COURSE DATA

DATA SUBJECT

Code: 35965
Name: Corporate valuation, mergers and acquisitions
Cycle: Undergraduate Studies
ECTS Credits: 4.5
Academic year: 2026-27

STUDY (S)

Degree	Center	Acad. year	Period
1315 - Degree in Finance and Accounting	Facultat d'Economia	4	First quarter

SUBJECT-MATTER

Degree	Subject-matter	Character
1315 - Degree in Finance and Accounting	Year 4 optional subjects	ELECTIVES

COORDINATION

FARINOS VIÑAS JOSE EMILIO

SUMMARY

Corporate valuation, mergers and acquisitions is a 4.5 ECTS credit optional subject, located in the fourth-year elective module of the Degree in Finance and Accounting, taught in the first term of the fourth year.

This subject is the continuation of the subject *Analysis and valuation of business investment*, which is taught in the second term of the second year, since the latter can be considered an introduction to the question of the valuation of both projects and companies. Thus, *Corporate valuation, mergers and acquisitions* deepens in key aspects in the method of valuation by discount of cash flows that were merely introduced in the *Analysis and valuation of business investment*, such as the analysis of uncertainty or the estimation of the opportunity cost of capital in risk environment. In addition, *Corporate valuation, mergers and acquisitions* expands the range of valuation methods by introducing the relative valuation method that uses multiples and benchmarks to determine firm value. On the other hand, and intimately related to the valuation of companies, the topic of firm acquisition is approached from different perspectives: creation of value for the owners of the objective company as of the buyer, defence strategies, relevance of the mergers / acquisitions in the economy, etc.

Without undermining the importance that professional experience has in the valuation of companies and projects, it is essential to be able to respond to the complexity of the valuation task and the changes that occur in the business environment to know the theories that concern finance. Therefore, it is necessary that students understand why companies and markets behave in a certain way, that is, they need to know the

theoretical foundations and the analytical tools necessary for making investment decisions and how, through these decisions, to increase the market value of the company.

PREVIOUS KNOWLEDGE

RELATIONSHIP TO OTHER SUBJECTS OF THE SAME DEGREE

There are no specified enrollment restrictions with other subjects of the curriculum.

OTHER REQUIREMENTS

Given the intrinsic characteristics of the valuation of projects and companies, for the development of the concepts of the subject the student must have the knowledge and tools acquired in the subject Analysis and Valuation of Business Investment. In addition, knowledge of Financial Accounting I, Statistics I, Econometrics and Corporate Financing, among others, is required.

COMPETENCES / LEARNING OUTCOMES

1315 - Degree in Finance and Accounting

Capacidad para evaluar las condiciones generales y particulares en las que se lleva a cabo un proceso de adquisición, fusión o escisión de empresas, así como sus consecuencias financieras y su registro en contabilidad.

Capacidad para valorar empresas y partes de empresas, estimar los flujos libres de caja, el horizonte temporal y modelos valorativos a emplear, considerando las características de la empresa, el riesgo del negocio y las perspectivas del sector de actividad en el que desarrolle la empresa su actividad.

Conocimiento de las herramientas informáticas más comúnmente utilizadas para el tratamiento y gestión de información cuantitativa.

Elaboración y aplicación de modelos informáticos personalizados para la resolución y análisis de supuestos financieros y contables.

DESCRIPTION OF CONTENTS

TOPIC 1. VALUATION OVERVIEW

1.1. Introduction.
1.2. Why value a company?
1.3. Valuation methods and measures of value.

Titman and Martin (2009): Ch. 1

TOPIC 2. PROJECTING AND VALUATING CASH FLOWS

2.1. Introduction.
2.2. Estimation of cash flows.
2.3. Cash flow valuation.

Benninga (2000): Ch. 3 and 4
Brealey et al. (2010): Ch. 2, 6 and 7
Titman and Martin (2009): Ch. 2

TOPIC 3. UNCERTAINTY ANALYSIS TECHNIQUES

3.1. Introduction.
3.2. Sensitivity analysis.
3.3. Scenario analysis.
3.4. Analysis by Monte Carlo simulation.

Brealey et al. (2010): Ch. 11
Titman and Martin (2009): Ch. 3

TOPIC 4. THE COST OF CAPITAL

4.1. Introduction.
4.2. Estimation of the cost of debt.
4.3. Estimation of the cost of equity.
4.4. Estimation of the weighted average cost of capital of the company.

Titman and Martin (2009): Ch. 4 and 5

TOPIC 5. RELATIVE VALUATION USING MARKET COMPARABLES

5.1. Introduction.
5.2. Valuation by means of comparable firms.
5.3. Valuation of companies using multiples of EBITDA.
5.4. Valuation of the share using the price/earnings multiple.

