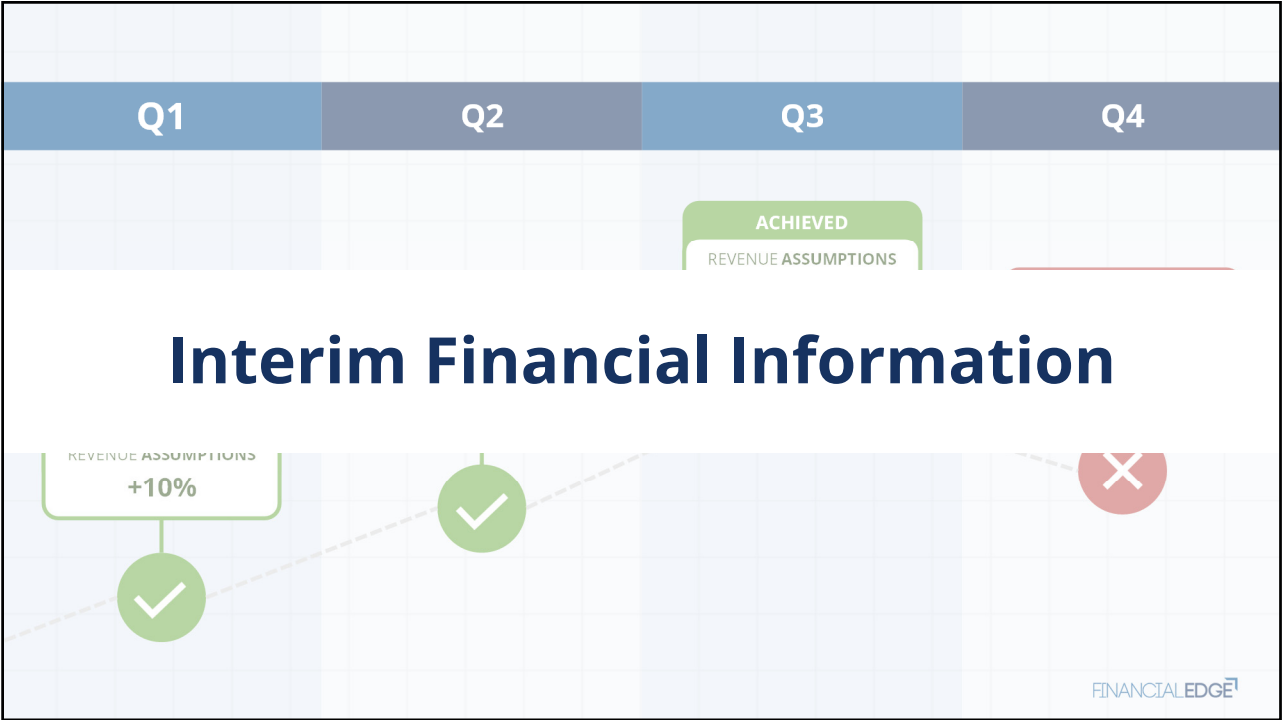
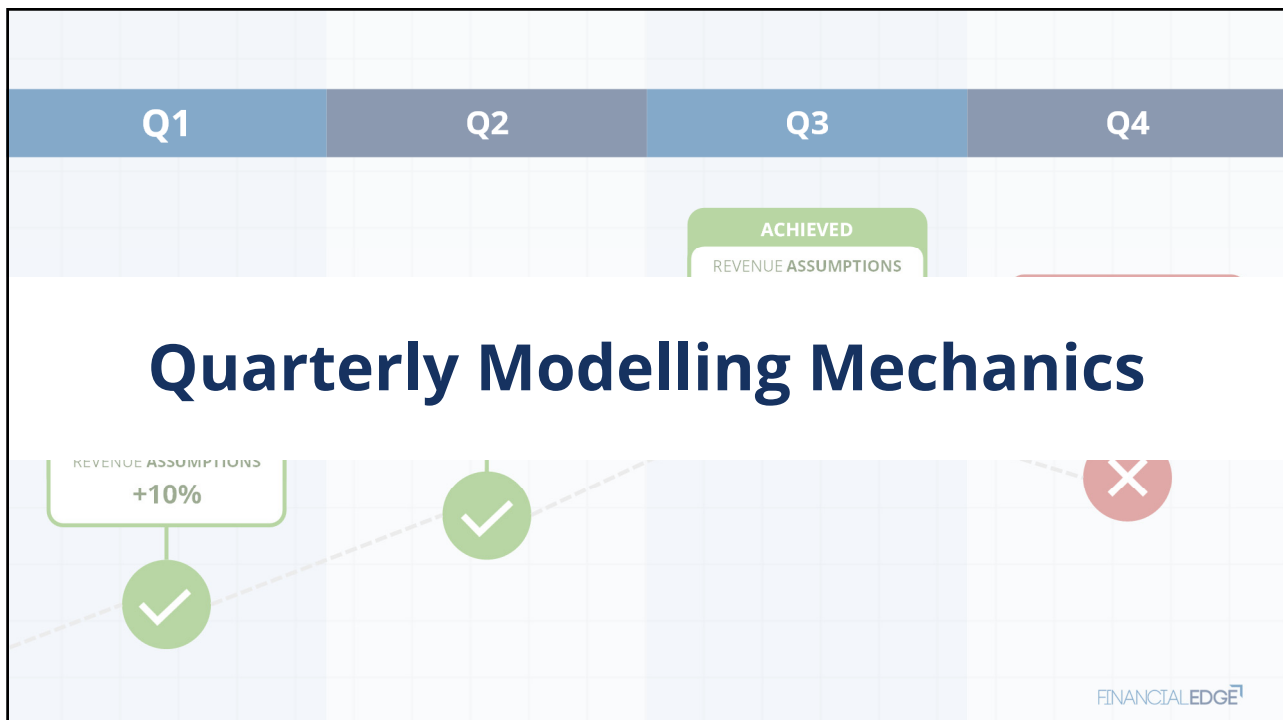
