

FIN4714: VALUATION AND MERGERS & ACQUISITIONS

AY 2024/2025 Semester 1

Instructor: T Y Thong
Department: Finance
Office: BIZ2 #02-13
Email: tythong@nus.edu.sg

OBJECTIVE

This course is an advanced level in finance. The purpose of this course is to provide and equip you with a solid knowledge and skills in valuations, and mergers and acquisitions (M&A) process, transaction and valuation. As the objective of firms is to maximize the shareholders' wealth, firms can achieve the goal by making the right decisions for both financing and investing. Thus, firms are continuously looking for growth opportunities, i.e., innovations, corporate business strategy, etc. to create value, and firms can make an investment decision by either making it (R&D) or buying it (M&A). This course begins with a series of discussions and dialogues in essentials of investments (M&A), roles of investment banks in M&A, valuation methodologies and its key success factors in valuation. Next, the valuation techniques, market and industry reactions, types of M&A will be discussed in details. M&A cases will be discussed in class, i.e., Why Eastman Kodak failed: M&A or destructive technology? In addition to M&A, leverage buyout, strategic alliance and corporate restructuring will be discussed in details. Finally, current issues in sustainability and ESG in valuation and M&A in 21st century should not be ignored in this course.

BACKGROUND READING

Background readings for each week are assigned from a variety of sources and available on NUS Canvas. In addition, you might find one of the following textbooks useful:

1. *D. M. Depamphilis (2019). Mergers, Acquisitions, and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, and Solutions. 10th Edition, Academic Press.*
2. *J. Rosenbaum and J. Pearl (2020). Investment Banking: Valuation, LBOs, M&A, and IPOs. Wiley.*
3. *S.A. Ross, R.W. Westerfield, B.D. Jordan, J. Lim and R. Tan (2016). Fundamentals of Corporate Finance. 2nd Asia Global Edition, McGraw-Hill Education.*

ASSESSMENTS (Tentative – Subject to Change)

Component	Marks	Individual/Group
Class participation	15	Individual
Case Assignment	25	Group
Project	30	Group
Final Quiz (in class)	30	Individual
Total	100	

CLASS PARTICIPATION (15%)

Active participation and discussion are strongly encouraged in class. Web discussion topics on current M&A transactions will occasionally be posted on NUS Canvas. Please feel free to post your analysis and viewpoints supporting it with references and links, in the course site. Where the links are long, please provide a summary as part of your analysis.

CASE ASSIGNMENT (25%)

This assignment is a group basis. Preferred group size is Five (5) members, exceptions to this point will have to be pre-approved by the instructor. Groups are same for both case and project. More details will be announced in first seminar.

Each group will work together to complete one (1) case study in Valuation or M&A analysis assigned in specific weeks on NUS Canvas. Only Powerpoint presentation slides (PPT) are required (no written report) for submission. Slides must be self-explanatory.

PROJECT (30%)

Each group will work on a valuation on M&A (stock pitch) by selecting ONE potential stock and analyzing its value for the potential acquirers. Each group needs to submit a written report (1-2 pages teaser, PPT and Excel calculation if any). The final presentation for group project is scheduled in Week 12 and/or 13. To be confirmed.

CONTACT

You may contact me by email (tythong@nus.edu.sg). I will reply you within 3 working days or earlier. If you/your group would like to meet up with me face-to-face, we could arrange an ad-hoc meeting on campus, or before or after weekly seminar.

COMPUTER and/or CALCULATOR

Laptop, iPad, financial calculator or online financial apps are useful and convenient tools for this course, but not compulsory.

SCHEDULE (Tentative – Subject to Changes)

Week	Date	Topics Session	Case Studies/Assignments
1	14 Aug	Finance and M&A Overview Economics V. Finance	
2	21 Aug	Valuation Revisits	Practice Questions
3	28 Aug	Investment Banks, M&A Waves and Searching for Acquisitions	Searching M&A Transactions
4	4 Sep	M&A Valuation (1)	
5	11 Sep	M&A Valuation (2) Group Case 1	Case Study 1
6	18 Sep	Value Creation or Destruction of M&As Market & Industry Reactions to M&As Group Case 2	Case Study 2
	21 Sep – 29 Sep	Recess Week	
7	2 Oct	Financing M&As: Cash and/or Stock Group Case 3	Case Study 3
8	9 Oct	LBOs Group Case 4	Case Study 4
9	16 Oct	Spin-offs and Equity Carve-Outs Group Case 5	Case Study 5
10	23 Oct	Bankruptcy & Reorganisation Group Case 6	Case Study 6
11	30 Oct	M&A vs. Strategic Alliances Current Issues in M&As Or Project Presentation 1	Report/PPT
12	6 Nov	Project Presentation 2	Report/PPT
13	13 Nov	Final Quiz	

READING MATERIAL

Weekly reading material and cases will be uploaded on NUS Canvas.

ACADEMIC HONESTY & PLAGIARISM

Academic integrity and honesty is essential for the pursuit and acquisition of knowledge. The University and School expect every student to uphold academic integrity & honesty at all times. Academic dishonesty is any misrepresentation with the intent to deceive, or failure to acknowledge the source, or falsification of information, or inaccuracy of statements, or cheating at examinations/tests, or inappropriate use of resources.

Plagiarism is 'the practice of taking someone else's work or ideas and passing them off as one's own' (The New Oxford Dictionary of English). The University and School will not condone plagiarism. Students should adopt this rule - You have the obligation to make clear to the assessor which is your own work, and which is the work of others. Otherwise, your assessor is entitled to assume that everything being presented for assessment is being presented as entirely your own work. This is a minimum standard. In case of any doubts, you should consult your instructor.

Additional guidance is available at:

<http://www.nus.edu.sg/registrar/adminpolicy/acceptance.html#NUSCodeofStudentConduct>

Online Module on Plagiarism:

<http://emodule.nus.edu.sg/ac/>