



Syllabus

Mergers & Acquisitions: Financial & Process Perspective

August - December 2026

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MBA

I. General information about the course

Subject:	Mergers & Acquisitions Financial & Process Perspective		
Pre-requisite:	100 créditos aprobados	Códe:	21011
Precedent:	N/A	Semester:	2026 - 2
Crédits:	3	Cycle:	VIII
Weekly Hours:	3 hours	Type of the course:	Face to Face Classes
Career(s)	Administración y Finanzas	Course Coordinator	Julio Quispe jquispe@esan.edu.pe

II. Summary

This course provides students with a rigorous framework to understand, evaluate, and execute mergers and acquisitions (M&A) transactions. It covers the economics of M&A, valuation techniques, financing options, negotiation strategies, and post-merger integration challenges. Using case studies, financial models, and real-world scenarios, students will gain hands-on experience in structuring deals and creating shareholder value.

Students will also learn to identify operational and control synergies, conduct due diligence, and analyze key aspects of acquisition financing, including leveraged buyouts (LBOs). Emphasis will be placed on valuation, risk assessment, and post-merger restructuring to ensure strategic alignment and value creation.

III. Course Objectives

- Provide a comprehensive understanding of M&A processes from strategy and valuation to financing and execution.
- Equip students with practical tools to evaluate acquisition opportunities and quantify synergies.
- Develop students' ability to negotiate deal terms and structure optimal financing strategies.
- Enable students to critically analyze the success factors and risks of M&A transactions, including divestitures and LBOs.
- Offer hands-on experience with financial models and case studies to solidify theoretical concepts.

IV. Learning Results

By the end of the course, students will be able to:

- Evaluate M&A opportunities using advanced valuation methodologies (DCF, comparables, multiples, etc.).
- Analyze a target company's financial statements to identify risks and opportunities for valuation.
- Apply purchase price accounting concepts to allocate the purchase price and assess its financial impact on post-merger results.
- Quantify and analyze operational and financial synergies.
- Develop tailored negotiation strategies for M&A transactions.
- Design optimal financing structures for acquisitions, including debt, equity, mezzanine, and leveraged finance.
- Conduct effective due diligence and identify critical risks.
- Assess divestiture strategies and breakup value analysis.
- Execute LBOs, including valuation, structuring, and financing.
- Critically evaluate the success or failure of M&A deals and apply lessons learned to future transactions.

V. Methodology

- **Case-Based Learning:** Key M&A cases (e.g., SBC-AT&T, Ashanti-Bogoso, Allied Colloids, ISS LBO) will be analyzed in-depth.
- **Workshops and Simulations:** Interactive sessions on valuation, synergy quantification, and negotiation strategies.
- **Team Projects:** Group presentations simulating M&A deals, financing decisions, and post-merger integration plans.
- **Hands-On Financial Modeling:** Spreadsheet-based analysis to build valuation models, synergy calculations, and financing structures.
- **Plenary Discussions:** Class discussions to analyze and critique M&A strategies, using insights from the Wall Street Journal, Financial Times, and other sources.

VI. Evaluation

The evaluation system is permanent and integral. The course grade is obtained by averaging the continuous assessment (70%) and a final exam (30%).

The average of the ongoing evaluation results from the ongoing evaluation average reading control, case studies, quizzes, final project and other activities considering the weighted table. The weights within the ongoing evaluation are described in the following table:

Average of the Ongoing Evaluation 70%		
Type of Evaluation	Description	Weight %
Reading Controls	4 reading controls	25
Practical Cases	4 Cases	25
Final Project	Group Research Paper	25
Presentation	Group Research Paper Presentation	15
Participation & Attendance	Class Participation	10

The final grade average is obtained by:

$$\mathbf{FG} = (0,70 \times \text{Average Ongoing Evaluation}) + (0,30 \times \text{FE})$$

Legend:

