



COURSE DESCRIPTION

1. Information about the programme

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|-------------------------------------|---------------------------------------------------------------|
| 1.1 Institution of higher education | Alexandru Ioan Cuza University of Iasi |
| 1.2 Faculty | Faculty of Economics and Business Administration |
| 1.3 Department | Department of Finance, Money and Public Administration |
| 1.4 Field of study | Finance |
| 1.5 Level | Master |
| 1.6 Study programme/ Qualification | Finance and Risk Management |

2. Information about the course

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|-------------------------|--------------------------------|--------------|----------|------------------------|----------|-------------------|----------|
| 2.1 Course name | Corporate Valuation | | | | | | |
| 2.2 Course coordinator | Silviu Ursu (Conf. dr.) | | | | | | |
| 2.3 Seminar coordinator | Silviu Ursu (Conf. dr.) | | | | | | |
| 2.4 Year of study | 2 | 2.5 Semester | 3 | 2.6 Type of assessment | E | 2.7 Course status | E |

* C – Compulsory / E - Elective

3. Total estimated time (hours allotted to teaching activities per semester)

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|-------------------------------------------------------------------------|-----------|-----------------------|-----------|-----------------|-----------|------------|
| 3.1 Number of hours per week | 3 | of which: 3.2 lecture | 2 | 3.3 seminar/lab | 1 | |
| 3.4 Number of hours in the curriculum | 42 | of which: 3.5 lecture | 28 | 3.6 seminar/lab | 14 | |
| Time distribution | | | | | | hrs |
| Study of the textbook, coursebook, bibliography and lecture notes | | | | | | 28 |
| Additional research in the library, online and on the field | | | | | | - |
| Preparation of seminars/labs, homework, projects, portfolios and essays | | | | | | 50 |
| Tutorials | | | | | | 1 |
| Assessment | | | | | | 4 |
| Other activities..... | | | | | | - |
| 3.7 Total number of self-study hours | | | | | | 83 |
| 3.8 Total number of hours per semester | | | | | | 125 |
| 3.9 Number of credits | | | | | | 5 |

4. Prerequisites (if applicable)

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|----------------------|-------------------------------------------------------|
| 4.1 Curriculum-based | Financial Reporting and Analysis (recommended) |
| 4.2 Competence-based | - |

5. Conditions (if applicable)

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|-------------------------|----------------------------------------------------------------------------------------|
| 5.1 For lectures | <ul style="list-style-type: none"> ▪ Attendance is strongly encouraged. |
| 5.2 For seminars / labs | <ul style="list-style-type: none"> ▪ Attendance is strongly encouraged. |





6. Specific competencies

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|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Professional competencies | <p>C1. Analysis of the theoretical and practical aspects of financial markets, models, instruments that are used in the management of risks.</p> <p>C2. Adequate use of mathematical and statistical concepts, methods and techniques in assessing risks and performing independent research in finance.</p> <p>C3. Evaluation of the main risk factors for organizations and financial systems.</p> <p>C4. Implementing effective financial management and reporting within the business environment to ensure value creation.</p> <p>C5. Ensuring effective and appropriate governance and management of risk within an organization, in the context of an overall ethical framework.</p> |
| Transversal competencies | <p>CT1. Application of the professional ethical norms and values in decision-making and undertaking of complex professional tasks, independently or within a team.</p> <p>CT2. Human resources planning within a group or organization, in the context of awareness of own responsibility for professional outcomes.</p> <p>CT3. Assuming the need for continuous development to create prerequisites for career progression and adapt own professional and managerial competencies to the economic dynamics.</p> |

