

BFIN 3211: Financial Strategy

Tuesdays & Thursdays, 11:00AM – 12:15PM

3 credits

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Instructor's Web:	www.ProfessorDrou.com
Office Hours:	Thursdays 4:00-5:30pm by Appointment
Office Room:	Room 691 (Jubilee Hall) Tel. Ext: 9251
Response Policy:	I intend to log onto the course and check email daily. You should expect a response from me within 24 hours. If you have an urgent question or concern, please contact me via text message or telephone

Course Overview

This course is designed to provide practitioners and those seeking careers in finance with a rigorous combination of theory and practice as we explore the fundamental principles of finance. Students currently employed in this dynamic and evolving field will have the opportunity to become familiar with many of the core principles and concepts commonly applied in their field daily. From a practical perspective, Introduction to Finance is meant to reinforce work-related practices, such as analyzing financial statements, the application of time value of money concepts, asset valuation on a discounted cash flow (DCF) basis, cost benefit analysis (CBA), and the quantification of the multifaceted relationship between risk and return in financial markets. The course will be divided into two sections: The first part of the course will focus investment analysis concepts and the second part of the course will focus on corporate finance concepts including understanding financial statements, build projections and corporate valuations.

Through this course, students wishing to enter diverse areas of finance, such as asset management, credit analysis, financial and investment analysis, portfolio management, and risk management, will have the opportunity to acquire and develop critical work-related skills. These include evaluating corporate performance based on a thorough analysis of financial statements, estimating the present and future values of a wide range of cash flows, and using these concepts as the basis for asset valuation, applying commonly used cost-benefit analysis methods to evaluate investment decisions, and estimating the risk and return of individual securities and diversified portfolios.

The topics covered in this course provide students with the necessary background and preparation to take more advanced courses in finance.

Learning Objectives (LO)

Upon successful completion of this course, you will be able to:

1. Apply the principal time value of money (TVM) concepts used in financial analysis and valuation (Review of BFIN2201).
2. Understand Risk & Return tradeoff and the mitigation of such risk through allocation and diversification
3. Compare the risk and returns to market and learn other measurements of calculating expected return
4. Understand how stocks and bonds trade in the secondary markets and how they are valued. Apply basic risk & return analysis based on expected cash flows (dividends or coupon payments)
5. Classify the core components of the three (3) principal financial statements: the balance sheet, the income statement, and the statement of cash flows.
6. Describe the applications and uses of common-size financial statement analysis.
7. Identify commonly used financial ratios to measure a firm's financial performance.
8. Determine the value of debt and equity securities using discounted cash flow methods (DCF) and alternative valuation techniques and use these for various transactional situations such as Mergers and Acquisition or Leveraged Buyout Outs

Readings (Optional)

Textbook (CD)

An Analytical Approach to Investments, Finance and Credit, 1st Edition (CD)

Chris Droussiotis

Cognella Academic Publishing

Cognella Store Link : [BFIN 3211 - Fixed Income Analysis \(cognella.com\)](https://www.cognella.com/BFIN3211)

Please note that this textbook will be used for lectures, spreadsheets, projects, and your homework (via the digital platform Active Learning) will be my own textbook that was published a few years ago called: “The Analytical Approach to Investments, Finance and Credit” First Edition by Chris Droussiotis. I believe this book will not only help you navigate this class better but more importantly in includes many sections that should help you prepare to get ready for your banking career after graduation. The purchase is recommended and but not required.

Textbook (BD)

Corporate Finance, Fifth Edition

Jonathan Berk and Peter DeMarzo,

(ISBN 9780135183809)

Supplemental Readings

I will post supplementary articles, business cases, and Power Point Lecture Notes on my website www.ProfessorDrou.com on a regular basis.

Financial Calculators

Given the scope and nature of Introduction to Finance, students are strongly recommended to obtain a financial calculator, such as: HP-10BII or Texas Instruments (TI) BAIL.

Excel

In addition, students are encouraged to use Excel to perform the analytical calculations discussed in the course. Most of the lectures will include spreadsheet analysis.

Course Requirements (Assignments)

Graded Homework Problems (15%):

Graded Homework Problems give you an opportunity to demonstrate your mastery of the topics covered in the course and solidify your knowledge of finance theory through the practical application of the concepts, models, and theories, discussed in class. Students are required to submit a set of Graded Homework Problems. Homework and due dates will be posted on Canvas. The student could wish to submit their homework via Cornell's ACTIVE LEARNING platform.

