

Courses in English Course Description

Department	10 Business Administration
Course title	International Financial Modeling
Hours per week (SWS)	4
Number of ECTS credits	5
Course objective	<p>With regard to the qualification category of knowledge and understanding, the course participants are able to:</p> <ul style="list-style-type: none"> • provide an overview of the most important valuation methods and to compare these. • relate corporate finance to other modules such as financial management, portfolio management and derivatives. • relate corporate planning to corporate valuation and to describe the linkages in their own words. <p>With regard to the qualification category of abilities, the course participants are able to:</p> <ul style="list-style-type: none"> • use their knowledge about planning and valuation methods to develop a professional standard model for corporate valuation which incorporates the principles of financial modeling. • obtain the data necessary for a corporate valuation from information providers such as Bloomberg or Thomson Reuters and to process the data. • independently structure complex tasks in corporate valuation and to develop independent modules to solve these tasks. • critically evaluate the results of the corporate valuation and to clarify any differences. • interpret the results of the corporate valuation and to independently draw conclusions for corporate finance transactions. • review the structure of the valuation model and the results of the corporate valuation with the help of a model review. <p>With regard to the qualification category of competencies, the course participants are able to:</p> <ul style="list-style-type: none"> • transfer the results from the corporate valuation to other modules such as financial management, portfolio management and derivatives and to combine them with these modules. • manage a project in the field of corporate valuation and to develop proprietary solutions in a team of valuation experts. • compile a transparent and comprehensive documentation of assumptions and methods for a given valuation project. • structure the process of corporate valuation and to apply the standards of professional financial modeling. • master theoretical and empirical challenges of corporate valuation. • apply their knowledge to specific valuation projects and to adjust it to actual valuation situations. • critically challenge the assumptions, algorithms and results of every valuation approach. • present and defend the valuation results in front of clients
Prerequisites	None
Recommended reading	<p>Recommended literature: Häcker, J., Ernst, D. (2017): Financial Modeling - An Introductory Guide to Excel and VBA Applications in Finance, Macmillan, London.</p> <p>Further Literature:</p> <p>Benninga, S. (2014): Financial Modeling, 4. Auflage, MIT Press, Cambridge Massachusetts.</p> <p>Day, A. L. (2007): Mastering Financial Modelling in Microsoft Excel, 2. Auflage, Prentice Hall.</p> <p>Ernst, D./Häcker, J. (2011): Applied International Corporate Finance, Vahlen, München, 2. Auflage.</p> <p>Hawley, D./Hawley, R. (2007): Excel Hacks Tips&Tools for streamlining your spreadsheets, 2. Auflage, O'Reilly, Sebastopol.</p> <p>Munter, M. (2006): Guide to Managerial Communication, Prentice Hall, 7. Auflage.</p> <p>Powell, S. G. (2008): Modeling for Insight: A master class for business analysts, J. Wiley & Sons, Hoboken.</p> <p>Sengupta, C. (2004): Financial Modeling using Excel and VBA, John Wiley & Sons, Hoboken, New Jersey.</p>
Teaching methods	<p>Literature study, case studies on the implementation of a corporate valuation exercise as well as Excel-based exercises. With the chapter "Corporate Finance" of the textbook "Financial Modeling" and additional literature sources, the course participants have access to a comprehensive set of materials on the topic corporate finance. The implementation of the methods of corporate finance in Excel while considering the standards of financial modeling is presented in a detailed and comprehensive manner. The case studies help to implement the valuation methods for a given task in a model-based and applied fashion. Excel-based exercises help to critically assess the material studied. Test questions help in the exam preparation. The self-study of the participants is supported via e-learning.</p>

Assessment methods	Written exam
Language of instruction	English
Name of lecturer	Prof. Dr. Florent Deisting
Email	florent.deisting@hm.edu
Link	
Course content	<ol style="list-style-type: none">1. Overview of the Methods of Company Valuation2. Company Valuation using Discounted Cash Flow Models<ol style="list-style-type: none">2.1 Basics of Corporate Planning2.2 WACC Approach<ol style="list-style-type: none">2.2.1 The Idea behind the WACC Approach2.2.2 Calculating the Operative Free Cash Flows2.2.3 Determining the Cost of Capital2.2.4 Calculation of the Company Value2.6 Sensitivity Analysis2.7 Scenario Analysis3. Company Valuation using Market Capitalization and Book Value<ol style="list-style-type: none">3.1 Overview of Market Capitalization3.2 Overview of Book Value3.3 Valuation Process using Market Capitalization and Book Value<ol style="list-style-type: none">3.3.1 Obtaining the Required Data3.3.2 Calculating the Market Capitalization3.3.3 Calculating the Book Value4. Stock Market Multiples<ol style="list-style-type: none">4.1 Overview of Stock Market Multiples4.2 Valuation Process with Stock Market Multiples<ol style="list-style-type: none">4.2.1 Derivation of the Peer Group4.2.2 Selection of Appropriate Multiples4.2.3 Collection of the Required Data4.2.4 Calculation of the Stock Market Multiples4.2.5 Application of the Stock Market Multiples to the Target Company5. Transaction Multiples<ol style="list-style-type: none">5.1 Overview of Transaction Multiples5.2 Comparison of Stock Market and Transaction Multiples5.3 Valuation Process with Transaction Multiples<ol style="list-style-type: none">5.3.1 Selection from the Database5.3.2 Narrowing Down the Selection in Excel
Remarks	