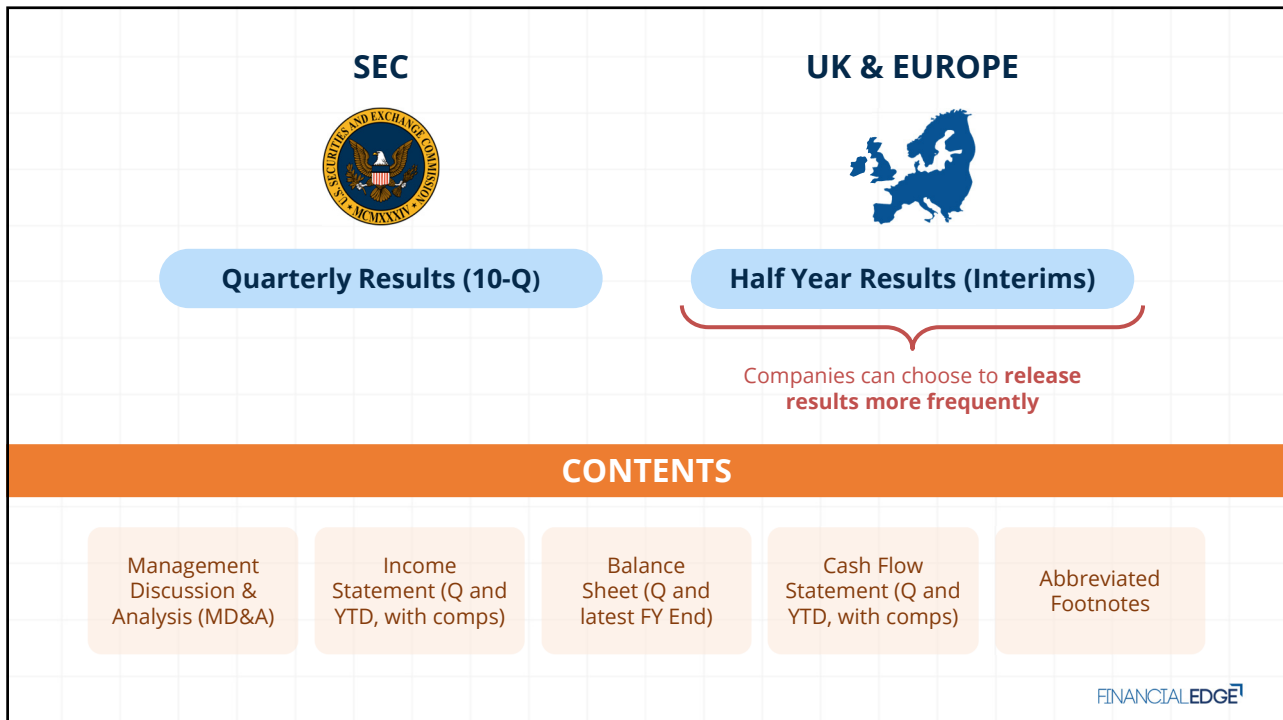




