Contents

Sidebars vii
Tables xi
Preface xvii
Foreword xix
Acknowledgments xxiii

Chapter 1: Financial Statements Overview 1
Chapter 2: The Income Statement—Revenues 11
Chapter 3: Income Statement—Expenses 31
Chapter 4: The Asset Side of the Balance Sheet 59
Chapter 5: The Liability & Equity Side of the Balance Sheet 91
Chapter 6: The Cash Flow Statement 111
Chapter 7: Interpreting the Financials 129
Chapter 8: What Can We Learn About a Company? 153
Chapter 9: Introduction to Valuation 171
Chapter 10: The Use of Comparables 189
Chapter 11: Calculating the Return on Capital 205
Chapter 12: The Cost of Debt 229
Chapter 13: The Cost of Equity 241
Chapter 14: The Weighted Average Cost of Capital 267
Chapter 15: Valuing the Company 281
Chapter 16: Refinements on the Discounted Cash Flow Method and Methods Derived from It 309
Chapter 17: Control Premiums, Minority Discounts, and Marketability Discounts 341
Chapter 18: Creating Value by Acquisition 357
Chapter 19: Adding Value to Your Client’s M&A Process 379
Chapter 20: A Map for Value Creation 389
Chapter 21: Parting Thoughts 411

Glossary Terms and Common Abbreviations 415

Index 425