

Corporate Finance

Master in L&M 4E 2024/2025

Lecturer	José Azevedo Pereira, José Renato Gonçalves, Pedro Rino Vieira
E-mail	jpereira@iseg.ulisboa.pt ; rgoncalves@fd.ulisboa.pt ; rinovieira@iseg.ulisboa.pt ,
Office Hours	By appointment

Introduction

The course covers the fundamental concepts and tools of the modern theory of Finance to be used in a rational and sound decision making process that leads to the maximization of value creation. To do so and after the discussion of introductory and transversal topics, it will focus on the Capital Budgeting Decision under certainty and uncertainty, the Financing Decision (choice of Debt and Equity Capital), and the Payout Decision (whether to distribute or retain earnings, and how).

Goals

This course aims at leading the students to:

- i) understand the true nature of the financial decision making;
- ii) reach an appropriate level of knowledge in relation to the main auxiliary tools of the financial decision making process; and
- iii) acquiring the theoretical background needed to the correct financial decision making.

Methods

Students have 1 class per day (4 hours) during 10 consecutive working days. Classes will be both theoretical and practical, strongly supported in the discussion of case studies. Cases can be used to introduce theoretical topics or to consolidate them after a brief lecture. Students will also solve problem sets in which discussed concepts are applied in different ways.

Lecturer

José Azevedo Pereira (Responsible) jpereira@iseg.ulisboa.pt

José Renato Gonçalves (co-responsible) rgoncalves@fd.ulisboa.pt

Pedro Rino Vieira rinovieira@iseg.ulisboa.pt

Course Contents

1. Introduction to Corporate Finance and Financial Markets
2. Corporate Finance and Governance
3. The Capital Budget Decision
4. Capital Structure
5. Payout Policy
6. Case Discussion
7. Valuation

Assessment

Assessment consists of:

- Case Studies (Group Work Assignments: (50% of the final grade)
- Final Exam (50% of final grade). A minimum grade of 7.5 points out of 20 in the exam is required to pass the course.

References

The required textbook is:

- Berk and DeMarzo, Corporate Finance, 5th Global Edition, Pearson, 2020.

Alternative textbooks

- Principles of Corporate Finance by Brealey, Richard; Myers, Stewart; Allen, Franklin. 13th edition, McGraw-Hill; and
- Corporate Finance, by Hillier, David; Ross, Stephen; Westerfield, Randolph; Gaffe, Jeffrey and Johnson, Bradford. McGraw-Hill, 3rd European Edition.