

**COURSE SYLLABUS**  
**Valuation Models and Practices – FIN 6311-502 – Fall 2016**  
**THE UNIVERSITY OF TEXAS AT DALLAS - Naveen Jindal School of Management**

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**Course Information**

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|------------------------------|---------------------------------------|
| <i>Course Number/Section</i> | <b>FIN 6311- 502</b>                  |
| <i>Course Title</i>          | <b>Valuation Models and Practices</b> |
| <i>Term</i>                  | <b>Fall 2016</b>                      |
| <i>Days &amp; Times</i>      | Thursdays, 7:00 pm – 9:45 pm          |
| <i>Location</i>              | JSOM 2.722                            |

**Professor Contact Information**

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|------------------------|--|
| <i>Professor</i>       | David J. Springate, Ph.D.<br>Finance Professor and Director, Center for Finance Strategy Innovation<br>Academic Director, Executive MBA Programs |
| <i>Office Phone</i>    | 972-883-2647   |
| <i>Email Address</i>   | <a href="mailto:spring8@utdallas.edu">spring8@utdallas.edu</a> (eLearning email is preferred for the course.)                                    |
| <i>Office Location</i> | JSOM 2.403   |
| <i>Office Hours</i>    | By appointment   |

**Administrative Contact Information**

|                                 |   |
|---------------------------------|---|
| <i>Administrative Assistant</i> | Jeanette Henriques (Copy me on all emails to the professor.)  |
| <i>Office Phone</i>             | 972-883-4276  |
| <i>Email Address</i>            | <a href="mailto:Jeanette.Henriques@utdallas.edu">Jeanette.Henriques@utdallas.edu</a> (eLearning email is preferred for the course.) |
| <i>Office Location</i>          | JSOM 1.803  |
| <i>Office Hours</i>             | 8:00 a.m. – 5:00 p.m.   |

**Course Pre-requisite:** FIN 6301 or consent of instructor is required.

**Learning Objectives/Outcomes:**

This is a course that aims to increase your ability to talk about and work with concepts and technologies for valuing companies. Technically it concentrates on estimating company value, rather than improvement of company value. In practice, it is a good capstone corporate finance course. The aims of this course are to have you

1. Better understand and discuss enterprise valuation concepts.
2. Be able to use and explain concepts of discounted cash flow valuation and associated models.
3. Be able to use comparable valuation concepts skillfully.
4. Understand the basis for option valuation.
5. Understand valuation and financing concepts and technologies current in financial practice.
6. Discuss corporate strategy and value.
7. Be able to present your thoughts verbally and in writing. Presentation skills are important

**Conduct of the Course:**

We will explore topics through class discussion and my comments/observations. Classes will feature a combination of conceptual and case discussions. At the beginning of each class you will be expected to hand in a two-page write-up of the issues you see in the assigned case. This will be used in part of the evaluation process. Assignments will be posted on e-Learning, the expected method of communication for the course. You can expect to speak a lot in this class. Typically, you will need a computer.

## Required Textbooks and Materials:

Your finance textbooks will serve well as a basic reference. The book below can be considered an advanced reference. The book's content will be discussed, in part, as we progress through the course. In addition to the book, you will need the 21 required cases, supplemental spreadsheets and case notes listed below. The cases can be purchased from Harvard Business Publishing. The link for the Harvard course pack is: <http://cb.hbsp.harvard.edu/cbmp/access/51523492>. On occasion, readings may be distributed to you via eLearning or handed out in class.

## Textbooks:

Damodaran, Aswath. *Investment Valuation: Tools and Techniques for Determining the Value of Any Asset*. 3<sup>rd</sup> ed. University Edition. New York: Wiley, 2012