7. Course objectives (provided by the specific competencies grid)

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| 7.1. Main objective | <p>The course aims to provide students with an understanding of the theoretical and practical aspects of the analysis and valuation of companies. Students will interpret, analyse and synthesize various sources of information and will apply research methods from corporate finance, accounting and business in an integrated manner with the goal of valuing a company.</p> <p>On successful completion of the course, students will have the advanced knowledge, skills and abilities to analyse and value a company using the modern financial practices, as reflected in the curriculum of the Chartered Financial Analyst (CFA) world-leading certification and in line with the requirements of modern jobs in the finance industry such as company analyst, financial analyst, corporate finance advisor, or private banker.</p> |
| 7.2. Specific objectives | <p>On completion of the course, students will be able to:</p> <ul style="list-style-type: none">▪ Define valuation and intrinsic value and explain sources of perceived mispricing;▪ Describe and explain advantages and disadvantages of major categories of valuation models;▪ Explain uses of industry and company analysis and describe the elements that should be covered in a thorough analysis of a public company;▪ Demonstrate an understanding of the financial statements and build a company model;▪ Conduct absolute and relative valuation for a public company based on dividend discount models, free cash flow models, the residual income model or on comparisons of multiples;▪ Compare public and private company valuation and calculate the value of a private company based on various methods;▪ Work in a team, communicate subsequent findings, and reflect on the work of others. |





8. Content

| 8.1 | Lectures | Teaching methods | Observations (hours & readings) |
|-----|-----------------------------------------------------|-----------------------------------------------------------|-----------------------------------|
| 1. | Introduction to Corporate Valuation | Interactive lecture, Random calling, Ungraded quiz | 2hrs: K(1,2,3) |
| 2. | Equity Return and Risk | Interactive lecture, Invention activities, Random calling | 4hrs: P(2), B(10,11,12), D(4,7,8) |
| 3. | Valuation: Concepts, Tools, Approaches, and Process | Interactive lecture, Invention activities, Random calling | 2hrs: P(1), B(9), D(1,2) |
| 4. | Industry Analysis | Interactive lecture, Invention activities, Random calling | 2hrs: P(3) |
| 5. | Company Analysis | Interactive lecture, Invention activities, Random calling | 2hrs: P(3), B(2), D(3,9,10) |
| 6. | Financial Modeling | Interactive lecture, Invention activities, Random calling | 4hrs: P(4), B(19), D(11,12) |
| 7. | Discounted Dividend Valuation | Interactive lecture, Invention activities, Random calling | 2hrs: P(5), B(9), D(13) |
| 8. | Free-Cash Flow Valuation | Interactive lecture, Invention activities, Random calling | 2hrs: P(6), B(9), D(14,15,16) |
| 9. | Market-Based Valuation | Interactive lecture, Invention activities, Random calling | 4hrs: P(7), B(9), D(17,18,19,20) |
| 10. | Residual Income Valuation | Interactive lecture, Invention activities, Random calling | 2hrs: P(8) |
| 11. | Private Company Valuation | Interactive lecture, Invention activities, Random calling | 2hrs: P(9), D(24) |

Bibliography

Main readings:

- Pinto, J., Henry, E., Robinson, T., Stowe, J. and Wilcox S. (2020). **Equity Asset Valuation** (4th edition). CFA Institute Investment Series. Wiley
- Koller, T., Goedhart, M. and Wessels, D. (2020). **Valuation. Measuring and Managing the Value of Companies** (7th edition). Wiley
- Damodaran, A. (2012). **Investment Valuation. Tools and Techniques for Determining The Value of Any Asset** (3rd edition). Wiley
- Berk, J., and DeMarzo, P. (2019). **Corporate Finance, Global Edition** (5th edition). Pearson
- Fabozzi, F., Focardi, S., and Jonas C. (2017). **Equity Valuation. Science, Art, or Craft?**. The CFA Institute Research Foundation (<https://rpc.cfainstitute.org/-/media/documents/book/rf-publication/2017/rf-v2017-n4-1-pdf.pdf>)
- Damodaran Online: <http://pages.stern.nyu.edu/~adamodar/>
- CFA® Program Level I Study Sessions on Equity Investments & Level II Study Sessions on Equity Valuation (<https://www.cfainstitute.org/en/programs/cfa/curriculum/study-sessions>)

Additional readings:

May be provided throughout the course via FEAA eLearning platform, e-mail or handed-in in class.





