

**MBA**  
**Advanced Corporate Finance**

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**The Course:**  
**Advanced Corporate Finance**

1. PART I : Overview on Valuation, Mergers and Acquisitions
  - 1.1 Valuation and M&A: Overall methods
  - 1.2 Balance Sheet and Accounting Valuation: Shortcomings.
  - 1.3 Market Value: Equity and Debt
2. PART II: Assets and Project Valuation
  - 2.1 Project Analysis Using Discounted Cash Flow (DCF)
    - 2.1.1 Forecasting and Valuing Cash Flows
  - 2.2 Project Risk Analysis:
    - 2.2.1 Montecarlo and Scenario Analysis
    - 2.2.2 Flexibility and Decision Trees (Magna Charter)
3. PART III: Enterprise and Company Valuation. Synergies.
  - 3.1 Relative Valuation Using Market Comparable and PER
  - 3.2 Enterprise Valuation: Apple and Microsoft
  - 3.3 Other relative valuation methods. Amazon
4. PART IV: Derivatives and Real Options: Flexibility Value
  - 4.1 Financial Futures, Options, and the Valuation of Real Investments
  - 4.2 Using Futures and Options to Value Real Investments
  - 4.3 Managerial Flexibility and Project Valuation: Real Options
5. PART V: Mergers and Acquisitions. Venture Capital
  - 5.1 Evaluating and pricing acquisitions
  - 5.2 Identifying and implementing operational synergies
  - 5.3 Creating shareholder value through rigorous merger analysis
  - 5.4 Venture Capital

This is a mini-course in Advanced Corporate Finance, dedicated to the Project and Company Valuation, Mergers and Acquisitions. The course uses an analytical framework and real-world applications to introduce the key principles and techniques of valuation and successful mergers, acquisitions. It addresses crucial questions including the different valuation methods and merger and acquisitions strategies and benefits. One goal for students is to develop a critical appreciation of the key finance criteria in a proposed valuation, acquisition, so as to grasp the main strengths and risks of the company's strategic and financial alternatives.

**For upper-division undergraduate and MBA students.**

Seeing the economic realities of the modern corporation through a valuation methodology, the course presents an integrated approach to both project and enterprise valuation, showing students the economic realities that today's modern corporations face. This course also goes beyond standard DCF analysis by including additional valuation methods that are most commonly used in practice, such as sensitivity analysis, simulation, comparables, PER, simulations, and real options.

**Gaining a thorough understanding and applying it in a practical setting.**

- **Getting involved in the material: Problems and Mini-Cases.** Each class contains a generous number of problems designed to help students review the concepts and solidify their overall understanding. These practical exercises range in difficulty level from brief problems illustrating a single point or mini-cases to moderate-length case studies with multiple parts that delve more deeply into the issues.
- **Helping students gain a deeper understanding of valuation skills: Special Features.**
  - **Industry Insights** delve more deeply into how the tools developed in the book are used in practice.
  - **Technical Insights** provide further explanations of mathematics, methodologies, and analytical tools.
  - **Behavioral Insights** focus on irrational choices and biases that impact how investment choices are made in practice.
  - **Practitioner Insights** provide perspective from a broad spectrum of professionals who use the various valuation methodologies discussed in the text.
- **Providing context: Realistic Assumptions.** Examples are grounded in practical settings to give a sense of realism to the material.
  - **Gaining spreadsheet usage and support.** The majority of the end-of-chapter problems require the use of spreadsheet software. To help students use and create spreadsheets for these problems are provided and accompanying the course.
- **Using simulation software: The Monte Carlo Simulation.** Through the use of Crystal Ball software, which is explained with this course, students will have access to the Monte Carlo simulation. These simulations automatically calculate thousands of different "what if" cases, saving the inputs and results of each calculation as individual scenarios. Analysis of these scenarios reveals the range of possible outcomes, their probability of occurring, which input has the most effect on the model, and where students should focus their efforts.

## Course Requirements

There is no course main textbook, although several recommended books are listed at the bottom of this page. Students will be provided with an online (Aula Global) package of materials useful for analysis and structuring of merger and transactions, including slides, case studies, pertinent articles and sample documentation from actual deals done in North America, Europe and elsewhere. Each student will be given the opportunity to demonstrate their understanding of deals through individual and group work and plenary discussions. Grading will be based on your class contribution, written assignments and a final exam.

## Additional Resources

### Text Books

- Brealey, Myers & Allen (BMA), *Principles of Corporate Finance*, Ch. 3, 4, 5, 10, 31, 32 & 33; McGraw Hill, 14/e, 2017
- Bodie, Kane and Marcus (BKM). *Essentials of Investments*, McGraw-Hill, 10/e. 2017
- Pablo Fernández, *Valuation Methods & Shareholder Value Creation*; Academic Press, 1/e
- Juan Mascareñas Pérez-Iñigo, *Fusiones y Adquisiciones de Empresas*, 7/e Ecobook, 2019

### Other Readings

Enrique Arzac, *Valuation for Acquisitions, Buyouts and Restructurings*  
Bruner, Robert (2004): *Applied Mergers & Acquisitions*. John Wiley. Nueva York  
Damodaran, Aswath (2002): *Investment Valuation*. 2/e John Wiley, Nueva York  
Damodaran, Aswath (2010): *The Dark Side of Valuation*. 3/e Pearson. 2018 Upper Saddle River  
Gaughan, Patrick (2011): *Mergers, Acquisitions and Corporate Restructurings*. John Wiley. 7/e. NY  
Koller, T. Goedhart, M. and Wessels, D.; *Valuation: Managing the Value of Companies*. Wiley, NY  
Donald de Pamphilis, *Mergers, Acquisitions and Other Restructuring*, Academic Press  
P.S. Sudarsanam, *The essence of Mergers and Acquisition*; Series Editor: Adrian Buckley  
McKinsey Quarterly (on-line subscription), *The six types of successful acquisitions*

### Background Articles

[Methods of Corporate Valuation](#)  
Notes on [cost of capital](#) and [capital structure](#) .  
[Critique of Valuation Methods](#)  
[Private Equity Valuation Guidelines](#)  
[A Company in One Page](#)  
[The Fool's Method](#)  
[Warren's World](#)  
[Corporate Financial Restructuring](#)  
[Real options valuation](#)

### Useful Links

[dealbook](#) (M&A and private equity deals)  
[biz.yahoo.com](#) (summary data and financials)  
[morningstar.com](#) (summary financials)  
[investinginbonds.com](#) (treasury rates, corporate bond prices and ratings)  
[standardandpoors.com](#) (bond ratings)  
[bondsonline.com](#) (corporate bond spreads)  
[damodaran.com](#) (industry ratios)  
[advfn.com](#) (corporate financial ratios)