3 ECTS

12F010

Applied Corporate Finance

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Introduction

The course offers an applied view over several key topics in corporate finance: optimal capital structure, optimal debt structure, investment valuation, and firm valuation, both in large corporations and in small firms. The course is almost entirely based on cases, with an emphasis on application rather than theory. For each case, students work in groups and then offer a presentation to the rest of the class.

The course is ideal for students that want to become an investment analyst in any part of the financial industry, and more generally for students that pursue a career in financial consulting, investment banking/advisory, private equity, venture capital and corporate finance.

Objectives

The main objective of this course is to give students the ability to apply, in real world situations, the theoretical models and practical techniques for the optimization of corporate financial decisions and the estimation of the value of a corporation.

Required Background Knowledge

Previous knowledge of corporate finance, accounting and asset pricing is advised.

Learning Outcomes

The main learning outcomes of this course are
  i.   Put in practice the theories of optimal capital and debt structure
  ii. Estimate the value of a firm using standard discounted cash flow methods, multiples and real option models

Code
Applied Corporate Finance

Methodology

The course is mainly case based. The professor will first introduce each topic, which will then be followed by the analysis of a case study. Cases require significant in depth preparation, always including non-trivial calculations. You are expected to participate constructively in class discussions.

Evaluation

The final grade of the course will depend entirely on class participation and presentations. You should prepare each case thoroughly, including all relevant calculations and be prepared to initiate class discussion and defend your arguments.

Course contents

Sessions 1-2: Valuation of a mid-size firm with classic DCF and multiples: Teuer A and B
Sessions 3-4: Valuation of an energy firm with DCF and real options: MW Petroleum A
Session 5: Structuring the financing for an acquisition: MW Petroleum B
Sessions 6-7: Using Monte Carlo simulation for the valuation of a start-up: Score_estore.com
Session 8: Valuation of real options in a project: Arundel Partners
Sessions 9-10: Finding the optimal capital structure: Blaine Kitchenware

Bibliography

A number of cases will be distributed with the course pack. The following books offer additional reference for the various topics discussed in class.
- Aswath Damodaran (2002), Investment Valuation: Tools and Techniques for Determining the Value of Any Asset, John Wiley & Sons Inc; 2nd Ed
- Jonathan Berk and Peter DeMarzo, Corporate Finance, Second Edition, 2011, published by Pearson Prentice Hall.
- Richard A. Brealey, Stewart C. Myers, Franklin Allen: Principles of Corporate Finance, 9th Edition
- Stephen A. Ross, Randoloh W. Westerfield, Jeffrey Jaffe, Corporate Finance, 9th edition
- Aswath Damodaran, Applied Corporate Finance, 4th edition

Code

Applied Corporate Finance

Professor's Biography

Filippo Ippolito is Associate Professor of Financial Management at Universitat Pompeu Fabra and research affiliate at the Centre for Economic Policy Research (CEPR), London, and Director of the Master in Finance at the Barcelona Graduate School of Economics. Prof Ippolito holds a PhD in finance from Said Business School, Oxford, and an MPhil in Russian and Eastern European Studies from the University of Oxford. In the past he has worked in the financial and consulting sectors. His research focuses on corporate debt, capital structure, corporate liquidity management and private equity. Prof Ippolito has published in the *Journal of Finance*, *Journal of Financial Economics*, *Journal of Financial Intermediation*, and *Journal of Corporate Finance*.