

## **WORKSHOP IN FINANCE**

**Including Electives in:**

**BUSINESS ETHICS,  
STRATEGIC RISK MANAGEMENT, and  
SUSTAINABLE FINANCE AND INVESTMENT**

**ZHYTOMYR POLYTECHNIC STATE UNIVERSITY**

### ***Content***

The aim of the Workshop in Finance (the “Workshop”) is to provide insights into Corporate Finance-related themes and topics with an emphasis on transactional situations. On the first day subjects will cover – among others – basics in Corporate Finance, such as the analytical assessment and valuation of corporations, followed by subsequent one-day Electives on:

- Business Ethics,
- Strategic Risk Management, and
- Sustainable Finance and Investment.

### ***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 Workshop participants will be required to submit Mandatory Hand-Ins to ensure that everyone arrives sufficiently prepared, but also to get a maximum out of the Workshop.

### ***Learning Outcomes***

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

- Analyze a company from a financial and operational point of view and understand respective key drivers;
- Be familiar with most relevant valuation approaches and techniques;
- Identify crucial parameters (and pitfalls) in regards to company analysis and valuation;
- Elective: Business Ethics:
  - Appreciate the role of ethics as central in business decision making
  - Recognize ethical issues in business and analyze them as they arise;
  - Incorporate business ethics in financial decision making;
- Elective: Strategic Risk Management:
  - Appreciate risk management as a source of opportunity and competitive advantage;
  - Apply selected financial risk management tools in financial decision making;
  - Understand the principle mechanics of risk management in a financial institution;
- Elective: Sustainable Finance and Investment:
  - Understand the importance and viability of sustainable investing;
  - Acquire knowledge about tools and frameworks to respond to financial risks posed by sustainability issues
  - Appreciate ESG-related analytics and valuation as a tool for making strategic decisions

### **Workshop Description**

The Workshop will provide you with an overview about typical transactions in the world of Corporate Finance with an emphasis on the respective themes of the Electives. Thereby you assume the perspective of a senior executive in a corporate or financial institution and decide on transaction opportunities, in Case Study format.

### **Case Studies**

#### Elective: **Business Ethics**

- **Case #1:** At the end of September 2015, Matthias Mueller stepped in as CEO for the **Volkswagen** Group, days after Martin Winterkorn resigned over the biggest automotive emissions scandal the world had ever seen. Weeks before, the United States Environmental Protection Agency confirmed the result of investigations proving that Volkswagen had installed software in its most successful diesel engines, which were cheating on the test stand and manipulating results. The successful rapid expansion of Volkswagen's TDI models in the US market was based on fraud. Across brands, about 11 million of the Group's diesel vehicles worldwide were later discovered to have had the cheating device installed. This shattered the worldwide brand and developed into a threat to the formerly pristine image of "Made in Germany" products. Mueller, a veteran of the Volkswagen group, took charge in maneuvering Volkswagen Group out of the crisis, finding technical solutions and regaining the trust of customers, authorities and employees. The Group claimed that the scandal was the result of a chain of errors dating back to 2005. The case illustrates how a failure of proper corporate governance, over-ambitious target-setting and an authoritarian management culture can lead a successful company into crisis. It also leaves us to ponder why a corporate leader in social responsibility could be linked to such a massive scandal.
- **Case #2:** On June 6, 2000, the World Bank's and IFC's board of directors was scheduled to vote on whether to approve funding for the \$4 billion **Chad-Cameroon Petroleum Development and Pipeline** project. Although the project presented a unique opportunity to alleviate poverty in Chad, one of the poorest countries in the world, Chad had a president who had been labelled "warlord" and a history of civil war and oppression. This case describes the project, the setting, and the World Bank's reasons for participating in the deal--mainly an opportunity to alleviate poverty, enforce environmental standards, and minimize the impact on indigenous people. It also describes the very public and very ardent opposition to the project's environmental, social, and revenue management policies. Faced with a high-risk, but potentially high-return opportunity to improve conditions in Chad, students, as the directors, must decide whether to approve funding for the deal.
- **Case #3:** On June 21, 2016, **Tesla Motors**, Inc. announced its offer to acquire **SolarCity**, bringing CEO Elon Musk one step closer to completing his goal of moving the world from a hydrocarbon-based economy to a solar-electric one. Markets and analysts were mixed in their reaction to the announcement; some thought the deal would be a distraction to Tesla management at a critical time; others thought it was a "bailout" of SolarCity. Following weeks of due diligence, Tesla and SolarCity finalized their merger agreement and worked to justify the transaction. Joan Banister, a financial advisor, must prepare to address her clients' concerns about their various financial positions in as well as ethical issues regarding Tesla and SolarCity.

