



FBE 421 – FINANCIAL ANALYSIS & VALUATION (4 UNITS)
SYLLABUS – SPRING 2025

Professor: Scott Abrams
Section: 15326
Class Location: HOH 1
Class Meetings: TTh: 12:00-1:50pm
Office Hours: Th: 2:00 – 3:00pm
Office: HOH 219
Email: sabrams@marshall.usc.edu
Zoom: <https://usc.zoom.us/my/scottabrams>

COURSE DESCRIPTION

This course develops and applies the tools of financial analysis to evaluate the performance and assess the value of companies, with a strong emphasis on thinking like an investor or financier. Through various cases and real-world examples, we will explore methods for leveraging financial data, strategic analysis and applying valuation techniques to make strategic and financial decisions. This course covers valuation methods from both conceptual and practical frameworks, providing a comprehensive set of tools for performance evaluation and business valuation.

As an applications-oriented course, you will gain practical skills and a conceptual framework. We will delve into topics such as mergers and acquisitions, venture capital/private equity, and the valuation of private companies. We will explore the distinct challenges of analyzing companies at different stages of their life cycle—from pre-revenue and high-growth companies to those facing financial distress—equipping you with strategies to assess value effectively even in complex situations.

The course will introduce key aspects of performance evaluation. You will develop an understanding of fundamental analysis, enhancing your ability to engage in financial and strategic discussions within your organization and with external analysts.

We will host guest speakers from the fields of venture capital and private equity, and M&A/corporate development. These industry practitioners will provide valuable insights, sharing their experiences and perspectives to help you connect theoretical knowledge with practical applications.

COURSE OBJECTIVES

By the end of the course, students should be able to:

1. Describe the key aspects of financial analysis for both performance evaluation and valuation. Increase proficiency in the following areas: accounting, finance, strategy, company/industry analysis
2. Utilize and interpret financial data to make decisions about courses of action for a firm.
3. Perform valuations for public and private firms for purposes of fundamental research, strategic analysis, transactions such as an IPO or a merger, or a restructuring.
4. Apply valuation frameworks such as discounted cash flows (DCF) technique, market multiples approach, and transaction-based approaches such as an LBO model.
5. Assess a firm's business and competitive strategy and whether it is creating value for shareholders. Understand other valuation issues and special situations such as the challenges of valuing high-growth and private companies, the process of venture capital and early stage financing, and the approach to valuing highly leveraged companies and LBO transactions.

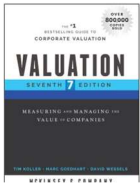
6. Conduct research using a broad range of sources, synthesizing and judging the quality of collected information and support written or oral claims logically and persuasively.
7. Apply valuation in a global context, considering the interplay of international markets, and economic, social and cultural issues.
8. Demonstrate critical thinking skills in the application of techniques in financial analysis and valuation. Gather, categorize, analyze, interpret, and evaluate relevant qualitative and quantitative information and develop the ability to be creative and innovative through the completion of a final valuation project.
9. Develop communication skills for discussing financial analysis and valuation.

PREREQUISITE

It is expected that students have completed one from (ACCT 410 or BUAD 280 or BUAD 305) and one from (BUAD 308 or BUAD 306 or BUAD 215).

COURSE MATERIALS

Required Text:



Valuation: Measuring and Managing the Value of Companies, University Edition (Wiley Finance) 7th Edition by McKinsey & Company Inc., Tim Koller, Marc Goedhart, David Wessels
Copyright © 2020 Wiley: ISBN: 978-1-119-61186-8. If purchasing the book, **the 7th edition (University edition) is recommended.**

The free eBook can be viewed and downloaded through this [link](#) on the USC Libraries ProQuest site.

