



## 3. financial-modeling.pdf

### Title: Financial Modeling Basics

#### 1. What is Financial Modeling?

Financial modeling is the process of creating a mathematical model of a company's financial performance using spreadsheets like Excel.

#### 2. Purpose of Financial Modeling

- Forecast future revenue and expenses
- Evaluate business decisions
- Attract investors
- Business valuation

#### 3. Key Components of a Financial Model

- Income Statement
- Balance Sheet
- Cash Flow Statement

#### 4. Important Assumptions

- Sales growth rate
- Cost of goods sold
- Operating expenses
- Tax rate

#### 5. Types of Financial Models

- Budget model
- Forecast model
- Valuation model
- Discounted Cash Flow (DCF) model

## **6. Benefits**

- Better decision making
- Risk analysis
- Investment planning

## **7. Conclusion**

Financial modeling helps businesses plan their future and analyze financial outcomes.