FG = Final Grade
AOE = Average Ongoing Evaluation
FE = Final Exam

VII. Course Content

WEEK	CONTENTS	ACTIVITIES/EVALUATION
LEARNING UNIT I: M&A Introduction		
LEARNING OUTCOMES: Corporate Finance, Strategy, and the Economics & Framework of M&A		
1° From August 17th to August 22nd	- Decisions that create shareholder value. - Investment, financing, and risk management in M&A. - Agency problems in M&A (managers vs. shareholders). - Strategic motivations for mergers: synergies, market control, diversification. - Identifying successful vs. unsuccessful deals. - Sources of acquisition value: cost savings, revenue enhancements, tax benefits, and financial engineering.	Presentation of the Course Methodology Introduction to valuation methods in the M&A context Cases Objective: Isolating potential synergies in a telecom merger. Cases - SBC-AT&T Merger. - AOL-Time Warner.
	- Koller, T., Goedhart, M., & Wessels, D. (2020). <i>Valuation: Measuring and Managing the Value of Companies</i> (7th ed.). McKinsey & Company. [Ch. 1-3: The Economics of Value Creation] - Bruner, R. F. (2004). <i>Applied Mergers and Acquisitions</i>. [Ch. 2: The Strategic Logic of M&A]	
LEARNING UNIT II: Use of Information for M&A		
LEARNING OUTCOMES: Understand sources of financial and economic data for M&A		
2° From August 24th to August 29th	- Financial Statement Analysis for M&A: - Identifying trends and anomalies in Income Statements, Balance Sheets, and Cash Flow Statements. - Understanding red flags in financial statements, e.g., earnings manipulation or underreported liabilities. - Linking financial ratios to valuation	New Case: Evaluating a Target's Financial Health – Identify financial risks and opportunities in a provided sample target's financial

	metrics: ROIC, EBITDA margin, and asset turnover ratios. • Synergy analysis and sensitivity testing.	statement.
	• Penman, S. (2012). <i>Financial Statement Analysis and Security Valuation</i> (5th ed.). [Ch. 9: Identifying Accounting Red Flags] • Damodaran, A. (2012). <i>Investment Valuation</i> (3rd ed.). [Ch. 5: Analyzing Financial Statements for Valuation]	
LEARNING UNIT III: Valuation for Mergers and Acquisitions LEARNING OUTCOMES: Gain a deep understanding of the key methodologies used to value target companies in M&A transactions. They will learn how to apply asset-based, market-based, and cash flow-based approaches to determine enterprise value, analyze synergies, and evaluate the impact of various financial scenarios on valuation.		
3° From August 31th to September 05th	• Valuation Methodologies: ◦ Asset-Based and Balance-Sheet Approaches: ▪ Valuation based on net asset value (NAV) and book value adjustments. ◦ Market Value Approaches: ▪ Precedent transactions. ▪ Comparables and multiples (e.g., EV/EBITDA, P/E ratios). ◦ Cash Flow Approaches: ▪ Free Cash Flow to Firm (FCFF) vs. Free Cash Flow to Equity (FCFE). ▪ Dividend-Discout Models (DDM) and Cash Flow-Discout Models (DCF). • Establishing Required Rates of Return: ◦ Weighted Average Cost of Capital (WACC). ◦ Cost of equity using the Capital Asset Pricing Model (CAPM). • Advanced Topics in Valuation: ◦ Real Option Approach: ▪ Valuing flexibility and future growth opportunities in acquisitions. ◦ Distress Situations:	Active Generation: • Teams value a private company for acquisition using comparables and cash flow methods. • Incorporates potential synergies and risk adjustments. Jamba Juice: • Application of DCF and market value approaches to assess where value is added in a dynamic consumer market. MTC-Celtel: • Valuing synergies resulting from a telecom acquisition while adjusting for risk and cost-of-capital effects.

	▪ Techniques for valuing distressed assets or companies. ○ Blank-Check Acquisition Companies (SPACs): ▪ Valuation considerations for SPAC acquisitions. • Synergy Analysis: ○ Identifying and valuing operational and financial synergies. ○ Revenue vs. cost synergies and their impact on deal economics. • Break-Up Valuation: ○ Assessing the value of divested units versus the combined entity.	• Sensitivity analysis of synergy realization. Valuation Workshop: • Hands-on use of valuation models (DCF and comparables) with provided financial data. • Calculate and analyze enterprise value, equity value, and synergies.
4° From September 07th to September 12th	• McKinsey & Company (2020). "Valuation: Measuring and Managing the Value of Companies," Chapter 9: "Multiples and Market-Based Valuation." • Damodaran, A. (2020). "The Dark Side of Valuation," Chapter 4: "Discounted Cash Flow Valuation in M&A."	MTC-Celtel: Valuing synergies and adjusting for risk. Active Generation: Private company valuation. New Case: The Financial Impact of Goodwill – Analyze how an overvalued goodwill balance impacts post-merger financial results.
	• Purchase Price Accounting (PPA): ○ Allocating the purchase price to assets, liabilities, and goodwill. ○ Accounting for intangible assets: trademarks, customer relationships, patents. ○ Impact of PPA on financial statements post-acquisition. ○ Impairment testing for goodwill and its effect on earnings. • Post-acquisition divestitures: when and why. • Measuring breakup value and its impact on shareholder value. • Taxable vs. tax-free corporate breakups. • Integration strategies: cultural alignment, operational consolidation.	
	• Robinson, T.R. et al. (2020). "International	