Individual Project (15%):

Each student will be assigned a publicly traded company. See Exhibit A for Project's description.

Attendance (10%):

Students are expected to attend and participate in classroom discussions. It is important to attend every class because the Exams are based on the instructor's lectures and classroom notes. Class participation will count as part of the course grade. Attendance accounts for 10% of your grade. The grade breakdown for attendance is as follows:

Missing 1 class 90 x 10% x final grade

Missing 2 classes 80 x 10% x final grade

Missing 3 classes or more 70 x 10% x final grade

Midterm Exam I & II (30%):

The Midterm Exam will be based on the instructor’s class notes (PowerPoint presentations) and excel spreadsheets provided on the professor’s webpage and blackboard. To prepare for the exam is recommended reading using the practice problems from the optional CD textbook - chapters 1-4 and chapters 10 and 11 which includes Time Value Money (TVM) concepts, Risk & Return, stock and bond investing.

Final Exam (30%):

The Final Exam will include some of the concepts from the midterm including equity valuation, Return and TVM. Most of the exam though will focus on textbook CD chapters 6-16. The students need to study spreadsheets analysis covered in class including the Alexandria Hotel projections and DCF analysis, Hyatt stock valuation, LBO and Capital Markets financial model, and return and bond analytics spreadsheet. The exam will be taken during the Exam Period.

The students need to study the various spreadsheet analysis covered in class including the Celerity Technology Company case study; the Alexandria Hotel WACC analysis and Hyatt Corporation enterprise valuation methods.

***CD Factor:**

This is to give the benefit for students of significant improvement between Mid-Term Exam and Final. The Weighted averages are as follows (based on pre midterm curve score):

Improvement	Mid-Term Weighting	Final Exam Weighting
35% and higher	10%	50%
30-34%	15%	45%
25%-29%	20%	40%
20%-24%	25%	35%
19% or lower (including negative)	30%	30%

Evaluation/Grading

The final grade will be calculated as described below:

FINAL GRADING SCALE

Grade	Percentage
A	93–97.9 %
A-	90–92.9 %
B+	87–89.9 %
B	83–86.9 %
B-	80–82.9 %
C+	77–79.9 %
C	73–76.9 %
C-	70–72.9 %
D	60–69.9 %
F	59.9% and below

ASSIGNMENT	% Weight
Mid-term Exam	30%
Final Exam	30%
Attendance and Participation	10%
Graded Homework	15%
Individual Project	15%

Academic Integrity

Cheating and plagiarism are serious offenses. The following definitions are based on the College's Academic Honesty website:

Cheating is the attempted or unauthorized use of materials, information, notes, study aids, devices, or communication during an academic exercise.

Examples include but are not limited to:

- Copying from another student during an examination or allowing another to copy your work
- Unauthorized collaborating on a take home assignment or examination
- Using unauthorized notes during a closed book examination
- Using unauthorized electronic devices during an examination
- Taking an examination for another student
- Asking or allowing another student to take an examination for you
- Changing a corrected exam and returning it for more credit
- Submitting substantial portions of the same paper to two classes without consulting the second instructor
- Preparing answers or writing notes in a blue book (exam booklet) before an examination
- Allowing others to research and write assigned papers including the use of commercial term paper services

Plagiarism is the act of presenting another person's ideas, research or writing as your own, such as:

- Copying another person's actual words without the use of quotation marks and footnotes (a functional limit is four or more words taken from the work of another)
- Presenting another person's ideas or theories in your own words without acknowledging them
- Using information that is not considered common knowledge without acknowledging the source
- Failure to acknowledge collaborators on homework and laboratory assignment

My policy is to give a 0 grade to any assignment that has been plagiarized or an exam in which you have cheated. In addition, I am required by college policy to submit a report of suspected academic dishonesty to the Office of the Dean of Students. This report becomes part of your permanent file.

Course Schedule/Course Calendar

Website www.ProfessorDrou.com for schedule changes and updates:

EXHIBIT A - FINAL PROJECT

Please submit the entire project including the write-up and excel analysis in a PDF format.

