

**Number of ECTS credits :** 4

**Course language :** English

**Faculty :** SYRIOPOULOS Théodore

## ≡ COURSE DESCRIPTION

The course aims to gradually build an integrated and consistent structure that ties all of the firm's financial decisions together. The course encourages students to think critically on core issues of corporate financial management; helps them understand critical and optimal decision-making; and, contributes to the development of managerial expertise skills on corporate finance. To attain these goals, the course is based on the following broad pillars: Financial Management and Value Creation; Investment Decisions; Financing Decisions; and, Business Decisions.

## ≡ COURSE OBJECTIVES

Students will:

- gain a comprehensive overview of the major financial functions and processes of modern corporation operating in a global setting;
- understand and become skilful in managerial decision-making with emphasis on corporate financial management;
- be capable in determining the financial, economic and managerial resources to attain corporate strategic objectives;
- increase the economic and social added value of the firm;
- develop team working efficiency, financial analysis, presentation and reporting skills.

## ≡ LEARNING GOALS

**OLD11 - Decide :** Define and propose strategic choices

**OLD13 - Decide :** Define appropriate action plans

**OLD27 - Influence :** Influence stakeholders

## ≡ TACKLED CONCEPTS

Financial Decision Making for Value Creation

Diagnosing Corporate Performance

Investment Decision Rules

Capital Markets and the Pricing of Risk

Cost of Capital and Capital Structure

Raising Equity Capital

Debt Financing.

## ≡ LEARNING METHODS

The methods used in the course include a combination of lectures, academic and empirical-practitioner discussion, videos, role plays, assigned exercises with critical thinking, problem solving and case-study analysis with oral and written presentation. Students are encouraged to analyze, anticipate, act, and proceed to decision-making. Students' regular class attendance and active participation is critical, in order for them to gain maximum benefits out of the interaction with the Instructor.

## ≡ ASSIGNMENTS

Assigned readings; model exercises; problems to solve; practical theoretical and empirical case studies.

A written assigned team project is to be undertaken, on the basis of a company selection and of a critical financial performance evaluation on key corporate issues (details during the first lecture).

## ≡ BIBLIOGRAPHY

### Textbooks for the course:

Berk, J. & DeMarzo, P. (2014, 3rd ed.): *Corporate Finance*  
Pearson International Edition.

Brigham, E.F. & Ehrhardt, M.C. (2014, 14th ed.): *Financial Management: Theory and Practice*, Cengage Southwestern Publications.

### Support Textbooks:

Quiry, P., Le Fur, Y., Salvi, A., Dallochio, M., Vernimmen, P. (2011, 3rd ed.): *Corporate Finance: Theory and Practice*, Wiley Publications.

Moles, P., Parrino, R. & Kidwell, D. (2011): *Corporate Finance*  
(European Edition), Wiley Finance Series.

### Additional Course Material:

- Case Study 1: Nireus Aquacultures
- Case Study 2: Titan Cement
- Case Study 3: Tsakos Shipping
- Short corporate cases

Model exercises

## ≡ EVALUATION METHODS

**50 %** : Exam

**10 %** : Class participation

**40 %** : Assigned team project

## ≡ SESSIONS

### 1 Financial Decision Making for Value Creation

LECTURE : 04h00

This session sets the strategic framework on key concepts, instruments and methods in modern financial management. The issue of 'value' is initially introduced and explained. The shift of core financial management objective from typical 'profit maximization' towards dynamic 'value creation' is analyzed and justified. An overview of the most critical financial management decisions is developed.

### 2 Diagnosing Corporate Performance

LECTURE : 04h00

This session deals with modern tools and approaches in support of diagnosing and evaluating the implications of financial management decisions on corporate performance. The importance of focusing on 'cash-flows' and firm 'liquidity' rather than simply on accounting profits is explained. Understanding the material of this session requires a solid background and familiarity with a firm's financial statements and ratio analysis.

### 3 Investment Decision Rules

LECTURE : 04h00

This session analyzes a set of widely established criteria and techniques to evaluating, ranking and selecting, independent or mutually exclusive, investment projects. Fundamental investment appraisal methods, based on the concept of 'time-value-of-money', include Net Present Value, Internal Rate of Return, and Cost-Benefit Index. Supportive methods include Payback Period, and Discounted Payback Period. Real options are a recently developed field in investment decisions.

### 4 Capital Markets and the Pricing of Risk

LECTURE : 04h00

This session examines the fundamental and multifaceted concepts of 'risk' and 'return' from a corporate financial management perspective. The complex terms of risk and return are defined, explained and measured for a stand-alone asset, an investment project, a portfolio of assets and the firm as a whole. Risk in the context of modern portfolio management and capital market theory (CAPM framework) is also examined.

**5****Cost of Capital and Capital Structure**LECTURE : 04h00

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This session incorporates the theoretical and empirical input of the previous sessions to build specific tools and methods, in order to estimate the firm's overall cost of funding, in specific the 'weighted average cost of capital' (WACC). This is a critical factor in all essential corporate decisions (investment – financing – operations). Ideally, the firm would prefer to have an optimal capital structure mix that would result into WACC minimization.

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**6****Raising Equity Capital**LECTURE : 02h00

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This session explains critical issues in financing decisions of the firm, on the basis of real market practices. While investment decisions are vital for the growth and competitiveness of the firm, they can only materialize under efficient fund raising decisions. The focus is on how companies raise equity capital on international stock exchange markets, with funding contributed by shareholders.

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**7****Debt Financing**LECTURE : 02h00

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This session expands the discussion on corporate fund raising and explains the critical source of debt financing. When companies raise capital by issuing debt, they can implement several potential alternative sources. The choice of the appropriate financing sources and instruments (predominantly between equity and/or debt) is critical towards a positive firm performance and value creation.

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