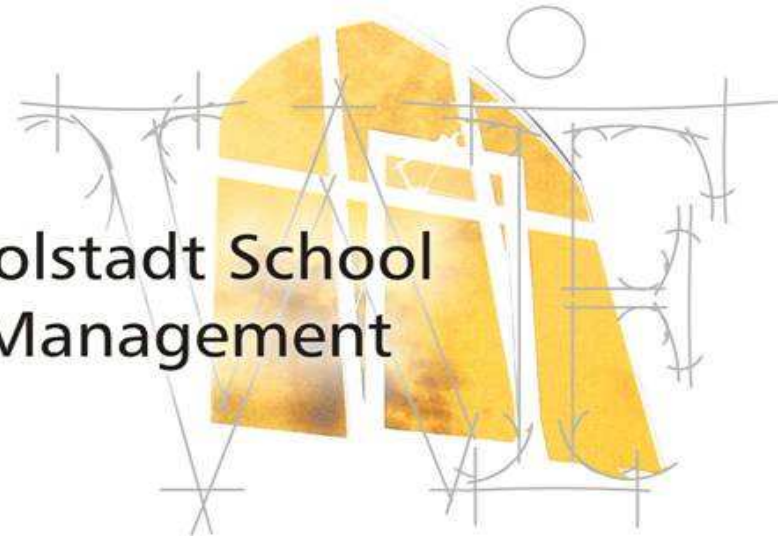




Ingolstadt School
of Management



Theory and Practice of Business Valuation

Summer Semester 2018

Dr. Stefan Gros

Structure

The course consists of three parts:

Lecture

Tutorials

Case Study

Lecture notes and review questions will be provided as PDF download

Exam: 90 min, consists of multiple choice, verbal and quantitative parts, mainly based on the lecture and the tutorials.

Case Study:

We will discuss a Case Study in class.

In case of questions, please contact me via e-mail: stefan.gros@dr-gros.de

Lecture and Tutorial Dates

Lecture: Friday 20.4.2018, 14:15-18:45, EG 013
Saturday 21.4.2018, 9:15-14.15, NB 101
Friday 04.05.2018, 14:15-18:45, EG 013
Saturday 05.05.2018, 9:15-14.15, NB 101
Friday 18.05.2018, 14:15-18:45, EG 013
Saturday 09.06.2018, 9:15-14.15, NB 101
Friday 15.06.2018, 14:15-18:45, EG 013
Saturday 16.06.2018, 9:15-14.15, NB 101

Tutorials: Will take place during last two hours on lecture days.

Exam: Thursday 05.07. 2018, 14:15 – 15:45 Uhr in NB 301
Thursday 1.10. 2018, 14:15 – 15:45 Uhr in NB 301

Learning Outcomes

- You will learn to use basic valuation and finance terminology in an adequate and critical manner;
- You will develop an understanding of the connections within a business valuation and find out the relations between finance and strategy;
- You will be able to understand business valuation as a guideline of business decisions and to conduct valuations. The comprehensive connections between the different sub-categories of business science will be made transparent;
- You will learn how to develop and apply portfolio strategies and get an understanding of corporate performance;
- You will learn the analysis of Mergers & Acquisitions, approaches for improving the business performance and the design of capital structure as a means to support the corporate strategy;
- After finishing the course, you will possess necessary basics for the Certified Financial Analyst (CFA), an additional qualification which is relevant in the professional life.

Agenda (1)

I Introduction

- 1.1 Why Maximizing Value?
- 1.2 Return on Invested Capital and Growth
- 1.3 Purpose of Valuation

2 Reorganize Financial Statement

3 Valuation Methods

- 3.1 Discounted Cash Flow Valuation
 - 3.1.1 WACC Method
 - 3.1.2 APV Method
 - 3.1.3 Economic Profit Method
- 3.2 Comparable Method
- 3.3 Real Option Valuation

Agenda (2)

4 Details on Valuation Models

- 4.1 Forecasting Performance
- 4.2 Estimating Continuing Value
- 4.3 Estimating Cost of Capital
- 4.4 From Enterprise Value to Equity Value

5 Mergers and Acquisitions

- 5.1 Basics of M&A
- 5.2 The M&A Process
- 5.3 Theoretical Grounding of M&A
- 5.4 Takeover Regulation and Defense
- 5.5 Acquisition Valuation and Digitization
- 5.6 Impact on Shareholder

Additional Reading

- **Koller/Goedhart/Wessels** (2015): Valuation, Measuring and Managing the Value of Companies, University 6 Ed., Wiley
- **Koller/Goedhart/Wessels** (2015): Valuation Workbook: Step-by-Step Exercises and Tests to Help You Master Valuation + VWS, 6th Edition
- **Schallmo/Williams** (2018): Digital Transformation Now!: Guiding the Successful Digitalization of Your Business Model, Springer
- **Berk/DeMarzo** (2014): Corporate Finance, 3rd edition, Pearson Addison-Wesley, Boston, Mass
- **Palepu/Healy/Peek** (2013): Business Analysis and Valuation IFRS Edition, 3. Ed., Cengage Learning
- **Penman** (2012): Financial Statement Analysis and Security Valuation, 5th Ed. International Edition