



IBCC – Excel at your financials

IB CASE COMPETITION



23 February 2022

FIH PARTNERS
STRATEGIC FINANCIAL ADVISORY

Today's presenters from FIH Partners



Maximillian Hjorth Beste

Associate

Experience:
+2 years

Education:
M.Sc. Finance and Accounting
@ CBS (2019)

Select experience



Alexander From

Associate

Experience:
+2 years

Education:
M.Sc. Finance @
Aarhus University (2019)

Select experience



Today's agenda

Brief introduction to FIH Partners

Workshop: Excel at your financials

Part 1 – Building a business case

Part 2 – Excel: Tips and Tricks

Break

Part 3 – Working in Excel

Wrap up and Q&A

FIH Partners at a glance

+250

Transactions completed

EUR +100bn

Deal value

~45

Professionals



Divestments



Infrastructure projects



Acquisitions



IPO and ECM advisory

Select examples

Based in CPH & NYC



Ole & Steen
EAGREHUSSET

Faerch

KK Wind Solutions

CHR HANSEN
improving food & health

**louis
poulsen**

CIP
COPENHAGEN INFRASTRUCTURE PARTNERS

RadiuS

netcompany

HusCompagniet

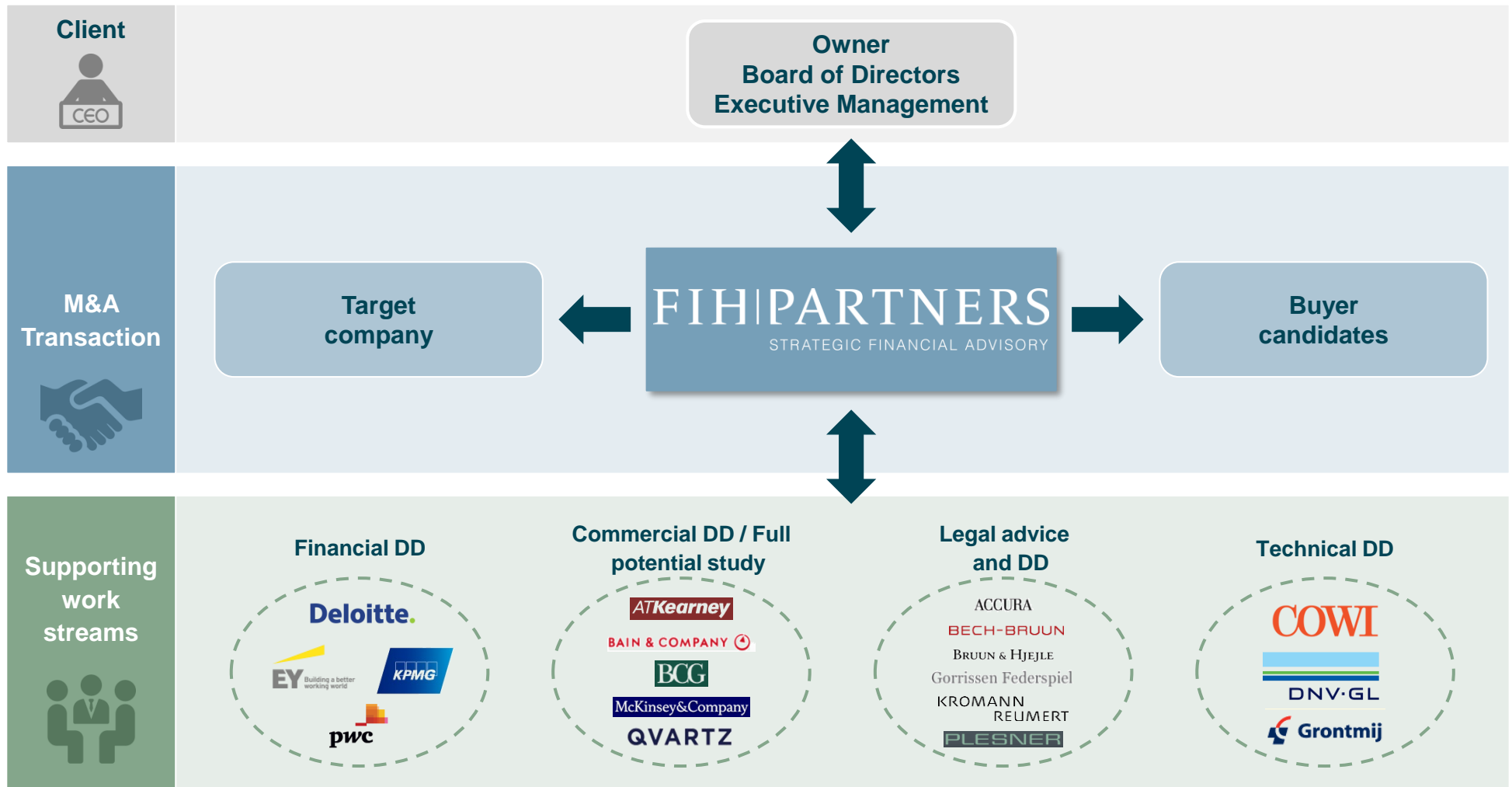
MOLSLINJEN

Sparinvest

PANDORA

Our role in a typical M&A transaction

The corporate finance advisor usually manages all advisors



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Focus of today's workshop

1



Building a business case

- ✓ Identifying key financial value drivers in a business
- ✓ Creating financial forecasts based on revenue, cost and cash flow drivers

