Welcome to the **Financial Modeling Fundamentals** course!

This guide will show you how to get the most out of the course with the minimal time invested. This course is our **longest** one by number of lessons (279) and hours of video (95), so you need to use your time efficiently (we are working to streamline the entire course down to ~40 hours of video, but that is a multi-year process).

Some topics you absolutely, positively need to know for interviews and case studies, while other topics are less relevant.

The most important lessons depend on **the roles you are applying to** and **how much time you have**.

If you have 2 hours before your interview, this is **NOT** the course for you – go check out our interview guide instead. To benefit from this course, you need at least one (1) week, and to benefit the most, you need at least 2-3 weeks.

Here’s what we recommend according to your industry and time available:

- **Case #1: Any Type of Finance Interview: 8 Hours to Prepare**
- **Case #2: Any Type of Finance Interview: 1 Week (~20 Hours) to Prepare**
- **Case #3: Investment Banking Interviews: 2-3+ Weeks to Prepare**
- **Case #3b: Equity Capital Markets, Debt Capital Markets, and Leveraged Finance Prep**
- **Case #4: Private Equity Interviews: 2-3+ Weeks to Prepare**
- **Case #5: Equity Research / Asset Management / Hedge Fund Interviews: 2-3+ Weeks**
- **Case #6: Corporate Development / Corporate Finance Interviews: 2-3+ Weeks**
- **Other Points: Written Guides, Quiz Questions, Exercises, and More**

**Case #1: Any Type of Finance Interview – 8 Hours**

In this case, we’ll assume that you have **8 hours** and that you can watch these videos **over the span of 1-2 days**.
You do **NOT** have time to look at the Excel files or practice exercises, so focus on the videos and the quick reference PDFs:

**Module 2: The 3 Financial Statements**
- Income Statement Rules and Summary (15:36)
- Balance Sheet Rules and Summary (25:47)
- Cash Flow Statement Rules and Summary (19:08)

**Module 3: Accounting Interview Questions**
- Depreciation and Amortization (5:45)
- Buying Factories with Debt, Part 1: Initial Impact (5:27)
- Buying Factories with Debt, Part 2: After One Year (5:30)
- Buying Factories with Debt, Part 3: PP&E Write-Down and Loan Payback (8:52)

**Module 6: Equity Value, Enterprise Value, and Multiples (Vivendi)**
- Equity Value vs. Enterprise Value: What is a Company Worth, and Why Does It Matter? (15:10)
- How to Pair Valuation Metrics with Equity Value and Enterprise Value (18:28)
- How Equity Value, Enterprise Value, and Valuation Multiples Change After Specific Events (10:34)
- Why You Add and Subtract Different Items When Calculating Enterprise Value (25:03)

**Module 7: 2-Hour Valuation and DCF Case Study (Steel Dynamics)**
- The Big Idea Behind Valuation and DCF Analysis (9:01)
- Components of Free Cash Flow: What to Include and Exclude (12:04)
- Revenue and Expense Projections for Steel Dynamics (15:10)
- NOPAT and Non-Cash Adjustments (10:51)
- Change in Working Capital and Capital Expenditures (CapEx) (9:39)
- WACC Overview and Assumptions (14:31)
- Calculating Terminal Value (12:49)
- Comparable Public Companies (Public Comps) (11:36)
- Precedent Transactions (M&A Comps) (10:57)
- Valuation Summary and Interpretation (11:28)

**Module 10: Merger Model (Men's Wearhouse / Jos. A. Bank)**
- Merger Model Mechanics and Accretion / Dilution (38:08)

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Financial Modeling Fundamentals
Course Highlights and Recommended Completion Order

• Transaction Assumptions (30:35)
• Combining the Income Statements (28:45)

Module 12: Leveraged Buyout Model (7 Days Inn)
• LBO Concept and Why the Math Works (33:03)
• Simple LBO Model, Rules of Thumb, and Ideal LBO Candidates (42:50)

Return to Top.

Case #2: Any Type of Finance Interview – 1 Week (~20 Hours)

This study plan will allow you to watch all the key videos in under 20 hours. If you have ~1 week to prepare, that’s ~3 hours per day of preparation time.

You should NOT complete the practice exercises in Excel, but, as always, the quick reference PDFs will be useful because reading is faster than watching.

