

ADVANCED CORPORATE FINANCE

Course code	GRAV013
Course title	Advanced Corporate Finance
Type of course	Compulsory
Level of course	Advanced
Department in charge	Graduate school
Year of study	1st
Semester	1 st
Number of credits	6 ECTS; 36 hours of class work, 124 hours of self-study, 2 hours of consultations (distant or direct form)
Lecturer	Associate Professor François Rey, frarey@faculty.ism.it
Prerequisites	Undergraduate studies in social science
Form of studies	Consecutive (evening)
Teaching language	English

Course Aims and Objectives

This course introduces advanced applications in financial management that are geared to maximize firm value. Topics include valuation, investment techniques, estimation of cash flow, and various aspects of risk management. This course will go into details into some of the major corporate finance issues: financing and optimal capital structure, investments, considerations on becoming a publicly-traded company, company valuation methods most commonly used

Learning Outcomes

Overall, the main outcomes for the students should include the following :

- Improve your English language skills particularly as they relate to corporate finance
- Strengthen your awareness of some of the major corporate finance issues
- Improve your skills for short, finance-related group presentations

Course learning outcomes (CLO)	Study methods	Assessment methods
CLO1. Develop familiarity with financial statements in English	Lectures, seminars, self-study, group work	Participation, exercises, final exam, Q&A
CLO2. Improve financial analysis skills on financial statements	Lectures, seminars, self-study, group work	Participation, exercises, final exam, Q&A
CLO3. Become comfortable in valuing companies using market multiples of comparable traded companies	Lectures, seminars, self-study, group work	Participation, exercises, Q&A
CLO4. Be comfortable with the concept and calculation of cost of capital	Lectures, seminars, self-study, group work	Participation, exercises, Q&A
CLO5. Become comfortable in valuing companies using discounted cash flows	Lectures, seminars, self-study, group work	Participation, exercises, final exam
CLO6. Be aware of major corporate finance dilemmas and have some tools to help on decisions	Lectures, seminars, self-study, group work	Participation, exercises, final exam
CLO7. Be able to assess and compare the attractiveness of corporate investment opportunities	Lectures, seminars, self-study, group work	Participation, exercises, final exam

Course Content (18 1.5 hour classes):

Date	TOPIC AND READINGS
Classes 1-3	Theme 1 : Review of major corporate finance issues - Key statements and information : financial statements and market valuation - Major corporate financial issues : development, profitability, investments, leverage, investor relationships, company valuation - Exercises on how some financial transactions may affect statements
Classes 4-5	Theme 2 : Analysis of financial statements - Analysis of revenues and profitability (income statement) - Analysis of financial strength (balance sheet) - Combined analysis of both statements - Analysis of market valuation levels - Application of financial analysis on case study
Class 6-7	Theme 3 : Company valuation based on comparable traded companies - Discussion on comparable companies - The major market valuation multiples - Application of comparable market multiples to derive a valuation range - Examples and exercises
Class 8	Theme 4 : Cost of capital - Cost of debt - Cost of equity - Respective weights in capital structure - Weighted average cost of capital
Class 9-10	Theme 5 : Company valuation based on Discounted Cash Flows - Free cash flows - Cash Flow Projections - Terminal value - Discount rate and weighted average cost of capital - Exercises
Class 11-13	Theme 6 : Some key corporate finance decisions : - Optimal leverage ratio - Considerations on becoming a public company (short assignment on case study) - Corporate bonds : issuance, merits and valuation - Convertible bonds : structures, valuation and merits - Dividend policy - Series of short exercises
Class 14-16	Theme 7 : Corporate investment decisions: - Cash-flow forecasts - Investment selection criteria : Present value, Internal rate of return, required rate of return, payback period, profitability index
Class 17-18	Final exam

Assessment methods:

