

[F-2] CORPORATE FINANCE

Introduction

Corporate Finance is about companies, investors, and their interaction in financial markets. Essentially, companies make financial decisions (how much capital to raise, how to raise it, how to invest it, ...) and investors react to those decisions by bidding the company's stock and bond prices up or down. During this course we will explore this interaction from the point of view of both companies and investors with a special emphasis on the former.

Objectives

The course covers a wide range of topics such as the risk and return of bonds; a company's cost of capital; the evaluation of investment projects; corporate value creation; the optimal mix of debt and equity (capital structure); distribution (dividend and buyback) policies; and the valuation of companies by discounted cash flow analysis.

Methodology

The course is largely based on cases, with one interactive lecture mixed in. It has been specifically designed for senior executives, and for this reason all the content to be discussed is both applied and relevant for decision making (62,5hrs)

Evaluation

Performance in the course will be evaluated on the basis of a *group assignment* and an *individual final exam* during the post-residential period, as well as *individual class participation* during the residential period. The group assignment and the individual final exam will count for 40% of the credit each, and individual class participation will count for the remaining 20%.

Competences

General Competences

CG1-To explain and discuss business situations in a rigorous, effective way using both formal and informal procedures, and providing relevant information to support their observations and conclusions.

CG7-To distinguish and categorize relevant information effectively for business decision making.

Specific Competences

CE22-To optimize capital structures in order to maximize the value of the company and to develop a critical sense for weighing estimates and identifying risk and sensitivity factors.

CE23-To evaluate decisions to buy or sell assets and businesses using criteria related to strategy, economics/finances, and execution of the transaction.