



UNIVERSITÀ
CATTOLICA
del Sacro Cuore

International corporate finance

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Course aims and intended learning outcomes

International finance has been evolving fast due to deregulation of financial markets, product innovations, and technological advancements. As capital and product markets are becoming more integrated, firms are growing increasingly global. This course addresses corporate finance issues relevant for international companies.

At the end of this course, students:

1. will know the main features of multinational corporations; the various types of foreign exchange risk; the key hedging techniques applicable to foreign exchange risk of international companies; the logic and the mechanism of corporate investment and financing decisions in an international setting;
2. will be able to apply their knowledge and understanding, and problem solving abilities related to the management of exchange rate risk exposure and to the appraisal of investment and financing decisions in multinational firms;
3. will be able to collect and analyze market as well as company data in order to make judgments on financial management's issues for multinational corporations;
4. will be able to communicate in a proper manner conclusion, results, study outcomes and knowledge to specialist audiences from the business;
5. will learn the principles and the tools to make sound international financial decisions and to manage the risks that firms are required to face in a competitive global environment.

Course content

1. *Foreign Exchange Risk Management*
International Monetary System. The Market for Foreign Exchange. Exchange rate and international parity relations. Futures and Options on Foreign Exchange. Foreign exchange exposure. Measuring and managing foreign exchange exposure.
2. *Multinational firms and foreign direct investments*
Greenfield investments. Cross-border M&A. International capital budgeting. Valuing foreign firms.
3. *International capital structure and international financing*
How multinational firms establish their capital structure. The cost of capital for multinational firms. International equity and debt financing.

Reading list

The required textbook for the course is:

C.S. EUN-B.G. RESNIK, *International Financial Management*, 8th Edition, McGraw Hill, 2017.

Additional teaching material such as notes, cases, casual readings provided throughout the course will be posted on Blackboard.



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Teaching method

The course is mainly taught with presentations and in-class examples and exercises. Case studies will also be used and will be presented and/or discussed by students.

Assessment method and criteria

For students who plan to regularly attend classes, their final grade will be: I Midterm exam 35%; II Midterm Exam: 35%; Class Participation and Case Discussion/Presentation: 30%.

Students who do not attend regularly will take a comprehensive final exam during regular exam session that will cover all course material and their grade will be 100% comprehensive final.

Each written exam will consist in a set of multiple-choice questions and in quantitative exercises. The weight of each exercise on the final grade is approximately the same.

Notes and prerequisites

Officially, students must have taken a class in Corporate finance (options, futures and derivatives) or Finanza aziendale (asset pricing e finanziamento delle imprese) (see the student's guide). In any case it is strongly recommended that students have preliminary knowledge of derivatives as well as of capital budgeting and financing decisions in a domestic environment.