1. Company Profile

- Write a brief profile of the company you are assigned to including a description of their products or services and the markets they compete.
- Summary of their stock performance in the last quarter versus the market and closest competitors.

2. Financial Analysis

- The financial analysis should include, but not be limited to, the preparation of the latest 3-year financial statements (Income Statement, Balance Sheet and Cash Flow Statement) including the Last Twelve Months (LTM).
- Provide an explanation of the results year-over-year including ratio and trend analysis.

3. Projections & Valuations

- Projections and Valuation Analysis for your assigned public company using Excel. The valuation analysis should calculate the assigned companies Enterprise Value using the following 3 methods of valuation:
 - Method #1 (current stock price to calculate the EV)
 - Method #4 (based current trading peer comparable)
 - Method #6 (DCF Analysis)
- In addition to the analysis, you need to provide a page or two of discussions on your analysis including the assumptions you used for driving revenues and expenses.
- Discussions on the results on your various methods of valuation and recommend if someone should **buy, hold, or sell the stock.**

4. Technical Analysis

- Analyze the stock performance against the market (S&P 500) generating beta coefficient and other standard deviation results using Excel's regression analysis or calculated manually.

ASSIGNED COMPANIES

#	COMPANY	SYMBOL	SECTOR	INDUSTRY
1	Albany International	AIN	Consumer Cyclical	Textile Manufacturer
2	American Axle & Manufacturing	AXL	Consumer Cyclical	Auto Parts Manufacturer
3	AZEK Corporation	AZEK	Industrials	Building Products
4	Boyd Gaming Corp.	BYD	Consumer Cyclical	Resorts & Casinos
5	Carnival Corporation	CCL	Consumer Cyclical	Cruise Operator
6	Celanese Corporation	CE	Basic Material	Chemicals
7	Century Casino	CNTY	Consumer Cyclical	Resorts & Casinos
8	Choice Hotels Internationa	CHH	Consumer Cyclical	Lodging
9	Constellation Brands	STZ	Consumer Defensive	Wineries & Distilleries
10	Crimson Wine Group	CWGL	Consumer Defensive	Wineries & Distilleries
11	Darden Restaurants	DRI	Consumer Cyclical	Restaurants
12	Delta Airlines	DAL	Industrials	Airlines
13				
14	FlowsERVE Corporation	FLS	Industrials	Specialty Industrial Machinery
15	HCA Healthcare, Inc.	HCA	Healthcare	Medical Care Facilities
16	Home Foods Corporation	HRL	Consumer Defensive	Packaged Foods
17	International Paper	IP	Consumer Cyclical	Paper & Packaging
18	Kraton Corporation	KRA	Basic Material	Chemicals
19	Laureate Education	LAUR	Consumer Defensive	Education & Training Services
20	Marcus Corporation	MCS	Consumer Cyclical	Lodging
21	Marriott International	MAR	Consumer Cyclical	Lodging
22	McDonald's Corporation	MCD	Consumer Cyclical	Restaurants
23	Nabors Industries	NBR	Energy	Oil & Gas Drilling
24	Royal Caribbean Cruises Ltd	RCL	Consumer Cyclical	Cruise Operator
25	Select Medical	SEM	Healthcare	Medical Care Facilities

26	Silgan Holdings	SLGN	Consumer Cyclical	Paper & Packaging
27	Starbucks Corporation	SBUX	Consumer Cyclical	Coffee shops
28	Steel Dynamics	STLD	Basic Material	Chemicals
29	TAL Education Group	TAL	Consumer Defensive	Education & Training Services
30	Texas Instrument	TXN	Technology	Semiconductors
31	Texas Roadhouse	TXRH	Consumer Cyclical	Restaurant
32	Tyson Foods	TSN	Consumer Defensive	Packaged Foods
33	U.S. Foods	USFD	Consumer Defensive	Food Distributor
34	United Airlines	UAL	Industrials	Airlines
35	Verso Corporation	VRS	Basic Material	Paper & Packaging
36	Wendy's Company	WEN	Consumer Cyclical	Restaurant
37	Wesco International	WCC	Industrials	Industrial Distribution
38	Wyndham Hotels & Resorts	WH	Consumer Cyclical	Lodging
39	Wynn Resorts	WYNN	Consumer Cyclical	Resorts & Casinos
40	Yum! Brands	YUM	Consumer Cyclical	Restaurants