

MBA 222

**Financial Information Analysis
Course Syllabus**

Fall, 2016

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INTRODUCTION

This course (i) provides you with a framework for business analysis and valuation using financial statement data; and (ii) shows you how to apply this framework to a variety of business decisions. The course assumes that you have a good working knowledge of accounting, finance, economics and business strategy. The focus is on integrating key concepts from each of these areas and applying them to financial decision-making.

The course is case-oriented. You are responsible for preparing cases in advance of the class sessions, including familiarizing yourself with the relevant accounting issues. I will assume proficiency in all aspects of accounting covered in MBA 202.

ORGANIZATIONAL DETAILS

1. Course Materials:

The recommended textbook for the course is:

Russell Lundholm and Richard Sloan, **Equity Valuation and Analysis with *eVal***, McGraw-Hill Irwin, 3rd Edition, 2013.

I have placed 2 copies of the book on reserve at Long Library.

I have also produced a series of **webcasts** summarizing key course concepts, available at:

http://faculty.haas.berkeley.edu/richard_sloan/teaching.html

The webcasts are optional and provided for students that find this format helpful.

2. Course Evaluation:

Your grade for the course will be determined as follows:

| | |
|----------------------|-----|
| 5 Case Write-Ups | 20% |
| Exam | 50% |
| Project | 15% |
| Class participation: | 15% |

I will describe the exam and project in more detail during the course.

The case write-ups and project can be done in a team of up to 5 people. Each team must turn in five of the cases from the course outline marked with an asterisk (*), with one case selected from each of PART III through PART VII of the course outline. Each of these 5 cases will carry a weight of 4% toward your course grade. Case write-ups should be no longer than three typed pages, with no more than four supporting pages of tables or calculations. We will organize team membership and case selection during our first meeting. Case write-ups should be turned in online via bCourses by 9.00am on the due date in a single document (pdf, Word or Excel).

Finally, because this is a case course, class participation is requested regardless of whether or not we are covering one of your selected cases.

3. Course Outline:

The course outline is provided on the following pages. We may deviate slightly from this schedule and I will keep you updated as the course progresses. You should do the assigned readings and cases before coming to class. The cases are generally quite involved and you are unlikely to be able to keep up with case discussions if you come to class unprepared.

4. bCourses:

Copies of all cases and associated materials are available on the MBA 222 bCourses site. As the course progresses, I will place copies of other course materials on bCourses.

5. Office Hours:

I have scheduled office hours at 3pm-4pm in F497 on Tuesdays. Please make an appointment if you would like to meet at another time. I check email regularly, so if you have a quick question, I encourage you to email me at richard_sloan@berkeley.edu. The teaching assistants for the course are Jean Zeng (jzeng881128@berkeley.edu) and Nika Qiao (nikaqiao@berkeley.edu). They will hold office hours at 1.30pm-2.30pm on Thursdays in F589.

6. Class Etiquette:

In order to maintain a class environment that is conducive to learning, I suggest the following code of class etiquette:

1. Arrive at class on time and avoid leaving early.
2. Bring a name tent to each class and try to sit in the same location.
3. Turn off cellphones and other audible electronics.
4. Do not use laptops except in classes where we build and analyze financial models.
5. If you feel that another class member is negatively impacting the classroom environment, let me know, and where appropriate, I will anonymously communicate your feedback.

COURSE OUTLINE

PART I: INTRODUCTION

Session 1: Tuesday, August 23

Course Introduction and Overview

Reading: Lundholm and Sloan (LS) Chapter 1

Case: The Gabelli Utility Trust [[LS](#)] (no need to prepare this case in advance)

Webcast: 1(i) (optional)

PART II: BUSINESS STRATEGY ANALYSIS

Session 2: Thursday, August 25

Business Strategy Analysis

Reading: LS Chapters 2 and 3

Case: Analyzing Apple: Questions 1-3 [<http://www.lundholmandsloan.com/new%20cases.html>]

Webcast: 1(ii) (optional)

PART III: ACCOUNTING ANALYSIS

Session 3: Tuesday, August 30

Accounting Analysis (I)

Reading: LS Chapter 4

Case: Analyzing Apple: Questions 4-7 [<http://www.lundholmandsloan.com/new%20cases.html>]

