mlsmm2122
2022

UCLouvain

Equity Valuation

5.00 credits	30.0 h	Q1

Teacher(s)	Petitjean Mikael ;Suin Xavier ;
Language :	English
Place of the course	Mons
Prerequisites	None (at the master level)
Main themes	The goal of this course is to teach students the most effective tools used to value equity and make investment decisions. Key topics include: • Discounted Dividend Valuation • Free Cash Flow Valuation • Market-Based Valuation: Price and Enterprise Value Multiples • Residual Income Valuation • Private Company Valuation
Learning outcomes	**At the end of this learning unit, the student is able to :** 1 At the end of this course, students will be able to: • select the most appropriate valuation method for a given company by being able to identify its strengths and weaknesses; • analyze and restate the financial statements (including the off-balance items) to extract the all the information required to correctly value companies; • calculate the value of a company in a spreadsheet by indicating all the required intermediate steps; • do in-depth homework by preparing several case studies and by submitting answers to MCQs.
Evaluation methods	- Written Exam (MCQs + computer-based applications) - Homework (in-class participation, preparation of case studies, etc.) - Valuation Assignment (group of two students)
Teaching methods	- Case studies - Spreadsheet applications - Lectures based on readings - MCQs
Content	Theory is clearly not enough to value companies in real life, but it is also plain wrong to believe that firm valuation can be taught by ignoring theory. Theory and practice must be mixed when it comes to learning how to value firms. Theory needs practice and practice needs theory. That is why the valuation of companies without a sound understanding of theoretical principles is bound to fail miserably, and why sophisticated theoretical models are useless if they are not tested against real companies. We have selected two real companies as case studeues. The first is a publicly-quoted company and the second is a private company. 1/ The case on Steel Dynamics which is a public company quoted on the Nasdaq stock exchange, will be covered by M. PETITJEAN. The case will be resolved in class completely, showing you how to update the valuation done some years ago using the most recent data. All the materials on this case study, including videos and spreadsheets, will be available. 2/ The case on a private company will be introduced by X. SUIN (Director, PwC) and his colleagues. This case will NOT be resolved in class. You will have to discover the firm and understand its business class after class, work on it in a group of 4 to 5 students and give a presentation with the final recommendation about its valuation. During his lectures, X. SUIN will nevertheless present you a similar analysis done for another private company PwC had to value in the past, in such a way that you will learn how to proceed.
Inline resources	https://www.youtube.com/user/financialmodeling https://www.youtube.com/c/AswathDamodaranonValuation
Bibliography	Rosenbaum, Joshua, and Joshua Pearl. *Investment Banking: Valuation, LBOs, M&A, and IPOs (Book+ Valuation Models)*. John Wiley & Sons, 2022.

Faculty or entity in charge	CLSM

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Programmes containing this learning unit (UE)				
Program title	Acronym	Credits	Prerequisite	Learning outcomes
Master [120] in Management	GESM2M	5		🔍
Master [60] in Management	GESM2M1	5		🔍
Master [120] in Business Management	GENT2M	5		🔍
Master [120] : Business Engineering	INGE2M	5		🔍
Master [120] in Management	GEST2M	5		🔍
Master [120] : Business Engineering	INGM2M	5		🔍