

재무전략가치평가
(IMB561)
Fall 2012
정혜진, 박광우
KAIST College of Business

화, 목 1:00-2:20

Office: S430(Tel: 958-3625) / S232 (Tel:958-3540)

E-mail: hjchung@business.kaist.ac.kr / kpark3@kaist.ac.kr

Office Hours: TBA

TA: 김학건 02-958-3617, huziwanano@business.kaist.ac.kr

Course Goal: This course is designed to help you to understand the fundamental functions of corporate finance and corporate decision making. Precisely, we seek to answer central questions in corporate financial management: *which* projects firms should choose and *how* and *when* they finance those projects.

The learning objectives of this course are:

1. Student will produce professional business documents.
2. Students will demonstrate effective interpersonal communication in a team setting.
3. Students will use appropriate analytical tools to identify problems in corporate finance and develop a solution.

Course Introduction: This course is designed to help you understand various functions of corporate finance. We overview how firms strategically raise funds to finance their projects. In particular, we integrate capital structure and corporate finance decisions with corporate strategy in our discussion. Other topics include corporate payout policy, managerial incentives, information, corporate governance, and the market for corporate control. Finally, issues continuously in the news and the subject of vigorous corporate financial policy debate will also be discussed.

Class Work: In the first half of the course, we will build on the fundamental skills for analyzing a firm's investment and financing decisions by lecture and problem sets. As we move on to the second half, the course is designed as a combination of lecture and case discussion where strong interactions among students are crucial in the success of instructions.

Textbook

(Required): Corporate Finance, 9th Edition, by Stephen A. Ross, Randolph W. Westerfield, and Jeffrey Jaffe, McGraw-Hill Irwin, 2010 (RWJ)

(Optional) Financial Markets and Corporate Strategy, 2nd Edition, by Grinblatt and Titman, McGraw-Hill Irwin, 2002 (G&T)

Grading: There are 100 total points in the class and they are distributed as follows:

| | |
|---------------------|---|
| 2 Exams | 60 points (30 for each exam) |
| 3 Case Analysis | 20 points (10 for HiJinx and 5 for other 2 cases) |
| 1 Case Presentation | 10 points |
| 2 Problem sets | 10 points (5 points each) |

Grade Distribution: A(+,0,-): 40~60%, B(+,0,-):40~60%, C: 0~20%

Exams: We will have 2 exams (midterm and final) on exam weeks and each exam is worth 30 points. There are no make-up exams.

Case Analysis: Students as a group are required to solve three to five case analysis questions for each case study totaling 3 reports. Case #1 HiJinx is mandatory assignment which will worth 10 points. Case #2 & Case #3 will be discussed by the instructor. Choose 2 cases from Case #4 to Case #8 for an analysis which is worth 5 points each. The length of the report is no more than double-spaced 5 pages (10 pages for HiJinx) excluding the cover page. The typed case analysis should be submitted at the beginning of each class. Your answers should be entirely your own team and not the results of information sharing with other teams. Most case study questions have no 'one' correct answer, but it seems to be easy to find an obvious wrong answer, so be prudent and creative as possible.

Case Presentation: Students of the same case analysis team are also required to present an overview for one of 5 cases (excluding Case #1, #2 and #3) to be discussed in class using PowerPoint presentation slides. The materials should be prepared for a 15 minute presentation (Around 15 slides). By analyzing a case prior to class, students will be facilitated to active discussions while they are in class. Students work together in writing case analysis using the related theories and concepts covered during the semester.

Problem sets: There will be 2 problem sets in the first half to prepare you for the exams. Practice, and become familiar with the techniques used and more importantly, with logical thinking and rational decision-making process behind those techniques. Working together on these problem sets is allowed, but everyone should submit one's own work. No late submissions will be graded. Problem sets are graded as check+ (for most of the cases you will get check+), check (for incomplete works), or 0 (for late/no submissions or for works merely done).

Class Attendance: Class attendance and participation is crucial for the success of a class with active case discussion. In order not to fail, students are required to have at least 80% attendance rate. Those who expect not to meet 80% attendance rate should provide me with documents with legitimate reasons prior to missing the class.

Academic Dishonesty: We follow all KAIST procedures on academic dishonesty. Students guilty of cheating in quizzes or showing plagiarism in writing reports will receive an F in the course and whatever additional disciplinary action the University imposes.

Assignments:
(TENTATIVE, subject to change)

Week 1: Introduction and Financial Statement Analysis

Course Introduction: Professor Hae Jin Chung/Kwangwoo Park

Reading: RWJ (Ch. 1&2)

Week 2: Time Value of Money

Reading: RWJ (Ch. 4)

Week 3: Valuation of Financial Securities

Reading: RWJ (Ch. 8&9)

Week 4: Investment Rules

Reading: RWJ (Ch. 5&6)

Problem set #1

Week 5: Risk and Return

Reading: RWJ (Ch. 10&11)

Week 6: Cost of Capital and Capital Budgeting

Reading: RWJ (Ch. 13)

Week 7: Efficient Market Hypothesis

Reading: RWJ (Ch. 14)

Problem set #2

Week 8: Midterm Exam

Week 9 : Raising Capital

Case Submission Due:

Case #1 : HiJinx, Inc. (Product Number: HBS 9-204-070)

Reading : RWJ (Ch. 20)

Week 10 : Initial Public Offering (IPO)

Reading : RWJ (Ch. 20) and G&T (Ch. 3)

Case Discussion by the Instructor :

Case #2: Korea First Bank (A) (Product Number: HBS 9-701-022)

Case #3: Shinsei Bank (A) (Product Number: HBS 9-302-036)

Week 11 : Capital Structure and Financial Policy

Student Case Discussion:

Case #4: Preparing for the Google IPO: A Revolution in the Making?
(Product Number: IMD185)

Reading: RWJ (Ch. 16 & 17)

Week 12 : Dividend Payout Policy and Share Repurchase Program

Student Case Discussion:

Case #5: Debt Policy at UST, Inc. (Product Number: HBS 9-200-069)

Reading: RWJ (Ch. 19)

Week 13 : Corporate Governance and Shareholder Activism

Student Case Discussion:

Case #6: Dividend Policy at Linear Technology (Product Number: HBS 9-204-066)

Reading: G&T (Ch. 18 & 19)

Week 14 : Mergers and Acquisitions

Student Case Discussion:

Case #7: Corporate Governance Failure at Satyam (Product Number: HKU889-PDF-ENG)

Reading: RWJ (Ch. 29)

Week 15 : Case Discussion and Review for the Final

Case #8 : Shinhan Financial Group (Product Number: HBS 9-305-075)

Review for the Exam

Week 16: Final Exam