Cases:

The course pack with our cases can be purchased online at the following link (the total cost of the course pack is \$47.50): <https://hbsp.harvard.edu/import/1254435>

Index of HBS Cases and Notes:

Notes:

- Solving the Puzzle of the Cash Flow Statement (optional)
- Corporate Valuation and Market Multiples
- Primer on Multiples Valuation and Its Use in Private Equity Industry
- Valuing the Early-Stage Company
- Valuation of Late-Stage Companies and Buyouts

Cases:

- The Walt Disney Company's Stock: Buy, Hold, or Sell?
- Luckin: From Brewing Coffee to Brewing Fraud
- Elon Musk's Twitter Deal: Valuation and Financing of the Leveraged Buyout
- Snap Inc.'s IPO (A)
- LVMH: The Tiffany Acquisition
- Roark Capital: Buyout of Buffalo Wild Wings

Brightspace:

Slides for each lecture, handouts, articles, supplemental readings, practice problems, and supplemental recordings, will be posted on Brightspace at <https://brightspace.usc.edu>. In addition, announcements, solutions to practice problems, questions and guidance for the cases and other resources will be posted. Please contact the Marshall Help Desk at (213) 740-3000, or HelpDesk@marshall.usc.edu if you have any questions or need assistance. *Please ensure that your email address is registered so that you receive course material.*

Optional Reading:

The Wall Street Journal, *The Economist*, *Barron's*, *Financial Times*
The Wall Street Journal, registration link for free digital subscription:
<https://libraries.usc.edu/databases/wall-street-journal>

GRADING

Final grades represent how you perform in the class relative to other students. Your grade will not be based on a mandated target, but on your performance. The final course grade will be assigned based on a combined score from your class participation, case analyses, midterm exam, final exam, and the final valuation project. The grade point average for this class is expected to be approximately a 3.5 +/- .09. Three items are considered when assigning final grades:

- Your average weighted score as a percentage of the available points for all assignments and exams.
- The overall average percentage score within the class.
- Your ranking among all students in the class.

The following is a breakdown of how each component is weighted:

	<u><i>% of Overall Grade</i></u>
<i>Assignments</i>	
Class Participation, Discussion Case Pre-Work, In-Class Activities	10
Individual DCF Homework	3
Group Case Analyses (4)	12
Group Valuation Project	20
Midterm Exam	25
Final Exam	30
TOTAL	100

Group Case Analyses

We will analyze real companies and work through problems by analyzing different scenarios and courses of action. In your analysis of the case studies you should place yourself in the role of the decision maker as you read through the situation and identify the problems and issues. In class we will probe underlying issues, compare different alternatives, and finally, suggest courses of action in light of the objectives of the case.

The cases have been included in the curriculum as a means to provide this self-study and practice in analysis. The case questions are posted in the case assignment folder on Brightspace. For most of the HBS cases you will receive supplementary excel spreadsheets and additional information. You do not need to do outside research for any of the cases.

Your case analysis will be turned in as a group written deliverable. Do your best to work through the case utilizing readings and other supporting materials. Seeking assistance or “hints” from the instructor or past students is not authorized. A written case analysis should consist of a **1-2-page** written executive summary **plus appendices** (spreadsheets, tables, supporting calculations) using a standard font and font size (such as Times New Roman size 11-12), addressing the case questions. The quality of work product should be reflective of what you would be comfortable presenting to a current or prospective employer. Case grades will be determined relative to the analyses of other groups in the class.

Groups should consist of **4-6 students** and each student will be asked to complete a peer evaluation of each team member. (The form is included in Appendix I.) ***If your group changes during the semester, please make this clear on the cover page of the submitted assignments.***

Individual DCF Homework Assignment

We will perform a detailed valuation of a company to learn how to build a DCF model.

Other Individual Homework and In-Class Activities

During the course you will be asked to complete individual homework assignments and participate in in-class activities. These are due on the day they are assigned (no make-ups) and you may miss one -or- “drop” one from your final grade.

Exams

There will be a midterm and a final exam, which will consist of various multiple choice and short answer theoretical concept and practical valuation questions and problems. The questions will be both quantitative and qualitative in nature and will be based on material presented in lecture, cases and readings. Calculators are permitted (assuming they are not on a mobile phone or other communications device.) Students with exam accommodations must present verification letters to me ***within the first two weeks of the semester*** – see section below on Student with Disability Accommodations.

You are required to be present for both the midterm and final exam. Make-up exams will not be administered. If an exam is missed due to a legitimate reason, documentation must be provided and we will discuss how to handle the situation.

