MERCURY

Business Valuation for Strategic Financial Decisions

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Introduction

The Business Valuation for Strategic Financial Decisions course develops an understanding of how businesses are valued to support investment, financing, growth, and corporate strategy decisions. It examines the relationship between financial performance, business fundamentals, risk, cash flows, market conditions, and enterprise value. Participants explore major business valuation methods, including discounted cash flow analysis, comparable company analysis, precedent transactions, and asset-based valuation. The program addresses financial forecasting, free cash flow, WACC, valuation multiples, enterprise value, equity value, and sensitivity analysis. It emphasizes interpreting valuation assumptions and assessing how changes in growth, profitability, capital structure, and risk affect estimated business value. Participants develop the ability to evaluate valuation results critically and connect them with strategic financial decisions.

Targeted Groups

This Business Valuation for Strategic Financial Decisions training targets professionals seeking knowledge and skills:

- Finance managers evaluating business value.
- Financial analysts assessing investment opportunities.
- Corporate finance professionals supporting strategic decisions.
- Investment professionals analyzing company performance.
- Business development managers evaluating acquisitions.
- FP&A professionals preparing financial forecasts.
- Accountants strengthening financial analysis capabilities.
- Executives reviewing investment and financing alternatives.

Course Objectives

Participants will achieve the following objectives by completing the Business Valuation for Strategic Financial Decisions course:

- Explain fundamental principles of business valuation and value creation.
- Distinguish enterprise value from equity value and market price.
- Analyze financial statements to identify relevant valuation drivers.
- Assess assumptions about revenue, profitability, growth, capital expenditure, and working capital.
- Explain the structure and application of discounted cash flow valuation.
- Evaluate free cash flow and appropriate discount rates.
- Examine WACC and its influence on valuation outcomes.
- Apply comparable company analysis using relevant valuation multiples.
- Evaluate precedent transactions and transaction-specific valuation considerations.
- Compare income-based, market-based, and asset-based valuation approaches.
- Assess business risks and their effects on estimated value.
- Interpret sensitivity and scenario analysis for valuation uncertainty.
- Evaluate private company valuation considerations and adjustment factors.
- Reconcile different valuation outputs into defensible valuation ranges.

- Connect valuation findings with investment, financing, M&A, and strategic decisions.

Targeted Competencies

Participants will gain the following competencies during the Business Valuation for Strategic Financial Decisions program:

- Business valuation framework development.
- Financial statement interpretation.
- Company valuation analysis.
- Financial forecasting and projection.
- Free cash flow assessment.
- Discounted cash flow analysis.
- WACC interpretation.
- Valuation multiple analysis.
- Comparable company assessment.
- Precedent transaction evaluation.
- Enterprise and equity value analysis.
- Sensitivity and scenario assessment.
- Valuation risk interpretation.
- Strategic financial judgment.
- Investment decision support.

Real-world Case Studies

In this Business Valuation for Strategic Financial Decisions training, participants develop skills through the following cases:

- A manufacturing company is assessed using DCF and comparable company analysis.
- An acquisition target is evaluated through precedent transaction multiples.
- A private company valuation considers liquidity, control, and financial adjustments.
- A growing technology business is assessed under alternative revenue and growth assumptions.
- An investment decision compares intrinsic value with prevailing market valuation.

Course Content

Unit 1: Foundations of Business Valuation

- Define business valuation and its role in financial decision-making.
- Distinguish value, price, cost, market capitalization, and enterprise value.
- Explain the relationship between enterprise value and equity value.
- Examine the fundamental drivers of business value.
- Analyze growth, profitability, cash flow, and capital requirements.
- Assess the relationship between risk, return, and business value.
- Examine valuation purposes in investment, financing, M&A, and strategic planning.
- Explain intrinsic value and market-based valuation concepts.

Unit 2: Financial Analysis and Valuation Drivers

- Analyze financial statements to assess business performance.
- Examine revenue, EBITDA, EBIT, and profitability trends.

- Evaluate cash flow generation and financial sustainability.
- Identify non-recurring items affecting reported earnings.
- Assess working capital and cash conversion requirements.
- Evaluate capital expenditure, depreciation, and reinvestment needs.
- Analyze historical financial trends and key valuation drivers.
- Develop financial forecasting assumptions for valuation purposes.

Unit 3: Discounted Cash Flow Valuation

- Explain the principles of discounted cash flow valuation.
- Define free cash flow to the firm and equity.
- Develop revenue, cost, and cash flow projections.
- Assess working capital and capital expenditure requirements.
- Explain WACC, cost of equity, and cost of debt.
- Examine terminal value and perpetual growth assumptions.
- Evaluate how assumptions affect intrinsic value.
- Interpret DCF valuation results, ranges, and limitations.

Unit 4: Market-Based and Transaction Valuation

- Explain comparable company analysis and its application.
- Identify appropriate peer companies and selection criteria.
- Examine EV/EBITDA, EV/Revenue, P/E, and P/B multiples.
- Analyze valuation multiples in relation to business performance.
- Explain precedent transaction analysis and transaction characteristics.
- Assess transaction premiums and market conditions.
- Compare market-based valuation with DCF results.
- Examine asset-based valuation for appropriate business situations.

Unit 5: Strategic Valuation Analysis and Decision-Making

- Reconcile valuation results from multiple approaches.
- Develop reasonable business valuation ranges.
- Conduct sensitivity analysis on key valuation assumptions.
- Apply scenario analysis to growth, profitability, and risk.
- Assess private company valuation adjustments and discounts.
- Evaluate valuation implications for M&A and investment decisions.
- Connect valuation findings with capital allocation decisions.
- Present evidence-based valuation conclusions for strategic decisions.

Final Insights & Key Takeaways

Business valuation helps assess enterprise worth and investment potential. Participants learn to compare valuation methods, test assumptions, and support strategic financial decisions.