

INVESTMENT BANKING

FULL COURSE - UNIVERSITY OF VIENNA / BWZ

Content

The aim of the Course in Investment Banking (the “Course”) is to provide insights into Corporate Finance-related industries as well as selected client-strategic or transactional situations. Subjects will cover – among others – the assessment and implementation of investment banking-related products applied to specific client situations:

- Financial Analysis
- Equity and Debt Capital Markets Products and Services
- Restructuring
- Mergers & Acquisitions

Learning Approach

As needed, theory and concepts are reviewed during the sessions, whereby the dominant modus operandi will be an interactive approach combining lectures / presentations and case studies. – Prior to the start of the Course you will be required to submit Mandatory Hand-Ins to ensure that you arrive sufficiently prepared, but also get a maximum out of the Course.

Learning Outcomes

When you have completed the Course, you will be able to:

- Discuss trends affecting the investment banking industry and assess implications
- Understand major investment banking products and services
- Explain how the investment banking industry and capital markets interact
- Understand internal procedures and decision making to deliver such products and services
- Appreciate the various dimensions of the client interface
- Describe aspects of performance and risk
- Describe the impact financial innovation, advances in technology, and changes in regulations have had on the structure and dynamics of the investment banking industry

Course Description

The Course will provide you with an overview about typical transactions in the investment banking industry. Thereby you either assume the perspective of a bank or that of a bank’s client: We will discuss transactions related to – among others - equity and debt capital markets, M&A, and restructuring, all with a focus on Case Study format.

Case Studies

Case #1: Pacific Grove Spice Company is a profitable, rapidly growing manufacturer, marketer, and distributor of quality spices and seasonings. The company's business model requires significant investment in accounts receivable, inventory, and fixed assets to support sales. Although the company is profitable and all of its net income is re-invested in the firm, it must utilize significant amounts of debt to fund the necessary growth in assets to support sales. The bank is concerned about the total amount of interest-bearing debt on Pacific's balance sheet and has asked the company to provide a plan to reduce it. Debra Peterson, president and CEO, believes the current four-year financial projections are reasonable and attainable. She is also considering three opportunities: sponsoring a cable cooking show, raising new capital by selling shares of common stock, and acquiring a privately owned spice company. Therefore, we must analyze the company's financial projections to

determine if the reduction in debt meets the bank's requirements. One must also analyze the opportunities and consider their individual and combined impacts on the company's financial position. The case illustrates the interaction between investment and financing decisions.

Case #2: **Blaine Kitchenware**, a diversified mid-sized manufacturer of kitchen tools, contemplates a stock repurchase in response to an unsolicited takeover. The company must determine the optimal debt capacity as well as capital structure, and subsequently estimate the resulting change in firm value and stock price. Attention is also given to the value of interest tax shields.

Case #3: This case examines the October 2015 initial public offering pricing decision for legendary Italian sports car company **Ferrari** by Fiat Chrysler management. Assuming the position of an analyst, you are invited to model the value of Ferrari in light of Ferrari CEO Sergio Marchionne's interest in expanding production despite the company's long-standing tradition of severely limiting production strategy to maintain an exclusive brand image.

Case #4: In December 2015, **Canadian Pacific Railroad (CPR)** has just made its third bid to acquire Norfolk Southern Corporation (NSC), one of the largest railroads in the United States. Having rejected the prior offers, NSC's CEO James Squires and the NSC board must now value the current offer including the projected merger synergies as well as a recently-added contingent value right (CVR) designed to "sweeten" the offer, and decide how to respond.

Participation

All of the following are mandatory and a condition to be graded: (i) Full and timely involvement by presence and active participation in all classes, and (ii) delivery of all Mandatory Hand-Ins.

