
Mergers and Acquisitions

Corporate Restructuring

Professor 1: Xavier Escudero Rafas

Professor 2: Victor Garrabou

Office hours: by appointment

Course Type: Elective

Credits: 4ECTS

Term: **Winter**

Course Description

This course has two modules with a total of 30 hours:

- Module 1: Mergers and Acquisitions (M&A) | 20 Hours
- Module 2: Corporate Restructuring | 10 Hours

Evaluation Criteria

Module 1 will contribute 2/3 to the final grade, while Module 2 will contribute 1/3.

It is necessary a minimum grade of 5/10 in each of them to pass the course.

Students are required to attend 80% of classes. Failing to do so without justified reason will imply a Zero grade in the participation/attendance evaluation item and may lead to suspension from the program

Students who fail the course during the regular evaluation are allowed ONE re-take of the evaluation, in the conditions specified above. If the course is again failed after the retake, the student will have to register again for the course the following year.

In case of a justified no-show to an exam, the student must inform the corresponding faculty member and the director(s) of the program so that they study the possibility of rescheduling the exam (one possibility being during the "Retake" period). In the meantime, the student will get an "incomplete", which will be replaced by the actual grade after the final exam is taken. The "incomplete" will not be reflected on the student's Academic Transcript.

MSc in Banking and Finance

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Plagiarism is to use another's work and to present it as one's own without acknowledging the sources in the correct way. All essays, reports or projects handed in by a student must be original work completed by the student. By enrolling at any UPF BSM Master of Science and signing the "Honor Code," students acknowledge that they understand the schools' policy on plagiarism and certify that all course assignments will be their own work, except where indicated by correct referencing. Failing to do so may result in automatic expulsion from the program.

Module 1: Mergers and Acquisitions (M&A)

Professor: Xavier Escudero Rafas

Description

Module 1 provides a comprehensive and in-depth exploration of mergers and acquisitions (M&A), focusing on the strategic, financial and operational aspects of these transactions. Designed for students with an interest in corporate finance, strategy and business development, the course aims to equip participants with the knowledge and skills necessary to navigate the world of M&A. Throughout the course, students will delve into the motivations behind M&A activities, examining why companies pursue mergers and acquisitions as part of their growth strategies.

A significant portion of the course will be dedicated to understanding the strategic considerations that drive M&A decisions, its financial analysis and valuation. Students will learn how to conduct market analysis, identify potential targets, and evaluate the strategic fit of a target company. The course will provide a detailed examination of different valuation techniques, such as discounted cash flow (DCF) analysis, comparable company analysis and precedent transaction analysis. Students will gain hands-on experience in financial modelling, learning how to build and interpret models to assess the value of potential M&A targets.

Due diligence, negotiation and deal execution are crucial stages in the M&A process. Students will learn how to conduct comprehensive due diligence, covering legal, financial and operational aspects. The course will cover

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negotiation strategies and tactics, the preparation of legal documentation and the regulatory considerations that must be addressed.

To reinforce learning, the course will incorporate a variety of practical exercises and case studies. At the end of each session, a brief exercise or case study will be introduced, to be worked on individually or in groups and reviewed in the following session. These activities will provide students with the opportunity to apply theoretical concepts to real-world scenarios, enhancing their analytical and problem-solving skills.

The course will culminate in a final project, where students will conduct a comprehensive M&A analysis and present their findings.

Sessions

- Lectures on background and techniques.
- Teamwork on case studies.
- Discussions of team case studies.

Objectives

This course aims to provide students with a thorough understanding of the M&A process, from strategic planning and target identification to deal execution and post-merger integration. They will be equipped with the skills to analyze, evaluate, and execute M&A transactions and to contribute effectively to M&A teams in a professional setting.

By the end of this course, students should be able to:

- Understand the strategic and financial rationale behind M&A decisions.
- Understand the different types and stages of the M&A process, and the roles and responsibilities of the advisors and the clients.
- Analyze the financial, strategic and operational aspects of M&A transactions and apply the appropriate valuation methodologies and techniques to thoroughly estimate the value of a company.
- Evaluate the potential synergies and risks of M&A transactions.
- Analyze the sources and costs of financing M&A deals.
- Identify and manage the risks and challenges of the M&A process, such as due diligence and negotiation.

