



**MASTER OF BUSINESS ADMINISTRATION (MBA)
FINA 5513: MERGERS & ACQUISITIONS**

COURSE OUTLINE Fall (1) 2014

Instructor: Dr. Vijay Jog

Office DT 1714; (613) 520-2377

Email: vijay_jog@carleton.ca

Office Hours: Monday or Tuesday 5- 6 p.m. or by appointment

PREREQUISITE:

The prerequisites for this course are FINA 5512 Valuation, BUSI5801, ACCT5001, ACCT5002, FINA 5501 and FINA 5502.

COURSE DESCRIPTION

This course focuses on the theory and practice of mergers and acquisitions (M&A). It seeks to equip managers or future managers with what they need to know and the skills they need to have to be effective and successful in the M&A or investment banking world. The objective of the course is to provide an understanding of the best ways to strategize, analyse, design and implement mergers and acquisitions. The course is divided into three discrete aspects. The first involves developing an in-depth understanding of how companies think about M&A and how to apply the appropriate tools and skills to value mergers and acquisitions transactions. In this regard, we will discuss, among others, the M&A process, deal structuring and financing and M&A strategies.

The second aspect involves the application of what has been learned to solving real world mergers and acquisitions problems through practical cases that integrate the concepts discussed in the course. Your individual knowledge about the material learned in the course will also be tested in the final exam.

Lastly, you will be asked to identify/choose (**no later than the third week of classes**) an actual merger/acquisition from the list below and provide a written analysis that can show that you have understood and applied the learning from this course.

Unless there is a compelling reason to choose another event, please select (first come first serve) one of the following. If you wish to value any large recent acquisition of a Canadian publicly listed company of another publicly listed company, I will be willing to consider it.

- Hillshire Brands- Pinnacle
- Valeant – Allergen
- Men’s warehouse- Jos a Banks
- Endo – Paladin Labs
- Loblaw’s- Shoppers drug mart
- BH + 3G capital and Heinz
- Pfizer- Anstra Zeneca

COURSE OBJECTIVES:

To provide students with knowledge of

- The takeover/mergers (and divestiture) market/environment
- Strategic nature of a M&A and a M&A program
- How value is created (or destroyed) through corporate mergers and acquisitions including from the “financing” component;
- How various components of the deal structuring process interact to determine the acquisition;
- Commonly used takeover tactics and defences
- How the concepts learned in this and other courses (FINA 5512) can be applied in an integrated manner in understanding a merger/acquisition

LEARNING OUTCOMES

On successful completion of this course you would be able to:

- discuss the motives for mergers and acquisitions (and divestiture and LBOs);
- understand and analyse the strategic issues involved in mergers and acquisitions;
- understand, describe (and apply) takeover and defensive strategies that are employed by bidders and targets;
- evaluate the merits of hostile takeovers and the role of M&A arbitrageurs;
- understand the underlying value behind a M&A deal

REQUIRED TEXT /MATERIAL

The prescribed textbook for this course is: *Mergers, Acquisitions, and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, and Solutions, 6th edition, by Donald M. DePamphilis, Academic Press, 2012/2013 (ISBN: 978-0-12-385485-8)*. The 7th edition is available but it is not materially different. The course assumes that students are comfortable with all the material covered in Chapters 7, 8 , 9 and 10.

For those interested in this area may also benefit from buying (used copy is fine) *Profit from the Core: A Return to Growth in Turbulent Times*, Chris Zoom and James Allen.

ADDITIONAL RESOURCES

The *Globe and Mail Report on Business*; the *Financial Post*; *The Wall Street Journal* and the *London Financial Times* also provide comprehensive daily coverage of financial and economic news. Also, try the websites of the following institutions: CNN Finance; The Financial Times; Business Week; The Economist; etc.

Some material will be also available on the course web site.

Grading

The grading for the course consists of three components:

| | | | |
|---|--|-------------------------------|-----|
| 1 | Group write up – actual M&A event | Due Date: end of the 6th week | 30% |
| 2 | One write up/presentation on M&A Strategy based on Zook and Allen (10%) plus 3 cases write ups/presentations to be handed in | During the course | 40% |
| 4 | Final examination | Monday, October 20th | 30% |

NOTE:

1. Please form a group of no less than 3 and no more than 4 students.
2. Successful completion of the course requires a pass (50%) of the final examinations.
3. Those who are absent during the case discussion will get zero marks for that case.
4. Make sure that you are available for the final exam. Allowance will not be made for conflicting travel plans and there will be no makeup exam.

