

Course Outline

FN424: INVESTMENT BANKING

Semester 2/2021 (January 10th – May 7th, 2022)

Number of Credit: 3

Prerequisite: FN311

Course Description & Course Objectives:

The course includes a study of investment banking business. The course will emphasize on methods for value maximization, valuation for mergers and acquisitions, and business reorganizations and other topics. The course covers a variety of investment banking activities such as debt restructuring, initial public offering, privatization, debt issuance and venture capital. This course is designed primarily to enhance your understanding of the process and responsibility of the investment banking. It introduces students to the world of investment banking and provides an idea on what the main functions of investment banking are. These include external fund raising through debt and equity capital, financial advisory service for corporate and debt restructuring, consultancy on privatization, merger and acquisition and venture capitalist valuation. The class enables students to learn from theories of capital structure through the utilization of the theory on the real company case. Through various rich examples and practice problems as well as the workshop, students are expected to learn what the investment bankers are doing.

After you complete the course, you are expected:

1. To understand the basic functions performed by the investment bankers
2. To master the use of the computer spreadsheet in financial modeling
3. To be able to create long-term financial plan, monitor and adjust the assumption and the plan to suit the rapidly changing situation
4. To be able to conduct valuation of the company and its stock
5. To understand the mechanism of venture capitalists and their valuation
6. To understand the step-in fund raising through IPOs

7. To understand the step-in fund raising through debentures
8. To understand the process in corporate and debt restructuring and rationale behind the corporate and debt restructuring
9. To understand the process in REITs
10. To understand the process in merger and acquisition

Please note here that the course assumes solid financial accounting and thorough understanding of financial statements. It is mandatory that you read the material before the beginning of the class and be prepared for the class discussion for every single class. All cases are prepared for you to understand and use your strategic thinking to identify problems, causes of problems and solutions to the problems. Please make sure you read the case before attending every class. You are also expected to contribute to enhance the learning of the class through active participation in case discussion and negotiation on a regular basis.

Class Time and Logistic

Class day: Thursday

Class time: 14:00 – 17:00

Meeting Platform: Google Classroom (Class code: [rddjqyb](#))

Instructors: Dr. Worapong Janyangyuen
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Course Schedule

Session	Topics
1	Overview of Investment Banking and the Role of Investment bankers
2	Understanding the financial statement and Building the financial model that works
3	Exercises on financial modeling
4	Business valuation and stock valuation Quiz 1
5	Exercises on valuation
6	Understanding the mechanism of venture capitalists and their valuation
7	Capital Structure Theory and its firm decision: Fund raising through debt and equity capital Case presentation Case study 1 Due
8	IPOs and mechanism of Thai stock market Quiz 2
9	Bond issuance and underwriting
10	Bond duration and convexity
11	Merger and Acquisition
12	Merger and Acquisition (Model) Quiz 3
13	REITs and IF Case presentation Case study 2 due
14	Book summary
15	Project due Project presentation Quiz 4

Pedagogy

The course consists of a blend between lecture, cases discussion, financial modeling workshop using MS Excel and project

Grading

1. Case Study presentation	20	Percent
2. Quizzes	40	Percent
3. Final project presentation	20	Percent
4. Individual presentation	5	Percent
5. Book summary	15	Percent

Required Textbook

- Damodaran Aswath, Applied Corporate Finance (ACF), John Wiley and Sons, Latest edition
- Additional handouts

References and Recommended Readings:

- Brealey, Richard A. and Myer, Steward C. "Principles of Corporate Finance", 5th Edition, McGraw-Hill, 1996
- Brigham, Eugene F. and Gapenski, Louis C. "Financial Management", 9th Edition, Harcourt College Publishers (2001)
- Brigham, Eugene F. and Houston, Joel F. "Fundamental of Financial Management", 9th Edition, Harcourt College Publishers (2001)
- Bygrave, William D. "The Portable MBA in Entrepreneurship Case Studies", John Wiley & Sons, Inc.
- Damodaran, Aswath "Investment Valuation", University Edition, John Wiley & Sons, Inc.
- "Readings in Venture Capital", Association for Investment Management and Research
- Gompers Paul A., Sahlman William A. "Entrepreneurial Finance", John Wiley & Sons, Inc.
- Keown, Arthur J., Taylor, A.H., Martin, John D. and Petty, J. William "Basic Financial Management", 7th Edition , Prentice Hall, 1996
- Lee, Cheng F., Finnerty, Joseph E. and Norton, Edgar A.. "Foundation of Financial Management", West (1997)

- M. Glasgow, Phillip W., William J. Landes and A. Frank Thompson “Bank Discount, Coupon Equivalent and Compound Yields”, Financial Management, Autumn 1982, 82-84
- Philip J. Adelman and Alan M. Marks, Entrepreneurial Finance - Finance for small business 2nd Edition, Prentice Hall, 2001
- Ross, Stephen A., Westerfield, R.W. and Jordan, B.D., “Principles of Corporate Finance”, Irwin, 1991

- Sherrerd, Katrina F. “Equity Markets and Valuation Methods”, CFA program Edition, The Institute of Chartered Financial Analysts
- Smith, Janet Kiholm and Smith Richard L. “Entrepreneurial Finance”, John Wiley & Sons, Inc.
- White, Gerald L., Sondhi, Ashwinpaul C. and Fried, Dov “The Analysis and Use of Financial Statements”, CFA program Edition, John Wiley & Sons, Inc.