Group Valuation Project

The Group Valuation Project is a research report due on ***April 29, 2025*** (a check-in is due on April 8). The final deliverable will be an annotated PowerPoint deck and groups at random will be asked to present their decks in class. Attendance is mandatory during this session.

Assignment Submission Policy

Assignments must be turned in on the due date/time electronically via Brightspace. The cover sheet of each written assignment should contain the first and last names of the students submitting the assignment arranged alphabetically. All of the names of the members in the team must appear at the top of the memo to receive credit.

THE USE OF AI IN THIS COURSE

In this course, you may use artificial intelligence (AI)-powered programs to help you with assignments that indicate the permitted use of AI. You should also be aware that AI text generation tools may present incorrect information, biased responses, and incomplete analyses; thus they are not yet prepared to produce text that meets the standards of this course. To adhere to our university values, you must cite any AI-generated material (e.g., text, images, etc.) included or referenced in your work and provide the prompts used to generate the content. Using an AI tool to generate content without proper attribution will be treated as plagiarism and reported to the Office of Academic Integrity. Please review the instructions in each assignment for more details on how and when to use AI Generators for your submissions.

Be thoughtful about when AI is useful. Consider its appropriateness for each assignment or circumstance. The use of AI tools requires attribution. You are expected to clearly attribute any material generated by the tool used.

CLASS PARTICIPATION

Class participation is an extremely important part of the learning experience in this course as the richness of the learning experience will be largely dependent upon the degree of preparation by *all* students prior to each class session. There will be Quikly attendance taken at most sessions and students will be provided with a printed name tag and should display it in every class.

If students are sick, they should review the Panopto recording of the class or get notes from a classmate. There is no option to attend class via Zoom.

A course that incorporates the frequent use of case analyses to illustrate the practical application of concepts and practices requires the student to diligently and thoroughly prepare cases and actively offer the results of the analyses and conclusions derived as well as recommendations during each class session. My expectation and that of your classmates are that you are prepared for *all* classes and will actively participate in and meaningfully contribute to class discussions.

One of the goals of this course is to help you develop the ability both to clarify your own position on an issue and to be able to articulate and defend it clearly. Sharing your perceptions and ideas with others is crucial for learning and for understanding how the diverse opinions that you are likely to encounter in an organization are debated. You will find yourself presenting and testing new ideas that are not wholly formulated and assisting others in shaping their ideas as well. You should be prepared to take some risks and be supportive of the efforts of others.

Effective class participation consists of analyzing, commenting, questioning, discussing, and building on others' contributions; it is not repeating facts or monopolizing class time. The ability to present one's ideas concisely and persuasively and to respond effectively to the ideas of others is a key business skill. One of the goals of this course is to help you sharpen that ability. •

- **Outstanding Contribution:** Your contributions reflect considerable preparation; they are substantive and supported by evidence from the case, readings, and logic. Your comments or questions create a springboard for discussion by making a critical insight. You synthesize and build upon what has already been said in the discussion. The class learns from you when you speak; in your absence, the discussions would suffer.
- **Good Contribution:** You come prepared with substantiated comments. You demonstrate good insight and clear thinking. You are able to make some connection to what has been said in prior discussion. The class notices when you're not part of the discussion.
- **Minimal Contribution:** You participate but are unprepared. You rarely offer interesting insights into the discussion. It appears that you are not listening to what others are saying during discussion.
- **No Contribution:** You say little or nothing in class. If you were not in the class, the discussion would not suffer.

OTHER

The material presented and the classroom discussions is not intended to be financial advice to students in connection with any issue(s) they or others may have. If students have a financial matter, they are advised to promptly consult an experienced professional who can fully review the facts and advise them accordingly.

OPEN EXPRESSION AND RESPECT FOR ALL

An important goal of the educational experience at USC Marshall is to be exposed to and discuss diverse, thought-provoking, and sometimes controversial ideas that challenge one's beliefs. In this course we will support the values articulated in the USC Marshall "[Open Expression Statement](https://www.marshall.usc.edu/open-expression-statement)" (<https://www.marshall.usc.edu/open-expression-statement>).

