COURSE ADVANCED CORPORATE FINANCE
PROF. DR. WOUTER DE MAESENEIRE
Course Outline

1. COURSE OBJECTIVES AND METHOD

This course explores a wide range of different topics within the broad field of corporate finance. We will move beyond the basics discussed in any standard corporate financial management course, deal with more sophisticated items and examine in great detail some very recent interesting case studies, including ABInbev, Facebook and Apple. Among others, the following will be covered: equity and debt capital, business financing, how to negotiate with banks, types of debt financing, leasing, factoring, project finance, the mechanics of initial public offerings (IPOs), the role of investment banks in underwriting securities, anomalies in the IPO market, company valuation, enterprise risk management, behavioral finance, leveraged buyouts, how do stock markets operate, capital structure, dividend policy, cash and marketable securities holdings, treasury management,...

“Several competences learned during this course can help you in taking actions for your action development plans in My VDP (My Vlerick Development Portfolio).”

2. COURSE MATERIALS

Your Corporate Finance textbook.
Cases, readings, class materials provided during lectures, and/or on the Eduweb website.

3. COURSE OVERVIEW

Session 1: M&A: The ABInbev case – Wouter De Maeseneire
Session 2: Advanced Financial Statement Analysis – Wouter De Maeseneire
Session 3: Introduction to Enterprise Risk Management – Hans Buysse
Session 4: Project Finance – Hans Buysse
Session 5: Stock Markets: Euronext Brussels – Valérie Kinon
Session 6: Bank Financing – Mario De Vry
Session 7: Raising Financing: The Facebook IPO case – Wouter De Maeseneire
Session 8: Integration case: Apple – Wouter De Maeseneire
Session 9: Intro to Treasury – François De Witte
Session 10: Intro to Leveraged Buyouts: the Hilton case – Mathieu Luypaert
Session 11: M&A and valuation in emerging markets – Geert Vanbuggenhout
Session 12: Behavioural Finance – Richard Taffler
Session 13: Debt Capital Markets – Frederik Devies & Bernard Hendrikx

About 2-3 times per academic year, I will also give you an update on the financial and business news (called **Corporate Finance in the News** sessions).
All sessions are mandatory.

4. **ASSESSMENT**

**Students’ grade will be based on 2 assignments, in which they need to demonstrate mastering the field of corporate financial management, as well as completing BMC – Bloomberg Market Concepts before a specified date.**

**Financial Statement Analysis – 6 of 20 marks**

Students work in groups and prepare a report, in which they provide a detailed analysis of the financial statements of a company.

Prof. Luypaert has taught you how to analyse financial statements and how to assess a company's liquidity, profitability and solvency position, and in class you have taken a look at cases like Omega Pharma, Wal-Mart and Dell (for which the main focus was on working capital management). But as you all know, practice makes perfect, and that’s why I’d like to ask you to conduct a similar analysis as a team assignment. Your job is to provide a sound and extensive analysis and interpretation of company's X financial statements (balance sheet, P&L, CF statement) - you might want to have a glance at the accompanying notes as well.

Please compute liquidity (at least: current ratio, acid test, working capital, need for working capital, DSO, DIO, DPO), profitability (at least: ROA, margin, assets turnover, financial leverage, ROE) and solvency ratios (at least: debt ratio, OP CF/Debt, OP CF/ Fin debt, OP CF/ST Fin debt, OP CF/(ST fin debt + interests)). Link these financials to each other and to X's business model and operating activities. Hence, as a first step, it is well advised to get acquainted with X’s history, operations and strategy, for which the company’s website or annual report may prove to be an excellent starting point. Also, information that you can find in press releases about the firm may be useful to explain some figures, ratios or underlying trends.
One piece of advice: do not focus on each and every item but only on the most important/remarkable ones. For information purposes, please select a listed company. I expect an analysis that is comparable as the one we made for you about Wal-Mart, but obviously yours might be more in-depth and high-level (for instance, by discussing more complex forms of debts like leasing or commercial paper, by analysing any derivatives the firm uses for risk management purposes, by assessing the impact stock options have on the firm’s financials, by benchmarking the firm’s financials within a relevant peer group, by linking your findings to the firm’s stock price evolution,...). If you want to obtain a high grade, you should try to impress me!!! I will personally grade these assignments and give you feedback.

You can choose within your teams which company you’d like to analyze. Please make a wise choice: do not take a boring company in an industry that is not appealing to you, but take a firm about which you’d really like to know more. Before making a final choice, have a look at whether its statements aren't either way too difficult to comprehend, or way too simple and straightforward. It is not allowed that multiple teams analyse the same company, so it's on a first come-first serve basis. Basically, you can select any company except the following (either because you have already analysed them in detail, or since you will do so throughout the year): Dell, Omega Pharma, Arseus, Wal-Mart, any company within the pharma or biotech industry, ABInbev, Apple, Facebook.

