, Perspectives, and KPIs (PC Only – No Mac Support) (24:45)
In this final lesson, you’ll create Hierarchies, Perspectives, and Key Performance Indicators (KPIs) in Power Pivot, and you’ll understand how you can use KPIs to dig deeper into the data and find trends that may not be obvious at first glance.

Module 5: Charts and Graphs (Combined PC/Mac)

In this module, you’ll learn how to set up charts and graphs in Excel, ranging from the basic line and column charts up through dynamic charts with checkboxes and scroll bars.

You’ll start by learning how to insert charts, select the data sources, and change chart types and formatting, and you’ll use those features to create combination charts.

Then, you’ll learn how to create charts that are specific to investment banking and finance roles, such as valuation multiple graphs, football field valuation charts, price-volume graphs, and waterfall bridge charts for analysis of companies’ financial results.

You’ll conclude by learning how to create dynamic pie charts and combo charts using INDEX/MATCH and Form Controls in the Developer Toolbar.

5.1 Inserting Basic Graphs (Line, Column, and Pie Charts and Recommended Charts) (16:17)

In this lesson, you’ll learn how to insert basic charts and graphs in Excel and how to apply formatting elements via the “Design” menu.

5.2 Combination Charts (14:29)

You’ll learn how to insert built-in Combo Charts in this lesson, and how to create them manually starting from other graph types (useful in older versions of Excel and some Mac versions that lack this chart type).

5.3 Formatting Charts and Graphs (19:08)

In this lesson, you’ll learn the formatting guidelines we recommend for graphs and charts, and you’ll get practice fixing the Walmart and Customer Order graphs created in the previous lessons.

5.4 Valuation Multiple Graphs (18:39)

You’ll learn how to create graphs for valuation multiples that highlight one specific company’s results in a flexible, automated way in this lesson.

5.5 Football Field Valuation Graphs with Dynamic Share-Price Lines (23:49)

In this lesson, you’ll learn how to create the infamous “football field” valuation graph in Excel and how to add a dynamic line to it for the company’s current share price – so there’s no need to update anything on the graph manually.

5.6 Price-Volume Graphs for Company Stocks (17:11)
You’ll learn how to create and format Price-Volume graphs for public company stocks in this lesson, including how to fix annoying problems with the widths between columns in the chart and the display of dates on the horizontal axis.

5.7 Waterfall Bridge Charts (18:52)

In this lesson, you’ll learn to create waterfall bridge charts in Excel, using the built-in waterfall charts in modern versions as well as a manual process in older versions, and you’ll create charts that can handle positive and negative values in any order.

5.8 Dynamic Charts for Excel Dashboards: Pie Charts and Check Boxes (15:48)

You’ll get practice creating dynamic charts that can be used in dashboards in this lesson, starting with an example for a pie chart, and then a modified version of an existing combo chart that uses checkboxes to hide or display certain data series.

5.9 Dynamic, Part 2: Scroll Bars and Combined Dynamic Elements (17:22)

In this final lesson of the module, you’ll learn how to add scroll bars to charts and create charts that have scroll bars and checkboxes for easy viewing of the data.

Module 6: VBA, Macros, and User-Defined Functions (Combined PC/Mac)

In this module, you’ll learn VBA and macros by writing your own package of useful Excel macros.

You will learn the key concepts, such as loops, working with ranges and cells, declaring variables and constants, using arrays and dictionaries, and working with functions to manipulate strings and formulas, as you go through each lesson.

You’ll start by setting up a simple “Input Box” macro, and then you’ll expand on that to create macros for color coding and printing financial models.

Then, you’ll write macros to cycle the number formats, change decimal places, flip the signs, and flash fill right and down (even across large areas with many different types of cells).

You’ll also create macros to toggle the error-wrapping of formulas, toggle absolute vs. relative vs. mixed references, go to the min and max of a range, create a Table of Contents for any Excel file, and create a Price-Volume Graph.

You’ll conclude by writing a user-defined function to calculate CAGR (the Compound Annual Growth Rate) and learning how to make all this code more efficient and robust and export it to other files.

6.1 Introduction to VBA, Macros, and User-Defined Functions – and Your First Macro (23:58)
In this introductory lesson, you’ll learn why and how VBA and macros are useful in investment banking and other finance roles, and you’ll record, edit, and optimize your first macro – to create the “Input Box” special cells in Excel.

6.2 Variable Declaration and Special Cell Selection in VBA (15:45)

You’ll learn how to declare variables, select certain cells with the SpecialCells method in VBA, and use the Intersect function and error handling to continue refining the “Input Box” macro in this lesson.

6.3 Input Box Macro Refinements with IF Statements and Unions for Error Checking (19:40)

In this lesson, you’ll complete the “Input Box Macro Trilogy” by further refining it with Union and Intersect functions as well as IF, ELSE, and ELSEIF statements to check for different conditions and set the cell formatting appropriately.

6.4 Financial Modeling Color Code Macro Using For Loops and "Like" (31:49)

You’ll learn how to create a macro that color codes the font colors of cells in financial models automatically in this lesson, and you’ll use For Each loops and the “Like” construct in VBA to set up and modify the code.

6.5 Print Format Macro (Variation on the Color Code Macro) (16:49)

In this lesson, you’ll learn how to tweak the Color Code Macro to create a “Print Format” Macro that changes font colors to black, where appropriate, and toggles them back to blue, green, or red, and which also disables gridlines and comment indicators for printing purposes.

6.6 Cycle Number Format Macro with Arrays and For Loops (26:14)

You’ll learn how to write a macro that can “cycle” between different number formats in this lesson, so that you save time when entering constants and formulas and changing around large sections of spreadsheets.

6.7 Change Decimal Place Macro with the "Dictionary" Object, Select, and Application.CommandBars (25:03)

In this lesson, you’ll create separate macros for increasing and decreasing decimal places across all numeric cells, regardless of their number formats, to improve on the built-in commands within Excel; you’ll use the Dictionary and CommandBars objects to write these functions.

6.8 Macro to Flip the Signs of Numbers and Formulas Using String Functions (17:59)

You’ll learn how to write a macro that flips the signs of numbers and formulas from positive to negative, or negative to positive, in this lesson; it’s more difficult than it sounds because you must use String functions to check if the macro has already been applied to a formula.

In this lesson, you'll learn how to create “flash fill” commands to automatically detect cell range boundaries and activate the Ctrl + R and Ctrl + D shortcuts across the appropriate ranges – and you'll learn how to add error checking to prevent common problems and errors.

6.10 Error Wrap Macro for Formulas Using String Functions (20:30)

You’ll learn how to extend the “Flip Signs” macro in this lesson by applying the same basic structure to set up a macro for wrapping formulas in IFERROR statements and toggling it off and on; you’ll use the InStrRev VBA function to perform the required search.

6.11 Formula Anchor Toggle Macro Using String Functions, ConvertFormula, and Regular Expressions (RegEx) (29:17)

In this lesson, you’ll write a macro that lets you toggle between relative, absolute, and mixed relative/absolute references in Excel formulas, so that you can apply the same type of anchoring to entire ranges of cells – even when the formulas are completely different.

6.12 Go to Min and Go to Max Macros and Alternate Macro Key Assignments (20:38)

You’ll learn how to write “Jump to Min” and “Jump to Max” macros in this lesson using loops and Intersect and Union functions, and you’ll get practice assigning alternate shortcut keys to these macros and activating them when the workbook first opens.

6.13 Table of Contents Macro with Automatic Updates Using Hyperlinks, Offset, Sheets, and MsgBox (34:28)

In this lesson, you’ll create a macro to build a Table of Contents worksheet automatically in the beginning of any Excel file, and you’ll use features such as the Hyperlinks object, Offset and Resize, the Sheets object, and MsgBox in VBA to set it up and complete the error-checking.

6.14 Price-Volume Graph Macro with Charts and ChartObjects in VBA (29:42)

You’ll learn how to write a macro to automate the creation of a Price-Volume Graph for a company based on data imported from other sources in this lesson; you’ll also see why it’s sometimes difficult to work from the VBA code the macro recorder generates.

6.15 User-Defined Functions (UDFs) and the CAGR Function (25:54)

In this lesson, you’ll learn how to write user-defined functions in VBA, and you’ll write and error-check a function that accepts date and number ranges as inputs and then calculates the CAGR (Compound Annual Growth Rate).

6.16 VBA Wrap-Up Lesson: Code Cleanup and Using These Macros in Other Files (18:00)
You’ll learn how to clean up the VBA code and macros in this lesson and make them more efficient and robust, and you’ll learn how to export macros to an Excel Add-In that you can then import and use in other files.

Financial Modeling Fundamentals 3.0

- This course is based on **10+ global case studies** from companies and deals all around the world:

- You'll start from the very basics, with **key financial concepts** such as the time value of money and what "financial modeling" actually means, and you'll learn all about accounting and the financial statements.

- Then, you'll create **3-statement projections** for companies and move into **valuation**, including detailed lessons on Equity Value vs. Enterprise Value and valuation multiples, as well as comparable public companies, precedent transactions, and the discounted cash flow (DCF) analysis.

- You'll learn not only the mechanics of valuation, but also how to **INTERPRET** the numbers and use them in investment banking pitch book and client advisory presentations, equity research reports, and hedge fund stock pitches.

- Several modules cover simplified and more advanced **merger models** and **leveraged buyout (LBO) models**. You'll learn how to analyze deals, make recommendations to potential clients, and make investment recommendations as if you were working at a private equity firm.
Finally, you’ll learn about **private companies**, **initial public offerings (IPOs)**, follow-on offerings, and **debt capital markets** and **Leveraged Finance**-related topics in the last two modules of the course.

**Module 1: Financial Modeling Overview and Core Concepts**

In this introductory module, you’ll learn what “financial modeling” means, how you use it in real life, and the core concepts required to understand the rest of this course, including the time value of money, **Present Value** and **Net Present Value**, the **Discount Rate**, and the **Internal Rate of Return (IRR)**.

You’ll learn how all these concepts are related, and how you can use them to make investment decisions based on examples of apartment sales and trips to Jupiter.

You will also learn the most important formula in finance, which you can use to value any company or asset – and you’ll understand the limitations of this formula as well. Everything else in this course represents an expansion of this formula.

**1.1 Quick Start Guide to the Financial Modeling Fundamentals Course (5:19)**

In this lesson, you’ll get a short introduction to the course and a Quick Start Guide that spells out exactly what to focus on and what to skip if you have limited time and want to get quick results.

**1.2 What is “Financial Modeling”? (14:20)**

You’ll learn what “financial modeling” means and the key steps in the process in this lesson, including the steps you must always complete and the steps that depend on the specific type of model you are building.

**1.3 The Time Value of Money (14:34)**

In this lesson, you’ll learn about one of the most important concepts in finance: The time value of money. You’ll understand why money today is worth more than money tomorrow, what “Present Value” means, and why the opportunity cost and risk are critical for evaluating investments.

**1.4 What Money is Worth: Part 1 – The Discount Rate and WACC (16:20)**

You’ll learn what the Discount Rate represents, how it lets us calculate Present Value for a company or asset, and how you might approximate the Discount Rate for real companies (WACC, the Weighted Average Cost of Capital) in this lesson.

**1.5 What Money is Worth: Part 2 – The Asking Price vs. Present Value (10:31)**

In this lesson, you’ll learn how to calculate the Present Value of a company or other asset and how you can compare that to its Asking Price to make an investment decision.

**1.6 What Money is Worth: Part 3 – IRR vs. the Discount Rate (15:16)**
You’ll learn how to calculate the internal rate of return (IRR) of an investment and compare it to the Discount Rate to make a decision in this lesson; you’ll also learn how the IRR vs. Discount Rate and Present Value vs. Asking Price evaluation methods are equivalent.

1.7 What Money is Worth: Part 4 – Practice Exercise (7:24)

In this lesson, you’ll complete a practice exercise to calculate the IRR and WACC for two opportunities that Sir Richard Branson is considering: Trips to Jupiter via Virgin Galactic and an airline expansion into Southeast Asia. You’ll use the results of this exercise to make a recommendation.

1.8 How to Value Any Company: The Most Important Formula in Finance (16:24)

You will learn the most important formula in finance in this lesson, and you’ll understand how this formula is both useful and problematic for thinking about company valuations; you’ll get a flavor of how to value companies in real life, and you’ll understand why everything in this course is an extension of this one formula.

1.9 What Makes Financial Modeling Hard? (11:06)

In this lesson, you’ll learn what makes financial modeling more difficult and time-consuming than these simplified, introductory lessons suggest; you’ll also learn how everything else in this course extends from the formulas and concepts taught here.

Module 2: The 3 Financial Statements

Every accounting textbook ever published attempts to explain the 3 financial statements (the Income Statement, Balance Sheet, and Cash Flow Statement).

However, their explanations are often boring or overly academic.

More importantly, they don’t explain why the financial statements are important to YOU, as a banker or financier.

In this case study, we’ll approach the topic in a much different way and show you why and how the financial statements are necessary for real companies.

To do this, we'll create a set of financial statements for THIS company (Breaking Into Wall Street) and use them to illustrate how business decisions and different business models create the need for these statements.

At the end of this module, you'll also get a concise set of rules that sum up the items on the Income Statement, Balance Sheet, and Cash Flow Statement.

Finally, you'll learn about the financial statements differ in different industries and different countries (US GAAP vs. IFRS), and you'll understand important concepts such as Working Capital, Free Cash Flow, and Key Metrics and Ratios used in financial statement analysis.
2.1 Module Overview (8:24)

In this lesson, you’ll get an overview of this module and you will learn the material to expect in each lesson – plus, which lessons to skip if you already have more advanced knowledge.

2.2 The Income Statement for THIS Business (15:11)

In this lesson, you’ll learn what an Income Statement is, what it looks like, the different revenue and expense categories, and the criteria that must be satisfied for an item to appear on the Income Statement.

2.3 Installment Payments and Accounts Receivable (11:33)

You’ll learn what happens when a company decides to accept installment payments in this lesson, and how those get reflected in Accounts Receivable – as well as the cash flow impacts of Receivables.

2.4 Prepaid Expenses (9:44)

You will learn how Prepaid Expenses work in this lesson, including why they come up in the normal course of business and how they impact a company’s Net Income and cash flow.

2.5 Accounts Payable and Accrued Expenses (10:30)

In this lesson, you’ll learn what Accounts Payable and Accrued Expenses are, why they come up as a business grows, and how they impact Net Income and cash flow. You’ll also learn the distinction between Accounts Payable and Accrued Expenses.

2.6 Monthly Subscriptions and Deferred Revenue (10:10)

In this lesson, you’ll learn what happens when this BIWS business introduces a monthly subscription service, and how that impacts its Net Income and cash flow – and how the Deferred Revenue line item works.

2.7 Selling Physical Products and Buying Inventory (11:57)

In this lesson, you’ll learn what happens when a company starts ordering Inventory for use in selling physical products, and how it impacts Net Income and cash flow. At the end, you’ll also understand exactly why we need the Balance Sheet and Cash Flow Statement, in addition to the Income Statement.

2.8 Buying Offices: PP&E, Capital Expenditures, and Depreciation (11:55)

In this lesson, the BIWS business will expand by purchasing offices and equipment, and you’ll understand how Capital Expenditures, Depreciation, and Plants, Property & Equipment (PP&E) work on the financial statements.

2.9 How to Spend Cash: Short-Term and Long-Term Investments (10:02)
In this lesson, you’ll learn how a company records purchases of investments and interest income from those investments on its financial statements, and why a company would want to spend cash on investments in the first place.

2.10 Funding Your Company by Raising Debt (11:20)

You will learn how to reflect a debt issuance, interest expense paid on debt, and debt principal repayment on the 3 financial statements in this lesson – and you’ll learn why a company might want to raise debt rather than equity (or other funding sources).

2.11 Gains and Losses on Asset Sales (13:35)

You’ll learn how and why a company might sell some of its assets to raise additional funds, and how it would record gains and losses when selling those assets, in this lesson.

