

INVESTMENT BANKING

International MBA IMBA-EN SEP-2024 S-FI

Area Finance

Number of sessions: 15

Term: Concentrations

Category: regular

Language: English

Professor: **ALEXANDER DE GROOT**

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Prof. Dr. Alexander de Groot holds a PhD in Finance and a Master in Research from IE Business School as well as an MBA from Vlerick Business School (Catholic University of Louvain, Belgium) and a BBA from Nyenrode, The Netherlands University of Business. He has taught at the University of London and the University of Gibraltar.

He started his career in investment banking in fixed income derivatives in London and then founded KBC-Petercam Derivatives in 1992, which became one of the leading equity derivatives trading houses in Europe. Subsequently he became managing partner and member of the management committee of Petercam, the largest Belgian investment bank, responsible for all Financial Markets, M&A and Risk Management.

Office Hours

Office hours will be on request. Please contact at:

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SUBJECT DESCRIPTION

The course will start with a rehearsal of Fixed Income and Equity valuation through the means of a detailed cash flow analysis, which you will need for the Company Valuation in an M&A (Mergers & Acquisitions) context later in the course.

Company Valuation is probably the most fundamental concept in finance and is a necessary skill to become a world-class financial analyst. Valuation is the art and science of attributing value to an asset, investment or company. In this course, we will cover the four most common valuation methodologies: comparable company valuation, precedent transaction valuation, discounted cash flow valuation and Leveraged Buyout analysis (LBOs).

LEARNING OBJECTIVES

- Equip yourself with rigorous valuation tools, and learn how to value real investment projects, companies, stocks and bonds.
- Deepen your knowledge of assets and liabilities, make better financial decisions and discover how to value alternative assets.
- Benefit from hands-on technical know-how to calculate the cost of capital, value real assets and think about investment decisions.

TEACHING METHODOLOGY

IE University teaching method is defined by its collaborative, active, and applied nature. Students actively participate in the whole process to build their knowledge and sharpen their skills. Professor's main role is to lead and guide students to achieve the learning objectives of the course. This is done by engaging in a diverse range of teaching techniques and different types of learning activities such as the following:

Learning Activity	Weighting
Lectures	60.0 %
Discussions	10.0 %
Exercises in class, Asynchronous sessions, Field Work	10.0 %
Group work	20.0 %
TOTAL	100.0 %

AI POLICY

Restricted use of GenAI

In today's world, generative artificial intelligence (GenAI) is changing how we work, study and, in general, how we get things done. However, in the context of this course, the use of GenAI is permitted during the course but forbidden during the Final Exam in Session 15. The use of GenAI tools during the Final Exam would jeopardize the students' ability to acquire fundamental knowledge or skills of this course.

If a student is found to have used AI-generated content for the Final Exam, it will be considered academic misconduct, and the student might fail the respective assignment or the course.

PROGRAM

SESSIONS 1 - 2 (LIVE IN-PERSON)

Fixed Income Valuation Techniques: Overview

Book Chapters: Essentials of Investments, Ch. 10&11 (See Bibliography)

SESSION 3 (LIVE IN-PERSON)

Fixed Income Valuation Techniques: Case study

SESSION 4 (LIVE IN-PERSON)

Equities Valuation Techniques: Overview

Book Chapters: Essentials of Investments, Ch. 13 (See Bibliography)

SESSION 5 (LIVE IN-PERSON)

Equities Valuation Techniques: Case study

SESSION 6 (LIVE IN-PERSON)

Comparable Companies Analysis

Book Chapters: Investment Banking - Valuation, Leveraged Buyouts, and Mergers & Acquisitions - Ch. 1 (See Bibliography)

SESSION 7 (LIVE IN-PERSON)

Precedent Transaction Analysis

Book Chapters: Investment Banking - Valuation, Leveraged Buyouts, and Mergers & Acquisitions - Ch. 2 (See Bibliography)

SESSION 8 (LIVE IN-PERSON)

