

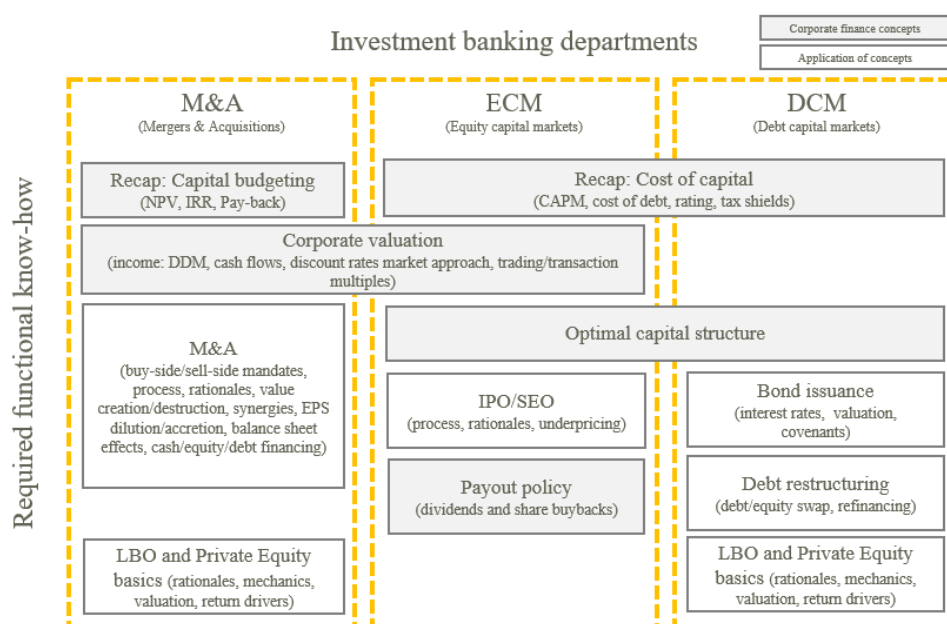
Syllabus
GMT3423 Investment Banking and Corporate Finance
Prof. Dr. Korbinian Eichner
Summer Semester 2023

Level	Bachelor	
Credits	6	
Student Contact Hours	5	
Workload	5 x 15 = 75 SWS of lectures and 105 hours for preparation, independent literature study, exercises and accompanying work.	
Prerequisites	None	
Time	Tuesdays (biweekly), 01:45 pm – 03:15 pm and Wednesdays (weekly), 08:00 am – 11:15 am. Please see LSF.	
Room	W1.3.03. Please see LSF.	
Start Date	14 March 2023	
Lecturer	Name	Prof. Dr. Korbinian Eichner
	Office	W2.4.13
	Virtual Office	Upon request.
	Office Hours	Please see LSF.
	Phone	+49 7231 28 6585
	Email	korbinian.eichner@hs-pforzheim.de

Summary

Corporate finance represents a special area of finance, which focusses on a firm's sources of funding, capital structure decisions, managerial actions to increase the value of the firm, and tools and analyses that can be used to allocate financial resources in the most beneficial way. The primary goal of corporate finance is to maximize or increase shareholder value. Investment banks often help firms in carrying out these activities, as firms frequently lack relevant skills or abilities to do so on their own.

The goal of the course "Investment Banking and Corporate Finance" is to develop students with the analytical skill-set for making corporate finance decisions in practice from the perspective of shareholder value creation.



The course focusses on the areas of corporate finance from an investment banking perspective. By doing so, we will look into three key departments of investment banks: M&A, equity capital markets and debt capital markets, and try to understand which functional expertise one needs to work there and try to acquire these capabilities in this course. Many of these capabilities however are also relevant for a successful job entry in corporate CFO functions of firms (like treasury, corporate development, strategy, accounting, controlling).

Having completed this course, students should:

- have a general overview about the goals and main areas of corporate finance.
- understand how investment banks can help in achieving these goals.
- have a sound understanding of how to assess the value creation potential of various investment projects.
- be able to approximate the value of a firm from an income, market and cost perspective.
- have an in-depth understanding of long-term financing via equity and debts and their related costs.
- be familiar how capital structure choices influence the value of a firm.
- understand special topics in Corporate Finance like Mergers & Acquisitions, corporate restructurings, and LBOs.

Course prerequisites

- **General financial accounting and financial management skills:** Students should be familiar with the general content and structure of financial statements (balance sheet, profit and loss statement, cash flow statement) and financing sources of firms.
- **Capital budgeting skills:** Students should be familiar with basic capital budgeting concepts (in particular net present value and internal rate of return).

Outline of the Course

Key areas:	Topics:
Principles of investment banking	<ul style="list-style-type: none">• Organizational structure of investment banks• Role of investment banking in financial markets• Economic value of investment banking for firms• Financial performance of investment banks• Role of investment banks during the last financial crisis
Principles of corporate finance	<ul style="list-style-type: none">• Corporate finance basics (terminology)• Corporate finance and value creation• Building blocks of corporate finance• Risk and return relationship in corporate finance
Capital budgeting and value creation	<ul style="list-style-type: none">• Net present value (cost of capital)• Internal rate of return• Pay-back period
Corporate valuation	<ul style="list-style-type: none">• Income Approach (DCF)• Market approach (trading and transaction multiples)
Capital structure and payout policy	<ul style="list-style-type: none">• Capital structure and financing decisions• Equity offerings (IPO/SEO, underpricing)• Payout policy (dividends vs. share buybacks)
M&A and corporate restructurings	<ul style="list-style-type: none">• Corporate transactions and M&A (process, synergies, EPS accretion and dilution)• Corporate restructurings (debt/equity swap, refinancing, conglomerate discount, Spin-offs and asset sales)
Private equity and LBOs	<ul style="list-style-type: none">• Private equity and leveraged buyouts (rationales, mechanics, valuation, return drivers)

