



Core Skills Analyst Program

Bringing together core finance concepts and theories, this program is a challenging and rewarding experience for entry-level analysts, finance and investment professionals seeking to enhance their skill set. Real-life case studies supplement the hands-on learning experience, providing a wealth of practical knowledge to take back to the workplace.

Train with other finance professionals in an academic environment; supplement in-house continuing education training; practice skills with hands-on case studies and exercises; utilize newly acquired skills and knowledge to present work to and receive feedback from leading practitioners; reach potential and open the door to new opportunities with a solid foundation in core skills; build contacts.

Targeted Audience

This program will benefit anyone who wishes to enhance his existing skills or learn new ones. It should be of particular interest to: Entry level finance professionals; Investment professionals; Research analysts; Corporate Bankers; Fixed Income analysts; Credit Analysts; Merger and Acquisition professionals; Equity Analysts; Mid-level career transitions; Lateral hires; Small business owners

Special Offer

Clients who register for this course will receive a complimentary 4-month subscription to FT.com. The Financial Times is the world's most respected financial newspaper, providing a broad assessment on finance, business and the industrial sector. The move to the electronic version follows an ongoing review of our environmental responsibilities as a global business and as part of the Pearson group. FT.com also has features that are not available in hard copy, such as: Special Reports, Alphaville, editor blogs, education sections and much more! Subscriptions will start within 6-8 weeks of the start of class and are limited to one subscription per client. (Please note: as of May 1, 2011, the electronic subscription replaces the hard-copy 3-month Financial Times subscription.)

Advance Preparation

No advance preparation required.

Prerequisites

Undergraduate degree or equivalent; Fluent in English; Proficiency in basic Excel; Word processing skills; Basic knowledge of accounting (if not attending Basic Accounting Bootcamp)A financial calculator is required for this program.

Alumni Comments

"Well organized, capable instructor, thorough material coverage."

"The ability to tailor it to the student's background and knowledge."

"The important accounting applications which are used in credit."

"The Corporate Finance module was detailed and well explained. The instructor makes the subject very interesting. The hours went by quickly and we learned a lot."

"Different ways to read financial statements, impact of FT articles and effect on company's balance sheet and income statement."

Level: Basic

CPE Credits: 108.0

Instructional Method: Group-Live

Detailed Outline

WEEK 1- CREDIT RISK ANALYSIS

Day One

- . Overview of Credit
- . - Interaction of the market, the client and credit
- . - Understanding market, credit and operational risks
- . - The 5Ps and 5Cs of Credit
- . - Shareholder Value Added
- . - Risk/Reward and capital allocation
- . - Purpose and Payback

Credit analysis fundamentals

- . Corporate versus Financial Intermediaries

WEEK 2- CORPORATE FINANCE & VALUATION FUNDAMENTALS

Day One: Introduction and Overview

- . Time Value of Money
- . - present and future values
- . - compounding (annual, periodic, continuous)
- . - annuities and perpetuities
- . - complex problems
- . Project analysis
- . - payback and discounted payback
- . - internal rate of return (IRR) and modified IRR

- . Specialized Industries
- . Specialized Products
- . Sources of information

Business and Industry Analysis

- . Industry Analysis including SWOT, critical success factors and Porter framework
- . Operation/Business analysis
- . Business risk versus financial risk
- . The asset conversion cycle
- . Environmental and Regulatory risk analysis
- . Management Analysis
- . Early Warning Signs
- . Credit red flags

Day Two

- . Ratios and Credit Statistics
- . - Advantages and Limitations of ratios
- . - Types of Ratios including: profitability, asset quality and efficiency, leverage and coverage
- . - Peer comparisons/Industry benchmarks
- . - Specialized industry ratios
- . - Seasonality
- . - Overall performance ratios: DuPont formula

Day Three

- . Cash flow analysis
- . - Structure of the cash flow statement
- . - Sources and Uses
- . - Reconciliations including PP&E, Intangibles, Investments, Deferred Taxes, Long term debt, Minority Interest and Equity

Historical Financial Analysis

- . The Audit
- . Review of historical patterns and industry performance
- . Income Statement analysis
- . Balance Sheet analysis
- . Cash Flow analysis

- . - net present value (NPV)
- . - EVA
- . - Pros and cons of each

Day Two: Discounted Cash Flow Valuation

- . Brief Review of Financial Statements
- . Overview of DCF and intrinsic valuation
- . Determining Cash Flows
- . - real versus nominal returns
- . Terminal Value
- . - asset values
- . - comparables
- . - perpetuities and growing perpetuities
- . Enterprise Value versus Equity Value

Day Three: Cost of Capital

- . Risk and return overview
- . Cost of Debt
- . - straight
- . - convertible
- . Cost of Equity
- . - Capital Asset Pricing Model
- . - - alpha
- . - - beta
- . - - equity risk premium
- . Other methods
- . Weighted Average Cost of Capital (WACC)

Day Four

- . Capital Structure
- . - In theory
- . - - MM
- . - In practice
- . - - costs of financial distress
- . - - optimal capital structure
- . Adjusted Present Value

Day Four

- . Off Balance Sheet Items
- . - Contingent liabilities
- . - Operating leases
- . - Debt of joint ventures and unconsolidated subsidiaries
- . - Guarantees
- . - Take-or-pay contracts and obligations under throughput and deficiency agreements
- . - Receivables that have been factored, transferred or securitized
- . - Contingent liabilities e.g. potential legal judgments or lawsuit settlements

