



PROGRAM

I. Introduction

In this course we discuss advanced corporate finance topics such as: mergers and acquisitions, corporate restructuring bankruptcy and liquidation, private equity and corporate entrepreneurship. We study these topics from a developed and emerging markets point of view.

II. Competencies

- The student assess, value and advises the convenience of a corporate deal such a merger and acquisition in accordance to good corporate governance practices
- The student assess, value and advises the convenience of a corporate entrepreneurial venture taking into account the possible intervention of private equity investors

III. Learning goals

- To know how to assess and structure a merger and acquisition
- To know how to assess a corporate entrepreneurial venture

IV. Learning outcome

Students know how to apply scenarios and risk analysis to value a corporate entrepreneurial venture

V. Content

Unit 1: Financial background

1. Free cash flow estimation
2. Pro forma financial planning
3. Discount rates for Emerging Markets
4. Working capital management
5. Company valuation methods and consistency among them

Unit 2: Mergers and acquisitions (M&A)

1. A primer on mergers and acquisitions
2. The M&A process
3. Relative valuation
4. Leverage buyout (LBO)
5. Initial Public Offering (IPO)
6. Financial distress and divestitures

Unit 3: Corporate entrepreneurship

1. Corporate venture capital
2. Prospective analysis
3. Risk analysis process

VI. Learning strategies

Students will solve case applications and exercises using standard databases from the financial industry and specialized software.

Type	Percentage
Financial databases and specialized software	50%
Case studies and exercises	50%

VII. Grading, rubric and rules

The final grade will have three important components:

Class participation	10%
Paper presentation	20%
Cases (05)	20%
Mid-term exam	25%
Final exam	25%

There is going to be a total number of (06) group paper presentations and (05) group cases that students must solve within the lessons. Reading is compulsory, students that do not read continuously are not going to be able to solve assignments. There is going to be a mid-term assignment related to the topic of mergers and acquisitions and a final assignment related to corporate entrepreneurship.

Class participation is tied to your participation in the “Forum” section of the BLACKBOARD. There will be 10 articles posted in the Forum that you have to read and give your **informed opinion on an individual basis**. The informed opinion means that you have to cite extra references to support your opinion in each article. Each article commented properly in the Forum will be worth 2 points, so in total you will have 20 points.

I will use the following rubric to evaluate your participations in the Forum:

Points	Criteria
0	No comment
1	Non-informed comment
2	Informed comment

Although there is no an official minimum number of absences during the semester. A student who misses 05 or more lessons without a justification will be penalized with minus 05 points in his overall grade for practices (50%).

Rubric

All assignments will be graded with the following rubric:

Criteria	Score
Students make the right calculation	10
Students make the proper interpretation of their results	7
Students provide recommendations to solve the problem	3
Total	20

Basic rules for the virtual lessons

Students must observe the following rules:

- ✓ Please be punctual
- ✓ When entering, keep the microphone silent unless you want to participate
- ✓ Enter your name and last name as nickname of your connection and not an alias

VIII. References

For lessons:

T1: DePamphilis D. (2015) Mergers, acquisitions and other restructuring activities, eight edition, Elsevier.

T2: Ross S., R. Westerfield and J. Jaffe (2015). Corporate Finance. Seventh Edition. McGraw-Hill

T3: Shapiro, A. and S. Balbirer (2000) Modern Corporate Finance. Prentice Hall

P1: Durance, P. and Godet, M. (2010) Scenario building: uses and abuses, Technological Forecasting and Social Change, Vol. 77, No 9, 1488-1492

P2: Fuenzalida D. and S. Mongrut (2010) Estimation of Discount Rates in Latin America: Empirical Evidence and Challenges. *Journal of Economics, Finance and Administrative Sciences*, Vol. 15, No 28, 7-43

P3: Mongrut S. and D. Fuenzalida (2007) Valoración de inversiones reales en Latinoamérica: hechos y desafíos. *Académicos*, Vol. 2, No 4, 67-80.

P4: Mongrut S. and N. Juarez (2018) Valuation of Start-ups: A Behavioral and Strategic Perspective, *Mexican Journal of Economics and Finance*, Vol. 13, No.3, 419-439

P5: Sundaram, A. (2003) Cash Flows: A Note. Mimeo, Vermont: Tuck School of Business at Dartmouth College

For paper presentations:

PP1: Cortes L., D. Agudelo and S. Mongrut (2017) Waves and Determinants in the Activity of Mergers and Acquisitions: The Case of Latin America, *Emerging Markets Finance and Trade*, Vol. 53, No 7, 1667-1690

PP2: Fuenzalida D., S. Mongrut, J. Arteaga and A. Eurasquin (2013) Good Corporate Governance: Does it pay in Peru? *Journal of Business Research*, Vol. 66, No 10, 1759-1770

PP3: Mongrut S and D. Winkelried (2019) Unintended Effects of IFRS Adoption on Earnings Management: The Case of Latin America, *Emerging Markets Review*, Vol. 38, 377-388.