2.12 Raising Equity to Fund the Business (10:28)

In this lesson, you’ll learn why a company might want to raise equity rather than debt to fund its operations, and you’ll understand how an equity issuance impacts the 3 financial statements.

2.13 Deferred Taxes and Deferred Tax Liabilities (16:46)

You’ll learn why a company might defer some of its taxes to future periods in this lesson, and you’ll see how methods such as accelerated depreciation can create deferred tax liabilities; you will also learn how deferred taxes impact the 3 financial statements.

2.14 Equity Investors Come Knocking: Dividends and Share Repurchases (11:30)

You will learn about 2 different ways that a company can “pay” equity investors in this lesson: dividends and share repurchases. You’ll also understand the trade-offs of each method, and how they impact the financial statements.

2.15 Employees Come Knocking: Stock-Based Compensation (9:45)

In this lesson, you’ll learn why a company might want to pay its employees with stock or options in addition to normal salaries, and how this “stock-based compensation” is reflected on the financial statements.

2.16 Mergers & Acquisitions: Goodwill and Other Intangible Assets (27:04)

In this lesson, you’ll learn what happens on a company’s financial statements when it acquires another company, and why it’s necessary to create Goodwill and Other Intangible Assets following an acquisition.

2.17 Not What We Bargained For: Impairments and Write-Downs (13:22)
You will learn what happens when acquired assets and Goodwill are written down or impaired in this lesson, including why an acquirer might have to do this and the Net Income and cash impact of these items.

2.18 Income Statement Rules and Summary (15:36)

In this lesson, you’ll get a set of concise rules that determine what goes on the Income Statement and what does not – and you’ll understand more about cash vs. non-cash revenue and expenses, investing and financing activities, and non-cash expenses embedded within other line items.

2.19 Balance Sheet Rules and Summary (25:47)

In this lesson, you’ll get a concise set of rules for what goes on the Balance Sheet and where it shows up – and you’ll understand how each Asset and Liability fits the universal definition for Assets and Liabilities. You will also learn more about what goes into the (Shareholders’) Equity section of the Balance Sheet, and how it’s linked to the Cash Flow Statement.

2.20 Cash Flow Statement Rules and Summary (19:08)

You’ll learn the key rules for the Cash Flow Statement in this lesson, including why we need it, what goes into each section, and how to link the financial statements based on what’s on the Cash Flow Statement.

2.21 US GAAP vs. IFRS on the Statements (21:07)

You’ll learn some of the key differences between US GAAP and IFRS on the financial statements in this lesson, and you’ll get a real-life example of how you’d have to adjust the financial statements for a non-US-based company.

2.22 Industry-Specific Differences on the Statements (43:12)

In this lesson, you’ll learn how the financial statements of companies in different industries differ – and you’ll understand the major differences between their business models, as represented on the financial statements. We’ll cover the food & beverage, pharmaceutical, railroad, restaurant, retail, automotive, power & utilities, construction/engineering, telecom/media, maritime/shipping, chemicals, cleantech, infrastructure, software, and airline industries.

2.23 Working Capital and the Change in Working Capital (22:02)

You’ll learn why most definitions of “Working Capital” are completely wrong in this lesson, and why you can’t trust the Internet; you will also learn what it really means, and how to calculate, analyze, and interpret the Change in Working Capital for real companies, using an example for Wal-Mart vs. Amazon vs. Salesforce.

2.24 Free Cash Flow and What to Do With It (21:22)

In this lesson, you’ll learn what “Free Cash Flow” (FCF) means, why it’s such an important metric when analyzing and valuing companies, how to interpret positive vs. negative FCF, and what different
numbers over time mean – using a comparison between Wal-Mart, Amazon, and Salesforce as our example.

**2.25 Key Metrics and Ratios (41:30)**

In this lesson, you’ll learn how to use key metrics and ratios, such as profitability and growth metrics and returns-based metrics such as ROA, ROE, and ROIC, to analyze and compare companies. You will also get practice calculating and using Balance Sheet-based metrics, such as Turnover ratios. Finally, you will get practice calculating all these metrics for yourself for Amazon, and you’ll learn how to compare Wal-Mart, Amazon, and Salesforce through the lens of these metrics and ratios.

**Module 3: Accounting Interview Questions & More Advanced Topics**

In this module, you’ll get a crash course on the 4 main categories of accounting-related interview questions.

We’ll step through each question category sequentially, starting with simple changes to revenue and expenses and moving all the way up through multi-step scenarios across the first 30 lessons.

You'll understand how to walk through all these items in an interview, using an Excel model we designed specifically for answering these interview questions and tracing their impact on the financial statements, using conditional formatting.

At the end of the module, you’ll also get an introduction to more advanced accounting topics, including LIFO vs. FIFO for Inventory, Operating Leases vs. Capital Leases, Unrealized Gains and different security types, Pension Accounting, Equity Investments and Noncontrolling Interests, Net Operating Losses, PIK interest, and tax-related items on the financial statements.

**3.1 Module Overview (13:00)**

In this lesson, you’ll learn how and why this 3-statement accounting interview question model is set up the way it is, how you can use it to practice answering interview questions, and the 6 major categories of questions you need to understand.

**3.2 Revenue and Expense Changes (5:15)**

You’ll learn how “true cash changes” such as actual cash revenue, cash expense, and cash interest changes, impact all 3 financial statements in this lesson.

**3.3 Depreciation and Amortization (5:45)**

You’ll learn how to answer the most classic interview question of all time – how changes to Depreciation (and Amortization) affect the 3 statements – in this lesson, plus variations on that question and the INTUITION behind the answer.

**3.4 Stock-Based Compensation (3:54)**
In this lesson, you’ll learn how increases in Stock-Based Compensation affect the 3 financial statements and the intuition behind all the changes.

3.5 Asset Impairments and Write-Downs (5:31)

You will learn how Goodwill Impairments and PP&E Write-Downs flow through the 3 financial statements in this lesson, as well as the intuition behind all the changes.

3.6 Realized Gains and Losses (7:16)

In this lesson, you’ll learn how gains and losses on asset sales (PP&E or Investments) impact the 3 financial statements, including how you reflect and re-classify items on the Cash Flow Statement and why the treatment may seem counter-intuitive.

3.7 Write-Down of Owed Debt (5:48)

You will learn how write-downs of liabilities work in this lesson, including the very odd accounting behind them and why companies would write down liabilities such as owed debt in the first place.

3.8 Accounts Receivable Changes (6:26)

You will learn how changes to operationally-related Balance Sheet items such as Accounts Receivable impact the 3 financial statements in this lesson, as well as the distinction between AR increasing and AR decreasing.

3.9 Prepaid Expenses Changes (5:43)

In this lesson, you’ll learn how Prepaid Expenses increasing differs from Prepaid Expenses decreasing, and the full impact on the financial statements of both changes separately and together.

3.10 Inventory Changes (6:11)

In this lesson, you’ll learn how Inventory increases and decreases affect the 3 financial statements, what they mean in real life, and what it means when Inventory increases and then decreases afterward.

3.11 Accrued Expenses and Accounts Payable Changes (7:31)

In this lesson, you’ll learn how changes to Accrued Expenses and Accounts Payable affect the 3 financial statements, and the subtle differences between these two very similar items that most people don’t understand.

3.12 Deferred Revenue Changes (6:17)

In this lesson, you’ll learn how increases and decreases in Deferred Revenue flow through the 3 financial statements and how to answer interview questions on this topic.

3.13 Capital Expenditures (CapEx) Changes (6:33)
In this lesson, you’ll learn how increased CapEx spending as well as sales of PP&E impact the 3 financial statements, and you’ll learn how to answer interview questions about both the initial impact and the “aftermath.”

3.14 Buying and Selling Investments (5:11)

In this lesson, you’ll learn how buying and selling investments impacts the financial statements, immediately after the sale and also in the long-term after interest income from the investments has been recognized.

3.15 Raising and Paying Off Debt (5:45)

You’ll learn how debt issuances and repayments impact a company’s financial statements in this lesson, as well as what the “aftermath” of a debt issuance on the financial statements might look like.

3.16 Raising and Paying Off Preferred Stock (7:24)

You’ll learn what Preferred Stock is, how it’s different from debt and equity, and how issuances and repayments of Preferred Stock affect the 3 financial statements in this lesson.

3.17 Issuing and Repurchasing Common Stock (7:10)

You will learn how issuing common shares differs from repurchasing common shares in this lesson, as well as the full impact of both changes on the financial statements.

3.18 Common and Preferred Dividends (7:13)

You’ll learn how dividends to common shareholders and Preferred Stock investors work in this lesson, and the subtle differences in how they are reflected on the financial statements.

3.19 Deferred Taxes (5:09)

In this lesson, you’ll learn how deferred taxes impact the financial statements, where they show up, and how to answer related interview questions.

3.20 FX Rate Effects (4:33)

In this lesson, you’ll learn how currency fluctuations reflected in the FX Rate Effects on a company’s financial statements flow through and impact everything else.

3.21 Buying Factories with Debt, Part 1: Initial Impact (5:27)

In this lesson, you’ll learn how multi-step scenarios on the financial statements work, and you’ll see how the first step in the process of buying factories with debt impacts the statements.

3.22 Buying Factories with Debt, Part 2: After One Year (5:30)
You will learn how owning factories and holding long-term debt to fund the factories impact the 3 financial statements after one year has passed in this lesson – including the intuition behind the change in cash.

3.23 Buying Factories with Debt, Part 3: PP&E Write-Down and Loan Payback (8:52)

In this lesson, you’ll learn how to reflect Depreciation, interest, and debt repayment all together, along with a PP&E write-down and full loan repayment on the financial statements – and you’ll see why you really want to avoid catastrophes that destroy all your equipment.

3.24 Inventory to Products, Part 1: Initial Impact (2:50)

You’ll learn how buying Inventory with Cash vs. Accounts Payable affects the 3 financial statements in this lesson.

3.25 Inventory to Products, Part 2: Selling the Product (6:11)

You’ll learn how to reflect a company purchasing inventory and then turning it into products that it sells to customers in this lesson, including the full impact on the financial statements.

3.26 Funding Investments with Debt, Part 1: Initial Impact (3:04)

In this lesson, you’ll learn what happens on the financial statements after a company purchases investments by raising long-term debt, and the reasons why it might choose to do this in real life.

3.27 Funding Investments with Debt, Part 2: After One Year (4:06)

You’ll learn how to reflect interest income from investments and interest expense and principal repayments on debt over the course of a year in this lesson.

3.28 Funding Investments with Debt, Part 3: Selling Investments for a Gain (6:26)

In this lesson, you’ll learn what happens on the financial statements when a company sells off an investment for a realized gain, and then uses the proceeds to repay a portion of its outstanding debt.

3.29 Debt-Funded Stock Buyback, Part 1: Initial Impact (4:44)

You will learn why companies might be motivated to use debt to repurchase shares in this lesson, and you’ll understand how the first step in this process impacts the financial statements.

3.30 Debt-Funded Stock Buyback, Part 2: After One Year (6:46)

In this lesson, you’ll understand the aftermath of buying back shares with debt and you’ll see how companies can manipulate their EPS figures to look favorable, even when underlying cash flow is not.

3.31 Inventory and COGS: LIFO vs. FIFO (OPTIONAL) (13:53)
In this lesson, you’ll learn how Inventory and Cost of Goods Sold (COGS) differ under the LIFO (Last-In, First-Out) and FIFO (First-In, First-Out) methods, and you’ll understand their impact on the financial statements. This lesson is ONLY applicable if you are in the US – under IFRS, which most other countries follow, only FIFO is allowed.

3.32 Operating Leases vs. Capital Leases (OPTIONAL) (29:36)

In this lesson, you’ll learn how operating leases differ from capital leases, and how they impact the financial statements and key metrics and ratios differently; you’ll also get an example of how to check if an operating lease should be counted as a capital lease, using Southwest Airlines’ financial statements.

3.33 Unrealized vs. Realized Gains and AFS vs. HTM vs. Trading Securities (OPTIONAL) (17:40)

You’ll learn the differences between Available for Sale (AFS) vs. Held-to-Maturity (HTM) vs. Trading Securities in this lesson, and you’ll understand how to reflect unrealized gains from each of them on the financial statements.

3.34 Pension Accounting Introduction (OPTIONAL) (45:34)

In this lesson, you’ll get a crash course on pension accounting, and you’ll learn what items impact a company’s pension-related assets and liabilities and the pension expense shown on the Income Statement. You’ll also learn how to tell if a company is following aggressive or conservative pension practices, and what the assumptions for the discount rate, rate of salary increases, and targeted asset allocation tell you.

3.35 More Advanced Items: Equity Investments, Noncontrolling Interests, NOLs, Tax Items, PIK Loans (OPTIONAL) (32:00)

In this lesson, you’ll learn the basics of Equity Investments (Associate Companies) and Noncontrolling Interests (Minority Interests), as well as Net Operating Losses (NOLs) and Deferred Tax Assets (DTAs), tax-related Balance Sheet items, tax benefits from Stock-Based Compensation, and Paid-in-Kind (PIK) Interest on loans.

Module 4: 60-Minute and 2-Hour 3-Statement Modeling Case Studies (Toro and Atlassian)

In this module, you’ll complete 60-minute and 2-hour case studies based on 3-statement projection models for Toro, a landscape maintenance equipment company, and Atlassian, a subscription-based enterprise software company.

In the first case study for Toro, you will build a 3-statement model that you will use to advise the company on its financing strategy and whether or not it should increase its Dividends and Stock Repurchases.
In the second case study for Atlassian, you will assume the role of a growth equity analyst and build a 3-statement model with support for add-on or “tuck-in” acquisitions that lets you calculate the IRR and money-on-money multiples based on the company’s 5-year performance.

You will learn how to project subscription billings and revenue, license and maintenance revenue, expenses, cash flow line items, and revenue, expenses, and the items created in purchase price allocation for the add-on acquisitions.

You will then use this model to make an investment recommendation for or against a $2 billion equity stake in the company.

4.1 Overview and Income Statement and Balance Sheet Projections for Toro (30:53)

In this lesson, you’ll get an overview of the 3-statement case studies in this course, and you’ll learn how to project the Income Statement and Balance Sheet for Toro, using the instructions in the case document and historical trends.

4.2 Cash Flow Statement, Debt Schedule, and Case Questions (33:02)

You’ll project Toro’s Cash Flow Statement and Debt Schedule in this lesson, link the statements, and answer the case study questions about the company’s dividend and stock repurchase plans.

4.3 Atlassian Case and Financial Statement Overview (18:57)

In this lesson, you’ll get an overview of the Atlassian case study, learn the key challenges for the company, and see how we’ve simplified and consolidated the financial statements to make the modeling process easier.

4.4 Subscription Revenue (SaaS) Projections (13:36)

You’ll learn how to project Atlassian’s Subscription Revenue from New Billings and Existing Customer Renewals in this lesson, and you’ll learn how to make rough estimates for the historical revenue components based on limited data from the company.

4.5 License and Maintenance Revenue Projections (13:45)

In this lesson, you’ll project Atlassian’s License and Maintenance Revenue and learn how Maintenance and Subscription Revenue, while related, differ in terms of key mechanics and numbers.

4.6 Expense Projections (14:15)

You’ll project Atlassian’s main expenses in this lesson, and you’ll learn how to estimate Revenue per Employee and Costs per Employee going forward for Research & Development, the key expense; you’ll also learn how to check and assess the projections.

4.7 Balance Sheet and Cash Flow Statement Projections (17:36)
In this lesson, you’ll set up the drivers for Atlassian’s key Balance Sheet and Cash Flow Statement line items, you’ll complete additional portions of the projections, and you’ll check your work by calculating the Change in Working Capital relative to the Change in Revenue at the end.

4.8 Add-On Acquisition Projections (13:31)

You will project Atlassian’s add-on acquisitions here, including the Amortization of Intangibles they create, and their revenue and EBIT contributions in future years, and you’ll see how we can use real-life data to support these numbers.

4.9 Debt Schedule (9:49)

In this lesson, you’ll complete Atlassian’s Debt Schedule and project the Face Value and Book Value of its Convertible Bonds, factoring in the Amortization of the Debt Discount and Issuance Fees, the Interest Expense, and the Maturities.

