

THE OHIO STATE UNIVERSITY
Fisher College of Business
Department of Finance

COURSE SYLLABUS

Finance 6220

FINANCIAL ANALYSIS & VALUATION

Autumn Semester 2025

SECTION 010: Mondays & Wednesdays, 1:00-2:30PM, ROOM 305 Gerlach

Instructor Information

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Course Description

Corporate Finance is a core area of finance that examines financial decisions made within firms of any type, start-up or large-cap, private or public, domestic or multinational. Each firm is faced with three key financial decisions: the capital budgeting (investment) decision, the capital structure (financing) decision, and the payout (dividend) decision. The first decision deals with identifying the set of investment projects that a firm will pursue. The second decision deals with the problem of selecting an optimal financing mix to finance the projects that a firm will pursue. The third decision is about how much of the firm's free cash flow will be returned to its shareholders, as well as the form of this payout.

This course primarily covers a set of fundamental techniques for financial analysis. We will examine the investment decision in detail. We will also devote the second half of the course to valuation analysis. The course provides in-depth coverage of a set of fundamental tools and methodologies for financial analysis and opportunities for practice through case discussions, financial modeling exercises, team Company Valuation Project that will take place in the second half of the fall semester.

Course topics include: risk and return, estimation of a firm's cost of capital, project analysis (investment decision), Discounted Cash Flow, Relative Valuation, Leveraged Buyouts, Start-up and Private Company Valuation.

This course is followed by a sequence of electives in corporate finance. The capital structure and payout decisions are covered in Corporate Financing (FIN 7210). Advanced topics such as corporate governance, mergers & acquisitions, and corporate bankruptcy

and restructuring are covered in electives such as Mergers & Acquisitions and Corporate Restructuring & Bankruptcy (FIN 7212 & 7213) electives. Those of you interested in pursuing a career in corporate finance, corporate consulting or investment banking should plan to take these courses. In addition to the core SMF accounting course, accounting electives, such as AMIS 7220 (Financial Statement Analysis), will enhance your understanding of the use of accounting information for financial analysis and equity and firm valuation. Other courses, such as Private Equity (FIN 7216) and International Finance (FIN 7250) provide more in-depth coverage of specialized topics within corporate finance.

Pedagogy

Course material will be delivered through a mixture of lectures, case discussions, in-class software applications, additional practice through problem sets, and a significant team project. Emphasis will be given on applications of techniques through the use of cases and real company examples. Practice with sources of financial data, such as Capital IQ, Bloomberg, as well as software tools such as Microsoft Excel will take place both in this course and in the Financial Software Applications course. Students are expected to work in groups on homework assignments. The purpose of using multiple learning approaches is to enhance students' understanding of how finance professionals use these analytical techniques in their daily work.

Course Prerequisites

I assume that you have working knowledge of the background material in finance posted on the course Carmen site (see the three PPT presentations titled SMF Preparatory Materials). For feedback on this material and suggestions for additional preparation, please feel free to contact me. It is my intention to teach a self-contained course, meaning that I will provide brief reviews of background concepts when needed.

Textbooks and Course Materials

I have assigned one recommended textbook and a list of cases for class discussion. Furthermore, I list below a few other useful texts for your reference. Please NOTE that these other textbooks are NOT formally assigned as recommended for this course.

The recommended textbook is:

- *Corporate Finance*, by Jonathan Berk and Peter DeMarzo, 6th edition, Pearson, 2024

Lecture notes, case discussion questions, as well as supplemental readings and handouts will be posted on the course web page. The course web page is available through Carmen, the university's course management system (<http://carmen.osu.edu>). Materials will be posted on Carmen no later than one day prior to class.

A course packet will be available from Harvard Business Publishing. You are expected to purchase a copy of each case. Note that cases are copyrighted material and thus no form of copying is allowed without the explicit permission of the publisher. This is a violation of

academic integrity standards. Students who fail to comply with this expectation will be reported to the Committee on Academic Misconduct.

