

Academic Year: (2023 / 2024)

Review date: 25-10-2023

Department assigned to the subject: Business Administration Department

Coordinating teacher: TOLDRA SIMATS, ANNA

Type: Electives ECTS Credits : 3.0

Year : 1 Semester : 2

REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)

Students are expected to have completed the Corporate Finance Course.

Course Language: This course is totally taught in English.

The empirical exercises might be done using Excel, depending on the exercise.

Professors:

José Ignacio Carrión (European Investment Fund)

Luís de la Plaza (The World Bank, and formerly ABN Amro Rothschild, JP Morgan Securities)

OBJECTIVES

Students will gain a critical understanding of advanced topics in corporate finance, such as mergers and acquisitions, initial public offerings and venture capital investment. They will become familiar with the techniques used by practitioners and the institutional framework involved in these transactions; while gaining a sound theoretical background that will allow them to evaluate the appropriateness of "commonly used" practices for their own purposes.

Course Description: this course is divided in two parts. The purpose of the first part is twofold. First, the goal is to understand how Mergers and Acquisitions (M&A) can create or destroy value for the different stakeholders. And second, the goal is to study how the design of the process of corporate finance transactions (M&A and IPOs) determine the outcome as much as valuation itself. The goal of the second part of the course is to gain a deep understanding of the concepts and institutions involved in the venture capital and private equity industry, learn about the incentive problems faced by the different parties, and special emphasis will be put in understanding how each party is compensated and how to value venture capital deals.

DESCRIPTION OF CONTENTS: PROGRAMME

Professor Luís de la Plaza will teach:

Lesson 1: Structuring an M&A deal

Lesson 2: The valuation of an M&A deal

Lesson 3: The equity markets - IPOs

Professor José Ignacio Carrión will teach:

Lesson 4: The Economics of Venture Capital deals

Lesson 5: Fund structure and fund compensation

Lesson 6: Valuation of a VC deal

LEARNING ACTIVITIES AND METHODOLOGY

The course will consist of lectures that combine both theory and practical exercises.

- Case 1: Example of an M&A deal.
- Case 2: The compensation of VC fund managers
- Case 3: The valuation of a VC deal

Students will work in teams, learning to collaborate and organize the different roles in the team. Exercises will be handed in individually. In addition, the Professor will present the main theoretical concepts using Power Point presentations just before students do the cases or exercises.

ASSESSMENT SYSTEM

The grade will be based on a closed book final exam (that will count for 60% of the final grade), and on coursework and class participation (that will count for 40% of the final grade). You need to do the coursework to pass the course and a minimum grade of 4 out of 10 is needed in the final exam to be able to pass the course. The final exam will have a maximum duration of 3 hours.

"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:	60
% of continuous assessment (assignments, laboratory, practicals...):	40

BASIC BIBLIOGRAPHY

- Brealey-Myers-Allen Principles of Corporate Finance, McGraw-Hill, 2013
- Metrick, A. and A. Yasuda Venture capital and the finance of innovation., 2nd Edition. Wiley Eds., 2010

ADDITIONAL BIBLIOGRAPHY

- Damodaran, A. Damodaran on Valuation, John Wiley & Sons, 2006
- Gompers, Paul A. and Josh Lerner The Money of Invention, HBS Press, 2001
- Gompers, Paul A. and Josh Lerner The Venture Capital Cycle, MIT Press, 2004
- Koller, T., Goedhart, M. and Wessels, D Valuation, Wiley, 2010