

APPLIED VALUATION

Course code	<i>GRAE027</i>
Course title	<i>Applied Valuation</i>
Type of course	<i>Compulsory</i>
Level of course	<i>Advanced</i>
Department in charge	<i>Graduate school</i>
Year of study	
Semester	
Number of credits	<i>6 ECTS; 36 hours of class work, 124 hours of self-study, 2 hours of consultations (distant or direct form)</i>
Lecturer	<i>Prof. Dr. Valdonė Darškuvienė</i>
Course prerequisites	<i>Advanced corporate finance</i>
Form of studies	<i>Consecutive (evening)</i>
Teaching language	<i>English</i>

Aims of the course

Applied valuation course builds on advanced corporate finance, and offers in-depth treatment of business valuation issues. It explores the main concepts, methodologies and tools of valuation through main theories, academic papers and case studies. The aim is to provide students with up-to-date knowledge of fundamental valuation techniques and their applications.

Learning outcomes

On completion of this course successful students will be able to:

Course learning outcomes (CLO)	Study methods	Assessment methods
CLO1. Understand and be ready to use new tools and concepts needed for business valuation.	Lectures, seminars, self study, group work	Homework, group work assessment, final exam
CLO2. Acquire a more detailed knowledge of valuation applications.	Lectures, seminars, self study	Group work assessment, final exam
CLO3. Understand managerial incentives, finance decisions and their impact on firm value.	Seminars, self study, group work	Homework, group work assessment.

Quality Assurance Measures

The lecturer will apply multiple teaching methods to keep the students engaged in the topic (examples, case studies, group assignments). Continuous student feedback will be encouraged and accommodated to continuously improve class experience.

Cheating Prevention

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

Course content:

		TOPIC	IN-CLASS HOURS
			Lectures
1	Monday February 4	Introduction. Foundations of value creation. Discounted cash flow valuation.	4
Main readings: Chapters 1-5 in <i>KGW</i>			
2	Tuesday February 5	Multiples valuation. Estimation issues and applications. <i>Case study. Wealth creation by Coca-Cola</i>	4
Main readings: Chapters 6-14 in <i>KGW</i> , Chapters 7,8 in <i>PKP</i> .			
3	Thursday February 7	Managerial incentives and financial decisions. <i>Corporate governance issues.</i> <i>Guest speaker – dr. Paulius Vazniokas, CEO, Scaent Baltic</i>	4
Main readings: Chapters 6-14 in <i>KGW</i> , Chapters 7,8 in <i>PKP</i> .			
4	Friday February 8	Valuation issues and applications. Valuing private firms. <i>Case study. Ryanair Holdings (from PKP)</i>	4
Main readings: Chapter 19, 20,24 in <i>KGW</i> , Chapter 11 in <i>PKP</i> .			
5	Monday February 11	Valuing Leveraged Buyouts (LBOs). Hostile takeovers and management defenses. <i>Case study. RJR Nabisco</i>	4
Main readings: Chapter 21 in <i>KGW</i> , A.Damodaran on private firm valuation			
6	Tuesday February 12	Valuation of mergers and acquisitions. Valuing Synergies. Valuation issues and applications. <i>Guest speaker – Ligita Ramanauskaitė, managing partner, Magnusson</i>	4
Main readings: Chapter 23 in <i>KGW</i> .			
7	Thursday February 14	Tax issues and applications. <i>Guest speaker – Egidijus Kundelis, Senior Manager, PwC, Tax & Legal Services</i>	4
Main readings: Chapters 34-35 in <i>KGW</i> .			
8	Tuesday February 19	Valuing high growth and cyclical companies. Valuation in emerging markets. <i>Case study. Valuation at Novartis (from PKP)</i>	4
Main readings: Chapters 33 in <i>KGW</i> .			
9	Thursday February 21	Group presentations. Discussion and wrap-up	4
			Total: 36

Note: I retain the right to deviate from this list if necessary, but I will give you advance notice.

Assessment methods:

TASK TYPE	FINAL GRADE, %
Homework	20
Coursework	20
Final exam	60
Total:	100

Coursework (20%)

Applied case assignments will be assigned. You will have to work in a team of up to 3-4 students. You must submit your short written analysis and financial assessment to the case at the start of the class on the due date. Be prepared to discuss and defend your analysis during the class discussion on the due date!

Homework (20%)*

Students will work in small groups (2- 3 people) to write a literature review and prepare a presentation on a paper assigned in class. Each group will have to read and understand the concepts presented in the prescribed paper. The presentation will include the main message of the paper. It has to be well structured, and clear as you will have to answer questions on the topic from the lecturer and the other class participants.

Final Exam (60%)

The final exam is open book. You'll have to write answers to a set of open-questions based on the material covered during lectures.

Additional Notes:

In case of a negative final grade, students are allowed a re-sit exam. It will cover all course material. The weight of a re-sit is **60% of the final cumulative grade**. Coursework and homework cannot be rewritten but their evaluation is not annulled. Students have to adhere to deadlines, as **no extensions will be granted**.

Teaching methods

Lectures, case studies, discussions, group-work, in-class student presentations.

Reading list:

1. Koller T., Goedhart M., Wessels D. (2015). *Valuation: Measuring and Managing the Value of Companies*. 6-th ed. McKinsey & Company, Inc., John Wiley and Sons.
2. Palepu K.G., Healey P.M., Peek E.(2015). *Business Analysis and Valuation*. IFRS Edition.Cengage Learning.
3. Selection of research papers.

Role of the subject in reaching learning outcomes of Financial Economics programme

Special learning outcomes	
S1. Demonstrate knowledge and understanding of contemporary theories, their criticism and applications in the research field of financial economics; apply the modern theory of finance and economics in practice;	CLO1, CLO3
S2. Integrate theoretical knowledge of financial economics to develop, apply and implement original research ideas in the fields of financial management, investment management, financial risk management and financial engineering	CLO1, CLO2, CLO3
S3. Analyse and critically evaluate the behaviour of national and international financial markets and institutions, investment environment of the company, financial engineering tools, the impact of fiscal and monetary policy to formation and management of organizations' financial flows;	CLO1, CLO2, CLO3
S4. Analyse and assess both micro- and macroeconomic environment of private and public organizations in financial-decision making;	CLO1, CLO2
S5. Evaluate, choose, and systemically apply advanced mathematical statistics methods and advanced econometric models and techniques in solving complex problems of corporate finance, the management of financial markets and financial economics;	
S6. Express independent opinion, formulate judgments and knowledge-based conclusions on relevant issues in financial economics, including international professional and academic literature	CLO3
S7. Conceptualize, research and write a state of the art review of a chosen area of financial economics and analyze empirical data on the phenomenon under investigation; be able to evaluate	CLO1, CLO2, CLO3

the appropriateness of the use of social science research methods, both qualitative and quantitative, including a number of different econometric tools, in a particular context.	
General learning outcomes	
G1. To apply modern information technologies in the data gathering, analysis and communication.	
G2. To apply a systematic, critical-analytical and constructive thinking in problem identification and solving.	CLO2, CLO3
G3. Have abilities to communicate in English 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.	CLO2, CLO3
G4. To prepare research papers in English according to proper language, writing style and general bibliographic citation requirements.	CLO2, CLO3
G5. To develop independent learning skills necessary to continue studies on a higher level.	CLO2, CLO3