

Code: 81002

Subject name: International business finance

GENERAL CHARACTERISTICS

ECTS: 3

Language/s: English

Type: Obligatory

Teachers: Josep García Blandón

DESCRIPTION

Brief description and justification

The main objective of the course is to provide the necessary tools to carry out a rigorous analysis of the main financial decisions that are made in the company in an international context. Particular attention is paid to the methods used to calculate the value of the company, as well as the impact of financial decisions on that value.

Competencies

As a consequence of the acquisition of the contents of the subject, the student will be able to:

CT1. Predict and control the evolution of complex situations through the development of innovative work methodologies, adapted to the professional field of finance in which the activity is developed. (Adaptation to change).

CE1. Make investment or financing decisions based on the analysis of market and company information, according to the latest techniques developed. (Interpretation and analysis of financial information).

Prerequisites

Requirements legally established to access postgraduate programs:

Degrees in the field of social, scientific or technological sciences.

Contents

1. Introduction: the financial function in an international context
 - 1.1. Financial decisions on investment and financing in an international context
 - 1.2. The objective of the company
 - 1.3. Country risk and exchange rate risk
2. Financial statements: cash flow
 - 2.1. The statement of cash flows (accounting version)
 - 2.2. The statement of cash flows (financial version)
 - 2.3. Free cash flow
 - 2.4. Analysis of the company through its cash flow
3. Debt or equity financing
 - 3.1. Bonds, debentures and promissory notes
 - 3.2. Issue of shares
 - 3.3. Dividend Policy
 - 3.4. Shareholder profitability
 - 3.5. Structure and cost of capital
 - 3.6. Modigliani and Miller's Theorem
 - 3.7. Definition of a financial strategy
4. Business Valuation Models
 - 4.1. Introduction
 - 4.2. The valuation of multinational companies
 - 4.3. Balance-based methods: book value, adjusted book value, substantial value, net asset value
 - 4.3.1. Advantages and disadvantages of balance-based methods
 - 4.4. Cash flow based methods
 - 4.4.1. Different cash flows, dividend discount model, cash-flow to equity model, free cash-flow model
 - 4.4.2. Advantages and Disadvantages of Cash Flow Based Methods
 - 4.5. Multi-valued
 - 4.5.1. Main multiple
 - 4.5.2. Valuation by simple multiples, adjusted multiples, multiples adjusted by regression analysis
 - 4.5.3. Advantages and disadvantages of multiple valuation methods

METHODOLOGY

Training activities:

Training activities	ECTS	Competencies
Lectures presenting concepts and procedures	1,3	CE1
Practical sessions (exercises, case resolution)	0,4	CE1
Assignments by Students	0,4	CE1
Seminars or tutorials	0,2	CE1
Personal study activities	0,6	CE1
Assessment sessions	0,1	CE1
Internship in Company		
TOTAL	3	

Explanation of teaching methodology

There are two types of training activities:

1.- Exposition and reading of theory on matter

It corresponds to the exposition of the subject by the teacher and to the study of the subject by the student. From this activity, students should be able to understand the theoretical basis of the subject and, in particular, the fundamentals of the valuation of companies.

2.- Practical exercises and case discussion

It corresponds to the preparation by the students of the practices corresponding to each theoretical theme. In this activity the transversal competences are developed mainly, while assimilating the knowledge that leads to the specific competences. This section takes into account both the practical sessions, the seminars and tutorials that are developed during the course, and the sessions of

continuous evaluation. The work is done both individually and in working groups. They are intended to apply the main methods of valuation of companies in an international context.

METHODS OF EVALUATION

Methods of evaluation

Methods of evaluation	Weight	Competencies
Final exam	25%	CE1
Partial exams	25%	CE1
Following up activities	25%	CE1
Homework and presentations	25%	CE1
Experimental work or fieldwork	-	
Projects	-	
Evaluation of the company or institution	-	
Participation	-	

Learning outcomes

At the end of the course the student should be able to:

- Analyze the situation of the company through financial information.
- Obtain the necessary inputs to be able to value a company.
- Calculate the value of the company based on the most common valuation methods.

Evaluation

The final grade of the course responds to criteria of continuous evaluation and will be the result of applying the following percentages: 25% for the grade

obtained in the final exam, 25% for the grade of the partial exams and 50% for the delivery of class exercises and other follow-up activities (works and presentations).

Evaluation of competencies

In all the evaluation activities of the subject, the specific competence of interpretation and analysis of financial information, in which students must be able to calculate the value of a corporation according to the methods most widely used in company valuation.

Bibliography (latest editions)

- DAMODARAN, A. *Applied corporate finance*. Wiley.

* **COMPLEMENTARIA:**

- BREALEY, R.A., MYERS, S.C. y ALLEN, F. *Principles of corporate finance*. McGraw Hill.
- HILLIER, D., CLACHER, I., ROSS, S., WESTERFIELD, R. y JORDAN, B. *Fundamentals of corporate finance*. McGraw Hill.
- PARRINO R. y KIDWELL, D. *Fundamentals of corporate finance*. Wiley.

PREVIOUS CHANGES

LAST REVISION