Brandeis University

International Business School
Financial Modeling I (1)
Section 1 - Thursdays 12:30 to 3:30

Learning Goals

This course acquaints students with financial modeling by having them calculate the values of various companies and projects under different market and financial conditions by forecasting its cash flows. Once students complete this course, they will understand finance for what it is - the sum total of quantitative analysis, business judgement, understanding of various industries and markets, timing, and cleverness. Most importantly, students will become comfortable in making quantitative assessments under conditions of extreme uncertainty.

Course FAQs

1. Who should be taking this course?

Students concentrating in finance should take this course. This course provides the mathematical foundation for all types of discounted cash flow analyses.

2. What are the pre-requisite courses?

Accounting and Corporate Finance are pre-requisites for this course.

3. What skills will be developed in this course?

After completing this course, students should be able to develop sophisticated financial models. Students should also be comfortable with the basic mathematics underlying these models and understand their strengths and weaknesses.

4. What are the basic requirements/workload?

Workload is high. The philosophy behind the course is that business is a mind game and those that have been steeled through hard and rigorous work will have an advantage – the self-confidence of having a thorough training under conditions of great uncertainty. In exchange for that, students that do the work, participate, and learn the material will be rewarded with better than average grades.

Materials for the Course

This course is entirely based on case studies, as shown in the course schedule. These may be purchased directly from the HBS web site at the following URL at:
http://cb.hbsp.harvard.edu/cb/access/14585685

Any other readings will be posted on Latte.

Grading

- Case analyses (80%), class participation (15%), Bloomberg exercise (5%)
- Lack of class participation and/or lack of quality participation will result in a final grade no higher than a B
- All work is submitted electronically and grades for work is returned within a week

Office Hours

- Tuesdays, Wednesdays, and Thursdays: 10-1 (unless I'm in class)
- If my door is open
- By appointment - contact me via email at canella@brandeis.edu
- Evening hours: Tuesdays (9:15 onwards), Wednesdays (9:15 onwards,1st half of term)

Rules of the road

- No open laptops/tablets or cell phones in class
- Arrive on time
- Be prepared

Disabilities

- If you have a documented disability on record and wish to have a reasonable accommodation made for you, please see me

Academic integrity

- You are expected to follow Brandeis's policies on academic integrity
- Check http://www.brandeis.edu/studentaffairs/srcs/ai/top10students.html
- Alleged dishonesty may be forwarded to the Office of Campus Life for possible referral to the Student Judicial System. Potential sanctions include failure in the course and suspension from the University

Brandeis University

International Business School

Financial Modeling I (1)

Week	Topic	Reading/Case Due
1st	• Introduction • Discounted cash flows • Seasonality and forecasting • Pro forma statement preparation • Profitability vs. risk and liquidity • Balance sheet forecasting	Mandatory readings: • Introduction to CF Valuation Methods • What's it Worth? A General Manager's Guide to Valuation • Using APV: A Better Tool for Valuing Operations • Brazilians Build, Trade "Maid Routes" (Latte)
2nd	• Cost of capital by risk category	Toy World, Inc.
3rd	• Valuation of a stock for an IPO • Comparable valuations	• Midland Energy Resources, Inc.: Cost of Capital • Bloomberg exercise
4th	• Levered recapitalization • Take-over	The Boston Beer Co. (A)
5th	• Cross-border acquisition • Scenario analysis	USG Corporation
6th	• Acquisition of media firms • PRC market	Dow Chemical's Bid for the Privatization of PBB in Argentina
7th	• Wrap-up and reflection	Framedia (A)