ACADEMIC INTEGRITY

The University of Southern California is foremost a learning community committed to fostering successful scholars and researchers dedicated to the pursuit of knowledge and the transmission of ideas. Academic misconduct is in contrast to the university's mission to educate students through a broad array of first-rank academic, professional, and extracurricular programs and includes any act of dishonesty in the submission of academic work (either in draft or final form).

This course will follow the expectations for academic integrity as stated in the [USC Student Handbook](#). All students are expected to submit assignments that are original work and prepared specifically for the course/section in this academic term. You may not submit work written by others or “recycle” work prepared for other courses without obtaining written permission from the instructor(s). Students suspected of engaging in academic misconduct will be reported to the Office of Academic Integrity.

Other violations of academic misconduct include, but are not limited to, cheating, plagiarism, fabrication (e.g., falsifying data), knowingly assisting others in acts of academic dishonesty, and any act that gains or is intended to gain an unfair academic advantage.

Academic dishonesty has a far-reaching impact and is considered a serious offense against the university. Violations will result in a grade penalty, such as a failing grade on the assignment or in the course, and disciplinary action from the university itself, such as suspension or even expulsion.

For more information about academic integrity see the [student handbook](#) or the [Office of Academic Integrity's website](#), and university policies on [Research and Scholarship Misconduct](#).

Please ask your instructor if you are unsure what constitutes unauthorized assistance on an exam or assignment or what information requires citation and/or attribution.

STATEMENT ON UNIVERSITY ACADEMIC AND SUPPORT SYSTEMS

Students and Disability Accommodations:

USC welcomes students with disabilities into all of the University's educational programs. [The Office of Student Accessibility Services](#) (OSAS) is responsible for the determination of appropriate accommodations for students who encounter disability-related barriers. Once a student has completed the OSAS process (registration, initial appointment, and submitted documentation) and accommodations are determined to be reasonable and appropriate, a Letter of Accommodation (LOA) will be available to generate for each course. The LOA must be given to each course instructor by the student and followed up with a discussion. This should be done as early in the semester as possible as accommodations are not retroactive. More information can be found at osas.usc.edu. You may contact OSAS at (213) 740-0776 or via email at osasfrontdesk@usc.edu.

Student Financial Aid and Satisfactory Academic Progress:

To be eligible for certain kinds of financial aid, students are required to maintain Satisfactory Academic Progress (SAP) toward their degree objectives. Visit the [Financial Aid Office webpage](#) for [undergraduate](#)- and [graduate-level](#) SAP eligibility requirements and the appeals process.

Support Systems:

[Counseling and Mental Health](#) - (213) 740-9355 – 24/7 on call

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

[988 Suicide and Crisis Lifeline](#) - 988 for both calls and text messages – 24/7 on call

The 988 Suicide and Crisis Lifeline (formerly known as the National Suicide Prevention Lifeline) provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week, across the United States. The Lifeline consists of a national network of over 200 local crisis centers, combining custom local care and resources with national standards and best practices. The new, shorter phone number makes it easier for people to remember and access mental health crisis services (though the previous 1 (800) 273-8255 number will continue to function indefinitely) and represents a continued commitment to those in crisis.

[Relationship and Sexual Violence Prevention Services \(RSVP\)](#) - (213) 740-9355(WELL) – 24/7 on call

Free and confidential therapy services, workshops, and training for situations related to gender- and power-based harm (including sexual assault, intimate partner violence, and stalking).

[Office for Equity, Equal Opportunity, and Title IX \(EEO-TIX\)](#) - (213) 740-5086

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

[Reporting Incidents of Bias or Harassment](#) - (213) 740-2500

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office for Equity, Equal Opportunity, and Title for appropriate investigation, supportive measures, and response.

[The Office of Student Accessibility Services \(OSAS\)](#) - (213) 740-0776

OSAS ensures equal access for students with disabilities through providing academic accommodations and auxiliary aids in accordance with federal laws and university policy.

[USC Campus Support and Intervention](#) - (213) 740-0411

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

[Diversity, Equity and Inclusion](#) - (213) 740-2101

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

[USC Emergency](#) - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

[USC Department of Public Safety](#) - UPC: (213) 740-6000, HSC: (323) 442-1200 – 24/7 on call

Non-emergency assistance or information.

[Office of the Ombuds](#) - (213) 821-9556 (UPC) / (323-442-0382 (HSC)

A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

[Occupational Therapy Faculty Practice](#) - (323) 442-2850 or otfp@med.usc.edu

Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.

HOW CAN YOU DO WELL IN THIS COURSE?
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The material for this course can only be absorbed gradually and consistently. On the quizzes and exams, I will ask to apply your problem solving abilities. Memorizing the materials will not adequately prepare you for the exams. Here are a few suggestions for effective learning of this subject:

- Complete all assigned readings prior to each class and stay current with the recommended questions and problems.
- Focus your attention on the lectures and participate as much as you can in our class discussions. (All electronic devices, including cell phones, must be turned off during class meetings.) Ask relevant questions in class; this will help your classmates too.
- Understand the materials, including the assigned readings, lectures, slides, and the recommended questions and problems along with their solutions.
- Stay abreast of the current events in the economy and financial markets through daily reading of (at least the cover page of) The Wall Street Journal.
- Whenever possible, apply what you have learned to your daily financial life.
- Work effectively with your team.

THE IMPORTANCE OF COURSE EVALUATIONS

The student course evaluations are valuable. This course is continuously improved, based on feedback from students and instructor observations.

ADD/DROP PROCESS

Most Marshall classes are open enrollment (R-clearance) through the Drop/Add deadline. If there is an open seat, you can add the class using Web Registration. If the class is full, you will need to continue checking Web Registration or the Schedule of Classes (classes.usc.edu) to see if a space becomes available. Students who do not attend the first two class sessions (for classes that meet twice per week) or the first class meeting (for classes that meet once per week) may be dropped from the course. There are no formal wait lists for Marshall undergraduate courses, and professors cannot add students or increase the course capacity. If all sections of the course are full, you can add your name to an interest list by contacting the Office of Under-graduate Advising & Student Affairs (213) 740-0690; if new seats or sections are added, students on the interest list will be notified.

EMERGENCY PREPAREDNESS

In case of a declared emergency if travel to campus is not feasible, the USC Emergency Information website (<https://emergency.usc.edu/>) will provide safety and other information, including electronic means by which instructors will conduct class using a combination of USC's Brightspace learning management system (brightspace.usc.edu), teleconferencing, and other technologies.

USE OF RECORDINGS

Pursuant to the *USC Student Handbook* (<https://policy.usc.edu/studenthandbook/>, page 57), students may not record a university class without the express permission of the instructor and announcement to the class. In addition, students may not distribute or use notes or recordings based on USC classes or lectures without the express permission of the instructor for purposes other than personal or class-related group study by students registered for the class. This restriction on unauthorized use applies to all information that is distributed or displayed for use in relationship to the class. Violation of this policy may subject an individual or entity to university discipline and/or legal proceedings.

COURSE INSTRUCTOR

Scott Abrams, Professor of Clinical Finance and Business Economics & Academic Director, Full-Time MBA Program

Experience:

- Recipient of the Evan C. Thompson Teaching & Learning Innovation Award (2024)
- Recipient of the Golden Apple Teaching Award for the FTMBA Core (2016 and 2021), Undergraduate Electives (2023), Graduate Electives (2024) and various awards for MS Finance
- Instructor of the USC Marshall Student Investment Fund (SIF) and Undergraduate Student Investment Fund (USIF) Classes
- Led global programs courses to Hong Kong, Seoul, Singapore, Beijing, and London
- Corporate Finance roles at Sony Pictures Entertainment and Warner Bros. Entertainment
- MBA in Finance, USC Marshall; BA in Business Economics, UCLA
- CFA Charterholder, CFA Institute
- CPA, California Board of Accountancy (Active), Alumnus of Deloitte