Quarterly Modeling

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## Quarterly Modeling Mechanics

Typically forecast next four quarters  
on a **quarterly basis**

The quarterly forecasts underpin the  
**annual forecasts**

		Hist.	Proj.	Proj.	Proj.	Proj.	Proj.
		FY0	FY1Q1	FY1Q2	FY1Q3	FY1Q4	FY1
<b>Income Statement</b>							
Revenues		39,117.0	10,660.0	10,326.0	10,352.0	11,074.0	42,412.0
Operating costs		34,345.0	9,263.5	8,973.3	8,995.9	9,623.3	36,856.0
EBIT		4,772.0	1,396.5	1,352.7	1,356.1	1,450.7	5,556.0
Interest income		82.0	6.1	6.6	6.6	6.5	25.8
Interest expense		131.0	34.7	33.6	32.6	30.1	131.1
Earnings before tax		4,723.0	1,367.9	1,325.7	1,330.1	1,427.0	5,450.7
Tax expense		772.0	287.3	278.4	279.3	299.7	1,144.7
Net income		3,951.0	1,080.7	1,047.3	1,050.8	1,127.3	4,306.1

Group columns  
(ALT A ZO G) so that  
quarterly numbers  
can easily be  
hidden or revealed

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### Income Statement

Annual forecasts  
calculated by aggregating  
quarterly forecasts

Some analysts forecast only key  
line items, such as revenues and  
margins, on a quarterly basis



