

28E35300 (6 cr.)

Mergers and Acquisitions

SYLLABUS

Version October 12, 2022

Instructor's contact information	Course information
Associate Professor Sami Torstila sami.torstila@aalto.fi Office T302, Ekonominaukio 1 Office Hours: By agreement https://www.aalto.fi/en/department-of-finance/sami-torstila	M.Sc. course Period II, 2021 Mode of instruction: On campus https://mycourses.aalto.fi/course/view.php?id=32898
Teaching assistant's contact information	
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1. OVERVIEW

In your business career, you will be highly likely to participate in mergers and acquisitions in some role. Top management and board members are continuously reviewing acquisition opportunities and, quite frequently, proposals to sell part or all of their business. Start-up entrepreneurs are evaluating exit prospects and considering buy-side growth possibilities. Investment bankers and management consultants spend a large part of their time advising M&A clients. Private equity investors finance transactions and analyze relatively complex LBO models. People in every corporate function are needed in post-merger integration processes. Finally, understanding the research-based evidence on the statistics and psychology of typical M&A processes provides you with survival skills as an employee trying to succeed in a rapidly changing organization.

The course includes up-to-date information on corporate practice relating to mergers and acquisitions, and valuation work. No background in valuation is presupposed, so the course will address valuation from first principles. The focus of the course is on financial aspects of mergers and acquisitions, but strategic, legal, and other considerations are covered in specific lectures. The course is planned to be of help to students interested in management consulting, general management, or entrepreneurial careers.

2. PREREQUISITES

The course is an advanced level M.Sc. course. It is intended for CEMS students, exchange students, Aalto students and non-Finance M.Sc. program students at Aalto BIZ. There are no prerequisites.

Students who are in the M.Sc. Finance program at Aalto (or similar Finance programs at other universities) should take the course 28E33000 Capstone: Mergers and Acquisitions for Finance majors, which has valuation skills as a prerequisite.

However, if a student has not completed B.Sc. degree in Finance specialization area at Aalto University and has not completed B.Sc. Capstone Valuation course or its equivalent, it is recommended to complete 28E35300 Mergers and Acquisitions.

The casework is planned to be relatively practical and working-life-oriented. This means that relevant work experience in the area inevitably provides an advantage. However, the majority of the students taking the course typically have no prior work experience in the area.

3. LEARNING OUTCOMES

To provide the students the necessary theoretical and practical background to successfully work with mergers and acquisitions. Major learning goals include:

1. Understanding key M&A concepts
2. Strategy, process and negotiations in M&A
3. Valuation in M&A
4. Awareness of main academic research findings on M&A
5. Introduction to structuring M&A transactions
6. Key principles of post-merger integration management

4. ASSESSMENT AND GRADING

Grades (max 100 points) will be based on:

Cases (further details below)	50 points
Exam	50 points
Class contribution & presentations	10 points

To pass the course, students need a passing grade (i.e. at least 20 out of 50 points) on both the exam and the cases. The points for the cases and class contribution are valid for one year, i.e. for the two exams in the academic year 2022-23. It is recommended to take the first exam on Monday, 5 December 2022. The retake exam is on Monday, January 30, 2023.

Class contribution is graded primarily on quality rather than quantity. Class contribution grades reflect the following ideas: excellent contribution helps the whole class learn by asking the kind of questions that benefit class learning, or by describing current events, original ideas, or relevant personal business experiences; good contribution includes some participation as discussed above; poor contribution is not being prepared to participate in class discussions because of e.g. not having read the cases.

It is also possible to earn class participation points through an individual presentation on a current M&A transaction. If you are interested in this, please send me a brief proposal for a topic to sami.torstila@aalto.fi on or before November 3. I will select a total of 2-4 presentations to be made during the course, with 10 minutes of presentation time (5 to 8 slides).

