



## Business Valuation - Online

This course teaches the fundamentals of valuing public and private companies through a case study approach. It covers the different methodologies and focuses on the Discounted Cash Flow (DCF) method as participants build a DCF analysis for an actual acquisition, using each component of the DCF model: projected free cash flows, Weighted Average Cost of Capital (WACC) and terminal value. The course concludes with an introduction to sensitivity and scenario analysis, which is used to improve the base case valuation.

This is an asynchronous eLearning course that can be accessed 24/7 from any internet enabled computer. Subscription period for this course is 90 days.

### Available Session(s):

Available Today

Online

USD \$299

Online

Instructor(s):[]

### Targeted Audience

Individuals in credit, investment banking, corporate finance, and sales and trading.

### Advance Preparation

No advance preparation required.

### Prerequisites

Financial Statement Analysis and Corporate Finance, or equivalent level of knowledge.

### Learning Objectives

Students will be able to:

- Identify the rationale and scenarios for doing business valuations.
- List the roles played by the public markets in business valuation.
- Recognize the different methods used to value businesses.
- Identify three reasons why the DCF model is the method of choice for valuing businesses.
- Describe the difference between cash flow and free cash flow.

- List the differences and similarities in the direct and indirect methods of determining free cash flow.
- Recognize the value drivers of free cash flows.
- Identify components of the calculation of free cash flow from the value drivers, using the direct method.
- Define leverage in terms of its influence on the WACC.
- Determine the elements necessary to calculate the after-tax expected cost of debt.
- Recognize the elements of the CAPM formula.
- Describe the role of beta in determining the cost of equity.
- Calculate the expected cost of equity and WACC.
- Define terminal value and its role in company valuation.
- List and describe each of the methods of determining terminal value.
- Describe the factors that influence the choice of valuation method.
- Recognize the components of Total Entity Value and its relationship to the Value of Equity.
- Calculate the per-share value of equity.
- Using the DCF approach, determine whether or not the Keebler acquisition added value to Kellogg's.
- Identify the impact of changes in value drivers, WACC and terminal value assumptions on a base case valuation through sensitivity analysis.
- Describe the use of scenario analysis to improve a base case valuation.
- Recognize limitations of the DCF methodology.

**Level:** Basic

**CPE Credits:** 6

**Instructional Method:** Self-Study

## Detailed Outline

### Introduction to business valuation

- Why determine a business valuation?
- The role of the public markets in business valuation
- Common valuation methodologies
- Why discounted cash flow is the best approach
- Introducing Kellogg's as our case study

### Determining the free cash flows

- Cash flow vs. free cash flow
- Determining free cash flow
- Reconciling free cash flow with the consolidated statement of cash flow
- Value Drivers
- Projecting Kellogg's free cash flows for the projection period based on the value drivers

### **Determining the weighted average cost of capital**

- Introducing the weighted average cost equation
- Calculating the after-tax expected cost of debt
- Using CAPM to calculate the expected cost of equity
- Calculating the weighted average cost for Kellogg's before and after the Keebler acquisition
- The effect of leverage on weighted average cost

### **Determining the terminal value**

- Defining terminal value and its impact on the DCF valuation
- Methods for determining terminal value
- Determining the most appropriate terminal value for Kellogg's

### **Valuing Kellogg's using the DCF approach**

- Measuring shareholder value creation
- Discounting to find the value of operations
- Determining the total entity or market value
- Determining the total value of equity and per-share value of equity
- Valuing Kellogg's using the DCF approach

### **Limitations of DCF and improving the base case valuation**

- Sensitivity of DCF valuations to the assumptions made
- Using sensitivity analysis to improve the base case valuation
- Scenario analysis and Monte Carlo simulations

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