

# Business Administration

Course Number: **BUAD 361**

Course Title: **Selected Topics Finance: Financial Modelling for Equity Analysis and Valuation**

Credits: 3

Calendar Description: This hands-on course builds proficiency in analyzing and interpreting published financial statements, and building comprehensive financial models to facilitate investment decisions. Through modelling a number of case companies and interpreting the results, the course presents a





**Required Texts/Resources**

1. Investment Banking: Valuation, Leveraged buyouts, and Mergers & Acquisitions, 2nd

## Course Schedule

Date		Topic
2020 Week of:		Wednesday, September 9 First Day of Classes Monday, October 12 Statutory Holiday Wednesday, November 11 Statutory Holiday
Sep	9	Introduction Key modelling structures Best practices of financial modelling Review of basic accounting and finance concepts The structure and content of published financial statements and reports Why analyze historical financial statements
	14	Start building a model from scratch Financial Statements Analysis: Income Statement Sales and related costs/accrual accounting Different measures of earnings: EBITDA/EBIT/Net Income/EPS Adjusting the income statement Identifying value drivers Analysis of profit margins
	21	Financial Statements Analysis: Balance Sheet Working capital and net/operating working capital Account analysis using BASE Fixed assets, capital expenditure and depreciation Intangible assets, acquisitions and amortization Asset efficiency ratios
	28	Financial Statements Analysis: Balance Sheet Net debt analysis Common equity analysis ROE and ROA, Dupont analysis
Oct	5	Financial Statements Analysis: Cash flow statement Key links between the financial statements Assets sales and impairments/restructuring Impact of taxes: current and deferred

	23	Relative valuation Screening companies to identify a suitable comparable set of peers Trading and transaction multiples Calculating a range of forward looking and historical multiples Interpreting and applying the results Perform relative valuation from scratch
		Concept of free cash flows (FCF) and discounted cash flow (DCF) valuation Modelling FCF from the 3 forecasted statements Modelling weighted average cost of capital (WACC) -looking cost of debt Cost of equity: understanding the risk-free rate, the equity risk premium and beta Calculating the terminal value using perpetuity growth (Gordon Growth model) method and exit multiple method Perform DCF valuation from scratch
	30	Review Working with integrated model Exam 3

This schedule is subject to change at the discretion of the instructor.

## **SKILLS ACROSS THE BUSINESS CURRICULUM**

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The Okanagan School of Business promotes core skills across the curriculum. These skills include reading, written and oral communications, computers, small business, and academic standards of ethics, honesty and integrity.

## **STUDENT CONDUCT AND ACADEMIC HONESTY**

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### **What is the Disruption of Instructional Activities?**

which interferes with examinations, lectures, seminars, tutorials, group meetings, other related activities, and with students using the study

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