Course Intended Learning Outcomes and their Contribution to Program Intended Learning Outcomes / Program Goals

Program Intended Learning Outcomes	Course Intended Learning Outcomes	Assessment Method
After completion of the program the students will be able...	After completion of the course the students will be able...	Written Exam
		100%
		Individual
1 Expert Knowledge		
1.1 ...to demonstrate their distinguished and sound competencies in General Business Administration.	<p>... to understanding and apply core corporate finance concepts, by applying relevant knowledge gained in previous basic finance and accounting courses.</p> <p>... to have a general overview about the goals and main areas of corporate finance and understanding how investment banks can help in achieving corporate finance goals.</p> <p>... to have a sound understanding of how to assess the value creation potential of various investment projects.</p> <p>... to be able to approximate the value of a firm from an income and market perspective.</p> <p>... to have an in-depth understanding of long-term financing via equity and debt and their related costs and to be familiar with how capital structure choices influence the value of a firm.</p> <p>... to be familiar with advanced corporate finance concepts like Mergers & Acquisitions, corporate restructurings, and LBOs.</p> <p>... to understand current corporate finance issues and challenges, with which companies are confronted in today's global economy.</p>	X
2 Digital Skills		
3 Critical Thinking and Analytical Competence		
3.1 ...to implement adequate methods in a competent manner and to apply them to complex problems.	<p>... to identify, to evaluate and to select the "most appropriate" solutions to corporate finance issues, with which firms are confronted.</p> <p>... to gain in-depth knowledge of corporate finance topics and applying them rigorously.</p> <p>... to develop a skillset of analytical competence of how to address a qualitative problem in a quantitative manner.</p>	X
3.2 ...to critically reflect and interpret findings and to develop comprehensive solutions for complex problems.	<p>... to identify, to evaluate and to select the "most appropriate" solutions to corporate finance issues, with which firms are confronted.</p> <p>... to gain in-depth knowledge of corporate finance topics and applying them rigorously.</p> <p>... to develop a skillset of analytical competence of how to address a qualitative problem in a quantitative manner.</p>	X
4 Ethical Awareness		
...to develop sound strategies in the areas of ethics, sustainable development and social responsibility and are able to apply them to typical economic decision-making problems.	... to learn about the history of investment banking and their role during the last financial crises. Understand how unethical behavior contributed to the magnitude of the subsequent global economic downturn.	X
5 Communication and Collaboration Skills		
5.1 ...to express complex issues effectively in writing.	<p>... to form logical chains of reasoning that support their own developed solutions to problems and case studies.</p> <p>... to work on exercises, which require expressing solutions in writing.</p>	X
6 Internationalization		
6.1 ...to understand and explain business challenges in an international context.	... to recognize influences of internationalization strategies of companies on financial situation and on financing issues.	X
6.2 ...to articulate themselves in a professional manner in international business.	... to understand and categorize core financial terms in English (e.g. cash flow, EBIT(DA), working capital).	X

Teaching and Learning Approach

The course consists of interactive lecture style teaching sessions as well as exercise and case study sessions where students solve exercises by using Microsoft Excel.

Literature and Course Materials

(a) Investment Banking books (latest editions):

1. Iannotta, G.: Investment Banking - A Guide to Underwriting and Advisory Services, Springer.
2. Rosenbaum, J./Pearl, J.: Investment Banking: Valuation, Leveraged Buyouts, and Mergers and Acquisitions, Wiley [incl. workbook].
3. Bruner, R./Perella, J.: Applied Mergers & Acquisitions, Wiley.

(b) Corporate Finance books (latest editions):

1. Berk, J./DeMarzo, P.: Corporate Finance, Addison Wesley.
2. Brealey, R./Myers, S./Allen, F.: Principles of Corporate Finance, McGraw-Hill.
3. Damodaran, A.: Applied Corporate Finance, Wiley.
4. Damodaran, A.: Investment Valuation, Wiley.
5. Häcker, J./Ernst, D.: Applied International Corporate Finance, Vahlen.
6. Ross, S./Westerfield, R./Jaffe, J.: Corporate Finance, McGraw-Hill.
7. Vernimmen, P./Quiry, P./Dallocchio, M./Le Fur, Y./Salvi, A.: Corporate Finance - Theory and Practice, Wiley.

Slides, as well as other course and background material will be uploaded to Moodle throughout the semester.

Assessment

The final grade will be based on a written exam (100%, 90 minutes, closed book).

A self-prepared, hand written formula sheet is allowed (DIN A4, front page only). Further information will be provided in class.

Grades will range between 1.0 (very good) and 5.0 (fail), in 0.3 and 0.7 steps.

- 1.0 Very good, a performance significantly above the average.
- 2.0 Good, an above average performance.
- 3.0 Satisfactory, an average performance.
- 4.0 Adequate, a below average performance with noticeable shortcomings.
- 5.0 Fail, an unacceptable performance.

Students are allowed to bring bilingual dictionary, a non-programmable calculator and a self-prepared cheat sheet to the exam. Information on the cheat sheet will be given in the lectures.

Schedule

Tuesdays (biweekly), 01:45 pm – 03:15 pm and Wednesdays (weekly), 08:00 am – 11:15 am. See LSF for further details.

Code of Conduct for online Teaching

[Link to the Code of Conduct for online Teaching](#)