

HUMBOLDT UNIVERSITÄT ZU BERLIN

Introduction to Finance II

Wintersemester 2008/09

Prof. Tim Adam

Section I (English)	Lectures	Tue & Thu 8:30-10	Room 125
	Tutorial	Fri 8:30-10	Room 203
Section II (Deutsch)	Lectures	Tue 12-14 & Thu 14-16	Room 202
	Tutorial	Mon 8:30-10	Room 203

There are three main modules in the course: (i) Cash Flow Management: Cash flow management is necessary to forecast a firm's financing needs and to value assets. Tools include ratio analysis, pro forma statements, working capital management, and cash budgets, (ii) Capital Structure and Financing Needs: The course continues with analyzing the factors that determine a company's need for external financing. We then move on to a consideration of the optimal mix of debt and equity financing, and (iii) Project and Company Valuation: We use several different valuation methods including the determination of the relevant cash flows and the appropriate discount rate. We will then use these tools to value companies and investment projects.

Prerequisites

Introduction to Finance I should be heard prior to taking Introduction to Finance II.

Evaluation

Final exam (100%)

Course Materials

Textbook: R. Brealey, S.C. Myers, and F. Allen, *Principles of Corporate Finance*, 9th ed., McGraw-Hill

HBS Cases, available from <http://www.hbsp.harvard.edu/> for about 5 Euros per case.

Lecture slides are available the day before each lecture from Moodle.

Additional Readings

- 11.12. Opler, Pinkowitz, Stulz, and Williamson, Corporate Cash Holdings
- 8.1. Barclay, Smith, and Watts, 1995, The Determinants of Corporate Leverage and Dividend Policies, *Journal of Applied Corporate Finance* 7(4), 4-19.
- 29.1. Inselbag and Kaufhold, 1997, Two DCF Approaches for Valuing Companies under Alternative Financing Strategies, *Journal of Applied Corporate Finance* 10(1), 114-122.

Preliminary Outline

Date	Topic	Readings
9.12.	Introduction	BMA 15 & 16
11.12.	Financial Planning I	BMA 29
16.12.	Financial Planning II	BMA 30
18.12.	Financial Planning III	BMA 31
6.1.	Case study: Wilson Lumber	Wilson Lumber Company HBS Case, 9-286-122
8.1.	Payout policy	BMA 17
13.1.	Capital structure I	BMA 18
15.1.	Capital Structure II	BMA 19
20.1.	Case study: Massey Ferguson	Massey-Ferguson HBS Case 9-282-043
22.1.	Debt financing I	BMA 24
27.1.	Debt Financing II	BMA 25
29.1.	Company & project valuation: WACC	BMA 20
3.2.	Company & project valuation: APV & CCF methods	Valuing Companies in Corporate Restructurings, HBS Technical Note, 9-201-073
5.2.	Case study: Dixon Corporation	Dixon Corporation: The Collinsville Plant, HBS Case 9-298-165
10.2.	DB Presentation: Mergers & Acquisitions	
12.2.	Review of course	