* Blue = Input
* Green = Reference
* No input in a formula
* Break calculations in easy steps
* Consistent and meaningful digits
* Protect your data
* Apply valuation techniques (DCF and LBO)\
* Inventories are recorded in COGS, but u use DSO more often for the driver of the assumption for the Inventory, since that is what u base how much inventories you should have. Can use days of COGS or DSO
* Payable are driven by COGS, since this is your biggest payable.
* Bankruptcy by growth (due to working capital)
* When u have cash on balance sheet, you get interest and it lowers interest rate, but current interest rates don’t yield much for short term cash (1%)
* When cash balance goes negative (it will go to revolver) and you will be charged much more higher rate than 1%
* Sunk debt – capitalized interest, interest added back in cash flow as non-cash item, interest is added in the P&L (paid in that period but not in cash),
* Reality is that WACC is going to land between 10-12 % regardless of the amount of analysis/calculations done.
* The company analysis is 4 things: Working cap, investments, financing,
* LBO just changes the debt part after doing the DCF
* 70% of the time is trying to get the EBITDA and Capex right.

For the test:

* What is goodwill, asset, free cash flow, working capital, …. Easy questions
* Calculate enterprise value
* Dummy company where have EBITDA, capex, B/S, then forecast their future (DCF or LBO)
* Working capital