

Kersten Corporate Finance

Mergers & Acquisitions

Training manual: Financial Modelling in Excel

Trainer: J.J.P. (Joris) Kersten, MSc BSc RAB

Version: “Training Manual – Fin Modelling 1.0 (version November 26th 2019)”

Introduction:

This is a practical 4-day training in “Financial Modelling in Excel”.

Every analyst or consultant in Corporate Finance (e.g. Valuations, Mergers & Acquisitions (M&A), Private Equity, Venture Capital, Investment Management etc.) needs financial modelling skills in excel.

This for example to build “discounted cash flow valuation models”, “leveraged buyout models”, or “M&A models” (for accretion/ dilution analysis).

In this four-day training will be focused on:

1. Principles of best modelling practise in excel. This will save you a lot of time and effort;
2. Strategies to reduce errors in your financial (valuation) models;
3. Highly advanced excel tools to build more flexible models.

The training is very practical in a sense that it is a 100% excel training. This in order to gain advanced financial modelling skills for business valuation, mergers & acquisitions and investment management.

This training is meant for analysts and associates from international investment banks. Moreover, the training is meant for analysts and consultants in: M&A, private equity, venture capital and strategy. In addition, the training is meant for accountants, tax lawyers, bankers in credit analysis, financial managers, CFO's etc.

The trainer is an international trainer & consultant in Business Valuation and Financial Modelling at leading Investment Banks, M&A boutiques and Universities. You can find his profile and references later in this manual.

For any more question on this training feel free to contact by email: joris@kerstencf.nl and/or by phone: +31 6 8364 0527 (time zone: Amsterdam).

Trainer & Consultant: J.J.P. (Joris) Kersten, MSc BSc RAB

- 130 recommendations on his training can be found on: www.kerstencf.nl/referenties
- His full profile can be found on: www.linkedin.com/in/joriskersten
- Many articles & blogs of Joris on “Business Valuation” & the “Cost of Capital” can be found on: www.kerstencf.nl/training

Kersten Corporate Finance

Mergers & Acquisitions

J.J.P. (Joris) Kersten MSc BSc RAB (1980) is owner of “Kersten Corporate Finance” in The Netherlands, under which he works as an independent consultant in Mergers & Acquisitions (M&A’s) of medium sized companies.

Joris performs business valuations, prepares pitch books, searches and selects candidate buyers and/ or sellers, organises financing for takeovers and negotiates M&A transactions in a LOI and later in a share purchase agreement (in cooperation with (tax) lawyers).

Moreover, Joris is associated to ‘AMT Training London’ for which he provides training in Corporate Finance & Financial Modelling at leading (“bulge bracket”) investment banks in New York, London and Hong Kong.

And Joris is associated to the ‘Leoron Institute Dubai’ for which he provides finance training at leading investment banks and institutions in the Arab States of the Gulf. This for example at Al Jazira Capital in Saudi Arabia and TAQA in Saudi Arabia.

In addition, Joris provides lecturing in Corporate Finance & Accounting at leading Universities like: Nyenrode University Breukelen, TIAS Business School Utrecht, the Maastricht School of Management (MSM), the Luxembourg School of Business and SP Jain School of Global Management in Sydney.

Moreover, he provides lecturing at partner Universities of MSM in: Peru, Surinam, Mongolia and Kuwait. And at partner Universities of SP Jain in Dubai, Mumbai and Singapore.

Joris graduated in MSc Strategic Management and BSc Business Studies, both from Tilburg University. In addition, he is (cum laude) graduated as “Registered Advisor Business Acquisitions” (RAB), a 1-year study in the legal and tax aspects of M&A’s. And Joris obtained a degree in “didactic skills” (Basic Qualification Education) in order to lecture at Universities.

Currently Joris is following the “Executive Master of Business Valuation” to obtain his title as “Registered Valuator” (RV) given out by the “Netherlands Institute for Registered Valuators” (NIRV). This title will enable Joris to give out business valuation judgements in for example court cases.



Kersten Corporate Finance

Mergers & Acquisitions

J.J.P. (Joris) Kersten, MSc BSc RAB. Email: joris@kerstencf.nl. Phone: +31 6 8364 0527

Learning goals:

1. Getting familiar with basic excel skills like tool selection, model design and best practices;
2. Getting familiar with all the tools, techniques and functions in excel that are commonly used in financial modelling;
3. Getting familiar with the use of excel in financial modelling and analysis. Think of commonly used techniques in modelling such as escalation, tiering tables and depreciation. And think of different methods of performing scenarios and sensitivity analysis. Also, a lot of attention will be given on presenting model output (charts, formatting and layout).

Handbook

During the training the trainer and participants will work with a handbook. The handbook is currently one of the best (practical) financial modelling books available.

