



Instructed by

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Step-by-Step DCF Valuation

Course Introduction – Step-by-Step DCF Valuation

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Core Principles of Valuation

The Time Value of Money, Free Cash Flow & Net Present Value



DCF Valuation Analysis

Financial Forecasts, WACC, Assumptions & Excel Modeling



DCF Sensitivity Analysis

Most Common Sensitivity Drivers & Best-Practice Modeling



Example DCF Valuation Output

Indicative DCF Analysis of Boral Limited (ASX: BLD)

A\$ millions, unless otherwise indicated

	Financial Year Ending June 30					
	2020A	2021F	2022F	2023F	2024F	2025F
Revenue	5,728	5,552	5,852	6,048	6,251	6,460
EBITDA	821	890	988	1,073	1,109	1,146
Less: D&A	(492)	(482)	(492)	(498)	(515)	(532)
EBIT	329	408	496	575	594	614
Less: Taxes (@ Marginal Rate)		(122)	(149)	(173)	(178)	(184)
Plus: D&A		482	492	498	515	532
Less: Capital Expenditures		(331)	(363)	(370)	(382)	(395)
Plus/Minus: Change in NWC	-	-	-	-	-	-
Free Cash Flow (pre-stub)		437	476	531	548	567
Stub Adjustment		0.25				
Free Cash Flow (time-adjusted)		109	476	531	548	567
Discount Factor		0.98	0.90	0.83	0.77	0.71
Discounted Value of Free Cash Flow		107	430	441	420	400
Terminal Value						8,807
Discounted Value of Terminal Value						6,211
DCF (Enterprise) Valuation	8,008					
Less: Latest Net Debt	(2,575)					
Equity Value	5,433					
Shares Outstanding (M)	1,225.654					
Implied Share Price (A\$)	\$4.43					

Key Assumptions	WACC (%)				
	1.0%	1.5%	2.0%	2.5%	3.0%
Valuation Date = 31 March 2021	\$4.62	\$4.14	\$3.72	\$3.35	\$3.03
Marginal Tax Rate = 30%	\$5.08	\$4.53	\$4.05	\$3.64	\$3.28
Discount Rate = 8.6%	\$5.62	\$4.98	\$4.43	\$3.97	\$3.56
Terminal Growth Rate = 2.0%	\$6.27	\$5.51	\$4.88	\$4.34	\$3.88
	\$7.06	\$6.15	\$5.40	\$4.78	\$4.25