# DISCOUNTED CASH FLOW VALUATION

**In-Class Training** (16 Hours 2 Days)

## Menjawab Masalah Apa?

*Value* (nilai) menjadi orientasi dari manajemen senior dalam menjaga keberlangsungan perusahaan. Valuasi dengan metode *discounted cash flow* (DCF) selaras dalam mendukung konsep keuangan dalam penciptaan *value* yang berbasis pada arus kas. Model DCF mempunyai dua arus utama dalam valuasinya, yaitu penggunaan *free cash flow to firm* (FCFF) dan *free cash flow to equity* (FCFE). Setiap model mempunyai kelebihan dan kekurangan masing-masing. Model yang berbeda akan membutuhkan informasi biaya modal (*cost of capital*) yang berbeda.

Model FCFF menujukan perhitungan arus kasnya kepada dua pemegang klaim atas perusahaan, yaitu kreditor dan investor. Sementara model FCFE menujukan perhitungan arus kasnya hanya kepada investor saja. Penggunaan FCFE memerlukan pemodelan (*modeling*) secara khusus dalam rangka penentuan belanja barang modal (*capex, capital expenditure*). Dalam situasi tertentu, salah satu model akan lebih unggul dibanding model lainnya. Kedua model membutuhkan jenis biaya modal (*cost of capital*) yang berbeda.

Biaya modal merupakan pilar kedua, setelah arus kas, dalam valuasi dengan DCF. Secara lengkap akan dibahas konsep biaya modal rata-rata tertimbang (*WACC, Weighted Average Cost of Capital*). Perhitungan biaya modal harus mampu mengakomodasi berbagai macam situasi seperti adanya perusahaan tertutup (*private*) di samping perusahaan terbuka (*public*). Risiko-risiko khusus sebaiknya dipertimbangkan dalam menghitung biaya modal.

Dalam model DCF, terminal *value* menempati posisi khusus. Sebagian besar hasil valuasi akan dipengaruhi oleh model perhitungan terminal *value*. Sejumlah model dapat digunakan dalam menghitung terminal *value* dengan kelebihan dan kekurangan masing-masing. Tingkat pertumbuhan yang digunakan akan berkontribusi besar terhadap besarnya nilai terminal *value*. Pemahaman tentang perusahaan dan industri sangat membantu dalam mendapatkan hasil valuasi yang berkualitas.

Pelatihan ini akan menggunakan Microsoft Excel dalam membuat model keuangannyaa secara terintegrasi.

## *Problems to be addressed?*

*Value is the orientation of senior management toward maintaining the company's sustainability. Valuation using the discounted cash flow (DCF) method is in line with supporting the financial concept of creating value based on cash flow. The DCF model has two main streams in its valuation, namely the use of free cash flow to firms (FCFF) and free cash flow to equity (FCFE). Each model has its own advantages and disadvantages. Different models will require different cost of capital information.*

*The FCFF model shows the calculation of cashflow to two claim holders on the company, namely creditors and investors. Meanwhile, the FCFE model directs cashflow calculations only to investors. The use of FCFE requires special modeling in the context of determining capital expenditure (capex). In certain situations, one model will be superior to the other. Both models require different types of capital costs.*

*The cost of capital is the second pillar, after cashflow, in DCF valuation. The concept of weighted average cost of capital (WACC) will be comprehensively discussed. The calculation of the cost of capital must be able to accommodate various situations, such as the existence of closed (private) companies as well as open (public) companies. Special risks should be considered in calculating the cost of capital.*
*In the DCF model, the terminal value occupies a special position. Most of the valuation results will be influenced by the terminal value calculation model. A number of models can be used to calculate the terminal value, each with its own advantages and disadvantages. The growth rate used will contribute greatly to the amount of the terminal value. The understanding on the company and industry is very helpful in achieving quality valuation results.*

*This training will use Microsoft Excel to create an integrated financial model in an integrated manner.*

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## Manfaat Apa yang Anda Peroleh?

Setelah selesai mengikuti program ini, peserta diharapkan mampu:

- Memahami kerangka dasar metode valuasi dengan metode discounted cash flow (DCF) dengan model free cash flow to equity (FCFE) dan free cash flow to firm (FCFF)
- Memahami model valuasi dengan metode FCFF
- Memahami model valuasi dengan metode FCFE
- Memahami kelebihan dan kekurangan metode DCF dengan model FCFF dan FCFE
- Memahami konsep pendanaan (financing) dan proses perhitungan WACC secara komprehensif
- Memahami pentingnya peran dominan dari terminal value dan valuasi dengan DCF
- Memahami model pertumbuhan yang dapat digunakan dalam lingkungan valuasi dengan DCF

## *What goals will be achieved?*

*After participating in this program, all participants are expected to be able to:*

- *Understand the basic framework of the valuation method using the discounted cash flow (DCF) method with the free cash flow to equity (FCFE) and free cash flow to firm (FCFF) models*
- *Understand the valuation model using the FCFF method*
- *Understand the valuation model using the FCFE method*
- *Understand the advantages and disadvantages of the DCF method with the FCFF and FCFE models*
- *Understand the concept of financing and the WACC calculation process comprehensively*
- *Understand the importance of the dominant role of terminal value and valuation with DCF*
- *Understand growth models that can be used in a valuation environment with DCF*

## Apa Saja yang Dibahas?

- Kerangka untuk valuasi dengan arus kas bebas (*free cash flow*): FCFE dan FCFF
- Valuasi dengan model FCFF
- Valuasi dengan model FCFE
- Kelebihan dan kekurangan metode FCFF dan FCFE
- Analisis pendanaan dan struktur modal
- Perhitungan biaya modal (WACC) beserta semua elemennya
- Model perhitungan terminal *value*
- Model pertumbuhan perusahaan dalam valuasi

## *Problem to be addressed?*

- *Framework for valuation with free cash flow: FCFE and FCFF*
- *Valuation using the FCFF model*
- *Valuation using the FCFE model*
- *Advantages and disadvantages of FCFF and FCFE methods*
- *Funding and capital structure analysis*
- *Calculation of the cost of capital (WACC) along with all its elements*
- *Terminal value calculation model*
- *Company growth model in valuation*

## Siapa yang Perlu Ikut

Diasumsikan peserta sudah memahami laporan keuangan secara garis besar. Para peserta adalah:

- Analis Bisnis
- Staf Perencanaan Bisnis
- Penyusun *Financial Model*
- Mereka yang berminat pada Teknik Valuasi DCF

## *Who should attend*

*It is assumed that participants already understand financial reports in general. The participants are:*

- *Business Analysts*
- *Business Planning Staff*
- *Financial Model Creators*
- *Those who are interested in DCF Valuation Techniques*

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## Program Terkait

- Finnon: Understanding Financial Statement
- Finnon: Profit Planning & Capital Budgeting
- Financial Statement Analysis
- Valuation on Merger & Acquisition
- Financial Modeling for Feasibility Study
- Financial Modeling for Projected Financial Statement

## *Related Programs*

- *Finnon: Understanding Financial Statement*
- *Finnon: Profit Planning & Capital Budgeting*
- *Financial Statement Analysis*
- *Valuation on Merger & Acquisition*
- *Financial Modeling for Feasibility Study*
- *Financial Modeling for Projected Financial Statement*

## Catatan

In Class: Pelatihan akan menggunakan Microsoft Excel. Peserta disarankan membawa laptop pada pelatihan ini.

## *Notes*

*In Class: Participants will do practice compiling an integrated financial model using ms. excel. It's recommended to bring a laptop during this program.*

**IDR 6,500,000**

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