5. CASES

Separate instructions will be distributed for all three cases. There will be case workshops to help you prepare and develop your work. The course website will include a note on case slide best practices as well as an example from a previous year.

Valuation case (20 points):

Deadline: Friday November 11, 16:00, in MyCourses

Groups: 1-2 students, of your own choosing

Capstone real-life case (30 points):

This year Deloitte will be visiting the course and providing the case.

Deadline: Friday November 25, 16:00, in MyCourses

Groups: 3-4 students, of your own choosing

The cases will be graded on three criteria: argument flow, methods, and communication. A more detailed rubric is included on the course website.

Individual feedback to improve your work will be available after grading: there will be both a public feedback session and specific bookable appointment hours for this purpose.

6. READINGS

- (1) Lecture notes.
- (2) Academic articles as detailed in separate study guide. The study guide will provide further detail on which parts of the article to focus on.
- (3) Chapters 1, 2, 3, 6, and 7 from Rosenbaum and Pearl, *Investment Banking: Valuation, Leveraged Buyouts, and Mergers & Acquisitions* (Wiley, 2nd edition, 2013). The study guide will provide further detail on which parts of the chapters to focus on.

The ebook is available through the school library at [Rosenbaum and Pearl: Investment Banking](#). Make sure you are using the Aalto VPN for access.

7. COURSE WORKLOAD

Classroom hours	20 h
Class preparation	23 h
Case preparation	75 h
Exam preparation	40 h
Exam	2 h
Total	160 h (6 credit units)

8. ETHICAL RULES

See [Aalto University Code of Academic Integrity](#)

9. REGISTRATION

A maximum of 70 students can be accepted to the course. The place will be allocated in the order:

1. Students in other Aalto schools
2. Students in other Aalto BIZ M.Sc. programmes
3. CEMS students
4. Exchange students
5. Any other students, including B.Sc. students

In case of overbooking course quota, students may be required to confirm their registration by signing the participation list circulated during the first lecture.

For any registration-related matters, please contact the department study coordinator.

10. PRELIMINARY SCHEDULE

Session	Date	Topic	Readings	Notes
Wednesday	Oct 26	Course introduction Key concepts in M&A Strategic aspects in M&A	Case one instructions The Six Types of Successful Acquisitions (McKinsey)	Classroom T004 13:15-16:00
Thursday	Nov 3	Valuation in M&A Case two kick-off	Case two instructions Rosenbaum and Pearl chapter 1	Classroom V002 13:15-16:00
Friday	Nov 4	Case workshop: Advice on first case		Classroom V002 08:30-10:00 (45' + 45 'by appointment)
Thursday	Nov 10	Valuation and financial modeling in M&A continued Process and negotiations in M&A <i>Current event presentations</i>	Rosenbaum and Pearl chapter 2 and 3	Classroom V002 13:15-16:00
Friday	Nov 11	First case due		16:00
Thursday	Nov 17	Academic research on M&A Structuring M&A transactions <i>First case presentations</i>	Rosenbaum and Pearl chapter 6 Academic articles as detailed in the study guide, including which parts to read.	Classroom V002 13:15-16:00
Friday	Nov 18	Case workshop: Feedback on first case, advice on second case		Classroom V002 08:30-10:00 (45' + 45 'by appointment)
Thursday	Nov 24	Structuring M&A transactions Post-merger integration <i>Current events presentations</i>	Rosenbaum and Pearl chapter 7	Classroom V002 13:15-16:00
Friday	Nov 25	Second case due		16:00
Wednesday	Nov 30	Case workshop: Feedback on second case		Classroom V002 08:30-10:00 (by appointment)
Wednesday	Nov 30	<i>Second case presentations</i> Exam preparation guidance Course wrap-up, feedback k	Revise for exam	U1 – 154 Kandidaattikeskus 13:15-16:00
Monday 13:00-16:00	Dec 5	Final exam, in-class, closed-book		U2 – U 157 Kandidaattikeskus