

1. **General Course Information**

Course Title: FINA 5512 VALUATION

Credit Weight: 0.25

Prerequisites: FINA 5502

2. **Course Description**

Valuation techniques are needed for enterprise valuation. The identification of value drivers, and insights into the valuation of companies in different settings. Step-by-step procedures for valuing businesses. Includes a team case analysis and presentation.

3. **Course Rationale**

This course focuses on the theory and practice of corporate valuation. Valuation is used in many settings. It is used for the purpose of investments, mergers, and acquisitions, and also when companies issue new shares or divest operations. In this course, we will explore the main valuation methods used by professional investors. The course focuses, among other things, on absolute valuation methods, relative valuation methods, developing an appropriate cost of capital, and building financial (valuation) models. This practical, hands-on course is taught using formal lectures combined with interactive case studies and exercises to reinforce the concepts covered in class. As part of class preparation and in-class discussion, you will be asked to solve both quantitative and qualitative problems involving the valuation of synergies and control premiums and to determine the value of both publicly traded and privately-owned companies. In addition, students will create their own Excel-based valuation models which will be used to value a real-life company. Through case studies and exercises involving problem-solving in different areas of valuation, you will gain practical, hands-on experience with various valuation techniques and financial modeling.

4. **Course Learning Objectives**

After successfully completing this course, you will be able to:

- CO1. Describe the different corporate valuation techniques
- CO2. Estimate the value of a takeover target
- CO3. Discuss the challenges that face analyst when valuing private firms

- CO4. Compare the merits of different valuation approaches and explain when they are used
- CO5. Apply discounted cash flows analysis to enterprise and equity valuation
- CO6. Compute enterprise and equity value using relative valuation models.

5. Course Schedule

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Module	Topics	Materials	Deliverable
1	Valuation techniques: A primer on cash flow valuation: Elements of the valuation process	Textbook chapter 7	
2	Computing free cash flow using DCF models	Textbook chapter 7	
3	Relative /Asset-based valuation methods	Textbook chapter 8	Individual Assignment (due by Saturday 11.30pm)
4	Economic evaluation of mergers & valuation of real options in mergers and acquisition	Textbook chapter 8	Individual Assignment (due on Sunday or Monday by 11.30pm)
5	Applying financial modelling/valuation techniques to mergers and acquisitions	Textbook chapter 9	
6	Valuing privately held firms	Textbook chapter 10	Group Live case analysis (due by Saturday 11.30 pm)
7	Final Exam		Quiz 2 (due on Sunday or Monday by 11.30 pm) Final Exam due at the end of the module.

6. Learning Materials

Textbook

Mergers, Acquisitions, and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, and Solutions, 10th edition, by Donald M. DePamphilis, Elsevier, 2021

Other Resources

The following Web sites may be useful: 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; The Economist.

7. Grading Scheme

Activity	Scored Out of	Percent of Grade
Individual assignment	100	10%
Quiz 1	25	10%
Quiz 2	25	10%
Group In-class analysis	100	20%
Final Exam	100	50%
TOTAL	350	100%

8. Final Exam

The final examination is a closed-book exam. Please note that examinations in this course may use a remote proctoring service provided by Scheduling and Examination Services (SES). SES will be leveraging CoMaS, the University's automated e-Proctoring software, to ensure the integrity of the exam process. You can find more information at <https://carleton.ca/ses/e-proctoring/>.

You may write the exam on one of three days (on Friday 14th April, Saturday 15 April, or Sunday 16 April). Please inform the Professor by Wednesday, April 12 which of the days you will write the exam.

Late Assignments

The assignment deadlines are at least one week after the completion of related course material (sometimes more) and as such, should be sufficient. Yet, sometimes, despite our best efforts, and for good reasons, we can't meet our deadlines. You have two days of grace that you can apply to missed assignment deadlines. For example, a single assignment maybe two days late, or two assignments may each be one day late with no penalty. No reason is required. No questions asked. That said, I need an email by the deadline indicating you will be late, but plan on submitting. Once the two days have been used, no further lateness will be accepted and any late submissions at that stage will

receive a mark of 0.

Requests for extension without penalty will be considered in cases of illness, family emergency, or other exceptional circumstances.

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