Module 2: The 3 Financial Statements
• Income Statement Rules and Summary (15:36)
• Balance Sheet Rules and Summary (25:47)
• Cash Flow Statement Rules and Summary (19:08)
• Working Capital and the Change in Working Capital (22:02)
• Free Cash Flow and What to Do With It (21:22)

Module 3: Accounting Interview Questions
• Depreciation and Amortization (5:45)
• Buying Factories with Debt, Part 1: Initial Impact (5:27)
• Buying Factories with Debt, Part 2: After One Year (5:30)
• Buying Factories with Debt, Part 3: PP&E Write-Down and Loan Payback (8:52)

Module 4: 60-Minute and 2-Hour 3-Statement Modeling Case Studies (Toro and Atlassian)
• Overview and Income Statement and Balance Sheet Projections for Toro (30:53)
• Cash Flow Statement, Debt Schedule, and Case Questions (33:02)
• Subscription Revenue (SaaS) Projections (13:36)

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Module 6: Equity Value, Enterprise Value, and Multiples (Vivendi)

- Equity Value vs. Enterprise Value: What is a Company Worth, and Why Does It Matter? (15:10)
- How to Pair Valuation Metrics with Equity Value and Enterprise Value (18:28)
- How Equity Value, Enterprise Value, and Valuation Multiples Change After Specific Events (10:34)
- Overview of the Equity Value Calculation (16:15)
- How to Calculate Dilution from Options and Warrants with the Treasury Stock Method (15:19)
- Why You Add and Subtract Different Items When Calculating Enterprise Value (25:03)

Module 7: 2-Hour Valuation and DCF Case Study (Steel Dynamics)

- The Big Idea Behind Valuation and DCF Analysis (9:01)
- Components of Free Cash Flow: What to Include and Exclude (12:04)
- Revenue and Expense Projections for Steel Dynamics (15:10)
- NOPAT and Non-Cash Adjustments (10:51)
- Change in Working Capital and Capital Expenditures (CapEx) (9:39)
- WACC Overview and Assumptions (14:31)
- Cost of Debt and Preferred Stock (11:41)
- Cost of Equity – Calculating Unlevered Beta (14:59)
- Cost of Equity – Calculating the Company Beta (10:34)
- Calculating Terminal Value (12:49)
- Comparable Public Companies (Public Comps) (11:36)
- Precedent Transactions (M&A Comps) (10:57)
- Valuation Summary and Interpretation (11:28)

Module 10: Merger Model (Men's Wearhouse / Jos. A. Bank)

- Why and How Would You Buy Another Company? (34:24)
- Merger Model Mechanics and Accretion / Dilution (38:08)
- Rules of Thumb for Determining Accretion / Dilution (17:39)
- Transaction Assumptions (30:35)
- Purchase Price Allocation (30:01)
- Combining the Balance Sheets (21:30)
- Combining the Income Statements (28:45)
- Additional Practice Exercises (52:08)
Module 12: Leveraged Buyout Model (7 Days Inn)
- LBO Concept and Why the Math Works (33:03)
- Simple LBO Model, Rules of Thumb, and Ideal LBO Candidates (42:50)
- Transaction Assumptions (26:25)
- Sources & Uses (21:56)
- Debt Schedules (21:44)
- IRR, MoM Multiples, and Returns Attribution Analysis (31:08)
- Simplified or “Quick and Dirty” LBO Model (22:56)

Case #3: Investment Banking Interview Prep

If you have at least 2-3 weeks to prepare, it’s easier to list all the modules and then tell you the lessons to complete and the lessons to skip.

You can also SKIP entire modules, which we point out below:

Module 2: The 3 Financial Statements
- COMPLETE: Lessons #18-20 and #23-24
- SKIP: Lessons #1-17, #21-22, and #25 (Only complete these lessons if you do NOT know what these accounting concepts mean)

Module 3: Accounting Interview Questions
- COMPLETE: Lessons #1-30 (They are all short)
- SKIP: Lessons #31-35

Module 4: 60-Minute and 2-Hour 3-Statement Modeling Case Studies (Toro and Atlassian)
- COMPLETE: Lessons #1-7, #9, and #11-12
- SKIP: Lessons #8 and #10

Module 5: 3-Hour 3-Statement Modeling Test and Debt vs. Equity Case Study (EasyJet)
- SKIP: Entire module – not relevant for entry-level IB interviews

Return to Top.
Module 6: Equity Value, Enterprise Value, and Multiples (Vivendi)
- COMPLETE: Lessons #1-9, #13-16, #20-21
- SKIP: Lessons #10-12, #17-19

