Faculty: Economics
Year: 2012/13
Course name: International Corporate Finance
Level: Bachelor, 4 year
Language of instruction: English
Period: Module 2
Workload: 36 hours

Extended course name: International Corporate Finance
Short name: ICF

Course Teacher and Contact Details:
Assist. Prof. Anastasia Stepanova, anstepanova@hse.ru; AnastasiaNStepanova@gmail.com

Course Description
This course is a corporate finance course of a basic level. The key goal is to provide the student with sufficient knowledge to understand the logic of the modern financial analysis of strategic decisions in multinational corporations including investment and financing policies. The course is focused on the specific features of decision-making process in multinational corporations. The first part of the course constitutes the introduction to the analysis of operating, sovereign and institutional risks of multinational corporation. The second part of the course reviews specific tools and techniques applicable to the investment valuation of multinational company. The third part is devoted to the diversity of instruments available for emerging market company in global capital markets. Every lecture in this course is followed up with the in-class case studies. The course includes 4 case studies on (1) risks of multinational corporation; (2) global asset pricing models; (3) investment valuation in multinational corporation; (4) raising capital in global capital markets. To follow the course Basic course in Accounting is a recommended prerequisite. The course covers such topics as types of risks of multinational corporation; currency risk in international projects; global asset pricing models; specific features of investment valuation for international projects; capital structure with the focus on particularities of raising capital in global capital markets.

Course Objectives
After the course student will know:
- main features of multinational companies and explain why we should pay attention to international character of the company;
- key hedging techniques applicable to currency risk of international project;
- how and when to use derivatives as currency risk hedging instrument;
- the logic and the mechanism of raising the capital by multinational companies;

After the course student will be able to:
- Classify the risks of multinational corporation;
- Evaluate the currency risk exposure;
- Apply key asset pricing models to multinational companies;
- Describe the process of raising the capital by multinational companies and analyze different instruments of capital markets available for multinational companies;
- Take into account the international character of the business while making equity valuation;
- Value the potential investment projects of the multinational company;

**Teaching methods**

The following methods and forms of study are used in the course:
- Lectures (2 hours a week on average)
- Classes (2 hours a week on average, in-class case studies, work in small teams, presentations, discussion)
- Home reading (mostly supplementary)
- Self-study
- Exam assignment

**Reading Material**

There is no single textbook for the course. The most valuable books for the course are those by Butler (1) and by Eun & Resnick (2).

Reading material consists of 3 key books and a number of articles from top finance journals (the list will be provided at the first class).

Main readings:

Supplementary readings:

Grading
Your grade will be based on home assignments based on team work (case studies (60%)) and final exam assignment (40%). You should work together in teams of 3-4 on your cases, and should hand in a joint solution with all of your names on it. There are 4 in-class case studies and 1 discussion. Each result of best 4 of the grades accounts for 15% (60% totally). So, it is possible to fail on 1 of in-class case studies or discussion.

Course Outline

In-class case study. Identifying the risks of US corporation entering an international project in Venezuela.

Main readings:

In-class case study. Evaluating the currency risk exposure of Japanese business of US corporation.

Main readings:

Class 5-6. Required return of multinational corporation. Cost of capital for international projects.

**Discussion.** Identifying the required return on equity in emerging market firm.

**Main readings:**

**Supplementary readings:**

**Class 7. Multinational Corporation in Global Capital Markets 1: Capital structure and Debt Capital Markets**

**Main readings:**

**Supplementary reading:**

**Class 8. Multinational Corporation in Global Capital Markets 2: Equity Capital Markets.**

**In-class case study.** Developing the public offering strategy for a Russian public company with no international listing.

**Main readings:**

**Supplementary readings:**

**Class 9. International Projects: some valuation issues.**

**Case study.** Investment valuation of US corporation investing to Pakistan project.

**Main readings:**

**Time allocation**

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