Discounted Cash Flow Analysis

Book Chapters: Valuation, Leveraged Buyouts, and Mergers & Acquisitions - Ch. 3 (See Bibliography)

SESSION 9 (LIVE IN-PERSON)

Leveraged Buyouts

Book Chapters: Investment Banking - Valuation, Leveraged Buyouts, and Mergers & Acquisitions - Ch. 4 (See Bibliography)

SESSION 10 (LIVE IN-PERSON)

Leveraged Buyouts Analysis

Book Chapters: Investment Banking - Valuation, Leveraged Buyouts, and Mergers & Acquisitions - Ch. 5 (See Bibliography)

SESSION 11 (LIVE IN-PERSON)

Sell-Side vs. Buy-Side M&A

Book Chapters: Investment Banking - Valuation, Leveraged Buyouts, and Mergers & Acquisitions - Ch. 6&7 (See Bibliography)

SESSIONS 12 - 13 (LIVE IN-PERSON)

Technical note & tutorials: Company valuation through ratios (FIN020140-U-ENG-WOD)

SESSION 14 (LIVE IN-PERSON)

Rehearsal

SESSION 15 (LIVE IN-PERSON)

EVALUATION CRITERIA

criteria	percentage	Learning Objectives	Comments
Individual work	10 %		
Individual presentation	5 %		
Group Work	30 %		
Final Exam	35 %		
Class Participation	20 %		

FAILING GRADE AND REASSESSMENT

When students receive a Fail in a course, they have the opportunity to present themselves for reassessment in order to earn the necessary credits toward graduation.

The reassessment of students should be scheduled between 5 and 10 working days after the review session takes place.

Grades for the reassessment are limited to a Low Pass and Fail.

Both, the initial Fail as well as the grade of the reassessment remain on the transcript. For the purpose of calculating the GPA however, only the grade of the reassessment is to be considered. Students receiving a failing grade in the reassessment of a course will not be able to continue in the program.

BIBLIOGRAPHY

Compulsory

- Zvi Bodie, Alex Kane & Alan Marcus. *Essentials of Investments*. 12th. McGraw-Hill Irwin. ISBN 9781260772166 (Printed)

- Joshua Rosenbaum & Joshua Pearl. *Investment Banking - Valuation, LBOs, M&A and IPOs*. 3rd. Wiley. ISBN 9781119823377 (Printed)

BEHAVIOR RULES

Please, check the University's Code of Conduct [here](#). The Program Director may provide further indications.

1. Be on time: : Students arriving late will be marked as "Absent". Only students that notify in advance in writing that they will be late for a specific session may be granted an exception (at the discretion of the professor).
2. If applicable, bring your name card and strictly follow the seating chart. It helps faculty members and fellow students to learn your names.
3. Do not leave the room during the lecture: Students are not allowed to leave the room during lectures. If a student leaves the room during lectures, he/she will not be allowed to re-enter and, therefore, will be marked as "Absent". Only students that notify that they have a special reason to leave the session early will be granted an exception (at the discretion of the professor).

4. Do not engage in side conversation. As a sign of respect toward the person presenting the lecture (the professor as well as fellow students), side conversations are not allowed. If you have a question, raise your hand and ask it. If you do not want to ask it during the lecture, feel free to approach your professor after class. If a student is disrupting the flow of the lecture, he/she will be asked to leave the classroom and, consequently, will be marked as "Absent".

5. Use your laptop for course-related purposes only. The use of laptops during lectures must be authorized by the professor. The use of Social Media or accessing any type of content not related to the lecture is penalized. The student will be asked to leave the room and, consequently, will be marked as "Absent".

6. No cellular phones: IE University implements a "Phone-free Classroom" policy and, therefore, the use of phones, tablets, etc. is forbidden inside the classroom. Failing to abide by this rule entails expulsion from the room and will be counted as one absence.

7. Escalation policy: 1/3/5. Items 4, 5, and 6 above entail expulsion from the classroom and the consequent marking of the student as "Absent." IE University implements an "escalation policy": The first time a student is asked to leave the room for disciplinary reasons (as per items 4, 5, and 6 above), the student will incur one absence, the second time it will count as three absences, and from the third time onward, any expulsion from the classroom due to disciplinary issues will entail 5 absences.