COURSE OUTLINE AND ASSIGNMENTS*

Week	Date*	Class Topic	Readings / Deliverables**
Drivers of Value			
1	1/14	Introduction and Course Overview Markets and Fundamentals <i>Key Questions:</i> <ul style="list-style-type: none"> Why do we perform valuations? Is the stock market rational? Does it reflect the underlying fundamentals of the economy? What are some different valuation methods? 	<ul style="list-style-type: none"> <i>Reading:</i> Chapter 1 Why Value Value (<i>skim</i>) <i>Reading:</i> Chapter 2 Finance in a Nutshell (<i>skim</i>) <i>Reading:</i> Chapter 7 The Stock Market is Smarter Than You Think (<i>skim</i>) Pivot MIA podcast
1	1/16	Foundations of Value Overview of the Valuation Process <i>Key Questions:</i> <ul style="list-style-type: none"> How do firms create value? What is the relationship between growth, ROIC, and cash flow? Is growth always good? 	<ul style="list-style-type: none"> <i>Reading:</i> Chapters 3 Fundamental Principles of Value Creation
Financial Analysis and Performance Evaluation			
2	1/21	Understanding Financial Statements <i>Key Questions:</i> <ul style="list-style-type: none"> What is the overview of the valuation process? How are the balance sheet, income statement, and statement of cash flows intertwined? What are the consolidation rules? 	
2	1/23	Understanding Financial Statements (Cont'd) Financial Statement Analysis <i>Key Questions:</i> <ul style="list-style-type: none"> How do we perform financial statement analysis? How do we analyze 10Ks, 10Qs, 8Ks, and other SEC filings? What is ratio analysis? What do ratios tell us about the financial health of a firm? 	<ul style="list-style-type: none"> <i>Reading:</i> Chapter 11 Reorganizing the Financial Statements (pages 211-233)
3	1/28	Financial Statement Analysis (Cont'd) <ul style="list-style-type: none"> Application of FSA <i>Key Questions:</i> <ul style="list-style-type: none"> How do we assess a firm's performance? What is benchmarking? How do we identify comparable companies? What are the sources of competitive advantage? What is included in Invested Capital? Alibaba vs. JD mini-case 	<ul style="list-style-type: none"> <i>Reading:</i> Chapter 8 ROIC (<i>skim</i>) <i>Reading:</i> Chapter 9 Growth (<i>skim</i>) Discussion Case — The Walt Disney Company's Stock: Buy, Hold, or Sell? (CP)
3	1/30	Cash Flow Analysis <ul style="list-style-type: none"> Analyzing the Statement of Cash Flows <i>Key Questions:</i> <ul style="list-style-type: none"> How do we read a Statement of Cash Flows? What information can be derived from this financial statement? What are some of the nuances in calculating FCF? How do these relate to ROIC? 	<ul style="list-style-type: none"> <i>Reading:</i> Chapter 11 (pages 233-244) <i>Reading:</i> Solving the Puzzle of the Cash Flow Statement (<i>optional</i>) (CP)

