

# Valuation 1

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TAs: TBD

## Course description

Valuation is one of the most exciting and complicated disciplines in finance, with many people arguing whether it is an art or a science. Given the discipline volume, we will present Valuation course in several parts. The first part (Valuation 1) is mostly introductory as it presents the listener to key valuation methods, their theoretical background and their connection with corporate finance. Its goal of the course is (1) to explain the idea behind main approaches to valuation and (2) introduce practical aspects, pros and cons of DCF and multiples valuation.

## Course requirements, grading, and attendance policies

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Pre – requirements for the course are:

- (1) Economics
- (2) Accounting
- (3) Corporate finance

Course grade would constitute of the following parts

Component	Weight
2 Homeworks	20% each
In class exam	60%
Total	100%

## Course contents

The course covers the following topics:

1. Instruction to valuation: history, key approaches, myths and misconceptions about. DCF vs. multiples vs. contingent claim. Valuation: an art or a science?
2. Discount rates: cost of equity, cost of debt, WACC.
3. Modelling cash flows: free cash flow, free cash flow to equity, approaches to modelling and limitations
4. Multiples: types, calculation
5. Valuing fixed income instruments
6. Estimating terminal value: key approaches and limitations. Modelling errors
7. Thomson Reuters Eikon: introduction, key functions, practical examples.

## Description of course methodology

- Lectures
- In – class discussions
- Mini – cases
- Homeworks

## Course materials

### Required textbooks and materials

1. Aswath Damodaran Investment Valuation: Tools and Techniques for Determining the Value of Any Asset

## Additional materials

1. to be distributed during the course