

Steps to Fill Out Your DCF

BEFORE YOU BEGIN

Sites to have open:

1. Morningstar
 - a. Go to NYU Virtual Business Library – [Company & Financial Information](#)
 - b. Scroll down and find “Morningstar Investment Research Center” (under Financial Information and Filings) and click to open
 - c. Click NYU and log in
 - d. Search your company ticker or name on the top right
 - e. You should be directed to an overview page for your company. Leave this open to be used throughout the DCF creation
2. Yahoo Finance
 - a. Go to [Yahoo Finance](#)
 - b. Search your company’s name or ticker (not on the top search bar; use the quote lookup)
 - c. Click your company’s name to navigate to an overview page. Leave this open to be used throughout the DCF creation

Let’s get started!

Boxes that you need to fill in on the blank DCF template are highlighted in yellow.

Instructions on where to find everything you need:

SHEET 1: DASHBOARD

1. **Company, Ticker, and Current Price:** Yahoo Finance (Summary tab)
2. **Terminal Growth Rate:** US GDP Growth Rate [here](#) (I used the 2020 rate)
3. **Market Risk Premium:** NYU Prof. Aswath Damodaran's [estimates by country](#) (I used the total equity risk premium for the US)
4. **Risk-Free Rate:** We’ll use the 10 year US Treasury Bond rate (this is fairly standard) – click [here](#) and scroll down to “Muni Bonds 10 Year Yield”

SHEET 2: INCOME STATEMENT

1. **Revenue by segment:** this one is a little annoying to find, but it really adds legitimacy to your DCF, so bear with me!
 - a. Go to [Edgar](#) and search your company name/ticker.
 - b. In the filings that appear, filter by “10-K”
 - c. You should only need to open two 10K filings to find your info (you need data for years 2015-2018, so I opened the 2018 10K, which had 2016-2018 data, and the 2015 10K)]
 - d. When you open each 10K, Ctrl+F and search for “Business Segment Results” – you should find a chart showing the yearly revenue in each of your company’s major segments.
 - e. I chose the largest 2 segments for Disney (Media Networks and Parks/Resorts) to include in my DCF.

2. **Projected revenue growth in each segment:** the same principle will apply for all the rates/amounts in your DCF that you need to project on your own: this is a bit of an art (and a bit of guesswork), so don't worry about feeling like you're "right"! Take a look at the previous growth rates/amounts and make your best estimate for the years to come. Don't worry about choosing a different rate/amount for each year: you can choose one and hold it constant for the projected years. Let me know if you're stumped on any of these! (From here on out, I'll write "Your projection" for any values that require this same approach.)
3. **Historical revenue:** Morningstar (Key Ratios tab, at top of page)
4. **COGS:** Morningstar (Financials tab, Income Statement; listed as Cost of Revenue)
5. **COGS growth rate:** Your projection
6. **Sales & Marketing:** Morningstar (Financials tab, Income Statement; listed as Sales, general, and administrative)
7. **Restructuring, M&A:** Morningstar (Financials tab, Income Statement; listed as Restructuring, mergers, and acquisitions)
8. **R, M&A growth rate:** Your projection
9. **R&D:** Morningstar (Key Ratios tab, scroll down to Profitability – this may be 0, and if it is, you can forecast that it will continue to be 0 unless you know otherwise)
10. **D&A:** Morningstar (Financials tab, Balance Sheet; use Accumulated Depreciation and do not enter as a negative in Excel)
11. **D&A growth rate:** Your projection
12. **Interest income:** Morningstar (Financials tab, Income statement; this may be 0/not shown)
13. **Interest expense:** Morningstar (Financials tab, Income statement)
14. **Other expenses:** Morningstar (Financials tab, Income statement; use Other operating expenses)
15. **Other expenses growth:** Your projection
16. **Tax:** Morningstar (Financials tab, Income statement; listed as Provision for income taxes)
17. **Extraordinary items:** You can leave this as zero unless you know of a special case for your company

SHEET 3: WORKING CAPITAL CALCULATION

1. **Accounts Receivable:** Morningstar (Financials tab, Balance Sheet; listed as Receivables)
2. **Inventory:** Morningstar (Financials tab, Balance Sheet; listed as Inventories)
3. **Accounts Payable:** Morningstar (Financials tab, Balance Sheet; listed as Accounts Payable)

SHEET 4: FCF CALCULATION

1. **CapEx:** Morningstar (Key Ratios tab, listed as Capital Spending)

SHEET 5: FV CALCULATION

1. **Equity:** Morningstar (Financials tab, Balance Sheet; use 2018 Total Shareholder's Equity)
2. **Debt:** Morningstar (Financials tab, Balance Sheet; use 2018 Total Liabilities)
3. **Beta:** Yahoo Finance, on Summary page
4. **Shares Outstanding:** Yahoo Finance, on Statistics page