4.10 Tax and Net Operating Loss Schedule (9:07)

You’ll complete a Cash Tax and NOL schedule for Atlassian in this lesson and model the impact of the company’s off-Balance Sheet NOLs; you’ll also build in the ability for the company to generate new NOLs in future years.

4.11 Linking and Summarizing the Statements (16:35)

You’ll link the financial statements in this lesson, allocate the purchase price in the add-on acquisitions, summarize the model, and draw a few quick conclusions from the summary statistics in this lesson.

4.12 Returns Calculations and Sensitivities (15:54)

In this lesson, you’ll calculate the IRR and money-on-money multiples in the Atlassian deal for assumed exits in Year 3-5, and you’ll build sensitivity tables to show the impact of different exit multiples, different growth rates, different percentage ownership, and different add-on acquisition parameters.

4.13 Case Study Answers and Investment Recommendation (10:49)

In this final lesson, you’ll see how we outlined the investment recommendation, risk factors, and ways to mitigate risk for Atlassian.

Module 5: More Advanced 3-Statement Projections (EasyJet)
In this module, you’ll complete a 3-hour 3-statement modeling test for EasyJet, a low-cost carrier based in the U.K., with routes all over Europe. You will then use the output of this model to advise the company on its proper mix of Debt and Equity.

You will build revenue and expense projections based on key drivers such as Available Seat Kilometers (ASKs), Load Factors, and Passenger Yields, and you will complete the Income Statement, Balance Sheet, and Cash Flow Statement projections for both half-year and annual periods based on those.

Then, you will build a Debt & Equity Schedule with support for a Revolver, Eurobonds + Finance Leases, and Equity Issuances, and you’ll use the company’s Liquidity requirements and Cash Flow Available for Debt Repayment to drive everything.

Finally, you’ll calculate key metrics and ratios, such as Return on Capital Employed (ROCE), the Leverage Ratio, the Interest Coverage Ratio, and the Debt / Equity Ratio, and you’ll use these to answer the case study questions and recommend a financing solution to management.

5.1 Overview and Financial Statements (23:07)

You’ll learn about the main point of the EasyJet case study in this lesson, you’ll see the key data sources, and you’ll learn how we’ve simplified, consolidated, and modified the company’s financial statements to make the modeling process easier.

5.2 Airline Revenue Projections (23:24)

You’ll project EasyJet’s revenue in the different scenarios in this lesson, based on Available Seat Kilometers (ASKs), Load Factors, and Revenue and Ancillary Yields; you’ll also create a summary and understand how these assumptions change over time.

5.3 Airline Expense Projections (19:47)

In this lesson, you’ll learn how to project the Fuel and Non-Fuel Expenses for EasyJet based on historical trends and different scenarios for the overall economy, including oil prices; you’ll also see what the Income Statement looks like in different scenarios.

5.4 Balance Sheet Projections (17:27)

You’ll project the Working Capital line items on EasyJet’s Balance Sheet in this lesson, and you’ll learn how to use historical trends in the business to forecast the future percentages for these items, and how to check your work.

5.5 Cash Flow Statement Projections and Balance Sheet Links (19:32)
In this lesson, you’ll project EasyJet’s Cash Flow Statement based on historical trends and estimates in the case document and press releases, and you’ll set up the key Balance Sheet line items to link to the Cash Flow Statement projections.

5.6 Debt & Equity Schedule: Draws and Revolver (16:38)

You’ll start setting up the Debt & Equity Schedule for EasyJet in this lesson, and you’ll calculate its Liquidity requirements, the funding required in each period, and the Revolver Draws and Repayments based on the company’s Liquidity per Seat and cash flow in each period.

5.7 Debt & Equity Schedule: Interest and Linking the Statements (14:59)

In this lesson, you’ll finish the Debt & Equity Schedule by calculating Interest Income and Interest Expense, linking it to the financial statements, and reviewing the output of this schedule and the model as a whole in different cases.

5.8 Key Metrics and Ratios (16:58)

You’ll calculate EasyJet’s key metrics and ratios in this lesson, including Return on Capital Employed (ROCE), (Debt + Lease Liabilities) / EBITDA, EBITDA / Interest, and (Debt + Lease Liabilities) / Equity, and you’ll learn how to use the results to draw conclusions about the company’s financing options in different cases.

5.9 Annual Summaries (19:44)

In this lesson, you’ll create annual summaries for EasyJet’s financial statements and supporting schedules, and you’ll see how half-year and annual trends might differ.

5.10 Case Study Answers (13:46)

In this final lesson, you’ll answer the case study questions and learn how to tweak the financial model to test different financing and operational scenarios for EasyJet and recommend better alternatives.

Module 6: Equity Value, Enterprise Value, and Multiples (Vivendi)

In this case study, you will analyze the financial statements of Vivendi, a leading French media and telecom conglomerate, and then use the information to calculate its Equity Value, Enterprise Value, and key valuation metrics and multiples.

You will also calculate valuation metrics and multiples for companies in other industries and regions, including Salesforce.com (Software), LinkedIn (Internet), and Steel Dynamics (steel manufacturing).
This case study serves as the “bridge” between the accounting and 3-statement modeling lessons and the next set of lessons on valuation, and you’ll need to understand the concepts here to proceed to the next part of the course.

6.1 Equity Value vs. Enterprise Value: What is a Company Worth, and Why Does It Matter? (15:10)

You will learn how to simplify the 3-statement model for Atlassian even further in this lesson, including how you might consolidate and simplify items and remove supporting schedules to get the same numbers and reach the same conclusions. This process is critical for time-pressured interviews as well as rushed tasks and emergencies on the job.

6.2 How to Pair Valuation Metrics with Equity Value and Enterprise Value (18:28)

In this lesson, you’ll learn what exactly a valuation “multiple” is, how you use multiples when valuing companies, and how to determine whether you should use Equity Value or Enterprise Value in the numerator of each valuation multiple.

6.3 How Equity Value, Enterprise Value, and Valuation Multiples Change After Specific Events (10:34)

In this lesson, you’ll learn how Equity Value, Enterprise Value, and valuation multiples such as EV / EBITDA and P / E change after key events such as issuing or repaying debt and issuing or repurchasing shares – and you’ll understand why Enterprise Value is so important when valuing companies.

6.4 Overview of the Equity Value Calculation (16:15)

In this lesson, you’ll learn why it’s trickier than it first appears to calculate Equity Value, the overall process you should follow when doing this, and the 3 different methods of calculating dilution from securities such as options, warrants, convertibles, and RSUs.

6.5 How to Calculate Dilution from Options and Warrants with the Treasury Stock Method (15:19)

You will learn how the Treasury Stock Method (TSM) works in this lesson, including how to calculate dilution from options for Vivendi – and you’ll understand how the TSM is a method for STANDARDIZING the diluted share calculation, and not a true reflection of reality.

6.6 Treasury Stock Method Exercise (10:13)

In this lesson, you’ll get practice entering information on the options and warrants for Salesforce.com, and then you’ll calculate the dilution from each tranche as well as the diluted share count.

6.7 How to Calculate Dilution from Convertible Bonds (15:26)

In this tutorial, you’ll learn how convertible bonds work, why an investor might buy them, and how to calculate dilution from these bonds – once again continuing with the example for Salesforce.com.

6.8 How to Calculate Dilution from RSUs, Performance Shares, and Other Securities (22:17)
You will learn how RSUs, performance shares, stock appreciation rights, and “other” dilutive securities work in this lesson, and you’ll get practice completing an exercise to calculate dilution for both Vivendi and Salesforce.

6.9 Why You Add and Subtract Different Items When Calculating Enterprise Value (25:03)

In this lesson, you’ll learn 3 key rules of thumb that you can use to determine whether items should be added or subtracted when calculating Enterprise Value, and you’ll learn how to apply the rules firsthand when calculating Enterprise Value for Vivendi.

6.10 Why You Subtract Equity Investments (Associate Companies) When Calculating Enterprise Value (14:24)

In this lesson, you’ll learn why you can’t just “ignore” a company’s ownership stakes in other companies—and you’ll learn how to factor in partially owned companies when calculating Enterprise Value and valuation multiples.

6.11 Why You Add Noncontrolling Interests When Calculating Enterprise Value (11:43)

In this follow-up lesson, you’ll learn how to handle Noncontrolling Interests (formerly known as Minority Interests) – cases where the company owns between 50% and 100% of another company – and why you need to factor them in when calculating Enterprise Value.

6.12 Other Enterprise Value Additions and More Advanced Nuances (19:06)

You’ll learn about more ambiguous items that go into the Enterprise Value calculation here, such as restricted cash, non-core assets, net operating losses (NOLs), capital leases, and restructuring and legal liabilities—and you’ll understand why some banks and groups treat these items differently from others.

6.13 Overview of Valuation Metrics and Multiples (18:57)

In this lesson, you’ll get an overview of key valuation metrics and multiples, including those based on Enterprise Value and those based on Equity Value, as well as different variations of cash flow-based metrics; you’ll also learn how to calculate the historical and forward multiples for Vivendi.

6.14 How to Calculate Valuation Multiples (20:46)

In this lesson, you’ll get practice calculating the historical and forward EBITDA and FCF multiples for Steel Dynamics, and you’ll understand the subtle distinction between adjusting for non-recurring charges vs. adjusting for non-cash charges.

6.15 EBITDA vs. EBIT vs. Net Income (22:26)

You’ll learn the differences between EBIT, EBITDA, and Net Income in this lesson, and you’ll understand more about these metrics than 99% of full-time bankers afterward; you will also get practice calculating the metrics for Steel Dynamics and LinkedIn, and you’ll understand how the commonly cited “rules” for these metrics can be false in real life.

You’ll learn about metrics and multiples based on cash flow in this lesson, and you’ll understand how each of them is subtly different from the others; you will also learn the problems and drawbacks of these metrics, and why they are not used as frequently.

6.17 Misleading Metrics and Multiples (15:39)

In this lesson, you’ll learn about the key problems and drawbacks of the P / E multiple and with the EV / EBITDA multiple, and why you should never rely on just one multiple or set of multiples when analyzing companies.

6.18 Other Metrics and Multiples: NOPAT, PEG, Invested Capital, Book Value, and More (19:52) (OPTIONAL)

You’ll learn about other valuation metrics and multiples in this lesson, including Net Operating Profit After Taxes (NOPAT), the PEG (P / E / Growth Rate) Ratio, Invested Capital and EV / IC, and Book Value and P / BV; you’ll also understand how these are correlated with metrics such as Return on Equity (ROE) and Return on Invested Capital (ROIC).

6.19 Industry-Specific Valuation Metrics and Multiples (28:34) (OPTIONAL)

You’ll learn about industry-specific valuation metrics and multiples in this lesson, including those for financial institutions, mining and oil & gas companies, and real estate and REITs – as well as those for other sectors that are more “standard,” such as healthcare, airlines, power/utilities, consumer retail, construction, technology, media/telecom, and more.

6.20 Vivendi vs. Peer Companies (19:30)

You’ll learn how to analyze the operating metrics and valuation multiples of comparable companies in this lesson, and how to determine if certain metrics and multiples are correlated – and you’ll understand how you can use this analysis to reach preliminary conclusions about Vivendi’s current market valuation.

6.21 Why Companies Trade at Different Multiples (25:56)

In this final lesson of the module, you’ll learn why companies trade at different valuation multiples – ranging from legitimate, business-driven reasons to accounting discrepancies to cyclicality to errors in perception, as well as outright fraud and deception.

Module 7: 2-Hour Valuation and DCF Case Study (Steel Dynamics)

In this module, you’ll complete a 2-hour valuation and DCF case study based on Steel Dynamics, a leading steel manufacturing company in the U.S.
You’ll learn how to project Free Cash Flow, including revenue, expenses, and other key line items, and you’ll understand how to calculate the Cost of Equity, Cost of Debt, and WACC for use in the analysis.

You’ll also learn how to calculate and check the Terminal Value, discount the cash flows to present value, set up sensitivities for the analysis, and use Public Comps and Precedent Transactions to gain additional valuation data points.

Finally, you’ll wrap up the case study by summarizing and interpreting the valuation and answer several short questions about it.

You might receive this type of case study in investment banking, equity research, or hedge fund/asset management interviews, and you’ll be well-prepared after completing these exercises.

7.1 The Big Idea Behind Valuation and DCF Analysis (9:01)

In this lesson, you’ll learn the big idea behind valuation and DCF analysis and understand why we need to go through a specific set of steps to value a company, even though we already have a simple formula to value any asset.

7.2 Components of Free Cash Flow: What to Include and Exclude (12:04)

You’ll learn what to include and what to exclude when calculating Unlevered FCF (Free Cash Flow to Firm) for a company in Step 1 of a DCF in this lesson.

7.3 Revenue and Expense Projections for Steel Dynamics (15:10)

In this lesson, you’ll learn how to project revenue and operating income for Steel Dynamics based on steel shipments, steel and metal prices, and each business segment’s profitability.

7.4 NOPAT and Non-Cash Adjustments (10:51)

In this lesson, you’ll learn how to calculate NOPAT and project the main non-cash adjustments – Depreciation & Amortization and Deferred Income Taxes – in a DCF.

7.5 Change in Working Capital and Capital Expenditures (CapEx) (9:39)

You’ll learn how to project the Change in Working Capital and Capital Expenditures in Unlevered FCF in this lesson.

7.6 Sanity Checking the Unlevered FCF Projections (7:50)

In this lesson, you’ll learn how to check your Unlevered FCF projections for reasonability in a DCF analysis, and you’ll understand how to fix projections that are distorted or otherwise problematic.

7.7 WACC Overview and Assumptions (14:31)
You’ll learn the concept of WACC in this lesson, including how to calculate it with a few simple examples. You’ll also learn why it pairs with Unlevered FCF in a DCF, why it pokes holes in the theory of Enterprise Value, and why it is imprecise and controversial.

### 7.8 Cost of Debt and Preferred Stock (11:41)

In this lesson, you’ll learn how to calculate the Cost of Debt and Preferred Stock for use in a DCF analysis, and you’ll learn how to estimate the figures for Steel Dynamics based on the company’s coupon rates and the fair market value of its Debt.

### 7.9 Cost of Equity – Calculating Unlevered Beta (14:59)

You’ll learn the first step of how to calculate Cost of Equity – “unlevering” Beta for each comparable public company – in this lesson, and you’ll understand why it’s important to use peer companies in the Cost of Equity calculation.

### 7.10 Cost of Equity – Calculating the Company Beta (10:34)

In this lesson, you’ll complete step 2 of the Cost of Equity calculation and re-lever Beta based on Steel Dynamics’ current vs. targeted capital structure and estimate the Cost of Equity using several different methods.

### 7.11 WACC Calculation and Interpretation (5:04)

You’ll learn how to calculate WACC under different methods in this lesson and see how you can establish the appropriate range of Discount Rates for use in sensitivity tables later on.

### 7.12 Discounting the Cash Flows (6:26)

In this lesson, you’ll learn how to discount and sum up the company’s future cash flows by using the cumulative discount factor to account for a Discount Rate that might change from year to year.

### 7.13 Calculating Terminal Value (12:49)

You’ll learn how to calculate the Terminal Value and finish off the DCF analysis in this lesson, including how to pick reasonable assumptions and how to back into the company’s implied share price.

### 7.14 Sanity Checking Terminal Value and the Rest of the Analysis (10:31)

In this lesson, you’ll learn how to check your assumptions for Terminal Value, Free Cash Flow, and other key figures in the DCF analysis and ensure that you’ve selected reasonable numbers.

### 7.15 Sensitivity Tables for the DCF (12:13)

You’ll learn how to set up sensitivity tables for key assumptions in a DCF analysis in this lesson, and you’ll understand how to pick the right ranges, cross-check your estimates, and draw conclusions from the tables.
7.16 Comparable Public Companies (Public Comps) (11:36)

In this lesson, you’ll learn how to screen and select comparable public companies, how to select metrics and multiples, and how to interpret the multiples.