I strongly recommend that you check the course web page regularly. Under “Classlist” you can see the students in the course.

Other useful texts are:

- *Corporate Valuation: Theory, Evidence & Practice*, by Robert W. Holthausen and Mark E. Zmijewski, 2nd edition, Cambridge Business Publishers, 2018
- *Valuation: The Art and Science of Corporate Investment Decisions*, by Sheridan Titman and John Martin, 3rd edition, Pearson, 2015
- *Applied Corporate Finance*, by Aswath Damodaran, 3rd edition, John Wiley, 2010
- *Strategic Corporate Finance: Applications in Valuation & Capital Structure*, by Justin Pettit, John Wiley, 2007
- *The Revolution in Corporate Finance*, by Joel M. Stern and Donald H. Chew, Jr. (Eds), 4th edition, Blackwell Publishing, 2003
- *Behavioral Corporate Finance: Decisions that Create Value*, by Hersh Shefrin, McGraw-Hill, 2007
- *Equity Asset Valuation*, by Jerald Pinto, Elaine Henry, Thomas Robinson, John Stowe, and Abby Cohen, 2nd edition, John Wiley, 2010
- *Damodaran on Valuation: Security Analysis for Investment and Corporate Finance*, by Aswath Damodaran, 2nd edition, John Wiley, 2006
- *Valuation: Measuring and Managing the Value of Companies*, by Tim Koller, Marc Goedhart, and David Wessels, 8th edition, John Wiley, 2025
- *Value: The Four Cornerstones of Corporate Finance*, by Tim Koller, Richard Dobbs, and Bill Huyett, John Wiley, 2011
- *Investment Valuation*, by Aswath Damodaran, 4th edition, John Wiley, 2025
- *Financial Modeling*, by Simon Benninga, 3rd edition, MIT Press, 2008

Case Discussions

To enhance your understanding of course material, we will discuss several cases in class. Cases present real-world, complex problems faced by financial managers that require analysis and use of judgment to reach important business decisions. Cases are used extensively in most graduate business courses.

The use of case studies is a very effective learning method because it emphasizes student self-learning rather than a passive absorption of knowledge. Students learn to develop their critical thinking and use their judgment to make decisions. Case studies do not always lead to the “right” or “one” course of action for the decision maker. Rather, decisions are justified based upon sound financial assumptions and a thorough analysis of the situation at hand. Therefore, the analysis and discussion of cases is very useful because it teaches students how to use the principles of finance to define and analyze problems, work as a member of a team, and make recommendations for the best course of action.

You are expected to purchase the following cases – all cases are from Darden Business School – as a course packet from *HARVARD BUSINESS SCHOOL PUBLISHING* (a web link will be provided by email):

- *The Boeing 7e7*
- *Diamond Chemicals (A): The Merseyside Project*
- *Diamond Chemicals (B): Merseyside and Rotterdam Project*
- *Warren E. Buffett, 2015*
- *Valuation of Late-Stage Companies and Leveraged Buyouts*

PLEASE NOTE THAT ACCORDING TO STANDARD CASE DISCUSSION PRACTICE THE INSTRUCTOR IS NOT ALLOWED TO DISCUSS THE CASE WITH ANY STUDENT BEFORE THE SCHEDULED CLASS DISCUSSION.

Class Format

Courses that use the case method of teaching have a very different class format from other courses that you have taken thus far in your studies. In other courses, students are engaged in a passive form of learning and are expected to learn and practice skills primarily through homework and exams. Courses that utilize the “case study” method assume an active form of learning on the part of students. The following four principles are ESSENTIAL components of a student’s success in a case course:

