

Advanced Financial Modelling: Mergers and Acquisitions

By Wong Kah Teck, CFA, MBA (Chicago Booth), BSc (Wharton School) and BA (University of Pennsylvania)

Program Overview

Would our shareholders be better off from this merger and acquisition deal? What would be the effect of funding the deal using shares, cash or a combination of both? How would the offer price and synergies affect our assessment of the deal? What would the shareholding structure of the post-deal company look like? Can the new company survive going forward?

A Mergers and Acquisitions Model is essential to quantitatively answer the above questions and more. The **Advanced Financial Modelling: Mergers and Acquisitions** Program equips participants with practical skills to build a fully-integrated Mergers and Acquisitions (M&A) financial model. The model will then be used to evaluate an M&A deal from the acquirer's perspective and to perform various sensitivity analyses.

In this Program, we will build a fully-integrated and detailed M&A model. Program coverage would include constructing a full-blown M&A model of the Target and Acquirer. Our model would be extremely dynamic, sophisticated and robust. It will put together a complete Income Statement, Balance Sheet, Cash Flow Statement, an extremely complex Debt Schedule and interest schedule for the merged entity or NewCo.

Benefits:

- This Program is extremely hands-on, where participants learn step-by-step how to build a detailed M&A model
- See how financial statements of the Acquirer and Target are combined and adjusted to capture the effects of an M&A deal
- Learn useful Excel short-cuts to expedite model-building
- Appreciate how a robust M&A model can be used to evaluate an M&A deal

Key Program Takeaways

- Describe the rationales for M&A modelling
- Outline the M&A modelling process
- Model the structure of an M&A deal, including the Sources and Uses of Funds, Funding Mix and Post-M&A Ownership Summary
- Build a dynamic, detailed and fully-integrated M&A model
- Adjust the combined financial statements of the Acquirer and Target to account for effects of the M&A deal
- Incorporate synergies into the model
- Create comprehensive debt and interest schedules for the merged entity (i.e. "NewCo")
- Determine whether an M&A deal is accretive or dilutive
- Assess the future financial stability of the NewCo
- Sensitize the viability of an M&A deal under various funding scenarios, premiums paid and consideration mixes

How Will You Learn

- Business School Cases / Interactive lectures
- Spreadsheet simulations

Others

10 SIDC CPE points
HRDF Claimable

Date and Venue

29 – 30
July

Mon – Tues 09:00 – 17:30

Perdana Room,
Royal Lake Club, Kuala Lumpur

Fee (excluding service tax)

Standard	RM 3,800
Early Registration (by 28 June 19)	RM 3,600

10% discount applies for group registration of 3 or more from the same organization.

Target Audience

- Investment banking professionals
- Buy and sell-side analysts
- Financial professionals in a corporation
- New entrants to capital markets/finance

Prerequisites

- Participants are required to bring along their laptops equipped with Microsoft Excel 2007 or higher.

Enquiries

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Outline

Day 1

Session 1: Introduction to M&A Modelling

- M&A: A Review
- Why build an M&A model?
- Introduction to the M&A case study
- The M&A modelling process: step by step

Session 2: Modelling Deal Structure-Part 1

- Incorporating transaction multiples paid for the Target
- Dealing with various financing scenarios
- Role of the Sources and Uses of Funds Schedule
- Building a consistent Sources and Uses of Funds Schedule

Case Exercises:

- Incorporating various financing scenarios into the model
- Building a dynamic Sources and Uses of Funds Schedule

Session 3: Modelling the Deal Structure-Part 2

- Allocating the total purchase price paid for the Target
- Determining the post-transaction ownership structure
- Dealing with the effects of convertible securities on the deal
- Modelling post-deal depreciation and amortization

Case Exercises:

- Allocating the total purchase price paid for the Target to various sources
- Calculating the post-transaction ownership structure

Session 4: Modelling Pro-Forma Income Statements for the NewCo

- Combining Target and Acquirer income statements
- Incorporating revenue and expense synergies into the model
- Dealing with incremental depreciation and amortization arising from the deal

Case Exercises:

- Modelling synergies and incremental merger effects
- Projecting the NewCo Income Statement

Day 2

Session 5: Modelling Pro-Forma Balance Sheets for the NewCo

- Combine Target and Acquirer balance sheets
- Perform transaction adjustments to create the pro-forma opening balance sheet
- Incorporating incremental merger effects into the NewCo Balance Sheet

