INDUSTRY VALUATION
2021

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Course description

This course provides broad view of corporate finance from the practical view and valuation companies in different industries (incumbents and business of NE). It delivers comprehensive theoretical knowledge and understanding of how to use it in practice.

The classes will be based on active interaction with students and everyone is appreciated to participate in the discussions and simulations. Moreover, the course consists of numerous tests and quizzes, which will also contribute to better understanding of main approaches, methods and concepts, connected with corporate finance.

The course involves a lot of team work – the students will be given the opportunity to assess the value of one of the Russian companies. During this group project the students will obtain real practice of company's valuation, learn how to work in teams and acquire presentations skills.

Course requirements, grading, and attendance policies

The course grade will be based on the group project (30%), 2 cases (30%) and final exam (40%). In-class participation and assignments are subject to bonus for the final grade.

Course contents

| 1-2 | **(1) Introduction: finance and business-models**

(2) Company's financial structure and Industry Value Drivers | Introduction in business. The word is changing …. Digitalization and transformation
How do investors and shareholders think?
Business models in new economy

<u>Team Work</u>: mini-cases
Netflix, Salesforce, Walmart

Role and basic knowledge of finance and business: Assets and Liabilities, Profit and Losses.
Sources of company's growth, types of funding, capital base.

<u>Case</u>: find company
Industry Value Drivers: IT, Retail, Building Construction, Telecommunication and Air Transportation industries. | **Home task:**
https://www.coursera.org/learn/finansy-companiy?#syllabus (week 3-5)

Group project (part 1-2)
<u>**Deadline до 24-00 21.01.2021**</u>

Home task: Case #1
<u>**Deadline до 24-00 28.01.2021**</u>

<u>*Reading:*</u> *Richard A. Brealey, Stewart C. Myer "Principles of Corporate Finance"(13th edition)*

Part 9, Chapters:
- Financial analyses;
- Financial Planning;
- Working Capital Management. |

		Main financial statements and factors influencing the investors' decisions. The interconnection between them.	
3-4	**Valuation: DCF model**	Discounted cash flow method (DCF). Cash flows in industries: Operating, Investing, Financing (CFO, CFI, CFF). Deviations between reported and actual cash flows. Capital structure. CAPM (Capital Asset Pricing Model) и WACC (Weighted Average Cost of Capital). Types of investing projects. NPV, Payback period, IRR, Accounting rate of return, PI. Case: My own business ADDITIONAL: UNIT economy in my own business. **Seminar 1**: Cost of Equity, Cost of Debt, and WACC: calculations and issues.	**Group project (part 3)** **Deadline до 24-00 04.02.2021** **Home task: Case #2** **Deadline до 24-00 11.02.2021** *Reading: Richard A. Brealey, Stewart C. Myer "Principles of Corporate Finance"(13th edition):* *Part 1, Chapters:* - *Net Present Value and Other Investment Criteria;* - *Making Investment Decisions with the Net Present Value Rule* - *The value of common stocks* *Part 2, Chapters:* - *Introduction to Risk and Return;* - *Portfolio Theory and CAPM, Risk and the Cost of Capital* *Additional reading (DCF valuation)* - *Corporate Finance Institute (CFI). n.d.b. DCF analysis pros & cons. Available: https://corporatefinance institute.com/resources/knowledge /valuation/dcf-pros-and-cons/ [2019, July 1].* - *Corporate Finance Institute (CFI). n.d.c. Terminal value. Available: https://corporatefinance institute.com/resources/knowledge /valuation/terminal-value/[2019, August 27].*
6-7	**Valuation: Comparable methods** **Digitalization in incumbents**	**Valuation: Comparable methods** Digitalization and transformation in different industries. **Seminar 2**: Equity Valuation. Cashflow-based valuation vs. Comparable Methods valuation	**Home task: Group project (part 4-5)** **Deadline до 24-00 18.02.2021** *Additional reading:* - *https://breakingintowallstreet.com /biws/kb/valuation/comparable-company-analysis-cca/* - *https://youtu.be/IaPNT0mcpm8 (on Multiple Valuation and most common questions)*
7	**Projects**	**Seminar 3** (on demand): (1) Valuation and Financial Modeling (2) Pre-project & pre-exam advisory	**Home task: Project** **Deadline до 24-00 25.02.2021**

Academic integrity policy

Cheating, plagiarism, and any other violations of academic ethics at NES are not tolerated.