2



Excel: Tips and Tricks

- ✓ Best practice for building dynamic and efficient Excel models
- ✓ Key formulas and how to work in Excel which are relevant for case competitions

3



Working in Excel

- ✓ Practical part of workshop going through a retail expansion case
- ✓ Discussing the key value drivers and applying them to a specific case

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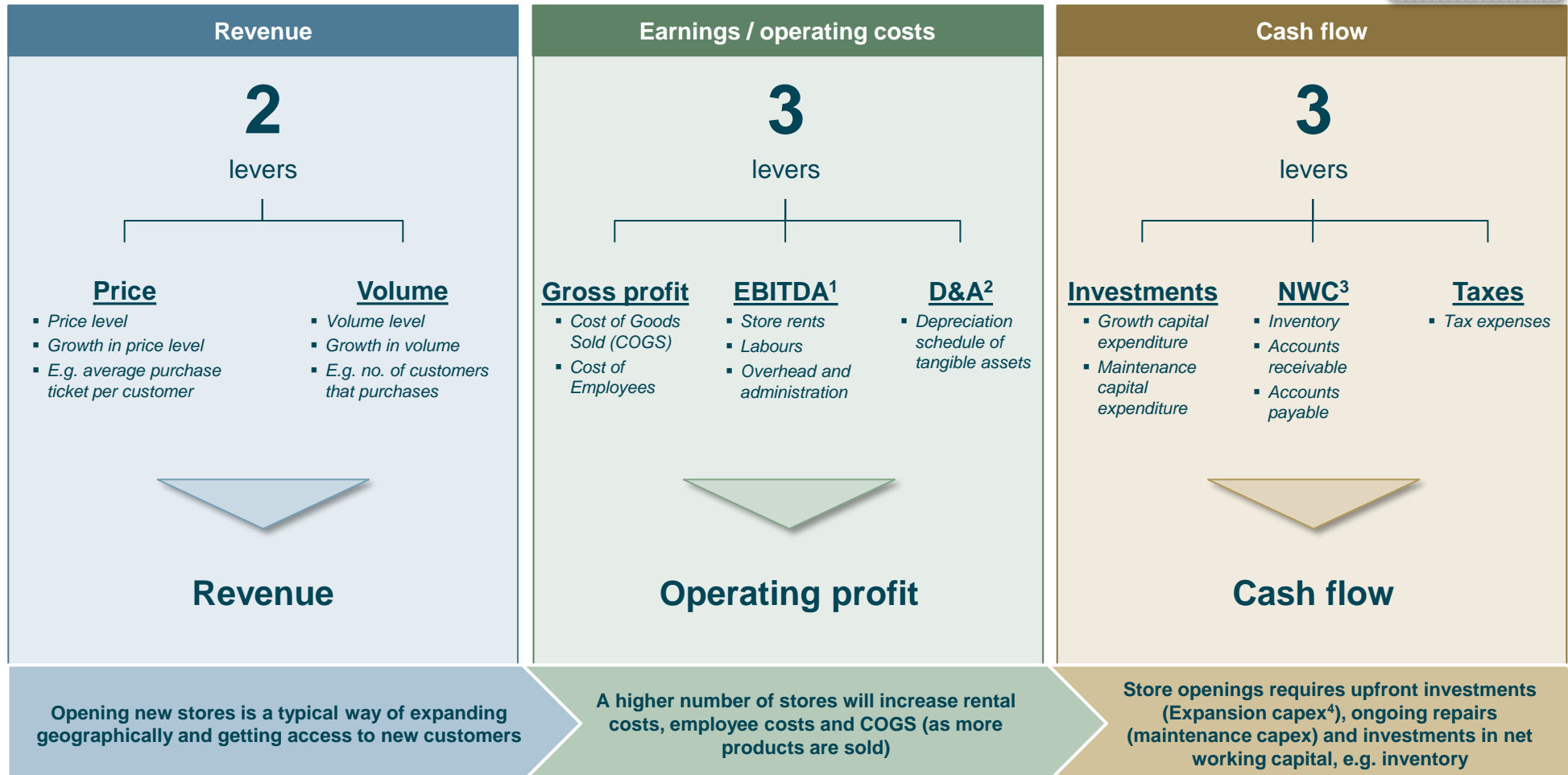
Break