Module 7: 2-Hour Valuation and DCF Case Study (Steel Dynamics)
- COMPLETE: Everything (~3.5 hours)

Module 8: 1-Week Valuation and DCF Case Study (Jazz Pharmaceuticals)
- SKIP: Entire module – not necessary for entry-level IB interviews

Module 9: 1-Week Valuation and DCF Case Study (Jazz Pharmaceuticals)
- COMPLETE: Lesson #5
- SKIP: Lessons #1-4

Module 10: Merger Model (Men’s Wearhouse / Jos. A. Bank)
- COMPLETE: Lessons #1-3, #7-15, #20-22
- SKIP: Lessons #4-6, #16-19

Module 11: More Advanced Merger Model (Suntory / Beam)
- SKIP: Entire module – not relevant for entry-level IB interviews

Module 12: Leveraged Buyout Model (7 Days Inn)
- COMPLETE: Lessons #1-6, #9-10, #12
- SKIP: Lessons #7-8, #11, #13-16

Module 13: More Advanced LBO Model (Chuck E. Cheese’s)
- SKIP: Entire module – not relevant for entry-level IB interviews

Module 14: Private Companies, IPOs, and Reverse Mergers (Daum / Kakao)
- SKIP: Entire module, unless you’re interviewing with a group that focuses on private companies or a capital markets group (see the next section)

Module 15: Debt, Equity & Convertibles (Netflix)
- SKIP: Entire module, unless you’re interviewing with a capital markets (ECM or DCM) or Leveraged Finance (LevFin) group (see the next section)
Case #3b: Equity Capital Markets, Debt Capital Markets, and Leveraged Finance Prep

If you’re interviewing with one of these groups, you need to know about the more specialized topics that are covered in the last two modules of the course.

So, in addition to the recommendations above, you should review the Excel files and written documents in these lessons, even if you don’t have time to watch the videos. For both roles, we recommend the initial debt vs. equity case study:

Module 5: 3-Hour 3-Statement Modeling Test and Debt vs. Equity Case Study (EasyJet)
- COMPLETE: Entire module – highly relevant to capital markets

For equity capital markets, here’s what we recommend:

Module 14: Private Companies, IPOs, and Reverse Mergers (Daum / Kakao)
- COMPLETE: Lessons #17-20
- SKIP: Lessons #1-16

Module 15: Debt, Equity & Convertibles (Netflix)
- COMPLETE: Lessons #1, #10, #16-18, #27-28, #30
- SKIP: Lessons #2, #5-8, #10, #16-18, #27-28

For debt capital markets (DCM) and Leveraged Finance (LevFin), here’s what we recommend:

Module 14: Private Companies, IPOs, and Reverse Mergers (Daum / Kakao)
- SKIP: Everything – this module isn’t relevant for DCM or LevFin.

Module 15: Debt, Equity & Convertibles (Netflix)
- COMPLETE: Lessons #1, #3-4, #9, #11-15, #19-26, #29-30
- SKIP: Lessons #2, #5-8, #10, #16-18, #27-28
The leveraged buyout (LBO) concept and LBO models are critical for private equity interviews, but you also need to know other topics.

You are guaranteed to get questions on those other technical topics – even if you’re a career changer or you haven’t done investment banking before.

HOWEVER, if you have limited time, you should still make the LBO-related lessons a higher priority. And then with your remaining time, you can complete topics that are important but less likely to come up.

Here’s our recommended completion order for private equity interviews:

**Module 2: The 3 Financial Statements**
- **COMPLETE:** Lessons #18-20 and #23-24
- **SKIP:** Lessons #1-17, #21-22, and #25 (Only complete these lessons if you do NOT know what these accounting concepts mean)

**Module 4: 60-Minute and 2-Hour 3-Statement Modeling Case Studies (Toro and Atlassian)**
- **COMPLETE:** Lessons #1-7, #9, and #11-12
- **SKIP:** Lessons #8 and #10

**Module 6: Equity Value, Enterprise Value, and Multiples (Vivendi)**
- **COMPLETE:** Lessons #1-9, #13-16, #20-21
- **SKIP:** Lessons #10-12, #17-19