	<i>Financial Statement Analysis," CFA Institute, Chapter 7: "Accounting for M&A Transactions."</i> PwC Report: "Purchase Price Allocation and Goodwill Impairment in M&A Transactions," 2022.	
LEARNING UNIT IV: M&A Deal Structuration		
LEARNING OUTCOMES Negotiating the Terms of a Deal		
5° From September 14th to September 19th	- Role of advisors: investment bankers, legal counsel. - Negotiating price, terms, and payment methods. - Dealing with rival bidders and private owners. - Anti-takeover defenses: poison pills and golden parachutes. - Bruner, R.F. (2004). "Applied Mergers and Acquisitions," Chapter 15: "Negotiating the Deal." - Harvard Business Review: "The Hidden Traps in M&A Negotiations," by Ghemawat, P. (2020).	Sample Letter of Intent. Sample Confidentiality Agreement & Term Sheets Ashanti-Bogoso: Negotiating price and payment terms.
6° From September 21th to September 26th	Topics: - Introduction to Divestitures in M&A - Strategic reasons for divestitures: - Enhancing shareholder value. - Refocusing on core competencies. - Regulatory-driven divestitures. - Addressing financial distress. - Types of divestitures: - Spin-offs: Distributing shares of a subsidiary to existing shareholders. - Equity carve-outs: Partial IPO of a subsidiary while retaining control. - Asset sales: Selling non-core assets to	Pinault-Printemps-Redoute: Valuing a divestiture. Caterpillar: Before-and-after divestiture analysis. Reading Control N° 2

	strategic or financial buyers. • Split-offs: Shareholders exchange parent company shares for subsidiary shares. 3. Post-Acquisition Divestitures • Divesting non-core assets: Evaluating strategic vs. non-strategic assets after a merger. • Unlocking hidden value: When a combined entity is worth less than its individual parts. • The impact of post-merger restructuring on company valuation. • Regulatory requirements and antitrust considerations. 4. Measuring and Managing Break-Up Value • Break-up value vs. enterprise value: Identifying which parts of a company are more valuable as standalone entities. • Financial modeling for divestitures: • Identifying cash flow contributions of divested units. • Adjusting the weighted average cost of capital (WACC) post-divestiture. • Investor reaction and market perception of divestitures. 5. Tax Considerations in Divestitures • Taxable vs. tax-free corporate breakups: • Capital gains implications. • Impact of divestitures on net operating losses (NOLs). • Tax Considerations IRS and SUNAT. • International tax considerations in cross-border divestitures. 6. Before-and-After Divestiture Analysis • How does a divestiture affect a company's financial performance and	
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	shareholder returns? • Key metrics: • Changes in EBITDA, revenue growth, and margins. • Effect on return on invested capital (ROIC) and earnings per share (EPS). • Debt reduction and capital allocation strategies post-divestiture.	
7° From September 28th to October 03th	1. Role of Investment Bankers and Other Advisors: • Advisors' impact on deal structure and negotiation outcomes. • Navigating relationships between buyers, sellers, and financial advisors. 2. Developing a Negotiating Stance: • Crafting negotiation strategies aligned with strategic goals. • Balancing aggressive and cooperative negotiation tactics. 3. Understanding Sellers' Goals and Constraints: • Identifying motivations behind selling (financial distress, strategic repositioning). • Aligning offer structures with seller expectations. 4. Defensive Strategies: Poison Pills and Other Anti-Takeover Devices: • Mechanisms to protect against hostile takeovers. • Legal and financial implications of defensive tactics.	•