After being registered for the training all participants receive a hardcopy of the book (included in the training price):

- Using excel for business and financial modelling: A practical guide. Third edition (2019). Danielle Stein Fairhurst. Wiley Publishing company. 9781119520382.

Audience/ participants/ foreknowledge

This training is meant for analysts and associates from international investment banks. Moreover, the training is meant for analysts and consultants in: M&A, private equity, venture capital and strategy. In addition, the training is meant for accountants, tax lawyers, bankers in credit analysis, financial managers, CFO's etc.

The participants need to have a basic knowledge of the 1) balance sheet, 2) profit & loss statement and 3) cash flow statement. In addition, participants need to have a basic understanding of Microsoft excel.

Language training: English. Language study materials: English.

Teaching method:

The training is very practical in a sense that the trainer will explain the financial modelling concepts first and will then apply them in class in Microsoft Excel.

And often the link is made to business valuation and building financial models for business valuation in practise.

Kersten Corporate Finance

Mergers & Acquisitions

So models like: Discounted Cash Flow (DCF) Analysis, Leveraged Buyout (LBO) analysis and Mergers & Acquisitions Analysis (to determine “accretion or dilution” of an M&A transaction).

Planning:

1. Monday April 20th 2020: 10 AM – 6 PM;
2. Tuesday April 21st 2020: 10 AM – 6 PM;
3. Wednesday April 22nd 2020: 10 AM – 6 PM;
4. Thursday April 23rd 2020: 10 AM – 6 PM.

Subjects:

- Day 1 - Morning: What is financial modelling? (ch. 1) + Building a model (ch. 2);
- Day 1 - Afternoon: Best practice principles of modelling (ch. 3).

- Day 2 - Morning: Financial modelling techniques (ch. 4) + Using excel in financial modelling (ch. 5);
- Day 2 - Afternoon: Functions for financial modelling (ch. 6).

- Day 3 - Morning: Tools for model display (ch. 7) + Tools for financial modelling (ch. 8);
- Day 3 - Afternoon: Common uses of tools in financial modelling (ch. 9).

- Day 4 - Morning: Model review (ch. 10) + Stress testing, scenarios and sensitivity analysis in financial modelling (ch. 11);
- Day 4 - Afternoon: Presenting model output (ch. 12).

**After a subject a certain chapter (ch.) is mentioned. This is the chapter of the book mentioned later on under “literature”. You will receive an original hardcopy of this book when you have registered.*

Laptop & Microsoft Excel:

Participants need to bring their own laptop to the training with microsoft excel on it.

In the financial sector one works with windows instead of “apple/ IOS”.

All the “shortcuts in excel” that will be discussed in class are based on windows, therefore it is highly recommended to work on a windows laptop/ computer in class and not on “apple/ IOS”.

Kersten Corporate Finance

Mergers & Acquisitions

Literature:

- Using excel for business and financial modelling: A practical guide. Third edition (2019). Danielle Stein Fairhurst. Wiley Publishing company. 9781119520382.

This book is included in the price for this training and will be sent to you (in hardcopy) after you have registered.

During the training the trainer will cover the whole book:

Day 1

- Ch. 1: What is financial modelling?
- Ch. 2: Building a model;
- Ch. 3: Best Practice principles of modelling.

Day 2

- Ch. 4: Financial modelling techniques;
- Ch. 5: Using excel in financial modelling;
- Ch. 6: Functions for financial modelling.

Day 3

- Ch. 7: Tools for model display;
- Ch. 8: Tools for financial modelling;
- Ch. 9: Common uses of tools in financial modelling.

Day 4

- Ch. 10: Model review;
- Ch. 11: Stress testing, scenarios, and sensitivity analysis in financial modelling;
- Ch. 12: Presenting model output.

Location training:

The training will take place in the almost brand new hotel: Van der Valk Hotel Uden-Veghel.

The address of the training location is:

Van der Valk Hotel Uden-Veghel

Rondweg 2 - 5406 NK Uden - The Netherlands

You can park your car for free at the training location.

Uden is located at about 30 minutes by car from city Eindhoven (airport) and also about 30 minutes from city 's-Hertogenbosch (also called 'Den Bosch').

Kersten Corporate Finance

Mergers & Acquisitions

And Uden is located at about 90 minutes by car from Schiphol Amsterdam (international airport).

In case you want to stay over in a hotel (not included in the price), you can stay over in the nice and affordable hotel of the training location.

And there are plenty other hotels around. Feel free to send me an email and I will send you a list of other available hotels around.

Certificate

After taking this training, attendance of the full 4 days and active participation in class, you will receive a certificate of successfully taking this 4-day financial modelling training of Kersten Corporate Finance in The Netherlands.

