

VALUATION: DEBUNKING THE MYTHS

By Professor Aswath Damodaran

Professor of Finance, Stern School of Business, New York University

Professor Aswath Damodaran is the Kershner Family Chair Professor of Finance at the Stern School of Business at New York University, and teaches the corporate finance and valuation courses in the MBA programme there. He is well regarded as the author of several widely used academic and practitioner texts on Valuation, Corporate Finance and Investment Management and is often quoted on the subject of valuation. He is also known as being a resource on valuation and analysis to investment banks on Wall Street. He has received numerous teaching awards over the years and was profiled in Business Week as one of the top twelve business school professors in the U.S. in 1994. He was elected as the most popular business school professor in the U.S. by MBA students across the country in a 2011 survey by Business Week and was chosen as one of the top ten business school professors in the world in 2012.

In this fully online programme, world renowned expert in valuation and analysis, Professor Aswath Damodaran, will debunk the myths around the subject and provide the fundamentals of each approach to valuation, and the limitations and caveats on their uses together with examples of applications. He will lay the foundation for understanding through examining estimation issues and basics of intrinsic valuation and talking about the big picture perspective that has to be brought to the estimation of cash flows, growth rates and discount rates. Real companies will be used as lab experiments to bring home the estimation questions that have to be dealt with in valuation. Then, he will move on to an assessment of the loose ends in valuation and talk about valuing control, synergy and cross holdings in companies, the “dark side” of valuation, valuing difficult-to-value companies across sectors and the life cycle, and the use and misuse of multiples in relative valuation. This programme has been designed to be delivered online over four sessions.

LEARNING OBJECTIVES

The objective of this class is to provide the fundamentals of each approach to valuation, together with limitations and caveats on the use of each, as well as extended examples of the application of each.

Upon completion of the programme, participants will be able to:

- Value any kind of firm in any market, using discounted cash flow models (small and large, private and public)
- Value a firm using multiples and comparable firms
- Analyze and critique the use of multiples in valuation
- Value “problem” firms, such as financially troubled firms and start up firms
- Estimate the effect on value of a restructuring a firm

PARTICIPANT PROFILE

The mix of basic valuation techniques and applications provided in this seminar should appeal to a widely diverse audience. In particular, it should be useful for:

- Equity research analysts, who are interested in examining alternatives to the multiples that they use or the linkage to discounted cash flow models
- Corporate financial officers, who want to understand the details of valuation, either because they are planning acquisitions or are interested in value enhancement strategies for their firms
- Analysts involved in mergers and acquisitions, who would like to acquire a wider repertoire of valuation skills
- Portfolio Managers who are interested in the effects of corporate restructuring on firm value, and the implications for portfolio management
- Anyone interested in valuation

PROGRAMME OUTLINE

- Establish the fundamentals of discounted cash flow valuation, with a special emphasis on the estimation issues that come up when estimating discount rates, cash flows and expected growth
- Review the choices in terms of DCF models and how to pick the right model to value a specific firm
- Examine a myriad of estimation questions related to cash flows, discount rates and growth rates
- Study the terminal value in DCF valuation: how best to estimate it and common errors made in computation
- Analyse “loose ends” in valuation – how to deal with cash, cross holdings and other assets, what the value of control, synergy and liquidity are and how best to deal with employee and management equity and option grants. It will also then extend into the discussion of difficult to value companies.
- Discuss “the dark side of valuation,” difficult to value companies across the life cycle (from young to distressed), across sectors (financial services, commodities etc.) and across the ownership cycle (private to VC to public)
- Outline the role of storytelling and converting stories to valuation inputs to value and analyse pricing/ relative valuation
- Discuss and compare a range of multiples that are used currently in valuation, from earnings multiples (such as PE, Value/ EBIT, Value/EBITDA) to sales multiples (Revenue/Sales, Price/Sales)
- Examine the relationship between multiples and discounted cash flow models and the notion of a “comparable” firm will be examined: What is a comparable firm? How do you adjust for differences in growth, risk and cash flow capabilities across firms, when estimating multiples?
- Evaluate the special difficulties associated with comparing multiples across time and across markets

PROGRAMME AGENDA

Session Breakdown

Each session is 2.5 hours long, with a 10 minute break half-way through.