ATTENDANCE POLICY

Please, check the University's Attendance Policy [here](#). The Program Director may provide further indications.

This academic year's student attendance policy aims to offer IE University students a world-class education.

CLASS ATTENDANCE

For in-person programs, students should attend their live, in-person sessions on campus.

According to IE University policy, attendance is mandatory; bachelor's and master's degree students are expected to attend 100% of the sessions as attendance is an essential component of IE's learning methodology. For this reason, we monitor attendance closely and have established a policy for exceptional reasons for absence.

This policy applies to any type of session as planned in the syllabus: live in-person, asynchronous, and live online. Students attending less than 80% of sessions will receive a FAIL for the course. For bachelor-degree programs, this fail will apply to the ordinary and extraordinary calls of the current academic year. For master-degree programs, students must obtain a Low Pass in the subject's retake, or they will face program expulsion.

The professor will monitor attendance to asynchronous sessions and such attendance will count the same way as synchronous sessions. As asynchronous sessions involve activities or assignments, the professor will monitor the completion of such work to record attendance.

Health problems, visa delays, travel restrictions, personal trips, appointments, family celebrations, or other personal matters are to be treated as exceptions to the 100% attendance policy. Such exceptions cannot total more than 20% of the student's overall attendance in the course. If any student exceeds 20% of exceptional absences due to ongoing extraordinary circumstances, Program Management will study the case individually with the student. Program Management will inform professors of any extraordinary cases.

If students have questions about attendance, they should contact Program Management. Under no circumstances should students approach faculty to discuss attendance since faculty members have no responsibility/power to justify a student's absence.

Students who are absent from live-in person sessions are permitted to attend the session online; however, they will be marked absent and will not be allowed to participate if any exam happens during that session.

INSTRUCTIONS FOR IN-PERSON SESSIONS

Student behavior in the classroom is a key factor to guarantee that every student has access to a conducive learning environment.

For this reason, IE University expects students to comply with the following rules:

- Punctuality: Students will not be allowed to enter the classroom once the class has begun, nor will they be allowed to leave the classroom until the end of the class. If a student arrives late or leaves early, the professor will mark them absent.
- Disruptive Behavior: The professor may ask students to leave the classroom if they engage in disruptive behavior such as side talking, misuse of digital devices (non-class-related use), eating/drinking, and if they are disrespectful when their peers or the professor are presenting. If this occurs, the professor will mark them absent.
- Smoking: We remind you that smoking or vaping inside the building is not permitted.
- Classroom Hygiene: As a sign of respect to the next students who will use the classroom after the session, students are expected to keep the classroom space clean and tidy and use the trash bins located outside the classroom.

Please refer to the Code of Conduct for further details.

INSTRUCTIONS FOR LIVE ONLINE SESSIONS

Student behavior during online sessions must comply with IE University standards on education, respect for peers and professors, and a commitment to learning. Any infraction to these standards could be considered an ethics violation as per the IE Code of Ethics.

Students must:

- Keep their cameras on for the entire session.
- Be at a desk seated in an appropriate position, in a distraction-free, professional environment, and follow an adequate dress-code for attending classes.
- Be courteous and conduct themselves maturely with their peers and professor in the digital or hybrid environment.
- Use the correct equipment.
- Download and log into (with IE University email) the latest version of Zoom if their course is taught through this platform.

Punctuality is expected from all students. For that reason, students will not be allowed to access the session once the class has begun. If a student is late, leaves the online session before the class ends, or unjustifiably switches off the camera during the session for an extended period of time, they will be marked absent.

RECORDINGS

Recordings of in-person sessions will not be made available. Only in very extraordinary circumstances Program Management can grant an exception to this policy based on justified and documented reasons. In any case, recordings will only be available for a limited period of 80 days.

ETHICAL POLICY

Please, check the University's Ethics Code [here](#). The Program Director may provide further indications.

