

## COURSE SYLLABUS

<b>COURSE TITLE:</b>	International M&A and Partnerships	<b>COURSE CODE:</b>	FINC 621
<b>PREREQUISITES:</b>	Basic finance, accounting and business strategy	<b>SEMESTER:</b>	SPRING 2017
<b>INSTRUCTOR:</b>	Richard THOMPSON	<b>CREDITS:</b>	3
<b>EMAIL:</b>	richard.thompson@exterieur.groupe-igs.fr	<b>SCHEDULE:</b>	Fridays 1130-1430

### COURSE DESCRIPTION:

Given the frequency and magnitude of M&A activity, most MBAs can expect their careers to be impacted by M&A transactions sooner or later. Whether you are an analyst in the pre-merger phase, a manager or consultant in charge of implementing the merger, or simply a professional whose company has just been taken-over, your career trajectories are inevitably shaped by the event. In order to help you prepare for these roles, the course will address the strategic and financial challenges of mergers and acquisitions so as to realize the promise of value creation.

### COURSE OBJECTIVES:

The course will prepare MBA students for all types of business combinations whether they are managing a complex deal or whether their company is in a takeover situation.

**Presence in class is mandatory. More than 2 absences will lead to a failing grade.**

### EXPECTED LEARNING OUTCOMES:

Upon completion of this course students should be able to:

- Understand the takeover process
- Develop external growth strategies
- Explain anti-trust and industry concentration regulation
- Understand accounting and structures of business combinations
- Discuss take-over tactics and bid defense strategies
- Use NAV, Ratios and DCF to determine enterprise valuation
- Integrate synergies and pricing strategies to negotiate transactions

### MANDATORY TEXTBOOK:

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The course follows the professor's PPT slides which students are expected to bring to the class.

Reference Texts

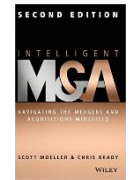
ISBN-13: 978-0201721508

Sudarsanam, Sudi, *Creating Value from Mergers & Acquisitions*, 2003, Harlow: FT Prentice Hall



ISBN-13: 978-1118764237

Moeller, Scott, *Intelligent M&A: Navigating the Mergers and Acquisitions Minefield*, 2E, 2014, John Wiley & Sons



Weston, J. Fred, Mitchell, Mark L, *Takeovers, Restructurings, and Corporate Governance*, 4E, Pearson Prentice Hall

[www.mandaportal.com](http://www.mandaportal.com)

[www.imaa-institute.org](http://www.imaa-institute.org)

### EVALUATIONS:

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The final grade will be determined as follows:

Attendance/Participation	10%
Group Presentation	20%
Mid-term	30%
Final Exam	40%

Mid-term and Final exams will be closed book and closed notes

## Case Study Guidelines Evaluation of Merger

Students will select a business combination and present it to class.

Presentations are 15 minutes followed by 10 minutes of Q&A

Student groups in the audience are required to ask at least one question to the presenting group.

Students must have their business combination approved by the professor.

It is highly recommended to choose a sector in which the student might have some future professional interest.

The short presentation time will limit how much you can cover. Each merger is unique and tends to have several important issues. The merger analysis should normally be drawn from the following areas. Remember, you will not be able to cover all these issues in 15 minutes. Rather, you need to select which ones are of interest in the case.

### A. The business-economic setting

1. What were trends in the economy?
2. What were trends in the industry?

### B. Transaction details

1. Who is the acquirer and who is the target?
2. What is the name of the combined organization?
3. What is the final structure? Holding company? Target liquidated?
4. What date was the announcement of the merger?
5. Describe some of the pre-announcement negotiations
6. Were there other bidders?
7. How did the winner finally convince target management or shareholders?
8. Is the transaction a tender or merger?
9. Was it friendly or hostile?
10. Did the target firm try to avoid the merger?
11. Did it seek other bids?
12. What was the method of payment (stock, cash, debt)?
13. Were there any price collars or other payment conditions?
14. What do the two groups of shareholders obtain?
15. Is there a merger termination fee? If so how much is it?

### C. Strategy behind the merger

1. How did this particular acquisition fit into the broad strategy of the firms?
2. Did the firms engage in other significant M&A activity?
3. Did the firm make any substantial thrusts in investment activity by methods other than M&A activity?
4. Describe the major products
5. Summarize the reasons for the transaction
6. Are there any synergies proposed? Do you believe them?
7. Is it a horizontal, vertical or conglomerate transaction?

D. Value creation for the stakeholders

1. How large was the premium paid to the target?
2. What was the initial market reaction for the bidder and for the target?
3. What had been the historical trends in the key financial ratios for each of the firms?
4. What was the magnitude of the value drivers?
5. How does the price paid compare with your valuation (with the benefit of hindsight)?

E. Were there reviews by the US/EU competition regulators?

If so, described the outcome or concessions of the deal

F. Post-merger performance

1. How did the economy and industry perform subsequent to the merger?
2. How did the firm perform at the merger measured by return to shareholders in subsequent years (capital gains plus dividend return?)

G. Evaluation and prognosis

1. Has the firm performed well for its shareholders from a long-term perspective?
2. Have the M&A activities of the firm had a positive or negative effect on the firm's long-term position in its product market areas?
3. With the benefit of hindsight, did the firm make some mistakes with its major investment strategies (both internal and external)?
4. What are some major changes in strategic decisions and directions that the firm could have made to improve its current performance and prospects?

H. Describe and develop any special issues regarding the merger.

**COURSE SCHEDULE:**

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Class		Articles, cases	Subject
1	3-Feb	Mergers could boom next year	M&A Activity, Combinations, Process
2	10-Feb	Thomson Reuters Tourism and travel industry	M&A Strategy Basics
3	17-Feb	Buy and build strategies BAA and Ferrovial	Alternative M&A Strategy 1
4	24-Feb	UK Power Sector Integrated Oil Groups	Alternative M&A Strategy 2
5	3-Mar	GE Honeywell RWE	Antitrust and Takeover Regulation
6	10-Mar		Mid-term
7	17-Mar	AOL Time Warner	Accounting for takeovers, Methods of payment
8	31-Mar		Process overview and bidding
9	7-Apr	Continental and Schaeffler	Financing takeovers, Valuation 1
10	14-Apr	Exxon Mobil	Valuation 2
11	21-Apr	Mittal Steel Anheuser-Busch and Inbev	Takeover defense
12	12-May		Course review and final exam