Business Analysis and Valuation

General data

Course code:	M23VZB04E
ECTS credits:	9
Type of the course:	General core course (B1)
Semester:	Fall, Semester 2
Course restrictions:	-
Course leader (with availabilities):	*Dr. András TAKÁCS, Professor* *+ 36 72 501 599 / 23155* *takacs.andras@ktk.pte.hu* *office: B232*
Further lecturer(s) (with availabilities):	*Dr. Vivien KLESCHNÉ CSAPI, Associate Professor* *+36 72 501 599 / 23124* *csapiv@ktk.pte.hu* *office: B214* *Dr. Alexandra POSZA, Assistant Professor* *+36 72 501 599 / 23141* *poszaa@ktk.pte.hu* *office: B213*

1. Description and aims

To provide a proper foundation, students first gain a deep insight into the financial statements presented under US GAAP and under International Financial Reporting Standards (IFRS) and will understand how accounting information should be interpreted and used for analysis and valuation purposes. Then, students will be equipped with skills and competences to perform a complex financial statement analysis, and to make capital structure and payout policy related decisions. Furthermore, students will acquire the necessary knowledge and skills to appropriately select and apply different valuation methods to determine the intrinsic value of any company, and to present their work in a high-quality valuation report in line with the International Valuation Standards (IVS). Also, students will acquire the skills to perform real option valuation embedded into financial management decisions.

2. Intended Learning Outcomes (ILOs)

Upon the successful completion of this course, students should be able to:

CILO1: apply relevant financial ratio analysis, based on balance sheet, income statement and cash flow statement. (PILO4)
CILO2: correctly judge a financial decision making situation related to capital structure or payout policy, or ESG integration. (PILO4, PILO8)
CILO3: understand and differentiate the most widely used company valuation principles and methods described in the relevant literature, and in the International Valuation Standards (IVS). (PILO4)
CILO4: correctly judge a valuation situation, select the appropriate valuation method, work out a sophisticated valuation model (working in a team and using software support), and present the

valuation results in a professional valuation report in line with International Valuation Standards. (PILO4, PILO8)
CILO5: identify real option types, and apply several real option valuation techniques in an interdisciplinary context. (PILO4, PILO8)

3. Content, schedule

The accounting background of financial analysis and valuation

1. Inputs for financial analysis and valuation: Financial statements under the US Generally Accepted Accounting Principles (US GAAP) and the International Financial Reporting Standards (IFRS).

Financial analysis

2. Tools of a complex financial statement analysis.
3. Capital structure decisions. Payout policy. ESG integration.
4. Solving a financial analysis case study using MS Excel.

5. Industry Experience Day 1: Team presentations of complex financial statement analysis projects to corporate experts.

Valuation

6. Valuation approaches and methods: cost-based, market-based and income-based valuation.
7. The practice of valuation: International Valuation Standards (IVS). Solving of a complex valuation case study using MS Excel.

Real options

8. From DCF valuation to flexibility assessment. Real option types in general.
9. Real option valuation (Binomial pricing, Black-Scholes pricing, qualitative assessment).
10. The interdisciplinary application of real options (Engineering, energy sector, pharmaceutical industry, venture capital applications).

11. Industry Experience Day 2: Team presentations of valuation projects to corporate experts.

4. Learning and teaching strategy, methodology

The financial analysis module will be based on pre-reading of relevant chapters from the „Financial Statement Analysis" e-learning material which will be provided to students via Moodle; and on interactive learning environment where the students will be working in teams on a financial analysis of a listed company of their choice, while discussing comparative analysis issues between the teams to be able to highlight corporate differences withing and between sectors. The target of this teaching strategy is to arrive at the course work of a complex financial analysis (CILO 1, 2). Within the „Valuation" module, students will get a combination of lectures, practical exercises and case studies, which will help them acquire the knowledge and practical skills necessary to conduct and present a high-quality business valuation report (CILO 3, 4). Within the „Real Option" module, students will get a combination of lectures, practical exercises and case studies, which will help them acquire the knowledge and practical skills necessary to identify flexibility and expand DCF valuation (CILO 5).

5. Assessment

Formative assessment elements:

Regular consultation is offered to students to discuss financial analysis and valuation issues to provide a feedback on their progress and performance prior to the submission of their work. As part of the "Curriculum-embedded industry experience", an important element of the programme, students will present their work to corporate experts twice during the semester (Industry Experience Day 1 and 2). The corporate experts not only give useful feedback on the quality of the submitted projects, but will also participate in the assessment of the teamwork.

Summative assessment elements:

Individual Assessment	50%	**Group Assessment**	50%

Name of the element	**Weight**	**Type**	**Details**	**Retake opportunity**	**Req.***	**Related CILOs**
Financial analysis	20%	Presentation (group work)	Financial ratio analysis, credit analysis, capital structure analysis, risk analysis, payout policy analysis.	No	No	1, 2
Valuation report	30%	Presentation and written assignment (group work)	Professional valuation report in line with International Valuation Standards	No	No	3, 4
Final exam	50%	Test	Electronic test	Yes	Yes	3, 4, 5

** Req.: Completion of the element is required to pass the course, irrespective of the performance in other elements.* ű

Grading: the final grade is determined in line with the School's official grading system as defined by Dean's Order No. 2/2025: 0-50.00% fail (1), 50.01-65.00% pass (2), 65.01-75.00% fair (3), 75.01-85.00 good (4), 85.01-100 excellent (5)

6. Learning materials

- Essential

  - KUTI, M. (2017): Financial Statement Analysis. E-learning material.
  - Takács, A. (2024): Basics of Business Valuation (Chapter 5). In: Csapi, V. (ed.): Financial and Sustainability Reporting, Analysis and Valuation, University of Pécs Faculty of Business and Economics, https://pea.lib.pte.hu/server/api/core/bitstreams/abebb495-39e1-44cc-aeda-9db9cc455f9a/content
  - Luehrman, T. A. (1998). Investment opportunities as real options: Getting started on the numbers. HBR July-August 1998

- Recommended

  - DAMODARAN, A. (2012): "Investment Valuation: Tools and Techniques for Determining the Value of Any Asset", Third Edition, Wiley
  - International Valuation Standards (IVS 2020): https://www.ivsc.org/standards/
  - Luehrman, T. A. (1998): Strategy as a portfolio of real options. Harvard Business School Press, 1998.
  - Leslie K.J., Michaels M. P. (1997): The Real Power of Real Options, The McKinsey Quarterly, 1997 Number 3.
  - Borison, A. (2005). Real options analysis: Where are the emperor's clothes? Journal of Applied Corporate Finance, 17(2), 17-31.

7. The course's position on AI-usage

With reference to the School's official AI-policy, the course takes Position 2, meaning that AI usage is limited in the course:

- students are free to use any kind of AI for preparing their financial statement analysis (Excel, ppt) and for preparing their valuation report (Excel, written report, ppt),
- using AI is forbidden during the presentation of the financial analysis (Industry Experience Day 1 and the valuation (Industry Experience Day 2),
- using AI is also forbidden during the Final Exam.

8. Further information

International aspects embedded with the course
The financial analysis and valuation techniques are based on the international standards and best practices.
Ethics, Responsibility & Sustainability (ERS) aspects embedded with the course
The analysis of the sustainability reports will help students understand the stakeholder approach in financial management.
Connections to the world of practice of the course
All team projects should focus on real international quoted companies, and corporate experts take part in the assessment of projects.