

Financial Analysis with Advanced Spreadsheet Applications

3 Days

COURSE OVERVIEW

Spreadsheets have been an indispensable tool for financial professional for many years. Many of us are familiar with Microsoft Excel to create simple spreadsheet solutions to answer basic questions. These solutions can be created using the basic functions of Microsoft Excel. The main objective of this course will build upon the basic financial knowledge of the participants, garnered from its predecessor: Financial Modelling (Basic). Participants will be introduced to the conceptual framework surrounding the creation of more complex and highly specific financial simulation models.

Three specific industries: Property developing, REITs (Real Estate Investment Trust) & Pharmaceutical will be analysed in depth, enabling participants to gain insights on their uniqueness and similarities compared to that of the manufacturing industry setting. A listed company from each sector will be handpicked to undergo a full fledge financial modelling process. Summing things up, discussion will be diverted towards understanding why some industries simply cannot be modelled.

Participants will also be introduced to specific simulation subroutines involving derivative financial instruments that commonly found their way into the balance sheets of corporations: futures, forwards, swaps and options, plain and exotic.

LEVEL

Advanced

WHAT WILL I GET OUT OF IT?

Participants will walk away with the following:

- Within the sea of financial numbers and intelligence, participants will gain insights on what questions to ask, what stuffs to look out for as well as how to inject them into the relevant subroutine modules
- Specific insights on property developing, REITs and Pharmaceutical industries
- In-depth knowledge on how to model derivatives and exotic financial products
- And many more.....

WHO'S IT FOR?

- Investment Bankers
- Investment Analysts
- Investment Managers
- Asset Managers
- Wealth Managers

- Financial Planning Advisors
- Investment And Credit Analysts
- Corporate Finance Managers
- Finance Officers from Corporations
- Anyone involved in Mergers & Acquisitions
- Consultants serving the Financial Services Industry

PRE-REQUISITE(S)

The delegates should have attended Financial Modelling (Basic) course or have some foundation knowledge in financial modelling.

THINGS TO BRING

Delegates are required to bring along a laptop fully equipped with Microsoft office 2007 and above.

COURSE CONTENT

3 Basic Rules in Financial Modelling (Review)

- Knowing what is being modelled: different types of financial models & accounting principles.
- Basic spreadsheet skills: excel spread sheet fundamentals.
- Sensitivity analysis

Different Types of Financial Simulation Subroutine

Participants will be introduced to specific simulation subroutines involving derivative financial instruments that commonly found their way into the balance sheets of corporations. Effort will be focused on taking the participants through a journey of uncovering key pointers within financial statements that will provide the clues needed to simulate the following instruments:

- Futures and forwards: introduction to equity forward, interest rate forward and currency forward contracts; pricing and valuation principles; margin sensitivity simulation; introduction to interest rate, stock index and currency futures contracts; pricing and valuation principles; concept of backwardation and contango (impact of market outlook on financial modelling)
- Options: Basic option concepts (put call parity, in/out of money, expiration); hidden leverage effect; introduction to stock, index, bond, interest, currency and commodity options; principles of option pricing (delta, gamma, time to expiration); binomial option pricing model; BSM model (a story of volatility regime); exotic options; concept of real options
- Swaps: Basic characteristic of swaps; cash flow simulation of currency, interest rate, equity and commodity swaps; pricing and valuation of swaps; swaptions; credit risk analysis

- Fixed Income: Basic terminology; yield curve analysis; prepayment simulation; reinvestment risk simulation; credit scoring models; embedded options; bootstrapping model; a comprehensive financial model to analyse the sensitivity of varying assumptions

Excel Spreadsheet Simulation

Building on the full fledged simulation example being developed, effort will be diverted towards building models specifically for the property, REITs and Pharmaceutical industries. In-depth analysis will be carried out to uncover the triggering points for the three different sectors. Some of the highlights include the following:

- Differences between REITs and shipping trusts?
- Is the pharmaceutical industry truly recession-free?
- How to analyse a property developing company given its typical project based operation nature?

The participants will be taken on a journey into the world of investment analysts; the factors that typical analysts look for as well as the stories that typically unfold during the investigation processes; a truly insightful experience that should benefit any financial executive in the long run.

Course Summary & Conclusion

- Why are the three industries so different from a typical manufacturing corporation?
- Is REITs a form of quasi-fixed income products?
- Some insights about other industries: Banking, commodities & shipping.