Grading

Grading will be dependent upon the quality of your professional preparation, active participation and contribution in classroom, as well as the quality and timely delivery of your Mandatory Hand-Ins. - You can receive a maximum of 100 points, whereby the eventual grades will be as follows:

Points	Grade
0 – 49	5
50 – 63	4
64 – 77	3
77 – 90	2
90 – 100	1

You can achieve for each of the following criteria the following maximum of points:

- Quality of class room participation & Interim Tests 30 points
- Mandatory Hand-Ins (incl. class room presentations) 70 points

Attitude

The Course is intense and will require time, energy and concentration, but basically we want to learn and have also fun ... - Precondition for this is our professional attitude:

- You are expected to be in class on time, and
- You are expected to professionally prepare and to actively participate in all class sessions.
- Mobile phones and other mobile devices will be – without exception - switched off during the sessions.

Preparation

- You may familiarize yourself with literature about the principles of Corporate Finance and Bank Management. Feel free to select any literature most suitable to you.
- All relevant themes and topics tackled in the Course you will find in the book: Schopper / Corporate Finance Concepts.
- Other good references are general Corporate Finance-related books, such as by Damodaran.
- Please note and be mindful of the intensity of the Course: You may assume that the preparation of the respective case studies for the Mandatory Hand-Ins will realistically require anything from 20-30 hours, depending upon how familiar you are with the case study method.

Course Schedule

	8.April 2022	9.April 2022	11.April 2022
	08.00 - 20.00	08.00 - 20.00	08.00 - 20.00
	Session 1	Session 4	
1	IB Industry - Overview	Ferrari - Case	To be Announced
2	IB Industry - Trends	Accessing Capital Markets	
3	Corporate Finance Concepts	IPO Mechanics	
	Session 2	Session 5	
4	Corporate Analysis	Canadian Pacific - Case	
5	Pacific Grove Spice - Case	M&A Mechanics	
6	Finding Creative Solutions	Hostile Takeovers	
	Session 3	Session 6	
7	Blaine Kitchenware - Case	Career in IB	
8	CoC Optimisation	Wrap Up	
9	LBO Mechanics		
	= Individual Case Study Assignments		
	= Group Case Study Assignment		
	= Lectures (as required)		

Mandatory Hand-Ins

- Mandatory Hand-Ins are useful for you to get a maximum out of the course by preparing and analyzing real situations
- Mandatory Hand-Ins are to be produced in Power Point format, are to be submitted via email to christian.schopper@aon.at no later than 48 hours prior to the start of the Course and will be graded on

- group basis. Group size will not exceed three (3) individuals. – However, if you preferred to work on an individual basis, then you may be awarded additional up to 5 bonus points per case for grading.
- Mandatory Hand-Ins are also the basis for brief (approx. 10mins each) 2-3 class-room presentations per case (you will either volunteer to present or be picked)
 - Hence, **you will always have your Mandatory Hand-In with you ready and available on a USB stick (!)**
 - Downloading presentations during class time is not appropriate and consumes unnecessary valuable time we want to spent together to discuss
 - Please do not exceed the suggested maximum number of slides of 10
 - If there is any additional material you wanted to add to a presentation (such as analytics, spread sheets etc), please do add this in a separate appendix
 - Structure of Mandatory Hand-Ins
 - You are asked for a recommendation in regards to each case study to your best knowledge
 - Your Power Point presentation (max 10 slides / 10mins presentation time) will focus on
 - An analysis and assessment of the current situation;
 - Viable alternatives, their in-depth analysis and respective assessment;
 - A recommendation; and
 - Action points / next steps.
 - Please mind that a case study is never about “right” or “wrong”, but about best arguments in regards to a real-life situation ... and eventually: What you would decide to do (!) and how you would implement your recommendation.
 - Please do not repeat presenting facts already provided in the case study, but focus instead on your analysis and assessment.

Miscellaneous

In regards to any questions concerning the Course, please feel free to get in touch with me, preferably via email (christian.schopper@aon.at)

Note on the Covid19 Situation

Amid this terrible pandemic, this year’s Course is somehow different, not least as we cannot predict how the situation, but also how regulatory constraints may evolve. Therefore, I ask for your co-operation and flexibility, should certain terms or details as lined out in the syllabus have to be adapted. Please do watch out for ongoing announcements. – Thanks for your understanding and cooperation!