

COURSE SYLLABUS
Valuation Models and Practices – ENTP/FIN 6311-501 – Spring 2018
THE UNIVERSITY OF TEXAS AT DALLAS - Naveen Jindal School of Management

Course Information

Course Number/Section	ENTP/FIN 6311- 501
Course Title	Valuation Models and Practices
Term	Spring 2018
Days & Times	Wednesdays, 7:00 pm – 9:45 pm
Location	JSOM 2.801

Professor Contact Information

Professor	David J. Springate, Ph.D. Finance Professor and Director, Center for Finance Strategy Innovation Academic Director, Executive MBA Programs
Office Phone	972-883-2647
Email Address	spring8@utdallas.edu (eLearning email is preferred for the course.)
Office Location	JSOM 2.403
Office Hours	By appointment

Course Co-Instructor

Name:	Christian von Drathen, Ph.D. Assistant Professor of Finance
Office Phone:	972-883-5089
Email Address:	drathen@utdallas.edu
Office Location:	JSOM 14.310
Office Hours:	TBA

Administrative Contact Information

Administrative Assistant	Jeanette Henriques (Please copy on all emails to the professor.)
Office Phone	972-883-4276
Email Address	Jeanette.Henriques@utdallas.edu (eLearning email is preferred for the course.)
Office Location	JSOM 1.803
Office Hours	8:00 a.m. – 5:00 p.m.

Course Pre-requisite: FIN 6301 or consent of professor is required. You need to be able to work with Excel.

Learning Objectives/Outcomes:

This is a course that aims to increase your ability to thoughtfully consider and work with concepts and technologies for valuing companies. It will concentrate on practical applications of valuation. Technically the course concentrates on estimating company value, rather than improvement of company value. In practice, it serves as a good capstone corporate finance course. The course is student-centered. Its aims are to have you become a better manager or executive. More specifically, we will work together to:

1. Develop your understanding and ability to discuss enterprise valuation concepts.
2. Develop your ability to use and explain models of discounted cash flow valuation.
3. Develop your ability to use the comparable-company valuation approach skillfully.
4. Improve your ability to recognize and better describe uncertainty in valuation estimates.
5. Develop your ability to analyze the uncertainties involved in corporate valuation. Consideration of risk-adjusted rates and simulation are important parts of the course.
6. Develop your understanding of option valuation techniques.
7. Develop your understanding of how value is affected by corporate strategy choices.
8. Equip you to better present your thoughts verbally and in writing. Presentation skills are important.

Conduct of the Course:

We will explore topics through class discussion, the professor's case discussion leadership, his brief lectures and his comments on your written and oral contributions. Classes are built around a combination of case analyses and conceptual points discussed among classmates and professor. You will need to prepare before class. Although group discussion of cases prior to class is encouraged, you will participate as an individual most of the time we are together. The class is not structured around group presentations. All cases have been chosen because they have proved to be effective teaching media.

You can expect to speak a lot in this class. You will be called on. Considered discussion after preparation is the most effective way to master the topics of the course and develop your professional capability. 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 and feedback process. Assignments will be posted on e-Learning, the expected method of communication for the course. Completed assignments will be returned with comments. Evaluation and grades are discussed below. Typically, you will need a computer in class.

The course includes many similar topics and cases common to the course delivered by Professor von Drathen, FIN 6311-001. This (Springate) section includes more cases and expects more individual (not group) contributions as we work collaboratively in class. His (von Drathen) section includes more homework problems, more assigned group work, a valuation project and perhaps more lectures. The workload for both sections is roughly similar.

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 16 required cases and supplemental spreadsheets 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/72220881>. On occasion, readings may be distributed to you via eLearning or handed out in class.

Textbooks:

Titman & Martin. *Valuation: The Art and Science of Corporate Investment Decisions*. 3rd ed. Pearson.
ISBN: 978-0-13-347952-2

Cases, Supplemental Spreadsheets and Case Notes:

1. Ferrari: Valuing the Prancing Horse	TB0459-PDF-ENG
2. Showdown at Cracker Barrel	114026-PDF-ENG
3. Showdown at Cracker Barrel Spreadsheet	114706-XLS-ENG
4. Mercury Athletic Footwear: Valuing the Opportunity	4050-PDF-ENG
5. Mercury Athletic: Valuing the Opportunity Case Exhibits, Spreadsheet Supplement	4054-XLS-ENG
6. Nextel Peru: Emerging Market Cost of Capital	916516-PDF-ENG
7. Nextel Peru: Emerging Market Cost of Capital Spreadsheet	916518-XLS-ENG
8. Diamond Energy Resources	TB0435-PDF-ENG
9. Valuation of Air Thread Connections	4263-PDF-ENG
10. Valuation of AirThread Connections, Spreadsheet Supplement	4267-XLS-ENG
11. Neptune Orient Lines: Valuation and Capital Structure	W17200-PDF-ENG
12. Lion Capital and the Blackstone Group: The Orangina Deal	807005-PDF-ENG
13. Lion Capital and the Blackstone Group: The Orangina Deal, Spreadsheet Supplement	XLS863-XLS-ENG
14. ISS A/S: The Buyout	214027-PDF-ENG
15. ISS A/S: The Buyout Spreadsheet	214715-XLS-ENG
16. County Line Markets: Real Options and Store Expansions	NA0351-PDF-ENG

Assignment Page and Calendar* - Valuation Models and Practices – Spring 2018 – Dr. David Springate					
Week	Date	Course Section	Topics	Case*	Associated Readings
1	January 10	Introduction	<ul style="list-style-type: none"> Class introductions Syllabus Expectations for the course Grading policy 	None	Chapter 1
2	January 17	The Basics of Valuation	<ul style="list-style-type: none"> Free Cash Flows Terminal Value Adjusted Present Value Comparables Strategies Bidding 	Ferrari: Valuing the Prancing Horse	Chapters 2, 4, 8, 9
3	January 24			Showdown at Cracker Barrel	
4	January 31			Mercury Athletic Footwear	
5	February 7	Uncertainty in Discount Rates, Cash Flows and Capital Structures	<ul style="list-style-type: none"> Market Uncertainty Sensitivity Testing Scenarios Simulation Cost of Capital Cost of Equity Betas Risk Premiums 	Nextel Peru: Emerging Market Cost of Capital	Chapters 3, 5, 6, 7
6	February 14			Diamond Energy Resources	
7	February 21			Valuation of Air Thread Connections	
8	February 28			Neptune Orient Lines: Valuation and Capital Structure	
9	March 7				
10	March 21	Alternative Cash Flows to Value	<ul style="list-style-type: none"> Leveraged Buyouts Cash Adequacy Leverage Cash Flows to Equity 	Lion Capital and the Blackstone Group: The Orangina Deal	Chapter 10
11	March 28			ISS A/S: The Buyout	
12	April 4				
13	April 11	Real Options	<ul style="list-style-type: none"> Valuation Options 	Real Option Analysis	Chapters 11,12,13
14	April 18			County Line Markets: Real Options and Store Expansions	
15	April 25				

***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 submission will be combined for grading purposes with my assessment of your participation in discussion. Approximately 50% 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 Classes 5 – 10 and one in Classes 11 - 15) you will use the class period to write up individually the case previously assigned for class. This activity will account for approximately 50% of the course grade. You will get written feedback on your submission.

Course and Instructor Policies

Make-up tests

These are possible only in exceptional circumstances. Seek the professor'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 professor. Do not embarrass yourself. Come prepared to class with required readings and case preparation completed.

Field Trip Policies

None

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/