

# Corporate and Acquisition Modeling

Measure value and evaluate the costs and benefits of mergers and acquisitions with your own sophisticated models

By attending the **Corporate and Acquisition Modeling** program, you will gain the ability to create corporate models with sophisticated analytical techniques to measure value and evaluate the costs and benefits of mergers and acquisitions.

## How you will benefit

- Create a structured corporate model that uses and updates historic information in a flexible manner and allows efficient statistical analysis of assumptions
- Use corporate models to evaluate credit issues through measuring re-financing potential and through evaluating cash flow relative to debt service obligations in the context of an acquisition
- Add valuation sections to corporate models that include provisions for changing terminal growth, WACC, multiples and valuation dates; normalize working capital, capital expenditures, depreciation and deferred taxes; and evaluate items that comprise the difference between equity value and enterprise value
- Resolve tricky issues in terminal value from derived EV/EBITDA ratios that correct for flaws in the value driver  $(1-g/ROIC)/(WACC-g)$  formula and consider alternative growth rates; changes in cost of capital and variations in the spread between cost of capital and return on invested capital
- Compute equity value from enterprise value through creating proofs of how different items such as deferred taxes, warranty provisions, derivatives, long-term receivables, unfunded pensions and stock options affect the difference between equity value and enterprise value
- Derive acquisition models from the corporate model to evaluate the effect of different purchase prices, financing structures and accounting assumptions on alternative measures of financial performance from the perspective of lenders and equity investors

- Use corporate models to quantify risks to risks to debt and equity investors using structured scenario analysis, break-even analysis, sensitivity analysis and Monte Carlo simulation
- Learn Excel techniques including selected user-defined VBA functions to make better presentations from models, to resolve circular references and to make models more transparent and efficient

	3 days
	€3500
	Corporate Finance
	English
	4.2/5
	14 – 16 March 2017

## Faculty

**Edward Bodmer** teaches a number of modeling courses and is a consultant who specializes in financial analysis and modeling. He is a former banker and has taught courses for major corporations and financial institutions around the world for many years. Visit his website to see some samples of models: [www.edbodmer.com](http://www.edbodmer.com). He received an MBA specializing in econometrics (with honors) from the University of Chicago and a BSc in Finance from the University of Illinois (with highest university honors).



This program is eligible for **18 CE credit hours** as granted by CFA Institute.

**EARLY ENROLLMENT DISCOUNT** - Enroll more than 90 days in advance and receive a 10% discount on the program fee

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[www.aif.nl](http://www.aif.nl)

**Optional Excel Session** (evening before the program starts)

An optional extra Excel session is available, at no extra charge, for participants who do not regularly use Excel in their day-to-day work. The objective of the session is to assure that all participants become familiar with the tools in Excel and work comfortably on the class exercises. The optional excel session will cover short-cut keys, effective presentations, use of forms, one-way and two-way data tables, and look-up functions for scenario analysis.