## Cases, Supplemental Spreadsheets and Case Notes:

|  |                |
|--|----------------|
| 1. The Valuation and Financing of Lady M Confections                                   | 215047-PDF-ENG |
| 2. The Valuation and Financing of Lady M Confections Spreadsheet                       | 216706-XLS-ENG |
| 3. Hon Hai's Investment in Sharp   | 216035-PDF-ENG |
| 4. H.J. Heinz M&A  | KEL848-PDF-ENG |
| 5. H.J. Heinz M&A Spreadsheet  | KEL850-XLS-ENG |
| 6. Hertz and Dollar Thrifty  | IES354-PDF-ENG |
| 7. Nextel Peru: Emerging Market Cost of Capital  | 916516-PDF-ENG |
| 8. Nextel Peru: Emerging Market Cost of Capital Spreadsheet                            | 916518-XLS-ENG |
| 9. Diamond Energy Resources  | TB0435-PDF-ENG |
| 10. Singapore Airlines: In Talks to Invest in JeJu Air                                 | W15371-PDF-ENG |
| 11. L'Occitane en Provence   | 212051-PDF-ENG |
| 12. L'Occitane en Provence Courseware  | 212707-XLS-ENG |
| 13. Quintiles IPO  | KEL843-PDF-ENG |
| 14. Quintiles IPO Workbook Spreadsheet   | KEL845-XLS-ENG |
| 15. Quintiles IPO Exhibits Spreadsheet   | KEL846-XLS-ENG |
| 16. Hony, CIFA, and Zoomlion: Creating Value and Strategic Choices in a Dynamic Market | 811032-PDF-ENG |
| 17. The Blackstone Group: Merlin Entertainment   | 210014-PDF-ENG |
| 18. The Blackstone Group: Merlin Entertainment Spreadsheet                             | XLS842-XLS-ENG |
| 19. KKR – The Dollar General Buyout  | TB0345-PDF-ENG |
| 20. Texas Pacific Group – J. Crew  | 808017-PDF-ENG |
| 21. Texas Pacific Group – J. Crew Spreadsheet  | XLS784-XLS-ENG |

**Assignment Page and Calendar\* - Valuation Models and Practices – Fall 2016 – Dr. David Springate**

| <b>Week</b> | <b>Date</b>  | <b>Course Section</b>                             | <b>Topics</b>  | <b>Case*</b>   | <b>Associated Readings</b>     |
|-------------|--------------|---|--|--|--------------------------------|
| 1           | August 25    | Introduction                                      | <ul style="list-style-type: none"> <li>• Class introductions</li> <li>• Syllabus, expectations for the course, grading policy</li> <li>• Analysis of financial statements</li> </ul>   |  | Chapters 1, 3, 15              |
| 2           | September 1  | Valuing Expansion and Acquisitions                | <ul style="list-style-type: none"> <li>• Breakeven Analysis</li> <li>• Free Cash Flows</li> <li>• Terminal Value</li> <li>• Adjusted Present Value</li> <li>• Cash Flows to Equity</li> <li>• Strategies</li> <li>• Bidding</li> </ul> | The Valuation and Financing of Lady M Confections                                  | Chapters 2, 3, 4, 11 and 17    |
| 3           | September 8  |   |  | Hon Hai's Investment in Sharp  |                                |
| 4           | September 15 |   |  | H.J. Heinz M&A   |                                |
| 5           | September 22 |   |  | Hertz and Dollar Thrifty   |                                |
| 6           | September 29 | Valuing International Assets                      | <ul style="list-style-type: none"> <li>• Betas</li> <li>• Cost of Equity</li> <li>• Cost of Capital</li> <li>• Sensitivity Testing</li> <li>• IPOs</li> </ul>  | Nextel Peru: Emerging Market Cost of Capital                                       | Chapters 7, 8, 10 and 20       |
| 7           | October 6    |   |  | Diamond Energy Resources   |                                |
| 8           | October 13   |   |  | Singapore Airlines: In Talks to Invest in JeJu Air                                 |                                |
| 9           | October 20   |   |  | L'Occitane en Provence   |                                |
| 10          | October 27   |   |  | Quintiles IPO  |                                |
| 11          | November 3   | Choice of Capital Structure And Leveraged Buyouts | <ul style="list-style-type: none"> <li>• Acquisitions</li> <li>• Recapitalization</li> <li>• Valuation</li> <li>• Leverage</li> <li>• Cash Adequacy</li> </ul>   | Hony, CIFA, and Zoomlion: Creating Value and Strategic Choices in a Dynamic Market | Chapters 13, 14, 16, 18 and 30 |
| 12          | November 10  |   |  | The Blackstone Group: Merlin Entertainment   |                                |
| 13          | November 17  |   |  | KKR – The Dollar General Buyout  |                                |
| 14          | December 1   |   |  | Texas Pacific Group- J. Crew   |                                |

Class test to be scheduled.