Price & payment:

The price for this 4-day training is 3.000 euro excluding vat.

This price is for the 4-day training including study material (the book, see literature), coffee and tea all day, luxury lunch at lunchtime and a snack in the afternoon.

There is a maximum of 20 participants for the training based on first come first served. This way there is room for interaction in class.

You can register yourself by sending an email to: joris@kerstencf.nl

You will then receive a registration form and additional details for registration.

Early bird discount:

There is an early bird discount for participants who register before February 29th 2020 of no less than 750 euro! So if you register before February 29th 2020 (and 20 participants have not yet been reached) the training costs will be only 2.250 euro excluding vat (3.000 – 750).

Detailed planning

Day 1: Morning (10 AM – 1 PM):

Topic: What is financial modelling? (ch. 1)

Kersten Corporate Finance

Mergers & Acquisitions

- Spreadsheet or financial model?
- Purpose of a financial model;
- What skills do you need;
- The ideal financial modeller.

Topic: Building a model (ch. 2)

- Model design;
- Golden rules for model design;
- Design issues;
- Model layout;
- Steps to building a model;
- Version control documentation.

Day 1: Afternoon (2 PM – 6 PM):

Topic: Best practice principles of modelling (ch. 3)

- Document your assumptions;
- Linking, not hardcoding;
- Enter data only once;
- Avoid bad habits;
- Use consistent formulas;
- Format and label clearly;
- What makes a good model?

Day 2: Morning (10 AM – 1 PM):

Topic: Financial modelling techniques (ch. 4)

- Error avoiding strategies;
- How long should a formula be?
- Building error checks;
- Circular references.

Topic: Using excel in financial modelling (ch. 5)

- Formulas and functions in excel;
- Excel versions;
- Handy excel functions;
- Cell referencing;
- Logical functions;

Kersten Corporate Finance

Mergers & Acquisitions

- Nesting logical functions.

Day 2: Afternoon (2 PM – 6 PM):

Topic: Functions in financial modelling (ch. 6)

- Aggregation functions;
- LOOKUP functions;
- Nesting index and match;
- OFFSET function
- Regression analysis
- Choose function
- Working with dates;
- Financial project evaluation functions;
- Loan calculations.

Day 3: Morning (10 AM – 1 PM):

Topic: Tools for model display (ch. 7)

- Basic formatting;
- Custom formatting;
- Conditional formatting;
- Sparklines;
- Bullet proofing your model;
- Customising display settings;
- Form controls.

Topic: Tools for financial modelling (ch. 8)

- Hiding sections of a model;
- Grouping;
- Array formulas;
- Goal seeking;
- Structured reference tables;
- Pivot tables;
- Macros.

Day 3: Afternoon (2 PM – 6 PM):

Topic: Common uses of tools in financial modelling (ch. 9)

Kersten Corporate Finance

Mergers & Acquisitions

- Escalation methods for modelling;
- Understanding nominal and effective (real) rates;
- Calculating a cumulative sum (running totals);
- How to calculate a payback period;
- Weighted average cost of capital (WACC);
- Building a tiering table;
- Modelling depreciation methods;
- Break even analysis.

Day 4: Morning (10 AM – 1 PM):

Topic: Model review (ch. 10)

- Rebuilding an inherited model;
- Improving model performance;
- Auditing a financial model.

Topic: Stress testing, scenarios, and sensitivity analysis in financial modelling (ch. 11)

- What are the differences between scenario, sensitivity and what-if analyses?
- Overview of scenario analysis tools and methods;
- Advanced conditional formatting;
- Comparing scenario methods;
- Adding probability to a data table.

Day 4: Afternoon (2 PM – 6 PM):

Presenting model output (ch. 12)

- Preparing a graphic or written presentation for model results;
- Chart types;
- Working with charts;
- Handy charting hints;
- Dynamic named ranges
- Charting with two different axes and chart types;
- Bubble charts;
- Creating a dynamic chart;
- Waterfall charts.

Kersten Corporate Finance

Mergers & Acquisitions

Planning all (Spring 2020) training sessions of Kersten Corporate Finance:

- Financial Modelling in Excel (5 days): 2, 3, 4, 5, 6 February 2020. Location: Riyadh/ Saudi Arabia;
- Business Valuation & Deal Structuring (6 days): 18, 19, 20, 21 and 23, 24 March 2020. Location: Uden/ The Netherlands;
- Financial Modelling in Excel (4 days): 20, 21, 22, 23 April 2020. Location: Uden/ The Netherlands;
- Business Valuation & Deal Structuring (5 days): 22, 23, 24, 25, 26 June 2020. Location: New York City/ United States.