

MODEX PE®: FINANCIAL MODELLING EXPERT IN PRIVATE EQUITY

The **modex pe®** (modelling expert), is the first professional sector specific benchmarked certification in financial modelling. It is designed entirely by active investment professionals, with the main objective of creating a meaningful standard in the sector, and to offer successful candidates a competitive advantage.

Financial modelling is an essential skill for those working on investment projects or advisory roles in areas such as private equity, M&A, real estate, project finance or venture capital.

It is increasingly common for the key players in this sector to require job applicants to have proficiency in financial modelling as part of their skill-set. This is for the simple reason that a significant part of their day to-day role involves the design, construction and handling of these financial models. As a result, firms often include a financial modelling exam as part of their selection process.

PURPOSE

The objective behind this certification is to both guarantee a minimum standard level of financial modelling for the investment teams, and to offer a competitive advantage to successful **modex pe®** candidates.

The **modex pe®** is building an industry standard that offers an assurance of quality which goes beyond simply attending a course.

The **modex pe®** does this by offering a number of different sector specific exams. These exams are similar to those which could be encountered in many selection processes.

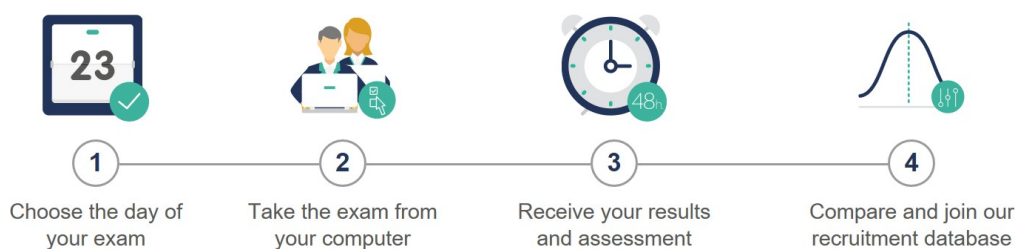
modex pe®: modelling expert in private equity.

modex re®: modelling expert in real estate.

modex pf®: modelling expert in project finance.

modex vc®: modelling expert in venture capital.

modex unis®: modelling expert for university students preparing for their first job or internship.



WHO IS IT FOR

Students and professionals either interested, or already working in, the investment sector (e.g. private equity).

The **modex pe®** allows applicants to show actual evidence of their knowledge and skills in financial modelling, and to measure their results in comparison with the performance of their peers in the dataset.

The top performers obtain a tangible head start in a highly competitive industry, and the least successful candidates can quantify the areas where there is room for improvement

Recruitment purposes: The **modex pe®** also offers investment advisory teams, headhunters and human resource departments, an important benchmark on the modelling skills of a prospective candidate as part of a much broader database. More importantly, the **modex pe®** database also offers them a source of financial modelling skilled candidates, presenting important savings in time and resources.

Since we launched the **modex pe®** (modelling expert in private equity), we have received numerous requests from funds and advisory teams to help them identify the best performers, and a very positive support from key players such as ASCRI (Spanish private equity association) and Capital & Corporate (spanish most recognized private equity magazine)

Our **modex®** database currently includes people from 34 nationalities, students from some of the best MBA programmes, London Business School (LBS), INSEAD, Instituto de Empresa (IE), IESE; ESADE, and professionals in recruitment.

"modex pe is a very interesting tool which helped us to better assess the financial modelling capacity of our team".

Rafael López Armenta Partner GED Capital.

"Modelling is an important skill and a crucial part of the selection process. The modex model has the potential to become a valuable tool in the recruitment landscape".

Gail McManus, Head of PER, Europe's leading private equity recruitment specialist.

"Taking modex pe test was a great opportunity to objectively evaluate my financial modelling skills and receive detailed feedback. The given case was challenging, but resembled actual modelling assignments in private equity." Maxim Mishin, LBS 2019 candidate. modex pe 86.4%

THE MODEX PE® EXAM

The exam is in person (remote proctoring available) and in english. Duration is two hours (depending on the nature of the case provided). The candidate will be given sufficient financial information from which to build a model or parts of models in Excel, and an accompanying set of questions, the answers to which will need to be obtained from their model's output.

- ✓ Financial Statement Analysis
- ✓ Profit and Loss
- ✓ Balance sheet
- ✓ Cash flow
- ✓ Margin and ratio analysis
- ✓ Financial statements integration
- ✓ Company valuation methods
- ✓ Discounted Cash Flow
- ✓ WACC
- ✓ Free cash flow
- ✓ Modelling debt and equity
- ✓ Returns to investors

Sector specific technical knowledge (eg modex pe®)

- ✓ Leveraged buyouts
- ✓ sources and uses
- ✓ senior debt
- ✓ mezzanine
- ✓ refinance
- ✓ dividend recaps
- ✓ bolt-on acquisitions
- ✓ ratchets

The exam scores reflect the individual's:

- Technical knowledge.
- Command of Excel (formulas, consistency, flexibility).
- Ability to structure, design and present the case clearly and in an orderly and logical manner.
- Percentage of completion.

The **modex pe®** exams are designed and marked entirely by professionals from each of the relevant sectors, through a rigorous scoring system to ensure that all the exams are accurate. The review panel agrees the marking system through a rigorous set of parameters, and the marking team strictly applies the criteria. The exams are also randomly selected for audit reviews to ensure consistency in the marking process.

MODEX PE® PREPARATION

There is no mandatory training or prerequisites needed to take the **modex pe®** exam, although there are specific financial modelling courses and books to prepare accordingly. The **modex pe®** is earned by those who can prove their modelling proficiency independently of where, or how, they learned to model.



FREE RESOURCES

Leading private equity recruitment firm with tips for interview and financial modelling.

<https://www.per-people.com/>

Fantastic blog with simple and insightful explanations.

<http://www.theprivateequiteer.com/>

Damodaran (really worth the reading – mainly valuation)

http://pages.stern.nyu.edu/~adamodar/New_Home_Page/home.htm

Good templates for operating model, LBO and DCF, although can be a little daunting if you are not already fluent in modelling.

<http://www.macabacus.com/>



BOOKS

