



Course and Examination Fact Sheet: Autumn Semester 2020

7,118: Excel-based Financial Modelling for Financial Statement Analysis and Corporate Valuation

ECTS credits: 3

Overview examination/s

(binding regulations see below)

Decentral - Group examination paper (all given the same grades) (100%)

Examination time: term time

Attached courses

Timetable -- Language -- Lecturer

[7,118,1.00 Excel-based Financial Modelling for Financial Statement Analysis and Corporate Valuation](#) -- Englisch -- [Kustner Clemens](#)

Course information

Course prerequisites

Prerequisites for the course are:

- Financial accounting skills: Students should be familiar with the content and structure of financial statements (balance sheet, profit and loss statement, cash flow statement) and how they are interlinked
- Corporate valuation skills: Students should be familiar with the basic concepts of corporate valuation and/or financial securities analysis and valuation
- Robust Excel skills: Students need to be familiar with the main functionalities of Excel

Learning objectives

Students combine accounting, financial and business metrics to create an integrated financial model of a company in Excel. Students also explore how to use financial models to support strategic management (e.g. corporate development and M&A decisions) and investment decisions.

Course content

Excel-based financial modelling is a core required skill for professional areas such as Corporate Development, Mergers & Acquisitions, Equity Research and Asset Management.

This course provides you - the "student analyst" - with a comprehensive set of tools to perform the following tasks **in Excel**:

- Build a fully **integrated financial model**, comprising historic and prospective financial statements (balance sheet, profit and loss account, cash flow statement)
- Using your Excel-based financial model, perform an in-depth **financial statement analysis and forecast future pay-offs**
- **Convert forecasts into valuations** and use Excel functionalities to **analyze the implications of different macro and operational performance scenarios** on a corporate valuation
- **Use fundamental valuation analysis to challenge any observable market price**, with the objective to identify undervalued and overvalued assets

This course is primarily about "doing". You will spend approximately two thirds of the scheduled time on implementing the tasks outlined above in Excel spreadsheets.

A good financial model also requires good model inputs. For this reason the modelling work of this course is anchored in a



conceptual framework that helps you to understand how businesses work, how they generate value, and how this value is shown - or hidden - in financial statements. The framework helps you translate your knowledge of a business into a valuation and gives you the security that your analysis is a sound one. Approximately one third of the scheduled time is dedicated to developing and challenging model inputs because ultimately a model can only be as good as the model inputs.

After completion of this course you will be able to perform almost any financial modelling task and to translate your accounting and Excel knowledge into valuation models for many different financial assets.

Course structure

The course comprises six modules which, step by step, provide students with the necessary skills to build a state of the art financial model.

Course literature

Stephen H. Penman: Financial Statement Analysis and Securities Valuation

Clemens Kustner / Ulrich Krings: Richtig Geld verdienen mit Fundamental-Analyse

Course materials

Additional course information

In order to take into account the restrictions probably imposed by Covid19, it is planned that the teaching time will be divided between the two half classes. At the beginning of the semester, you will be informed by the lecturer.

In the case of the President's Board having to implement new directives due to the SARS-CoV-2 pandemic in AS2020, the course information listed above will be changed as follows:

- **The course is conducted online via the platform Zoom;**
- **Streaming only - no recordings available;**
- **The lecturer informs via StudyNet or e-mail on the changed implementation modalities of the course;**
- **Course content might be adjusted to account for the then prevailing circumstances.**
-
- **The examination information listed below would be changed as follows:**
- **The paper has to be handed in online. No further changes are necessary.**

Examination information

Examination sub part/s

1. Examination sub part (1/1)

Examination time and form

Decentral - Group examination paper (all given the same grades) (100%)

Examination time: term time

Remark

--

Examination-aid rule

Term papers

Term papers must be written without anyone else's help and in accordance with the known quotation standards, and they must contain a declaration of authorship which is a published template in StudentWeb.

The documentation of sources (quotations, bibliography) has to be done throughout and consistently in accordance with the



chosen citation standard such as APA or MLA.

For papers in law, the legal standard is recommended (by way of example, cf. FORSTMOSER, P., OGOREK R. et SCHINDLER B., Juristisches Arbeiten: Eine Anleitung für Studierende, newest edition respectively, or according to the recommendations of the Law School).

The indications of the sources of information taken over verbatim or in paraphrase (quotations) must be integrated into texts in accordance with the precepts of the applicable quotation standard, while informative and bibliographical notes must be added as footnotes (recommendations and standards can be found, for example, in METZGER, C., Lern- und Arbeitsstrategien, newest edition respectively).

For any work written at the HSG, the indication of the page numbers is mandatory independent of the chosen citation standard. Where there are no page numbers in sources, precise references must be provided in a different way: titles of chapters or sections, section numbers, acts, scenes, verses, etc.

Supplementary aids

--

Examination languages

Question language: English

Answer language: English

Examination content

Students in groups of three are required to submit a comprehensive valuation model and valuation report reflecting the topics discussed in class and in materials made available on StudyNet until 15th of December 2020.

While the analysis of a company in the context of an investment decision is the "default" project, the course participants should feel encouraged to analyze alternative questions that are of interest to them and meet the course requirements (e.g. evaluation of a taking private or an IPO; evaluation of a restructuring; evaluation of a firm's strategic choices with the goal of creating shareholder value; evaluation of an acquisition from the point of view of the acquiring firm or the target firm).

Required content of analysis and valuation model: Appropriately structured and reformulated historical and prospective financial statements; an analysis of performance and growth; simple and comprehensive forecasts; a comprehensive valuation analysis (DCF model, RE model, AEG model, sensitivity analysis, reverse engineering analysis); additional aspects necessary for the robust assessment of the projects selected by the course participants.

Required content of valuation report (max. 25 pages, font size 12, double space): Investment recommendation and summary of key arguments; relevant findings from the business model and sector analysis, the financial statement analysis, and the growth driver analysis; a summary description of prospective financial statements including a robust rationale for the prospective development of key value drivers; a summary of the key results of the valuation analysis. Depending on the chosen project, it may be necessary to cover additional or alternative aspects.

Latest submission date: 10.01.2021 24:00 (earlier submission possible).

Examination relevant literature

Handouts

Excel models discussed in class

Stephen H. Penman's book "Financial Statement Analysis & Security Valuation" (2013), Chapters 4 - 16



Please note

Please note that only this fact sheet and the examination schedule published at the time of bidding are binding and takes precedence over other information, such as information on StudyNet (Canvas), on lecturers' websites and information in lectures etc.

Any references and links to third-party content within the fact sheet are only of a supplementary, informative nature and lie outside the area of responsibility of the University of St.Gallen.

Documents and materials are only relevant for central examinations if they are available by the end of the lecture period (CW51) at the latest. In the case of centrally organised mid-term examinations, the documents and materials up to CW 42 are relevant for testing.

Binding nature of the fact sheets:

- Course information as well as examination date (organised centrally/decentrally) and form of examination: from bidding start in CW 34 (Thursday, 20 August 2020);
- Examination information (regulations on aids, examination contents, examination literature) for decentralised examinations: in CW 42 (Monday, 12 October 2020);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised mid-term examinations: in CW 42 (Monday, 12 October 2020);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised examinations: two weeks before the end of the registration period in CW 44 (Thursday, 29 October 2020).