
Corporate Finance

Professor: Albert Banal-Estanol
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Objectives

This course with the two main challenges faced by the financial management of a company: the investment decision, concerning the use of company resources in productive projects, and the funding decision, or of capital structure, which examines how to obtain the money needed to finance the investments.

Description

We first review the basic concepts of the investment decisions: the NPV and the IRR; the notion of risk premium to address the relationship between risk and profitability, enabling us to reach the CAPM formula, the main tool of valuation of assets. Then, we should study in detail the methods of financing the company or, in other words, the capital structure. We will investigate the different types of debt financing, contrasting them with the rights and obligations arising from financing via equity (shares). The course will also study the interaction of the company with its shareholders and will provide an introduction to the financial markets.

Contents

1. Investment decisions
2. Capital Structure
3. Debt Financing
4. Equity Financing
5. Valuation

Methodology

There will be 12 two-and-a-half-hour sessions and 6 exercise sessions. Additionally the module requires the preparation of lectures and case studies through personal study, and the completion of complementary team tasks.

Lectures will mainly develop the concepts and methodologies that make up the five items of the course list. These classes are based on the textbooks that support the course, but we have also prepared a set of slides that set out the main material more specifically. Both the textbook and the slides should be the fundamental support for personal preparation before and / or after the lectures.

The lecture sessions will also include the discussion of real business cases. Resolutions of the cases will be presented in groups. The maximum group size is 4 people. All group members will receive the same score. During those sessions, we will also encourage student participation in the discussions, which will be evaluated individually.

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We will also circulate problem sets with practical exercises. We recommend that you work in groups to solve problems. The maximum group size is 4 people. Please submit one solution per group. All group members will receive the same score. Verify that you place the names of all who worked on the problems. These exercises must be handed-in before the exercise sessions, in which we will discuss some of the most relevant exercises.

Evaluation criteria

To pass, you should get at least 50 points out of 100, according to the following distribution

- > Final exam: 60 points (must get at least 24 to pass the course)
- > Group presentations: 20 points.
- > Problem sets: 20 points.
- > Active participation in the case studies: 5 points.

Bio of the professor

He holds a PhD in Economics from the Autonomous University of Barcelona and a Master in Mathematics from the Paul Sabatier University of Toulouse. He is associate professor of the Department of Economics and Business at Pompeu Fabra University. He has held teaching and research positions at the University of Western Ontario in Canada, Northwestern University (US), City University, University of Cambridge, UCL London Business School (UK), the IFP-Energies Nouvelles (France) and the University of Munich in Germany. He has delivered executive training courses for government agencies, regulators and private companies. His main research interests are in the fields of Corporate Finance, Competition and Regulation, and Innovation and Entrepreneurship.