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In summary, this module is designed to consolidate essential aspects of financial decision-making in business and apply them in real life situations. It aims to refine techniques that cover investment and financing decisions.

The course is perfectly oriented at those students preparing for selection processes in Corporate Finance, Investment Banking and M&A.

Bio of Professor

Xavier Escudero Rafas

Xavier is a Founding Partner of AZ Capital, a leading Spanish M&A elected in 2021 as "Iberia M&A Financial Advisor of the Year" by the prestigious M&A platform Mergermarket.

Since joining AZ Capital in 2004, he has participated in a large number of mergers, acquisitions, divestments and strategic advisory transactions for family-owned companies, large corporations and private equity funds, mainly in the consumer and retail, healthcare and pharma and industry sectors.

Prior to joining AZ Capital, Xavier started his professional career in the investment banking division of Morgan Stanley in London and Madrid, where he worked in the European Energy M&A department and in the Spanish M&A department. Xavier holds a Bachelor's and Master's Degree in Business Administration from ESADE, Barcelona.

Module 2: Corporate Restructuring

Professor: Victor Garrabou von Trotha

Office hours: by appointment

Course Description

The objective of this course is to introduce students to the financial, legal and strategic issues associated with the corporate restructuring process. Restructuring is the process by which companies renegotiate the financial contracts and commitments they have entered into with their creditors, employees, suppliers, customers, and shareholders, usually in response to some financial challenge or crisis (financial restructuring). Often it is also necessary to change the business model or restructure the company's operations by cutting costs and selling assets (operational restructuring).

We will discuss the governance role of creditors, different bankruptcy procedures around the world, investment strategies used by hedge-funds to invest in the debt of distressed companies, equity spin-offs, tracking stocks, "downstairs" mergers, buyouts, restructuring of retiree health care/pension plans, and corporate layoff programs.

Corporate restructuring entails any fundamental change in a company's business or financial structure, designed to increase the company's value. The students will learn how to identify the best restructuring option for dealing with the problem or opportunity the company is facing, how to execute it maximising value possible and how to invest in distressed businesses. Understanding how restructurings can affect business seems an essential skill in the current economic turmoil for both managers and investors.

Sessions

- Lectures on background and restructuring perspective on valuation.
- Teamwork on case studies.
- Discussions of team case studies.

Objectives

This course will prepare you for the analysis, valuation and identification of investment opportunities to be found around corporate restructurings/distressed debt and other so-called "special situations".

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The lectures will discuss the theoretical and empirical evidence related to corporate restructuring and will introduce the legal, regulatory and accounting aspects necessary to understand the restructuring process.

Main reading:

Gilson, Stuart G. (2010), *Creating Value Through Corporate Restructuring: Case Studies in Bankruptcies, Buyouts, and Break-ups*, 2nd Edition. Wiley Finance.

Additional readings will be posted on line.

Methodology

- Each teaching session will consist of a lecture on concepts/dynamics of restructuring
- Questions are very welcome and encouraged during the presentation
- A case study will be prepared by all in advance in writing (in groups of students)
- One group of students will present the case study at the end of each session
- The case study will be discussed by all

The case studies will include cases from around the world:

- Restructuring of Banks
- Restructuring of Industrial companies
- Operational and financial restructuring options; mitigating measures in the hands of distressed companies
- Valuation of distressed companies; scenario building
- Analysis of how distressed debt investors select their targets and implement their investment strategies

Bio of Professor**Victor Garrabou von Trotha**

Victor has over 20 years of experience in European private credit and special situations. Prior to joining Ninety One, Victor was an Associate Partner at Capstan Capital where he was responsible for capital raising advisory in the context of European special situations.

MSc in Banking and Finance

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Prior to that, Victor was a Managing Director at The Seaport Group with distressed securities origination responsibility for Spain and Germany and an Investment Director at Special Situations Partners Ltd covering European origination and investments. Earlier in his career Victor worked in buyout financings at 3i (Frankfurt/Madrid) and Citigroup Leveraged Finance (London/Frankfurt).

Victor is German and holds a Masters in Finance from London Business School and a Masters in Law from the University of Barcelona. Victor is bilingual in German and Spanish as well as fluent in French."