Webcast: 2(i) (optional)

Session 4: Thursday, September 1

Accounting Analysis (II)

Case: EnCom Corporation: Stage 1 and Stage 2 Questions (*) [[LS](#)]

Webcast: 2(ii) and 2(iii) (optional)

Session 5: Tuesday, September 6

Accounting Analysis (III)

Case: Apple and the iPad: Questions 1, 2, 4, 5 and 6 (*) [[LS](#)]

Session 6: Thursday, September 8

Accounting Analysis: (IV)

Case: Boston Chicken, Inc. (*) [[LS](#)]

PART IV: FINANCIAL ANALYSIS

Session 7: Tuesday, September 13

Financial Analysis (I)

Reading: LS Chapters 5 and 6

Webcast: 3(i), 3(ii) and 3(iii) (optional)

Sessions 8: Thursday, September 15

Financial Analysis (II)

Case: Analyzing Apple: Qs. 8-12 (*) [<http://www.lundholmandsloan.com/new%20cases.html>]

Webcast: 3(iv) and 4 (optional)

Session 9: Tuesday, September 20

Financial Analysis (III)

Reading: Factset Tipsheets ([Company Tab](#), [Comps](#), [Equity Screening](#))

Case: Interpreting Margin and Turnover Ratios [[LS](#)]

Session 10: Thursday, September 22

Financial Analysis (IV)

Case: High Yields at Annaly Capital (*) [http://www.lundholmandsloan.com/new_cases.html]

Session 11: Tuesday, September 27

Identifying Accounting Distortions: Case Presentations

Case: Identifying Accounting Distortions (*) [<http://www.lundholmandsloan.com/new%20cases.html>]

PART V: FORECASTING

Session 12: Thursday September 29

Forecasting (I)

Reading: LS Chapters 7 and 8

Webcast: 5 (optional)

Sessions 13: Tuesday, October 4

Forecasting (II)

Case: Workshop on Forecasting for Apple

Session 14: Thursday, October 6

Forecasting (III)

Case: Analyzing Apple: Question 13 (*) [<http://www.lundholmandsloan.com/new%20cases.html>]

PART VI: VALUATION

Session 15: Tuesday, October 11

Valuation (I)

Reading: LS Chapters 9 and 10

Case: EnCom Corporation - Stage 3 Questions [[LS](#)]

Webcast: 6(i) and 6(ii) (optional)

Session 16: Thursday, October 13

Valuation (II)

Case: Analyzing Apple: Qs. 14-16 (*) [<http://www.lundholmandsloan.com/new%20cases.html>]

Session 17: Tuesday, October 18

Valuation (III)

Case: Evaluating Intel's Earnings Torpedo (*) [LS]

Session 18: Thursday, October 20

Valuation (IV)

Reading: LS Chapter 11

Case: Determinants of Valuation Ratios: The Restaurant Industry in 2011 [LS]

Webcast: 6(iii) (optional)

Session 19: Tuesday, October 25

Valuation (V)

Reading: LS Chapter 12

Case: The AOL Time Warner Merger (*) [LS]

PART VII: SYNTHESIS, REVIEW AND APPLICATION

Session 20: Thursday, October 27

Comprehensive Case

Case: Is Tesla's Stock Price in Ludicrous Mode? (*) [<http://www.lundholmandsloan.com/new%20cases.html>]

Session 21: Tuesday, November 1

Analysis of Apple's 4th Quarter Results

Session 22: Thursday, November 3

Exam Review Session

Reading: Financial Statement Packet for Exam (handed out in Session 20)

Session 23: Tuesday, November 8

EXAM

Reading: Financial Statement Packet for Exam (handed out in Session 20)

Session 24: Thursday, November 10

Guest Speaker(Buy-Side)

Session 25: Tuesday, November 15

Guest Speaker (Sell Side)

Session 26: Thursday, November 17

Project Overview

Session 27: Tuesday, November 22

Project Workshop

(Thanksgiving: Thursday November 24)

Session 28: Tuesday, November 29
PROJECT WRITE-UPS DUE
Project Presentations

Session 29: Thursday, December 1
Project Presentations