Dissertation Seminar
EQUITY VALUATION

Academic Year: **2017/2018**   *Semester:* **1st**

Instructor(s): **José Carlos Tudela Martins**   *Max. Number of Students:* **15**

Seminar Description:

This workshop comprises a mix of group and individual mandatory sessions. Throughout the sessions, students will be asked to present their current work and to read and comment the work from others. Students need to be present in EVERY session and to PRESENT the assignments at the scheduled dates.

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Seminar Content and Objectives:

This workshop aims to help students doing research and writing their master thesis. It will provide an overview of equity valuation methodologies, offering a set of skills that will allow students to work in the "investment advising" community.

Each student needs to choose a listed company (restrictions apply – see list at end of syllabus) and will develop all his work around this company.

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Dissertation Topics:

Equity Valuation applied project. Comparison with financial analysts' valuations and buy or sell recommendations.

The thesis must be on a listed company (restrictions apply –see list at end of syllabus) and must have the following sub-topics:

1. Executive summary – the recommendations about the value of the company and why this valuation brings value added when compared with the investment bank valuation. This sub-topic should be in a format suitable for publication in the investment community;
2. Literature review – "state of the art" in equity valuation;

3. Valuation of the company by the student using the methods he feels are most correct to that particular case;
4. Discuss and explain the differences between the values he has found and the ones published by a leading investment bank with the same set of data;
5. If the differences are related to valuation method, a description of the method used by the investment bank and their strengths and weakness should be presented.

Bibliography / Recommended Textbook(s) / Additional Readings:

- "All roads lead to Rome", published in September 1999 by a group of Goldman Sachs analysts;

- "Cross border valuation " from K. Froot and published by Harvard Business School;

- "What´s it worth?" from T. Luehman and published by Harvard Business Review;

- "Using APV: a better tool for valuing operations" from T. Luehman and published by Harvard Business Review;

- "The corporate uses of beta" by B. Rosenberg and A. Rudd – University of California, Berkley;

- "The right role for multiples in valuation" by M. Goedhart, T. Koller and D. Wessels published by The Mckinsey Quartely;

- "Emerging markets aren´t as risky as you think" by M. Goedhart, P. Haden published by The Mckinsey Quartely;

- "Valuation in emerging markets" by M. James, T. Koller published by The Mckinsey Quartely;

- "80 common errors in company valuation", by Fernandez;

- "Business Valuation: Standard Approaches and Applications", by Michael Schill, published by Darden Business Publishing;

- Note on cash flow valuation methods" by S.K. Mitra – University of Western Ontario;

- "The most important number in Finance" by Marc Zenner, Scott Hill, John Clark and Nishant Mago – JPMorgan;

- "Valuing High Tech Companies" by M. Goedhart, T. Koller and D. Wessels published by The Mckinsey Quartely.

Additional references:

- Top academic journals:
  - Journal of Finance,
  - Journal of Financial Economics,
  - Review of Financial Studies,
  - Journals more oriented towards financial managers:
  - Financial Analysts Journal,
  - Financial Management,
  - Journal of Applied Corporate Finance

Contact(s) and Office Hours:

by appointment only: tudela.martins@invesfin.com

Schedule:

1. SESSION #1 (Group meeting September 5, 12:30-14:00 – room TBD)
   - Topics' presentation by instructor
   - Reference list
   - Knowing students interests

2. SESSION #2 (Group meeting September 19, 12:30-14:00 – room TBD)
   - Review of basic concepts regarding equity valuation
   - Final date to choose the company you will use in your dissertation proposal and the investment bank that will be used to compare your valuation of the target company.

3. SESSION #3 (Group meeting October 3, 12:30-14:00 – room TBD)
   - Review of basic concepts regarding equity valuation (cont.)
   - You should present to the class the relevant news and discussion topics among analysts concerning the company (maximum 5 minutes per student).

4. SESSION #4 (Group meeting October 17, 12:30-14:00 – room TBD)
   - Review of basic concepts regarding equity valuation (cont.)
   - You should present to the class a small introduction of the company historical performance (maximum 5 minutes per student).

5. SESSION #5 (Group meeting November 2, 11:00-12:30 – room ==TBD==)
- Review of basic concepts regarding equity valuation (cont.)
- Final date to present the literature review
- You should present to the class the peer group of the company and why you have chosen it (maximum 5 minutes per student).

6. SESSION #6 (Group meeting November 9, 11:00-12:30 – room ==TBD==)
- Final date to present a detailed dissertation proposal.
- You should present to the class the cost of capital of the company (maximum 5 minutes per student).

7. SESSION #7, & #8 (Individual meetings, Dates to be scheduled in November & December.
- Presentation of the first draft in the first session. Final version comments in the last session.

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Companies that CANNOT be used for the thesis:

- Altri
- Brisa
- BPI
- Cofina
- Cimpor
- Corticeira Amorim
- CTT
- EDP
- EDP-R
- Galp
- Ibersol
- Inapa
- Impresa
- Inditex
- Jeronimo Martins
- Mota e Engil
- Novabase

- Portucel/Navigator

- Portugal Telecom

- Ren

- Sonae

- Sonae Industria

- Soanecom

- Semapa

- Zon

Each student must choose a <u>different company</u> (allocation of companies will be done on a first to ask, first served basis).

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Deadlines:

Deadline to deliver a final draft to the advisor in order to use the 1ˢᵗ Submission Deadline	14/12/2017
Deadline to deliver a final draft to the advisor in order to use the 2nd Submission Deadline	14/03/2018

The full list of dates and deadlines can be consulted [here](#).