Valuation Modelling in Excel for Private Capital

Course Agenda

Valuation for VC and PE using Excel
Agenda

08:45	**Registration and Breakfast**
09:00	**Session 1 – Overview, Business Strategy and Value Drivers** • Price versus value • Enterprise value (EV) versus equity value bridge • The most important valuation drivers • Key value drivers • Risks in valuation – incorrect assumptions and undervaluation • Forecasting, subjectivity and estimating • Time horizon • Industry specifics • Review of different valuation methods • Dilutive securities and impact on valuation • **Case Study:** how strategy affects value
10:00	**Session 2 - Company Valuation: Trading Comparables and Transaction Comparables** • Difference between trading and transaction comparables • How to choose a comparable company • Applying different multiples to valuation • Normalizing the income statement results (EBITDA and Net Profit) • The most useful multiples • Interpret and understand multiples of similar companies, trading at different multiples • **Case Study**: Review comparable outputs from several public companies in the consumer goods sector
11:15	**Break**
11:30	**Session 3 - Discounted Cash Flow Valuation (DCF)** • Free cash flow analysis – check cash and interest cover headroom • Weighted average cost of capital components • DCF Valuation • Applying the half year convention and stub years • Terminal value calculation back testing the terminal value • Valuation outputs – using DCF as a 'sanity' check for the multiple valuation approach results • Sensitivity tables • **Case Study:** Construct a DCF valuation model to value a company
13:00	**Lunch**

Valuation for VC and PE using Excel
Agenda

14:00	**Session 4- How a Venture Capitalist Values a Company** • Valuation using earnings, EBIT and EBITDA multiples • Comparable deal analysis • Discounted cash flow valuation • But it's all about Exit and IRR • **Case Study:** valuation of start-up business with no revenue

15:00	**Session 5 – Additional Metrics**
	• Limitations of conventional valuation methodologies
	• Should we value forecast earnings, EBIT or EBITDA
	• Enterprise Value / Sales
	• Price per pop, per eyeball, per 'click-through', per subscriber
	• Customer acquisition costs
	• The importance of strategy and management
	• Key drivers for a SAAS company
	  ➢ Annual recurring revenue (ARR)
	  ➢ New subscribers' growth
	  ➢ Churn
	  ➢ Price (Average revenue per user – ARPU)
	• Valuing an AI company – key issues to consider and impact on value
	• **Case Study:** how AI will impact the value

15:45	**Break**
16:00	**Session 6 - Application of Valuation Methods in Cyclical Companies** • Choice of valuation method for different industries and cycles • Valuing divisions and subsidiaries • Foreign subsidiaries and emerging markets • Valuation of private companies
16:30	**Session 7 - Private Companies** • Estimating the cost of capital for private companies • Charging for higher risk: haircut from valuation or increasing the cost of capital • Estimating the size of illiquidity discount • Estimating the value of control premium • They key person discount • Modelling valuation of a private company
17:30	**Drinks Reception**