



## Financial Management Company Performance and Value Creation

Monday 18<sup>th</sup> –Friday 22<sup>nd</sup> September

### Objectives

1. Participants will gain an understanding of the analysis and interpretation of financial statements using ratio analysis.
2. They will learn how different businesses work and the relevance of this in analyzing a company.
3. The seminar will provide an understanding and interpretation of cash flow and relevance of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).
4. It will provide a good understanding of the analysis of an investment and such concepts as, the time value of money, Net Present Value (NPV) and Internal Rate of Return (IRR).
5. Build on the above to give an appreciation of the meaning and importance of the cost of equity and debt capital, capital structure and shareholder value.

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### Target

**This seminar is designed for:**

1. Managers required to assess financial statements and performance
2. Business and Credit Analysts who are required to assess company performance or recommend investments or develop client relationships
3. Accountants who need to improve their financial management skills
4. All managers in the financial sector who deal with corporate financial executives.



## Approach

The seminar is a 5-day course that is designed to be interactive and demanding for delegates. The course will depend heavily on delegates working on case studies and examples rather than sitting and listening to a speaker. The advantage of this is that delegates are forced to interact more strongly with the content and to discover the problems and difficulties for themselves. Then, when the solution is proposed, it is much more meaningful. Parts of the content will use conventional, direct teaching.

The course falls into two broad sections. First the emphasis will be on conventional analysis of financial statements and this will be followed by the more challenging, but market-oriented questions of shareholder value creation. The first section will take roughly two days of the course while the second section will comprise the final three days.

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## COURSE CONTENT

### SECTION 1 – FINANCIAL ANALYSIS

#### *Ratio Analysis*

Conventional ratios:      profitability  
   efficiency / working capital  
   financial structure / risk  
   liquidity

Which profitability ratios  
Pyramid of ratios  
Problems with liquidity ratios  
Productivity and other non-financial ratios

#### *Shortcomings of Ratio Analysis*

Built from balance sheet and P&L  
Assumes steady state  
Ignores time delays in generating profits  
Case study

#### *Working Capital*

What is meant by the term  
The accounting definition versus the analytical definition  
How much is enough?  
Implications for growth and inflation  
Funding the investment in working capital  
Case study

#### *Fixed Capital*

Implications for risk  
Capital expenditure requirements  
How much is enough  
Implications for growth and inflation

#### *Cash Flow Analysis*

How to get the numbers from a Cash Flow Statement  
How to get the numbers from a Balance Sheet and P&L  
How to interpret the numbers  
Causes of positive cash flows  
Causes of negative cash flows

#### *Combining Ratios and Cash Flow Analysis*

Guidelines for interpretation  
Case study

## COURSE CONTENT continued

### SECTION 2: SHAREHOLDER VALUE CREATION

*Time Value of Money*    *Discounting and compounding*  
*Net Present Value (NPV) and Internal Rate of Return (IRR)*  
*Why NPV is better than IRR*  
*Examples*

*Investment Appraisal*    *Why a corporate investment is different*  
*Risk analysis framework*  
*Monitoring and budgeting*  
*What to discount (only flows of cash)*  
*Case Study*

*Cost of Equity*    *Risk and return*  
*Capital Asset Pricing Model (CAPM)*  
*Understanding beta*  
*Seeing the cost of risk – cost of equity and hence value*

*Financial Structure and Modigliani & Miller*  
*The traditional view*  
*The M&M propositions*  
*Gearing and de-gearing beta*  
*The impact of leverage on value*

*Weighted Average Cost of Capital (WACC)*  
*Cost of equity and cost of debt*  
*Calculating pre- and post-tax WACCs*  
*How WACC changes as leverage changes*

## COURSE CONTENT continued

### SECTION 2: SHAREHOLDER VALUE CREATION continued

*Shareholder Value*

- What is Shareholder Value?*
- Why is it important?*
- The language and terminology*
- Underlying principles*
- Emphasis on values*
- Potential problems*

*Valuation Methods (if required)*

- Cash Flow valuation*
- Incorporating growth and inflation*
- What to discount, and at what rate*
- Pre-tax or post-tax?*
- Terminal values*
- Multiple methods - earnings, sales*



## ABOUT THE FACILITATOR

### IAN JAKEWAYS

Ian Jakeways has twenty years experience in designing and running training programmes for managers. In addition to the UK, his experience covers Western Europe, the United States, Asia, Africa, the Middle East and Central Europe. The institutions with whom he has worked, include major domestic and international commercial and investment banks and other financial institutions.

After a first degree in Physics and an initial period in production management, becoming Works Manager of a manufacturing company, he went to Manchester Business School to study for an MBA. On completion of his MBA, he remained within the School, joining the International Banking Centre which ran the School's programmes for banks. For a number of years he was Course Director.

Ian was a founder director of a commercial training consultancy specialising in education and training for the financial services business and has since established Ian Jakeways Associates. His teaching emphasizes rigour in understanding and practical application to cases which reflect the activities of course delegates.

His areas of special interest are

- Corporate finance
- Treasury management
- Investment banking
- Financial modelling

For many years, until end-2002, Ian was a Chief Examiner for the Association of Corporate Treasurers' Membership examinations (Advanced Funding and Risk Management). He is a Fellow of the Association.



## REGISTRATION FORM

### **Financial Management Company Performance and Value Creation**

Monday 18th –Friday 22nd September

NAME:

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JOB TITLE:

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COMPANY NAME:

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COMPANY ADDRESS:

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PHONE:

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FAX NO:

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E-MAIL ADDRESS:

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SIGNATURE:

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**COURSE PRICE: US\$1800 + 15% VAT**

This covers the cost of tuition, course materials, lunch and refreshments.

In order to ensure that you have a booked place, you must complete and sign the registration forms signifying your confirmed attendance at the above seminar and payment in full upon registration.

**CANCELLATION POLICY**

A cancellation fee of 50% of the total cost per registered participant will apply after **Monday 11th, September 2006**.

KINDLY MAKE CHEQUES OR DRAFTS PAYALBE TO: **CDN MANAGEMENT SERVICES LIMITED**.