

FIN 4318
 Financial Analysis of Firm and Valuation
 Revised Syllabus
 Fall 2022

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CLASS HOURS: 1:30 – 2:50 pm, Tuesdays (T) & Thursdays (R), Room 313

OFFICE HOURS: 10:00 – 11:30 pm TR, & by appointment.

RECOMMENDED TEXTBOOKS:

1. *Damodaran on Valuation*. 1st or 2nd edition, by Aswath Damodaran. John Wiley & Sons.

Please use the link below to access NYU open source course materials:

https://pages.stern.nyu.edu/~adamodar/New_Home_Page/dam2ed.htm

2. *Valuation*. 7th edition, by Koller/Goedhart/Wessels. John Wiley & Sons. ISBN: 9781119611868

3. *Fundamentals of Corporate Finance*, 11th or 12th ed. (standard), by Ross/Westerfield/ Jordan. McGraw-Hill

Prerequisite: FIN 3310 or equivalent preparation and permission of the instructor

COURSE DESCRIPTION (catalog)

Financial Analysis of the Firm and its Valuation: An advanced inquiry into the techniques of analysis of the firm’s book and market values, and new investments. The analysis of book value based on historical performance concentrates on the techniques of analysis of the firm’s accounting financial statements as an aid to extraction and evaluation of information for interpretation and decision- making by lenders, investors, and others. The analysis of market value based on expected performance concentrates on the fundamental techniques of analysis of the firm’s bonds and stocks, inclusive of their pricing theorems, reinvestment rate assumptions, effects on price-earnings multipliers, and implications of the valuation of the firm’s growth rate. Finally, the analysis of new investments on the firm’s market value concentrates on the capital budgeting process, inclusive of cash flows, risk, and capital costs.

COURSE LEARNING OBJECTIVES

Upon successful completion of the course, students should be able to

- Understand the macro factors that drive the value of a firm.
- Understand, analyze and interpret financial statements and financial ratios.
- Understand and apply basic valuation models, i.e. Relative Valuation models (multiples) and Discounted Cash Flow models (DCF)
 - Using multiples - PE, PEG, M/B, P/S, P/CF, EV/EBITDA
 - DCF approach – forecast earnings and free cash flows, WACC, growth rates, terminal values, etc.
- Write a professional analyst report and present it in a professional setting.

GRADE COMPONENTS:

Attendance/participation/homework/quizzes	30%
Midterm exam	25%
Final exam	25%
Analyst Report - individual	20%
Total	100%

Attendance/participation/homework/quizzes: Attendance will be taken randomly throughout the semester via impromptu quizzes. Homework and individual projects will also be assigned. Details to come.

Exams: Two exams (midterm and final) will be given and the weighting scheme is described above.

Group project: Details to come.

MAKE-UP POLICY: Make-up exams will only be considered under extraordinary circumstances and on a case-by-case basis. Documentations are required in most situations.

DROP POLICY

To drop this class, please contact the Registrar's Office to initiate the drop process. If you cannot complete this course for whatever reason, please contact me. If you do not, you are at risk of receiving an "F" for the course. Drop/Withdrawal deadline is **Friday, Oct. 28, 2022**.

ACCOMMODATIONS POLICY- CASS

The University is committed to providing reasonable accommodations and auxiliary services to students, staff, faculty, job applicants, applicants for admissions, and other beneficiaries of University programs, services and activities with documented disabilities in order to provide them with equal opportunities to participate in programs, services, and activities in compliance with sections 503 and 504 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act (ADA) of 1990 and the Americans with Disabilities Act Amendments Act (ADAAA) of 2008. Reasonable accommodations will be made unless it is determined that doing so would cause undue hardship on the University. Students requesting an accommodation based on a disability must register with the [UTEP Center for Accommodations and Support Services \(CASS\)](#)

SCHOLASTIC INTEGRITY

Academic dishonesty is prohibited and is considered a violation of the UTEP Handbook of Operating Procedures. It includes, but is not limited to, cheating, plagiarism, and collusion. Cheating may involve copying from or providing information to another student, possessing unauthorized materials during a test, or falsifying research data on laboratory reports. Plagiarism occurs when someone intentionally or knowingly represents the words or ideas of another as ones' own. Collusion involves collaborating with another person to commit any academically dishonest act. Any act of academic dishonesty attempted by a UTEP student is unacceptable and will not be tolerated. All suspected violations of academic integrity at The University of Texas at El Paso must be reported to the [Office of Student Conduct and Conflict Resolution \(OSCCR\)](#) for possible disciplinary action. To learn more [HOOP: Student Conduct and Discipline](#).

UTEP COVID POLICY

If you are tested positive for Covid-19 or have close contact with someone who is tested positive, please report to CovidAction@utep.edu to establish records. These records are required to be excused from Covid-related absences and/or making up missed assignments and exams. For more Covid-19 information, please go to <https://www.utep.edu/chs/shc/covid-19-information.html>

CAMPUS CARRY

Persons who hold a Concealed Handgun License can lawfully carry their gun into a UTEP classroom as long as it remains concealed. Open carry remains prohibited on campus. Should you feel someone is intentionally displaying a gun (or any other weapon for that matter), do not hesitate to call Campus Police (X 5611) or 9-1-1. For more information on campus carry, see <http://sa.utep.edu/campuscarry/>; for more information on overall campus safety, see <http://admin.utep.edu/emergency>.

FIN 4318 Firm Analysis and Valuation
Course Calendar and Outline
 (Revised on 9/27/2022)

Important dates

- Friday, 10/28/2022: drop/withdrawal deadline. An “F” grade will be issued for withdrawal after this day, with the exception of extraordinary circumstances or total withdrawal from UTEP.
- Submit all homework assignments via Blackboard. Late homework is accepted at 50% of max scores.

Week	Date/Day	Topics/Activities	Assignments	
Week 1	8/23 T	Part one		
	8/25 R			
Week 2	8/30 T	Intro to valuation Intrinsic value - DCF		
	9/01 R			
Week 3	9/06 T			
	9/08 R			
Week 4	9/13 T			
	9/15 R			
Week 5	9/20 T			
	9/22 R			
Week 6	9/27 T			
	9/29 R			
Week 7	10/04 T		Review for midterm	
	10/06 R		Midterm exam	
Week 8	10/11 T			
	10/13 R			
Week 9	10/18 T	Part Two Relative valuation - using multiples Asset-based valuation Private company valuation		
	10/20 R			
Week 10	10/25 T			
	10/27 R			
Week 11	11/01 T			
	11/03 R			
Week 12	11/08 T			
	11/10 R			
Week 13	11/15 T			
	11/17 R			
Week 14	11/22 T			
	11/24 R		Thanksgivings - no class	
Week 15	11/29 T		Analyst report due (individual)	
	12/01 R		Review for final exam	
Week 16	12/06 T	Final exam – official hours		