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# **Mergers and Acquisitions**

# **Corporate Restructuring**

**Professor 1:** Marc Murtra | **E-Mail:** marc.murtra@mmurtra.com

**Professor 2:** Xavier Escudero Rafas | **E-Mail:** xavier.escudero@azcapital.com

**Professor 3:** Victor Garrabou | **E-Mail:** v\_gvt@yahoo.com

**Office hours:** by appointment

**Course Type:** Elective

**Credits:** 4ECTS

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**Term:** **Winter**

## **Course Description**

This course has three modules:

- Module 1: Mergers and Acquisitions (M&A) I
- Module 2: Mergers and Acquisitions (M&A) II
- Module 3: Corporate Restructuring

## **Evaluation Criteria**

Each of the modules will account for 33.33% of the final grade.

It is necessary a minimum grade of 5/10 in each of them to pass the course.

Students are required to attend 80% of classes. Failing to do so without justified reason will imply a Zero grade in the participation/attendance evaluation item and may lead to suspension from the program

Students who fail the course during the regular evaluation are allowed ONE re-take of the evaluation, in the conditions specified above. If the course is again failed after the retake, the student will have to register again for the course the following year.

In case of a justified no-show to an exam, the student must inform the corresponding faculty member and the director(s) of the program so that they study the possibility of rescheduling the exam (one possibility being during the "Retake" period). In the meantime, the student will get an "incomplete", which will be replaced by the actual grade after the final exam is taken. The "incomplete" will not be reflected on the student's Academic Transcript.

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Plagiarism is to use another's work and to present it as one's own without acknowledging the sources in the correct way. All essays, reports or projects handed in by a student must be original work completed by the student. By enrolling at any UPF BSM Master of Science and signing the "Honor Code," students acknowledge that they understand the schools' policy on plagiarism and certify that all course assignments will be their own work, except where indicated by correct referencing. Failing to do so may result in automatic expulsion from the program.

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## **Module 1: Mergers and Acquisitions (M&A) I**

**Professor:** Marc Murtra

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### **Description**

Module 1 covers the main aspects of the M&A process, from the objectives and motivations of the parties involved, to the documentation and valuation methods, to the legal and ethical issues.

### **Sessions**

This module is divided into five chapters, each covering a specific topic related to the M&A process. The chapters are:

- Chapter 1: An overview of the M&A process, the different types of transactions, the roles and responsibilities of the advisors, and the main steps and documents involved in a sell-side, buy-side, or capital raising mandate.
- Chapter 2: The client perspective, the decision-making process, the role of the board, the legal, tax, and financial due diligence, and the common mistakes and pitfalls to avoid in an M&A deal.
- Chapter 3: The human and psychological aspects of M&A, the motivations and incentives of the parties, the power and ego dynamics, the importance of trust and reputation, and the ethical dilemmas and conflicts of interest that may arise.

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- Chapter 4: The earn-out mechanism, the advantages and disadvantages of linking the purchase price to future performance, the key elements and clauses to consider, and the best practices and tips to negotiate and implement an earn-out agreement.
- Chapter 5: The soft skills for M&A professionals, the importance of communication, writing and presentation skills, the use of metaphors and arguments, the styles and lingo of different sectors and the ways to improve and practice these skills.

## Objectives

Module 1 aims to provide students with an advanced understanding of the M&A process, the main actors involved, the technical and soft skills required and the ethical and cultural challenges that may arise.

## Bio of Professor

### Marc Murtra

Marc Murtra is an Industrial Engineer, specialized in Machine Mechanics, from the Escola Tècnica Superior d'Enginyers Industrials de Barcelona (ETSEIB), of the Universitat Politècnica de Catalunya. He also holds a Master of Business Administration (MBA), majored in Finance, from the Leonard School of Business at New York University.

He is the chairman of Indra's Board of Directors, as well as of the Strategy Committee. Additionally, he is an independent Director of Ebro Foods, S.A., and member of its Executive Committee and Audit and Control Committee, a governing body in charge, among other duties, of ESG. He is also a trustee of the Fundació Bancaria Caixa d'Estalvis i Pensions de Barcelona, "La Caixa".

Marc has been a member of several boards of directors including Paradores de Turismo de España, Red.es, the National Institute of Communication Technologies and others. He is a regular contributor to various respected media outlets, including La Vanguardia.

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## **Module 2: Mergers and Acquisitions (M&A) II**

**Professor:** Xavier Escudero Rafas

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### **Description**

Module 2 combines theoretical concepts with practical examples and case studies and aims to develop the skills and competencies of the students in the field of M&A.

### **Sessions**

- Lectures on background and techniques.
- Teamwork on case studies.
- Discussions of team case studies.

