BS/FI 358 – MERGERS & ACQUISITIONS
IES Abroad Nice

DESCRIPTION:
The course highlights firms' growth strategies and processes of mergers & acquisitions. The course demonstrates why M&A are at the intersection of 3 main areas: strategy, finance, and management. It also focuses on target and synergies financial valuation. To do so, students will discover both direct and indirect methodologies. Those methodologies rely on both DCF and non-DCF models. Finally, students will examine case studies on M&A failures and markets reaction to a takeover.

CREDITS: 3 credits

CONTACT HOURS: 45 hours

LANGUAGE OF INSTRUCTION: English

PREREQUISITES: None

ADDITIONAL COST: None

METHOD OF PRESENTATION:
The course is presented in a seminar format and involves a combination of lectures, class discussions, and student presentations. Current global events in international finance are integrated into the weekly discussions. Students will work on a case study, which integrates any one of the theoretical topics covered in this course with recent M&A events. The background research and evaluation of data in the context of the underlying theory will enable the students to develop a better understanding of the selected topic.

REQUIRED WORK AND FORM OF ASSESSMENT:
- Class participation - 10%
- Mid-term test - 20%
- Group project: case studies in class - 20%
- Final exam (cumulative – covers entire course material) - 50%
  - Quizzes - 20%
  - Problems - 20%
  - Q&A - 10%

Class Participation
Class participation is a key component of this course. Students' contributions should reflect coverage of the reading and thinking about the relevant topical issues.

Exams
The midterm test will be 2 hours with multiple choice questions. The cumulative final exam will be 2.5 hours and have multiple-choice and essay questions. Both exams will be closed book. The dates for these tests will be announced during the term.

Quizzes
10-15 short-answer questions to evaluate the understandings of the readings

Group Project (Case Study)
Students will work in small groups on the final research paper and presentation in class. Each group should identify one theoretical topic from the course outline and conduct research to gather data on a recent (or historic) event of corporate growth via M&A. Useful sources for the research will include newspapers (e.g., Financial Times, Economist, New York Times, etc.) in addition to relevant books/journal articles. The objective of this coursework is to evaluate the data and to analyze and discuss the case study in the context of the underlying theoretical discussion. The detailed guidelines for this research project are as follows: **M&A Research**

Paper Guidelines. The final research paper will be due in week 12. The word limit for this essay is 3,500 words (+/- 10%). This word count does not include your bibliography and appendices (if any).

For your course project, please select any one of the topics that we will be covering in this course. Bear in mind that these topics/chapters are rather broad and you will need to narrow down your research topic significantly. You should identify a small aspect of the theoretical discussion that interests you and focus sharply on it. In other words, you should not be providing a general overview of the chapter(s). The next step is to identify a case study that fits your selected topic and gather data related to the surrounding events. The course outline provides you ample guidance on sources of such data. (Please do not start with a case study and then try to find the theoretical basis for it. This will not be efficient.) The final step will be to provide a thorough analysis. How does the case study fit into the theoretical discussion? Are the facts consistent with the theory? Explain why (or why not). What lessons did you learn from this project? This analysis will carry the highest weight for this assignment via the final presentation.

To obtain an A grade on this project, the submission will have to meet ALL three requirements:

1. Theoretical discussion;
2. Good presentation of case study supported by high-quality evidence; and
3. Thorough analysis.

LEARNING OUTCOMES:

By the end of the course, students will be able to:

- Know and understand different functional types of mergers, common motivations for M&A, costs and benefits of M&A, valuation of an M&A deal, recognize the main ways M&A increases value.
- Identify the main steps involved of an acquisition plan, financial and accounting aspects of a takeover process, consequences of M&A, target & synergies valuation, deal structuration and deal financing, identify the key risks associated with the acquisition process.
- Recognize the characteristics of a successful deal, identify the main M&A valuation approaches.
- Gain a broad understanding of the key M&A issues and their relationship with the globalized world economy, identify the appropriate theoretical discussions, and to evaluate their applications in the 'real world'.
- Recognize the specific emerging market risk for M&A and learn valuation techniques for special valuation cases.
- Enable the students to demonstrate their ability to evaluate and analyze current topics in M&A deals in the context of the relevant theoretical material by application to real case studies.

ATTENDANCE POLICY:

Regular class attendance at IES Abroad Nice Center classes is mandatory. If a student misses more than two classes in any course, half a letter grade will be deducted from the final grade for every additional absence. Seven absences in any course will result in a failing grade. Students who are late to class on a regular basis will also receive a reduction in their final grade.

Students should notify the professor as well as the IES Center office if they are going to be absent from class. The office will notify the professor for the student. Medical absences may be granted but require a doctor's certification for the absence. Failure to attend the midterm and/or final exam will result in an "F" grade on that paper/exam.