Week	Date*	Class Topic	Readings / Deliverables**
4	2/4	<p>Cash Flow Analysis (Cont'd)</p> <ul style="list-style-type: none"> ○ Measuring Free Cash Flows <p><i>Key Questions:</i></p> <ul style="list-style-type: none"> ● What is Free Cash Flow (FCF)? How does it differ from the accounting Statement of Cash Flows? <p>Assessing the Impact of Leases</p> <p><i>Key Questions:</i></p> <ul style="list-style-type: none"> ● What is off balance-sheet debt? ● What are the proper adjustments to make in analyzing a company (2019 rules)? What were the rules pre-2019? 	<ul style="list-style-type: none"> ○ <i>Reading:</i> Chapter 22 Leases (pages 431-439)
4	2/6	<p>Financial Analysis</p> <ul style="list-style-type: none"> ○ Case Discussion <p>Assessing the Quality of Earnings</p> <p><i>Key Questions:</i></p> <ul style="list-style-type: none"> ● What is meant by 'quality of earnings'? How do we assess a firm's quality of earnings? 	<ul style="list-style-type: none"> ○ <i>Deliverable: (Group) Case Assignment – Luckin: From Brewing Coffee to Brewing Fraud (CP)</i>
Core Valuation Techniques			
5	2/11	<p>DCF Valuation</p> <ul style="list-style-type: none"> ○ Frameworks for Valuation ○ Methods for Estimating Terminal Value <p><i>Key Questions:</i></p> <ul style="list-style-type: none"> ● What is a discounted cash flow (DCF) analysis? ● How do we build a DCF model? What are the different methods to estimate terminal value? <p>Forecasting Future Cash Flows (Introduction)</p> <p><i>Key Questions:</i></p> <ul style="list-style-type: none"> ● What are cash flow projections used for? ● What is the difference between levered and unlevered free cash flows? ● How do we forecast free cash flows? What are the drivers? ● Whole Foods equity research report in-class example 	<ul style="list-style-type: none"> ○ <i>Reading:</i> Chapter 10 Valuation Frameworks ○ <i>Reading:</i> Chapters 13 Forecasting Performance (<i>skim</i>)
5	2/13	<p>DCF Valuation</p> <ul style="list-style-type: none"> ○ Forecasting Future Cash Flows (Cont'd) <p><i>Key Questions:</i></p> <ul style="list-style-type: none"> ● How do we forecast free cash flows in our DCF model? 	
6	2/18	<p>DCF Valuation</p> <ul style="list-style-type: none"> ○ Moving from Enterprise Value to Equity Value <p><i>Key Questions:</i></p> <ul style="list-style-type: none"> ● How do we move from enterprise value to equity value per share? What must be taken into account? 	<ul style="list-style-type: none"> ○ <i>Deliverable: (Individual) DCF Homework</i> ○ <i>Reading:</i> Chapter 16 Moving from Enterprise Value to Value per Share

Week	Date*	Class Topic	Readings / Deliverables**
6	2/20	<p>DCF Valuation</p> <ul style="list-style-type: none"> ○ Assessing the Reasonableness of a DCF ○ Triangulating Results with Relative Valuation <p><i>Key Questions:</i></p> <ul style="list-style-type: none"> ● How do we assess the reasonableness of our valuation? <p>Relative Valuation</p> <ul style="list-style-type: none"> ○ Introduction to Market Comps 	<ul style="list-style-type: none"> ○ <i>Reading: Corporate Valuation and Market Multiples (CP)</i> ○ <i>Reading: Chapter 18 Using Multiples (skim)</i>
7	2/25	<p>Relative Valuation</p> <ul style="list-style-type: none"> ○ Choosing the Right Multiple ○ Precedent Transactions <p>Applying Valuation Frameworks for IPOs</p> <ul style="list-style-type: none"> ○ Case Discussion: Valuation of a High-Growth Firm ○ Performing a DCF on a High-Growth Company <p><i>Key Questions:</i></p> <ul style="list-style-type: none"> ● How do we perform a relative valuation using market multiples? What are the most common multiples used? ● How do we perform a relative valuation using precedent transactions? ● What are the advantages and disadvantages of this approach? What about with a DCF? ● What is the concept of benchmarking? How do we perform it? ● Ferrari in-class valuation example 	<ul style="list-style-type: none"> ○ <i>Discussion Case – Snap Inc.’s IPO (A)</i> (CP) ○ <i>Reading: Chapters 36 High Growth Companies (skim)</i>
7	2/27	<p>Relative Valuation</p> <ul style="list-style-type: none"> ○ Case Discussion ○ Sum-of-the-Part Valuation <p><i>Key Questions:</i></p> <ul style="list-style-type: none"> ● What is a sum-of-the-parts valuation? 	<ul style="list-style-type: none"> ○ <i>Deliverable: (Group) Elon Musk’s Twitter Deal</i> (CP) ○ <i>Reading: Chapter 19 Valuation by Parts (skim)</i>
8	3/4	Midterm Exam Review	
8	3/6	<i>MIDTERM EXAM</i>	
9	3/11	<p>Estimating Cost of Capital</p> <p><i>Key Questions:</i></p> <ul style="list-style-type: none"> ● How do we estimate a firm's cost of equity? What are the nuances in doing so? ● How do we estimate a firm's cost of debt? What are the nuances in doing so? ● How do we estimate a firm’s WACC? 	<ul style="list-style-type: none"> ○ <i>Reading: Chapter 15 Estimating Cost of Capital</i>
9	3/13	<i>Guest Speaker</i>	