**\*These descriptions and timelines are subject to change at the discretion of the professor.**

## Grading Policy

### Grading Criteria

| A   | A-   | B+   | B    | B-   | C+   | C    | P    | F    | I          |
|-----|------|------|------|------|------|------|------|------|------------|
| 4.0 | 3.67 | 3.33 | 3.00 | 2.67 | 2.33 | 2.00 | Pass | Fail | Incomplete |

### Evaluation and Grades

Two methods will be used for evaluation.

In the first part, your preparation and participation in class discussion will be judged. You are expected to bring a two-page brief summary of your findings and recommendations to class each week. This will be submitted on eLearning prior to class start and combined for grading purposes with my assessment of your participation in discussion. Approximately 40% of the course grade will be determined by this procedure.

Twice during the term there will be an unannounced class test. On each of the two days (one in October and one in November) you will use the class period to write up individually the case previously assigned for class. This will account for approximately 60% of the course grade. You will get written feedback on your submission.

### Course and Instructor Policies

#### ***Make-up exams***

These are possible only in exceptional circumstances. Seek the instructor's approval in advance.

#### ***Late Work***

All work should be submitted even if late. Penalties will apply. Specifically, there will be a daily grade reduction for late submission of work.

#### ***Class Attendance***

Grades depend, in part, on attendance. You are expected to be in class.

#### ***Classroom Citizenship***

Participation calls for due respect of classmates and the instructors. Do not embarrass yourself. Come prepared to class with required readings and case preparation completed.

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### Field Trip Policies

None

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### Student Conduct & Discipline

The University of Texas System and The University of Texas at Dallas have rules and regulations for the orderly and efficient conduct of their business. It is the responsibility of each student and each student organization to be knowledgeable about the rules and regulations which govern student conduct and activities. General information on student conduct and discipline is contained in the UTD publication, *A to Z Guide*, which is provided to all registered students each academic year.

The University of Texas at Dallas administers student discipline within the procedures of recognized and established due process. Procedures are defined and described in the *Rules and Regulations, Board of Regents, The University of Texas System, Part 1, Chapter VI, Section 3*, and in Title V, Rules on Student Services and Activities of the university's *Handbook of Operating Procedures*. Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations (SU 1.602, 972/883-6391).

A student at the university neither loses the rights nor escapes the responsibilities of citizenship. He or she is expected to obey federal, state, and local laws as well as the Regents' Rules, university regulations, and administrative rules. Students are subject to discipline for violating the standards of conduct whether such conduct takes place on or off campus, or whether civil or criminal penalties are also imposed for such conduct.

### **Academic Integrity**

The faculty expects from its students a high level of responsibility and academic honesty. Because the value of an academic degree depends upon the absolute integrity of the work done by the student for that degree, it is imperative that a student demonstrate a high standard of individual honor in his or her scholastic work.

Scholastic dishonesty includes, but is not limited to, statements, acts or omissions related to applications for enrollment or the award of a degree, and/or the submission as one's own work or material that is not one's own. As a general rule, scholastic dishonesty involves one of the following acts: cheating, plagiarism, collusion and/or falsifying academic records. Students suspected of academic dishonesty are subject to disciplinary proceedings.

Plagiarism, especially from the web, from portions of papers for other classes, and from any other source is unacceptable and will be dealt with under the university's policy on plagiarism (see general catalog for details). This course will use the resources of turnitin.com, which searches the web for possible plagiarism and is over 90% effective.

### **Email Use**

The University of Texas at Dallas recognizes the value and efficiency of communication between faculty/staff and students through electronic mail. At the same time, email raises some issues concerning security and the identity of each individual in an email exchange. The university encourages all official student email correspondence be sent only to a student's U.T. Dallas email address and that faculty and staff consider email from students official only if it originates from a UTD student account. This allows the university to maintain a high degree of confidence in the identity of all individual corresponding and the security of the transmitted information. UTD furnishes each student with a free email account that is to be used in all communication with university personnel. The Department of Information Resources at U.T. Dallas provides a method for students to have their U.T. Dallas mail forwarded to other accounts.

### **Withdrawal from Class**

The administration of this institution has set deadlines for withdrawal of any college-level courses. These dates and times are published in that semester's course catalog. Administration procedures must be followed. It is the student's responsibility to handle withdrawal requirements from any class. In other words, instructors cannot drop or withdraw any student. You must do the proper paperwork to ensure that you will not receive a final grade of "F" in a course if you choose not to attend the class once you are enrolled.

