

Module Description

General information:

Module number:	WI901005
Title (dt.):	Corporate Finance
Title (en.):	Corporate Finance
Module level:	Master
Abbreviation:	
Subtitle:	
Duration:	One semester
Occurrence - summer/winter:	Summer
Occurrence - regular/irregular:	Regular
Language:	German/ English
Credits:	4

Workload:

Contact hours:	30
Self-study hours:	90
Total hours:	120

Achievement and assessment methods:

Description of achievement and assessment methods:	The module examination is based on a written exam. By answering questions in text form, students have to show their understanding of the concepts of corporate finance (e.g., corporate financial policies such as leverage decisions). By doing calculations and theoretical considerations, students have to demonstrate their ability to practically work with the theorems and derivations presented in the course and apply them to decide on corporate financial policies. They have to discuss and apply methods for pricing companies and financial as well as real assets. Students are allowed two two-sided DIN A4 pages of handwritten notes.
Type of assessment:	Written
Duration of assessment (min):	90
Assessment retake:	End of semester/ next year

Description:

(Recommended) prerequisites	Sound understanding of basic financial theory (present value, risk, CAPM). Successful completion of the lecture 'Investment and Financial Management' (WI000219/WI000214) or equivalent is highly recommended.
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Content:	<ul style="list-style-type: none"> • Options: Basic understanding, put-call-parity, binomial and Black and Scholes option pricing, equity as call option • Real options: Identification and binomial pricing • Valuation: Introduction to discounted cash flow (DCF) methods, multiples methods and applications • Initial Public Offerings (IPOs): Empirical studies of IPO costs, IPO process • Capital structure: Weighted average cost of capital (WACC) under the option pricing model (OPM), capital asset pricing model (CAPM) and Modigliani and Miller, trade-off theory of debt, agency theory of debt, pecking-order theory of debt • Efficient markets: Definitions, modeling, empirical approaches and results • Mergers and acquisitions (M&A): Explanations of wealth effects of M&A, explanations for conglomerates, empirical results on other forms of ownership decreases and change (divestitures, carve-outs, spin-offs, tracking stock, split-ups, leveraged buyouts) • Dividend policy: Theories of optimal dividend policy, empirical evidence
Intended learning outcomes:	After successful completion of the module, students can explain the most common concepts in corporate finance such as real and financial options, company valuation, market efficiency and dividend and leverage policies. Furthermore, they are able to critically discuss these topics. Finally, they are able to apply the above concepts and decide on corporate financial policies as well as evaluate financial and real options and companies (e.g., by using option theory or DCF methods).
Teaching and learning methods:	Lectures with beamer presentation and theoretical models on the blackboard, exercise sheets with problems for preparation in homework, one tutorial for discussion of solutions to exercise sheets, small group size in both lectures and tutorials (about 20-30 students) allowing for intensive student support and interaction throughout the course.
Media:	Presentation slides, white board, exercise sheets
Reading list:	<ul style="list-style-type: none"> • Required: Copeland, T. E./ Weston, J. F./ Shastri, K. (2005): Financial Theory and Corporate Policy, USA, Addison Wesley, 4th International Edition. • Further recommended readings are given in the lecture.

Responsible for module:	
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Lecturer:	
1. Lecturer:	
First name:	Christoph, Prof. Dr.
Name:	Kaserer
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Courses:	
1. Course:	
Type:	Lecture
Name:	Corporate Finance
Weekly hours per semester:	2

(Recommended) audience:

1. Program:

Name:

MSc Finance & Information Management (FIM)

2. Program:

Name:

BSc Management & Technology (TUM-BWL)