Федеральное государственное автономное образовательное учреждение высшего образования
"Национальный исследовательский университет "Высшая школа экономики"
Факультет экономических наук
Департамент финансов

Рабочая программа дисциплины «Слияния, поглощения и реструктуризация компании» (Mergers, acquisitions and restructuring) для образовательной программы «Стратегическое управление финансами фирмы» (2 курс) направления 38.04.08 «Финансы и кредит» подготовки магистра

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Академический руководитель образовательной программы
А.Н. Степанова ___________________

Москва, 2016

Настоящая программа не может быть использована другими подразделениями университета и другими вузами без разрешения подразделения-разработчика программы.
Faculty of Economic Sciences

Mergers, acquisitions and restructuring
(Fall Term)

Instructor's name: Grigorieva Svetlana, Partin Ilya, Tikhomirov Dmitry

Class Times and Locations: TBA

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Office Hours: Thursday 14-16.00 (Grigorieva), Tuesday 13-15.00 (Partin)

Section 1. General information about the course

The purpose of the discipline "Mergers, acquisitions and restructuring" is to study the basic theoretical and applied aspects of mergers and acquisitions (M&A) and corporate restructuring. The course examines main motives for M&A, performance of mergers and acquisitions, M&A transactions realization mechanisms, strategic growth and development of the company in the context of M&A, methods of M&A deals structuring, legal, tax and accounting aspects of M&A transactions, and financing transactions (private equity, hedge funds, and LBO structures and valuation). A special attention is paid to particularities of cross-border mergers and acquisitions, alternatives to M&A, restructuring decisions and mechanisms. The course is based on the standard international textbooks on M&A, research papers and business cases. Applied aspects of the course are based on recent actual M&A transactions on international and Russian markets.

Section 2. Course goals, learning objectives, expected learning outcomes

The objective of the course is to provide students with abilities to:
• define the motives and mechanisms for the implementation of mergers and acquisitions;
• analyze various operating and financial factors and indicators affecting M&A strategy of a company;
• determine the feasibility of specific M&A transaction based on the results of the company valuation;
• understand the fundamentals of legal, tax and accounting aspects of M&A transactions;
• understand financing transactions (private equity, hedge funds, and LBO structures and valuation);
• analyze various ways of restructuring of a company to assess their applicability in a specific situation.
This discipline belongs to the special block of compulsory subjects of “Strategic Corporate Finance” Masters Program.

Prerequisites. The course requires knowledge of following disciplines:
• "Microeconomics - 2"
• "Corporate Finance - 2"
• "The theory of money and credit"
• "Company Valuation"
• "Behavioral Finance"

Section 3. Course Outline

The course "Mergers, acquisitions and restructuring" consists of three logical parts: "Theoretical aspects of mergers and acquisitions" (Sections 5-7), "Practical aspects of mergers and acquisitions" (Sections 1-3), "Reorganization and restructuring of companies" (Section 4). Each part is taught and evaluated separately. Within each part students prepare cases and analytical tasks in teams. To get a grade for the case/analytical task, a student should take part in analytical paper and excel preparation, to take part in presentation at the seminars, answer questions and ask questions for the colleagues. Overall assessment for the course is set as the average of the three grades for each part of the course.

<table>
<thead>
<tr>
<th>№</th>
<th>Topic/Focus/Activity</th>
<th>Week</th>
<th>Lectures</th>
<th>Seminars</th>
<th>Self-study</th>
<th>Readings and assignments</th>
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<tbody>
<tr>
<td>1</td>
<td>Deal structure:</td>
<td>1-3</td>
<td>6</td>
<td>6</td>
<td>10</td>
<td>Patrick A. Gaughan, Mergers, Acquisitions, and Corporate Restructurings, Wiley; 5 edition, 2014, Ch. 1</td>
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<td></td>
<td>- Transaction structure - Transaction materials - Due diligence - Negotiation process - Financing mechanisms - Deal structuring</td>
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<td>2</td>
<td>Deal valuation:</td>
<td>4-5</td>
<td>4</td>
<td>4</td>
<td>6</td>
<td>Patrick A. Gaughan, Mergers, Acquisitions, and Corporate Restructurings, Wiley; 5 edition, 2014, Ch.14,15</td>
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<tr>
<td>3</td>
<td>Valuation of business and assets after M&amp;A deal. Purchase price allocation.</td>
<td>6</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>Patrick A. Gaughan, Mergers, Acquisitions, and Corporate Restructurings, Wiley; 5 edition, 2014, Ch.1,14,15</td>
</tr>
</tbody>
</table>
|   | Financial restructuring | 7-10 | 6 | 8 | 14 | Patrick A. Gaughan, Mergers, Acquisitions, and Corporate Restructurings, Wiley; 5 edition, 2014, Ch.10,11  
|   | - Macro overview and corporate-level restructuring  
|   | - Debt and equity restructuring, Triggers for restructuring  
|   | - Liquidity planning  
|   | - Financial covenants  
|   | - Decision on restructuring scenarios  
|   | - Modelling and financial / accounting aspects  
|   | - Structuring of mortgages and legal issues in restructuring  
|   | Growth through strategic deals, theoretical aspects:  
|   | - Tendencies  
|   | - Motives  
|   | - Forms of financing Performance (techniques and empirical results)  
|   | 11 | 4 | 0 | 4 | Patrick A. Gaughan, Mergers, Acquisitions, and Corporate Restructurings, Wiley; 5 edition, 2014, Ch.1,2  
|   |   | DePamphilis D.M., 6 edition, Mergers, Acquisitions, and Other Restructuring Activities: Academic Press, San Diego, Ca., 2012, Ch. 1  
|   | Financing Transactions:  
|   | - How to choose LBO candidate?  
|   | - The efficiency of LBOs  
|   | - Common forms of LBO deal structures  
|   | - LBO Valuation and Structuring Model  
|   | 12-13 | 4 | 4 | 6 | Patrick A. Gaughan, Mergers, Acquisitions, and Corporate Restructurings, Wiley; 5 edition, 2014, Ch.7-9  
|   |   | DePamphilis D.M., 6 edition, Mergers, Acquisitions, and Other Restructuring Activities: Academic Press, San Diego, Ca., 2012, Ch. 1  
|   | Cross-Border M&As:  
|   | - Motives in developed and emerging markets,  
|   | - Structuring and Financing C-B M&As,  
|   | - Performance,  
|   | - Valuation  
|   | Total | 30 | 30 | 48 |
While teaching the course the following teaching methods and forms of study and control are used:
• lectures;
• seminars;
• home assignments;
• analytical papers (essays);
• self-study;
• teachers’ consultations.

