



ADVANCED BUSINESS VALUATION
APPLICATIONS IN CORPORATE FINANCE
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INTRODUCTION

There is scarcely any area of corporate finance, and indeed business as whole, which today does not need valuation to work. Whether it is buying or selling a company, attracting investment from venture capital or business angels, choosing a share portfolio, or selecting the form and extent of the next business investment, valuation is the glue that holds the model together and the force that animates the decision. Whilst public sector managers aim to maximise shareholder value, venture capitalists and private business owners strive to extract the most value from their businesses over time.

Perceiving value accurately within a company is the first necessary step to maximising it, which is why business valuations are so important. And as might be expected, business valuation is not an easy discipline to master. There are a variety of different methods, each applicable in different ways to particular businesses. But there is no quick or text-book solution, no purchasable software or set of spreadsheets that will provide instant solutions. Once the methods have been learned, only practice in the task will improve your skill.

That is the special importance of this course, which combines both a detailed exposition of all the theories of business valuation and substantial practical experience with numerous Asian case studies, so that at the end of three days the participant should emerge confident to face any business valuation challenge that may come his or her way.

HOW FTC COURSES ARE TAUGHT

All FTC courses are conducted by exploring the theoretical concepts and by the extensive use of relevant Asian case studies. In this way we help delegates to apply the concepts to real life situations. We encourage delegates to fully participate in class discussion and group exercises and to share their own valuable insights and experiences.

WHO SHOULD ATTEND

- ◆ Investment & Commercial Bankers
- ◆ Corporate Finance Executives
- ◆ M&A Specialists
- ◆ Auditors
- ◆ Business Managers / Analysts
- ◆ Credit Analysts
- ◆ Financial Markets Regulators

FUNDING FOR SINGAPORE DELEGATES

Participants may be eligible for FSDF support on a case by case basis. Please submit applications to the FSDF Secretariat directly. As part of the application and evaluation process, participants will be required to complete and submit an FSDF evaluation form upon completion of course.

COURSE OUTLINE

Day 1 Morning

Advanced Discounted Cashflow Valuation

- ◆ Applications – Modelling Capex Flows And Working Capital Movements
- ◆ Fade Rates On Long-Term Cashflows
- ◆ Problems With Calculating Terminal Value And Long Term Growth Rates
- ◆ Estimating Asset Life
- ◆ Evaluating The Stable Growth Period
- ◆ Handling Problems Of Research Expenditure And Operating Lease Payments
- ◆ Effective And Actual Tax Rates
- ◆ The Concept Of Normalised Earnings Flows To Avoid Abnormal Cashflow Patterns
- ◆ Using Multi Period Terminal Value Models

Participants will study an overseas investment by a US technology company from the DCF standpoint, including such issues as inflation and exchange rate risk

Weighted Average Cost of Capital (WACC) And The Discount Rate

- ◆ Review Of Capital Asset Pricing Model (CAPM)
- ◆ How To Derive Equity Risk Premiums In Different Countries
- ◆ How Betas Are Derived – Regressing Company And Market Returns
- ◆ A Bottom-Up Method Of Calculating Beta Reflecting Business Mix And Leverage
- ◆ Which Beta To Choose For Company Valuation?



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- ◆ Problems with CAPM – Is It Really Still A Valid Concept?
- ◆ Alternatives to CAPM
- ◆ Market Cost Of Risky Debt
- ◆ WACC Calculation
- ◆ Optimal Capital Structure And Gearing Risk
- ◆ Is WACC Dead Given The Capital Raising Ability Of Modern Firms?

Real Options

- ◆ How To Calculate Real Option Value
- ◆ Real World Examples
- ◆ Problems With Real Option Calculation
- ◆ Application To Distressed Firms' Equity And Other Financial Applications

Day 1 Afternoon

Participants will study a range of real option calculations using customised spreadsheet models

Ratio Analysis

- ◆ Types Of Financial Ratio
- ◆ Significance In Valuation Analysis
- ◆ International Differences
- ◆ Non-Financial Ratios

