

# Corporate finance (EM3E5M11)

Program	PGE
Module / ECTS / Path / Specialisation	<b>Module :International Corporate Finance : 10 ECTS.</b> <ul style="list-style-type: none"><li>• Finance</li></ul>
Discipline	Finance
Year	2019
Semester	A
Open for visitors	yes (4 ECTS)
Available places	45

## Coordinator

Marie-Hélène BROIHANNE

## Coordinator

Hava ORKUT

## Lecturers

Instructor	Population	Email
Hava ORKUT	Population	horkut@unistra.fr
Marie-Hélène BROIHANNE	Population	mhb@unistra.fr

## Course format

Working language :	English
Volume of contact hours :	27 h
Workload to be expected by the student :	81 h

## Course track

Track : Attendance

### "Attendance" track :

Attendance at lecture / tutorial classes and intermediate / final exams is mandatory. As evaluation of in class work constitutes an essential element of grading, any absence will be penalized and is taken into account for grading purposes (see academic rules and regulations).

### "Autonomous" track :

Attendance at intermediate / final exams is mandatory, but students are free to attend lecture / tutorial classes.

For all Master programs and all other programs realized in the form of dual internships (apprentissage), attendance at lecture / tutorial classes and intermediate / final exams is entirely mandatory. Therefore, only the "Attendance" track can be selected.

## Contribution of the course to the educational objectives of the programme

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**How the course contributes to the programme :**

### Description

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This course will examine both organizational and financial drivers of shareholder value. By offering examples of corporate actions and policies in different industries and countries it will illustrate the effects of competition and environment on financing choices. It will also offer insights into why companies do not always strive to maximize shareholder value.

### Educational organisation

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In class

**Lectures**

**Presentations**

In groups

**Case studies/texts**

Assignments

**Specific projects / case studies**

**Readings**

### Learning outcomes

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**Upon completion of this course, students should be able to :**

- **Explain** the role of finance in an organization
- **Describe** what determines the value of a firm's securities and how management can influence these values.
- **Discuss** the various methods for analyzing projects, how to apply them, and what to do if there are conflicting recommendations.
- **Use** excel to determine the beta of a firm
- **Compute** discount/hurdle rates.
- **Apply** basic valuation concepts to international firms
- **Analyze** the relationship between strategic decision making and corporate financing decisions.
- **Formulate** a firm's risk, explain what determines this risk, and how this affects the value of a firm.

### Outline

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Part I: Investing decision

Ch I: WACC and hurdle rates (Marie-Hélène Broihanne)

- Section 1: The cost of equity
- Section 2: The cost of debt

- Section 3: WACC

Ch. II: Evaluation of investment projects (Hava Orküt)

Section 1: Time value of money

Section 2: Investment rules

Section 3: Evaluation of Cash flows

Part II: Financing decisions & Payout policy (Hava Orküt)

Ch.1: Financing decisions

Section 1: Raising capital

Section 2: Capital structure

Ch. 2: Payout policy

## Prerequisites

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### Key concepts to understand :

Basic courses in Microeconomics, Finance and Statistics are prerequisites. Introductory accounting is also needed.

### Knowledge of :

Financial analysis

## Teaching material

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### Documents in all formats

- Transparencies in paper format
- Books
- Case studies

## Recommended reading

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### Major works :

CORPORATE FINANCE, Damodaran, ed. Wiley

CORPORATE FINANCE, Berk, DeMarzo, ed. Pearson

Principles of Corporate Finance, Brealey, Myers and Allen, ed MacGraw-Hill

Web sites :

[www.vernimmen.com](http://www.vernimmen.com)

<http://pages.stern.nyu.edu/~adamodar/>

### Further reading :

### Research works by EM Strasbourg :

## Assessment

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### Intermediate evaluation / continuous assessment 1 :

written / in group / English / weighting : 40%

additional information : Intermediate evaluation (Pr Broihanne classes) Written / in group / english / weighting: 40% Files to be uploaded on Moodle (one word file and one excel file), deadline is Friday 1st November (18 p.m.). Penalties will be deducted from the final grade in case of delay. Details will be given during Pr Broihanne classes.

**This evaluation serves to measure LO1.1, LO1.2, LO1.3, LO2.1, LO2.2, LO2.3, LO4.1, LO4.2**

**Final assessment : exam week**

written / individual / English / weighting : 60%

additional information : Final evaluation: exam week (H Orküt classes) Written / individual / english / weighting: 60%

**This evaluation serves to measure LO1.1, LO1.2, LO1.3**

## **Grounds for expulsion from classes**

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Such behaviors as...

**arriving late, leaving early or unannounced leaving of the classroom during class time**

**disruptive eating or drinking in class**

**using smartphones and laptops for non class-related purposes**

**reading non class-related documents**

**chatting on non class-related issues**

**showing disrespect towards lecturers**

... may lead to expulsion from classes.