### **Objectives**

By the end of this course, students should be able to:

- Understand the strategic and financial rationale behind M&A decisions.
- Understand the different types and stages of the M&A process, and the roles and responsibilities of the advisors and the clients.
- Analyze the financial, strategic and operational aspects of M&A transactions and apply the appropriate valuation methodologies and techniques to thoroughly estimate the value of a company.
- Evaluate the potential synergies and risks of M&A transactions.
- Analyze the sources and costs of financing M&A deals.
- Identify and manage the risks and challenges of the M&A process, such as due diligence and negotiation.

During this course, we will also learn how to build a M&A financial model in Excel and examine how the model is impacted as we modify the implied assumptions (sensitivity analysis).

In summary, this module is designed to consolidate essential aspects of financial decision-making in business and apply them in real life situations. It aims to refine techniques that cover investment and financing decisions.

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The course is perfectly oriented at those students preparing for selection processes in Corporate Finance, Investment Banking and M&A.

## Bio of Professor

### Xavier Escudero Rafas

Xavier is a Founding Partner of AZ Capital, a leading Spanish M&A elected in 2021 as “Iberia M&A Financial Advisor of the Year” by the prestigious M&A platform Mergermarket.

Since joining AZ Capital in 2004, he has participated in a large number of mergers, acquisitions, divestments and strategic advisory transactions for family-owned companies, large corporations and private equity funds, mainly in the consumer and retail, healthcare and pharma and industry sectors.

Prior to joining AZ Capital, Xavier started his professional career in the investment banking division of Morgan Stanley in London and Madrid, where he worked in the European Energy M&A department and in the Spanish M&A department.

Xavier holds a Bachelor's and Master's Degree in Business Administration from ESADE, Barcelona.

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## Module III: Corporate Restructuring

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**Professor:** Victor Garrabou von Trotha

**E-mail:** v\_gvt@yahoo.com

**Office hours:** by appointment

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### Course Description

The objective of this course is to introduce students to the financial, legal and strategic issues associated with the corporate restructuring process. Restructuring is the process by which companies renegotiate the financial contracts and commitments they have entered into with their creditors, employees, suppliers, customers, and shareholders, usually in response to some financial challenge or crisis (financial restructuring). Often it is also necessary to change the business model or restructure the company's operations by cutting costs and selling assets (operational restructuring).

We will discuss the governance role of creditors, different bankruptcy procedures around the world, investment strategies used by hedge-funds to invest in the debt of distressed companies, equity spin-offs, tracking stocks, "downstairs" mergers, buyouts, restructuring of retiree health care/pension plans, and corporate layoff programs.

Corporate restructuring entails any fundamental change in a company's business or financial structure, designed to increase the company's value. The students will learn how to identify the best restructuring option for dealing with the problem or opportunity the company is facing, how to execute it maximising value possible and how to invest in distressed businesses. Understanding how restructurings can affect business seems an essential skill in the current economic turmoil for both managers and investors.

### Sessions

- Lectures on background and restructuring perspective on valuation.
- Teamwork on case studies.
- Discussions of team case studies.

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## **Objectives**

This course will prepare you for the analysis, valuation and identification of investment opportunities to be found around corporate restructurings/distressed debt and other so-called "special situations".

The lectures will discuss the theoretical and empirical evidence related to corporate restructuring and will introduce the legal, regulatory and accounting aspects necessary to understand the restructuring process.

### **Main reading:**

Gilson, Stuart G. (2010), *Creating Value Through Corporate Restructuring: Case Studies in Bankruptcies, Buyouts, and Break-ups*, 2nd Edition. Wiley Finance.

Additional readings will be posted on line.

## **Methodology**

- Each teaching session will consist of a lecture on concepts/dynamics of restructuring
- Questions are very welcome and encouraged during the presentation
- A case study will be prepared by all in advance in writing (in groups of students)
- One group of students will present the case study at the end of each session
- The case study will be discussed by all

The case studies will include cases from around the world:

- Restructuring of Banks
- Restructuring of Industrial companies
- Operational and financial restructuring options; mitigating measures in the hands of distressed companies
- Valuation of distressed companies; scenario building
- Analysis of how distressed debt investors select their targets and implement their investment strategies

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## Bio of Professor

### Victor Garrabou von Trotha

Victor has over 20 years of experience in European private credit and special situations. Prior to joining Ninety One, Victor was an Associate Partner at Capstan Capital where he was responsible for capital raising advisory in the context of European special situations. Prior to that, Victor was a Managing Director at The Seaport Group with distressed securities origination responsibility for Spain and Germany and an Investment Director at Special Situations Partners Ltd covering European origination and investments. Earlier in his career Victor worked in buyout financings at 3i (Frankfurt/Madrid) and Citigroup Leveraged Finance (London/Frankfurt).

Victor is German and holds a Masters in Finance from London Business School and a Masters in Law from the University of Barcelona. Victor is bilingual in German and Spanish as well as fluent in French."

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