#### Elective: **Strategic Risk Management**

- **Case #1: Wilson Lumber** is a fast growing SME seeking to restructure its banking relationship with a view to expand and optimize its working capital funding. A risk assessment and a proper term sheet are required. And how will the bank make money ...? -- Assignment: You are the Coverage Officer at Northrup National Bank responsible for Wilson Lumber and are asked for a Power Point presentation to the Board of the Bank to decide upon whether to extend a loan or not (3 slides / max 5 minutes presentation time)
  - Slide 1: Run a credit analysis on Wilson Lumber (decomposition / break-down of RoE and RoA, liquidity ratios, leverage ratios, interest coverage ratios, etc.)
  - Slide 2: Come up with a detailed term sheet for a loan by Northrup National Bank and break out all terms, covenants, pledges, other securities you may think of
  - Slide 3: Present how the Northrup National Bank can / will make money

- **Case #2:** The **Lufthansa** constellation deals with the potential costs and benefits of hedging foreign exchange (FX) risk using standard techniques, and it introduces to the differences between using forward contracts, options and money market transactions ...

Elective: **Sustainable Finance and Investment**

- **Case #1:** In March 2021, the team at **Carbfix** - a start-up born out of the culmination of more than 15 years of work by universities and parent company Reykjavik Energy- believed it had a game-changing technology to fight against climate change: eliminating CO2 permanently and safely from the atmosphere by storing it in basalt rock. In an aim to scale, they were considering three options to commercialize the concept: licensing the technology to other countries for onsite deployments near carbon dioxide (CO2) emitters, accelerating a direct air CO2 capture and storage system; and developing a storage hub in Iceland where CO2 could be imported and stored. In the deliberations of where to place precious time and resources, the company needed to consider the European Union Emission Trading Scheme (EU ETS) mechanism, a "cap and trade" system that permits carbon units to be sold in order to meet CO2 reduction targets. What was the best path forward to deliver on the company goal of reducing CO2 while building a viable commercial entity?
- **Case #2:** Warren Adams founded **Patagonia Sur** in 2007 as one of the world's first for-profit land conservation businesses. His goal was to purchase over 100,000 acres of land in southern Chile and to run a variety of sustainable businesses to generate annual returns for investors. Patagonia Sur planned to derive various streams of revenue from the land-including eco-tourism, sustainable land development, carbon credits, water rights and eco-brokerage-thereby giving a financial return to investors on top of achieving a positive environmental impact. By 2011, Warren had raised over \$20 million from high net worth individuals and Patagonia Sur had over 60,000 acres in Patagonia under management. However, institutional investors seriously questioned whether Patagonia Sur could ever do more than break even on an annual basis. Further, they worried that in fact the risk of the investment went up significantly as the company spent both its capital and management time on so many different revenue streams. In addition, some investors felt that for-profit conservation was morally wrong. Warren needed to convince both individual and institutional investors that his vision would succeed in both generating returns and preserving the natural beauty of Patagonia.
- **Case #3:** On October 27, 2021, Daniel S. Loeb, founder and chief executive of the hedge fund Third Point, sent a letter to **Royal Dutch Shell's** Board of Directors outlining a significant value-creation opportunity. The letter suggested splitting the company in two -- a spinoff company that will include the Liquefied Natural Gas, Renewables, and Marketing businesses and the remaining company that will include the Upstream, Refining, and Chemicals operations. How might the CEO and Board respond to this suggestion? How can Shell manage the increasing pressure from the activists? Should Shell frontally reject the proposal or try to arrive to an agreement? To successfully answer these questions, the participants will need to consider several key factors such as the financial implications of such a spinoff in Shell's valuation and cost of capital, its governance issues, the impact on the various different stakeholders, and how this case fits in the current sustainability trends.

***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**

- All relevant themes and topics tackled in the Workshop you will find in my book: Schopper / Corporate Finance Concepts, 2nd edition, 2022.
- 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 4-10 hours per case, depending upon how familiar you are with the case study method.

### Course Schedule

	MANDATORY	ELECTIVES		
	Module 1	Module 2	Module 3	Module 4
	Corporate Analysis & Valuation	Business Ethics	Strategic Risk Management	ESG / Sustainable Finance
	11.September 2023	12.September 2023	13.September 2023	14.September 2023
from 09:00	Company Analysis - 1	On Business Ethics & Governance	Managing Risk in a Financial Institution	On ESG & New Financial Products
	Company Analysis - 2	Volkswagen	Wilson Lumber	Carbon Storage
	BREAK	BREAK	BREAK	BREAK
	Valuation Approaches - 1	IFC Cameroon	On Risk Management & Derivatives	Patagonia Sur
	Valuation Approaches - 2	Tesla - Solar City	Lufthansa	Shell Shareholder Activism
till 18:00				
	Case Study			
	Interactive Session			

### 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](mailto:christian.schopper@aon.at) no later than 48 hours prior to the start of the Workshop 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 Workshop, please feel free to get in touch with me, preferably via email ([christian.schopper@aon.at](mailto:christian.schopper@aon.at))