



Instructed by

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# Step-by-Step DCF Valuation

# Course Introduction – **Step-by-Step DCF Valuation**

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**01**

## **Core Principles of Valuation**

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



**02**

## **DCF Valuation Analysis**

Financial Forecasts, WACC, Assumptions & Excel Modeling

**03**

## **DCF Sensitivity Analysis**

Most Common Sensitivity Drivers & Best-Practice Modeling

**04**

## **Presentation Outputs**

Industry-Standard Valuation and Sensitivity Outputs

# The Purpose of Sensitivity Analysis

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	Sensitivity Analysis
Description	<ul style="list-style-type: none"><li>▪ Conducted within Excel to understand the impact on the calculated share price of changing certain variables within the DCF valuation model</li><li>▪ Common sensitizing factors include the WACC, Terminal Growth Rate and Forecast Period assumptions (e.g. revenue growth rate, margins)</li></ul>
Benefits	<ul style="list-style-type: none"><li>✓ Measure the importance of a certain assumption within the model (based on its impact on the calculated share price)</li><li>✓ Sense-check assumptions requiring significant judgement (e.g. Terminal Growth Rate)</li><li>✓ Creates a set of baselines of 'what you need to believe' in order to proceed with an investment or project</li></ul>