Assessment and grade determination:
you will have five home assignments (HA) in teams (cases or analytical tasks). Two HA will be within the part «Theoretical aspects of mergers and acquisitions», two HA - within «Practical aspects of mergers and acquisitions» and one HA - within «Reorganization and restructuring of companies».

For each home assignment the student will get:
16.5% - for each HA within the part «Theoretical aspects of mergers and acquisitions»
16.5% - for each HA within the part «Practical aspects of mergers and acquisitions»
33% - for HA within the part «Reorganization and restructuring of companies»

Final grade for the course is set as the average of the three grades for each part of the course.

Section 4. Texts, readings and other informational resources

1. Required readings:
   - Patrick A. Gaughan, Mergers, Acquisitions, and Corporate Restructurings, Wiley; 5 edition, 2014 (in English or in Russian)

2. Additional readings:
   - Bhagat, Sanjai; Ming Dong; Hirshleifer, David; Noah, Robert (2005), Do
- Dong, Ming; Hirshleifer, David; Richardson, Scott; Hong Teoh, Siew (2005), Does Investor Misvaluation Drive the Takeover Market? Journal of Finance.

3. Websites and other informational resources (databases, software, etc.)
- http://www.ma-journal.ru

**Section 5. Examination/Evaluation**

- Examples of topics and requirements for cases and analytical tasks:
  - **Preparation of the presentation for initiation of the deal.** Students should prepare a presentation for a business owner or for an investor with detailed description of reasons justifying a possibility to sell or to purchase a company in a specific industry. The industry is selected by the lecturer.
  - **Preparation of the discounted cash flow valuation model.** Students are provided with a list of fixed and flexible assumptions, which may help to create a financial model for company valuation in a specific industry. The industry is selected by the lecturer. Separate groups of students create models of a “buyer” and a “seller” and compare the results.
  - **Preparation of cases devoted to LBOs and cross-border M&As.** Students should prepare the analysis and valuation of cross-border and LBO deal by choosing the real transaction or using suggested case.
  - **Preparation of a presentation on financial restructuring** of a specified company (6-10 slides). Preparation of a simplified financial model (3-5 spreadsheets), scenarios on restructuring, assumption book and outputs. Providing recommendations based on the analysis performed.

- Examples list of test questions:
  - What are the main motives for mergers and acquisitions?
  - How could strategic alliances and M&A deals fit into the strategy of the company?
  - Give examples of financial synergies during a merger.
  - How do researchers assess the performance on M&A deals in short- and long-run, based on the sample of transactions?
  - Describe the basic steps for the assessment of the company value on the basis of P/E, EV/EBITDA multiples.
  - Describe the basic steps of creating a DCF financial model.
  - Explain the fundamental differences between DCF method and P/E, EV/EBITDA method.
  - Describe the main forms of the company's financial statements and their use in creating financial models for the valuation of the company.
• Based on empirical data known to you, describe which type of deals usually create value?
• Describe the most typical means of financing the merger.
• Give an analysis of methods of protection against hostile takeovers.
• Give examples of argumentation in favor of the sale or acquisition of a company for its owners or potential investors.
• Describe the purchase price allocation procedure. Valuation approaches and methods used
• How to choose LBO candidate?
• How do LBOs create value?
• How to value LBOs?
• What are the main motives of cross-border M&A deals (when acquirers and targets are from developed or emerging capital markets?)
• How we should value a company across borders?
• Describe the basic principles of reorganization in the bankruptcy case.
• Selecting between restructuring scenarios: company, bank and state views
• State the major financial and non-financial covenants. Impact on financing decisions and financial reporting
• Explain the mechanism of maximizing shareholder returns during a restructuring.

Section 6. Academic Integrity

The Higher School of Economics strictly adheres to the principle of academic integrity and honesty. Accordingly, in this course there will be a zero-tolerance policy toward academic dishonesty. This includes, but is not limited to, cheating, plagiarism (including failure to properly cite sources), fabricating citations or information, tampering with other students’ work, and presenting a part of or the entirety of another person’s work as your own. HSE uses an automated plagiarism-detection system to ensure the originality of students’ work. Students who violate university rules on academic honesty will face disciplinary consequences, which, depending on the severity of the offense, may include having points deducted on a specific assignment, receiving a failing grade for the course, being expelled from the university, or other measures specified in HSE’s Internal Regulations.