

Course Outline:

Valuation and Financial Risk Management

Instructor-in-charge: Prof. dr. Tom Vanacker

Department of Accounting, Corporate Finance and Taxation

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Office Hours: by appointment

1. Introduction

In this course outline, you will find important information with respect to the organization, planning and content of the course "Valuation and Financial Risk Management".

The course "Valuation and Financial Risk Management" combines traditional lectures with case studies. At the end of the course, you are expected to have insight in how valuation and risk management are properly conducted. More specific goals and competences include:

- Acquire insights into the key valuation concepts
- Acquire insights into the key valuation methods, their advantages and disadvantages
- Be able to apply appropriate valuation methods in different contexts
- Develop a critical look at valuation cases
- Understand the building blocks of financial risk management
- Be able to identify and measure risks
- Acquire insights into how financial risks can be managed
- Critically reflect on risk management policies in organizations
- Understand how financial risk management has an impact on company value

Read thoroughly through this course outline at the beginning of the term. It will inform you where and when the different lectures and tutorial meetings are held and what is expected of you for this specific course.

Good luck!

Prof. dr. Tom Vanacker

Prof. Luc Keuleneer

Assisted by Maarten Cerpentier (Maarten.Cerpentier@UGent.be)

2. Prerequisites

The prerequisite is an introductory corporate finance course. It is expected that you have familiarity with basic corporate finance concepts.

3. Who is who?

Tom Vanacker is Associate Professor in Entrepreneurial Finance at Ghent University, Distinguished Research Professor at University of Exeter Business School, and Research Fellow at the Vlerick Business School. He also teaches at the European School of Management and Technology (ESMT Berlin). He was a visiting scholar at The Wharton School (University of Pennsylvania) and The Carlson School of Management (University of Minnesota). He has acted as an expert speaker on the valuation of small and medium-sized firms at seminars organized by, amongst others, the Belgian Institute of Registered Auditors.

Luc Keuleneer is a business engineer (K.U. Leuven, 1981) and a Master of Business Administration (Finance) (University of Chicago, 1983). He is active for KPMG in Brussels. He was an advisor in the Cabinet of the Federal Minister of Finance. He teaches as a Full Professor in Financial Management at the Free University of Amsterdam, Erasmus University Rotterdam and as Visiting Professor at the Catholic University of Leuven, University of Maastricht and the Royal Dutch Institute of Register Accountants (NIVRA-VERA). He is a research associate at the Institute Management Development at Lausanne. He is also Secretary-General of the Belgian Society of Financial Analysts.

4. Timetable and Course Overview

Time and location	Content	Prepare
Tuesday, November 12 9:00-12:30 Auditorium E2 Campus Coupure - Blok E Prof. dr. Tom Vanacker	Lecture 1—VALUATION: Valuation—Key Valuation Concepts and Main Valuation Methods	

<p>Tuesday, November 19 9:00-12:30 Auditorium E2 Campus Coupure - Blok E Prof. dr. Tom Vanacker</p>	<p>Lecture 2—VALUATION: Valuation with Discounted Cash Flow</p>	
<p>Saturday, November 23 9:00-12:30 Aud. Devreker (HOV) Prof. Luc Keuleneer</p>	<p>Lecture 1—RISK MNGMT: Financial Risk Management— Introduction</p>	<p>Slides “Financial Risk Management” + Chapter 2 from the book “Managing Financial Risk”</p>
<p>Saturday, November 23 13:00-17:30 Aud. Devreker (HOV) Prof. Luc Keuleneer</p>	<p>Lecture 2—RISK MNGMT: Building block approach</p>	<p>Slides “Financial Risk Management” + Chapter 8 from the book “Managing Financial Risk”</p>
<p>Tuesday, November 26 9:00-12:30 Auditorium E2 Campus Coupure - Blok E Prof. dr. Tom Vanacker</p>	<p>Lecture 3—VALUATION: Valuation— Tying Up Some Loose Ends</p>	
<p>Saturday, November 30 9:00-12:30 Aud. Devreker (HOV) Prof. Luc Keuleneer</p>	<p>Lecture 3—RISK MNGMT: Management of Financial Risks</p>	<p>Slides “Financial Risk Management” + Chapters 4, 6 and 10 from the book “Managing Financial Risk”</p>
<p>Tuesday, December 3 9:00 – 12:30 Auditorium E2 Campus Coupure - Blok E Maarten Cerpentier</p>	<p>Tutorial 1—VALUATION: <u>Optional</u> tutorial where sample valuation integration cases will be discussed.</p>	

Saturday December 7 9:00-12:30 Aud. Devreker (HOV) Prof. Luc Keuleneer	Lecture 4—RISK MNGMT: Case Studies in Financial Risk Management	Slides “Some traditional risk measures” + slides: duration + macrohedging + exercise on Black and Scholes + case currency rate risk
Tuesday, December 10 <i>or</i> Thursday, December 12 (pick time slot on Minerva) Faculty Board Room Prof. dr. Tom Vanacker	Tutorial 2—VALUATION: Presentations valuation case before a jury	Hand-in valuation reports: Sint-Pietersplein 7, Bruno Vandebussche on Monday, December 9 between 9 AM and noon
Friday, December 13 11:30-12:30 Auditorium Maurice Van Vaerenbergh Campus Tweekerken (HOV)	Feedback 1—VALUATION: Feedback valuation case	
Saturday, December 14 13:00-17:30 Aud. Devreker (HOV) Prof. Luc Keuleneer	Lecture 5—RISK MNGMT: Control Issues—The Story of Barings	Slides: “Derivatives: weapons of mass destruction” + The story of Barings
Thursday, December 19 13:00	EVALUATION Integration cases	

5. Course Materials

All course materials will be made available on Ufora (the university's web-hosting program). Students can also find the required readings on Ufora.

6. Evaluation of Student Performance

Your final grade is determined by a case study (25%) and integration cases (75%).

The case study is a group project on valuation. You will have to hand in a valuation report on your valuation analysis and present your valuation analysis. Your grade for the case study is based on a group grade adjusted by your peer evaluation score and performance during the presentation. You will present your case in front of a jury comprising academics and practitioners specialized in firm valuation.

The integration cases are evaluated through multiple choice questions (with standard setting) for valuation and open questions for risk management.