# Corporate Finance (Advanced Course)

## Prof. Ettore Croci; Prof. Gabriele Villa

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The course aims to provide students with tools to analyse corporate financial policy decisions. The course is not limited to theoretical aspects, but seeks to show how the theories presented can be used to analyse real case studies involving Italian listed companies.

The course is structured according to a multidisciplinary approach: the theoretical aspects of the business decisions relating to each of the topics discussed will be illustrated; the results of empirical research on the subject will be studied in order to discuss the reasons behind the decisions made and the consequences observed during actual company business; and the accounting and legal aspects that regulate, govern and affect practical implementation of each of the various borrowing policies are dealt with and analysed, among other ways, by discussing specific business cases.

At the end of the course, students will be able to evaluate a company and identify the major determinants of value. Furthermore, students will be able to choose the evaluation method according to the characteristics and the situation of the company.

***COURSE CONTENT***

The course deals with the following areas:

1. Financial structure and capital costs;

2. Business valuation;

3. Borrowing: the effect of debt on enterprise value; highly leveraged transactions and leveraged buyouts.

4. Financial difficulties: in-court bankruptcy proceedings, out-of-court agreements and corporate restructuring.

5. Recourse to the capital market by listed companies: recapitalization, reduction in leverage, and use of derivative financial instruments (convertible bonds and warrants).

***READING LIST***

The course is oriented towards analysing and discussing corporate case studies. The material for conducting these studies will be made available on Blackboard during the course.

Useful information for preparing and conducting the case studies may be found in the following books.

Berk-DeMarzo, *Corporate Finance,* Pearson International Edition, 2016.

Alexander-Nobes, *Financial accounting,* *An International Introduction,* Prentice Hall, 2010, 4th edition.

Phalippou, *Private Equity Laid Bare*, Amazon, 2018.

Titman-Martin, *Valuation,* Pearson International Edition, 3rd edition, 2016

The following book is also recommended:

Rosembaum-Pearl, *Investment Banking,* Universitary Editon, Wiley, 2013.

***TEACHING METHOD***

Lectures, during which business case studies are also conducted.

***ASSESSMENT METHOD AND CRITERIA***

The course involves active participation that forms the basis of the final evaluation.

Attending students will have the opportunity to take the exam through a mid-term partial test on the topics addressed by Prof. Croci (50% of the final mark) and the presentation of a paper on a company valuation case study, according to the criteria mentioned below (50% of the final mark) as regards the part addressed by Prof. Villa. The partial test consists of 3 questions with equal assessment weight and focuses on the topics covered in the first part of the course. It should be written in a Word doc, 30 units (of 1800 keystrokes each), 3 cm margins on all sides; line spacing 1. Students should attach to the paper the necessary tables (economic-financial plan; analytical flow prospectus, etc.). The paper should be divided in the following sections: I. Company description; II. Historical analysis; III. Economic-financial plan (with a detailed description of business plan hypothesis); IV. Valuation.

Students who do not actively participate will sit a traditional written paper relating to the part covered by Prof. Croci and are expected to present the paper indicated in the previous point as regards the part covered by Prof Villa. The written test consists of three questions with equal weight. The paper must be delivered to Prof. Villa before the start of the exam session according to the instructions indicated on Blackboard.

***NOTES AND PREREQUISITES***

*Prerequisites*

Students are expected to be able to understand the concepts of a basic corporate finance course (investment decision criteria, risk-return analysis, financial structure).

In case the current Covid-19 health emergency does not allow frontal teaching, remote teaching will be carried out following procedures that will be promptly notified to students.

Further information can be found on the lecturer's webpage at http://docenti.unicatt.it/web/searchByName.do?language=ENG, or on the Faculty notice board.