- **Participation:** Learning in a case course takes place primarily through active class participation. Students are strongly encouraged and are responsible for sharing their understanding and views on each case with the rest of the class. As you can tell from the grade composition, class participation is very important and comprises a significant portion of your course grade.
- **Preparation:** To effectively participate in class discussion of cases, students MUST come to class well prepared. Students should study each assigned case in advance, identify the main participants and the problem(s) faced, and prepare to ask and answer questions. It is very important that you work to analyze the case before it is discussed in class. You must be prepared to offer your judgment and recommendation for the situation presented in each case. You should feel free to visit me during office hours or set up an appointment, if you need help with preparing for a case. In addition, you should read any assigned background readings. Again, I emphasize that students must prepare well before arriving to class.
- **Presence:** The only way to learn and succeed in this course is to be present and participate in each and every class. Reading a text or copying notes from your fellow students CANNOT substitute for the insight and knowledge that you will acquire through participation in class discussions.
- **Promptness:** Students must make sure that they arrive before the beginning of each class. Students who arrive to class late disrupt the discussion and impose a burden on their fellow students’ learning experience. If, for some reason, you happen to arrive to class late, please enter quietly and do not disturb your fellow students.

It is clear from the above that students must make a **commitment** to prepare for each case and actively participate in class discussions. This point cannot be emphasized enough! You should be prepared to answer questions or offer your opinion on the case under discussion. I also strongly encourage you to take a stand and offer your

recommendation for action by management based upon your analysis. Remember, case studies describe real-world business situations. There is typically more than one course of action that can be taken. It is not important to discover which particular action will eventually be taken as it is to learn to provide a recommendation based on financial principles and solid analysis.

I **strongly** encourage you to read the handout “Note to the Student: How to Study and Discuss Cases” by Robert F. Bruner.

Software Applications

Any financial analyst must be familiar with spreadsheet modeling. Excel is a very powerful tool for financial analysis. You will practice financial modeling of a project analysis and company valuation in this course.

Teamwork

A major aspect of any graduate business program is to provide students multiple opportunities to develop leadership, teamwork, and presentation skills. These so-called *soft skills* are crucial for an effective job search and a successful career in the financial world. You will be assigned to teams of 4-5 students with diverse ethnic, educational, and professional backgrounds. This working environment will challenge you as you learn to become an effective leader and a productive team member.

There will be two team problem sets and a significant team project involving a company analysis and valuation. Each team member is responsible for his/her performance. I strongly advise you to read the suggestions for effective team performance provided further below.

Each student will be asked toward the end of the course to evaluate the performance of his/her teammates. A student's performance evaluation by his/her peers will be taken into consideration for the final grade. You should be fair and honest in your evaluation of your peers' performance. Each team member should exhibit enough effort throughout the course. This will be your ONLY opportunity to evaluate your teammates. A team that fails to submit evaluations from all team members will receive ZERO POINTS on the team assignments of this course.

TEAM EVALUATIONS WILL BE TAKEN INTO ACCOUNT IN ASSIGNING COURSE GRADES. A student who receives below average scores across multiple areas from the majority of his/her teammates will have a grade reduction on all team projects of this course.

Grading Procedures and Policies

- **Course Grade:** The course grade will be based on the following: class contributions in case discussions, two team homework assignments, two in-class individual quizzes (September 15 and 29), an in-class midterm examination, and a team project and presentation. Details on the team project and presentation will

be presented in a separate handout and will be discussed in our class on October 29. The midterm examination will be closed book, closed notes. However, a formula sheet will be provided and you will **ONLY** be allowed to use a business calculator. I will provide solutions to homework assignments.

The final grade composition is as follows:

Class contributions	15%
Individual quizzes	5%
Group assignments	10%
Midterm examination	30%
Company Analysis Report	30%
Team Presentation	10%

As required by school policy, grading will be based on relative rather than absolute standards. The average grade in this course will be a 3.6 or lower.