7.17 Precedent Transactions (M&A Comps) (10:57)

You will learn how to select Precedent Transactions and evaluate valuation multiples from them in this lesson, and you’ll learn about the advantages and disadvantages vs. Public Comps and the DCF analysis.

7.18 Valuation Summary and Interpretation (11:28)

In this lesson, you’ll learn how to set up a “football field” graph that summarizes the output from the different methodologies and lets you draw conclusions about the company’s current valuation.

7.19 Case Study Answers (9:20)

You’ll learn how to answer the valuation/DCF case study questions in this lesson and how to make quick estimates for synergies and other deal assumptions based on the output of the model.

Module 8: 1-Week Valuation and DCF Case Study (Jazz Pharmaceuticals)

In this module, you’ll complete a 1-week “take home” valuation and DCF case study based on Jazz Pharmaceuticals, a specialty pharmaceutical company based in the U.S. that develops orphan drugs.

You’ll start by projecting Jazz’s revenue for its existing and pipeline drugs, discounting it to adjust for risk as necessary; you’ll then project its expenses and cash flow based on the firm’s employees.

Next, you’ll learn how to complete Public Comps and Precedent Transactions “the real way” by manually going through annual and interim filings, adjusting for non-recurring charges, and calculating Equity Value and Enterprise Value based on the filings.

You’ll conclude by building in the mid-year convention, support for stub periods, a normalized Terminal Year, and sensitivity tables and a valuation summary with a fully circular implied share price calculation.

The last lesson covers the Levered DCF (based on Levered FCF or Free Cash Flow to Equity), how Net Operating Losses (NOLs) factor into a DCF, and how variations such as the Adjusted Present Value (APV) analysis work.

8.1 Case Study Overview (14:27)

In this lesson, you’ll get an introduction to this case study based on Jazz Pharmaceuticals, and you’ll understand how it’s different from the simplified valuation/DCF case study based on Steel Dynamics.
8.2 Xyrem Revenue Projections (12:53)

You’ll learn how to project the company’s revenue from Xyrem in this lesson, including how to factor in pricing and volume growth, the entrance of generics into the market, and growth after exclusivity expires.

8.3 Erwinaze and Defitelio Revenue Projections (22:12)

In this lesson, you’ll learn how to project revenue in different scenarios for Erwinaze and Defitelio, two of Jazz’s other products, and you’ll understand how to make guesstimates based on peak sales, limited disclosures, and information in press releases.

8.4 Vyxeos Revenue Projections (15:18)

You’ll learn how to forecast revenue for an upcoming drug (Vyxeos) in this lesson, including how you might estimate the market share, pricing, and peak sales figures.

8.5 JZP-110 Revenue Projections (15:18)

In this lesson, you’ll learn how to project and risk-adjust revenue for an earlier-stage pipeline drug (JZP-110) that is in the midst of Phase 2 and 3 clinical trials; you’ll also learn how to check and adjust the numbers in different cases.

8.6 Expense and Cash Flow Assumptions (19:57)

You’ll learn how to project the main operating expenses, non-cash add-backs, and cash flow-related line items for use in the Unlevered FCF projections for Jazz in this lesson.

8.7 Unlevered FCF Projections (14:12)

In this lesson, you’ll learn what goes into Unlevered FCF for Jazz Pharmaceuticals, how to link in the individual components, and how to check numbers such as the growth rates and margins in the different scenarios.

8.8 Selecting Public Comps (12:54)

You’ll learn how to search for potential comparable public companies based on corporate filings and other sources in this lesson, and you’ll understand how you can screen the set and narrow down the comparable companies to a more reasonable number.

8.9 Gathering Market Data for the Public Comps (21:15) [OPTIONAL]

In this lesson, you’ll learn how to “spread the comps” based on an example for Acorda Therapeutics [ACOR], and you’ll understand how to find the information required to calculate Equity Value and Enterprise Value; you’ll also know when it is necessary to review companies’ filings manually instead of using automated services.

8.10 Finding Financial Figures for the Public Comps (22:54) [OPTIONAL]
You’ll learn how to calculate the LTM figures for Acorda’s Revenue, EBITDA, and Net Income in this lesson, and you’ll understand when you should add back non-recurring items; you’ll also learn about where to find the projected figures and how to deal with fiscal years that end on different dates.

8.11 Selecting Precedent Transactions (11:18)

In this lesson, you’ll learn how to find Precedent Transactions for Jazz Pharmaceuticals, including what to do if you don’t have Capital IQ access; you’ll also learn how to narrow the set and eliminate less relevant M&A deals.

8.12 Precedent Transaction Calculations (20:23) [OPTIONAL]

You’ll learn how to calculate valuation multiples manually for an example Precedent Transaction in this lesson, and you’ll see the differences when calculating metrics such as Enterprise Value for a public company vs. a precedent transaction.

8.13 Interpreting the Comparable Companies and Transactions (11:14)

In this lesson, you’ll learn how to interpret the Public Comps and Precedent Transactions in a valuation, and you’ll see why they may not be that meaningful depending on the company and industry.

8.14 WACC Calculation (20:16)

You’ll learn how to calculate WACC for Jazz Pharmaceuticals in this lesson, including how to factor in the impact of a convertible bond and what to do when certain peer companies do not have sufficient data for the Beta calculation.

8.15 Discount Factors with Stub Periods and the Mid-Year Convention (20:41)

In this lesson, you’ll learn how to set up discount periods and cumulative discount factors to take the Present Value of a company’s FCF when there’s a stub period in Year 1 of the analysis and we apply the mid-year convention to each annual period.

8.16 The Normalized Terminal Year (13:34)

You’ll learn how to calculate the Normalized Terminal Year in a DCF in this lesson, including why it is sometimes necessary and the most common adjustments you make to estimate properly a company’s FCF in the Terminal Period.

8.17 Terminal Value Calculations (15:17)

In this lesson, you’ll learn how to calculate Terminal Value for Jazz, factoring in multiple scenarios, the Mid-Year Convention, and the Normalized Terminal Year.

8.18 Implied Share Price Calculations (9:31)
You’ll learn how to calculate Jazz’s implied share price from the DCF analysis in this lesson, and you’ll understand how to factor in convertible bonds and other dilutive securities so that they use circular calculations.

8.19 Sensitivities and Conclusions (12:49)

In this lesson, you’ll set up several sensitivity tables and draw conclusions about Jazz’s valuation that you can use in the stock pitch, research report, and IB pitch book.

8.20 Valuation Summary and “Football Field” Graph (8:17)

You’ll wrap up the valuation in this lesson by creating a summary and graphical representation, and you’ll learn how the calculations in a more complex analysis differ from those in a quick/simplified one.

8.21 Levered FCF Analysis and Other DCF-Related Topics (Net Operating Losses and Adjusted Present Value (APV)) (19:02)

In this lesson, you’ll learn how to set up a Levered DCF analysis and how to include NOLs directly in the Free Cash Flow projections; you’ll also understand the many problems with a Levered DCF and why we recommend against using it. For other DCF-related topics, such as the APV Analysis, you can refer to the written guide.

Module 9: Valuation Interpretation and Real-Life Usage (Jazz Pharmaceuticals)

In this module, you’ll learn how to apply and interpret a valuation in real life by creating a short stock pitch (for hedge fund and asset management roles), equity research report, and investment banking pitch book for Jazz Pharmaceuticals based on the valuation and DCF analysis from the previous module.

You’ll start by learning what goes into a stock pitch and outlining a pitch; you’ll then see how to expand the outline into a full 3-page stock pitch and how you can present your arguments in either a Word document or PowerPoint slides.

Next, you’ll learn the strengths and weaknesses of this pitch and understand how we might improve it with more time and resources.

Then, you’ll see a short equity research report that is also based on the Jazz valuation/DCF, but which reaches very different conclusions. You’ll also learn how stock pitches differ from equity research reports.

Finally, you’ll get an example of a short investment banking pitch book that you’ll use to advise the company on a possible M&A deal, and you’ll see how the model and interpretation differ in this scenario.
**9.1 Stock Pitch Guidelines and Outline (14:41)**

In this lesson, you’ll get a set of guidelines you can use to create stock pitches based on valuation and DCF analyses, and you’ll understand how to outline the investment thesis, catalysts, and risk factors for use in our pitch for Jazz Pharmaceuticals.

**9.2 3-Page Stock Pitch (12:02)**

You’ll understand how to set up and write both Word and PowerPoint versions of our short stock pitch in this lesson, including how you can use visual elements to make a stronger argument for the company’s valuation.

**9.3 Critique of This Stock Pitch (12:20)**

You’ll get a quick overview of the strengths and weaknesses of this stock pitch in this lesson, and learn how you might improve upon it with additional time and resources.

**9.4 Equity Research Report (14:25)**

In this lesson, you’ll learn how an equity research report differs from a hedge fund stock pitch, and you’ll see how we used the Upside Case numbers in the model and stock pitch to form the basis of the main valuation presented in the research report.

**9.5 Investment Banking Pitch Book (13:30)**

You’ll learn what goes into an investment banking pitch book presented to a client or potential client in this lesson, and you’ll see how the valuation and the interpretation of the numbers differ from what you might state in a stock pitch or equity research report.

**Module 10: Merger Model (Men's Wearhouse / Jos. A. Bank)**

In this case study, you’ll analyze a possible M&A deal between Jos. A. Bank and Men’s Wearhouse, two leading US-based men’s clothing retailers, make a recommendation on the purchase price and deal structure, and draw some conclusions on the accretion / dilution and qualitative merits of the deal.

You will learn the fundamentals of M&A deals and merger models in the first few lesson. Then, you'll project the financial statements for both companies and set up the Sources & Uses and Purchase Price Allocation schedules.

Then, you will combine the Income Statements and Balance Sheets of both companies, factor in possible synergies, track the debt paydown over time, and analyze key metrics, ratios, and accretion / dilution sensitivities for the deal.
After you complete this analysis, you will analyze an alternative deal between Jos. A. Bank and Eddie Bauer, a privately held retailer. In this set of lessons, you will learn the differences between acquisitions of public vs. private companies, and you'll assess accretion / dilution for an acquisition of this private company.

Finally, you will answer the case study discussion questions on both deals, and you'll get practice with real M&A / merger model case study exercises given at banks in the last few lessons.

10.1 Why and How Would You Buy Another Company? (34:24)

In this lesson, you’ll learn why one company might want to acquire or merge with another company, including many real life examples of the motivation behind high-profile deals; you will also learn how the M&A process works, and how buyers finance acquisitions.

10.2 Merger Model Mechanics and Accretion / Dilution (38:08)

You will learn the mechanics behind a merger model in this lesson, including how to set up the main assumptions, how to determine the cost of cash vs. debt vs. stock, how to combine 2 companies’ Income Statements, and how you can tell in advance if a deal is accretive or dilutive. You will also learn the problems and drawbacks of accretion / dilution analysis.

10.3 Rules of Thumb for Determining Accretion / Dilution (17:39)

You will learn a quick, simple rule of thumb you can use to determine whether a deal will be accretive, dilutive, or neutral to the buyer’s EPS in this lesson; you’ll get practice applying it, and will also learn some of the downsides and limitations to this rule.

10.4 Case Study Overview (17:06)

In this lesson, you’ll get an overview of the case study taught in this module, and you’ll understand how we’re going to expand upon the simple merger model created in the previous lessons to more accurately model several real-life M&A transactions.

10.5 Financial Projections for the Buyer (Men’s Wearhouse) (36:23)

You will learn how to build financial projections for the buyer, Men’s Wearhouse, in this lesson, including how to link key metrics to the store count, and how to project the company’s cash flows without building full Balance Sheet and Cash Flow Statement projections.

10.6 Financial Projections for the Seller (Jos. A. Bank) (32:26)

You will learn how to project the Income Statement and key Cash Flow Statement line items for Jos. A. Bank, the seller, in this lesson, and you’ll compare and contrast their financial statements and operational performance with those of Men’s Wearhouse.

10.7 Transaction Assumptions (30:35)
In this lesson, you will learn how to make assumptions for the purchase price and cash vs. stock vs. debt split in a merger model, including what to do if you are not building a model based on a deal that actually took place in real life.

10.8 Sources & Uses of Funds (21:35)

You will learn why the Sources & Uses schedule matters in this lesson, as well as its true purpose, why the Sources side must always equal the Uses side, and how to use a “plug” to ensure that Sources of Funds always matches Uses of Funds.

10.9 Purchase Price Allocation (30:01)

In this lesson, you’ll learn about the purchase price allocation process in an M&A deal, including why and how Goodwill and Other Intangible Assets get created, the difference between Intangibles with definite vs. indefinite lives, how fixed asset write-ups work, and how deferred tax-related items are adjusted when an acquisition closes.

10.10 Combining the Balance Sheets (21:30)

You will learn how to combine the Balance Sheets of the buyer and seller in this lesson, including how to incorporate the output of the Sources & Uses schedule and the Purchase Price Allocation schedule, and how to ensure that you include all the relevant adjustments.

10.11 Combining the Income Statements (28:45)

In this lesson, you will learn how to combine the Income Statements of the buyer and seller in an M&A deal, including how to factor in all the acquisition effects and why and how our figures might disagree with the companies’ own EPS accretion / dilution guidance.

10.12 Estimating Synergies (27:52)

You will learn how to estimate revenue and expense synergies in an M&A deal in this lesson, including potential synergies for Men’s Wearhouse and Jos. A. Bank here, as well as real examples of estimates from the investor presentation on the deal and equity research.

10.13 Debt Schedule (22:00)

In this lesson, you’ll learn how to create a “mini-Cash Flow Statement” to track how the combined companies’ cash and debt balances change over time, and what the Income Statement impact of those changes is.

10.14 Key Metrics and Ratios (26:09)

You will learn how to analyze the combined company’s key metrics and ratios in this lesson, including growth and margin-related metrics, and credit stats and ratios such as Debt / EBITDA and EBITDA / Interest Expense; you’ll also learn what these figures tell you about the viability of the deal and how much the seller can negotiate the price.
10.15 Sensitivity Tables (24:10)

In this lesson, you’ll learn how to pick the most appropriate assumptions for use in sensitivity tables in a merger model, and you’ll learn how to interpret the output of the sensitivity tables to make more appropriate recommendations to a client or potential client.

10.16 Financial Projections for a Private Seller (Eddie Bauer) (28:31)

You will learn how to project the financial statements of a private seller, Eddie Bauer, in this lesson, and you’ll learn the key challenges when working with a private company that has extremely limited financial information.

10.17 Transaction Assumptions for a Private Seller (23:42)

In this tutorial, you’ll learn how the transaction assumptions in a merger model differ when the seller is private, and how other schedules such as Sources & Uses also change; you will also learn how to factor in a simultaneous share repurchase from the acquirer.

10.18 Combination of Financial Statements for a Private Seller (25:24)

You will learn how to combine the financial statements of Jos. A. Bank and the private seller, Eddie Bauer, in this lesson, and you’ll see how you can estimate debt repayment and how the interest expense changes over time, even with more limited information.

10.19 Key Metrics, Ratios, and Sensitivities for a Private Seller (25:55)

In this lesson, you’ll learn how to interpret key metrics and ratios for the Jos. A. Bank / Eddie Bauer deal, as well as the sensitivity analyses we complete for the key assumptions; you’ll also draw some conclusions about what to tell Jos. A. Bank based on the output of these tables.

10.20 Case Study Discussion and Answers (32:03)

In this lesson, you’ll learn how to answer the written case study questions posed in the beginning of this module, and you’ll understand how bankers might advise Jos. A. Bank on the potential transactions here – plus, you’ll understand what this type of deal says about society and culture at large.

10.21 Assessment Center Case Study (23:31)

You’ll get practice completing an M&A / merger model practice case study given at an assessment center in this lesson – and you’ll learn how to simplify and cut corners to save time and calculate the answers as quickly as possible.

