Financial Modeling
Module 2, Academic year 2020-2021

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Course description

The focus of this course is on best practice applied financial modeling for corporate finance and investment decisions. The course is fully case-based, topics include: building a complex operational model, valuation, M&A analysis & synergies, investment projects, startups and VC terms modeling.

Course requirements, grading, and attendance policies

The course is structured as a case-based one. Note that no formal attendance policy is applied to the course, however, the attendance of each class is expected.

Prerequisites. No past course attendance is essential, however, familiarity with corporate finance concepts, financial products and basic accounting skills is desired.

Grading. The grade for the course will be based on three assignments (30% total) and project-based final exam (70%). In-class participation and assignments are subject to bonus for the final grade. Note that in order to pass the course you must get at least 40% of the total score.

Course contents

Class		Comments
1	Introduction	• Projecting future performance: key ideas • Design, structure and logic of financial models • Best practice in modeling: standards, formats, functions etc. • Examples of real-life financial models for various purposes • Simple investment decisions modeling
2-3	Building complex operating model	• Key drivers for forecasting of financial results; Excel set-up • Building P&L, BS, CFS • Building supporting schedules (WC, D&A /Capex, Debt / Interest, and other)
4	Building complex operating model	• Building unified set of macroeconomic, financial markets and sector assumptions • Building additional schedules and scenarios • Debugging mistakes
5-6	Modeling for investment decisions	• Financial / investment analysis and dashboards • Building valuation models (DCF, trading multiples), specifics of principles of design and construction • Sensitivities and overall results presentation
7	Modeling for startups, VC deals, M&A deals	• Unit-economy • Venture capital investment-decision framework • Fund economics modeling

Description of course methodology

Lectures, practical work in Excel based on case-studies, deals and decision-making process simulation. You'll need a laptop to perform modeling exercises for every lesson in the course.

Course materials

Required textbooks and materials

Paul Pignataro. Investment banking in practice: financial modeling and valuation

Paul Pignataro. Financial Modeling and Valuation: A Practical Guide to Investment Banking and Private Equity

Joshua Pearl, Joshua Rosenbaum. Investment Banking: Valuation, Leveraged Buyouts, and Mergers and Acquisitions

Luis E. Palepu. Business Analysis and Valuation Using Financial Statements

Luis E. Palepu. Valuation of Companies in emerging markets. A Practical Approach

Pablo Fernández. 80 common errors in company valuation

Pablo Fernández. Valuation Using Multiples How Do Analysts Reach Their Conclusions

Academic integrity policy

Cheating, plagiarism, and any other violations of academic ethics at NES are not tolerated.