MALAYSIAN
INVESTMENT BANKING
ASSOCIATION
Persatuan Perbankan Pelaburan Malaysia

ASIAN BANKING SCHOOL

15 AICB CPD HOURS

10 SIDC CPE POINTS

VALUATION: ART, SCIENCE OR MAGIC?

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.

Is valuation art, science or magic? 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 theirs 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.

LEARNING OBJECTIVES

This programme aims to provide the fundamentals of each approach to valuation, together with limitations and caveats on the use of each approach, as well as extended examples of the application of each approach.

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

- Evaluate any kind of firm in any market, using discounted cash flow (DCF) models (small and large, private and public)
- Classify a firm using multiples and comparable firms
- Appraise and critique the use of multiples in valuation
- Analyse "problem" firms, such as financially troubled firms and start-up firms
- Measure the effect on value of restructuring a firm

PARTICIPANT PROFILE

The mix of basic valuation techniques and applications provided in this programme 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 special emphasis on the estimation issues that come up when estimating discount rates, cash flows and expected growth

- Examine the choices in terms of DCF models and how to pick the right model to value a specific firm

- Apply the basic structure of the DCF model to take a comprehensive look at how to enhance firm value

- Focus on 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 "the 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

- Examine relative valuation. 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), will be discussed and compared. The relationship between multiples and DCF models will be explored 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

DAY 1

8.00 am – 9.00 am	Registration & Breakfast
9.00 am – 10.45 am	• The Discounted Cash Flow Model • Setting up the Model
10.45am – 11.00 am	Coffee break
11.00 am – 12.30 pm	• The Big Picture of DCF Valuation • Valuation Examples • The Discount Rate Question
12.30 pm – 1.30 pm	Lunch break
1.30pm – 3.30 pm	• Risk Premiums and Betas • The Cost of Debt • Estimating Cash Flows
3.30 pm – 3.45 pm	Coffee break
3.45 pm – 5.30 pm	• Estimating Growth Rates • Estimating Growth Patterns • The Terminal Value • Closing Thoughts on DCF Valuation
5.30 pm	End of Day 1

DAY 2

9.00 am – 10.45 am	• Loose Ends in Valuation › Cash, cross holdings and other assets › The value of control, synergy and transparency › The Liquidity Discount › Employee stock options
10.45 am – 11.00 am	Coffee break
11.00 am - 12.30 pm	• The Dark Side of Valuation › Valuing young, growth companies › Valuing mature companies in transition › Valuing declining and distressed companies
12.30 pm – 1.30 pm	Lunch break
1.30 pm – 3.30 pm	• The Dark Side of Valuation continued › Valuing cyclical companies › Valuing commodity companies › Valuing financial service companies › Valuing private businesses
3.30 pm – 3.45 pm	Coffee break
3.45 pm – 5.30 pm	• Relative Valuation › Deconstructing multiples › Comparable company valuation • Open Q&A
5.30 pm	End of programme

TRAINING METHODOLOGY

Lecture, case studies, discussions and presentation of ideas

PROGRAMME DETAILS

Date : 12 – 13 December 2018
Time : 9:00 am – 5:30 pm
Venue : Sasana Kijang, Kuala Lumpur

PROGRAMME FEE

AICB/MIBA MEMBERS: **RM2,700**

NON-MEMBERS: **RM3,000**

To register for this programme, please visit the Public Programmes page on our website at
www.asianbankingschool.com/our-programmes/public-programmes

ABOUT THE TRAINER

PROFESSOR ASWATH DAMODARAN

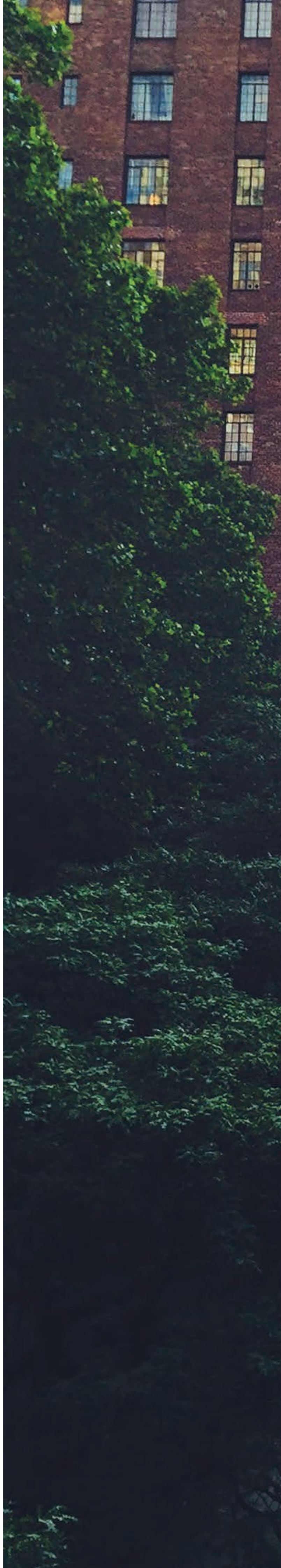
Professor of Finance,
Stern School of Business, New York University

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 programme. He received his MBA and Ph.D from the University of California, 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, and his newest one is on how to connect storytelling to valuation entitled "Narrative and Numbers: The Value of Stories in Business".

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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