### **Student Grievance Procedures**

Procedures for student grievances are found in Title V, Rules on Student Services and Activities, of the university's *Handbook of Operating Procedures*.

In attempting to resolve any student grievance regarding grades, evaluations, or other fulfillments of academic responsibility, it is the obligation of the student first to make a serious effort to resolve the matter with the instructor, supervisor, administrator, or committee with whom the grievance originates (hereafter called "the respondent"). Individual faculty members retain primary responsibility for assigning grades and evaluations. If the matter cannot be resolved at that level, the grievance must be submitted in writing to the respondent with a copy of the respondent's School Dean. If the matter is not resolved by the written response provided by the respondent, the student may submit a written appeal to the School Dean. If the grievance is not resolved by the School Dean's decision, the student may make a written appeal to the Dean of Graduate or Undergraduate Education, and the dean will appoint and convene an Academic Appeals Panel. The decision of the Academic Appeals Panel is final. The results of the academic appeals process will be distributed to all involved parties.

Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations.

## **Incomplete Grade Policy**

As per university policy, incomplete grades will be granted only for work unavoidably missed at the semester's end and only if 70% of the course work has been completed. An incomplete grade must be resolved within eight (8) weeks from the first day of the subsequent long semester. If the required work to complete the course and to remove the incomplete grade is not submitted by the specified deadline, the incomplete grade is changed automatically to a grade of **F**.

## **Disability Services**

The goal of Disability Services is to provide students with disabilities educational opportunities equal to those of their non-disabled peers. Disability Services is located in room 1.610 in the Student Union. Office hours are Monday and Thursday, 8:30 a.m. to 6:30 p.m.; Tuesday and Wednesday, 8:30 a.m. to 7:30 p.m.; and Friday, 8:30 a.m. to 5:30 p.m.

The contact information for the Office of Disability Services is:

The University of Texas at Dallas, SU 22

PO Box 830688

Richardson, Texas 75083-0688

(972) 883-2098 (voice or TTY)

Essentially, the law requires that colleges and universities make those reasonable adjustments necessary to eliminate discrimination on the basis of disability. For example, it may be necessary to remove classroom prohibitions against tape recorders or animals (in the case of dog guides) for students who are blind. Occasionally an assignment requirement may be substituted (for example, a research paper versus an oral presentation for a student who is hearing impaired). Classes enrolled students with mobility impairments may have to be rescheduled in accessible facilities. The college or university may need to provide special services such as registration, note-taking, or mobility assistance.

It is the student's responsibility to notify his or her professors of the need for such an accommodation. Disability Services provides students with letters to present to faculty members to verify that the student has a disability and needs accommodations. Individuals requiring special accommodation should contact the professor after class or during office hours.

## **Religious Holy Days**

The University of Texas at Dallas will excuse a student from class or other required activities for the travel to and observance of a religious holy day for a religion whose places of worship are exempt from property tax under Section 11.20, Tax Code, Texas Code Annotated.

The student is encouraged to notify the instructor or activity sponsor as soon as possible regarding the absence, preferably in advance of the assignment. The student, so excused, will be allowed to take the exam or complete the assignment within a reasonable time after the absence: a period equal to the length of the absence, up to a maximum of one week. A student who notifies the instructor and completes any missed exam or assignment may not be penalized for the absence. A student who fails to complete the exam or assignment within the prescribed period may receive a failing grade for that exam or assignment.

If a student or an instructor disagrees about the nature of the absence [i.e., for the purpose of observing a religious holy day] or if there is similar disagreement about whether the student has been given a reasonable time to complete any missed assignments or examinations, either the student or the instructor may request a ruling from the chief executive officer of the institution, or his or her designee. The chief executive officer or designee must take into account the legislative intent of TEC 51.911(b), and the student and instructor will abide by the decision of the chief executive officer or designee.

## **Off-Campus Instruction and Course Activities**

Off-campus, out-of-state, and foreign instruction and activities are subject to state law and University policies and procedures regarding travel and risk-related activities. Information regarding these rules and regulations may be found at the website address given below. Additional information is available from the office of the school dean.

[www.utdallas.edu/businessaffairs/risk/](http://www.utdallas.edu/businessaffairs/risk/)