10.22 Additional Practice Exercises (52:08)

You’ll get practice completing an M&A / merger model practice case study given at an assessment center in this lesson – and you’ll learn how to simplify and cut corners to save time and calculate the answers as quickly as possible.
Module 11: More Advanced Merger Model (Suntory / Beam)

In this case study, you will analyze Suntory Holdings’ $16 billion USD (~¥1.5 trillion) acquisition of Beam, the world’s 4th largest premium spirits company at the time of the acquisition.

You will learn more advanced aspects of M&A deals and merger models, including quarterly projections and models, cross-border transaction assumptions, a full combination of all 3 financial statements, and purchase price allocation and acquisition effects under different accounting systems (J-GAAP vs. US GAAP and IFRS).

In the first few lessons, you will create quarterly projections for Beam and Suntory. Then, you'll set up the transaction assumptions and build in support for how a private company’s acquisition of a public company might be different.

Then, you will combine all 3 financial statements for both companies, set up the debt schedule to track different tranches, estimate potential synergies by geography and business line, and calculate accretion / (dilution) under different accounting standards, as well as key metrics and ratios, credit stats, and sensitivity tables at the end.

After you complete this analysis, you will answer the case study discussion questions and create a 27-slide presentation to Beam’s Board of Directors advising it on its options in this deal.

11.1 Case Study Overview and Key Differences (27:47)

In this lesson, you’ll get an overview of the case study and you’ll learn how cross-border M&A deals with private holding companies differ from public to public or public to private deals; you’ll also learn about the key challenges in the model.

11.2 Financial Projections for the Public Seller (Beam) (43:07)

You will learn how to build a quarterly 3-statement projection model for Beam in this lesson, including how to reflect seasonal variations by region on the statements, and key differences on a spirits company’s financial statements.

11.3 Financial Projections for the Private Buyer (Suntory) (51:51)

You will learn how to project the financial statements of Suntory Holdings in this lesson, including key differences for Japanese companies and private companies, and how its corporate structure is reflected on the historical and projected statements.
11.4 Cross-Border Transaction Assumptions (28:32)

In this lesson, you’ll learn how to set up the transaction assumptions for a cross-border M&A deal, including how to calculate the funds required and the transaction funding sources, the transaction fees, and the maximum cash available for use in the deal.

11.5 Sources & Uses and Debt Assumptions (24:27)

You will learn how to build a Sources & Uses schedule that supports debt assumption vs. refinancing in this lesson, as well as why different types of debt exist and how to make guesstimates for the debt tranches and terms based on press releases and filings.

11.6 Purchase Price Allocation – J-GAAP vs. US GAAP and IFRS (31:26)

In this lesson, you’ll complete the purchase price allocation process for the Suntory / Beam deal, and you’ll learn how it differs under Japanese GAAP vs. IFRS and US GAAP as a result of the treatment of Goodwill and transaction fees.

11.7 Balance Sheet Combination (26:20)

You will get practice combining the Balance Sheets of Suntory and Beam in this lesson, including how to adjust for Goodwill, Other Intangible Assets, write-ups, transaction and financing fees, the Deferred Tax Liability, debt, cash, and more.

11.8 Income Statement Combination (22:16)

In this lesson, you will combine the Income Statements of Suntory and Beam, adjust for the main acquisition effects, and ensure that you have the correct *quarterly* numbers for everything – and you’ll see how you can create an annual roll-up summary based on the quarterly model.

11.9 Combined Cash Flow Statement Projections (26:34)

You will combine the Cash Flow Statements of Beam and Suntory in this lesson, and learn how the combined CFS projections differ from the companies’ standalone statements – and the items you typically include and exclude depending on the deal type and status of the buyer and seller.

11.10 More Advanced Debt Schedule (29:28)

In this lesson, you will build a more advanced debt schedule to support this M&A deal, including multiple tranches of debt, mandatory vs. optional repayments, and the possibility of additional borrowing to meet cash flow shortfalls.

11.11 Combined Balance Sheet Projections (15:29)

You will learn how to combine the Balance Sheet projections for Suntory and Beam in this lesson, including how to link each item to the relevant Cash Flow Statement item(s) and how to interpret the combined Balance Sheet in future periods.
11.12 Estimating Potential Synergies (28:09)

You will discover how to estimate potential revenue and expense synergies for the Suntory / Beam deal in this lesson, including how to determine the geographies where they might be realize, and how to make the assumed uplifts in cases sold and average price per case flow through the rest of the model.

11.13 US GAAP / IFRS vs. J-GAAP EPS Accretion / (Dilution) (28:34)

In this lesson, you will calculate EPS accretion / (dilution) under Japanese GAAP, US GAAP / IFRS, and on a “Pro-Forma” basis; you’ll also learn the advantages and disadvantages of each method, as well as how to interpret each metric.

11.14 Key Metrics, Ratios, and Sensitivities (31:25)

In this lesson, you'll calculate the key metrics, ratios, and credit stats for the combined company, and you’ll create sensitivity tables for assumptions such as the JPY/USD exchange rate, % cash vs. % debt, interest rates, and revenue synergies; you’ll use the output of these analyses to draw some initial conclusions on the deal and your advice to Beam.

11.15 Case Study Answers and Advisory Presentation (44:11)

In this final lesson of the module, you'll learn what goes into an advisory presentation / pitch book to a potential client, and how we might advise Beam on its options regarding the Suntory deal – including valuation, analysis of the deal itself, and the possibility of other buyers stepping forward.

Module 12: LBO Model (7 Days Inn)

In this case study, you will analyze Carlyle's $687 million leveraged buyout of 7 Days Inn, a leading budget hotel chain in China.

You will start by learning the fundamental concepts behind leveraged buyouts, including what makes the math work, what makes for a good buyout candidate, and how you can determine the IRR and money-on-money multiple.

Then, you'll complete each aspect of the case study and start with the transaction assumptions, debt assumptions, and Sources & Uses schedule to determine the funding for the deal.

Next, you will project revenue and expenses for 7 Days Inn, factoring in its leased-and-operated vs. managed (franchised) hotels, as well as its fixed and variable costs and its changing business model.

Then, you will complete the debt schedules, link the statements, calculate key credit stats and ratios, and also analyze the IRR, MoM multiple, and Returns Attribution, creating sensitivity tables for the key assumptions.
Once you’re finished, you will make an investment recommendation to your firm in a 20-slide presentation, and you’ll learn how private equity investment recommendations differ from hedge fund / asset management ones.

Finally, you’ll learn how to simplify the model under extreme time pressure and you’ll get practice with a "paper LBO model" case study.

12.1 LBO Concept and Why the Math Works (33:03)

In this introductory lesson, you’ll learn about the big idea behind leveraged buyouts, why leverage can potentially increase returns, the legal structure that makes LBOs possible, and how leveraged buyouts compare and contrast to “normal” M&A deals between companies.

12.2 Simple LBO Model, Rules of Thumb, and Ideal LBO Candidates (42:50)

You will create a simple LBO model, analyze its IRR and money-on-money multiple and the key returns drivers, and learn about what makes for “ideal” LBO candidates in this lesson; you’ll also practice these concepts with several exercises.

12.3 7 Days Inn Case Study Overview (19:37)

You’ll get a proper introduction to the case study in this lesson, learn about the key business issues facing 7 Days Inn, and you’ll see how our leveraged buyout analysis in this module will be both similar to and different from the M&A analyses in previous modules.

12.4 Transaction Assumptions (26:25)

You will learn how to set up the transaction assumptions for a leveraged buyout in this lesson, including how to find information on the offer price, shares outstanding, rollover equity, debt used, and transaction fees, and then input them into the model.

12.5 Debt Assumptions (18:03)

In this lesson, you’ll learn about different types of debt (Unsecured vs. Secured), the trade-offs of each type, how to determine which types are appropriate for a company in a leveraged buyout, and how to enter the real information for 7 Days Inn based on the filings.

12.6 Sources & Uses (21:56)

You will learn how to set up the Sources & Uses schedule for a leveraged buyout in this lesson, including how it’s different from similar schedule for M&A deals and how to support features such as equity rollovers.

12.7 Hotel Revenue Projections (25:25)

In this lesson, you’ll learn how to project revenue for 7 Days Inn, including how the Leased & Operated Hotel segment differs from the Managed Hotel segment, and how you can check your numbers against company estimates at the end.
12.8 Hotel Expense and Cash Flow Projections (30:41)

You will learn how to project Income Statement expenses and Cash Flow-related line items for 7 Days in this lesson, including fixed vs. variable costs, and costs that are linked to the total # of hotels vs. just the L&O hotels – and you’ll check your numbers against what the company has disclosed.

12.9 Debt Schedules (21:44)

In this lesson, you will learn how to build debt schedules to support a leveraged buyout with both Senior Notes and Subordinated Notes – and you’ll learn how to calculate the cash flow available for debt repayment, mandatory and optional repayments, and the interest expense.

12.10 Linking the Statements (11:43)

You will finish off the LBO in this lesson by completing the Cash Flow Statement and linking in the net interest expense on the Income Statement – and you’ll see how all the pieces fit together in this model.

12.11 Key Metrics, Ratios, and Credit Stats and Ratios (31:40)

In this lesson, you will calculate key metrics and ratios for this leveraged buyout, including leverage, coverage, and capital structure ratios, FCF conversion, the debt service coverage ratio and cumulative debt paydown, and more – and you’ll learn how to use these figures to draw conclusions about the deal and the amount and types of debt used.

12.12 IRR, MoM Multiples, and Returns Attribution Analysis (31:08)

In this lesson, you’ll learn how to analyze a leveraged buyout and the results of an LBO model via the internal rate of return (IRR), money-on-money (MoM) multiple, and returns attribution analyses; you’ll also understand how the numbers differ when the exit is an M&A deal vs. an IPO vs. a dividend or leveraged recap.

12.13 Sensitivity Tables (37:47)

You will learn how to pick the appropriate assumptions to sensitize in an LBO, how to physically set up the sensitivity tables, and how to interpret the output of the tables in this lesson.

12.14 Case Study Presentation and Discussion (39:29)

In this lesson, you’ll learn how to make an investment decision on a deal, how to outline your presentation or written recommendation, and how to create a 20-slide presentation arguing for or against a deal based on qualitative and quantitative factors.

12.15 Simplified or “Quick and Dirty” LBO Model (22:56)

You will learn how to create a simplified LBO model in this lesson, including how to save time with the transaction assumptions, the financial projections, and the returns calculations at the end – and you’ll understand how to use this approach to complete “speed modeling tests” more effectively.
12.16 Paper LBO Model Case Study (12:36)

In this tutorial, you’ll learn how to build a very simple LBO model “on paper” that you can use to answer quick questions in PE (and other) interviews.

Module 13: More Advanced LBO Model (Chuck E. Cheese's)

In this more advanced LBO modeling module, you’ll analyze Apollo’s $1.3 billion leveraged buyout of Chuck E. Cheese’s, AKA ‘CEC Entertainment’ or CEC, and make a recommendation for or against the deal, from the perspective of a private equity firm.

You’ll start by analyzing the company’s historical financial statements, industry research, and background information on the deal, and then create revenue and expense projections based on the number of stores, new vs. existing stores, and food & beverage vs. entertainment & merchandise sales.

Then, you’ll build in support for the LBO transaction, including purchase price allocation and Goodwill creation, assumptions for 6 tranches of debt (Revolver, Term Loans A and B, Senior Notes, Subordinated Notes, and Mezzanine with PIK interest), and a robust debt schedule that allows for refinancing or assuming existing debt and which properly reflects capital lease-related expenses.

You’ll wrap up the model by projecting deferred tax assets and liabilities and net operating losses (NOLs), calculating key operational and credit-related metrics and ratios, and calculating the IRR, MoM multiple, returns attribution, and sensitivities with support for different exit years and dividends built in.

Finally, you’ll create a 20-slide PowerPoint presentation that makes a recommendation for or against the deal, presents your qualitative and quantitative findings, and evaluates which of several possible outcomes is most likely.

13.1 Case Study Overview and Financial Statement Analysis (27:08)

In this lesson, you’ll get an overview of the Apollo / Chuck E. Cheese case study, and you’ll learn how this LBO case differs from the previous one we completed; you’ll also do a financial statement analysis of CEC and determine whether or not it’s a good LBO candidate.

13.2 Restaurant / Entertainment Revenue Projections (25:33)

In this lesson, you’ll learn how to project revenue for a restaurant / entertainment company such as Chuck E. Cheese, based on historical data, information disclosed in the filings, and financial projections from different sources such as Fairness Opinions and equity research.

13.3 Restaurant / Entertainment COGS and OpEx Projections (16:14)
You will learn how to project Cost of Goods Sold and Operating Expenses for Chuck E. Cheese in this lesson, including how to reflect different margin trends in different business segments and how to check our numbers against the company’s internal estimates at the end.

13.4 CapEx and Depreciation Schedule (26:07)

You will learn how to project Capital Expenditures (CapEx) and Depreciation for a restaurant/entertainment company in this lesson, including how CapEx differs for new vs. existing stores, and how the Depreciation expense shifts from existing to new assets over time.

13.5 Balance Sheet and Cash Flow Statement Drivers (26:18)

In this lesson, you will learn how to project Balance Sheet and Cash Flow Statement items for CEC, including Working Capital, Investing and Financing Activities, and Capital Lease interest and principal repayments.

13.6 Linking the Statements (27:47)

You will learn how to link the 3 financial statements in this lesson, and how to check your work with “test values” and with the simple rules for linking the statements taught in previous modules; you’ll also see how to detect and fix problems when the Balance Sheet does not balance.

13.7 Debt Assumptions and Sources & Uses (31:14)

In this lesson, you’ll learn how to set up the transaction and debt assumptions and Sources & Uses schedule in this more advanced LBO model, and you’ll learn about additional debt features, such as the Revolver, PIK interest, optional prepayment, and the undrawn commitment fee.

13.8 Purchase Price Allocation (19:57)

You will learn how to allocate the purchase price, write up fixed assets and Intangibles, and create Goodwill and a Deferred Tax Liability in a leveraged buyout in this lesson – and you’ll see how you can tie these assumptions to the actual allocation disclosed in the company’s filings.

13.9 Balance Sheet Adjustments (23:50)

In this lesson, you will learn how to adjust the Balance Sheet in an LBO transaction, including how to reflect acquisition effects, cash, debt, and equity used, and asset write-ups and write-downs.

13.10 Debt Schedule, Part 1: Mandatory Repayments (16:59)

In this lesson, you’ll learn how to calculate the cash flow available for debt repayment, determine whether or not a Revolver draw is required, and calculate the mandatory debt principal repayments for each tranche of debt in the schedule.

13.11 Debt Schedule, Part 2: Optional Repayments (22:10)
You will learn how to set up optional debt repayments in this lesson, to ensure that they work consistently for both the existing debt, if it is assumed rather than refinanced, and all the new tranches of debt.


In this lesson, you’ll link the debt repayments and additional borrowings to the 3 financial statements and you’ll understand how the debt balances change over time, whether existing debt is assumed or refinanced in the deal.


You will learn how to calculate the interest rates and interest expense for each tranche of debt in this lesson, including what to do for existing debt, capital leases, the undrawn Revolver commitment fee, and the PIK interest option on mezzanine borrowings.

13.14 Deferred Taxes and Net Operating Losses (NOLs) (31:44)

You will learn how to properly account for Deferred Tax Assets (DTAs) and Deferred Tax Liabilities (DTLs) in an LBO model in this lesson, including how to factor in book vs. cash taxes and net operating losses (NOLs) being accumulated and then applied to offset taxable income.

13.15 Key Metrics and Ratios (26:46)

In this lesson, you’ll get practice calculating the key operational and credit-related metrics and ratios for CEC, including leverage and coverage ratios based on variations of EBITDA, FCF conversion, the debt service coverage ratio, and more – and you’ll learn how to interpret these metrics and determine if we should use a different mix of debt.

13.16 IRR, MoM Multiples, and Returns Attribution Analysis (33:47)

You will learn how to calculate the IRR, MoM Multiple, and Returns Attribution for an LBO with dividends, where the exit year can also vary, in this lesson; you’ll also use these analyses to draw conclusions about the deal and make recommendation.

