Corporate Valuation

Objectives

This course shall develop and apply the valuation methodologies most commonly used to get the intrinsic value of a share in order to make a buy/hold/sell recommendation.

You will learn how to use Excel financial models that are part of everyday investment banking working life.

An important aspect of this course will be valuing real companies such as ACS (an international construction services company), Iberdrola Renovables (a leading green energy company) and Apple (the world’s largest technology company by market capitalization).

Description

The first module of the course will cover the following four valuation approaches:

(i) relative valuations, which estimate the value of an asset by looking at the pricing of comparable assets relative to a common variable, such as earnings, cash flows, book value or sales

(ii) balance sheet-based methods, which are a static company valuation methodology

(iii) discounted dividend models, which compute the value of a stock as the present value of its future dividends

(iv) discounted cash flow valuations, which relate the value of an asset to the present value of its expected future cash flows.

The second module of the course will consist of a series of guest professors that will focus on working through real-world cases using the concepts analysed during the first course module.
Contents

List of topics to be covered during module 1:

1. Relative Valuation
2. Methods based on Balance Sheet
3. Dividend Discount Models
4. Discounted Cash Flow Valuation
5. Sum-Of-The-Parts
6. Valuation Methodologies: Advantages and disadvantages
7. Real Estate Valuation
8. Valuing Acquisitions (time permitting)

Methodology

The first module will consist of four five-hour lectures, each of which will develop the concepts and methodologies that make up the items on the course list. These classes are based on course-related textbooks, and a comprehensive deck of slides will set out the main material more specifically. Both the textbooks and slides will be the fundamental support for personal preparation before and/or after the lectures.

The second module will consist of five two/three-hour sessions involving real business cases. These sessions will be led by experienced business professionals.

The course will also require students to work on and prepare solutions of various case studies. Case-study evaluations will be presented by groups. During these sessions, active participation on the part of the students in the discussions will be encouraged.

Evaluation criteria

In order to pass the course, you need to score at least 50 points out of 100, as per the following distribution: Final exam: 60 points. Case study presentations and class exercises: 30 points. Active participation in class: 10 points.

Reading Materials / Bibliography/ Resources

Textbooks

The main reference textbooks for the course are:

Corporate Valuation | MSc in Finance and Banking

− The Dark Side of Valuation: Valuing Young, Distressed, and Complex Businesses (2nd Edition), Aswath Damodaran (Author).

Slides provided by the professor.

Professor biographies

Albert Banal-Estanol

He is associate professor at Pompeu Fabra University, program director of the MSc in Corporate Finance and Banking at UPF Barcelona School of Management, affiliated professor at Barcelona Graduate School of Economics (BGSE), affiliated reader at City University London, visiting professor at IFP-Energies Nouvelles in Paris and research fellow at SP-SP Public-Private Sector Research Centre at IESE Business School. Previously, he has held teaching and research positions at the University of Western Ontario in Canada, Northwestern University in the US, University of Cambridge, UCL, and London Business School in the UK, and the University of Munich in Germany.

His research interests are in the fields of corporate finance, competition policy and market regulation, energy and the environment and innovation and entrepreneurship. Albert’s research areas span across Economics, Management and Finance and his work makes use of theoretical, empirical, experimental and simulation techniques. His articles have been published in leading international peer-reviewed journals and have been financially supported by public and private sector grants.

Albert has provided consultant advice to merging companies and competition authorities (e.g. Office of Fair Trading). He has also delivered executive training courses for government agencies (e.g. UK’s Department of Trade and Industry), regulators (e.g. Ofgem) and private companies (e.g. Gaz de France). He has also collaborated in the development of master and training programmes in several African countries.

Jacobo Cuadrado

Jacobo worked for Telefónica S.A. for 11 years as a Controller and as Corporate Finance Manager, conducting financial valuations of both internal business lines (including brand valuation) and target businesses with different models. He participated in many international deals in different countries. He currently works as a Senior Corporate Finance Advisor specializing in valuations, M&A and project finance transactions for small to medium-sized medium companies.
Jacobo is a visiting professor at Pompeu Fabra University, associate professor at IEB and senior consultant in ESIC Business & Marketing School. Previously, he held teaching and research positions at the University of Navarra and the University of León.

He has also executed many ad-hoc in-company projects in numerous IBEX companies (Santander, Repsol and Sabadell among them), as well as with institutions such as CABEI (Central American Bank for Economic Integration).

Jacobo has directed many research projects in the field of valuations, and in 2013 he co-authored a book, Manual de Corporate Finance y Banca de Inversión (Corporate Finance and Investment Banking Manual), which was published by Delta Publicaciones.

About his academic background, he completed a Bachelor Degree in Economics at Valladolid University, followed by a Master in Banking and Finance at Analistas Financieros Internacionales (AFI), as well as an Advanced Program in Corporate Finance at Instituto de Empresa (IE). He has also been certified as a European Financial Advisor by EFPA España.