### Balance Sheet

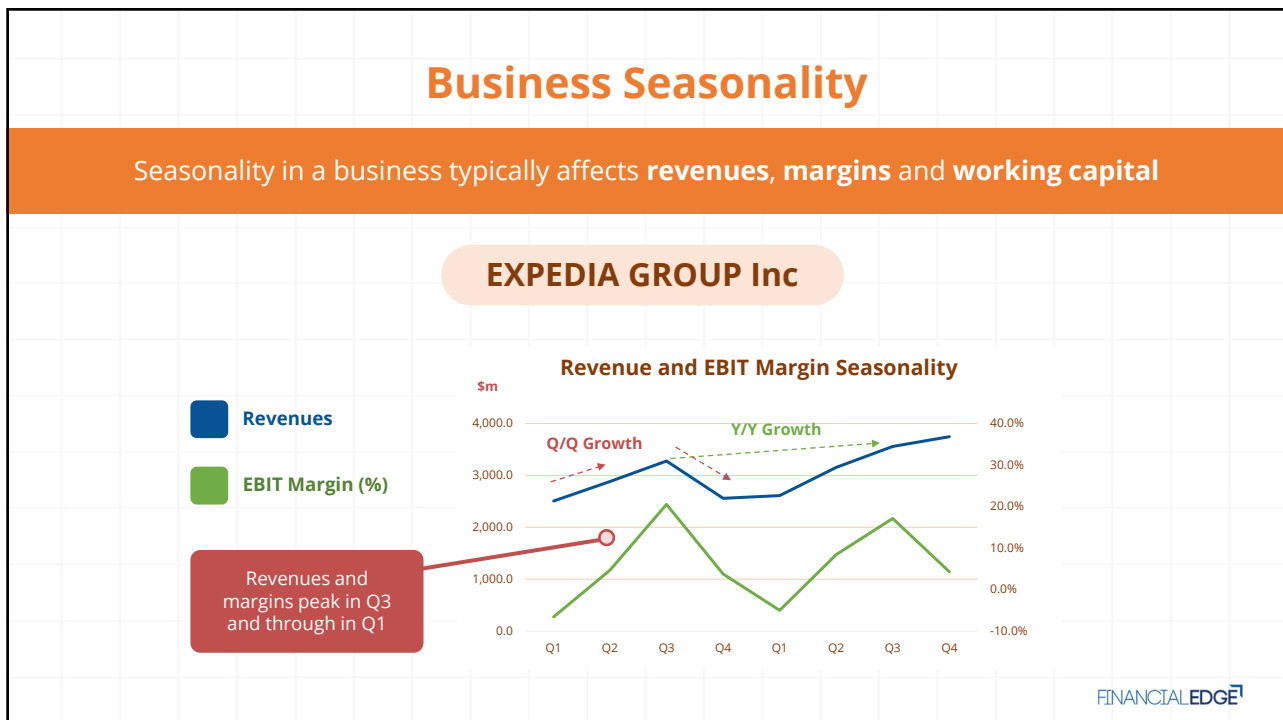
Annual balance sheet is  
from Q4 end balances



### Cash Flow

Calculate cash flow  
statement on quarterly  
basis and aggregate for  
annual figures OR  
produce only annual  
cash flow statement

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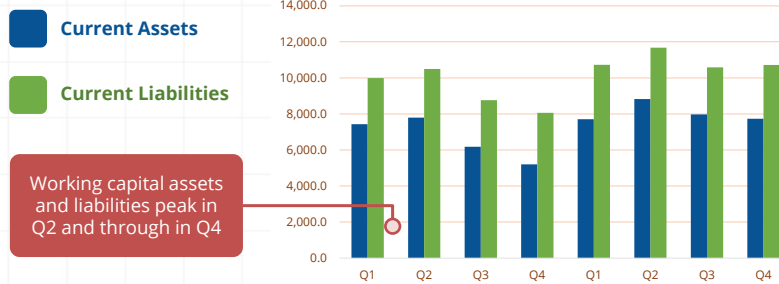


## Business Seasonality

Seasonality in a business typically affects **revenues, margins** and **working capital**