13.17 Sensitivity Tables (29:17)

In this lesson, you will learn how to set up sensitivity tables in a more advanced LBO model, how to create “mini tables” within other tables, and how to interpret the results and draw conclusions about the deal and your investment recommendation.

13.18 Case Study Presentation and Discussion (45:40)

You will make an investment decision, create a case study presentation, and then learn how to discuss your findings on the CEC leveraged buyout in this lesson – you’ll also learn more about whether or not the subsequent lawsuits were justified and the trends in culture and society that the deal reflects.
Module 14: Private Companies, IPOs, and Reverse Mergers (Kakao / Daum)

In this module, you will learn all about private company valuation and financial modeling via 2 separate case studies: one based on Kakao’s reverse merger with Daum Communications (two Internet/mobile companies in South Korea), and one based on a valuation of this business (BIWS) in a potential sale to a private buyer.

Among other points, you’ll learn how the financial statements must be adjusted for private companies, differences in projection methodologies, and how you might select public comps and precedent transactions and apply private company discounts.

The DCF lessons will walk you through how the analysis differs for private companies, including the Cost of Equity, WACC, Terminal Value, and FCF assumptions, and then you’ll put together everything in valuation summaries.

Then you’ll get practice with modeling the deal with Daum Communications, including how to set up a reverse merger in Excel, how to model synergies, how to create a relative contribution analysis and an analysis of exchange ratios and collars, and how to use an initial public offering (IPO) model to determine the proceeds Kakao might have received if it had gone public.

Finally, you’ll present your findings to the company in PowerPoint format and make a recommendation on its best option going forward.

14.1 Kakao / Daum Case Study Overview (15:02)

You’ll get an overview of the main case study (based on Kakao’s reverse merger with Daum) and the supplementary case study in this lesson, and you’ll start to understand the differences between private company valuation and modeling and public company valuation and modeling.

14.2 How Private Companies Differ from Public Companies (30:34)

In this lesson, you’ll learn the 3 main categories of private companies and why some private companies are nearly the same as their public counterparts, and how private company modeling differs in terms of accounting, financial statement projections, valuation and DCF analysis, and M&A and LBO analysis.

14.3 How to Gather Data for Private Companies (24:06)

You will learn how to research private companies and gather data on them in this lesson, including how large private companies differ from small businesses, how to gather data based on public sources, and what to do when you really can’t find anything.

14.4 Adjusting the Statements for Private Companies (42:03)

In this lesson, you’ll learn how to modify the financial statements for a very small private company (a “small business”), including how to reclassify items to conform with GAAP or IFRS, how to reclassify
owner/management draws, and how to adjust for intermingled business and personal expenses and a new tax rate.

**14.5 Quarterly Financial Projections for Kakao (40:47)**

In this lesson, you will build quarterly and annual financial projections for Kakao based on its monthly active users (MAUs), revenue per monthly active user, and # of employees and labor costs; you’ll also get practice fleshing out the 3 statements for a mixed quarterly/annual model like the one here.

**14.6 Public Comps and Precedent Transactions in Private Company Valuation (32:10)**

You will learn how to select public comps and precedent transactions for use in private company valuations in this lesson, including how to find data and how to determine whether or not to apply a private company discount and/or “liquidity discount” to the multiples derived from comparable companies and transactions.

**14.7 DCF: Projecting Free Cash Flow for Private Companies (24:25)**

You’ll learn how to project Unlevered Free Cash Flow for private companies in this lesson, including why it’s largely the same as it is for public companies, and then you’ll get practice building your own 10-year FCF projections for a small private company.

**14.8 DCF: Cost of Equity and WACC for Private Companies (32:25)**

In this lesson, you’ll learn how the Cost of Equity and WACC calculations differ for private companies, including how to adjust key assumptions such as Beta, the Risk-Free Rate, the Equity Risk Premium, and the Cost of Debt, for private companies; you’ll also learn the concept of “Total Beta” and understand why it might be more appropriate for some private companies.

**14.9 DCF: Terminal Value for Private Companies (32:57)**

You will learn how to calculate Terminal Value for private companies in this lesson, including how the standard Multiples Method and Perpetuity Growth Method might differ for both large-scale private companies and very small businesses – and you’ll understand why the entire concept of Terminal Value itself may not even apply, depending on the type of business.

**14.10 Private Company Valuation Summary (33:18)**

In this lesson, you’ll create valuation summary pages and graphs for both private companies analyzed in this module, and you’ll understand when and where to apply private company discounts, as well as the overall conclusions and recommendations we would make to each company based on the output of the valuation analysis.

**14.11 Daum Financial Projections (25:57)**

You will create Income Statement projections for Daum, the buyer in this reverse merger, in this lesson, and you’ll learn how its business compares to Kakao’s business in terms of growth rates, margins, and other key metrics.
14.12 Reverse Merger Transaction Assumptions (33:52)

You will learn how and why a reverse merger works in this lesson, and how the typical M&A and merger model assumptions differ when a private company becomes public via a merger with an existing public company in this lesson. You’ll also set up the Sources & Uses and Purchase Price Allocation schedules for a reverse merger.

14.13 Reverse Merger Synergies (23:09)

You will learn how to estimate revenue and expense synergies for the Kakao / Daum deal in this lesson, even with limited information on each company’s mobile monetization and advertising strategies; you’ll also learn why common concepts such as building consolidation and reduction in force (RIF) may not apply here.

14.14 Financial Statement Combination and Accretion / (Dilution) in a Reverse Merger (31:25)

You will learn how to combine the financial statements of Daum and Kakao on a quarterly basis in this lesson, including what’s different in a reverse merger scenario; you’ll also learn why you may want to look at accretion / (dilution) from the perspective of Kakao rather than Daum, even though Daum is technically “the acquirer.”

14.15 Relative Contribution Analysis (32:10)

In this lesson, you’ll learn how to set up a Relative Contribution Analysis for an M&A deal that determines a company’s valuation based on how much it “contributes” to the combined company’s financial metrics; you’ll also learn how it’s different in a reverse merger, and why some banks and groups do parts of the analysis differently.

14.16 Exchange Ratio and Collar Analysis (37:27)

In this lesson, you’ll learn about fixed vs. floating exchange ratios and how the buyer and seller can use an instrument called a “collar” to reduce risk from share price volatility, among other factors, and how it can be used to reach a compromise in all-stock M&A deals; you’ll also see how it applies to the Daum / Kakao reverse merger deal.

14.17 Initial Public Offering (IPO) Model Assumptions (32:55)

You will learn how an IPO model works in this lesson, starting with the assumptions and setup for the pricing multiples, the trading vs. pricing valuation, the pricing discount, primary vs. secondary shares, and the Greenshoe provision; you’ll also understand why bankers must perform a “balancing act” to make an initial public offering successful.

14.18 IPO Proceeds and Implied Valuation Multiples (22:39)

In this video, you’ll learn how to calculate the Gross and Net Proceeds to the issuer in an IPO, including how to determine the % of the company that’s sold in the offering; you’ll also learn how to calculate the
company’s valuation multiples at both pricing and trading, and the conclusions you can draw about the offering from those.

14.19 Alternate IPO Model (22:23)

In this lesson, you’ll learn how to set up and model an initial public offering (IPO) that is driven by the offering price per share and number of shares to be issued, rather than by the amount of capital raised and the company’s valuation. You’ll also learn the pros and cons of this model vs. the original version we looked at.

14.20 Private Company Valuation – Case Study Presentation (31:16)

You’ll learn how to present your findings and deal recommendations to a client or potential client in this lesson, including how to make a recommendation on a reverse merger vs. an IPO vs. an acquisition, and how to justify your thought process with data from the valuation and financial analyses you created.

Module 15: Debt, Equity & Convertibles (Netflix)

In this case study, you’ll analyze Netflix [NFLX], the world’s leading provider of streaming films and TV shows, and make a recommendation on how it should raise the $1.5 billion it needs to fund its international expansion efforts.

In other words, should it raise debt, equity, or convertible bonds to fund its expansion? And what terms should it seek for that funding?

To complete this exercise, you will build a 3-statement model for the company based on multiple operational scenarios, as well as a "quick" valuation with comparable public companies and a DCF.

Then, you will enhance the model by building in options for raising equity, debt, or a convertible bond, and you’ll analyze the company’s credit stats and ratios, covenant compliance, and EPS accretion/dilution after the financing takes place.

Also, you will complete separate exercises related to bond yields, pricing, duration, convexity, call and put options, make-whole analysis, refinancing options, and more.

You will also value the company’s potential convertible bond, create a payoff diagram, and learn how to minimize dilution with a call-spread strategy.

At the end, you’ll write a short credit memo and draft a longer presentation with your top financing recommendation for the company.

15.1 Netflix Case Study Overview and Equity vs. Debt vs. Convertible Decision-Making (31:01)
In this lesson, you’ll get an overview of the entire module and the Netflix case study, you’ll learn why, specifically, the company needs to raise capital, and you’ll understand the decision-making process for raising equity, debt, or convertible bonds.

15.2 Financial Statement Analysis and Modifications (19:37)

In this tutorial, you’ll learn how to analyze, consolidate, and simplify Netflix’s financial statements to make the modeling tasks easier; you’ll also learn why its off-Balance Sheet liabilities aren’t a huge cause for concern.

15.3 Netflix – Domestic Streaming Revenue Projections (24:58)

You’ll learn how to project revenue for a subscription-based business in this lesson, including renewal rates, new subscriber additions, and monthly fees; you’ll also learn how to make guesstimates with very limited disclosures from Netflix, and how to check your numbers at the end.

15.4 Netflix – Domestic Streaming Expenses and Content Library Spending (28:28)

In this lesson, you’ll learn how to project expenses, content spending, and the amortization of content spending for Netflix’s Domestic Streaming segment, and you’ll get examples of how to ensure the numbers are reasonable at the end.

15.5 Netflix – International and DVD Segments (25:40)

You will learn how to project Netflix’s International Streaming and DVD segments in this lesson, including how the numbers and rationale are different for the company’s greatest growth engine and its declining business.

15.6 Netflix – Income Statement Projections (19:34)

In this lesson, you’ll learn how to project Netflix’s Income Statement by linking in items from the segment-level schedules and projecting new items; you’ll also compare your numbers to those in equity research and the company’s plans.

15.7 Netflix – Balance Sheet Projections (26:14)

You’ll learn how to project and link Netflix’s Balance Sheet in this lesson, including how to forecast items that trend with revenue and expenses and how to link in items from other schedules.

15.8 Netflix – Cash Flow Statement Projections (29:38)

In this lesson, you’ll learn how to project the Cash Flow Statement for Netflix, including items that move independently and items that link to the Balance Sheet and other schedules in the model. You’ll also learn how to make simple estimates of changes in the basic and diluted share counts.

15.9 Financing Scenarios and Adjustments (26:07)
You’ll learn how to set up the Sources & Uses schedule for multiple financing and refinancing scenarios in this lesson, as well as how to adjust Netflix’s Balance Sheet to reflect a follow-on equity offering or debt or convertible bond issuance.

15.10 Convertible Bond Accounting (40:44)

This lesson will give you a crash course on accounting for convertible bonds on the three financial statements, including how to record initial issuances, amortization of the bond discount, conversions, and maturities and repurchases.

15.11 Debt Schedule – Interest Projections (14:05)

In this lesson, you’ll begin setting up the debt schedule for Netflix by calculating the interest rate for each debt tranche, the interest expense, and the undrawn and overdrawn Revolver fees.

15.12 Debt Schedule – Amortization of Principal and Mandatory Repayments (20:44)

You will learn how to create an amortization schedule for Netflix’s debt in this lesson, as well as how to calculate the Sources of Funds and Mandatory Debt Repayments for use in the debt schedule.

15.13 Debt Schedule – Optional Repayments and Linking the Schedule (24:03)

In this lesson, you’ll learn how to set up the optional debt principal repayment formulas and how to link the debt schedule to the financial statement projections; you’ll also check the model in different scenarios and see how you can detect minor problems.

15.14 Credit Stats and Ratios (35:35)

You’ll learn how to calculate the key credit stats and ratios for Netflix in this lesson, such as the leverage and coverage ratios and the debt service coverage ratio (DSCR); you will also learn how to interpret the metrics across different operational and financial scenarios, and make recommendations to the company based on the numbers.

15.15 Covenant Analysis (27:54)

In this lesson, you’ll learn the purpose of maintenance and incurrence covenants, analyze potential financial maintenance covenants for Netflix, and learn why the company might have difficulty meeting requirements related to Maximum Leverage Ratios, Minimum Interest Coverage Ratios, and Fixed Charge Coverage Ratios.

15.16 Quick Valuation for Follow-On Offering (20:44)

You’ll learn how to use comparable public companies and a discounted cash flow (DCF) analysis to value Netflix in this lesson; we cover just the highlights and key points to speed things up, and explain how the valuation ties into whether or not a follow-on equity offering makes sense.

15.17 Follow-On Offering Comparables (33:03)
In this lesson, you will learn how the follow-on offering process works, the terms that investors and companies care about, how to screen for follow-ons and find information in filings, and how to draw conclusions from comparable issuances and make a recommendation to a client or potential client.

15.18 Follow-On Offering Proceeds Analysis (25:34)

You’ll learn how to analyze the shares issued and proceeds from a follow-on equity offering in this lesson, including how the setup differs from an IPO proceeds analysis and how you can compare the cost of different financing alternatives at the end.

15.19 Bond Yields and Pricing Analysis (41:43)

In this lesson, you’ll get a crash course on bond price and yield calculations, including the relationship between interest rates, bonds, prices, and creditworthiness of issuers; you’ll also learn how to approximate the Yield to Maturity (YTM) using a simple rule instead of the Excel functions.

15.20 Key Bond Relationships and Graphs: Rates, Prices, Duration, and Convexity (36:31)

You’ll learn about the key relationships between bond prices, interest rates, and time to maturity in this lesson, and you’ll learn how to predict bond prices using duration and convexity; you’ll also see how you might use these properties to advise clients.

15.21 The Timing of Bond Payments and Accrued Interest (34:14)

In this lesson, you’ll learn how to analyze bonds with irregular settlement and maturity dates and multiple interest coupons per year; you’ll also learn how to factor in accrued interest to calculate the “dirty price” of a bond, and how key bond relationships change as a result.

15.22 Call and Put Options and Redemption Premiums on Bonds (36:44)

You will learn how call and put options on bonds work in this lesson, and you’ll learn how to calculate Yield to Call (YTC), Yield to Worst (YTW), and Yield to Put (YTP); you’ll also see why it gets tricky to value bonds with embedded options when there’s interest rate volatility.

15.23 Make-Whole Analysis for Bonds (21:36)

In this lesson, you’ll learn how to complete a make-whole analysis for corporate bonds, using the same example from Solera; you’ll learn the purpose of a make-whole provision, how to calculate the price at different Treasury spreads, and how real-life versions might differ.

15.24 How to Recommend a Bond Refinancing to a Distressed Company (30:41)

You’ll learn how to analyze the Yield to Exit on an existing bond vs. a new one in this lesson, and you’ll see how investors can use higher call premiums and equity grants to earn a higher yield when a company refinances or extends a bond’s maturity.

15.25 How to Analyze Comparable Debt Issuances (Debt Comps) (25:52)
In this lesson, you’ll learn how to screen for and analyze debt comps, including what to do with all the data Capital IQ gives you and how to modify your financing recommendations to the company based on these figures.

**15.26 Bond Indenture Analysis (23:30)**

You’ll learn how to analyze a company’s bond indentures in this lesson, including when you should get information from annual or interim reports vs. the bond indenture itself, and you’ll learn how to find the most important terms quickly.

**15.27 Convertible Bond Valuation via Black-Scholes Option Pricing (35:09)**

You’ll learn how to value convertible bonds by splitting them into debt and call option components and using Black-Scholes to value the call option; you’ll also get an intuitive explanation for Black-Scholes that explains the formula without getting into partial differential equations.

**15.28 Convertible Bond Analysis: Payoff Diagrams, Payback Periods, Term Sheets, and Call Spreads (38:53)**

In this lesson, you’ll learn how to create payoff diagrams for convertible bonds, how to calculate the payback period, how to interpret convertible bond term sheets, and how to model the reduced dilution from a call spread or capped call strategy used in a convertible issuance.