Session 1

(3 November 2020)

The Discounted Cash Flow Model

- Setting up the Model
- The Big Picture of DCF Valuation
- Valuation Examples
- The Discount Rate Question

Session 2

(4 November 2020)

Risk Premiums and Betas

- The Cost of Debt
- Estimating Cash Flows
- Estimating Growth Rates
- Estimating Growth Patterns
- The Terminal Value
- Loose Ends in Valuation
(Cash, Cross holdings, Synergy)

Session 3

(10 November 2020)

More Loose Ends in Valuation (Control)

- The Dark Side of Valuation
 - Valuing young, growth companies
 - Valuing mature companies in transition
 - Valuing declining and distressed companies
 - Valuing financial service companies and commodity companies

Session 4

(11 November 2020)

The Dark Side of Valuation Continued

- Valuing private businesses
 - Story Telling and Valuation
 - Relative Valuation
- Deconstructing multiples
- Comparable company valuation

TRAINING METHODOLOGY

Lecture, case studies, discussions and presentation of ideas.

SIDC CPE POINTS

CMSRL holders can claim directly from the CPE Secretariat under the "Self Directed Learning" category (subject to CPE Secretariat approval). **Maximum point collection for this "Self-Directed" learning mode is capped to 5 points per anniversary or cycle period.** ABS as the Training Provider cannot guarantee the CPE Points to be awarded because it is subject to the CPE Secretariat's approval upon submission by CMSRL holders.

PROGRAMME DETAILS

Date : 3, 4, 10, 11 November 2020

Time : 9:00am - 11:30am daily (Malaysia time)

Training Platform : Zoom

PROGRAMME FEE

MALAYSIAN PARTICIPANTS

MYR 1,800

INTERNATIONAL PARTICIPANTS

USD 420

**Subject to 6% Service Tax*

Early Bird Discount for registrations before 11 October 2020
- RM200 off per pax
This offer is valid only for those who does not take-up/enjoy the Group Buy Discount

Group Buy Discounts:

5 Pax - 5% Discount
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20 Pax - 20% Discount
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ABOUT THE TRAINER



PROFESSOR ASWATH DAMODARAN

*Professor of Finance,
Stern School of Business, New York University*

Professor Aswath Damodaran is the Kerschner Family Chair Professor of Finance at the Stern School of Business at New York University. He teaches the corporate finance and valuation courses in the MBA program. He received his MBA and Ph.D from the University of California at Los Angeles. His research interests lie in valuation, portfolio management and applied corporate finance. He has published in the Journal of Financial and Quantitative Analysis, the Journal of Finance, the Journal of Financial Economics and the Review of Financial Studies.

He has written four books on valuation (Damodaran on Valuation, Investment Valuation, The Dark Side of Valuation, The Little Book of Valuation), and two on corporate finance (Corporate Finance: Theory and Practice, Applied Corporate Finance: A User's Manual). He has co-edited a book on investment management with Peter Bernstein (Investment Management), has a book on investment philosophies (Investment Philosophies) and one on "can't miss" investment strategies, titled Investment Fables. He also has a book on the relationship between risk and value, Strategic Risk Taking, which takes a big picture view of how risk management affects value. His newest book is titled Narrative and Numbers: The Value of Stories in Business and is about how to connect storytelling to valuation.

Aswath was a visiting lecturer at the University of California, Berkeley, from 1984 to 1986, where he received the Earl Cheit Outstanding Teaching Award in 1985. He has been at NYU since 1986, received the Stern School of Business Excellence in Teaching Award (awarded by the graduating class) in 1988, 1991, 1992, 1999, 2001, 2007, 2008, 2009 and 2013, and was the youngest winner of the University-wide Distinguished Teaching Award (in 1990). He was profiled in Business Week as one of the top twelve business school professors in the United States in 1994 and was elected as the most popular business school professor in the US by MBA students across the country in a 2011 survey by Business Week. In 2012, he was chosen as one of the top ten business school professors in the world by Poets and Quants, and his blog, Musings on Markets, was selected by the Times of London as one of the top ten stock market blogs in the world. Of course, as with any finance-oriented post, it should be emphasized that past performance is not an indicator of future results.



In addition to his blog, Aswath has an active presence online, on Twitter (@AswathDamodaran) and with his website (<http://www.damodaran.com>). His corporate finance and valuation classes are carried online and on iTunes U (with more than 100,000 students on iTunes U) and his online classes were chosen as one of the top ten MOOCs in the world in 2012.

CONTACT US

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