FINANCE INTERVIEW QUESTIONS

Technical interviews test your knowledge of finance. Below is a list of questions candidates have been asked in recent years. Many of these questions are like a verbal quiz about finance. Others are more like miniature cases based on real situations in finance.

SAMPLE QUESTIONS

- If you were CEO of our firm, what would you change?
- What is our company’s stock price?
- What do you know about WACC? Where do the cost of capital and cost of debt values in the WACC equation come from?
- How do you calculate WACC?
- What is better for our company, 2/10 or net 30?
- If you are analyzing the credit of a potential customer, what factors would you consider?
- What is good/bad about debt/equity?
- What is typically higher—the cost of debt or the cost of equity?
- How do you calculate the cost of equity?
- How would you calculate beta for a company?
- How do you calculate unlevered free cash flows for DCF analysis?
- Walk me through the steps of conducting an NPV analysis.
- Is ROA a good measure of success?
- What are the methods of raising capital for a project?
- What could be some reasons why our actual cash flow was less than forecast?
- Does it ever make sense to accept a negative NPV project?
- What are some things you can do to further investigate a negative NPV project?
- What is an accrual?
- How would you go about pricing a product?
• How would you go about analyzing a situation where demand exceeded capacity?

• Which is better for your company, offering a 2% discount if paid in the first ten days, or getting the net due in 30 days?

• If you have two products that are similar, how would you decide which one you want to launch (or both?)?

• How does the increase in interest rates affect our company?

• How would you make a business profitable (discuss P&L for this one!)?

• Revenues are rising and profits are falling. What could be going on?

• You have the option to fund a project that will cost an amount approximate to 80% of equity. Do you undertake the project?

• What is the difference between Internal Rate of Return and Weighted Average Cost of Capital?

• What is one area my company is exposed to risk? What do you do about that?

• Walk me through a DCF Analysis.

• What is the appropriate numerator for a revenue multiple?

• If I gave you $100,000 to invest in a stock today, what stock would you pick and why?
  ○ Walk me through how you would value this business and decide whether to invest.

• Tell me about a recent article you read and why it stood out to you.

• How would you value a company with negative historical cash flows?

• When should you value a company using a revenue multiple vs. EBITDA?

• Two companies are identical in earnings, growth prospects, leverage, returns on capital, and risk. Company A is trading at a 15 P/E multiple, while the other trades at 10 P/E. Which would you prefer as an investment?