Course Description

The course is designed to advance students’ understanding of major corporate finance decisions and key valuation models. The valuation methods will be applied to various forms of corporate investment decision, including new investment decisions, mergers and acquisitions, private firm recapitalizations, and IPOs.

Course Goals

This course is case-based and focuses on “learning by doing”. It is designed to teach students the important elements of corporate valuation using discounted cash flow and comparable techniques. Through case studies, students will learn to apply these valuation skills under different settings, such as evaluating new investment decisions, IPOs, and mergers and acquisitions. The class will also advance students’ knowledge on the latest academic research in corporate finance, and bridge the gap between academic studies and business practices.

Student Learning Objectives

As the result of this course students should be able to (i) understand and apply different valuation models efficiently; (ii) value equity, the overall firm value, and other asset classes; (iii) understand decision making process of major corporate events, such as project investment, IPOs, merger and acquisitions; (iv) build valuation models using spreadsheets and write reports proficiently.

Special Note: this course is quantitative and covers a lot of materials at a fast pace. The best way to prepare for class is to thoroughly read the lecture notes and cases before coming to class. I highly encourage you to come to my office hours whenever you encounter difficulties.

Course Material

Required: Case book (I will send out the link from HBS).

Students should bring a laptop/tablet to class to build spreadsheet models.

Recommended reference book: Damodaran on Valuation (Second Edition), by Aswath Damodaran, Wiley Finance. We will cover Chapter 2-7 in this class.

Course Lecture Notes, available from the Carmen website. You are required to print out these lecture notes and bring them to class.
Grading
The assessment policy for this course is specified in the following paragraphs. Please read it carefully, as in the interest of fairness to all students, no exceptions will be made. Performance will be measured by both group works and individual works. The class’s raw scores will be adjusted until the average G.P.A. is consistent with the School policy on grading guidelines.

Total Points:
- 6 Assignments: 60 total
- 1 Final Exam: 60
- Group member evaluation: 10
- Case Overview Presentation: 20
- Lead Case: 60 total
- Support Case: 30

Total Points: 240 Points

Individual work: All assignments & exams and are strictly individual work. There will be no make-up exam.

- 6 Assignments (60 points total): I will post the assignments related to each case and the deadlines on Carmen. These are questionnaire related to the case. The goal is to encourage students to read the cases carefully before coming to class. Students should hand in the answer (Scantron Sheet) at the beginning of the class on the due date. No late assignment will be accepted.
- Final exam (60 points total): open book, open notes, cumulative exam. The exam is to make sure that you understand all basic valuation techniques that learnt in this class.
- Group member evaluation (10 points): At the end of the semester, each student will evaluate other group members based on the group member’s input and contribution to group work.

Group Work:
Rules of group work: Students will work in five groups (I will decide on the size of the group at the beginning of class based on the class size). Each group will be required to work on three cases. There will be one grade per group, no matter how the work load is distributed among the group members.

Each group will be required to work on one case overview, one lead case, and one support case. There will be one grade per group, no matter how the work load is distributed among the group members. All group work will be self-policed.

- Case overview presentation (20 points). Each group is randomly assigned to one case.

Each group is assigned to present one case overview. The presentation will be 10-15 minutes. There is no need to conduct analysis of the case, only tell the story as it is. When? Who? What?
The presentation should cover:
- What is the background?
- Who (which parties) are involved?
- What are the problems that need to be solved?
- What financial (other) information is provided in the case to help solve the problem?

There is no need to be fancy in your presentation. The emphasis is to retell the case clearly and concisely so the audience (other students) could understand what the case is about even without reading it.
- **Lead case: (60 points total, 40 for write-up, 20 for presentation).** Each group will be randomly assigned to one case and act as leader.)

Please provide a write-up answering the questions/points raised in the *Case Guidelines*. You should include detailed explanation on: 1). why you choose certain valuation model; 2). what assumptions you used to estimate the valuation model; 3). what are the data sources that you used, etc. You can also attach any additional financial analysis (i.e. tables) to support your argument. The lead group is also responsible for preparing a brief presentation (15-20 minutes) explain your valuation model. The presentation should focus on telling the class how you conduct the valuation model.

Lead case write-up should be no longer than **five** pages of text (double space, Font 11, 1 inch margin on all sides). You should also include any additional financial analysis (i.e. tables) that you would like to attach. The lead groups will also help with classroom discussion and answer questions.

- **1 support case write-up: (30 points.** Each group will be randomly assigned to one case.)

The write-up should focus on the valuation methods/model. The report should be no longer than **three** pages of text (double space, Font 11, 1 inch margin on all sides). You should also include any additional financial analysis (i.e. tables) that you would like to attach.

**Class Attendance**

Students are expected to attend all classes. Unexcused absence would be reflected on the final score.

**TENTATIVE CLASS SCHEDULE**

(I reserve the right to change the dates for cases and exams)

<table>
<thead>
<tr>
<th>Introduction and overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classic Discount Cash Flow Model, WACC, FCF</td>
</tr>
</tbody>
</table>

Case 1: The Boeing 7E7

Merger & Acquisitions, Adjusted Present Value, Relative valuations

Case 2: The Timken Company
Case 3: Dow’s bid for Rohm and Haas
Case 4: Valuation of AirThread Connections

Private firms, Initial Public Offering
Case 5: Kohler Co
Case 6: LinkedIn

Final Exam

**Academic Misconduct:**
The University's Code of Academic Integrity is designed to ensure that the principles of academic honesty and integrity are upheld. [http://studentaffairs.osu.edu/resource_csc.asp](http://studentaffairs.osu.edu/resource_csc.asp). All students are expected to adhere to this Code. In accordance with University Faculty Rule 3333-5-487, all instances of alleged academic misconduct will be reported to the Committee on Academic Misconduct, which recommends appropriate sanctions to the Office of Academic Affairs. There will be no exception to this rule. Case reports must be the own original work of
your group. You may not use solutions prepared by current or former students. If you use information from outside sources in your case report, you must properly cite those sources.

**Office of Disability Services (ODS):**
Any student who feels s/he may need an accommodation based on the impact of a disability should contact me privately to discuss your specific needs. Please contact the Office for Disability Services at 614-292-3307 in room 150 Pomerene Hall to coordinate reasonable accommodations for students with documented disabilities.