MERCURY

Financial Evaluation and Modeling

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Introduction

This course equips participants with rigorous techniques for evaluating business investments and building robust financial models. You will learn how to forecast cash flows, assess risk, and determine enterprise value. It bridges the gap between theoretical finance and practical corporate applications. The training supports strategic decision-making by combining valuation methods with scenario analysis. Through hands-on exercises, you'll master spreadsheet modeling and sensitivity testing. By the end, you will confidently present financial models to stakeholders and guide investment choices.

Targeted Groups

This Financial Evaluation and Modeling course targets professionals seeking specialized knowledge and skills:

- Corporate finance analysts who build business cases.
- Investment bankers and private equity associates.
- Strategy consultants advising on M&A.
- Financial planners are working on long-term forecasts.
- Business development managers are evaluating new ventures.
- Project finance professionals assessing infrastructure deals.

Course Objectives

Participants will achieve the following objectives by Financial Evaluation and Modeling:

- Understand core valuation techniques, including discounted cash flow DCF, comparables, and precedent transactions.
- Build detailed financial models to project revenue, costs, and cash flow.
- Analyze risk via scenario planning and sensitivity analysis.
- Interpret model outputs to support investment, financing, and exit decisions.
- Communicate valuation results clearly to internal and external stakeholders.
- Develop actionable recommendations based on quantitative insights.

Targeted Competencies

Participants will gain the following competencies during the program:

- Financial modeling proficiency, including forecasting and building balance sheet, income statement, and cash flow statement models.
- Valuation expertise, applying DCF, multiples, and transaction-based methods.
- Risk assessment skills, through stress testing and sensitivity runs.
- Scenario-planning capability, enabling dynamic "what-if" analysis.
- Strategic thinking, linking model outcomes to business decisions.
- Presentation ability, translating complex results into compelling recommendations.

Studying Scenarios

In this training, participants will develop their skills through the analysis of the following scenarios:

- A startup seeking growth capital needs a five-year financial forecast and valuation.
- An established company plans an acquisition and requires a merger model and synergy analysis.
- The project finance team evaluates a new infrastructure investment under different interest rate environments.
- A business unit prepares an exit plan and needs a sensitivity-driven valuation.
- A strategic planning team forecasts cash flows under base, optimistic, and pessimistic scenarios.

Course Content

Unit 1: Fundamentals of Financial Evaluation

- Definition and purpose of financial evaluation and modeling.
- Key financial statements: income statement, balance sheet, cash-flow statement.
- Time value of money and discounting fundamentals.
- Introduction to valuation approaches: DCF, comparable multiples, precedent transactions.
- Risk and return trade-offs in valuation.

Unit 2: Building a Base Financial Model

- Projecting revenues: assumptions, growth drivers, and seasonality.
- Forecasting costs and operating expenses.
- Estimating capital expenditures and working capital needs.
- Building the three-statement linked model.
- Integrating depreciation, debt schedule, and interest.

Unit 3: Cash Flow Analysis & Discounted Cash Flow DCF

- Calculating free cash flow to the firm FCFF and to equity FCFE.
- Determining the appropriate discount rate WACC, cost of equity.
- Terminal value estimation: perpetuity and exit multiple.
- Performing DCF valuation under different assumptions.
- Interpreting valuation output and model diagnostics.

Unit 4: Advanced Modeling Techniques

- Sensitivity analysis: identifying key value drivers.
- Scenario analysis: base, best-case, and worst-case modeling.
- Monte Carlo simulation basics optional.
- Handling non-linearities and growth inflection points.
- Incorporating leverage and capital structure effects.

Unit 5: Valuation Presentation & Strategic Applications

- Building output dashboards and summary tables.
- Visualizing results: charts, tables, and charts for decision makers.
- Writing a valuation memo with investment recommendations.

- Integrating model results into business strategy and financial planning.
- Ethical considerations in financial modeling and reporting.

Final Insights & Key Takeaways

You will leave this course with practical proficiency in financial modeling and the ability to rigorously evaluate investments. These skills will empower you to make data-driven decisions and communicate value to key stakeholders.