

**NEW YORK UNIVERSITY  
STERN SCHOOL OF BUSINESS**

**B40.3331 VALUATION**

Fall 2009

Saturday 9:00-12:00pm

**General Information**

Professor Haran Segram

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Office Hours

- Saturday 12:30-1:30
- Other times by Appointment

**Course Objective**

By the end of this course, I would like you to be able to

- Apply **discounted cash flow analysis**
- Define, describe, analyze and **apply any multiple** (PE, Value/EBITDA, Price/Book Value...)
- Value any **publicly traded firm**, small or large, domestic or foreign, healthy or troubled.
- **Separate fact from fiction**, sense from nonsense and real analysis from sales pitch in equity research reports, valuations and general discourse

**Required Material**

- Lecture notes and other relevant material will be available on Blackboard
- Recommended Books:

Aswath Damodaran, Investment Valuation, 2<sup>nd</sup> Edition, John Wiley & Sons

Aswath Damodaran, The Dark Side of Valuation, Prentice Hall

Note that the first book contains majority of the course content.

## **Grading Basis**

Final exam	40%	Quiz #1	15%
Group Project	30%	Quiz #2	15%

### **Individual Work:**

Quiz 1: Week 4 – Covers Weeks 1-3 on October 17

Quiz 2: Week 8 – Covers Weeks 4-7 on November 14

Final Exam: This will be a cumulative exam.

Quiz 1, Quiz 2 and Final Exam are all open-book and open-notes.

**Group Work:** Students should work in groups of four or five. Select a group of companies (one for each person in the group). Further details will be provided in week 1.

**Group Project: Due on December 19 at 5 pm**

## **Assessment Guidelines**

### **Individual Work**

Quizzes and the final exam are strictly individual work.

There will be no make-up quizzes. If you miss a quiz due to illness, the grade will be redistributed over the remaining part of the course.

Although class participation is not graded, I encourage you to participate in the class discussions.

### **Group work**

Select your own groups. The group harmony is the responsibility of the group members, except in extreme circumstances.

There will be one grade per group, no matter how the work load is distributed among the group members.

### **Grade Distribution**

25% A's; 60% B's; and 15% C's and below

## **Tentative Course Outline**

<b>Topic</b>	<b>Week</b>
Introduction to Valuation	1-2
Discounted Cash Flow Valuation	2-7
Valuation Examples	7-8
Relative Valuation	8-10
Valuing Private Firms	10-11
Review and Conclusions	11

## **Chapter Coverage**

<b>Topic</b>	<b>Investment Valuation (2<sup>nd</sup> Edition)</b>
Introduction to Valuation	1 - 2
Discounted Cash Flow Valuation	7-12
Valuation Examples	13-16, 21-23
Relative Valuation	17-20
Valuing Private Firms	24
Review and Conclusions	35

## **Prerequisites**

- Foundations of Finance
- Corporate Finance

## **Honor Code**

You are responsible for maintaining Stern's honor code, which mandates zero tolerance for cheating.

Please see [http://w4.stern.nyu.edu/scorp/committee.cfm?doc\\_id=4797](http://w4.stern.nyu.edu/scorp/committee.cfm?doc_id=4797) for more information.

## **Students with Disabilities**

If you have a qualified disability and will require academic accommodation during this course, please contact the Moses Center for Students with Disabilities (CSD, 998-4980) and provide me with a letter from them verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the CSD, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation.