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**Academic Year: ( 2023 / 2024 )****Review date: 29-03-2023**

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**Department assigned to the subject: Business Administration Department****Coordinating teacher: TOLDRA SIMATS, ANNA****Type: Compulsory ECTS Credits : 3.0****Year : 1 Semester : 2**

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## REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)

Financial Economics  
Financial Statement Analysis

Profesor:

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

## OBJECTIVES

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

<b>% end-of-term-examination:</b>	50
<b>% of continuous assessment (assignments, laboratory, practicals...):</b>	50

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

## 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