Part 3 – Working in Excel

Wrap up and Q&A

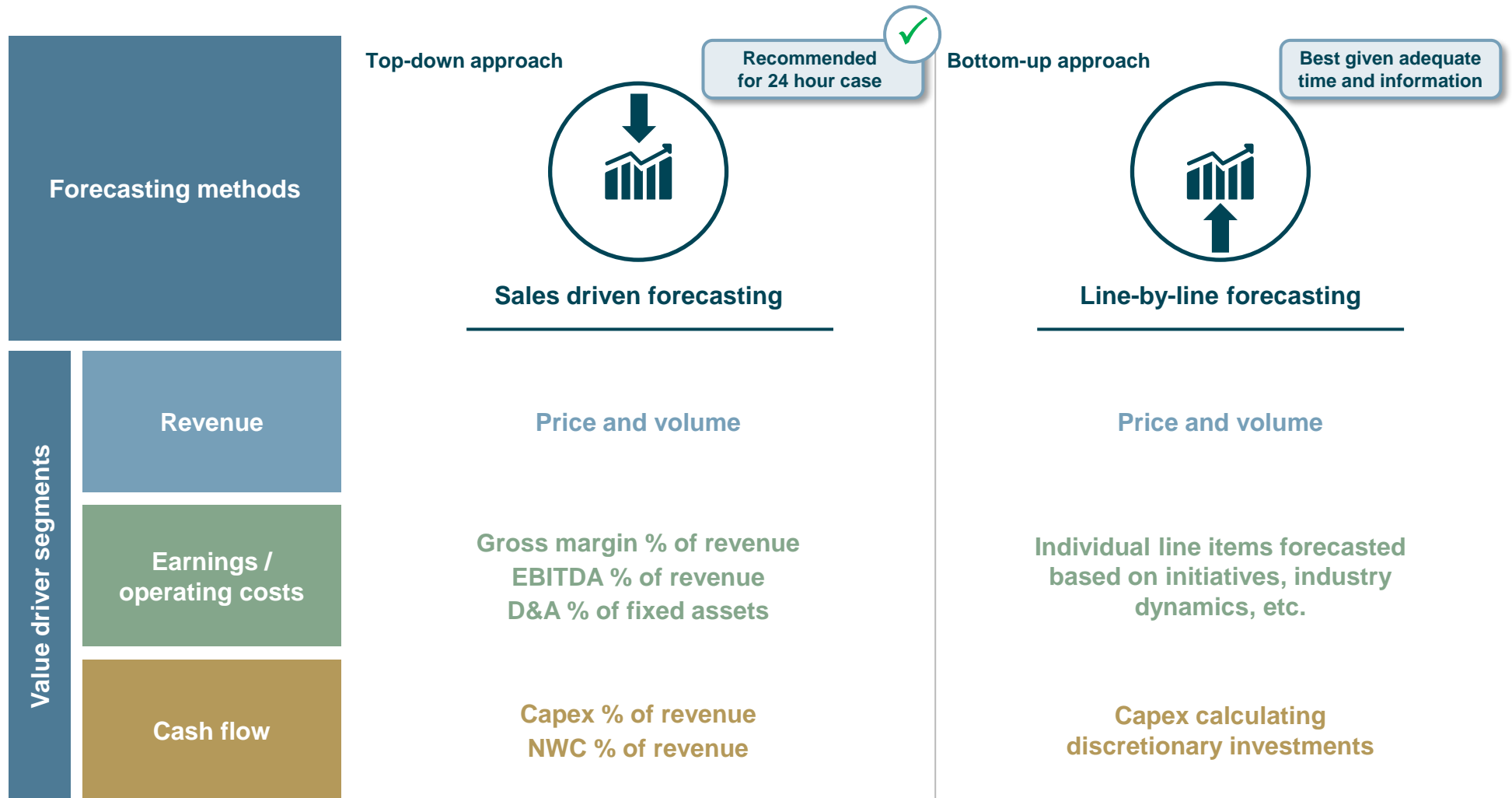
1 Identifying value drivers is the first step of forecasting

Example retail



Notes: 1) Earnings before Interest, Taxes, Depreciation & Amortisation; 2) Depreciation & Amortisation; 3) Net Working Capital; 4) Capital Expenditure

2 Two general approaches to building financial forecasts



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1 Learning best practices method of working in Excel

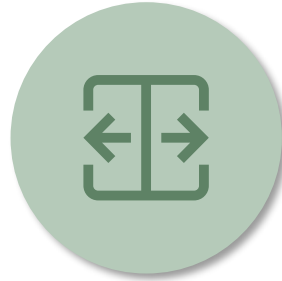


Use **formatting**

Input (hard typed): **Blue**

References: **Green**

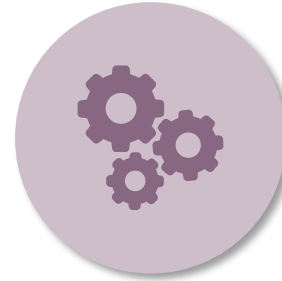
Calculations: **Regular black**



Separate input from output

Separating input cells from output cells will make your sheets a lot more manageable