**15.29 Credit Ratings and a Credit Memo for Netflix’s Debt Issuance (28:15)**

You’ll learn how to estimate a company’s credit rating following a debt issuance in this lesson, and you’ll understand the structure of a short credit memo to describe the main factors behind a credit rating upgrade or downgrade.

**15.30 Netflix Pitch Book Presentation – Debt Capital Markets (DCM), Equity Capital Markets (ECM), and Leveraged Finance (LevFin) (19:31)**

In this lesson, you’ll see our finished pitch book for Netflix that advises the company on its best financing option and explains why convertible bonds may be more appropriate than traditional debt; you’ll also learn how to structure a financing-related client presentation.

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**Advanced Financial Modeling**

- The Advanced Financial Modeling course teaches you how investment bankers model companies in real life. Everything is based on a case study of Microsoft’s offer to acquire Yahoo, and real SEC filings and equity research from banks such as Credit Suisse and Morgan Stanley are used throughout the course.

- You’ll learn advanced modeling skills by completing a detailed operating model, a full valuation using 9 methodologies, an advanced merger model that combines all 3 statements and an advanced LBO model with support for 7 tranches of debt.
Module 1: Advanced Operating Model

This module will teach you how to create a detailed 3-statement model for Yahoo!, including revenue and expense builds by segment and supporting schedules such as the PP&E, Working Capital, and Share/Dividend schedules.

We'll use a combination of Yahoo's own filings, their investor presentations, and an equity research report from Morgan Stanley to create our 5-year projection model.

Once we finish the core operating model, we'll also cover supplemental topics such as deferred income taxes, quarterly projections and calendarization, and possible interview questions and answers.

1.1 Overview & Excel Setup (24:04)

In this lesson, you'll get an overview of the Advanced Financial Modeling course and the Microsoft-Yahoo case study, and you'll learn how it’s different from the Fundamentals course and the more complex topics we’ll cover here.

1.2 Adjusting the Income Statement for Non-Cash Charges and Traffic Acquisition Costs (21:53)

You’ll learn how to adjust Yahoo’s income statement for Traffic Acquisition Costs and how to determine the Depreciation, Amortization, and Stock-Based Compensation embedded in different line items – even when the numbers are hidden in footnotes – so that we can create a “cleaned” version of the statements that allows for quick calculation of EBITDA.

1.3 Balance Sheet Overview (21:07)

In this video, you’ll learn about all the different items on Yahoo’s Balance Sheet and Statement of Shareholders’ Equity – from familiar ones to less common items such as Equity Interests and Noncontrolling Interests.

1.4 Cash Flow Statement Overview (18:20)

This lesson will teach you how to analyze Yahoo’s Cash Flow Statement and what more advanced items such as Excess Tax Benefits from Stock-Based Compensation and Earnings in Equity Interests actually mean; you’ll also learn how to modify a company’s Cash Flow Statement to support a more robust 3-statement model.

1.5 How Noncontrolling Interests Flow Through the 3 Statements (18:22)

In this lesson, you’ll learn how Earnings Attributable to Noncontrolling Interests (aka Minority Interests) flow through the 3 financial statements and how you consolidate the statements for a parent company and a wholly-owned subsidiary.
1.6 How Investments in Equity Interests Flow Through the 3 Statements (17:02)

This video will teach you the proper treatment for Earnings in Equity Interests and how to account for both Net Income and Dividends from these entities on all 3 statements. We'll conclude by looking at a company that has both Noncontrolling Interests and Equity Interests and see how everything links together properly on the financial statements.

1.7 Revenue Model Overview (10:41)

In this lesson, you’ll learn how to separate a company’s revenue by segment and how to project growth rates based on equity research and investor presentations. You’ll also learn what the purpose of a revenue model is and why it doesn’t necessarily affect the final output of the 3-statement model.

1.8 Revenue Model Part 1 – Search Advertising (22:13)

You’ll learn the 3 major methodologies you can use to project revenue in this lesson, and then you’ll use a tops-down approach to estimate Yahoo’s Search Advertising revenue based on Comscore data and market size and share expectations.

1.9 Revenue Model Part 2 – Display Advertising (17:37)

In this video, you’ll learn how to apply a bottoms-up approach to estimate Yahoo’s Display Advertising revenue and how you can estimate their revenue per pageview based on equity research and data from their filings.

1.10 Revenue Model Part 3 – Other Revenue (18:20)

This final lesson in the revenue model will teach you how to estimate Yahoo’s subscription, affiliate, and other revenue based on subscriber fees and growth and percentage estimates; at the end we’ll link together everything and compare our numbers across 3 different operating cases to Morgan Stanley’s numbers and management’s expectations.

1.11 Expense Model Part 1 – Overview, Cost of Revenue, and Employees (20:56)

In this video, you’ll learn the difference between employee-linked expenses and overhead expenses, and you’ll learn how to remove overhead expenses such as advertising and rent from employee-linked expenses. You will also learn how we can estimate Yahoo’s Cost of Revenue and its employees by division, in the absence of substantial information in their filings.

1.12 Expense Model Part 2 – Sales & Marketing (17:47)

This lesson will teach you how to project Yahoo’s Sales & Marketing expense on a per-employee level, and how to estimate average salaries, commissions, T&E, benefits, and overhead expenses – you will also learn why the employee count should contribute more to total expenses than an increase in per-employee expenses.

In this lesson, you’ll get practice completing Yahoo’s Product Development and General & Administrative expense projections, and you’ll understand how to link together both per-employee and overhead expenses to calculate the total COGS and Operating Expenses for the company.

1.14 Income Statement Projections (21:11)

In this video, we’ll pull together the revenue and expense projections to create a detailed income statement for Yahoo. You’ll also learn which items we can pull from internal estimates in their filings, which items should be averages or held constant, and which deserve more detail – as well as how to calculate EBITDA based on the income statement.

1.15 Balance Sheet Projections (19:00)

This lesson will show you how to project Yahoo’s balance sheet, including which items should be linked to the income statement and which should flow in from the cash flow statement. You’ll also learn how to project the interest rates of interest-earning securities based on LIBOR spreads, and which projection methods are most appropriate for different types of companies.

1.16 Cash Flow Statement Projections (14:57)

In this lesson, you’ll learn how to project items on Yahoo’s cash flow statement, such as tax benefits from stock-based compensation and excess tax benefits from stock based compensation, as well as other more advanced items such as dividends from equity interests; you will also see which items can be projected on the CFS and which must flow in from supporting schedules.

1.17 Share Issuances, Repurchases & Dividends (13:30)

This video will teach you how to estimate dividends and changes to Yahoo’s share count based on their share repurchase and issuances each year – you’ll also learn why a more complex method for estimating share count isn’t necessarily better, and which types of companies tend to place a higher emphasis on EPS and P/E.

1.18 PP&E Schedule (28:29)

In this lesson, you’ll learn how to create a PP&E Schedule for Yahoo to more accurately project its Depreciation and Capital Expenditures (CapEx) numbers going forward. You’ll learn how to create a Depreciation waterfall schedule, how to project CapEx by segment, and whether or not the schedule itself impacts the final output in our model.

1.19 Linking the Statements (21:32)

You’ll learn how to finish linking together the 3 financial statements in this video, including the rule that you can use to ensure that your balance sheet balances, and what to do with less common items such as excess tax benefits and gains or losses on asset sales. You will also learn how to calculate interest income/expense using circular references, and why we need to include a circularity breaker in the model.
1.20 Enterprise Value and Operating Model Summary (22:56)

In this final lesson of the core Operating Model, you will get practice creating a summary page that you can show to your MD when he asks about a company's performance. We will also go through the Enterprise Value calculation for Yahoo and learn how to calculate their valuation multiples based on our projections.

1.21 Quarterly Projections and Calendarization (36:17)

In this lesson, you’ll learn how to move between quarterly and annual financial statements for a company, and how you can estimate quarterly revenue, expenses, and other line items based on historical trends. You’ll also learn the trade-offs of quarterly vs. annual projections, and how to calendarize metrics such as revenue and EBITDA for use when calculating Trailing Twelve Month numbers.

1.22 Deferred Income Taxes and Different Methods of Depreciation (20:05)

This video will cover how deferred taxes and deferred tax liabilities get created, and you’ll learn how to use alternate depreciation methods such as Double-Declining Balance and Sum-of-Years’ Digits. We’ll also create a model where a company depreciates assets more quickly for tax purposes, resulting in a DTL being created and then paid off over time.

1.23 Operating Model Interview Questions & Answers (20:16)

In this final lesson, you’ll learn about the most common interview questions on advanced 3-statement modeling, revenue models, and expense models, and what to expect in interviews when you discuss this case study. We’ll review the more advanced concepts covered in the course, and also point out how models for companies in other industries might differ.

Module 2: Advanced Valuation

In this module, you’ll learn how to value Yahoo using public company comparables, precedent transactions, DCF, and more "exotic" methodologies like future share price analysis, sum-of-the-parts, and liquidation valuation.

We'll also look at how to value Yahoo's equity investments and net operating losses, and how to factor these into our analysis.

Just like at a real bank, we'll use 10-K and 10-Q filings as well as real equity research to complete this exercise.

2.1 Overview (14:41)

In this lesson, we’ll learn how to value Yahoo, which methodologies we'll use, and the key challenges we'll face in valuing such a complex entity.

2.2 Public Company Comparables Selection (8:39)
In this video, you'll learn how to select the appropriate public company comparables for Yahoo! based on industry and financial criteria.

2.3 Google (GOOG) – Public Company Comparable (28:20)

In this lesson, you'll learn how to analyze Google's 10-K filings and equity research to determine its TTM and projected Revenue, EBIT, EBITDA, and Pro-Forma EPS figures.

2.4 eBay (EBAY) – Public Company Comparable (20:20)

In this lesson, you'll analyze eBay's 10-K filings and equity research to determine its TTM and projected Revenue, EBIT, EBITDA, and Pro-Forma EPS figures – as well as its add-backs and non-recurring charges.

2.5 Amazon (AMZN) – Public Company Comparable (25:47)

In this lesson, you'll analyze Amazon.com's 10-K filings and equity research to determine its TTM and projected Revenue, EBIT, EBITDA, and Pro-Forma EPS figures – as well as its add-backs and non-recurring charges.

2.6 InterActiveCorp (IACI) – Public Company Comparable (26:56)

In this video, you'll learn how to determine historical and forward financial metrics for a more "messy" company like IACI, with subsidiaries, equity investments, and multiple non-recurring charges.

2.7 Yahoo! (YHOO) – Public Company Comparable (21:38)

In this lesson, you'll learn how to format Yahoo's historical and projected financial information appropriately and how to calculate its diluted shares based on its outstanding options and convertible debt.

2.8 Valuing Yahoo's Equity Interests (30:16)

In this lesson, we'll learn how to assess the market value of Yahoo's investments in other companies, how to pick a discount rate, and why it's so important to look at market value vs. book value.

2.9 Valuing Yahoo's Net Operating Losses (NOLs) (23:41)

In this lesson, we'll learn how to apply NOLs when modeling a real company's estimated taxes, and we'll learn 2 different methods to determine the present value of Net Operating Losses – based on tax savings and value to the acquirer in an acquisition.

2.10 Displaying the Public Company Comparables (15:23)

In this lesson, you'll learn how to format Yahoo's public company comparables using the HLOOKUP function to separate calculation from formatting – and you'll see why Yahoo is undervalued next to its peers.
2.11 Precedent Transactions Selection (12:37)

In this video, you'll learn how to select precedent transactions for Yahoo!, based on a set of recent Internet M&A deals and using financial and industry screening criteria.

2.12 Microsoft / aQuantive – Precedent Transaction (30:41)

In this lesson, we'll learn how to calendarize aQuantive's financial statements, how to get projections from equity research, and how to calculate the transaction value and multiples for Microsoft's acquisition of aQuantive.

2.13 Google / DoubleClick – Precedent Transaction (17:02)

In this lesson, you'll learn how to gather data for a private seller in an M&A transaction – DoubleClick – and how we can use press releases and equity research to estimate the multiples.

2.14 Publicis / Digitas – Precedent Transaction (24:36)

This video will teach you how to analyze an M&A transaction between a French buyer and a US seller, and how to properly adjust and calendarize financial statements for a 9-month period.

2.15 Yahoo / RightMedia – Precedent Transaction (10:42)

In this lesson, you'll learn how to determine valuation multiples for an early-stage, private seller with almost no public information – and how we make estimates for companies with limited information.

2.16 Investor Group / Vertrue – Precedent Transaction (25:17)

In this lesson, you'll learn how to calendarize and adjust financial statements for a company with a fiscal year that does NOT end on December 31 – and how to calculate the appropriate transaction multiples.

2.17 NBC Universal / iVillage – Precedent Transaction (22:08)

In this lesson, you'll learn how to analyze a precedent transaction when we have limited information from equity research and need to hunt for some of the projected numbers.

2.18 WPP Group / 24/7 Real Media – Precedent Transaction (24:03)

In this lesson, you'll learn how to complete a precedent transaction analysis for a company with convertible debt, warrants, and a confusing breakout of amortization in their financial statements.

2.19 Displaying the Precedent Transactions (11:49)

In this video, you'll learn how to use the HLOOKUP function to select the appropriate data to display for our precedent transactions analysis and how to format everything correctly.

2.20 Selecting M&A Premiums (14:39)
In this lesson, you'll learn how we select M&A premiums for use in a valuation, and how we screen our initial set to get a suitable list of transactions.

2.21 Displaying the M&A Premiums (16:34)

In this video, you'll learn how to format and display M&A premiums for use in a real valuation, and how we select the appropriate metrics and premium ranges to show.

2.22 DCF – Cash Flow Projections & Mid-Year Discount (22:15)

In this lesson, we'll begin our DCF analysis of Yahoo! by projecting its cash flows, applying the mid-year discount convention, and calculating its terminal value using the multiples method and long-term growth rate method – and you'll learn why you have to calculate the terminal differently depending on how you've set up the mid-year discount.

2.23 DCF – Applying the Mid-Year Discount to Stub Periods (12:43)

In this lesson, you'll learn the counter-intuitive math used to apply a mid-year discount when you have a stub period in a DCF (e.g. Q4 of the previous year) – and how we have to modify the formulas for terminal value and PV of cash flows.

2.24 DCF – WACC Calculation (10:49)

In this lesson, you'll learn how to calculate WACC for a real company with information from filings and using lookup functions to pull in data we calculated previously.

2.25 DCF – Share Price Calculation & Sensitivities (11:13)

In this lesson, you'll learn how to go from terminal value to Yahoo's implied per-share value using a circular calculation to account for dilution from options and convertible debt – and you'll learn how to set up sensitivity tables to analyze the impact of different variables on our analysis.

2.26 Future Share Price Analysis (10:57)

In this lesson, you'll learn how to create a future share price analysis for Yahoo! that calculates the present value of its projected 1-year forward share price.

2.27 Sum of the Parts Analysis (14:56)

In this lesson, you'll learn how to create a sum-of-the-parts valuation for Yahoo! that assigns different multiples to each of its divisions, values them separately, and then combines them at the end to reach a per-share value.

2.28 Liquidation Valuation (17:13)

In this lesson, you'll learn how to value Yahoo! using its balance sheet and assuming that its assets are sold off to pay back its liabilities – and you'll see how to create and apply a liquidation valuation to a real company.
2.29 Valuation Summary & Linking Data (21:17)

In this lesson, you'll learn how we pick the methodologies and ranges to use in our valuation summary, as well as how to link everything in and how to calculate the per-share value at different ranges using a series of data tables and circular calculations.

2.30 Making the "Football Field" (16:02)

In this lesson, you'll learn how to create the infamous "football field" graph for displaying each of the valuation methodologies side-by-side and making everything easily digestible for management teams.

Module 3: Advanced Merger Model (Microsoft / Yahoo!)

