

# **International finance and real options**

## **COURSE SYLLABUS**

### **About the lecturer:**

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### **Biography:**

André SCHMITT is currently associate professor at the University of Strasbourg, France. He is in charge of the Master in International Project Management.

Formerly, he was director of the Centre Franco-Vietnamien de Formation à la Gestion (CFVG) in Ho Chi Minh City, Vietnam from December 2008 to July 2011.

He holds a Ph.D. in Management Sciences from the University of Strasbourg, France. His main research areas deal with environmental economics and management, asset evaluation and mergers and acquisitions. He published papers in the Journal of Environmental Economics and Management, European Financial Management, Revue Economique, International Journal of Global Energy Issues. He has worked on several scientific programs financed by the French Energy Council (CFE) from 2002 to 2007.

### **The course:**

This course provides the concepts and tools necessary to understand finance in an international environment. A special focus will be put on how real options theory can sustain strategic management for international projects. After reminding classical tools to make investment and financial decisions, students will be familiarized with the specific challenges set by international management. They will learn how to deal with exchange rate risk and political risk when implementing an international project.

### **Learning outcomes:**

After completing this course the students should:

- Understand how to take rigorous financial decisions (to target the optimal capital structure) and seek the relevant information to implement them;
- Know how to evaluate a project using discounted cash flows analysis (FCFF, FCFE)
- Know how to take into account specificities of international project analysis: exchange rate risk and political risk.
- Know how to use financial options.
- Know how to put in practice and evaluate real options
- Understand how real options can sustain strategic management in an international environment.

### **Methodology**

Lectures and real case studies or exercises to be presented at the end of the session.

### **The lecturer will evaluate the students as follows:**

- Attendance/participation : 20%
- Study cases and group presentations: 80%
- Final exam: none

**Participants will be asked to evaluate the course before getting their mark.**

### **Bibliography :**

Required reading material:

- *Corporate Finance*, A. Damodaran, Wiley, 2006
  - o Compagnon website: <http://pages.stern.nyu.edu/~adamodar/>

Other references :

- *Options, futures and other derivatives*, J. Hull, Pearson Education, 2011.
- *Project Valuation using real options*, P. Kodukula et C.Papudesu, J.Ross Publising, 2006.
- *Real options Valuation*, R. Schockley, Thomson SW, 2007