STUDENTS ARE EXPECTED TO HAVE COMPLETED
Financial Economics
Financial Statement Analysis

COMPETENCES AND SKILLS THAT WILL BE ACQUIRED AND LEARNING RESULTS.
Students will develop the basic skills to value companies, focusing on the main concepts and methodologies: weighted average cost of capital, capital structure, comparables methodology and DCF methodology. Additionally they will get familiar with the basic concepts impacting valuations and transaction structuring from a corporate finance viewpoint: synergies, control premium, hybrid securities, etc.

DESCRIPTION OF CONTENTS: PROGRAMME
1) Main concepts in Finance

2) The cost of capital and capital structure
   - 2.1. The cost of capital and WACC
   - 2.2. Modigliani and Miller propositions
   - 2.3. The Trade-off theory
   - 2.4. The Pecking Order theory
   - 2.5. Main empirical studies

3) Introduction to valuation

4) Comparables methodology

5) DCF methodology

6) Valuation in a M&A context

7) Financial instruments most widely used in Corporate Finance

LEARNING ACTIVITIES AND METHODOLOGY
1) Slides and class discussions: theory and main concepts
2) Practical cases contained in the slides will be used as examples to facilitate learning
3) The two case studies which account for 50% of the final grade will be worked out in class the week after the delivery date to consolidate the key take-aways
4) As regards the two case studies, students will work in teams

ASSESSMENT SYSTEM
The final grade will be based on course work (50%) and a final exam (50%). A minimum grade of 4 out of 10 is required at the final exam to pass the course.
- Homework:
  * First case study: comparable valuation of a Spanish construction company (20%)
  * Second case study: DCF valuation of an e-commerce company (30%)
- Final exam: Theory and short exercises.

% end-of-term-examination: 50
% of continuous assessment (assigments, laboratory, practicals...): 50

BASIC BIBLIOGRAPHY
ADDITIONAL BIBLIOGRAPHY