

Seton Hall University

STILLMAN SCHOOL OF BUSINESS

Spring 2021

Instructor	Christakis (Chris) Droussiotis
Office Hours:	Remote (VIA TEAMS) by Appointment
Cell Phone (Voice/Text)	(908) 930-4725
Email:	droussch@shu.edu
Website:	www.ProfessorDrou.com

Course: BFIN 7236 – Corporate Finance - Web Based

Web Based Lectures, Exams, Homework, and Final Project:

The format this year is entirely a web-based format. I am planning to record my lecture and provide the lecture on PowerPoint in the beginning of the school week for your review. There is homework due every week via the ACTIVE LEARNING platform – for at least the first 6-7 weeks – the link will be posted on Blackboard and my website www.ProfessorDrou.com. The exams will also be posted and have a specific time that you need to take them. At the end of the semester everyone is required to submit their final project (the description of the final project will be posted on Blackboard and my website).

Course Description:

This course is designed to provide practitioners and those seeking careers in finance with a rigorous combination of theory and practice as we explore the fundamental principles of corporate finance. Students currently employed in this dynamic and evolving field will have the opportunity to become familiar with many of the core principles and concepts commonly applied in their field daily. From a practical perspective, Corporate Finance is meant to reinforce work-related practices, such as analyzing financial statements, the application of time value of money concepts, asset valuation on a discounted cash flow (DCF) basis, cost benefit analysis (CBA), and the quantification of the multifaceted relationship between risk and return in financial markets.

Through this course, students wishing to enter diverse areas of finance, such as asset management, credit analysis, financial and investment analysis, portfolio management, and risk management, will have the opportunity to acquire and develop critical work-related skills. These include evaluating corporate performance based on a thorough analysis of financial statements, estimating the present and future values of a wide range of cash flows, and using these concepts as the basis for asset valuation, applying commonly used cost-benefit analysis methods to evaluate investment decisions and estimating the risk and return of individual securities and diversified portfolios.

The topics covered in this course provide students with the necessary background and preparation to take more advanced courses in finance.

Optional Text:

Fundamentals of Corporate Finance, 12th Edition.

Ross, Westerfield, and Jordan.

McGraw-Hill Irwin. ISBN 978-1-259-91895-7

An Analytical Approach to Investments, Finance and Credit, First Edition

Chris Droussiotis,

Cognella Academic Publishing, ISBN:978-1-935551-66-9

To purchase: BN4234 students: <https://store.cognella.com/92623>

BFIN7331students: : <https://store.cognella.com/92624>

Supplemental Readings

The professor will post supplementary articles, business cases, and PowerPoint Lecture Notes on his website at www.ProfessorDrou.com .

Fabozzi, F., & Modigliani, F. (2009). ***Capital Markets: Institutions and Instruments***, 4th Edition. Pearson/Prentice Hall. ISBN: 10 0136026028.

Brigham, E. F., & Houston, J. F. (2010). ***Fundamentals of Financial Management, 12th Edition***. Thompson/Southwestern. ISBN: 10 0-324-59770-3

Course Requirements (Assignments)

Graded Homework Problems (20%):

Graded Homework Problems give you an opportunity to demonstrate your mastery of the topics covered in the course and solidify your knowledge of finance theory through the practical application of the concepts, models, and theories, discussed in class. Students are required to submit a set of Graded Homework Problems. The student can access homework from Cognella' s ACTIVE LEARNING platform.

Individual Project (20%):

Each student will be assigned a publicly traded company. See Appendix for Project description.

Midterm Exam (30%):

The Midterm Exam will be based on the Instructors class notes (PowerPoint presentations) and excel spreadsheets provided on Blackboard. To prepare for the exam is recommended reading using the excel based practice problems with the explanation found on the CD textbook - chapters 15-17 which includes Financial Analysis, Projections and Valuation Analysis. Excel templates can be found on my website www.ProfessorDrou.com).

Final Exam (30%):

The Final Exam will include some of the concepts from the midterm including Equity Valuation and Return. Most of the exam though will focus on chapters 5-9. The students need to study spreadsheets analysis covered in class including the Alexandria Hotel projections and DCF analysis, Hyatt stock valuation, LBO and Capital Markets financial model, and Return and bond analytics spreadsheet. The exam will be taken during the Exam Period. Supporting documents (excel templates) can be found at www.ProfessorDrou.com).

