BUS 495 – Financial Analysis and Decision Making

2020 Winter (January 6 – April 9)
1:00pm-2:15pm, Tuesday and Thursday

Professor: Dr. Zhou (Joe) Zhang, CFA
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Classroom: ED 623
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COURSE OBJECTIVE:
This course aims to maximize the synergy between theory and practice by deepening students’ knowledge of optimal financial decision making. Students will apply the framework, concepts, and tools learned in the previous finance courses to cases. In particular, the following topics are covered: time value of money, discounted cash flow valuation and relative valuation, capital structure, equity and debt financing, cost of capital, cash holding policy, payout policy, and merge and acquisitions.

PREREQUISITES:
BUS 290 and BUS 395.

COURSE STRUCTURE:
The course consists of lectures and case discussions. Lecture portion will review essential concepts and numerical examples to facilitate students analyze and discuss subsequent cases. The course is taught primarily by the case method. Students need to recognize that they are required to put in a much greater involvement compared to traditional lecture method. Each case includes a set of decisions to be made with limited information. I will provide students learning objectives and questions to help focus your analysis. I also expect that the in-class discussion will lead to additional insights.

MATERIAL:
Case package: Students will be charged for the cost of cases used in the course.

EXPECTATIONS:
Each student is required to attend all scheduled class meetings for the entire duration of the course. An attendance sheet will be circulated during each class period. You are expected to devote a significant amount of time before the class to analyze the cases. It is critical that all students should come ready to discuss cases (even if you are not assigned to present and lead a
particular case). The objective is to create an involved atmosphere to enhance learning. During the case classes, it is also important to listen to others’ discussions and contribute to the discussion by advancing the issue to a new one and clarifying competing arguments.

**GRADING AND EXAMINATIONS:**

- **Participation** 10%
- **Presentation and Report**
  - Individual case report due on April 9 20%
- **Mid-term Exams**
  - February 13; March 12 35%
- **Final Exam**
  - April 23 (2:00pm-5:00pm) 35%

**ACADEMIC MISCONDUCT:**

You are encouraged to interact with and learn from other students in this class. However, you are expected to behave with integrity and this includes adhering to the section on Student Behavior found in the 2019-2020 Academic Calendar. Ask me in advance if you have any questions about misconduct.

**SPECIAL NEEDS:**

If there is any student in this course who, because of a disability, may have a need for accommodations, please come and discuss this with me, as well as contacting the Coordinator of Special Needs Services at (306) 585-4631.

**OFFICE HOURS:**

My office hours for the course will be 2:20pm-3:00pm, Tuesday and Thursday. If you cannot make it during the assigned office hours, you are welcome to set up an appointment and meet with me at a mutually suitable time.
Teaching Plan (subject to revision)

Jan. 7-14 Review: Time value of money (Chapter 5)
Case Discussion: Buy versus rent decision

Jan. 16-23 Review: How to value bonds and stocks (Chapter 6);
Long-term debt (Chapter 21)
Case Discussion: Alibaba’s bond dilemma

Jan. 28-Feb. 13 Equity Valuation: DCF valuation versus relative valuation
Case Discussion: Saskferco Products Inc.
Case Discussion: Ferrari – The 2015 initial public offering

Guest Speaker

Midterm 1 (Feb. 13)

Feb. 25- Mar. 5 Review: Cash management (Chapter 28);
Financial ratio analysis (Chapter 2A)
Case Discussion: Under Armour under pressure
Case Discussion: Financial Policy at Apple

Mar. 10-17 Review: Dividends and other payout (Chapter 19)
Case Discussion: Dividend policy at Fuyao Glass

Midterm 2 (Mar. 12)

Mar. 19-31 Review: WACC (Chapter 13); Capital structure (Chapters 16 and 17)
Financial distress (Chapter 31)
Case Discussion: Midland Energy Resources
Case Discussion: Amtek Auto: From acquisitions to financial crisis

Apr. 2 – 7 Merger and Acquisition (Chapter 30)
Case Discussion: Bayer-Monsanto: The Challenges of A Mega Merger

April. 9 Course review