Titman and Martin (2009): Ch. 6

TOPIC 6. BUSINESS VALUATION

6.1. Introduction.
6.2. Two-step approach to estimating the value of a company.
6.3. Estimate the value of a company using the VAA model.

Titman and Martin (2009): Ch. 7

TOPIC 7. MERGERS AND ACQUISITIONS

7.1. Introduction.
7.2. The market's reaction to the acquisition announcement.
7.3. Reasonable and debatable grounds for mergers.
7.4. The purchase process.
7.5. Defenses.
7.6. Notes on takeover legislation in Spain.

Brealey et al. (2010): Ch. 32
Ross et al. (2005): Ch. 29

WORKLOAD

PRESENCIAL ACTIVITIES

Activity	Hours
Theory	30,00
Computer classroom practice	15,00
Total hours	**45,00**

NON PRESENCIAL ACTIVITIES

Activity	Hours
Attendance at other activities	3,00
Individual or group project	15,00
Independent study and work	29,50
Preparation of lessons	10,00
Preparation for assessment activities	0,00
Resolution of case studies	10,00
Total hours	**67,50**

TEACHING METHODOLOGY

Given the characteristics of the contents of the subject, its teaching is approached from an applied perspective. To do this, a real company (not listed) will be taken on which the relevant concepts and methodologies for its valuation will be applied.

For this reason, and considering the time grouping of the theory and practice sessions, there will not be a strict division between theory and practice. On the contrary, throughout the sessions, theoretical concepts will be introduced as necessary to carry out the valuation of the company.

The application of the concepts and methodologies will be carried out gradually throughout the course, requiring active participation on the part of the student to follow the classes.

EVALUATION

In order to evaluate the learning of the subject, a diversified evaluation system will be used, which allows to highlight the different knowledge and skills acquired by students.

Thus, 70% of the final grade will be obtained through a written exam that will consist of several brief questions and practical cases. With the questions and the practical cases, the aim is to evaluate the student's ability to synthesise the relevant information and provide an adequate solution to the problems posed. In the exam the specific punctuation of each section will be specified, and it will be possible to demand a minimum note in some parts to pass the exam.

On the other hand, the remaining 30% of the final grade will come from the continuous evaluation, which involves the attendance to class and participation in them, and the realisation of three individual activities during the training period. In order for the proposed activities to be evaluated, they must be submitted on the date and manner stipulated for each of them. Through the proposed activities students will proceed, step by step, to the valuation of an unquoted company of their choice, preferably Spanish or American. The activities to be developed are the following:

Activity 1: to propose a financial model for the chosen company and project its free cash flows (FCF).

Value of the activity: 1 point.

Activity 2: to perform an analysis of the uncertainty associated with the projection of the FCF carried out in Activity 1.

Value of the activity: 1 point.

Activity 3: To estimate the weighted average cost of capital (WACC) of the selected company.

Value of the activity: 1 point.

The purpose and nature of these tests of continuous evaluation is to encourage and evaluate the work and the progressive and continuous learning of the student throughout the course, as specified in article 6 point 3 of the Regulation of Evaluation and Qualification of the University of Valencia for degrees and master's degrees, which states: \"Continuous evaluation is one of the basic criteria of teaching programming, and must be understood as a tool of the teaching-learning process that informs students about their progress and values it\". Given the finalist nature of these continuous assessment tests, they will not be recoverable

on second call.

In any case, it will be an essential requirement to have passed the written exam so that the grade obtained in the continuous assessment is computed. If in the first call the written exam is not passed, the continuous evaluation grade will be kept for the second call.

The grading system will be expressed by numerical grades in accordance with the provisions of art. 5 of R. D. 1125/2003, September 5, which establishes the European system of credits and the system of qualifications in official university degrees valid in the national territory.

REFERENCES

- Brealey, R.A., S.C. Myers y F. Allen (2010): Principios de Finanzas Corporativas. McGrawHill. Madrid.
- Ross, S., R.W. Westerfield y J.F. Jaffe (2005): Finanzas Corporativas. McGrawHill. México D.F.
- Titman, S. y J.D. Martin (2009): Valoración. PrenticeHall. Madrid.
- Benninga, S. (2014): Financial Modelling. The MIT Press. London.
- Página web del profesor Aswath Damodaran (Stern School of Business, New York University): http://pages.stern.nyu.edu/~adamodar/
- Página web del profesor Kenneth French (Tuck School of Business, Universidad de Darmouth): http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/
- Titman, S. y J.D. Martin (2011): Valoración. PrenticeHall. Madrid. (Acceso online)