**Program Content**

Subject	Content
<b>Creating an Efficient and Well Structured Corporate Model</b>	<ul style="list-style-type: none"> <li>• A review of model objectives, model structure and flexible using examples of completed models that will be used as references throughout the training</li> <li>• Development of historic/projected timing switches that allow you to add new historic financial statements to a model without re-programming equations each time a new set of historic data becomes available</li> <li>• Setting up assumptions for variables that vary over time and scalar variables that remain constant and that compare historic levels with projected values and facilitate statistical analysis of the assumptions</li> <li>• Computation of revenues, operating expense, capital expenditures, pre-tax cash flow, free cash flow and from operating assumptions and computation of return on invested capital using the financing and direct approaches</li> <li>• Development of enterprise valuation analysis that allows for flexible start dates; flexible terminal dates and holding periods; and different terminal valuation approaches</li> <li>• Calculation of financial statements through adding financial routines with a cash flow waterfall to the model in debt and cash balance schedules and using the model to establish a target capital structure</li> <li>• Illustration of complexities in corporate models related to asset retirements, income taxes, minority interest and capital expenditures</li> </ul>
<b>Computation of Valuation and Evaluation of Credit Risks Using Corporate Model</b>	<ul style="list-style-type: none"> <li>• Incorporation of a master scenario analysis and sensitivity diagram to evaluate credit ratios and to demonstrate variability in enterprise value and use of the return on invested capital to evaluate the reasonableness of the EBITDA assumptions</li> <li>• Development of normalized working capital changes, normalized depreciation expense, normalized capital expenditures and normalized deferred taxes that vary as a function of different terminal growth rates and incorporate derived historic growth rates</li> <li>• Computation of P/E and EV/EBITDA multiples from growth rates, cost of capital, returns, tax rates and asset lives as well as transition periods of each value driver and demonstration of problems with the <math>(1-g)/ROIC/(WACC-g)</math> formula</li> <li>• Evaluation of which balance sheet items should be included in the bridge between equity value and enterprise value through creating long-term models that prove whether items should be included in free cash flow or as an adjustment to enterprise value</li> <li>• Calculation of value from equity cash flow rather than free cash flow and derivation of equity multiples (P/E or market to book) to evaluation how multiples are affected by return and growth forecasts in the model</li> </ul>
<b>Conversion of Corporate Models to Acquisition Models</b>	<ul style="list-style-type: none"> <li>• Review of alternative merger and acquisition models including leveraged buyout models, integrated merger models and break-even synergy models</li> <li>• Transfer of corporate model into merger or acquisition model where acquisition can occur at different time periods</li> <li>• Setting up transaction structure assumptions with alternative purchase price premiums, debt funding levels and accounting adjustments</li> <li>• Use of projected balance sheet from corporate model, acquisition assumptions and synergy projections to develop sources and uses analysis, goodwill calculation and pro-forma balance sheet in acquisition analysis</li> <li>• Model alternative debt provisions of acquisition financing including subordinated debt, cash flow sweeps, covenants and working capital facilities with amortizing, bullet and capitalizing debt</li> <li>• Analyze risks to alternative providers of capital (senior, subordinated, equity and management) in terms of IRR to equity and alternative debt providers using break-even analysis and Monte Carlo simulation</li> <li>• Compute the value of management earn-outs and flip structures to provide alternative incentives</li> </ul>

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## Enrolling & Practical Information

### Enrollment requirements

AIF considers each enrollment application carefully to ensure the quality and level of the program is maintained and that participation of candidates is beneficial to both themselves and their companies. The general prerequisite for all AIF programs is the possession of an academic or equivalent degree, as well as proficiency in English and practical experience.

### How to enroll

Enrollment applications are available via [www.aif.nl](http://www.aif.nl). There is no closing date for enrollment although it is advisable to enroll early as places are limited. General Terms & Conditions of enrollment are available via [www.aif.nl](http://www.aif.nl)

### Program calendar

Program dates and information about all AIF programs are available at [www.aif.nl](http://www.aif.nl) or by contacting AIF directly.

### Accommodation

AIF has special reduced rates available for participants at nearby hotels.

### Program location

All AIF programs take place at AIF's premises in the center of Amsterdam. AIF's premises are easily accessible by public transport and car and are a 30-minute drive from Schiphol international airport and a 5-minute walk from Amsterdam's central train station.

### Program fees

Program fees include all the comprehensive program materials, books, and software that are required per program, as well as daily luncheons. Accommodation is not included.

As an educational and not-for-profit foundation, AIF is exempt from charging VAT. For clients located within the Netherlands, the AIF program fee is exempt from VAT. For other EU and all non-EU clients, VAT may be due by client to the tax authority.

### Certificates

An AIF certificate of attendance is awarded to all participants who successfully complete an AIF Open Enrollment or In-Company program.

## About Amsterdam Institute of Finance

AIF is a global financial education and innovation institute headquartered in Amsterdam. Through our programs (open enrollment and in-company) we connect ambitious professionals with the best minds in finance. Taking part in one of our programs or events is a direct investment in your personal future. Joining the AIF alumni network means connecting with the world's leading financial experts, in addition to professionals from more than 1200 organizations. Together with them we endeavor to impact your career and shape the future of finance.

This is what makes AIF and the AIF experience unique:

- We believe in responsible and sustainable finance
- AIF is a not-for-profit foundation which allows us to independently select our faculty from the world's leading business schools (such as INSEAD, NYU Stern, Berkeley, etc.) and other institutions
- Our clients, rather than profits, come first for us
- AIF delivers top quality. Our alumni give our faculty an average rating of 4.6 out of 5.0
- Enrollment in one of our programs means you become part of the AIF network which connects you to professionals in more than 110 countries
- Our programs are applicable to daily practice and prepare you for the future of finance.

## CONTACT US

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