- **Midterm Examination:** The in-class final examination is scheduled for **Wednesday, October 22, 1:00-2:30PM, in 305 Gerlach Hall**. There will be **no conflict examination**.
- **Participation grade:** The quality of your participation will be graded after each class discussion on a scale of zero to three points. Participation grades will be based on the following criteria:
 - 0 points: No participation or observations
 - 1 point: Contributes relevant information or facts, asks critical questions concerning the discussion in class, reading assignments and responses to comments of classmates
 - 2 points: Provides an interpretation of relevant information and/or facts that is based on analysis and, in turn, advances the discussion to other related topics
 - 3 points: Provides contributions that leads the discussion to a significantly higher level of thought; or presents an analysis and interpretation of the relevant information that results in a solution to the case

You are encouraged to work independently in preparing each case. However, it will be very helpful to form a study group in order to discuss your analysis and interpretation of each case, which will help you to prepare more effectively for class.

Each student is permitted to have NO MORE THAN ONE excused absence for the case discussions in this course. Please notify me of your absence before the specific date by e-mail.

Please note the following rules for class participation:

- Select a seat and use the same spot in each and every class.
- Always use your nameplate (do not forget to bring it with you to class).

- **Assignments:** The final examination will be taken on an individual basis. Case preparatory questions will be posted on the course's Carmen site well in advance of the scheduled case discussion date.

I will post team problem sets on the course's Carmen site. Solutions will also be provided after the problem sets are submitted. It is vitally important that you work on these problems if you want to master the material covered in the course. **Your ability to work on these problems and the in-class examples is a key indicator of how prepared you are for the midterm exam. Most exam questions will be adapted from the problem sets and in-class practice examples.**

The schedule of the homework assignments is as follows:

Assignment	Distributed	Due Date
Team PS 1	September 10	September 22
Team PS 2	September 24	October 6

All team assignments will be submitted online through Carmen. **No late assignments will be accepted for any reason.**

- **Office Hours:** I will have office hours in my office (306A Fisher Hall) on Tuesdays, 12-1pm. These hours are specifically for the benefit of students in this course. I also encourage you to schedule an appointment to meet with me with any comments or suggestions you may have about the course. I prefer NOT to discuss material-related questions through the phone. The best way to address your questions is to discuss them with me in person either during my office hours or by appointment.

Academic Integrity

From the Fisher College statement on your obligation to maintain academic integrity:

"As a member of the Fisher College of Business community, I am personally committed to the highest standards of ethical behavior. Honesty and integrity are the foundation from which I will measure my actions. I will hold myself accountable to adhere to these standards. As a leader in the community and business environment, I will pledge to live by these principles and celebrate those who share these beliefs."

Students are responsible for knowing and abiding by these standards.

Academic Misconduct

Cheating is grounds for failing this course and additional sanctions. In accordance with faculty rule 3335-5-487, all instances of alleged academic misconduct will be reported to

the university Committee on Academic Misconduct. If the committee concludes that a violation has occurred, it recommends appropriate sanctions to the Office of Academic Affairs. As stated in the university's Code of Student Conduct (<http://studentaffairs.osu.edu/resources/>), students have an obligation to report academic misconduct. Such misconduct can be reported to the appropriate faculty member or program dean; confidentiality is protected.

Permitted collaboration for this course is as follows:

- **Midterm exam, Quizzes – *No collaboration***
- **Group Assignments – Collaboration with *teammates only*.**

Use of Artificial Intelligence (AI)

There has been a significant increase in the popularity and availability of a variety of generative artificial intelligence (AI) tools, including ChatGPT, Sudowrite and others. These tools will help shape the future of work, research and technology but when used in the wrong way, they can stand in conflict with academic integrity at Ohio State.

All students have important obligations under the Code of Student Conduct to complete all academic and scholarly activities with fairness and honesty. Specifically, students are not to use unauthorized assistance in the laboratory, on field work, in scholarship or on a course assignment unless such assistance has been authorized specifically by the course instructor. In addition, students are not to submit their work without acknowledging any word-for-word use and/or paraphrasing of writing, ideas or other work that is not your own. These requirements apply to all students undergraduate, graduate, and professional.

