



# Course program and reading list

Semester 3 Year 2024

**School:** Arison School of Business MA in Financial Economics

## Corporate Valuation

### Lecturer:

Dr. Tal Mofkadi [mofkadi.tal@runi.ac.il](mailto:mofkadi.tal@runi.ac.il)

### Teaching Assistant:

Dr. Tal Mofkadi [mofkadi.tal@runi.ac.il](mailto:mofkadi.tal@runi.ac.il)

---

<b>Course No.:</b>	<b>Course Type :</b>	<b>Weekly Hours :</b>	<b>Credit:</b>
29026	Elective	4	2

<b>Course Requirements :</b>	<b>Group Code :</b>	<b>Language:</b>
Final Paper	243290261	English

---



### Course Description

The objective of the course is to discuss corporate valuation tools and to illustrate their use. The course follows the main components of corporate valuation:

- Understanding the firm – adjusting the balance-sheet to the economic balance sheet.
- Valuation with multiples.
- Industry analysis and revenue projection.
- Financial statement analysis for pro-forma financial models.
- Cost of capital estimation.
- Debt valuation.
- Valuation of convertible securities (as time allows).

The underlying assumption in this course is that students have learned all relevant financial tools. Therefore, the objective of the course is not to introduce new tools; rather,

this course discusses and illustrates the application of financial tools to actual data. This is done in a detailed valuation, in stages, of one firm (chosen in class).

This course differs from traditional corporate finance courses in that it emphasizes the generation of all data used in valuations and not just their use. In addition, I insist on getting specific values for each assignment even in the absence of full information.

---



## Course Goals

At the end of the course, students will be able to:

1. Understand the effect of the company's working capital and its effect on its cash flows and value;
  2. Use different valuation methods with an emphasis on building cash-flow table and determining the appropriate capitalization rate for the flow;
  3. Identify and quantify the key value drivers in the firm;
  4. Acquire knowledge on financial databases and know how to extract relevant information from them for the purpose of performing a financial analysis of the industry and performing a valuation;
  5. Perform sensitivity analyzes and simulations for value under different scenarios;
  6. Analyze in depth events and complex problems of valuation for the purpose of issuing mergers and acquisitions;
  7. Assess the quality of corporate management and its effect on the value of the company;
  8. Summarize and present a valuation analysis.
- 



## Grading

Grading in the course is based on three components:

1. Class participation and assignments (15%). The assignments are not graded. There is a mandatory attendance to all our meetings! However, since I understand that there are some constraints – you are allowed to miss one meeting (you must update me on that via mail).
  2. A final submission (85%) – an analyst report on a company with a Buy/Hold/Sell recommendation – is due three weeks after the last class.
- 



## Lecturer Office Hours

TBD

---

## Additional Notes

All reports are group assignments. You should work in groups of **three to four** and you are responsible for making up the groups in the first week of class. All members of a group receive the same grades on all written assignments. Team member names should appear on the cover page.

The assignments should be submitted (via Moodle) before the beginning of the class. For obvious reasons, late reports will not be accepted.

Each of the assignments should not exceed four double-spaced pages. The last report (final submission) should not exceed eight double-spaced pages. There can be an unlimited number of supporting tables and figures; all tables of figures should be pertinent to the discussion in the body of the report.

I do not allow late entries to class!

In case the semester will be held in the campus (and not on zoom) Any use of cellular phones is prohibited during class. I also expect you to bring your **name plate** to class.

---

## Reading List

### TEXTBOOK AND CASE PACKET

- The course is based on the following text: Aswath Damodaran, *Damodaran on Valuation: Security Analysis for Investment and Corporate Finance*, Second Edition, Wiley, 2006 (hereafter "**D**").
- Additionally, my presentations are available on the course's web site.
- I also advise students to use: Simon Benninga and Tal Mofkadi, *Financial Modeling*, 5<sup>th</sup> edition, MIT Press.

### COURSE OUTLINE

Below you find a list of the topics that we cover and the corresponding readings in the textbook organized by weeks. This organization is tentative since the pace and depth of discussion of different topics is tuned to class interest.

#	Topic	Readings (D)	Assignment
---	-------	--------------	------------

<b>1.</b>	Principles of Valuation – valuation approaches	· Ch 1,3	
<b>2.</b>	Proforma models	· Ch 9-11	· HW1
<b>3.</b>	Capital structure, firm value, and cost of Capital	· Ch 7-8	· HW2: Gulf Oil case study
<b>4.</b>	Valuation with Multiples	· Ch 17-20	· HW2
<b>5.</b>	Other valuation methods (excess earnings approaches, options)	· Chapter 5	· HW3
<b>6.</b>	Flexibility valuation		