Additional Risks to consider

- . Financial guarantees
- . Performance guarantees
- . Ratings triggers
- . Covenants
- . Revenue recognition
- . Unusual gains and losses
- . Asset write-offs
- . Swap exposures
- . FX exposure
- . Pension deficits
- . Securitization
- . Structural subordination
- . Partnerships/SPVs
- . Leases
- . Environmental
- . Product liability

Forecasting

- . Building a forecast-framework and methodology
- . Qualitative and quantitative factors
- . Base, management, and downside cases
- . Critical value drivers
- . Analyzing results - assessing Debt capacity, Recommending financing alternatives, Public

. Differences to WACC valuation process

- . - Pros and cons
- . - Peer Group Valuation
- . - Selecting the peer group
- . - Key ratios
- . - P/Es, EV/EBITDA, etc
- . Introduction to Option Pricing for Corporate Finance
- . Reviewing a

Day Five

- . Financing the Corporation and transactions
- . - Bank lending
- . - - Term loans and lines of credit
- . - - Bilateral and syndicated loans
- . - Debt
- . - - Investment grade
- . - - High yield
- . - - Convertibles
- . Preferreds
- . Equity
- . Private Equity
- . - Venture Capital
- . Private Equity
- . - Public Equity
- . - IPOs
- . - Secondary (US)/Rights Offerings (Europe)
- . Mergers & Acquisitions
- . - Rationale
- . - Payment, Leveraged and Management Buyouts
- . Wrap-up case study

versus private, quantifying results and drawing conclusions

Day Five

- . Structuring and Documentation
- . - Investment grade versus non-investment grade
- . - Holding company analysis
- . - Guarantees, Keepwells, LOMIs
- . - Collateral Secured versus unsecured
- . - Liquidation analysis
- . - Borrowing Base
- . - Covenants
- . - Subordination

Comparing Credit Ratings

- . Internal risk ratings
- . Rating agencies
- . External sources

Presentations

- . Participants will present the complete credit analysis for the selected company
 - . A Financial calculator is required for this module comparable to Texas Instruments BAII Plus Professional
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WEEK 3 - FINANCIAL MODELING

Day One: Adv Excel for Financial Modeling

- . Introduction / Tips & tricks that will help you speed up your spread sheeting
- . Multiple sheet models
- . Multiple file models
- . Drilling down
- . Logical tests: Building warnings into your models
- . Protecting your data

- . Database activities
- . Dfunctions
- . Grouping downloaded data by account headings
- . Vertical and horizontal lookup tables
- . The Choose function: Using Choose to calculate stocks & debtors on 3 different bases
- . Interactive formulas to extract data
- . Using
- . String functions
- . Data tables
- . Outlining
- . Graphs
- . Indirect addressing
- . Consolidation
- . Macros

Day Two

- . Introduction and Overview
- . Basic Valuation Techniques
- . Pro-Forma Modeling
- . Exercise 1. Projecting simple financial statements, determining the value of equity

Day Three

- . Review and Discussion
- . Mergers and Acquisitions
- . Case Study Exercises Brown-Forman Distillers Acquisition of Southern Comfort
- . Nestlé Acquisition of Ralston Purina
- . Case Study Exercises
- . Cost of Capital and CAPM
- . Exercise 1: Return on Equity
- . Exercise 2: Seven steps using CAPM to determine the cost of capital
- . Exercise 3: Implied risk premium in the current P/E multiple
- . Exercise 4: Four steps using the Gordon Model to determine the cost of capital
- . Exercise 5: Four steps using the P/E multiple to determine the cost of capital

- . Financial Valuation of Goodyear
- . Case Study Exercises

Day Four

- . Review and Discussion
- . Accrual Accounting Valuation
- . Exercise 1: Accrual accounting valuation of Wal-Mart Stores
- . Exercise 2: Accrual accounting for GE
- . Exercise 3: Accrual accounting for Hewlett Packard
- . Exercise 4: Accrual accounting of Peets Coffee
- . Valuation Using Multiples
- . Transaction Multiples
- . Exercise 5: Valuation of Eli Lilly using multiples
- . Discussion
- . Special Valuation Issues
- . Exercise 6: Implied Profit Margin
- . Exercise 7: Three stage valuation model
- . Goodyear: Applying the Market Approach and Accrual Accounting
- . Exercise 8: Develop an accrual accounting valuation model for Wal-Mart

Day Five

- . Review and Discussion
- . Warrants and Executive Stock Options
- . Exercise 1: Warrant valuation
- . Exercise 2: Value Wal-Mart Stores outstanding warrants
- . Debt Valuation
- . Exercise 3: Rating adjusted yield-to-maturity
- . Exercise 4: Expected debt return
- . Exercise 5: Expected cash flow and return on debt
- . Share repurchases
- . Exercise 6: Using share repurchases to calculate growth in distributions
- . Exercise 7: Sustainable growth rate
- . Exercise 8: Share repurchases for comparable

companies

. Presentation of Goodyear Valuation and
Conclusion

For more information regarding administrative policies such as complaints and refunds, please contact our offices at 212-641-6616.