	Lipton, M. (2018). "Pills, Puts, and People: Understanding Corporate Takeover Defenses."	
8° From October 05th to October 10th	- Structuring the Deal: Payment Methods and Pricing: - Cash vs. stock considerations. - Structuring earnouts and contingent payments. - Dealing with Rival Bidders and Private Owners: - Tactics for handling auction scenarios. - Engaging with family-owned or closely held businesses. - Closing the Deal: - Maintaining momentum during due diligence. - Securing financing and finalizing terms. - Gaughan, P.A. (2017). "Mergers, Acquisitions, and Corporate Restructurings," Chapter 11: "Hostile Takeovers and Defense Mechanisms."	
LEARNING UNIT V: Acquisition Financing LEARNING OUTCOMES: As a learning objective, students will understand how to design optimal financing strategies tailored to the specifics of an acquisition, assess the implications of leverage on post-deal performance, and evaluate the trade-offs between funding options		
9° From October 12th to October 17th	- Finding the Optimal Capital Structure: Debt, Equity, or Mezzanine? - Evaluating cost of capital and risk tolerance. - Balancing leverage to maximize shareholder value without compromising financial stability. - Senior Secured Bank Financing: - Structuring bank loans for acquisitions. - Covenants and restrictions associated with senior debt. - Asset-Based Finance and Bridge Financing: - Leveraging company assets to secure financing. - Short-term bridge loans as interim financing solutions.	- Jefferson Smurfit: Acquisition finance. - Le Meridien: Leveraged acquisition financing.

	4. Second-Lien and PIK Notes: • Understanding subordinated debt structures. • Payment-in-Kind (PIK) notes and their implications for cash flow. 5. Creative Financing Applications: • Jefferson Smurfit: Case study on innovative acquisition financing. • Evaluating non-traditional financing sources (private equity, seller financing). • Integration with Negotiation: • Aligning financing with deal terms during negotiations. • Financing contingencies and their impact on closing.	
	• Brealey, R., Myers, S., & Allen, F. (2020). "Principles of Corporate Finance," Chapter 17: "Capital Structure in M&A Transactions." • Moody's Special Report (2022): "Assessing Debt Risk in Acquisition Financing."	
10° From October 19th to October 24th	Due Diligence and Risk Management in M&A Topics: • Fundamentals of due diligence: financial, legal, operational, and cultural. • Identifying risks in M&A transactions: market, operational, and execution risks. • Tailoring due diligence to the company and industry. • The winner's curse and managing overpayment risks. • Scenario and sensitivity analysis for risk management.	• The Acquisition of Allied Colloids: Trace the sequence of events in a cross-border merger and develop a due diligence checklist. • New York Magazine: Conduct industry-specific due diligence in the publishing sector. • Case Workshop: Analyzing a real-world acquisition and creating a due diligence report
	• Harvard Business Review: "The Science of Due Diligence," by Harding, D. & Rovit, S. (2020). • McKinsey Quarterly: "Why Most Mergers	

	Fail and How to Avoid the Pitfalls," (2022)	
11° From October 26th to October 31th	1. Introduction to Leveraged Buyouts: ○ Key characteristics of LBO transactions. ○ Financial Buyers vs. Strategic Buyers: ▪ Objectives, funding strategies, and deal structures. ▪ Differences in value creation approaches (e.g., cost-cutting vs. synergies). 2. The Leverage Effect: ○ Understanding how leverage magnifies returns. ○ Impact of debt on risk, valuation, and shareholder returns. 3. Structuring and Pricing Leverage: ○ Determining the optimal capital structure for an LBO. ○ Debt tranches: ▪ Senior debt, mezzanine debt, high-yield bonds, and equity contributions. ○ Balancing cost of capital and risk tolerance. 4. Valuation in LBOs: ○ Debt Capacity Analysis: ▪ Spreadsheet-based modeling of debt capacity and interest coverage ratios. ○ The Venture Capital (VC) Method: ▪ Valuing exit opportunities and internal rates of return (IRR). ○ Paydown and exit strategies: ▪ Projecting cash flows to determine debt repayment timelines. ▪ Multiple expansion and	Key Cases: • The LBO of ISS: ○ Comprehensive analysis of deal structuring, valuation, and financing. ○ Assessing operational improvements to enhance value creation. • Exit for Reykjavik Fleet Leasing: ○ Exploring paydown and exit strategies to maximize IRR for investors. • Flexics (Integrative Case): ○ Rival teams negotiate an LBO and sale to a strategic buyer. ○ Includes: ○ Valuation of the target. ○ Fundraising strategy and terms of financing. ○ Negotiation of payment terms and creation of a summary term sheet