CONTENT:

Week	Content	Assignments
Week 1	**Introduction to M&A** • Introduction to M&A: vocabulary, participants in process, common motivations • Student interests, relevant prior coursework & experience • Course map, format, required work, and assessment • Weekly class format, resources, reading & class discussion assignments	[Please note that all chapter references in this syllabus refer to the required textbook – Mergers, Acquisitions and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, and Solutions, DePamphillis, Donald, (10th Edition, 2019)] • DePamphilis, Donald, Mergers, Acquisitions and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, and Solutions, (10th Edition, 2019), Chapter 1 – 3, pp. 4 - 97 • Patrick A. Gaughan, Mergers, Acquisitions, & Corporate Restructuring (7th Edition, 2017), Chapter 1 – 3 pp. 3 – 121
Week 2	**How to valuate a merger: benefits & costs of a merger** • Benefits of a merger • Costs of a merger	• DePamphills, Mergers, Acquisitions and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, (Ch. 7, p. 178 - 204) • Patrick A. Gaughan, Mergers, Acquisitions, & Corporate Restructuring (7th Edition, 2017), (Chapter 15: Valuation – pp. 551 – 604) • Opening case: Merger Siemens-Alstom (2017) • https://www.euractiv.com/section/competition/news/six-takeaways-from-siemens-alstom-rejection/ • https://ec.europa.eu/commission/presscorner/detail/en/IP_19_881
Week 3	**Planning: developing business and acquisition plans** • Phase 1: Set-up of a business plan • Phase 2: Building the Merger-Acquisition Implementation Plan • Implementation: search phase to closing	• DePamphills, Mergers, Acquisitions and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, (Ch. 4, p. 101 - 122) • Patrick A. Gaughan, Mergers, Acquisitions, & Corporate Restructuring (7th Edition, 2017), (Chapter 4: Merger Strategy – pp. 127 - 179). • DePamphills, Mergers, Acquisitions and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, (Ch. 5, p. 126 - 141)
Week 4	**Post-closing integration** • Post-closing integration, evaluation, and challenges	• DePamphills, Mergers, Acquisitions and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, (Ch. 5, p. 145 - 147 and Ch. 6, p. 153 - 172) • Patrick A. Gaughan, Mergers, Acquisitions, & Corporate Restructuring (7th Edition, 2017), (Chapter 4: Merger Strategy – pp. 127 - 179).

Week	Content	Assignments
Week 5	**DCF (discount cash flow) valuation 1: FCFE** • Free cash flow to equity valuation	• DePamphills, Mergers, Acquisitions and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, (Ch. 7, p. 188 - 193) • Patrick A. Gaughan, Mergers, Acquisitions, & Corporate Restructuring (7th Edition, 2017), (Chapter 15: Valuation – pp. 553–604)
Week 6	**DCF (discount cash flow) valuation 2: FCFF** • Free cash flow to firm valuation	• DePamphills, Mergers, Acquisitions and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, (Ch. 7, pp….) • Patrick A. Gaughan, Mergers, Acquisitions, & Corporate Restructuring (7th Edition, 2017), (Chapter 15: Valuation – pp. 555–604)
Week 7	**Quiz: DCF valuations** **Relative, asset-oriented, and real option valuation basics** • Relative valuation methods • Asset-oriented methods • Real options analysis	• DePamphills, Mergers, Acquisitions and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, (Ch. 8, p.) • Patrick A. Gaughan, Mergers, Acquisitions, & Corporate Restructuring (7th Edition, 2017), (Chapter 15: Valuation – pp. 551–604)
Week 8	**MIDTERM EXAM**	
Week 9	**Financial modeling basics**	• DePamphills, Mergers, Acquisitions and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, (Ch. 9, p.) • Patrick A. Gaughan, Mergers, Acquisitions, & Corporate Restructuring (7th Edition, 2017), (Chapter 8-9-10: – pp. 305–383).
Week 10	**Structuring the deal** • Payment and legal issues • Tax and accounting issues	• DePamphills, Mergers, Acquisitions and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, (Ch. 10, p. and Ch. 11, p.) • Patrick A. Gaughan, Mergers, Acquisitions, & Corporate Restructuring (7th Edition, 2017), (Chapter 16: Tax Issues in M&A – pp. 613– 625).
Week 11	**Financing the deal and applying financial models**	• DePamphills, Mergers, Acquisitions and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, (Ch. 13, p.) • DePamphills, Mergers, Acquisitions and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, (Ch. 13, p. - and Ch. 14, p.) • Patrick A. Gaughan, Mergers, Acquisitions, & Corporate Restructuring (7th Edition, 2017), (Chapter 8-9-10: – pp. 305–383).

Week	Content	Assignments
Week 12	**Quiz: Structuring and financing the deal** **Current topics & review session** • Course review & numerical problems • Discussion of current topics in M&A restructuring process • Case study group works due	• Thai Investment Bank vs. New York Investment Bank • Convincing Shin Stores • Recent Deals • Kwan Healthcare • Enterprise Value • Trute • Valuation Polychem • Apple RIMM Merger Model • Dolphin Inc • Oil and Gas Exploration and Production
Week 13	**SPRING BREAK**	
Week 14	**Case study presentations & reminders before final**	
Week 15	**FINAL EXAM (2.5 hours)**	

COURSE-RELATED TRIPS:

- None

REQUIRED READINGS:

- Mergers, Acquisitions and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, and Solutions, DePamphilis, Donald, (10th Edition, 2019)
- Mergers, Acquisitions, and Corporate Restructurings, Patrick A. Gaughan (7th Edition, 2017).

RECOMMENDED READINGS:

- Additional readings will be posted on a weekly basis on Moodle and will consist of relevant topical articles from journals and newspapers. Students are expected to review this material weekly to prepare for class discussions.

Further, students have access to EBSCO, an online journal archive. Login credentials can be obtained through the IES Abroad Nice Academic Programs Manager.

To access EBSCO host: http://search.ebscohost.com/
Training tutorials: http://support.ebscohost.com/training/tutorials.php