The students need to study the various spreadsheet analysis covered in class including the Celerity Technology Company case study; the Alexandria Hotel WACC analysis and Hyatt Corporation enterprise valuation methods. The exam will be closed books and notes taken in class.

Grading:

Midterm Exams	30%
Final Exam	30%
Homework	20%
Project	20%
Total	100%

Grading Scale:

A	93 - 100	C+	77 - 79
A-	90 - 92	C	73 - 76
B+	87 - 89	C-	70 - 72
B	83 - 86	D	60 - 69
B-	80 - 82	F	Below 60

Academic Integrity

Cheating and plagiarism are serious offenses. The following definitions are based on the College's Academic Honesty website:

Cheating is the attempted or unauthorized use of materials, information, notes, study aids, devices, or communication during an academic exercise.

Examples include but are not limited to:

- Copying from another student during an examination or allowing another to copy your work.
- Unauthorized collaborating on a take home assignment or examination
- Using unauthorized notes during a closed book examination
- Using unauthorized electronic devices during an examination
- Taking an examination for another student
- Asking or allowing another student to take an examination for you.
- Changing a corrected exam and returning it for more credit
- Submitting substantial portions of the same paper to two classes without consulting the second instructor
- Preparing answers or writing notes in a blue book (exam booklet) before an examination
- Allowing others to research and write assigned papers including the use of commercial term paper services.

Plagiarism is the act of presenting another person's ideas, research or writing as your own, such as:

- Copying another person's actual words without the use of quotation marks and footnotes (a functional limit is four or more words taken from the work of another)
- Presenting another person's ideas or theories in your own words without acknowledging them

- Using information that is not considered common knowledge without acknowledging the source.
- Failure to acknowledge collaborators on homework and laboratory assignment.

My policy is to give a 0 grade to any assignment that has been plagiarized or an exam in which you have cheated. In addition, I am required by College policy to submit a report of suspected academic dishonesty to the Office of the Dean of Students. This report becomes part of your permanent file.

Course Outline

(please check website www.ProfessorDrou.com under SHU Corporate Finance page for updates):

Using the textbook, “*An Analytical Approach to Investments, Finance and Credit*” the semester will cover the following chapters in this order:

FIRST HALF OF THE SEMESTER:

- Chapter 15 – Financial Statement Analysis
- Chapter 16 – Projections Analysis
- Chapter 17 – Valuation Analysis

SECOND HALF OF THE SEMESTER:

- Chapter 5: Equity Markets: Raising Equity by Private Companies
- Chapter 6: Equity Markets: IPOs and Public Traded Companies
- Chapter 7: Raising Debt: Issuing Corporate Bonds, 144As and Private Placements.
- Chapter 8: Raising Debt: Issuing Bank Loans, Primate Loans and Syndication of Loans
- Chapter 9: Transaction Analysis: LBOs, M&A and other Capital Market Deals

FINAL PROJECT

1. Company Profile

- Write a brief profile of the company you are assigned to including a description of their products or services and the markets they compete.
- Summary of their stock performance in the last year versus the market and closest competitors.

2. Financial Analysis

- The financial analysis should include, but not be limited to, the preparation of the latest 3-year financial statements (Income Statement, Balance Sheet and Cash Flow Statement)
- Provide an explanation of the results year-over-year including ratio and trend analysis.

3. Projections & Valuations

- Projections and Valuation Analysis for your assigned public company using Excel. The valuation analysis should calculate the assigned companies Enterprise Value using the following 3 methods of valuation:
 - Method #1 (stock price to calculate the EV)
 - Method #4 (Trading Comparable)
 - Method #6 (DCF Analysis)

- In addition to the analysis, you need to provide a page or two of discussions on your analysis including the assumptions you used for driving revenues and expenses.
- Discussions on the results on your various methods of valuation and recommend if someone should **buy, hold, or sell the stock**.

4. Technical Analysis

- Analyze the stock performance against the market (S&P 500) generating beta coefficient and other standard deviation results.