Course Descriptions None 2023-2024

Course Title	Managing Takeovers
Course Code	EBS2017
ECTS Credits	4,0
Assessment	Pass / Fail

Period

Period	Start	End	Mon	Tue	Wed	Thu	Fri
3	15-1-2024	26-1-2024	C				

Level	Intermediate
Coordinator	Sanne Jongen For more information:s.jongen@maastrichtuniversity.nl
Language of instruction	English
Goals	Mergers, takeovers and restructuring have become commonplace phenomena in the new economy and force companies to grow larger. A recent example is the 85 bln USD Dollar takeover of Time Warner by AT&T. The question is whether these takeovers actually create value for the firm.
Description	Mergers, takeovers and restructurings have become commonplace phenomena in the economy. They enable companies to grow larger, and encourage corporate managers to keep their businesses run properly. Relatively prominent examples in recent decades include the Kraft-Heinz, Disney-21st Century and Dow Chemical-DuPont deals. However, takeovers have for decades been surrounded with debates. One question that has been central to this debate is whether takeovers actually create value for the firm, and what are actually the motives of managers to undertake such deals. For example, while companies become larger and appear more 'powerful' after an acquisition, do these transactions actually increase firm value and create more wealth for the shareholders? Thus, the topic of value enhancement is an important one in the context of takeovers and mergers. The purpose of this skills course is to become familiar with Mergers and Acquisitions (M&As) and value-based management perspectives. M&As have become commonplace phenomena in the last centuries. In this skills course you will take part in understanding shareholder value-based thinking in the context of M&As by performing case work that focuses on valuing and assessing takeovers, synergies, leveraged buyouts and option-like deals. The course is an elective skills course for 2nd and 3rd year students from the following studies: * Bachelor Economics and Business Economics (specialization: Economics and Management of Information, Economics, International Business Economics) * Bachelor International Business * SBE Exchange Bachelor * SBE Non Degree Courses The course is also open to SBE Exchange Master students. Regular Maastricht University students from the above-mentioned study programs will have the required pre-knowledge. Exchange students need to have taken at least one introductory finance course / sufficient first-year finance skills. Note that this course does not complete with grade but instead with a ‘sufficient' statement. This course will make use of Canvas and Problem-Based Learning. The purpose of this skills course is to become familiar with Mergers and Acquisitions (M&As) and value-based management perspectives. After completing the course, you: (i) understand how M&As can be valued using common scientifically valid valuation approaches; (ii) develop skills to apply valuation techniques to M&A related investment opportunities; (iii) be able to judge whether M&A's add value; (iv) understand the difference between DCF valuation and real-option approach to valuation. (v) further develop your presentation and communication skills
Literature	Selection from: •Berk, J. and DeMarzo, P. (2017). Corporate Finance. Global Edition. Pearson. oChapter 8: Fundamentals of Capital Budgeting oChapter 18: Capital Budgeting and Valuation with Leverage oChapter 19: Valuation and Financial Modeling: A Case Study oChapter 20: Financial Options oChapter 21: Option Valuation oChapter 28: Mergers and Acquisitions •Bruner, R. F. (2004). Applied mergers and acquisitions (Vol. 173). John Wiley & Sons. oChapter 10: Valuing options oChapters 14: Real Options and Their Impact on M&A Alternative textbooks and chapters that are made freely available online by the authors can be valuable resources: •Welch, I. (2009) Corporate Finance: An Introduction. (Links to an external site.)New York: Prentice Hall. oChapter 4: A first encounter with Capital Budgeting Rules oChapter 12: Pitfalls in Capital Budgeting oChapter 13: From financial statements to economic cash flows oChapter 20: ProForma Financial Statements •Damodaran, A. (2002). Investment Valuation, Wiley. oChapter 2: Approaches to Valuation: ch2.pdf (nyu.edu) (author website) oChapter 5: Option pricing theory and models: ch5.pdf (nyu.edu) oChapter 25: acquisitions and takeovers: ch25.pdf (nyu.edu) •Damodaran, A. (2005). "The Value of Synergy", The Value of Synergy by Aswath Damodaran - SSRN •Malmendier, U. and G. Tate (2008). 'Who Makes Acquisitions?' CEO Overconfidence and the Market's Reaction', Journal of Financial Economics. See Canvas for access details.
Prerequisites	Exchange students need to have taken at least one introductory finance course, sufficient first-year finance skills, passing criteria are that all three cases must be completed with a "sufficient" grading. An advanced level of English
Teaching methods	Presentation / Assignment / Papers / Groupwork
Assessment methods	Attendance / Assignment
Evaluation in previous academic year	For the complete evaluation of this course please click http://iwio-sbe.maastrichtuniversity.nl/rapporten.asp?referrer=codeUM

This course belongs to the following programme / specialisation

Bachelor Economics and Business Economics - Economics	Year 2 Elective Skill(s)
Bachelor Economics and Business Economics - Emerging Markets	Year 2 Elective Skill(s)
Bachelor Economics and Business Economics - Economics and Management of Information	Year 2 Elective Skill(s)
Bachelor Economics and Business Economics - International Business Economics	Year 2 Elective Skill(s)
Bachelor International Business	Year 2 Elective Skill(s)
SBE Exchange Bachelor	Bachelor Exchange Skills
SBE Exchange Master	Bachelor Exchange Skills
SBE Non Degree Courses	Bachelor Skills