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%

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.