

# Seton Hall University

## STILLMAN SCHOOL OF BUSINESS

### FALL 2025

Instructor:	Christakis (Chris) Droussiotis
Office hours:	<b>In-Person:</b> Thursday 4:00-5:30pm JH Room 691 <b>Virtual:</b> Tue-Thu 9:00am-5:00pm – make online appointment: <a href="https://calendly.com/professordrou/30min">https://calendly.com/professordrou/30min</a>
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Biography	<a href="#">Chris Droussiotis   Columbia University School of Professional Studies</a>

### Courses: BFIN 4241 - Mergers and Acquisitions

Tue/Thu 2:00-3:15pm (AA)

Tue/Thu 3:30-4:45pm (AB)

#### Course Description:

The course is designed to introduce the world of Mergers & Acquisitions and Leveraged Buyout (LBO) which includes the parties involved, the process of raising capital for M&A and buyouts. The course will cover all the valuation methods used for assessing proposed business acquisition targets – both publicly traded and private companies. The class will cover the broader context - institutional, legal, and regulatory—of M&A valuation and due diligence work. These topics will be developed in lectures and readings, case studies, and modelling exercises using Excel templates.

By the end of the course, you should:

1. Have detailed knowledge of a fairly large number of M&A and Leveraged Buyout case studies.
2. Be proficient in valuation and accounting terminology and concepts related to M&A transactions.
3. Know how to develop financial projections and prepare valuations for (a) stand-alone enterprise value and (b) business combinations with synergies.
4. Recognize areas of moral hazard for decisionmaker in M&A.

#### Required Text:

***Mergers & Acquisitions, and Other Restructuring Activities***, Donald DePamphilis, 10<sup>th</sup> Edition (Academic Process), ISBN-13: 978-0-12-815075-7, Bookstore

#### Optional Books and other Material:

***“An Analytical Approach to Investments, Finance and Credit”*** First Edition, Chris Droussiotis, Cognella Academic Publishing ISBN-13: 978-1-935551-66-9

Materials/Handouts to be provided by the Instructor (can be found on [www.ProfessorDrou.com](http://www.ProfessorDrou.com) under Seton Hall – Mergers & Acquisitions page including Lecture Notes, Spreadsheets, Homework Assignments, Reading Assignments and Links.

<b>Excel Models</b>
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Excel templates for use with weekly exercises will be available on [www.professordrou.com](http://www.professordrou.com) . Important sources of financial information in use throughout the course are edgar.gov, Bloomberg or finance.yahoo.com.

Each student should create a free personal account to access the Bloomberg Information Service, which is available on most of the computers in Jubilee Room 559 ("Trading Room") and on one computer in the Walsh Library Information Center (near the Reference Desk).

<b>Course Requirements:</b>
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**Attendance (10%):**

Students are expected to attend online or on-campus classes and to participate in classroom discussions. It is important to attend every class because the Exams are based on the instructor's lectures and classroom notes. Class participation will count as part of the course grade. Attendance accounts for 10% of your grade.

**Group Project (15%):**

The class will be divided into groups of 4-6 students. Each Group will be presenting during class (10-12 minutes) their progress towards the final project. In the final day of classes each class will have 12-15 minutes to present their final project on TEAMS live in class. The PowerPoint presentation should include:

- Executive Summary (Investment Considerations)
- Summary Business Description of Acquirer and Target companies
- SWOT Analysis of Acquirer, Target, and Combined companies (if any)
- Summary Financial Performance and bullet point explanation of Target Company
- Summary Projections and bullet point explanation (including cost savings) of Target Company
- Summary Valuations (Methods #1, #4, #5 (if you can find anything) and #6 (DCF) – Standalone
- Accretion/Dilution Analysis of combined companies (PE Group no need to include this)

Please upload all the work on the Professor's Dropbox

<https://www.dropbox.com/request/5xq0Gxl0ZG2LWYUUYp9e>

**Individual Project (15%):**

Each student will be assigned a publicly traded that can be valued and hypothetically ready to be purchased via Leveraged Buyout method or merger of two companies in the same industry – The analysis will focus whether both buyer and seller achieve their expectations – basically meeting the premium that the seller is expected to receive and meeting the minimum required return to the buyer after applying synergies and cost cutting.

**Exams (60%):**

There will be two midterm and one final exam:

**Midterm Exam I – test in class on Concepts (15%)**

**Midterm Exam II – test online on spreadsheet Analysis (opened Books) (15%)**

**Final Exam Studies (30%).**

Grading:	
Mid Term Exams *	30%
Final Exam*	30%
Homework	15%
Project	15%
Attendance	<u>10%</u>
Total	100%

**\*CD Factor:**

This is to give the benefit for students of significant improvement between Mid-Term Exam and Final. The Weighted averages are as follows (based on pre midterm curve score):

Improvement	Mid-Term Weighting	Final Exam Weighting
35% and higher	10%	50%
30-34%	15%	45%
25%-29%	20%	40%
20%-24%	25%	35%
19% or lower (including negative)	30%	30%

Academic Integrity
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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 collaboration 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](http://www.ProfessorDrou.com) under SHU M&A page for course outline updates.