PP4: Mongrut S., D. Fuenzalida, F. Alberti and M. Akamine (2011) Determinantes de la insolvencia empresarial en el Perú. *ACADEMIA, Revista Latinoamericana de Administración*, No 47, 126-139

PP5: Mongrut S., A. Valenzuela and A. Garay (2010) What Determines Going Public in Latin America? Chapter 13, 255-271. In, *Emerging Markets: Performance, Analysis and Innovation*, G. N. Gregoriou (Ed.), Chapman-Hall/Taylor and Francis, London

PP6: Mongrut S., D. Fuenzalida, G. Pezo and Z. Teply (2010) Explorando las Teorías de Estructura de Capital en Latinoamérica. *Cuadernos de Administración*, Vol. 23, No 41, 163-184

PP7: Mongrut S., M. Tello, M. Torres and D. Fuenzalida (2021) IFRS adoption and firm's opacity around the world: what factors affect this relationship? *Journal of Economics, Finance and Administrative Sciences*, Vol. 26, No 51, 7-21

IX. Schedule

Week	Date	Content	Readings / Videos	Activities
1	Mo. 20/03 (T) Fr.24/03 (PR)	Introduction Value creation and Free Cash Flows (13:30 – 16:30)		No Practical Session
2	Mo. 27/03 (T) Fr. 31/03 (PR)	Financial Planning for startups (13:30 – 16:30)	P5 Financial seed 07: https://www.youtube.com/watch?v=0OEosNZJuEc	PR1 Weeks 01-02
3	Mo. 03/04 (T) Fr. 07/04 (PR)	Discount rates in Emerging Markets Case Trinity (No Session - Inverted)	Financial Seed 14 – Part I – Cost of Equity in Emerging Economies https://www.youtube.com/watch?v=Fg-iyHB3eU Financial Seed 14 – Part II – Comparison of Cost of Equity Methods for Emerging Markets https://www.youtube.com/watch?v=zOA-KRK-O08	No practical Session
4	Mo. 10/04 (T) Fr. 14/04 (PR)	Working Capital Management	T3 (Ch. 03)	PR2 (BLOOMBERG- Basics)
5	Mo. 17/04 (T) Fr. 21/04 (PR)	Company Valuation methods with DCF Case MTV Networks	T2 (Ch. 17)	PR3 (BLOOMBERG- M&A)
6	Mo. 24/04 (T) Fr. 28/04 (PR)	The M&A environment Case Soriana	T1 (Ch. 1 and 3)	PR4 (M&A in Wine Country – Part I)
7	Mo. 01/05 (T) Fr. 05/05 (PR)	M&A process and valuation Case Camposol (No Session - Inverted)	T1 (Ch. 7 and 9)	PR5 (M&A in Wine Country – Part II)
8	From Th. 11/05 to Sa. 13/05	Mid-Term Exam		
9	Mo. 15/05 (T) Fr. 19/05 (PR)	PP1 Relative valuation	T1 (Ch. 8)	PR6 (BLOOMBERG)
10	Mo. 22/05 (T) Fr. 26/05 (PR)	PP2 Leveraged Buyouts	T1 (Ch. 13 and 14)	PR7 (BLOOMBERG)
11	Mo. 29/05 (T) Fr. 02/06 (PR)	PP3 y PP4 IPOs	T1 (Ch. 16)	PR8 (BLOOMBERG)
12	Mo. 05/06 (PR) Fr. 09/06 (T)	PP5 y PP6 Divestitures and Bankruptcy	T1 (Ch. 17)	PR9 – Week 11
13	Mo. 12/06 (T) Fr. 16/06 (PR)	PP7 Corporate Venture Capital		PR10 – Week 12
14	Mo. 19/06 (T) Fr. 23/06 (PR)	Prospective analysis	P1 Financial seed 8: https://www.youtube.com/watch?v=gE8PrCLtWO8	PR11 – Week 14 (MORPHOL)
15	Mo. 26/06 (T) Fr. 30/06 (PR)	Risk analysis	P4 Financial seed 11: https://www.youtube.com/watch?v=sGx53INE_YM	PR12 – Week 15 (DTS Practical session)
16	From Th. 06/07 to Sa. 08/07	Final Exam		