Show unit of measurement for clarity and to avoid mistakes



Keep formulas **simple**

Keep formulas simple and intuitive to understand

Nobody is impressed (or understands) 16 line formulas



Always **work vertically**

Work vertically as you will have unlimited rows to work with and

Write years horizontally

A few formulas which will make your life easier in Excel

Formula name and description

Area of application

CHOOSE

*CHOOSE(INDEX NUMBER,
INDEXED VALUES)*



Useful for building various case scenarios of a financial forecast

IF / IFERROR

*IF(LOGICAL CONDITION, IF TRUE,
IF FALSE)*



Useful for returning specific values under certain conditions

INDEX MATCH

*INDEX(RETURN ARRAY,
MATCH(VALUE, MATCH ARRAY, 0))*



Useful for returning data from other sources by matching specific values in specific arrays

SUMIFS / AVERAGEIFS / COUNTIFS

*SUMIFS(SUMRANGE, CRITERIA1,
CRITERIA RANGE1,)*



Useful for summarising, averaging or counting cells by customised conditions

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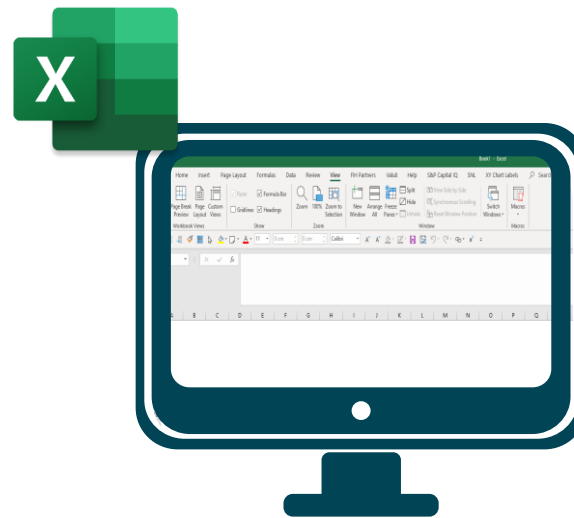
Part 2 – Excel: Tips and Tricks

Break

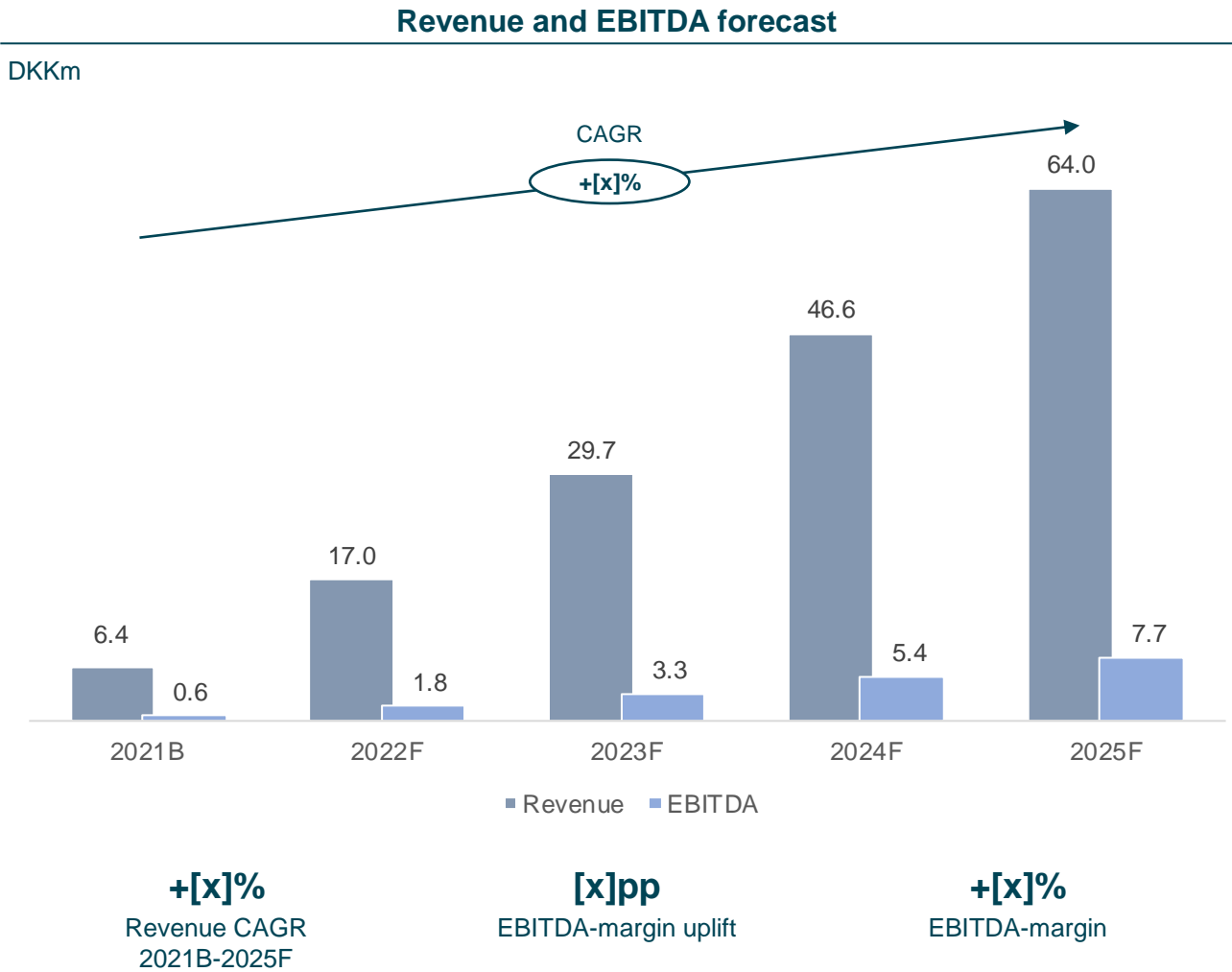
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Wrap up and Q&A