| 8.2 | Seminars / Labs | Teaching methods | Observations (hours & readings) |
|-----|-------------------------------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------|
| 1. | Introduction to Corporate Valuation | Small group discussion, Random calling | 1hrs: K(1,2,3) |
| 2. | Equity Return and Risk | Small group discussion, Problem sets in groups, Case Study, Random calling | 2hrs: P(2), B(10,11,12), D(4,7,8) |
| 3. | Valuation: Concepts, Tools, Approaches and Process | Small group discussion, Problem sets in groups, Case Study, Random calling | 1hrs: P(1), B(9), D(1,2) |
| 4. | Industry Analysis | Small group discussion, Problem sets in groups, Case Study, Random calling | 1hrs: P(3) |
| 5. | Company Analysis | Small group discussion, Problem sets in groups, Case Study, Random calling | 1hrs: P(3), B(2), D(3,9,10) |
| 6. | Financial Modeling | Small group discussion, Problem sets in groups, Case Study, Random calling | 2hrs: P(4), B(19), D(11,12) |
| 7. | Public Company Valuation | Small group discussion, Problem sets in groups, Case Study, Random calling | 5hrs: P(5,6,7,8), B(9), D(13,14,15,16,17,18, 19,20) |
| 8. | Private Company Valuation | Small group discussion, Problem sets in groups, Case Study, Random calling | 1hrs: P(9), D(24) |

Bibliography**Main readings:**

- Pinto, J., Henry, E., Robinson, T., Stowe, J. and Wilcox S. (2020). **Equity Asset Valuation** (4th edition). CFA Institute Investment Series. Wiley
- Koller, T., Goedhart, M. and Wessels, D. (2020). **Valuation. Measuring and Managing the Value of Companies** (7th edition). Wiley
- Damodaran, A. (2012). **Investment Valuation. Tools and Techniques for Determining The Value of Any Asset** (3rd edition). Wiley
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Additional readings:

May be provided throughout the course via FEAA eLearning platform, e-mail or handed-in in class.

9. Corroboration of the course content with the expectations of community representatives, professional associations and representative employers from the programme's related field

This course provides students with the core knowledge, skills, and abilities that are generally accepted and applied by finance, investment and risk management professionals throughout the world. Topics are selected in accordance to the requirements of Chartered Financial Analyst (CFA) and Professional Risk Manager (PRM) world-leading certifications for finance and risk management, to offer the adequate preparation for CFA and PRM exams. The content is continuously updated based on the feedback of students and alumni. Moreover, this is a student-centered course that follows the best practices of learning and teaching in graduate education through the adoption of a variety of active-learning instructional methods.



**10. Assessment**

| Type of activity | 10.1 Assessment criteria (based on the course learning objectives) | 10.2 Assessment methods | 10.3 Weight in final grade (%) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|--------------------------------|
| 10.4 Lectures | <ul style="list-style-type: none">▪ Clarity of explanation of the concepts of return and risk of securities and cost of capital of a company▪ Depth of description and explanation of concepts, tools and process to evaluate a company▪ Clarity of explanation of elements of a thorough industry / company analysis▪ Accuracy of calculation of the value of a company based on various valuation approaches: discounted dividend, free-cash flow, market-based, residual income | Final exam (multiple-choice, true-false and open questions) | 50% |
| 10.5 Seminar/ Labs | <ul style="list-style-type: none">▪ Accuracy of using accounting and other information to derive inputs for a financial model▪ Quality of a financial Excel model to evaluate a company▪ Accuracy of answers to short problems on corporate valuation▪ Clarity and depth of analysis of cases on corporate valuation▪ Quality of work in a team of students▪ Clarity of speech and ideas and quality of argument, introduction and conclusion in the presentation of the group reports | Individual/group coursework (short problems, mini cases, financial model) and their oral presentation | 50% |
| 10.6 Minimum performance standard | | | |
| <ul style="list-style-type: none">▪ Demonstration of the competency to analyse and value a company using the best practices in the corporate finance.▪ Correct answers provided to at least half of questions in the final written examination.▪ A minimum passing grade of 5, computed as $F = 0.5 \times C + 0.5 \times E$, where F – final grade, C – coursework grade, E – final exam grade. | | | |

Date
20.09.2023

Course Coordinator
Conf. dr. Silviu Ursu

Seminar Coordinator
Conf. dr. Silviu Ursu

Date of approval
26.09.2023

Head of Department
Prof. dr. Ovidiu STOICA

