Corporate Finance

ECTS : 6

Volume horaire : 54

Description du contenu de l'enseignement :

This is an introductory course aimed at undergraduate students with no former background in finance and provides a framework for analyzing the major types of investment and financial decisions made by corporations. In the first part, the course introduces the financial tools necessary to analyze a company: income and balance sheet analysis, present value techniques, pricing of stocks and bonds, and portfolio theory. In the second part, the course offers an analysis of the most important aspects of firm management: the evaluation of investment projects, cost of capital, corporate value creation and firm capital structure. In the last part, the course aims at providing a broad overview of financial markets and of the operations that firms can perform on those markets (i.e., Initial Public Offerings, Secondary Public Offerings, Mergers and Acquisitions), including some basic principles of risk management with derivative securities.
This course is on Moodle.
Part I: Financial Analysis
1 Income and Margin Analysis;
2 Working Capital, Capital Expenditures and Financing Analysis;
3 Return on Equity and Operating Assets;
4 Cash Flow Statement Analysis.
Part II: Value, Investment Decision Rules and Cost of Capital
5 Time Value of Money and Discounted Cash Flow (DCF) Models;
6 Value, Investment Decision Rules and Value Creation;
7 Risk and Return;
8 Cost of Capital and Financial Structure;
Part III: Financial Markets and Financial Risks
9 Financial Markets (part 1);
10 Financial Markets (part 2);
11 Introduction to Options;
12 Introduction to Financial Risk Management;
13 Final Exam.

Compétence à acquérir :

By the end of the course, students should be able to interpret financially the firm's income statement and balance sheet; perform a cash flow statement analysis, and an analysis of the working capital requirements of the company; determine the value of an asset (bond, stock, etc.); assess the risk and return of assets; estimate a company's cost of capital; evaluate investment projects; determine whether a company is creating or destroying value; select a company's optimal mix of debt and equity financing; understand the working of financial markets; determine the trading price in auctions and limit order books; use option contracts to either speculate or hedge against a risk.

Mode de contrôle des connaissances :

The final grade is determined as follows:

- Work %
- Midterm Exam 40%
- Final Exam 50%
- Tutorial (presence, participation, presentations) 10%
- Total 100%

Attendance at tutorials is mandatory, three (or more) unexcused absences at tutorials will be sanctioned with a tutorial grade of 0. One case study will be covered in each tutorial session, for a total of 12 case studies. Students are required to prepare every case study before the corresponding tutorial session and to present their work on at least one case study. These presentations can be made in groups of up to 3 students (provided that each of the 12 case studies are assigned to at least one student), and together with class participation will determine the final tutorial grade. The numerical grade distribution will dictate the final grade. The passing grade for a course is 10/20.

Attendance Attendance is mandatory. Students are expected to attend all classes, arrive on time, and stay for the entire session. Repeated absences or lateness may affect the final grade.
Class Participation Active participation is encouraged, as it contributes to making classes more engaging and instructive. Students are expected to come prepared and contribute thoughtfully to discussions. When participation is part of the course assessment, it is evaluated based on the quality of contributions rather than their quantity.
Exam Policy Students are not allowed to bring any materials into exams, except those explicitly authorized by the instructor. Unexcused absences from exams or failure to submit assigned cases will result in a grade of zero when calculating final averages. All exams must be submitted at the end of the examination period.
Communication and Grading All questions or concerns regarding grading or course policies must follow the official procedures. No direct negotiation with instructors about grades or assessments is permitted.
Be aware of the rules in Université Paris Dauphine about plagiarism and cheating during exams. All work turned in for this course must be your own work, or that of your own group. Working as part of a group implies that you are an active participant and fully contributed to the output produced by that group.

Bibliographie, lectures recommandées :

Lecture notes are the main course material. In addition, these optional textbooks are recommended for this course:
- Jouaber K. and M-J. Rigobert: TD en finance d'entreprise, Dunod. (Only available in French);
- Vernimmen P., P. Quiry, Y. Le Fur, A. Salvi and M. Dallochio: Corporate Finance Theory and Practice, Wiley;
- Brealey R. A. and S. C. Myers, Principles of Corporate Finance, McGraw-Hill.
Case studies will be made available to students prior to each tutorial session. Students are required to bring these documents - either in a numeric or printed version - to the corresponding tutorial session.

Kaouther Jouaber is a Senior Lecturer at Paris Dauphine University since 2001. She has a PhD in Finance from Paris Dauphine University. Her research is focused on market microstructure and market regulation. Her teaching is focused on corporate finance and portfolio management.
Sabrina Buti is a Professor of Finance at Paris Dauphine University since 2016. She has a PhD in Economics from Toulouse University and, before joining Dauphine, she was an Assistant Professor of Finance at the Joseph L. Rotman School of Management, University of Toronto. Her research is focused on market microstructure and in particular on the optimal design and regulation of stock exchanges. Her teaching is focused primarily on corporate finance and on the analysis of derivative instruments.
Mattia Girotti is a Professor of Finance at the Université Paris Dauphine – PSL since 2023. Before joining Dauphine, Mattia worked at the Banque de France as a Senior Research Economist in the Financial Economics Research Division. Mattia obtained his PhD in Economics from the Toulouse School of Economics in 2015. His main research interest is in banking, but he is more broadly interested in corporate
finance and the industrial organization of the financial sector.