Time to work in Excel



Output inspiration



Assumptions

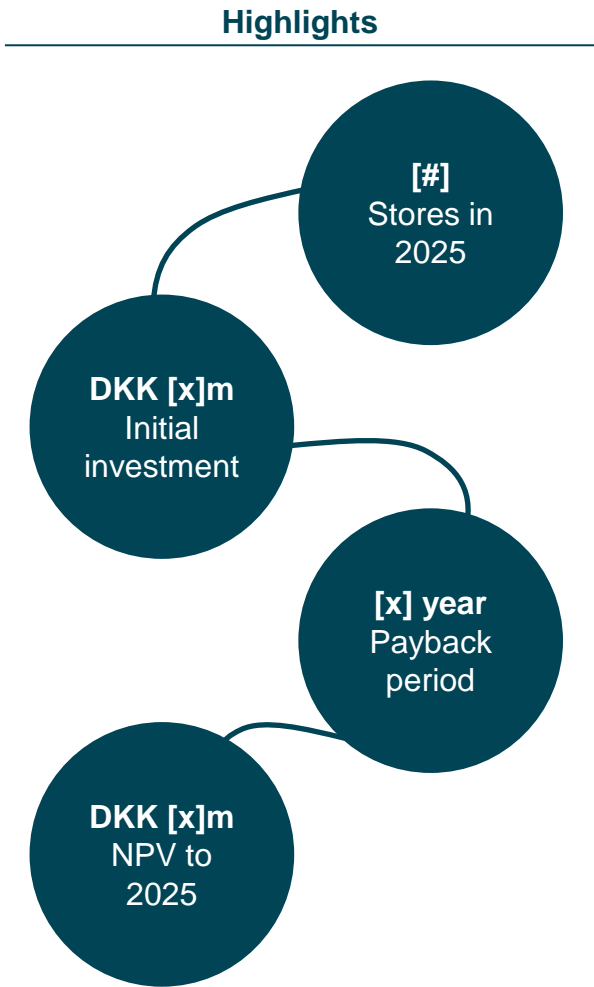
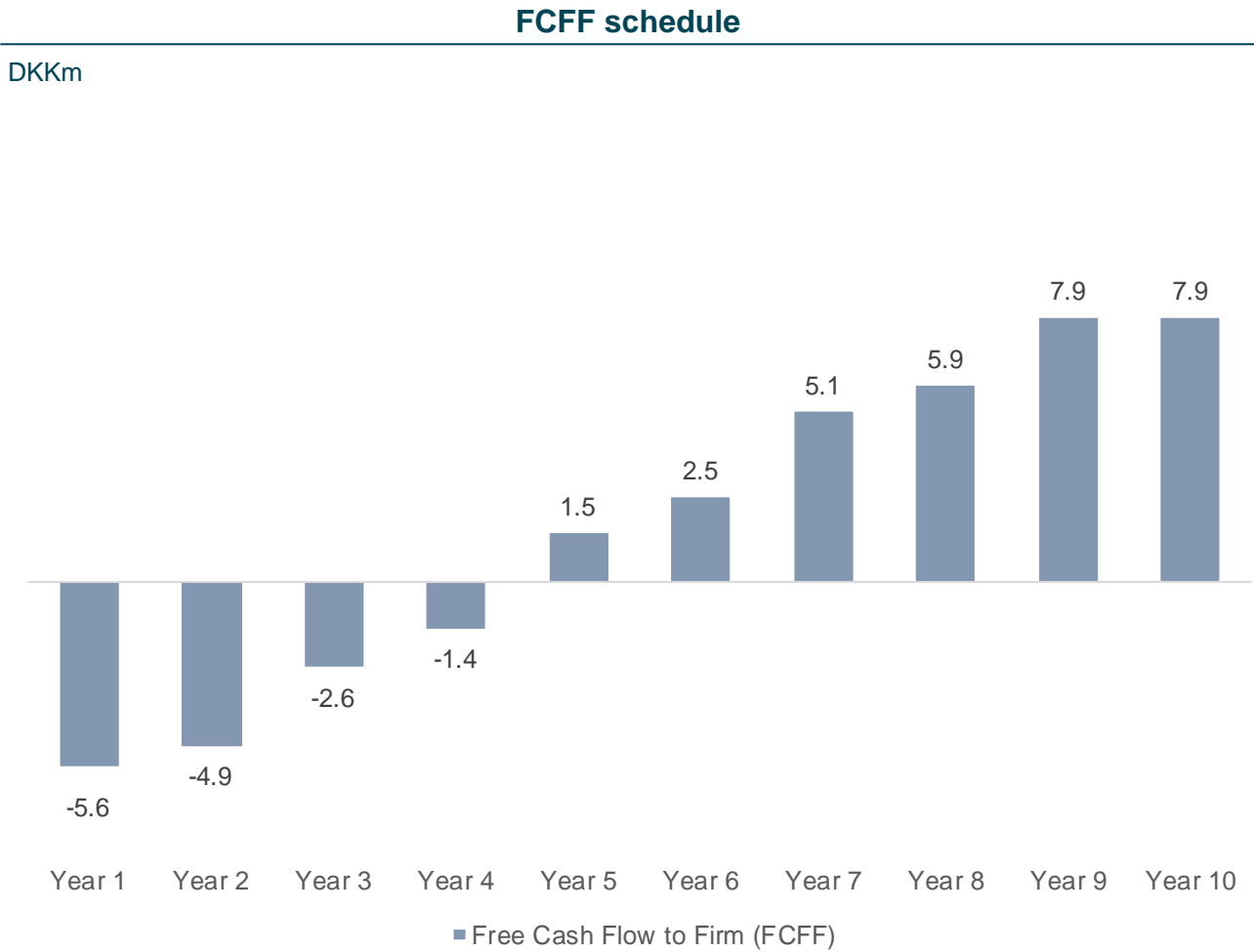
Customer economics
Avg. 2,000 customers / year per store and 800 DKK spend per customer (growing at xx%)

