

Valuation-2

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Course description

The course is dedicated to further develop practical skills regarding valuation of companies and their assets. The topics of the course will cover market analysis and research frameworks for the most common equity investments, various techniques of evaluating and comparing projects, as well as examine the choice of sources of financing deals and transactions.

The topics will be introduced in Case Study format, then discussed in class and subsequently deepened in in-class presentations.

The final step of the course is completing a task of writing an equity report on a public company (incl. building a valuation model) and presenting the results.

Course requirements, grading, and attendance policies

In-class participation. Case Study Assignments will require a thorough analysis. Students are expected to actively participate in all in-class presentations (with bonus of up to +5 points for class presentations).

Prerequisites. Pre-requirements are core courses in accounting, corporate finance, valuation and financial modeling.

Grading. The course grade is determined by results of home assignments and final exam:

- (40%) Home assignments. Total 4 (four) case-based group assignments are required to be completed throughout the course.

Grading will be dependent upon the quality of your preparation (analytical insights, creativity, precision; not by summarizing facts from the case), active participation and qualitative contribution in class room.

- (60%) Final group project. The project requires to perform a comprehensive valuation of a company and write an equity report from a position of an independent equity analyst.

The detailed instructions on the final project are provided separately on my.nes.

The total weighted and adjusted **passing score is 55% out of 100%.**

Course contents

Class	Comments
1-2 Advanced topics on valuation	<ul style="list-style-type: none">• Buyouts: deal types, investor return analysis• Residual Income model: use cases, assumptions, complications• M&A rationale: hostile takeovers, past transaction multiples• Private company: valuation approaches, discounts and issues
3-6 Case Studies	<ul style="list-style-type: none">• Equity research biases: studies on WACC and DCF models• Buyout case: tender offers, synergy values• Unconventional cases: real options, banks' valuation, private companies
7 Final Project	

Description of course methodology

Lectures and seminar classes are based on academic literature, case studies, real corporate deals and valuation guidelines provided by well-established institutions and valuation companies.

Students might need a laptop to perform some calculations during lectures and seminars.

Course materials

Required textbooks and materials

1. Damodaran Aswath. Investment Valuation: Tools and Techniques for Determining the Value of Any Asset, 3rd Edition
2. Paul Pignataro. Financial Modeling and Valuation: A Practical Guide to Investment Banking and Private Equity, 2nd Edition
3. McKinsey & Company Inc., Tim Koller, Marc Goedhart, David Wessels. Valuation: Measuring and Managing the Value of Companies, 7th Edition

Additional materials

1. Steven N. Kaplan, Richard S. Ruback. The Market Pricing of Cash Flow Forecasts: Discounted Cash Flow vs. the Method of "Comparables"
2. Pablo Fernández. Valuation Using Multiples How Do Analysts Reach Their Conclusions
3. Pablo Fernández. 80 Common Errors in Company Valuation
4. Luis E. Pereiro. Valuation of companies in emerging markets
5. Svetlana Baurens. Valuation of Metals and Mining Companies

Other materials might be added throughout the course.

Academic integrity policy

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