



## GRADUATE SCHOOL

### **GM1041 Corporate Valuation, 7.5 credits**

Företagsvärdering, 7,5 högskolepoäng

*Second Cycle*

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#### **Confirmation**

This course syllabus was confirmed by Graduate School on 2022-03-18 to be valid from 2022-08-29, autumn semester of 2022.

*Field of education:* Social Sciences 100%

*Department:* Graduate School

#### **Position in the educational system**

The course Corporate Valuation is a course within Master of Science programmes at the Graduate School, School of Business, Economics and Law, University of Gothenburg.

#### *Main field of studies*

Finance

#### *Specialization*

A1N, Second cycle, has only first-cycle course/s as entry requirements

#### **Entry requirements**

To be eligible for the course Corporate Valuation the participant must fulfil the entrance qualifications for the Master of Science programme in Finance or the Master of Science programme in Economics at the Graduate School, School of Business, Economics and Law, University of Gothenburg.

#### **Learning outcomes**

On successful completion of the course the student will be able to:

1. analyse a company's financial performance, growth and risk, as well as identify key value drivers
2. apply different valuation models and techniques such as dividend-discount models, FCFE, FCFE and relative valuation

3. identify and analyze a company's value driving factors, and relate these factors to the value enhancement process
4. conduct a practical valuation of a chosen company, in collaboration with other students, and with limited information.

**Course content**

The course aims to provide participants with advanced knowledge and insight into business valuation. It covers the foundations of valuation, from the role of valuation under different investment philosophies, to common techniques and models for estimating a firm's value. We also discuss the value enhancement process, and valuation in the context of mergers and acquisitions. The course contains the following modules:

**Module 1: Corporate valuation**

This module covers the fundamentals in valuation, including different models and techniques such as dividend-discount models, FCFE, FCFF and valuation using multiples. It also provides a guide to carrying out a complete valuation using the discounted cash flow valuation approach. The first step is to understand the company's past performance, growth and risk, as well as to identify its key value drivers. Students will learn to analyze a company's performance based on relevant information from the financial statements and other public sources. We will discuss potential adjustments to reported number and these adjustments' effect on financial ratios. Next is to forecast the firm's future performance, taking into account the firm's growth potential and risk profile. The students will learn to estimate the firm's free cash flows, costs of capital, firm value and stock value. The students will have the opportunity to apply the discussed concepts and techniques to a real-world case.

**Module 2: Valuation from an M&A perspective and Value enhancement**

The different classification of mergers and acquisitions will be discussed together with processes and steps in M&A activities. Motives behind, and synergy effects of M&A will be viewed both from theory and from empirical evidence. From a broad perspective, value enhancement is potentially the focus of managers today. Different value neutral and value enhancing actions that a manager can take will be discussed with a focus on discounted cash flow principles.

**Form of teaching**

Lectures, seminars, workshops and group work.

*Language of instruction:* English

**Assessment**

The learning outcomes 1 and 2 are assessed through a written exam and a group case assignment which includes a written report and an oral presentation.

The learning outcome 3 is assessed through a written exam.

The learning outcome 4 is assessed through a group case assignment which includes a written report and an oral presentation.

Seminar participation is compulsory. If the course coordinator agrees that the reason for absence or non-submission of compulsory elements is valid, then the missing elements can be replaced with alternative assignments.

A failed assignment can be supplemented to a pass grade.

Exams shall be written individually, cooperation in formulating text, tables, figures etc. is not allowed.

If a student who has twice received a failing grade for the same examination component wishes to change examiner ahead of the next examination session, such a request should be made to the department in writing and should be approved by the department unless there are special reasons to the contrary (Chapter 6 Section 22 of the Higher Education Ordinance).

If a student has received a recommendation from the University of Gothenburg for study support for students with disabilities, the examiner may, where it is compatible with the learning outcomes of the course and provided that no unreasonable resources are required, decide to allow the student to sit an adjusted exam or alternative form of assessment.

In the event that a course has ceased or undergone major changes, students are to be guaranteed at least three examination sessions (including the ordinary examination session) over a period of at least one year, but no more than two years after the course has ceased/been changed.

The number of examinations is limited to five.

**Grades**

The grading scale comprises: Excellent (A), Very good (B), Good (C), Satisfactory (D), Sufficient (E) and Fail (F).

Pass is required on all examination forms. The grade (A-E) corresponds to the total score a student obtains on the written exam and the group case assignment. To receive a pass grade (A-E)  $\geq 50\%$  points is required. The scale is tied to fixed score intervals:

A: 85-100%

B: 75-84%

C: 68-74%

D: 60-67%

E: 50-59%

F: <50%

**Course evaluation**

The course will be evaluated upon completion. The results of and possible changes to the course will be shared with students who participated in the evaluation and students who are starting the course.