Margins
GM of 30% increasing to 35% in 2026, from which it stays constant

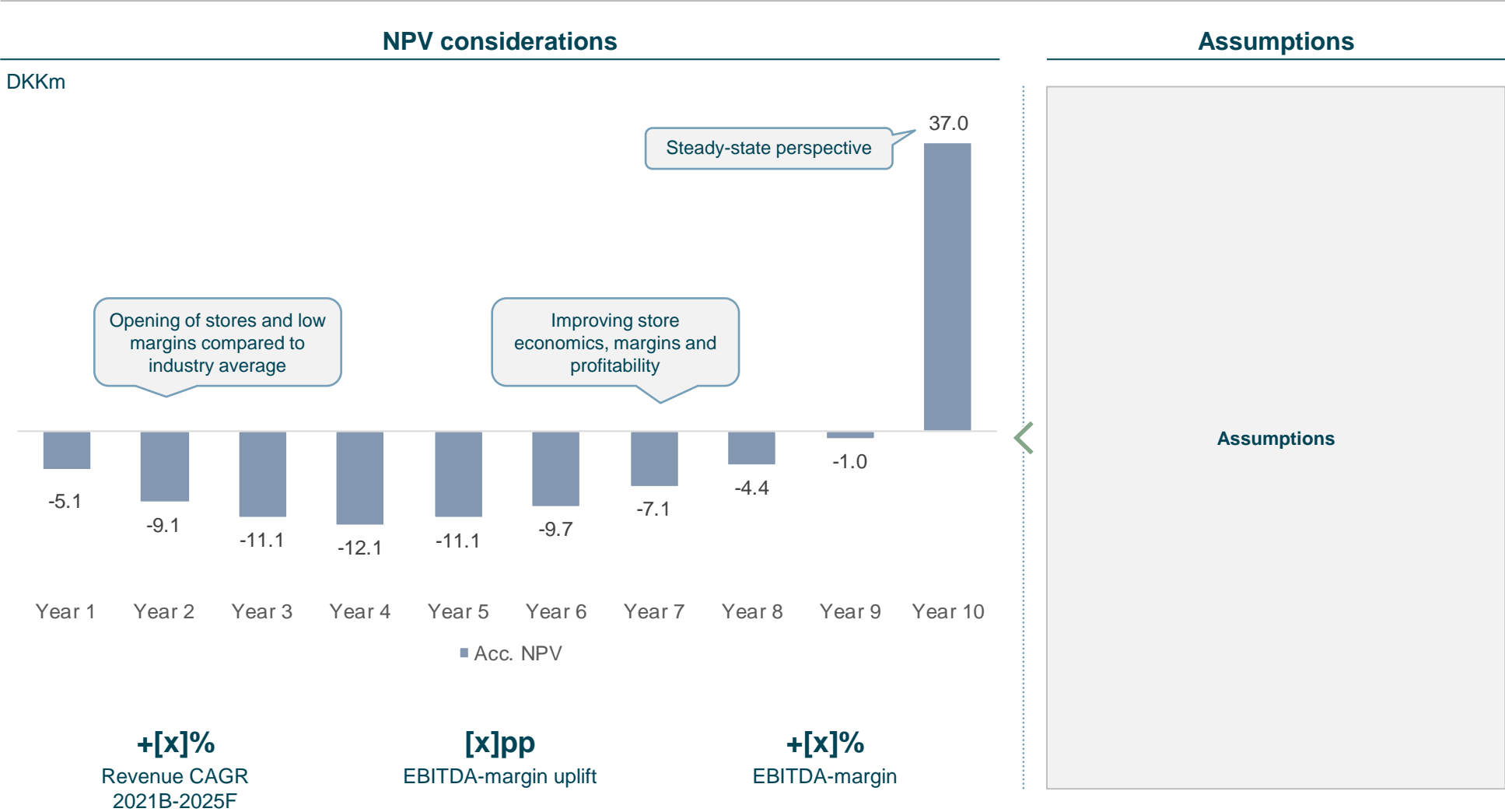
CAPEX
DKK 1.5m per store growing with inflation

