FINANCIAL**EDGE**

The Investment Banker

MICRO-DEGREE COURSE OUTLINE

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The Investment Banker Micro-degree

Learn the practical skills required to facilitate the core investment banking objectives: raise capital and complete mergers and acquisitions. Whether you're an intern looking to wow interviewers, an analyst accelerating your career, or an associate reinforcing the fundamentals, these four courses are designed to develop demonstrable skills at your own pace.

49	**33**	**296**	**4**
Hours	Topics	Exercises	Exams

CONTENTS

The Accountant

Build a comprehensive understanding of the essential techniques required to accurately analyze the financial results of a company.

Financial Accounting Review (2010)

- Making entries and ensuring the balance sheet balances
- Preparing a balance sheet
- Preparing an income statement from the entries to retained earnings
- Preparing a cash flow statement from the entries to the cash account
- A review of the different categorizations on the income statement, balance sheet, and the cash flow statement

Income Statement (2020)

- Revenue recognition issues
- Cost recognition issues
- Identifying non-recurring items from the income statement, the MD&A, the notes to the accounts and the financial statement press release
- Calculating EBIT and EBITDA for the historical year, and on an LTM basis
- Understand the difference between basic and diluted earnings per share and calculate recurring diluted earnings per share
- Review company profitability compared to its peer group

Earnings Per Share (2140)

- Basic EPS calculations including weighted average shares
- Dilutive securities: options (treasury method) and convertibles (as if converted)
- Calculating recurring EPS

Working Capital (2030)

- Inventory accounting including the impact on EBIT of LIFO and FIFO accounting choices (where relevant)
- Accounts receivable and bad debts (identifying when companies are manipulating sales)
- Accounts payable and accruals and the difference between them from a due diligence perspective
- Other items including taxes payable, deferred revenue, and pre-paid items
- Working capital and operating working capital and the cash impact of changes in operating working capital
- Credit implications of working capital movements
- Day ratios

Non Current Assets (2040)

- Gross PP&E, accumulated depreciation, depreciation expense and net PP&E
- Building a simple forecast of fixed assets
- Establishing the age of a company's fixed asset base
- Finite, and infinite intangibles including goodwill
- A review of key methods of accounting for financial investments
- At fair value through the income statement
- Available for sale
- Associate (equity method) accounting

Capital Structure (2050)

- Debt issues and repurchases
- Simple yield to maturity and all in cost calculations and understanding Original Issuer Discounts
- Calculating net debt
- Equity issuance and repurchases
- The difference between authorized, issued and outstanding shares and multiple share classes
- Other capital items: preference shares and convertible bonds

- Leverage ratios
- Debt liability maturity analysis

Accounting Ratios (2004)

- Introduction to the accounting ratios used for analysis of financial statements to better understand the underlying organization.
- Profitability ratios, including margins
- Liquidity ratios, including operating working capital
- Calculating EBIT and EBITDA for the historical year, and on an LTM basis
- Leverage ratios, including net debt and interest coverage
- Asset ratios

Cash Flow Statement (2060)

- Understanding how to categorize cash flows between operating, investing, and financing
- Deriving a cash flow statement from two balance sheets and an income statement
- Deriving a balance sheet from a cash flow statement and an income statement
- Different cash flow statement presentations

Equity Method Investments (2090)

- What are equity method investments?
  - Equity affiliates / associates
  - Joint ventures
- Equity method accounting
  - Income statement
  - Balance sheet
  - Cash flow statement
  - Financial statement integration

Intro to Full Consolidation (2110)

- M&A accounting overview
- Balance sheet consolidation
- Sources and uses of funds
- Goodwill calculation
- Income statement consolidation
- Non controlling interests – NCI

The Modeler

Learn how to build models quickly and error-free, critical for the decisions and recommendations that they underpin.

Introduction to Modeling (3020)

- Key settings

- Formatting and layout standards
- Building a simple income statement and balance sheet model, on one sheet, then across sheets
- Balancing the balance sheet using the cash flow statement
- Preparing the model for handover
- Key formatting and putting the output into a pitch book

Three Statement Modeling with Iterations (3030)

- Income statement construction and highlighting key numbers
- Calculation schedules (PP&E, retained earnings, operating working capital, and debt)
- Balancing the balance sheet with a cash sweep
- Calculating interest using average balances
- Circular references and iterations
- Working with a circular reference switch
- Preparing the model for handover
- Key formatting and putting the output into a pitch book

Three Statement Model Editing (3035)

- Steps before editing
- Inserting a new item
- Removing an old item
- After editing
- Relevant keyboard shortcut keys

Three Statement Modeling with Estimates (3040)

- Cleaning up the income statement and balance sheet and simplifying the line items
- Getting estimates for revenues and EBIT
- Building multiple scenarios into a model's assumption
- Modeling a forecast debt repayment schedule from the notes
- Key ratios
- Checking the model for reasonableness
- Formatting and putting the output into a pitch book

Building a Model with Cash Sweeps (3050)

- Why banks want to be repaid early
- Cash sweep mechanisms
- How to model cash sweeps
- Building a three statement model with a cash sweep

Checking a Model for Integrity and Errors (3060)

- Top ten errors
- Auditing and error checking toolkit
- Checking your own model
- Checking someone else's model

The Valuer

Learn how and when to utilize key valuation methodologies and their supporting calculations.