### EXPEDIA GROUP Inc

#### Working Capital Seasonality



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Q1

Q2

Q3

Q4

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REVENUE ASSUMPTIONS

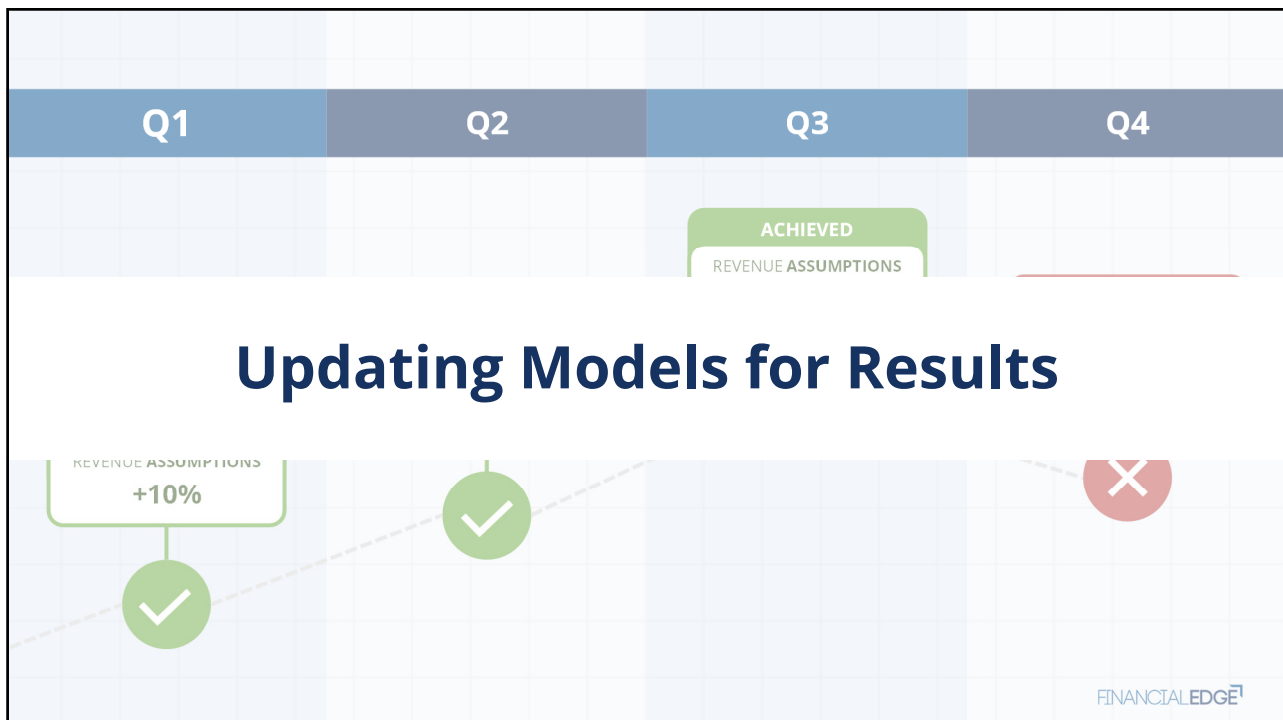
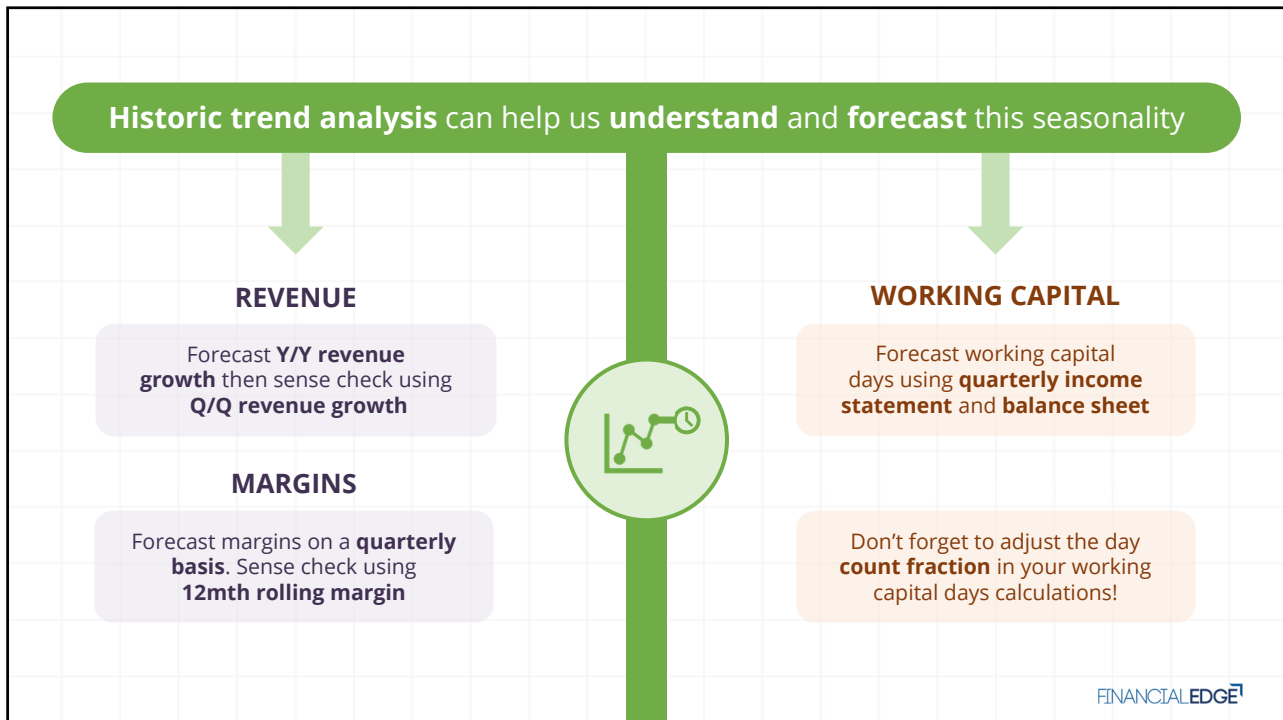
## Building Quarterly Forecasts

