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Advanced Course in Valuation

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1. Course Goals and Contents

This course focuses on methods to value financial institutions including insurance companies and banks. This is an advance course in valuation; hence it requires the successful completions of an introductory course in valuation and a corporate finance course at the master level.

The course starts out with a short review of the main valuation methods used for non-financial companies. The rest of the course focuses on financial companies.

A guest lecture on valuation of insurance companies (they cannot be valued as non-financials given the different nature of their business) will be delivered by Rene Knapp who is Group Chief Actuary at UNIQA. A case study focused on the insurance industry will form an essential part of the course assessment.

In addition, two lectures delivered by PwC provide insights into the characteristics of banking valuation. Starting with the differences between the valuation of banks and industrial companies, PwC will give an overview on the value drivers of banks and the analysis of the business plan based on past figures. A case study given by PwC with a focus on the banking industry will also form an essential part of the course assessment.

The course provides you with hands-on experience in valuation. The collaboration with UNIQA and PwC gives a unique opportunity to share and defend your ideas in front of a top management (a skill, which is extremely valuable for your future jobs/interviews).

The course will be a mixture of lectures and case studies and provides you with hands-on experience in valuation.

2. Course Requirements

The course will be a mixture of lectures and case studies.

- This course emphasizes both theoretical analysis and practical applications.
- Working language is English.
- Students are required to come to classes, read all cases and actively participate in the discussions.
- There will be 2 case preparations: one on insurance companies and one on banks. Cases must be handed in on time. No credit will be given for late cases.

Case Studies

The case method is one of the most effective pedagogical tools to sharpen your analytical and decision-making skills, as it requires you to be an active participant in financial decisions. The discussion constitutes an opportunity to defend your position and to learn from others, by listening to their comments and criticism. Classrooms are our training environments to prepare you for business challenges.

You are encouraged to meet in groups to discuss and analyse the cases. In the past, students have found that these groups complement the class discussion well.

Regarding the cases, each group will submit a three-page memorandum of analysis and recommendations covering the case study questions plus any accompanying tables you wish to include. Tables should be well organized and labelled. Be sure to indicate how you arrived at your conclusions. In addition, groups are required to prepare a power point presentation, including the main points of the analysis.

What do I expect from you in class

This is an interactive course, where your active participation is required. Attendance is compulsory.

A learning area will be available in the Intranet (Moodle). There, you would find instructions for the sessions, communications, bibliography, etc. Please look at it a couple of times a week. Slides of the sessions will also be posted here, always BEFORE the class.

Laptop/tablets policy.

You are not supposed to use your laptop/tablets during case discussions. You have to be 100% focused in the discussions. You may use your laptops/tablets on the lectures/discussion sessions ONLY for academic purposes, emailing, facebooking, tweeting, chatting, skypeing, internet surfing, etc. should NOT be done during classes. Engaging yourself in such activities would penalize strongly your grade on class participation.

3. Case Studies

PwC Case Study	TBA
UNIQA Case Study	TBA

4. Assessment

The precondition for the participation is the positive completion of the courses:

KU Corporate Finance 1

AND KU Valuation OR KU Corporate Restructuring

The cases delivered by PwC and UNIQA are also part of the assessment.

Attendance is COMPULSORY. The passing grade is 50 %.

The evaluation will be based on the following items:

40%	Exam
50%	Case Studies
10%	In-Class Participation



5. Course Schedule

15.10.2020	15:00-18.15 Ort: Zoom	Introduction - Quick Review of major valuation techniques
22.10.2020	15:00-18.15 Ort: TBA	Presentation by PwC: Valuation of Banks, Part 1
29.10.2020	15:00-18.15 Ort: TBA	Presentation by PwC: Valuation of Banks, Part 2
05.11.2020	15:00-18.15 Ort: TBA	Presentation by UNIQA Methods to value insurance companies (Case Study presentation)
12.11.2020	15:00-18.15 Ort: TBA	Topic: Embedded Value (Valuation of Insurance Methods (UNIQA))
19.11.2020	15:00-18.15 Ort: TBA	TBA
26.11.2020	15:00-18.15 Ort: TBA	TBA
03.12.2020	15:00-18.15 Ort: TBA	Exam

Remark: The course starts right on time and is aimed at finishing on time.

6. Reading

- Lecture Notes and Materials from UNIQA & PwC
- *Investment Valuation*, 2nd edition, Aswath Damodaran, 2002 ([book](#), [manuscript](#), [lecture-note](#)).
- *Valuation*, 4th edition, Chapters 5-12, McKinsey & Company, Tim Koller, Marc Goedhart and David Wessels, 2005.
- *Valuation: The Art and Science of Corporate Investment Decisions*, Sheridan Titman and John Martin, Addison Wesley, 2007.

7. Faculty Leading the Course

Gyöngyi Loranth, Ph.D.

Gyöngyi Loranth is a Professor of Finance at the University of Vienna. She joined the university in 2009 after her employment at the Judge Business School, University of Cambridge. She previously held a postdoctoral position at the London Business School. She received her PhD in Economics from Universitat Autònoma de Barcelona (1999) and from Université Libre de Bruxelles (2003).

Loranth's research interests focus on financial intermediation, corporate finance and corporate governance. Her research has been published in leading academic journals such as the Review of Financial Studies, Review of Finance, Management Science and Journal of Financial Intermediation among others. She has taught several courses in Corporate Finance at the Judge Business School, Manchester Business School, Central European University, Humboldt University as well as tailor-made executive courses for banks.

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