# Company Valuation Techniques and Financial Instruments

## Prof. Michele Di Marcantonio

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

The course aims to provide students with the tools necessary for understanding the theoretical foundations of the main company valuation methods and financial instruments, as well as the tools for practically applying the latter in the professional sphere.

At the end of the course, students will be able to:

1. know and understand advanced concepts of the subject, which can be used to set up the evaluation process of an economic activity;
2. apply this knowledge when using the main methods for evaluating companies and financial instruments in a professional context;
3. collect and interpret data deemed useful as the basis for estimating the value of companies, company branches and certain types of financial instruments;
4. possess a technical language that allows them to communicate their acquired knowledge clearly and effectively.

***COURSE CONTENT***

The course aims to provide students with knowledge and skills in the following topics:

* value theory and the purpose of company valuations;
* the integrated valuation judgment;
* the information base;
* fundamental evaluation methods;
* financial methods and income methods;
* the *Discounted Cash Flow model*;
* the *Dividend Discount model*;
* the cost of own capital and the weighted average cost of capital;
* direct valuation methods;
* simple and complex equity methods;
* mixed valuation methods;
* brand evaluation;
* Real options: an outline;
* the valuation of derivative financial instruments: an outline;
* the assessment of pecuniary damage.

The course also aims to explore in depth the practical aspects of the subject, which are analysed in the practical tutorials following the study of the related theoretical principles. The purpose of the tutorials is to illustrate to students the methods by which the company valuation methodologies and financial instruments described in theory may be applied in professional practice.

***READING LIST***

Reference text: G. Zanda-M. Lacchini-T. Onesti (2013), *La valutazione delle aziende*, 6th edition, Giappichelli, Turin (chaps. 1-11, 14, 20, 21).

***TEACHING METHOD***

Frontal lectures that include theoretical presentations and tutorials aimed at demonstrating practical applications.

***ASSESSMENT METHOD AND CRITERIA***

A written exam: exercises and open-ended theory questions. Interim tests are not foreseen.

The assessment criteria on which marks are based are: knowledge of course content; ability to apply and critically elaborate what has been learned; ability to link the theoretical contents presented to practical applications; and ability to formulate and communicate independent judgments.

In assessing the individual tests and attributing the mark, reference will be made to a learning assessment scale. To pass, students must demonstrate sufficient, but general, knowledge of course contents, a simple presentation style, and confidence in applying the theoretical concepts together with the company valuation techniques and financial instruments. To achieve the top mark (and a distinction), students must demonstrate very extensive, complete and in-depth knowledge of course contents, a consolidated ability to apply contents, excellent skill at applying company valuation techniques and financial instruments, and an ability to make interdisciplinary connections using masterful presentation skills.

The examination commission, at its discretion, may request a supplementary oral exam on the whole course syllabus if there are doubts regarding the contents of the written exam that may compromise the assessment. This possibility is communicated to students in conjunction with the presentation of the written exam results. Any student who refuses to take the oral exam relinquishes the mark they obtained in the written exam. The supplementary oral exam will take place without delay on the date set by the Commission.

***NOTES AND PREREQUISITES***

Regular attendance at lectures and tutorials, together with gradual study (by carrying out the exercises indicated in class), facilitates learning and passing the exam. Students are strongly advised to take this fact into account when planning their study activities.

The Blackboard platform will be used to distribute teaching material, to communicate exam results, and to publish all notices related to the course.

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.