

## 4MFCEZ30 – Business Valuation

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**Professor:** Zoran FILIPOVIC and Tamara NEFEDOVA

**Contact information:**

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**Department:** MSO

**Semester:** 2

**Program:** M1 Finance

**Course level:** Graduate (M1)

**Domain:** Economics

**Teaching language:** English

**Number of in-class hours:** 21

**Number of course sessions:** 15h of lectures and 9h of tutorials + Exam

**ECTS:** 3

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### Course description and objectives

This course introduces advanced valuation techniques for analysis of a business, with focus on their usefulness in valuing and financing companies and in the evaluation of corporate performance. We will apply the techniques on real world cases such as leveraged buyouts (LBO) and mergers and acquisitions (M&A) and analyse several special situations like high-growth companies, emerging markets and private companies. Throughout the semester we will make extensive use of case studies so that you can gain the knowledge of the relevant theory and techniques and an ability to use them in actual situations. The course will combine traditional lectures, exercise sessions and case method teaching. You will be working individually and in groups.

### Prerequisites

This is a master-level course that assumes students have had prior exposure to basic corporate finance principles, cash-flow discounting techniques and introductory accounting. Students should also be able to proficiently use Microsoft Excel and be able to access .pdf documents.

### Assignments and grading

- Final written exam: 70%
- Group work: 30%

The numerical grade distribution will dictate the final grade. The passing grade for a course is 10/20.

**Class participation:** Active class participation – this is what makes classes lively and instructive. Come on time and prepared. Class participation is based on quality of comments, not quantity.

**Exam policy:** In the exam, students will not be allowed to bring any document (except if allowed by the lecturer). Unexcused absences from exams or failure to submit cases will result in zero grades in the calculation of numerical averages. Exams are collected at the end of examination periods.

## Course Outline

1. Financial Analysis (review)
  - a. Value creation
  - b. WACC
  - c. DCF
2. Valuation Techniques
  - a. Valuation with changing capital structure
  - b. Adjusted Present Value (APV)
  - c. Economic Value Added (EVA)
  - d. Venture Capital Method
  - e. Valuation by parts
  - f. Real options
  - g. Earnouts
3. Applications and special situations
  - a. Leveraged Buyouts (LBO)
  - b. Mergers and acquisitions (M&A)
  - c. Private companies
  - d. High-growth companies
  - e. Emerging markets

## Bibliography

- Valuation: Measuring and Managing the Value of Companies, University Edition, by Tim Koller Marc Goedhart and David Wessels, McKinsey & Company, John Wiley & Sons, 2015, 6th edition
- Investment Banking: Valuation, Leveraged Buyouts, and Mergers and Acquisitions, by Joshua Rosenbaum and Joshua Pearl, John Wiley & Sons, 2nd edition
- Valuation: Mergers, Buyouts and Restructuring, by Enrique R. Arzac, John Wiley & Sons, 2nd Edition
- Corporate finance, Theory and Practice, by Pierre Vernimmen, Pascal Quiry, Maurizio Dallocchio, Yann Le Fur and Antonio Salvi, John Wiley & Sons, 5th edition
- Vernimmen English website: [www.vernimmen.com](http://www.vernimmen.com)
- Data sources: COMPUSTAT, Companies' websites

## MyCourse

This course is on MyCourse: **No**

## Academic integrity

Be aware of the rules in Université Paris Dauphine about plagiarism and cheating during exams. All work turned in for this course must be your own work, or that of your own group. Working as part of a group implies that you are an active participant and fully contributed to the output produced by that group.

Academic calendar

Dates (Monday/Sunday)		MSO
06/01/20	12/01/20	M1 droit / SG / S.ECO/S.SSO **
13/01/20	19/01/20	1
20/01/20	26/01/20	2
27/01/20	02/02/20	3
03/02/20	09/02/20	4
10/02/20	16/02/20	5
17/02/20	23/02/20	6
24/02/20	01/03/20	Holidays
02/03/20	08/03/20	7
09/03/20	15/03/20	8
16/03/20	22/03/20	9
23/03/20	29/03/20	10
30/03/20	05/04/20	11
06/04/20	12/04/20	12
13/04/20	19/04/20	Holidays
20/04/20	26/04/20	Review w.
27/04/20	03/05/20	Exams
04/05/20	10/05/20	