Task type	Hours	% of final grade
Mid-term exam : Case study and/or press articles to be commented.	30	30
Group presentation (2 or 3 students per group) on 2 separate things - a recent press article in English (from FT, WSJ, Business Week, ...) related to corporate finance, (ca. 4 mn). You will be measured along the following criterias : presentation of the context and contents of the article, further explanation of the issues raised herein: (products, background, different views, ...), conclusions putting the article in a wider perspective - a major benchmark corporate finance transaction (over say past 5 years) or a comparative analysis of 2 or 3 listed companies in a given industry sector : presentation of the activities of these companies, review/comparison of business model, of financial statements (operating performance, leverage,	34	30

comparison - and comments - of market valuation with at least 2 valuation multiples : Price-to-book and PE ratio		
Final Exam	60	40
TOTAL	124	100

Re-take exam:

Students who receive a failing final grade shall have the right to re-take the exam, which will comprise 40% of the final grade and will include all semester material. Home assignments, as well as participation assessment, cannot be retaken at a later time but these grades will be calculated into the final grade.

Teaching methods:

Classes will include interactive lectures, short exercises, review of reference articles, and student groups' presentations on topics related to the course. In particular, students will be asked to review class materials, prepare short group presentations, prepare for the short in-class assignment and for the final exam .

Readings:

Students will be asked first and foremost to read and review the powerpoint course materials prepared by the professor and made available on the school's intranet. At the end of each class, the professor will clearly indicate the sections to be read for the following class. In addition, students are invited to refer to the following recommended textbook of reference (Brealey, Richard A.: Corporate finance /Brealey Richard A., Myers Stewart C., Allen Franklin. Boston : McGraw-Hill Irwin, 2006) or any other introductory finance text.

Quality Assurance Measures:

The lecturer will apply multiple teaching methods to keep the students engaged in the topic. Continuous student feedback will be encouraged and accommodated to continuously improve class experience.

Cheating Prevention:

Course will apply zero tolerance policy towards plagiarism, following the rules of the University.

Role of the subject in reaching learning outcomes of International Marketing and Management programme:

Special learning outcomes	CLO
S1. Demonstrate knowledge and understanding of contemporary theories and their applications in the research field of international marketing and management that provides with opportunity for originality in developing, applying and implementing ideas in the areas of international management and international marketing	
S2. Analyse and assess internal and external international business environment and derive managerial decisions on company's governance and international expansion and based on a set of environmental factors in particular business situation, having particular regard to the importance of cultural aspects in international business.	CLO1, CLO2
S3. Analyse and assess the peculiarities of global business environment and shifts in geo-economical situation, putting a particular emphasis on emerging economies and their role in international business environment.	
S4. Have the ability to formulate judgments and take socially and ethically responsible decisions in global business environment.	
S5. Be able to model various business situations using principles of system dynamics; be able to use contemporary modeling software for macro economical analysis	CLO3, CLO4, CLO5, CLO7
S6. Analyse and critically evaluate various real-life business examples, situations and experiences in dealing with multiple international management functions (international human resource management, international consumer behaviour issues, international marketing and negotiation strategies, advanced corporate finance issues, innovation management and marketing	CLO1, CLO2, CLO3, CLO4, CLO5, CLO6, CLO7

communication matters); be able to analyse mentioned functions both separately and in integrative manner.	
S7. Conceptualize, research and write a state of the art review of a chosen area of investigation and generate empirical data on the phenomenon under investigation; be able to evaluate the appropriateness of the use of qualitative and quantitative research methods in particular context; be able to use advanced qualitative techniques and quantitative data analysis methods.	
General learning outcomes	
G1. To apply modern information technologies in the data gathering, analysis and communication.	
G2. To apply a systematic, critical and constructive thinking in problem identification and solving.	
G3. Have abilities to communicate the knowledge to specialist and non-specialist audiences clearly and unambiguously.	
G3. Develop a range of personal skills including argumentation, evaluation, problem identification and solving, interactive and group skills, self-appraisal, cross-cultural teamwork.	
G4. To prepare research papers according to proper language, writing style and general bibliographic citation requirements.	
G5. To develop independent learning skills necessary to continue studies on a higher level.	