

## APPLIED VALUATION

<b>Course code</b>	<i>GRAE027</i>
<b>Compulsory in the programmes</b>	<i>Financial Economics</i>
<b>Level of studies</b>	<i>Graduate</i>
<b>Number of credits</b>	<i>6 ECTS (36 contact hours + 2 consultation hours, 124 individual work hours)</i>
<b>Course coordinator (title and name)</b>	<i>Peter Juhasz, PhD, CFA</i>
<b>Prerequisites</b>	<i>Advanced Corporate Finance</i>
<b>Language of instruction</b>	<i>English</i>

### THE AIM OF THE COURSE:

The applied valuation course builds on advanced corporate finance and offers an in-depth treatment of business valuation issues. It explores the main concepts, methodologies, and valuation tools through theories and case studies. The aim is to provide students with up-to-date knowledge of fundamental valuation techniques and their applications. The lecturer will apply multiple teaching methods to keep the students engaged in the topic (examples, case studies, home assignments). Continuous student feedback will be encouraged and accommodated to improve class experience continuously.

### MAPPING OF COURSE LEVEL LEARNING OUTCOMES (OBJECTIVES) WITH DEGREE LEVEL LEARNING OBJECTIVES (See Annex), ASSESMENT AND TEACHING METHODS

Course level learning outcomes (objectives)	Degree level learning objectives (Number of LO)	Assessment methods	Teaching methods
CLO1. Understand and develop competences to use new tools and concepts needed for business valuation.	LO1.1 LO1.2 LO3.2	Home assignments, exam	Lectures, seminars, self-study
CLO2. Acquire and demonstrate a deeper comprehension of valuation applications.	LO1.1 LO1.2 LO3.2	Home assignments, exam	Lectures, seminars, self-study
CLO3. Understand and learn to evaluate managerial incentives, finance decisions and their impact on firm value.	LO1.1 LO1.2 LO3.2	Home assignments, exam	Lectures, seminars, self-study

### ACADEMIC HONESTY AND INTEGRITY

The ISM University of Management and Economics Code of Ethics, including cheating and plagiarism, are fully applicable and will be strictly enforced in the course. Academic dishonesty and cheating can and will lead to a report to the ISM Committee of Ethics. With regard to remote learning, ISM reminds students that they are expected to adhere to and maintain the same academic honesty and integrity as they would in a classroom setting.

## COURSE OUTLINE

Topic	In-class hours	Readings
Introduction. Approaches to Valuation	4	AD: 1, 2 KGW: 1, 2, 5, 7
Financial Statements and Business Cash Flow, Financial Planning and Value Drivers	4	AD: 3, 4, 9-11 KGW: 3, 10-12, 13
DCF	4	AD 14, 16, 17, 19, Appendix A KGW 16, 17
Terminal Value	4	AD: 12 KGW: Appendix B
Cost of Capital	4	AD: 6-8 KGW: 6-8, Appendix C
Multiple-based approaches	4	AD: 17-20 KGW: 18, Appendix D
Asset Based Approach	4	AD: 26-27 KGW: 21-24
M&As	4	AD: 25 KGW: 31, 32
Discounts & Premiums, Final Price Range, Revision	4	
	<b>Total: 36 hours</b>	
CONSULTATIONS	2	
FINAL EXAM	2	

## FINAL GRADE COMPOSITION

Type of assignment	%
<i>Group Components 0%</i>	
NA	NA
<i>Individual Components 100%</i>	
Home assignments	40%
Exam	60%
<b>Total:</b>	<b>100</b>

## **DESCRIPTION AND GRADING CRITERIA OF EACH ASSIGNMENT**

*(Provide short descriptions and grading criteria of each assignment)*

Home assignments (40%). Students must solve short cases requiring knowledge of all concepts covered earlier during the course. The solutions to these problems will require preparing well-formatted financial models in Excel and short papers (docx or pdf) with adequate referencing summarising and interpreting the models' findings and proposals for solving the given business issues.

Final Exam (60%). The exam is open book and will cover all topics of the lectures, as well as the cases discussed. Students must solve short financial problems in Excel and answer open-ended theoretical questions.

## **RETAKE POLICY**

Retake covers all individual tasks of the course (100%). The retake will follow a structure similar to the final exam.

## **ADDITIONAL REMARKS**

None

## **REQUIRED READINGS**

Required readings:

1. Koller T., Goedhart M., Wessels D. (2020). Valuation: Measuring and Managing the Value of Companies. 7-th ed. McKinsey & Company, Inc., John Wiley and Sons (KGW).
2. Damodaran, A. (2012), Investment Valuation, Wiley & Sons (3rd University edition) (AD)

Sources for financial analysis and valuation:

1. [http://people.stern.nyu.edu/adamodar/New\\_Home\\_Page/datacurrent.html](http://people.stern.nyu.edu/adamodar/New_Home_Page/datacurrent.html)
2. [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3803990](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3803990)

Note. Seminar material for the course will be uploaded to the ISM intranet or the Internet immediately before or after the class period. This is to ensure that course contents are up to date. Class notes (slide handouts) and specific assignments may be prepared for each class and available for downloading before the respective class session.

(Last updated: 2024 02 19)

**DEGREE LEVEL LEARNING OBJECTIVES**

**Learning objectives for Master of Social Science**

*Programme:*

*Financial Economics*

<b>Learning Goals</b>	<b>Learning Objectives</b>
Students will be critical thinkers	LO1.1. Students will be able to identify underlying assumptions, limitations of previous research; evaluate managerial solution alternatives.
	LO1.2. Students will become <b>independent learners</b> and develop their own comprehension of scientific theories, models, and concepts.
Students will be socially responsible leaders	LO2.1. Students will be able to evaluate past and current practices in their discipline from an <b>ethical perspective</b> .
Students will be effective communicators	LO3.1. Students will develop and deliver a <b>coherent oral presentation</b> .
	LO3.2. Students will develop and deliver a <b>coherent written research paper</b> .