Maintenance CAPEX
Held constant at 3% of revenue

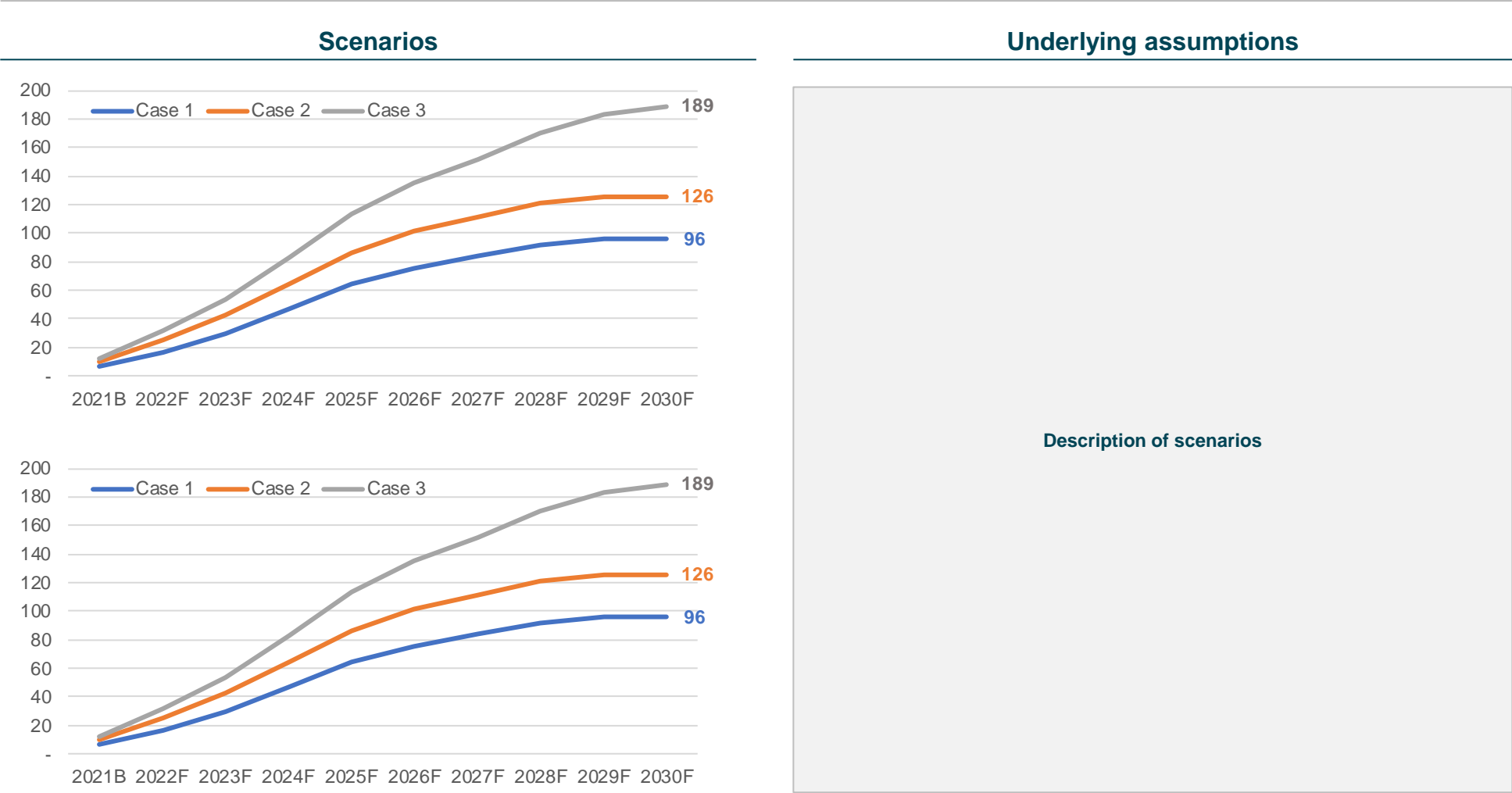
Output inspiration



Output inspiration



Output inspiration (1/2)



