

Valuation Methods

Academic Year: (2023 / 2024)

Review date: 03-05-2023

Department assigned to the subject: Business Administration Department

Coordinating teacher: TOLDRA SIMATS, ANNA

Type: Electives ECTS Credits : 2.0

Year : 1 Semester : 2

REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)

Managerial Accounting
Corporate Finance
Financial Economics

OBJECTIVES

- Achieve working knowledge of how to use the following valuation techniques: Discounted Cash Flow models, trading, transaction and historical multiples (P/E ratio, P/B, FV/EBITDA, etc.).
- Understand the relationships between valuation techniques and the implicit assumptions tying them all together.
- Understand the key drivers behind value creation: returns, growth profiles and risk.
- Identify the structural parameters that determine the relationships between risk and returns in a business.
- Understand the financial consequences of strategic decisions and the strategic consequences of financial choices.
- Identify the key sources of uncertainty associated with valuation estimates and approximate a margin of error for valuation models.

DESCRIPTION OF CONTENTS: PROGRAMME

The aim of this course is to introduce students to methods that will allow them to identify the key drivers of value creation underlying most operating and financial decisions of the firm.

Topics covered include some of the most common valuation methods (DCF, multiples, etc.) as well as introductory lectures on more specialized valuation methods used in corporate transactions such as LBOs and mergers and acquisitions.

LEARNING ACTIVITIES AND METHODOLOGY

This course will be based on lectures and individual and group case discussions.

Office hours (for individuals or groups) will be held before and/or after each lecture and at other times by appointment.

ASSESSMENT SYSTEM

Students will work in teams throughout the course applying the valuation methods learned to a real company. Teams will have periodic deliverables of their results and will discuss their conclusions and recommendations in the final weeks of class. This work will represent 40% of the final grade, with the final exam accounting for the remaining 60%.

The grade in the second sitting will be the highest of the one obtained using this weight matrix and the grade of the make-up exam.

% end-of-term-examination:	60
% of continuous assessment (assignments, laboratory, practicals...):	40

BASIC BIBLIOGRAPHY

- Koller, Goedhart & Wessels Valuation, Wiley, 2010

ADDITIONAL BIBLIOGRAPHY

- Brealy, Myers & Allen Principles of Corporate Finance, McGraw-Hill, 2011
- Damodaran, Aswath Damodaran on Valuation, John Wiley & Sons, 2006
- Damodaran, Aswath Corporate Finance, Wiley, 2001
- Higgins Analysis for Financial Management, McGraw-Hill, 2009