## **INDIVIDUAL PROJECT DESCRIPTION**

Each student will be assigned to a publicly traded company. You need to do the following:

1. You need to spread at least **3-year historical financials** including the Balance Sheet, Income Statement and summary Cash Flow Statement that includes Working Capital, Capex and Depreciation expense. If the company's fiscal year end is not December 31, use Trailing Twelve Months (TTM) for Income and Cash Flow Statement and last reported quarter for the Balanced Sheet.
2. You need to build the **transaction sources and uses** and pro-forma balance sheet using the following assumptions:
  - a. Purchase Stock Price: Any premium to the current price – (i.e., 20%)
  - b. Refinance total debt (including short term and long term)
  - c. Total Transaction fees and expenses of 3.0% of total (Purchase Price + Debt)
  - d. New acquisition Debt should be structured as follows:
    - i. The lowest amount of either:
      1. Senior Debt to total Acquisition Cost (Including transaction fees) of 50%; or
      2. Senior leverage of 4.0x (Senior Bank Debt 4.0x to the last reported EBITDA)
    - ii. The lowest amount of either:
      1. Subordinated Bonds to total Acquisition Cost (including transaction cost) of 20%; or
      2. Subordinated Debt to last reported EBITDA of 2.0x
    - iii. The Balance will be cash equity from the Private Equity Investor.
3. Your need to build **Projections** using reasonable assumptions (sales growth, margins, Capital Expenditures, Depreciation, Working Capital as % of Revenues, – based on historical experience – You may adjust them based on your independent work justifying the projected levels). Other assumptions will be as follows:

- a. Tax Rate: 22%
  - b. Bank Loan Interest (Floating SOFR + 4.0% with Libor 50 bps escalation for the next 3 years) – use starting SOFR rate of 2.0%
  - c. Bank Loan Schedule Amortization Yr 1-Yr 6: 1.0%, Yr 7: 94%
  - d. Subordinated Debt Interest Rate – Fixed Rate 8.0%
  - e. Subordinated Debt Scheduled Amortization Yr1-Yr7: 0%, Yr8: 100%
  - f. No Dividends
  - g. No Divestitures
4. Need to construct an **Equity Return and DCF Analysis** page.
- a. Calculate the Private Equity Investor's IRR based on the following assumptions:
    - i. To Calculate the WACC use 20% Equity Return (Not CAPM)
    - ii. Use the average of Terminal Value based on the following two methods:
      - 1. EBITDA Multiple method (use the same multiple you are purchasing the company.
      - 2. TV based on perpetuity method (Use WACC and growth rates at 80% of WACC or lower) based next year's unlevered cash flow.
5. Run the Debt Capacity and Debt Ratios
6. Use Goal Seek to calculate the premium you need to pay for the company to meet 20% equity return.

## ASSIGNED COMPANIES

#	COMPANY	SYMBOL	SECTOR	INDUSTRY
1	Albany International	AIN	Consumer Cyclical	Textile Manufacturer
2	American Axle & Manufacturing	AXL	Consumer Cyclical	Auto Parts Manufacturer
3	AZEK Corporation	AZEK	Industrials	Building Products
4	Boyd Gaming Corp.	BYD	Consumer Cyclical	Resorts & Casinos
5	Carnival Corporation	CCL	Consumer Cyclical	Cruise Operator
6	Celenese Corporation	CE	Basic Material	Chemicals
7	Century Casino	CNTY	Consumer Cyclical	Resorts & Casinos
8	Choice Hotels Intern'l	CHH	Consumer Cyclical	Lodging
9	Constellation Brands	STZ	Consumer Defensive	Wineries & Distilleries
10	Crimson Wine Group	CWGL	Consumer Defensive	Wineries & Distilleries
11	Darden Restaurants	DRI	Consumer Cyclical	Restaurants
12	Delta Airlines	DAL	Industrials	Airlines
13	Flowserve Corporation	FLS	Industrials	Specialty Industrial Mach
14	HCA Healthcare, Inc.	HCA	Healthcare	Medical Care Facilities
15	Hormel Foods Corporation	HRL	Consumer Defensive	Packaged Foods
16	International Paper	IP	Consumer Cyclical	Paper & Packaging
17	Laureate Education	LAUR	Consumer Defensive	Education & Training Ser
18	Marcus Corporation	MCS	Consumer Cyclical	Lodging
19	Marriott International	MAR	Consumer Cyclical	Lodging
20	McDolands Corporation	MCD	Consumer Cyclical	Restaurants
21	Nabors Industries	NBR	Energy	Oil & Gas Drilling
22	Royal Caribbean Cruises Ltd	RCL	Consumer Cyclical	Cruise Operator
23	Select Medical	SEM	Healthcare	Medical Care Facilities
24	Silgan Holdings	SLGN	Consumer Cyclical	Paper & Packaging
25	Starbucks Corporation	SBUX	Consumer Cyclical	Coffee shops
26	Steel Dynamics	STLD	Basic Material	Chemicals