

Academic Year: ( 2020 / 2021 )

Review date: 14-09-2020

Department assigned to the subject: Department of Business Administration

Coordinating teacher: TOLDRA SIMATS, ANNA

Type: Compulsory ECTS Credits : 3.0

Year : 1 Semester : 2

#### STUDENTS ARE EXPECTED TO HAVE COMPLETED

Financial Economics  
Financial Statement Analysis

Profesor:

Raúl Crespo (ADL Biopharma - Executive director (independent) and Chief Administrative Officer )

#### 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

The course is based on:

- 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.

Students that do not meet the minimum passing grade should retake the subject. If the resit is taken, the above grade criteria also apply

**% end-of-term-examination:** 50

**% of continuous assessment (assignments, laboratory, practicals...):** 50

#### BASIC BIBLIOGRAPHY

- DAMODARAN, A. Investment Valuation (<http://pages.stern.nyu.edu/~adamodar/>), Wiley, 2006
- GRINBLATT, M., & TITMAN, S. Financial Markets and Corporate Strategy, Irwin/McGraw Hill, Boston., 1998

#### ADDITIONAL BIBLIOGRAPHY

- Harris, M. and Raviv, A. The theory of capital structure, The Journal of Finance, 1991
- John R. Graham, Campbell R. Harvey The theory and practice of corporate finance: Evidence from the field, Journal of Financial Economics, 2001