To maintain a culture of integrity and respect, these generative AI tools should not be used in the completion of course assignments unless an instructor for a given course specifically authorizes their use. Some instructors may approve of using generative AI tools in the academic setting for specific goals. However, these tools should be used only with the explicit and clear permission of each individual instructor, and then only in the ways allowed by the instructor.

Student COVID-related Accommodation Process

The university is committed to supporting students and program participants with COVID-19 based risk factors. Student Life Disability Services, in conjunction with the Office of Institutional Equity, will work with students who are vulnerable to complications from COVID-19 to ensure that they have the necessary resources to participate in university life as safely as possible. Ohio State students from any campus may submit a [COVID-related accommodation request](#). Students registered with Student Life Disability Services can work directly with their [assigned Access Specialist](#) to modify their accommodations or make additional COVID-based accommodation requests.

Disability Accommodation

To ensure that disability-related concerns are properly addressed from the beginning, students with disabilities who require reasonable accommodations to participate in this class are asked to contact the Office of Disability Services (150 Pomerene Hall, 292-3307). Please also inform me of any arrangements you are making with ODS.

Suggestions for Effective Team Performance

The following suggestions (taken from Robert Bruner's cases textbook) are necessary, but not sufficient, conditions for effective team performance. A major factor in a team's success is each member's effort and dedication to the success of the team. It is crucial that you develop a good working relationship with your teammates. Each member should hold every other member accountable for their contribution to the team's performance.

- ✓ Members commit to the success of the team.
- ✓ The team plans ahead, leaving time for contingencies.
- ✓ The team meets regularly.
- ✓ Members show up for meetings and are ***prepared*** to contribute.
- ✓ There may or may not be a formal leader, but the assignments are clear. Team members meet their assigned obligations.

COURSE SCHEDULE

(Assigned readings are from the required texts by Berk & DeMarzo (BD))

DATE	CLASS TOPIC	ASSIGNED READINGS
August 27	Course Introduction	Ch. 1, 10 (BD)
September 3	WACC and the Firm's Cost of Capital	Ch. 1, 10 (BD)
September 8	Estimating WACC Components	Ch. 12 (BD)
September 10	Hurdle Rates for Projects	Ch. 12 (BD)
September 15	Identifying Project Cash Flows QUIZ I	Ch. 8 (BD)
September 17	Case Discussion: Boeing 7e7	Assigned Questions
September 22	Investment Decision Rules TEAM ASSIGNMENT I DUE	Ch. 7 (BD)
September 24	Case Discussion: Diamond Chemicals, Part A	Assigned Questions
September 29	Project Interactions QUIZ II	Ch. 7 (BD)
October 1	Case Discussion: Diamond Chemicals, Part B	Assigned Questions
October 6	Excel Application: Modeling Revenue Project TEAM ASSIGNMENT II DUE	
October 8	Excel Application: Modeling Cost Savings Project	
October 13	Introduction to Valuation Analysis	Ch. 9 (BD)
<u>FALL BREAK</u>		
October 20	Midterm Review	
October 22	Midterm Exam	
October 27	Discounted Cash Flow Valuation	Ch. 9 (BD)
October 29	Project Introduction	
November 3	Relative Valuation	Ch. 9 (BD)
November 5	Case Discussion: Warren E. Buffett, 2015	Assigned Questions

November 10	Case Discussion: Valuation of Late-Stage Companies and Leveraged Buyouts	
November 12	Excel Modeling: Leveraged Buyouts	
November 17	Valuing Start-up and Private Firms	Lecture Notes
November 19	<u>NO CLASS: TEAM MEETINGS</u>	
November 24	<u>NO CLASS: TEAM MEETINGS</u>	
December 1	<u>NO CLASS: TEAM MEETINGS</u>	
December 3	<u>NO CLASS: TEAM MEETINGS</u>	
December 8	Final Presentations	
December 10	Final Presentations	