Financial Statement Modeling

Valuation Model for WFM

Dollars in US $ millions except per share amount

Financial Forecasts and Ratios

At Fiscal Year-End	Actual 2011	Actual 2012	Actual 2013	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2,023
Store Growth	4.0%	7.7%	8.1%	10.5%	12.6%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Sales Growth	12.2%	15.7%	10.4%	11.1%	14.0%	12.0%	11.0%	10.0%	10.0%	9.0%	9.0%	8.0%	8.0%
EBITDA Margin	8.5%	9.0%	9.5%	9.4%	9.8%	9.7%	9.5%	9.5%	9.4%	9.4%	9.3%	9.3%	9.3% <--
Tax Rate	38.1%	38.4%	38.8%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%
Current Asset Turnover	7.0	5.6	6.5	7.0	7.1	7.2	7.3	7.4	7.5	7.6	7.6	7.6	7.60
Current Liabilities Turnover	10.5	10.9	10.7	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.50
Net PP&E / Store	6.4	6.5	6.7	6.7	6.7	6.7	6.5	6.4	6.2	6.0	5.8	5.6	5.40
Annual Dep. & Amort. / Store	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.89
Stores	311.0	335.0	362.0	400.0	450.4	495.5	545.0	599.5	659.4	725.4	797.9	877.7	965.50
Sales	10,108.0	11,699.0	12,917.0	14,350.8	16,359.9	18,323.1	20,338.6	22,372.5	24,609.7	26,824.6	29,238.8	31,577.9	34,104.17
EBITDA	859.0	1,055.0	1,222.0	1,352.4	1,599.5	1,777.3	1,932.2	2,125.4	2,313.3	2,521.5	2,719.2	2,936.7	3,171.69
Dep. & Amort.	311.0	311.0	339.0	376.0	423.4	465.7	512.3	563.5	619.9	681.9	742.1	798.7	859.29
EBIT	548.0	744.0	883.0	976.4	1,176.1	1,311.6	1,419.9	1,561.9	1,693.4	1,839.6	1,977.1	2,138.0	2,312.40

2-unit course offered Mondays, 4pm-6pm.

Instructor:

Jenny Herbert Creek: herbert@haas.berkeley.edu

Course Description

Financial statement modeling refers to taking historical financial statements for a specific company, projecting those statements two to five years into the future, and using the resulting projections for valuation and insight into the potential for transactions such as a strategic merger, an initial public offering, a leveraged recapitalization, or a leveraged buyout. This hands-on course provides an introduction to financial statement modeling. Students will:

- construct a "3 statement" model projecting the income statement, balance sheet and statement of cashflows
- build a depreciation schedule, debt schedule and working capital schedule
- explore various methods to balance the balance sheet and how to handle circular references
- use valuation techniques such as comparable companies and precedent transactions, and DCF
- preview a larger transaction model, such as a merger consequences analysis or an LBO model
- utilize Excel features such as keyboard shortcuts, efficiency tools, and sensitivity analysis

Prior Course Work: UGBA 102A **or** UGBA 120A **or** UGBA 122 **highly recommended** as this course assumes basic knowledge of accounting and finance

Biographical Sketch

Jenny Herbert Creek is a lecturer and consultant for programs in financial modeling, Microsoft Excel, technical communication and leadership communication. Her work draws upon more than 15 years of experience in the educational services industry, including serving as CFO of two educationally-focused companies. She is currently Continuing Lecturer and Distinguished Teaching Fellow at the Haas School of Business, where she teaches financial modeling and leadership communications to hundreds of MBA students each year. Jenny has also taught at institutions that include Berkeley Center for Executive Education, Stanford University, UCLA Anderson School of Business, the Olin School of Business and numerous corporations and start-ups. Jenny holds an MBA with honors from the Haas School of Business at UC Berkeley and is an honors graduate of Stanford University, where she earned the Dean's Award for Academic Accomplishment.