



SYLLABUS

| COURSE DESCRIPTION | | |
|---|---------------------------------|---|
| Type of the course: (x) Normal () Teaching Assistant (TA) () Thesis/Dissertation | | |
| Course Title: Business Valuation | | |
| Periodicity: (x) Annual () Semestral () Sporadic | | |
| Academic term: Trimester | | |
| WORKLOAD | | |
| Workload: 60-hour course | | Credits: 4 |
| Theoretical: (1 credit = WL 15) | Research: (1 credit = WL 15) | Theoretical-empirical: (2 credits = WL 30) |
| Academic Degree: () Master () PhD (x) Master and PhD | | |
| Course Type: | | |
| Master: (x) Elective - () Compulsory | | Doctorate: (x) Elective - () Compulsory |
| COURSE INSTRUCTOR | | |
| | | |
| AREA OF CONCENTRATION / LINE OF RESEARCH | | |
| Research Area: Controllershship and Governance | | |
| Research Line: Financial Accounting and Governance | | |
| COURSE PURPOSE | | |
| a) Knowledge – to provide knowledge about the theoretical and practical assumptions of business valuation; b) Skills – to develop skills in order to perform critical analyzes on the application of business valuation methods; and a) Attitude – to motivate the research development about topics related to business valuation, capital markets and corporate finance. | | |
| COURSE DESCRIPTION | | |
| Business valuation. Business model and shareholder value creation. Valuation methods: discounted cash flow, multiples and dividends. Projection and prospects of cash flow. Cost and capital structure. Management of working capital in value-based management. Process of due diligence and its implications on the value of companies. Practical cases of business valuation. | | |
| COURSE CONTENT | | |
| 1. Business Valuation. 2. Business model and creation of shareholder value. ✓ Analysis of the financial, economic and market situation for company pricing; ✓ EVA, SVA and MVA. 3. Main evaluation methods ✓ Discounted cash flow; ✓ Multiples (PL and Company Value); ✓ Dividends; ✓ Ohlson model; ✓ Real options. 4. Cash flow projection and prospects ✓ Cash flow projection methods; ✓ Company cash flow; ✓ Shareholder cash flow. 5. Cost and capital structure | | |



- ✓ Cost of equity capital;
 - ✓ Third-party capital cost;
 - ✓ Weighted average cost of capital.
6. Working capital management in value-based management.
 7. The process of due diligence and its reflection on the value of companies.
 8. Practical business valuation cases
 - ✓ Evaluation of startups;
 - ✓ Evaluation of capital intensive companies;
 - ✓ Evaluation of technology companies;
 - ✓ Evaluation of companies in the financial sector;
 - ✓ Evaluation of companies in the electricity sector;
 - ✓ Evaluation of small companies.

METHODOLOGY

Lectures, discussions and case studies. Simulation with the use of models applied in Accounting and Finance.

GRADING POLICY

Participation and case studies (30%); seminars (30%); article (40%).

MAIN REFERENCES

- DAMODARAN, A. **The little book of valuation**. New York: Wiley, Hoboken, 2011.
- DAMODARAN, A. **Avaliação de empresas**. 2. ed. São Paulo: Pearson Prentice Hall, 2007.
- COPELAND, T.; KOLLER, T.; MURRIN, J. **Valuation: calculando e gerenciando o valor das empresas**. 3. ed. São Paulo: Pearson Makron Books, 2002.
- FERNANDEZ, P. **Valuation methods and shareholder value creation**. Academic Press, 2002.
- GIRÃO, L. F. A. P.; MARTINS, O. S.; PAULO, E. Avaliação de empresas e probabilidade de negociação com informação privilegiada no mercado brasileiro de capitais. **RAUSP. Revista de Administração da USP**, v. 49, n. 3, p. 462-475, 2014.
- HEALY, P.; PALEPU, K. G. Information asymmetry, corporate disclosure, and the capital markets: A review of the empirical disclosure literature. **Journal of Accounting and Economics**, v. 31, p. 405-440, 2001.
- KARPAVICIUS, S. The cost of capital and optimal financing policy in a dynamic setting. **Journal of Banking & Finance**, v. 48 p. 42-56, 2014.
- MARTINS, E. (Org.). **Avaliação de empresas: da mensuração contábil à econômica**. São Paulo: Atlas, 2001.
- PALEPU, K. G.; HEALY P. M. **Análise e avaliação de empresas: decisões e valuation usando demonstrativos financeiros**. 5. ed. São Paulo: Cengage Learning, 2017.
- PENMAN, S. H. **Financial statement analysis and security valuation**. 5. ed. New York: McGraw-Hill, 2013.
- PEREIRO, L. E. **Valuation of companies in emerging markets: a practical approach**. New York: Wiley, 2002.
- ROYCHOWDHURY, S.; SHROFF, N.; VERDI, R. S. The effects of financial reporting and disclosure on corporate investment: A review. **Journal of Accounting and Economics**, v. 68, 101246, 2019.



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OTHER REFERENCES

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COPELAND, T.; ANTIKAROV, V. **Real options**. New York: Texere, 2001.

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GRANT, J. L. **Foundations of economic value added**. New York: John Wiley & Sons, 2003.

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KNIGHT, J. **A value based management**. New York: McGraw-Hill, 1998.

KOLLER, T.; GOEDHART, M.; WESSELS, D. **Valuation**. 5. ed. New York: John Wiley Mackinsey, 2010.

KRUSCHWITZ, L.; LOFFLER, A. **Discounted cash flow**. West Sussex: Wiley, 2006.

MODIGLIANI, F.; MILLER, M. The cost of capital, corporation finance and the theory of investment. **American Economic Review**, v. 48, 1958.

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TOBIN, J. A. General equilibrium approach of monetary theory. **Journal of Money, Credit and Banking**, v. 1, n 1, 1969.