Appendix inspiration

P&L

Income Statement (P&L)	Year	2021B	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Revenue	DKK	6.4	17.0	29.7	46.6	64.0	75.6	83.6	92.0	96.0	96.0
Growth	YoY	-	166%	75%	57%	37%	18%	11%	10%	4%	0%
- Cost of Goods Sold (COGS)	DKK	-4.5	-11.7	-20.2	-31.2	-42.2	-49.1	-54.3	-59.8	-62.4	-62.4
Gross profit	DKK	1.9	5.3	9.5	15.4	21.8	26.5	29.3	32.2	33.6	33.6
GP-%	% of revenue	30.0%	31.0%	32.0%	33.0%	34.0%	35.0%	35.0%	35.0%	35.0%	35.0%
- Fixed cost	DKK	-1.3	-3.5	-6.2	-10.0	-14.1	-17.0	-18.4	-19.8	-20.6	-20.6
Earnings bf. Interest, Tax, Depreciation & Amortisation (EBITDA)	DKK	0.6	1.8	3.3	5.4	7.7	9.5	10.9	12.4	13.0	13.0
EBITDA-%	% of revenue	10.0%	10.5%	11.0%	11.5%	12.0%	12.5%	13.0%	13.5%	13.5%	13.5%
- Depreciation & Amortisation	DKK	-0.6	-1.2	-1.7	-2.1	-2.4	-2.7	-2.9	-3.0	-3.0	-3.0
Earnings bf. Interest & Tax (EBIT)	DKK	0.0	0.6	1.6	3.2	5.3	6.7	8.0	9.4	9.9	10.0
Free Cash Flow to Firm (FCFF)		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Earnings bf. Interest & Tax (EBIT)	DKK	0.0	0.6	1.6	3.2	5.3	6.7	8.0	9.4	9.9	10.0
- Tax	DKK	0.0	-0.1	-0.4	-0.7	-1.2	-1.5	-1.8	-2.1	-2.2	-2.2
Net Operating Profit After Tax (NOPAT)	DKK	0.0	0.4	1.3	2.5	4.1	5.2	6.2	7.3	7.8	7.8
+ Depreciation & Amortisation	DKK	0.6	1.2	1.7	2.1	2.4	2.7	2.9	3.0	3.0	3.0
- Change in Net Working Capital	DKK	0.0	0.0	0.1	0.1	0.1	0.2	0.2	0.0	0.0	0.0
- Maintenance capital expenditure	DKK	-0.2	-0.5	-0.9	-1.4	-1.9	-2.3	-2.5	-2.8	-2.9	-2.9
- Growth capital expenditure	DKK	-6.0	-6.1	-4.7	-4.8	-3.2	-3.3	-1.7	-1.7	0.0	0.0
Free Cash Flow to Firm (FCFF)	DKK	-5.6	-4.9	-2.6	-1.4	1.5	2.5	5.1	5.9	7.9	7.9
Discounted Free Cash Flow to Firm (FCFF)	DKK	-5.1	-4.1	-2.0	-1.0	0.9	1.4	2.6	2.7	3.3	
Sum of budget Free Cash Flow to Firm (FCFF)	DKK	-1.0	-3%								
Sum of continuing value Free Cash Flow to Firm (FCFF)	DKK	38.0	103%								
Net Present Value (NPV)	DKK	37.0	100%								

Appendix inspiration

Sensitivity

		Discount rate						
		7.0%	8.0%	9.0%	10.0%	11.0%	12.0%	13.0%
Long term growth rate	-1.0%	51.0	40.8	32.9	26.6	21.6	17.5	14.2
	0.0%	58.2	45.9	36.6	29.4	23.7	19.2	15.4
	1.0%	67.8	52.4	41.2	32.8	26.2	21.1	16.9
	2.0%	81.1	61.1	47.2	37.0	29.3	23.4	18.7
	3.0%	101.2	73.3	55.1	42.4	33.2	26.2	20.8
	4.0%	134.6	91.6	66.2	49.7	38.2	29.7	23.4
	5.0%	201.5	122.0	82.9	59.8	44.8	34.3	26.6

Alternative sensitivity table

Take-aways

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Finance lessons learned from our experience



Importance of **impact**

Finance sections are the **back bone of your strategy** and is what makes the overall business case attractive or not



Think **logically**

*It **doesn't matter** whether the number is 705 or 699.*

*However, it **does matter** if the impact seems reasonable and there are clearly defined causalities and explanations behind the drivers*



Keep it **simple**

*Most good forecast models can be based on **maximum 8 value drivers***

(80/20 principle)



GIGO-principle

GIGO-principle (Garbage in, Garbage out)

*Remember to have **sources for your input** and an explanation for the given input value*



A short list of key sources of information



List of abbreviations

- **EBITDA:** Earnings Before Interest, Tax, Depreciation & Amortisation
- **EBIT:** Earnings Before Interest & Tax
- **NOPAT:** Net Operating Profit After Tax
- **D&A:** Depreciation & Amortisation
- **Capex:** Capital Expenditure
- **NWC:** Net Working Capital
- **FCF:** Free Cash Flow
- **FCFF:** Free Cash Flow to Firm
- **COGS:** Cost of Goods Sold
- **M&A:** Mergers & Acquisitions
- **NPV:** Net Present Value



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