REVENUE ASSUMPTIONS

+10%



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Tech Inc	Hist.	Hist.	Hist.	Hist.	Hist.	Hist.	Proj.	Proj.	Proj.	Proj.
	FY0Q1	FY0Q2	FY0Q3	FY0Q4	FY0	FY1Q1	FY1Q2	FY1Q3	FY1Q4	FY1
<b>Income Statement Assumptions</b>										
Y/Y revenue growth	7.0%	6.8%	6.5%	6.2%		5.0%	5.5%	5.5%	5.5%	
EBITDA margin	21.2%	21.2%	21.2%	21.2%		20.5%	20.5%	20.5%	20.5%	
<b>Income Statement</b>										
	2.0									
Revenues	501.8	505.8	509.8	524.1	2,041.4	528.2	533.6	537.8	552.9	2,152.5
Q/Q revenue growth		0.8%	0.8%	2.8%		0.8%	1.0%	0.8%	2.8%	
Underlying EBITDA	106.4	107.2	108.1	111.1	432.8	108.3	109.4	110.3	113.3	441.3
Q/Q underlying EBITDA growth		0.8%	0.8%	2.8%		(2.6%)	1.0%	0.8%	2.8%	

Analyze results to see why above or below forecasts ("beat" or "miss"). Usually analyze in a separate tab by copying and pasting from model

Update your model for the latest results – these are now historic figures

Update your assumptions to reflect new trends shown in the data

Q1

Q2

Q3

Q4

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REVENUE ASSUMPTIONS

## FX in Quarterly Models

REVENUE ASSUMPTIONS

+10%



## FX in Quarterly Models

Global businesses generate **revenues** in many **currencies**.  
Y/Y revenue growth will fluctuate each quarter as **FX rates move**

Pharma Inc	Hist.	Hist.	Hist.	Hist.
	20X0Q1	20X0Q2	20X0Q3	20X0Q4
Revenue				
Revenue (\$m)	105.6	107.3	109.6	111.2
Revenue Growth (Y/Y)	3.1%	5.3%	2.9%	2.6%
FX Impact	(1.2%)	1.1%	(1.2%)	(1.4%)
Revenue Growth (CER)	4.3%	4.2%	4.1%	4.0%

Forecasts are usually based on analysis of constant exchange rate (CER) growth rates i.e. we treat FX as a non-recurring price change

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## FX in Quarterly Models

Y/Y revenue growth assumptions need to be **updated** to reflect latest quarter FX rates vs same quarter in **prior year** FX rates

A US company generates 50% of its revenues in Europe			
	FY0 Q1	FY1 Q1	% change
Ave USD:EUR FX Rate	0.85	0.90	6.0%
Y/Y CER Revenue Growth %		5.0	
FX Loss		(3.0%)	=-6%*50%
Total Y/Y Revenue Growth		2.0%	=5%-3%

Use the latest rate to also determine the FX gain or loss in Q2, Q3 and Q4 vs the same quarter in prior year

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