Cellular Phones and laptops:

The use of cellular phones IS NOT PERMITTED in this class. It is disruptive to the instructor and class members. If you carry a phone to class, please make sure it is turned off. If an emergency situation requires you to keep your cell phone turned on you may wish to keep the silent mode on, please discuss this with the instructor prior to the class starting.

Laptop may be used only sparingly/rarely and only for course related usage. An individual found to use laptop for surfing the net (a la Face book, Google, etc.) or for non-session related usage may be penalised. If that is what you want to do, please do not come to the class; there are no marks for attendance.

Drop Course Policy

Students can drop a course up until the END of the second week of classes. Students that drop a class in the third week will receive a WDN but will automatically have the grade changed to ABS. A grade of ABS is considered a failing grade. A required course will have to be taken again. Students with medical reasons and supporting documentation may petition the School to have the ABS grade changed back to WDN.

TENTATIVE LECTURE OUTLINE

| Lecture | Topic | Textbook |
|---------|--|---------------|
| 1 | Course Introduction The Takeover market | Chapter 1 |
| 2 | M&A Strategy (course notes) (based on Zook and Allen) Acquisition plan Deal Origination and due diligence review <i>Post M&A - Integration (chapter 6 – yours to read)</i> | Chapter 4 & 5 |
| 3 | Structuring the deal - M&A deal financing: Form of Payment Present and discuss: Strategy behind Acquisitions from real examples - using Z&A framework (first set of groups) | Chapter 11 |
| 4 | Case 1 Leveraged Buy Outs (LBOs) Present and discuss: Strategy behind Acquisitions from real examples (second set of groups) Must read and understand pp. 509-517 and table 13-12 prior to the class | Chapter 13 |
| 5 | Case 2 Takeover tactics and Defence strategies | Chapter 3 |
| 6 | Case 3 and Review | |

Please note that some of these cases will require you to review and be extremely comfortable with the material from **FINA5512 Valuation**. Except for synergy and LBO valuation, we will not cover basic valuation concepts in this course.

IMPORTANT ADDITIONAL INFORMATION

Policy on Mobile Devices

The use of mobile devices IS NOT PERMITTED in this class. It is disruptive to the instructor and class members. If you carry such a device to class, please make sure it is turned off. If an emergency situation requires you to keep it turned on, please discuss this with your instructor prior to class.

Group Work

The Sprott School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, followership and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your instructor may assign one or more group tasks/assignments/projects in this course.

Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

Person with Disabilities

Students with disabilities requiring academic accommodations in this course are encouraged to contact a co-ordinator at the Paul Menton Centre for Students with Disabilities to complete the necessary letters of accommodation. After registering with the PMC, make an appointment to meet and discuss your needs with me at least two weeks prior to the first in-class test or ITV midterm exam. This is necessary in order to ensure sufficient time to make the necessary arrangements. Please refer to <http://www.carleton.ca/pmc/> for all PMC information.

Religious Observance

Students requesting academic accommodation on the basis of religious observance should make a formal, written request to their instructors for alternate dates and/or means of satisfying academic requirements. Such requests should be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist, but no later than two weeks before the compulsory academic event. Accommodation is to be worked out directly and on an individual basis between the student and the instructor(s) involved. Instructors will make accommodations in a way that avoids academic disadvantage to the student.

Students or instructors who have questions or want to confirm accommodation eligibility of a religious event or practice may refer to the Equity Services website for a list of holy days and Carleton's Academic Accommodation policies, or may contact an Equity Services Advisor in the

Equity Services Department for assistance.

Pregnancy

Pregnant students requiring academic accommodations are encouraged to contact an Equity Advisor in Equity Services to complete a *letter of accommodation*. The student must then make an appointment to discuss her needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required.

Academic Integrity

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another’s ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated. Penalties may include expulsion; suspension from all studies at Carleton; suspension from full-time studies; a refusal of permission to continue or to register in a specific degree program; academic probation; and a grade of Failure in the course, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at <http://www2.carleton.ca/sasc/advisingcentre/academic-integrity/>.