

# 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*, 9<sup>th</sup> 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	