

## M&A Course guide

Course data	
Name	Mergers and Acquisitions
Grade	MBA
Year	-
Semester	Second semester
Credits	3
Type	Optional
Department	ICADE Business School
Specialization	Finance

## Specific Course Information

Teacher data	
Professor	
Name	Borja Oyarzábal
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Tutor Schedule	Availability via e-mail

Course context
<p><b>Contribution to the professional profile</b></p> <p>The course will approach (both from a theoretical and practical approach) the assessment of companies with a special focus in mergers and acquisitions.</p> <p>Based on this assessment, the course will help students to understand the corporate activity by focusing on the creation of value and their different metrics. During the course, we will analyze the potential synergies of the transactions as the basic source of value creation. We will study for example the relation between the price payed and the control premium as well as many other basic references in order to measure value creation in a company.</p> <p>We will do this through practical examples using the value creation metrics previously mentioned in order to analyze the valid or invalid motives that justifies the merger and acquisition operations.</p> <p>In order to understand more deeply mergers and acquisitions we will work in understanding the different types of transactions and other figures, such as the sale and purchase of assets, the holding companies or the joint-ventures. Additionally we will also see the main</p>

financial, commercial, competitive and market aspects of these transactions.

All these topics will put a special emphasis in developing a non-deterministic approach to the valuation. This view will lead the way to understand how to design specific transactions.

There two specific types of knowledge needed for the Mergers & Acquisitions course (both are covered in the first semester of the MBA)

- Ability to understand and manage complete financial statements
- Basic knowledge of Corporate Finance

### Objectives

The development competencies outlined in this document

## THEMATICS AND CONTENT

### CONTENT – Chapters

#### BLOCK 1: GENERAL

##### Chapter 1: Introduction

- 1.1. General principle: Value Creation.
- 1.2. Synergies: concepts and classes
- 1.3. Motives
- 1.4. Classification of operations
- 1.4. Financing
- 1.5. Other relevant aspects

##### Chapter 2: Business Valuation applied to Mergers and Acquisitions

- 2.1. Introduction
- 2.2. Business Valuations
  - 2.2.1. Introduction to business valuation
    - a) Generalities. Different valuation methodologies
    - b) Valuation by discounted cash flows
    - c) Valuation multiples
  - 2.2.2. Discounted Cash Flows Methods
    - a) Assessment elements
    - b) Different valuation Methods
    - c) Sensitivity analysis
  - 2.2.3. Valuation Multiple Methods
    - a) Comparable listed companies
    - b) Comparable Transactions
- 2.3. LBOs processes (leveraged buyouts) and other risk capital transactions
- 2.4 Reflection on other valuation methods (real options)
- 2.5 Development of a practical case

#### BLOCK 2: SPECIFIC

<b>Chapter 3: Acquisition Process / Sale of an listed company</b>
<ul style="list-style-type: none"> <li>3.1. Introduction</li> <li>3.2. Preparation of the sales process</li> <li>3.3. Phases of the sale process</li> <li>3.4. Conclusion: final negotiations and closing</li> <li>3.5. Development of a practical case</li> </ul>
<b>Chapter 4: Acquisition Process / Sale of an non-listed company</b>
<ul style="list-style-type: none"> <li>4.1. introduction</li> <li>4.2. Preparation of the sales process</li> <li>4.3. Phases of the sale process</li> <li>4.4. Conclusion: final negotiations and closing</li> <li>4.5. Development of a practical case</li> </ul>

**Specific knowledge (see the Spanish versión)**

**Teaching methodology**

<b>General</b>	
The course requires students should prepare the class beforehand.	
<b>Activities during the class</b>	<b>Specific knowledge</b>
<p>The number of classes with a theoretical focus is around one third of the course load. These classes are aimed to provide the student with the require knowledge to be able to solve the business cases required during the course.</p> <p>Most of the classes will have a practical approach. Students will be asked to prepare a business case. During the class, main aspects of the case will be discussed including the main topics and the potential solutions to the case. These classes seek active class participation. The business cases will be closely related to valuation both in a private Company and in traded companies.</p>	<ul style="list-style-type: none"> <li>CG1RA1</li> <li>CG8RA1</li> <li>CE10RA1</li> <li>CE10RA2</li> <li>CE10RA3</li> <li>CER10A4</li> <li>CER10A5</li> <li>CER10A6</li> <li>CEO2RA1</li> <li>CEO2RA2</li> <li>CEO2RA3</li> <li>CEO2RA4</li> <li>CEO2RA5</li> <li>CEO3RA1</li> <li>CEO3RA2</li> <li>CEO3RA3</li> <li>CEO3RA4</li> <li>CEO6RA1</li> </ul>
<b>Other activities</b>	<b>Specific knowledge</b>
<p>The student is required to study all class contents and to solve some problems before the class. Business cases should be solved also before the specific class that addresses the case.</p>	<ul style="list-style-type: none"> <li>CG3RA3</li> <li>CG5RA3</li> <li>CG5RA5</li> <li>CG7RA1</li> <li>CG7RA3</li> <li>CG9RA1</li> </ul>

## Grading guide

Test	Weight
Final test (At least 5/10 is required)	50%
Business case (2)	30%
Class participation	10%
Market simulation	10%
<p>SECOND TEST: If the student does not meet the criteria to pass the course, there will be a second opportunity based exclusively in a second test (Grade should be at least above 5/10).</p> <p>SCHOOLING WAIVER: If due to force majeure the student is not able to participate in the regular activities of the course, the grades will be based exclusively in a final test (Grade should be at least above 5/10).</p>	

Summary of working hours		
Class		
Theoretical classes	Practical classes	Other activities, with special emphasis in cases
10	13	7
Outside the class		
Group work	Practical content: Business cases	Study
5	29	11
CRÉDITOS ECTS:		3

## Bibliography

Bibliography
<p><b>Text books</b></p> <p>Essentials of Corporate Finance, 6th Edition. Ross Westerfield Jordan. Mc Graw Hill</p> <p>Damodaran, A. (2006) <i>Damodaran on Valuation: Security Analysis for Investment and Corporate Finance</i>. Ed. Wiley.</p> <p>Fernández, Pablo. (2004) <i>Valoración de empresas. Cómo medir y gestionar la creación de valor</i>. Ed. Gestión 2000.</p> <p>Mascareñas Pérez-Iñigo, Juan (2005): <i>Fusiones y Adquisiciones de Empresas</i>. Ed. McGraw-Hill</p>
<p><b>Notes</b></p> <p>Refer to the specific classes</p>

M&A Planning	Date
I. Introduction	
Value creation, synergies and M&A goals	TBD
M&A classification	TBD
II. Valuation	
Introduction	TBD
Cash flow discounting	TBD
Multiples and valuation	TBD
LBOs	TBD
III. Regulation	
Main implications of regulation	TBD
IV. M&A private companies	
M&A process step by step	TBD
Case study:	TBD
IV. M&A public companies	
M&A process step by step	TBD
Case study: Diageo	TBD
Review and final session	-
Final test	TBD

2nd Semester 2020  
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