**Module 12: Leveraged Buyout Model (7 Days Inn)**
- **COMPLETE:** This entire module – all lessons

**Module 13: More Advanced LBO Model (Chuck E. Cheese’s)**
- **COMPLETE:** This entire module – all lessons

**Module 7: 2-Hour Valuation and DCF Case Study (Steel Dynamics)**
- **COMPLETE:** Everything (~3.5 hours)

**Module 8: 1-Week Valuation and DCF Case Study (Jazz Pharmaceuticals)**
Module 9: 1-Week Valuation and DCF Case Study (Jazz Pharmaceuticals)

- SKIP: Entire module

Module 10: Merger Model (Men's Wearhouse / Jos. A. Bank)

- COMPLETE: Lessons #1-3, #7-15, #20-22
- SKIP: Lessons #4-6, #16-19

Module 3: Accounting Interview Questions

- COMPLETE: Lessons #1-30 (They are all short)
- SKIP: Lessons #31-35

Module 5: 3-Hour 3-Statement Modeling Test and Debt vs. Equity Case Study (EasyJet)

- SKIP: Entire module – not relevant for entry-level PE interviews

Module 11: More Advanced Merger Model (Suntory / Beam)

- SKIP: Entire module – not relevant for entry-level PE interviews

Module 14: Private Companies, IPOs, and Reverse Mergers (Daum / Kakao)

- SKIP: Entire module, unless you’re interviewing with a PE fund that focuses on private companies or smaller businesses in general

Module 15: Debt, Equity & Convertibles (Netflix)

- SKIP: Entire module, unless you’re interviewing with a buy-side fund that focuses on debt rather than equity

Case #5: Equity Research / Asset Management / Hedge Fund Interview Prep

You don’t need to know a lot about M&A deals, merger models, leveraged buyouts, or LBO models for these roles, so much of that material now becomes “optional.”
But if your fund uses a transaction-related strategy, such as merger arbitrage, those Modules will be more important.

We recommend the following Modules and Lessons:

**Module 2: The 3 Financial Statements**
- **COMPLETE**: Lessons #18-20 and #23-25
- **SKIP**: Lessons #1-17 and #21-22 (Only complete these lessons if you do **NOT** know what these accounting concepts mean)

**Module 3: Accounting Interview Questions**
- **COMPLETE**: Lessons #1-30 (Only if you need to learn/review accounting)
- **SKIP**: Lessons #31-35

**Module 4: 60-Minute and 2-Hour 3-Statement Modeling Case Studies (Toro and Atlassian)**
- **COMPLETE**: This entire module – all lessons

**Module 5: 3-Hour 3-Statement Modeling Test and Debt vs. Equity Case Study (EasyJet)**
- **COMPLETE**: This entire module – all lessons

**Module 6: Equity Value, Enterprise Value, and Multiples (Vivendi)**
- **COMPLETE**: Lessons #1-9, #13-16, #18, #20-21
- **SKIP**: Lessons #10-12, #17, #19

**Module 7: 2-Hour Valuation and DCF Case Study (Steel Dynamics)**
- **COMPLETE**: Everything (~3.5 hours)

**Module 8: 1-Week Valuation and DCF Case Study (Jazz Pharmaceuticals)**
- **COMPLETE**: Lessons #1-8, #11, #13-20
- **SKIP**: Lessons #9-10, #12, #21

**Module 9: 1-Week Valuation and DCF Case Study (Jazz Pharmaceuticals)**
- **COMPLETE**: Lessons #1-4
- **SKIP**: Lesson #5
Module 10: Merger Model (Men's Wearhouse / Jos. A. Bank)
- **COMPLETE:** Lessons #1-3
- **SKIP:** Lessons #4-22 (Not relevant for most ER/AM/HF interviews)

Module 11: More Advanced Merger Model (Suntory / Beam)
- **SKIP:** Entire module – not relevant for most ER/AM/HF interviews

Module 12: Leveraged Buyout Model (7 Days Inn)
- **COMPLETE:** Lessons #1-2, #12
- **SKIP:** Lessons #3-11, #13-16 (Not relevant for most ER/AM/HF interviews)

Module 13: More Advanced LBO Model (Chuck E. Cheese's)
- **SKIP:** Entire module – not relevant for most ER/AM/HF interviews

Module 14: Private Companies, IPOs, and Reverse Mergers (Daum / Kakao)
- **SKIP:** Entire module – not relevant for most ER/AM/HF interviews

Module 15: Debt, Equity & Convertibles (Netflix)
- **SKIP:** Entire module, unless you’re interviewing at a fund that makes debt or convertible bond investments

Return to Top.

