Financial Modelling & Valuation – Camera Manufacturing Company (CMC)

Project Overview

This project is a financial modelling and valuation (FMV) case study for a sports camera company (CMC) that recently filed for an IPO. The goal was to build a complete integrated 3-statement financial model and perform a DCF valuation based on the given case information.

Contents

- Case Brief (PDF) → Business overview, assumptions, and assignment.
- Financial Model (Excel) → Completed model with projections, valuation, and analysis.

Case Background

- **Company:** Sports Camera Manufacturer (CMC)
- **Stage:** 3 years old, preparing IPO (S-1 filing done)
- **Revenue Streams:** Two categories – Cameras & Accessories
- **Expenses:** Four major operating costs (R&D;, S&M;, COGS, Admin)
- **Capex:** Investments made historically, no new capex planned for next 5 years
- **Competition:** New competitor entry → sales dip in short term, gradual recovery later
- **Cost & Pricing:** Inflation-linked price increases and expense growth
- **R&D;:** Heavy early investments, to be reduced gradually
- **Sales & Marketing:** Planned increase due to competitive pressure
- **Capital Structure:** Target Debt-to-Capital ratio of 0.5

Assignment Objectives

1. Identify key drivers of revenue and cost.
2. Prepare projected P&L;, Balance Sheet, and Cash Flow statements.
3. Build historical and projected Cash Flow Statement.
4. Develop a DCF model to estimate per-share equity value.
5. Perform scenario analysis (Base, Best, Worst cases).
6. Summarize findings in a valuation dashboard.

Model Features

- Assumptions Sheet: Inputs for revenue growth, cost drivers, inflation, financing mix.
- Working Schedules: Revenue, operating costs, depreciation, financing.
- Integrated Financial Statements: P&L;, Balance Sheet, Cash Flow (5-year projections).
- Valuation: DCF analysis with WACC, terminal value, and equity share price.
- Scenario & Sensitivity Analysis: Impact of optimistic/pessimistic assumptions on valuation.

Key Learning Outcomes

- Building a 3-statement financial model from raw assumptions.
- Linking operational drivers to financial performance.
- Understanding impact of competition, capex, and financing mix on valuation.
- Applying DCF valuation methodology in a practical case.
- Performing scenario analysis to test robustness of model.