Week	Date*	Class Topic	Readings / Deliverables**
Valuation Applications and Strategic Considerations			
10	3/18	<i>Spring Break – No Class Scheduled</i>	
10	3/20	<i>Spring Break – No Class Scheduled</i>	
11	3/25	Final Project Introduction	
11	3/27	Mergers and Acquisitions <i>Key Questions:</i> <ul style="list-style-type: none"> • What is the difference between a merger and an acquisition? • What are the motivations behind M&A activity? • How do we value a target company? • What is the difference between a strategic and a financial buyer? • What are specific factors that differentiate deals that are successful vs. unsuccessful? 	<ul style="list-style-type: none"> ○ <i>Reading:</i> Chapter 31 Mergers and Acquisitions
12	4/1	Mergers and Acquisitions	<ul style="list-style-type: none"> ○ <i>Deliverable: (Group) Case Assignment – LVMH: The Tiffany Acquisition</i> (CP)
12	4/3	Valuation in a PE and VC Setting <ul style="list-style-type: none"> ○ Private Equity ○ Venture Capital <i>Key Questions:</i> <ul style="list-style-type: none"> • What is Private Equity? Venture Capital? • What are the motivations behind staying private? • How do we value a company in a Venture Capital setting? 	<ul style="list-style-type: none"> ○ <i>Reading:</i> Valuing the Early-Stage Company (CP) ○ <i>Reading:</i> Primer on Multiples Valuation and Its Use in Private Equity Industry (CP)
13	4/8	<i>Guest Speaker – Larry Cheng, Managing Partner, Volition Capital on VC and Growth Equity Investing</i>	<ul style="list-style-type: none"> ○ <i>Deliverable: (Group) Project: Project Check-In</i>
13	4/10	Leveraged Buyouts (LBOs) <ul style="list-style-type: none"> ○ Overview of LBOs ○ LBO Analysis <i>Key Questions:</i> <ul style="list-style-type: none"> • What is an LBO? What is currently going on in the marketplace regarding LBOs? • How are LBOs structured? • What are the characteristics of a strong LBO candidate? • What are some examples of LBO exit/monetization strategies for financial sponsors? • How do we perform an LBO analysis? What are two primary indicators in an LBO analysis that determine feasibility of a deal to a buyer? 	<ul style="list-style-type: none"> ○ <i>Reading:</i> Valuation of Late-Stage Companies and Buyouts (CP) ○ <i>Reading:</i> Bain Global PE Report (<i>skim</i>) ○ <i>Reading:</i> Article on PE Private Credit Outlook

Week	Date*	Class Topic	Readings / Deliverables**
14	4/15	Private Company Valuation/M&A/LBOs <ul style="list-style-type: none"> ○ Case Discussion: Analysis of Strategic Alternatives for a Private Company 	<ul style="list-style-type: none"> ○ Discussion Case – Elon Musk’s Twitter Deal (CP)
14	4/17	Leveraged Buyouts (LBOs) <ul style="list-style-type: none"> ○ Case Discussion 	<ul style="list-style-type: none"> ○ Deliverable: (Group) Case Assignment – Roark Capital: Buyout of Buffalo Wild Wings (CP)
15	4/22	Guest Speaker	
15	4/24	Financial Distress and Restructuring Valuation of Financial Services Firms <i>Key Questions:</i> <ul style="list-style-type: none"> • How do we value a bank? Why doesn't a typical DCF work? 	
16	4/29	Group Project Presentations (mandatory attendance)	<ul style="list-style-type: none"> ○ Deliverable: (Group) Project: Final Valuation Project
16	5/1	Course Wrap-Up Final Exam Review	
	5/14	FINAL EXAM 2:00 – 4:00pm	

*Note: Schedule is subject to change based on guest speaker availability (with the exception of exam dates).

** All chapter references are for the Koller text 7/e (University Edition); CP = HBS Course Pack