Analysing An M&A Valuation Case

- ◆ Evaluation Of An Acquisition Target Valuation
- ◆ Use Of Selected Valuation Techniques
- ◆ Comparison Of Valuation Results Using DCF And Relative Price Multiples
- ◆ Understanding The Value Drivers Of The Company And The Potential Synergies
- ◆ Comparing The Pre-Bid Price With The Actual Price Paid

Participants will review an actual M&A case from the valuation standpoint, using ratio and deal based analysis

Rule-Based Valuations

- ◆ Valuation Of Technology Companies
- ◆ Explanation Of The Dotcom Valuation Methodology And Its Downfall
- ◆ Recent Developments (Historical Relativity Method)
- ◆ Structure Of International Valuations

Day 2 Morning

Economic Value Added

- ◆ Correlation to DCF Model
- ◆ Calculation of NOPAT And Capital
- ◆ Typical Adjustments For EVA Calculation
- ◆ Understanding The MICAP (Market Implied Competitive Advantage Period) Concept
- ◆ MVA As A Discounted EVA Concept

Participants will review several airlines from the point of view of value creation and destruction and their causes using supplied EVA spreadsheet models

Cashflow Return On Investment (CFROI) – The Holt Approach

- ◆ Comparison of DCF, EVA and CFROI As Valuation Methodologies
- ◆ Requirements for CFROI Calculation
- ◆ Correlations of CFROI and EVA to Market Value Compared

Participants will have the opportunity to use an actual CFROI spreadsheet model for valuation

Day 2 Afternoon

Accounting Issues In Valuation

- ◆ Calculation Of Earnings
- ◆ Significance of SEC Rulings
- ◆ Recent Examples Of Earnings Overstatement
- ◆ Relevance To Asia
- ◆ Quarterly Reporting

Participants will review several companies' Exchange filings and Annual Reports to determine the significance of accounting issues

Capital Structure Issues In Valuation

- ◆ Development Of The Academic Debate
- ◆ Practical Evidence From Asia
- ◆ Optimum Capital Structure And Valuation
- ◆ Internal And External Funding In Acquisitions And Investment Compared

Participants will review a range of funding strategies for companies engaged in different corporate finance activities and develop the valuation implications of each.

COURSE DIRECTOR INFORMATION

Julian is an independent consultant operating between Singapore and United Kingdom. He has been involved in training and consulting since 1998 and has delivered Corporate finance programmes in Singapore and London, to a number of blue chip companies: including corporate restructuring, venture capital and private equity, Management Buy-Outs, business valuations, EVA, CFROI, investment analysis, fund management, Private Finance Initiative, Mergers and Acquisitions, and other aspects of corporate finance. He is a frequent speaker on business valuations at international conferences, conference chairman.

He has had over 17 years business experience which have included the following: Ministry of Defence, Whitehall, London, where he was part of Defence Intelligence Staff as an economist responsible for analysing Soviet and East European trade and payments, including agricultural, gold, diamond and oil exports, intellectual property, technology transfers and debt financing, forecasting. He also had roles with the Dockyard Planning Team, and as Directorate of Procurement Policy: team responsible for promotion and development of MoD international procurement policy:

Since then Julian has had positions with DRI McGraw Hill as Director, Forecasting Service, where he was responsible for macro-economic analysis and forecasting of Soviet and East European economies, then for the development and launch of a real estate forecasting service and as Managing Partner, with a firm producing the 'Green Book' internationally known database and continues to be a non-executive Senior Partner.

Julian then went on to become Head of Research, Hudson Venture Partners, responsible for the selection and evaluation of investment projects, account management and headed business valuation practice, after which he was Vice-President, MHCi, responsible for corporate finance and economic input to firms specialising in corporate social responsibility issues.

Julian's academic work has included a University teaching post at Southampton University – Corporate finance (Accounting and Finance BSc). He was appointed Visiting Fellow, Middlesex University: Venture Capital Database Project. He has been published on numerous occasions and speaks regularly on economic and issues for radio debates.

He has a First Class Honours degree from Hertford College, Oxford University 1978-81 and an M. Phil. in Politics from Exeter University.



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TRAINING BY DEMAND

This course can be fully customised and run as an in-house programme. This can be a cost effective option for groups of 5 or more. We will also run Public Programmes in the country of your choice if there is sufficient demand. Please let us know if you require any further information about Training by Demand.

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