	operational improvements to boost exit valuation. 5. Focus Areas: ○ Synthetic Ratings and Debt Pricing: ▪ Assigning credit ratings to LBO deals based on financial metrics. ▪ Calculating interest rates and spreads for various debt tranches. ○ Mezzanine and Private Equity Finance: ▪ Role of private equity in LBOs. ▪ Evaluating mezzanine debt as a flexible funding option. 6. Risks and Challenges in LBOs: ○ Potential risks from over-leverage and economic downturns. ○ Strategies to mitigate execution and operational risks.	
	• <i>Kaplan, S.N., & Strömberg, P. (2009). "Leveraged Buyouts and Private Equity," Journal of Economic Perspectives, 23(1), 121-146.</i> • <i>Rosenbaum, J., & Pearl, J. (2021). "Investment Banking: Valuation, Leveraged Buyouts, and Mergers & Acquisitions," Chapter 6: "LBO Modeling and Structuring."</i>	
LEARNING UNIT VI: Other Topics in M&A		
LEARNING OUTCOMES Learn to navigate regulatory frameworks, assess cultural differences, and evaluate currency and geopolitical risks that impact international deals		
	Topics: • Strategic and financial challenges in cross-border mergers. • Regulatory and cultural considerations in international deals.	Vodafone-Mannesmann: Analyzing a record-setting cross-border M&A transaction.

12° From November 02th to November 07th	• Currency risks and hedging strategies. • Differences in valuation techniques for cross-border deals. • Case studies on global competitiveness and cross-border synergies. • Cross-border regulatory compliance checklists. • Examples of currency hedging contracts in M&A. • Harvard Business Review: "Navigating Cultural and Regulatory Challenges in Cross-Border M&A," (2021). • OECD Report: "Cross-Border M&A Activity and Global Regulatory Trends," (2022).	Tata Motors–Jaguar Land Rover: Strategic and cultural integration in cross-border acquisitions. Case Workshop: Structuring a deal in an emerging market environment.
13° From November 09th to November 14th	ESG in M&A Topics: • The role of Environmental, Social, and Governance (ESG) factors in M&A strategy. • Identifying ESG-related risks and opportunities in target companies. • Incorporating ESG considerations into due diligence. • Evaluating the long-term value impact of ESG initiatives post-merger. • McKinsey & Company Report: "The Growing Importance of ESG in M&A Strategy," (2023). • Harvard Law School Forum on Corporate Governance: "ESG Integration in M&A Transactions," (2021).	Danone-WhiteWave Foods: ESG alignment in a strategic acquisition. Microsoft-Activision Blizzard: Exploring corporate governance challenges in M&A. Case Workshop: Identifying ESG risks and opportunities in a hypothetical deal. Reading Control N° 4
	1. Measuring Post-Merger Success ◦ Financial metrics: EVA (Economic Value Added), MVA (Market Value Added), TSR (Total Shareholder Return). ◦ Operational benchmarks: revenue growth, cost synergies, and profit margins.	• RJR Nabisco Acquisition: A study in value creation through operational improvements. • Procter & Gamble-Gillette: Examining revenue synergies in

14° From November 16th to November 21th	◦ Adjusting financial models to reflect post-merger integration. 2. Tracking and Achieving Synergies ◦ Realizing cost vs. revenue synergies: challenges and best practices. ◦ Delayed vs. immediate synergies: evaluating time frames for value capture. 3. Integration Risks and Performance Pitfalls ◦ Cultural clashes and leadership conflicts. ◦ Unforeseen operational inefficiencies. ◦ Retention of key talent and knowledge transfer. 4. M&A and Market Reactions ◦ Analyzing stock price performance pre- and post-merger. ◦ Market perception vs. actual performance: learning from historical deals.	consumer goods. • 📌 Daimler-Chrysler Merger: A classic failure in integration and strategic misalignment.
	• PwC Report: "Measuring Success in M&A: The Role of Post-Merger Integration," (2022). • McKinsey Quarterly: "Realizing Synergies and Avoiding Common Pitfalls in M&A," (2023).	
15° From November 23th to November 28th	1. The Role of AI and Big Data in M&A • Predictive analytics in target identification. • AI-driven due diligence and risk assessment. 2. Final Course Recap and Application to Real-World Deals • Reinforcing valuation methodologies, financing structures, and negotiation strategies.	Group Research Work Presentations

	Career applications: roles in investment banking, corporate strategy, and private equity.	
	- HARVARD BUSINESS REVIEW: "HOW AI IS CHANGING THE M&A LANDSCAPE," (2023). - BCG REPORT: "BIG DATA AND MACHINE LEARNING IN M&A DUE DILIGENCE," (2022).	
16° From November 30th to December 05th	FINAL EXAMS	

VIII. Bibliography

There is no course textbook, although several papers have been listed in each session and will be submitted as hand out in each session

IX. Professor

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