**Case #6: Corporate Development / Corporate Finance Interview Prep**

This course was **not** designed for corporate finance roles (e.g., working at a normal company and assisting with the budget and financial planning process).

With that said, much of the material still applies... but there are also corporate finance interview questions that we do not cover:

- **Controllership** – Details on journal entries, compliance, and tax issues
- **FP&A** – Breakeven points, variance analysis, and key performance indicators

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This course is more helpful for **corporate development** roles because you still need to know about 3-statement modeling, valuation, and M&A modeling.

Here’s our “best plan” for these types of roles:

**Module 2: The 3 Financial Statements**
- **COMPLETE:** Lessons #18-20 and #23-25
- **SKIP:** Lessons #1-17 and #21-22 (Only complete these lessons if you do **NOT** know what these accounting concepts mean)

**Module 3: Accounting Interview Questions**
- **COMPLETE:** Lessons #1-30 (Only if you need to learn/review accounting)
- **SKIP:** Lessons #31-35

**Module 4: 60-Minute and 2-Hour 3-Statement Modeling Case Studies (Toro and Atlassian)**
- **COMPLETE:** This entire module – all lessons

**Module 5: 3-Hour 3-Statement Modeling Test and Debt vs. Equity Case Study (EasyJet)**
- **COMPLETE:** This entire module – all lessons

**Module 6: Equity Value, Enterprise Value, and Multiples (Vivendi)**
- **COMPLETE:** Lessons #1-9, #13-16, #18, #20-21
- **SKIP:** Lessons #10-12, #17, #19

**Module 7: 2-Hour Valuation and DCF Case Study (Steel Dynamics)**
- **COMPLETE:** Everything (~3.5 hours)

**Module 8: 1-Week Valuation and DCF Case Study (Jazz Pharmaceuticals)**
- **SKIP:** Entire module

**Module 9: 1-Week Valuation and DCF Case Study (Jazz Pharmaceuticals)**
- **COMPLETE:** Lessons #1-4
- **SKIP:** Lesson #5

**Module 10: Merger Model (Men's Wearhouse / Jos. A. Bank)**
Financial Modeling Fundamentals
Course Highlights and Recommended Completion Order

- COMPLETE: Lessons #1-3, #7-15, #20-22
- SKIP: Lessons #4-6, #16-19
- SKIP: If you’re in a corporate finance role, skip everything after lesson #3

Module 11: More Advanced Merger Model (Suntory / Beam)
- COMPLETE IF: You need to know a lot about cross-border deals
- SKIP IF: You don’t, or you’re in a corporate finance role

Module 12: Leveraged Buyout Model (7 Days Inn)
- COMPLETE: Lessons #1-2, #12
- SKIP: Lessons #3-11, #13-16

Module 13: More Advanced LBO Model (Chuck E. Cheese’s)
- SKIP: Entire module – not relevant for corporate finance/development

Module 14: Private Companies, IPOs, and Reverse Mergers (Daum / Kakao)
- SKIP: Entire module – not relevant for corporate finance/development (OK, maybe if you’re helping your company with an upcoming IPO...)

Module 15: Debt, Equity & Convertibles (Netflix)
- SKIP: Entire module, unless you’re in Treasury and you need to understand the trade-offs of different financing options for your company

Other Points: Written Guides, Quiz Questions, Exercises, and More

Each lesson on the site has an accompanying quick reference PDF guide. You should read these guides because they’re faster to get through than all the videos, and they often explain the concepts more effectively.

We spent months creating them specifically to make this course more efficient. Use them!
In this version of the Fundamentals course, you can complete quiz questions in the “Large” or “HD” (1280x720) versions of the videos.

Yes, you should answer these quiz questions. They are designed to test your knowledge and give you immediate feedback. If you don’t complete them, you will forget the material.

Similarly, the Before/After Excel files in each lesson are designed for you to complete... assuming you have the time to do so.

If you’re in a time crunch and only have hours or days before your modeling test or interview, then you can skip this part and just watch the videos.

But you will get far more out of the course if you take the time to complete your own Excel files and then check them against the “After” versions.

The same applies to the Word documents and case study presentations: don’t just passively “read” them. Answer the questions yourself, and then check your work against our suggested answers.

Any Questions?

That’s about it for this quick start guide. Please contact us if you have any other questions or if anything here is unclear.

-Brian

Brian DeChesare
Breaking Into Wall Street
Mergers & Inquisitions