Case Exercises:

- Building in incremental merger effects into the NewCo Balance Sheet
- Projecting the NewCo Balance Sheet

Session 6: Modelling Pro-Forma Cash Flow Statement, Debt Schedule and Interest Schedule for the NewCo

- Projecting the NewCo Cash Flow Statement
- Completing the NewCo Debt Schedule
- Dealing with mandatory and discretionary debt repayments of the NewCo
- Projecting the NewCo Interest Schedule

Case Exercises:

- Modelling the NewCo Cash Flow Statement
- Creating detailed and flexible NewCo Debt and Interest Schedules

Session 7: Model Analysis

- Calculating pro-forma credit and leverage statistics for the NewCo
- Assessing the financial stability of the NewCo
- Analysing the accretion/dilution
- Estimating synergies required for the deal to break even
- Sensitivity analysis-is the deal viable under various assumptions?

Case Exercises:

- Determining pro-forma credit and leverage statistics
- Evaluating the accretion/dilution impact of the deal
- Estimating deal breakeven synergies

Session 8: Program Conclusion and Summary

- Key signposts to look out for in building the model
- Program conclusion and summary

Trainer's Profile



Kah Teck has more than a decade of capital markets experience. He was a portfolio strategist in CIMB Investment Bank and Am Investment Bank where he was responsible for spearheading investment advisory and product development initiatives and also played an active role in evaluating numerous plain vanilla and hybrid fund raising options. He has also worked for the Securities Commission in research and formulating capital market development policies.

Now the Managing Director and Principal Trainer for FMTCS Sdn Bhd, Kah Teck passionately shares his knowledge and experience with professionals in many of Malaysia's leading financial institutions and government-linked institutions. His trainees frequently credit him with the ability to make finance interesting and demystify complex finance concepts.

Kah Teck graduated *summa cum laude* with a dual degree in finance and economics from the University of Pennsylvania's Wharton School and School of Arts and Sciences, and holds an MBA (with Honors) from the Booth School of Business, University of Chicago. He is also a Chartered Financial Analyst (CFA) charterholder. Kah Teck was also awarded the prestigious ASEAN scholarship to pursue pre-university studies in Singapore.

His teaching and research interests are in corporate finance, derivatives, securities valuation, financial risk management, financial modelling and financial analysis.

What our past participants say about Kah Teck's training delivery:

- Kah Teck is very enthusiastic and knowledgeable and able to **facilitate lively interaction** among participants. Great job!
- Use of **case studies involving actual companies** and **computer simulations** make the topic come alive and also show how financial analysis can be used to make decisions. Keep it up!
- As a non-finance professional, I now have better grasp of financial terms and the numbers that matter, allowing me to **communicate more effectively** with my colleagues in the finance department
- Finally, a financial analysis course that **focuses on practical analysis and critical thinking** rather than theory and accounting standards

Registration Form

Advanced Financial Modelling: Mergers and Acquisitions

on 29-30 July 2019, Perdana Room, Royal Lake Club, Kuala Lumpur

09:00 – 05:30

Registration commences at 08:30

Fee (excluding service tax): RM3,800.00 (RM3,600.00 by 28 June 2019)

Name : _____

Designation : _____

Company : _____

Contact Tel. No. : _____

Fax No. : _____

Email Address : _____

Training Dept. : _____

Name: : _____

Contact Tel. No. : _____

Email Address : _____

Payment Details

BY CHEQUE Cheques should be made payable to “FMTCS Sdn Bhd”. Please indicate the following details at the back of your cheque.

- Your Full Name as per registration detail
- Contact Number & Email Address

BY TELEGRAPHIC TRANSFER

- Participants will bear all bank telegraphic transfer charges.
- Once we receive your registration form, we will provide you with an invoice and bank-in details.

Cancellation and refund policy

Cancellations are allowed up to 15 working days before the date of the program.

Cancellation made with less than 15 working days will not receive a refund but may nominate a substitute.

Enquiries

Please contact +6 016 633 2883 or email us at fmtcs.sb@gmail.com

Disclaimer

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Fee includes tuition, documentation, lunch and refreshments. Participants are responsible for their own flights and accommodation. An invoice will be sent upon receipt of registration form.