To help you somewhat further with this assignment and to provide guidance on what your analysis might look like, I provided you with another example (next to the Wal-Mart and Dell case) of a financial statement analysis, this time situated in pharma/biotech. Please submit a word-document (20 pages at most, without appendices) with your detailed analysis by **Monday, October 10, 2016, 9 am.** The submission needs to be via the assignment mailbox on Eduweb.

**Your Final Masterpiece – Advanced Corporate Finance Case – 11 of 20 marks**

Students work in groups, prepare a full report and will present this to a jury. The report should contain a concise yet detailed description and analysis of an interesting corporate finance problem, issue or transaction. For instance, see the Facebook IPO, ABInbev deal and Apple case provided to you throughout the year. Obviously, we do not want you to write up the story in a standard case format where you typically have a case and assignment questions, and where the big chunk of the analysis, solutions and recommendations are provided in the teaching note.
Some potential examples include (non-exhaustive list):
- Telenet: IPO, capital structure, dividend policy, potential delisting?
- Bank restructuring: eg KBC’s divestment policy, ING’s restructuring, Banco Santander’s divestment of subsidiaries through IPOs,…
- The Dexia and Fortis debacles
- HCA: public-to-private after KKR/Bain buyout, may return to the stock markets and recently borrowed money to pay out a superdividend
- Accounting/financial fraud scandals: Olympus, Enron,
- The fall of Lehman Brothers
- The collapse of MF Global/LTCM/Barings Bank
- The Madoff Case
- Analysing financial distress: Saab, Thomas Cook, EMI, Endemol
- Solvency II/Basel III/stress tests
- Alpro: Vandemoortele divested its crown jewel, now part of Dean Foods, which considers IPO
- Corporate restructuring, eg spinoffs like Arcelor/Aperam, Fiat Industrial/Automotive
- Rating agencies
- The Madoff case
- Jerome Kerviel, Kweku Adoboli, JP Morgan’s recent trading losses
- Investment banking scandals
- Ontex: a failed buyout

What you should not do is simply provide another case on financial statement analysis or working capital management – we have covered this before extensively. Also, it should not simply be a description/analysis of an M&A-case, as you’ll do this for the M&A elective. Evidently, this may be part of your case analysis.

**NOTE: Please go beyond merely providing a description containing all relevant facts and figures. Sure, these should be included but move beyond this and provide a sound analysis, critical discussion, your own assessment, evaluation, point of view, thoughts,… I’ll send you a couple of reports from previous years. See also my critical assessment of the Candy Crush IPO. Another interesting source of inspiration for the kind of analysis I’d like you to make is what Aswath Damodaran (NY Stern School of Business) is doing on his blog (Musings on Markets).**

Throughout the year, you’ll get automatically additional ideas of what you could cover. Please check the feasibility of what you intend to do with prof. Wouter De Maeseneire.
Your cases will be evaluated by a Vlerick jury (prof. Mathieu Luypaert – prof. Wouter De Maeseneire). Please impress us by providing an original and meticulous piece of work.

Deadline: Please submit a word-document (25 pages at most, without appendices) with your detailed analysis by April 3, 2017, 5pm. The submission needs to be both to your programme manager in hard copy and in soft copy in the assignment mailbox on Eduweb. Jury presentations will take place on April 6, 2017.

**BMC: Bloomberg Market Concepts – 3 of 20 marks**

Students will compulsory need to complete BMC - Bloomberg Market Concepts is an 8 hour self-paced e-learning course that provides a visual introduction to the financial markets. BMC consists of 4 modules – Economics, Currencies, Fixed Income and Equities – woven together from Bloomberg data, news, analytics and television. More info can be found on: https://about.bloomberginstitute.com/bloomberg-market-concepts/

Completing the course before January 9, 2017 entitles you to a 3/3 score, while completing it before April 24, 2017, leads to a 1.5/3 score. Failing to complete the course before April 24, 2017 will result in a 0/3 score. Make sure to start this course in due time as it is only available on our Bloomberg terminal.

The information below is also relevant and should be read carefully:

1. **CLASS PARTICIPATION**
   Class participation and attendance are important components of your evaluation. Your final grade on the course can be adjusted within a range of -2 to +2 points on 20 based on your participation.

2. **PEER EVALUATION**
   As stated in article 21 of the Examination Rules, peer evaluation may be taken into account in your final grade for the course.

3. **MULTIPLE SUBEXAMINATIONS**
   Your final course grade will be calculated as the weighted average of your grades on the various subcomponents. In order to pass the course you must obtain a pass grade for the weighted total average of all subgrades.
4. **IRREGULARITIES**
Students are reminded that engaging in irregularities is severely sanctioned in correspondence with article 64 of the Examination Rules.

5. **FEEDBACK**
A combination of written and oral feedback will be provided. Individual feedback through appointment is possible as well.

6. **CONTACTS**

Prof. Dr. Wouter De Maeseneire

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