In this module, you'll learn how to create a full-fledged 3-statement merger model showing what Microsoft's acquisition of Yahoo would really look like.

In addition to covering how to combine and project the 3 statements for both companies, we'll look at more advanced topics like detailed transaction adjustments, asset write-ups, net operating losses in M&A, synergies, and contribution analysis.

Just like at a real bank, we'll use 10-K and 10-Q filings as well as real equity research to complete this exercise.

3.1 Overview (12:49)

In this video, we'll get an overview of how to create a real, 3-statement merger model between Microsoft and Yahoo! – and all the added complexity that comes along with it.

3.2 Buyer & Seller Profiles and Microsoft Income Statement Projections (30:12)

In this lesson, you'll learn how to create pre-transaction profiles for Microsoft and Yahoo! and how to use Microsoft’s 10-K and equity research to project its Income Statement.

3.3 Microsoft Balance Sheet Projections (30:15)

In this video, we’ll learn how to project Microsoft’s Balance Sheet based on its historical figures and its revenue, COGS, and operating expenses.

3.4 Microsoft Cash Flow Statement Projections (29:28)

In this lesson, you’ll learn to project Microsoft’s Cash Flow Statement based on its filings and equity research, and how to adjust for errors and omissions in research.

3.5 Linking Microsoft’s 3 Financial Statements (16:09)
In this lesson, we’ll complete our 3-statement projection model for Microsoft by linking together its statements and filling in the remaining blank items.

3.6 Transaction Assumptions & Funds Required Calculation (27:12)

In this lesson, you’ll learn how to set up the most important transaction assumptions in a merger model and how to calculate the funds that Microsoft would need to acquire Yahoo!, as well as the differences between a stock purchase, asset purchase, and 338(h)(10) purchase.

3.7 Transaction Scenarios (20:34)

In this lesson, we’ll learn how to set up multiple scenarios for different transaction structures and purchase prices in our merger model – as well as how to fix our model when calculations don’t work correctly.

3.8 Sources & Uses (11:34)

In this video, you’ll learn how to create a Sources & Uses schedule for this merger model that maps out where we’re getting our funding from, and what we’re using it for.

3.9 Purchase Price Allocation, Goodwill and Other Intangibles Creation & Asset Write-Ups (40:50)

In this lesson, you’ll learn how to properly “divide up” and allocate the purchase price in a merger model, how to calculate new goodwill created, how to adjust for intangible and tangible asset write-ups, and how to create and write-up / write-down deferred tax assets and deferred tax liabilities, as well as deferred revenue write-downs.

3.10 Combining Microsoft and Yahoo!’s Balance Sheets (26:39)

In this lesson, we’ll learn how to combine Microsoft and Yahoo’s pre-transaction Balance Sheets and make the appropriate debits and credits to each side to create a pro-forma combined Balance Sheet.

3.11 Combining Microsoft and Yahoo!’s Income Statements (36:53)

In this lesson, you’ll learn how to combine Microsoft and Yahoo!’s Income Statements, and how to adjust for acquisition effects from foregone cash interest, debt, intangibles, and other write-ups / write-downs.

3.12 Revenue Synergies by Segment Calculation (18:36)

In this lesson, you’ll learn how to calculate revenue synergies in this merger model by assuming an increase to Yahoo!’s revenue per search and revenue per pageview metrics.

3.13 Expense Synergies by Segment Calculation (21:39)

In this video, you’ll learn how to calculate expense synergies in a merger model by making estimates for workforce and building rental lease consolidations.
3.14 Book vs. Cash Tax Schedule and Section 382 Net Operating Losses (32:24)

In this lesson, you’ll learn how to calculate the allowable NOL usage each year, and how to reconcile book amortization and depreciation with tax amortization and depreciation to determine the difference between cash taxes and book taxes, and the deferred tax liability change each year.

3.15 Accretion / Dilution & Breakeven Synergies Calculation (19:40)

In this lesson, we’ll finishing linking together the tax schedule and the purchase price allocation / balance sheet adjustments and then calculate GAAP and Pro-Forma EPS, as well as the break-even synergies required for the deal to be neutral to Microsoft’s EPS.

3.16 Projecting the Combined Balance Sheets (20:57)

In this lesson, you’ll learn how to project the combined Balance Sheet for Microsoft-Yahoo post-transaction, and which items we can add in directly vs. which we have to modify based on the transaction adjustments.

3.17 Projecting the Combined Cash Flow Statements (26:38)

In this lesson, you’ll learn how to combine Microsoft and Yahoo!’s Cash Flow Statements – and which items we can simply add together, which we have to modify, and which we ignore altogether.

3.18 Debt Schedules & Interest Expense Calculation (23:46)

In this lesson, we’ll create debt schedules to track the interest expense and principal repayment on new debt Microsoft raises in the deal.

3.19 Linking the Combined 3 Statements (15:50)

In this lesson, we’ll learn how to fully complete our combined 3-statement merger model for Microsoft and Yahoo! and how to link together the final items.

3.20 Sensitivity Analyses (25:07)

In this lesson, you’ll learn how to pick the appropriate variables to analyze in sensitivity tables for this merger model, as well as how to fix problems when the tables do not calculate correctly.

3.21 Contribution Analysis (27:24)

In this video, you’ll learn how to create a contribution analysis for Microsoft and Yahoo! that determines what percent of the combined company each one should own based on their revenue, EBITDA, and pre-tax income contributions.

3.22 Transaction Summary (18:51)

In this final lesson, we’ll create a transaction summary page that shows Yahoo!’s current valuation multiples and compares them to the valuation implied by Microsoft’s offer.
Module 4: Advanced Leveraged Buyout (LBO) Model

In this module, you'll learn how to create a detailed LBO model for a hypothetical buyout of Yahoo! by large-cap private equity firms such as KKR and Blackstone.

We'll look at how to modify our 3-statement model to support an LBO, and then go into more advanced topics like multiple debt tranches, PIK vs. cash interest, a complex debt schedule with mandatory and optional repayments, tax implications, asset write-ups, balance sheet adjustments, and dividend recaps.

In addition, we'll also give you a crash course on the different types of debt and how to use each of them in an LBO model.

4.1 Overview (12:07)

In this lesson, you'll learn the key adjustments and additions we’ll make to our 3-statement model to create an LBO model for Yahoo! – and you’ll understand the key challenges in creating this type of model.

4.2 Debt Crash Course (43:48)

In this video, you’ll learn why we need to use multiple tranches of debt in an LBO and the key differences between each type of debt in terms of tenor, interest rates, repayment options, and more – and you’ll get a preview of how we actually use debt in an LBO model.

4.3 Changes to Operating Model (16:43)

In this lesson, you’ll learn about the key modifications we need to make to our existing standalone operating model for Yahoo! to turn it into an LBO model instead.

4.4 Transaction & Operating Assumptions (22:15)

In this lesson, you’ll learn the key transaction and operating assumptions we need to make in our LBO model – including the purchase price, debt refinancing, recap, and rollover options, and exit scenarios.

4.5 Capital Structure Scenarios (21:43)

In this lesson, we’ll set up different financing scenarios for the leveraged buyout of Yahoo!, using 7 tranches of debt as well as rollover, assumption of minority interest and debt, and excess cash financing options.

4.6 Debt Assumptions (24:17)

In this lesson, we’ll make key assumptions for the interest rates, yearly amortization percentages, prepayment options, maturity, and PIK years for each tranche of debt.

4.7 Transaction & Financing Fees (21:13)
In this video, we’ll create a transaction and financing fee amortization schedule showing how the fees associated with debt financing are paid off over time.

**4.8 Sources & Uses (15:36)**

In this video, we’ll create a summary Sources & Uses schedule that shows how the LBO is financed, what the funds are being used for, and the key features of each debt tranche.

**4.9 Purchase Price Allocation, Goodwill & Asset Write-Ups (14:40)**

In this video, you’ll learn how to modify the purchase price allocation schedule from our merger model and apply it to an LBO model instead – and how to set up fixed and intangible asset write-ups and goodwill creation for book and tax purposes.

**4.10 Pro-Forma Balance Sheet Adjustments (41:56)**

In this lesson, we’ll adjust Yahoo’s Balance Sheet for both the initial LBO transaction as well as for a possible dividend recapitalization 3 years after the initial LBO takes place.

**4.11 Debt Schedules – Interest Expense Calculation (17:46)**

In this video, we’ll begin creating the debt schedules by calculating the yearly interest expense for each tranche of debt, and then factoring in the undrawn revolver commitment fee and preferred stock dividends.

**4.12 Debt Schedules – Mandatory Repayments (17:38)**

In this lesson, we’ll calculate the annual mandatory repayment for each tranche of debt, and show you how to draw on the revolver when Yahoo’s cash flow is not sufficient to repay its required debt obligations.

**4.13 Debt Schedules – Optional Repayments (17:04)**

This lesson will teach you how to calculate the yearly optional repayment for each tranche of debt, taking into Yahoo’s cash flow and what it has already paid off each year.


In this lesson, we’ll properly link our debt schedules to the Balance Sheet and Cash Flow Statement, taking into account PIK options as well as mandatory and optional repayments.

**4.15 Modifying the Income Statement for LBO Adjustments (20:42)**

This video will teach you how to modify Yahoo’s income statement to take into account the acquisition effects, cost savings, sponsor management fee, new interest expense, and common and preferred dividends.
4.16 Book vs. Cash Tax and NOL Schedule & Deferred Tax Liabilities (21:45)

You’ll learn how to modify our book vs. cash tax, NOL and deferred tax liability schedule from the advanced merger model to handle negative pre-tax income as well as the creation of new NOLs in this lesson.

4.17 Summary Credit Statistics & Leverage and Coverage Ratios (28:27)

You’ll learn how to analyze Yahoo’s credit profile in this video, as well as the key statistics and leverage and coverage ratios that lenders would look at before financing such a transaction.

4.18 IRR Calculations – Calculating Equity Value Available to Investors (20:34)

In this lesson, we’ll begin our IRR calculations by calculating shares outstanding pre and post-transaction and determining how much equity value is available to all parties with ownership stakes in Yahoo.

4.19 IRR Calculations – Calculating Returns to Equity & Debt Investors (25:40)

In this lesson, we’ll calculate returns to equity and debt investors in the leveraged buyout of Yahoo, building into the model the possibility of different exit years as well as returns from the dividend recap and debt principal repayment.

4.20 Sensitivity Tables (23:07)

In this video, we’ll take a closer look at why the “numbers don’t work” for this LBO – and how we can potentially improve returns to the private equity firm by modifying the purchase price, exit multiple, and leverage ratio via sensitivity analyses.

Module 5: Deal Commentary & Pitch Book

In this module, you'll learn all about the history behind Microsoft's proposed transaction of Yahoo and what impact it would have had on the industry.

We'll also look at a sample pitch book that bankers would have used to present the deal to Yahoo's Board of Directors, and go through the contents of the presentation as well as a PowerPoint tutorial on how to create such a pitch book.

Finally, we'll conclude with sample interview questions and answers you might receive on this case study and give you Excel printouts you can bring with you to interviews.

5.1 Microsoft / Yahoo Deal Commentary (26:01)

In this lesson, you’ll learn about the historical context behind Microsoft’s offer for Yahoo, why they made the offer they did, and what would have happened had the deal actually gone through.

5.2 Microsoft / Yahoo Sample Pitch Book (21:42)
In this tutorial, you’ll see an example of a pitch book that bankers would have presented to Yahoo’s Board of Directors in response to Microsoft’s offer – and you’ll learn the key information that such a pitch book contains.

5.3 PowerPoint Crash Course (29:12)

This lesson will give you a crash-course in how to use PowerPoint and the key shortcuts you need to know to create a pitch book – as well as how to paste in objects from Excel and properly format them.

5.4 How to Impress In an Interview (41:35)

In this lesson, you’ll learn which points you should emphasize when you bring up this case study in an interview – and you’ll get formatted Excel files that you can print out and bring with you to prove your knowledge of financial modeling.

5.5 Interview Questions & Answers (37:01)

In this lesson, you’ll learn the types of questions you might get on this case study in interviews, as well as how to answer them appropriately and the key points you want to mention.

Plus ALL Future Updates, Free

This outline covers what’s in “Version 3.0” of Breaking Into Wall Street. And by themselves, these modules and case studies already cover much more than you’d get in programs priced at well over $1,000.

But this is just the beginning – because this is a membership site where you get lifetime access once you sign up, you’ll get FREE access to all new lessons and updates as soon as they’re uploaded.

Just to make sure there’s no confusion here: you receive updates within the courses above for free. However, if we create a completely new course – such as distressed & restructuring modeling – that course would be separate, and you would have to sign up separately.

Including Expert Support and Your Questions... Answered

You don’t just get tons of videos, Excel files, and quick reference guides with this course. You also get to ask questions on anything you don’t understand:
We have a team (you can read more about everyone here) who is on call to answer detailed questions for up to 24 months after you sign up – and you can access all previous questions and answers from the thousands who have already enrolled in the courses.

You’re looking at accessing not only years of wisdom and questions and answers all in one spot, but also the ability to get new answers on anything you need – even if it’s Christmas or New Year’s Day.

Some of our lessons have dozens (or hundreds) of questions and answers, and more are being added every day.
I no longer even offer 1-on-1 consulting, and the last time I did offer it, the price was $300+ per hour.

And even when you had hired me for a session, you couldn’t ask questions 24/7 and receive responses on any topic you could think of – our time was limited to the session itself.

This support function and the superb community of Breaking Into Wall Street mean that you get an even better deal. It’s like getting a detailed guide, hiring a seasoned coach to answer your questions, and getting to access the experience of thousands of previous and current students.

**What’s Your Investment In This Course? And What Are Your Alternatives?**

To put this in context, let’s look at your Return on Investment in this Course...

The compensation for entry-level investment banking jobs varies from year to year, but it's safe to say that even entry-level Analysts right out of university would make $140,000 USD at the bare minimum.

And the pay is often closer to $150,000 – $160,000, depending on your region and firm. At the MBA level, that climbs to $200,000 - $250,000 USD or more.

And as you progress, your total compensation only gets higher and higher; top senior bankers earn over $1 million USD annually.

Compared with the potential upside, your investment in this course is nominal:

Your investment in the full BIWS Premium course (including ALL of the valuable content and training detailed above) is just $497. You can also invest in either component separately:

- **Excel & Financial Modeling Fundamentals:** $347
- **Advanced Financial Modeling:** $347

*So, by investing just $497 in the BIWS Premium course, you’re greatly improving your chances of landing a job that pays at least $140,000 in Year 1 – that’s more than a 280x return on investment!*  

Even if this training only helps you to land an internship, you're still looking at a minimum of $10,000 for that internship at a large bank – an ROI of more than 20x.

There are other training options on the market, and most providers charge more for less content, less support, and a less generous money-back guarantee (or none at all!).

I could have just said, “Well, this course is better than anything else out there in terms of content, support, and value, so it should be the most expensive on the market.”

But I would much rather offer it at a very affordable price... and put them within reach of anyone at all who is serious about breaking into and advancing within the finance industry.
Plus, You’re Covered by Our No-Questions-Asked Unconditional Guarantee – Making This 100% Risk-Free

Just like every one of the BIWS courses, this comes with our unconditional 90-day money-back guarantee.

That’s right – take a full 90 days to evaluate everything inside the course, and if you’re not 100% satisfied, simply contact us via the “Contact” link displayed on every page of the site and ask for your money back.

You’ll receive a prompt and courteous refund.

Here’s What Happens Within Minutes Of You Signing Up

Once you sign up, you’ll immediately gain access to the 451 instructional videos (if you choose the Premium option), all the Excel files, and the complete curriculum. And you’ll have access to our expert support team to ask whatever questions you need.

With that comes lifetime access to the site, free upgrades, new content as we add it, and support.

Click Here to Sign Up Now for

**BIWS Premium ($497) – BEST DEAL, Save $197**

Click Here to Sign Up Now for

**Advanced Financial Modeling ($347)**

Click Here to Sign Up Now for

**Excel & Financial Modeling Fundamentals ($347)**

Best Regards,

Brian DeChesare

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