Equity to Enterprise Value Bridge (5020)

- Calculating equity value
- Calculating enterprise value
- Non-core items, debt equivalent items, and non-controlling interests
- Calculating simple multiples
- Illustrating the impact of leverage
- Understand how growth rates, returns and multiples interrelate

Trading Comparables (5030)

- Review choosing a comparable set of companies
- Calculating enterprise value
- Calculating LTM EBITDA and EBIT
- Forward multiples and issues with consensus data
- Understanding which operational ratios are important for the analysis

Transaction Comparables (5040)

- Reviewing data sources
- Understanding different deal contexts
- Calculating enterprise value and LTM EBITDA
- Calculating premiums paid based on offer prices where appropriate
- Calculating the synergies from the transactions as a % of target sales

WACC Analysis (5060)

- Capital Asset Pricing Model
- Calculating the WACC for the peer group
- Interpreting the results
- Establish a reasonable cost of capital for the target company
- WACC approach

Discounted Cash Flow Valuation (5080)

- Calculating free cash flows
- Understanding how the operational ratios should develop over the financial forecast
- Calculating the steady state and making relevant adjustments to the steady state cash flows
- Making reasonable assumptions for long-term growth rates
- Discounting to a deal date
- Converting the enterprise value into an implied share price, making relevant adjustments for share options and restricted stock units

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Pulling the Analysis Together (5090)

- Calculating free cash flows
- Understanding how the operational ratios should develop over the financial forecast
- Calculating the steady state and making relevant adjustments to the steady state cash flows
- Making reasonable assumptions for long-term growth rates
- Discounting to a deal date
- Converting the enterprise value into an implied share price, making relevant adjustments for share options and restricted stock units

The Deal Maker

Learn how to calculate and evaluate mergers and acquisitions. Examine the funding sources in detail.

Merger Analysis Cash Deal (7050)

- Nature of an acquisition
- Valuation in an M&A context
- Financing a transaction
- Sources and uses of funds
- Transaction fees
- Consolidation
- Offer terms – equity financing
- Deal analysis

Merger Model (7050)

- Equity to enterprise value bridge
- Sources and uses of funds
- Share issuance and dilution
- Relative PEs
- EPS accretion dilution
- Debt rating
- Synergies vs. premiums paid
- Return on invested capital

Synergy Analysis (7030)

- Explains what synergies are
- Use of the transaction multiples grid to estimate synergies per annum
- Valuing synergies using DCF
- Valuing synergies using multiple

Earnouts (7160)

- Contingent consideration – structures
- Accounting for deferred consideration
- Examples of earnouts

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Leveraged Buyouts (7020)

- LBO - definition
- Internal Rate of Return (IRR) and Value Analysis
- LBO analysis models
    - LBO analysis model map
    - Assumptions
    - Sources and uses of funds
    - Sources of funds
    - Operating forecasts and cash sweeps
    - Model outputs
    - Levered valuation

Acquisition Finance Debt Capacity (7010)

- Multiple based debt capacity analysis
- Dangers of using multiples
- Cash flow based debt capacity analysis
- Calculating free cash flows
- Debt tranching
- Seniority and subordination

Breaking into Banking Interview: Your Top Questions Answered

Analyst Tips (14010)

- Analyst Tips for Breaking into Banking

M&A Banking Expert Interview (14002)

- Expert interview with an M&A Banker
- Key skills
- Biggest challenges in deals
- Industry insights
- Cross Border vs Domestic Deals
- Top tips for a successful career in M&A Banking

Financial Data Tools

BamSEC Series (12110)

- Guide to using BamSEC
- Document Search

- Tables
- Links to Text and Highlights
- Watched Companies

FactSet Workstation (12010)

- Using the search bar
- Comps report and adjusting the report
- Modifying user settings
- Saving and exporting reports
- Running a search
- Idea screening
- Filings wizard
- Bookbuilder tool

FactSet Charting (12020)

- Interactive charting overview
- Creating charts and yield curves
- Formatting charts
- Downloading charts to Excel
- Create a portfolio of companies
- Create a chart and index composite from a portfolio

Factset - Finding and Extracting Data (12030)

- How to find company information, filings and news
- How to find and extract actual and forecast income statement and balance sheet data
- How to find and extract equity and credit market pricing information
- Using FactSet formulas in Excel
- Using the Factset screening tool

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