



## Free Cash Flow: The Key to Shareholder Value Creation (Part I) - Virtual

This course will offer participants the knowledge and ability to use Free Cash Flow as a business management tool to create value for shareholders. Participants will learn how to analyze capital budgeting and acquisition opportunities using Free Cash Flow, how to calculate Modified Free Cash Flow, and how to use Modified Free Cash Flow to analyze strategic investments.

This is a live virtual class session accessible from any internet enabled computer anywhere in the world. All class times are listed in EDT.

### Available Session(s):

05-Nov-2008 -- 05-Nov-2008

USD \$600

Virtual class session

9:00am - 12:00pm

Wed

Instructor(s):[Richard Malekian; ]

### Targeted Audience

The course is designed for Chief Financial Officers, Senior Vice Presidents of Finance, Controllers, and accounting/financial analysts. The participants mentioned above all have involvement in areas where cash flow concepts are used, such as measurement of ongoing operations and business valuation.

### Special Offer

Clients who register for this course will receive a complimentary 6 month subscription to the Financial Times and FT.com. The Financial Times is the world's most respected financial newspaper providing a broad assessment on finance, business and the industrial sector. Subscriptions will start within 6-8 weeks of the application process, and are limited to one per client. For questions about your subscriptions call 800-628-8088 or email [uscirculation@ft.com](mailto:uscirculation@ft.com). US and Canada enrollees only.

### Advance Preparation

No advance preparation required.

### Prerequisites

Knowledge/familiarity with basic concepts of accounting and finance

## **Learning Objectives**

Students will be able to:

- Use Free Cash Flow to analyze how their business decisions impact the economic value of the firm.
- Answer questions that all businesses face on a day to day basis such as, What is the value of my current business operations? , Should I invest in new manufacturing capacity now in order to meet future demand? , and Should I divest certain existing businesses today, and how will that impact corporate value? .

## **Follow-Up Courses**

Free Cash Flow: The Key to Shareholder Value Creation (Part II) - Virtual

**Level:** Basic

**CPE Credits:** 3

**Instructional Method:** Group-Live

## **Detailed Outline**

### **Free Cash Flow: The Key to Shareholder Value Creation (Part I)**

#### **Introduction to Free Cash Flow**

- Why the attention to Free Cash Flow
- What exactly is Free Cash Flow
- Characteristics of Free Cash Flow
- Advantages of Free Cash Flow versus net income
- How is Free Cash Flow calculated
- Relationship between market value and Free Cash Flow
- Relationship between return on investment and cost of capital
- Optimal investment horizon
- How to enhance Free Cash Flow

#### **Free Cash Flow Adjustments**

- Operating adjustments
- Non-recurring adjustments
- Cash Adjustments
- Economic Adjustments
- Net operating profit after taxes (NOPAT)
- Invested Capital
- Symmetry between NOPAT and capital investment adjustments

## **Free Cash Flow Drivers**

- Operationalizing Free Cash Flow
- Sub-components of Free Cash Flow
- Optimization vs. Maximization of Free Cash Flow drivers

## **Cost of Capital**

- What is the cost of capital
- Sources of capital
- Characteristics of debt capital
- Cost of debt capital
- Characteristics of equity capital
- Cost of equity capital
- Capital asset pricing model
- Weighted average cost of capital

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