



UNIVERSITAS INDONESIA
FACULTY OF ECONOMICS & BUSINESS
DEPARTMENT OF ACCOUNTING
UNDERGRADUATE PROGRAM

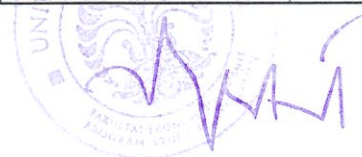
SYLLABUS
FUNDAMENTALS OF MERGERS AND ACQUISITIONS
ODD SEMESTER 2020/2021

No.	Lecturers	E-mail
1.	Setio Anggoro Dewo	dewosa@gmail.com
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Subject Title	Fundamentals of Mergers and Acquisitions
Credit Value	3
Pre-requisite/ Co-requisite/ Exclusion	1. Advanced Financial Accounting 2 (ECAU601312); and 2. Taxation 2 (ECAU603106) 3. Financial Management (ECMU602004)
Role and Purposes	This course is designed for accounting students which aim to provide basic concepts of mergers and acquisitions, for assisting managers in making decisions. Discussion in this course includes overview of mergers and acquisitions process, parties in mergers and acquisitions process, tax-related transaction structuring, legal aspects of mergers and acquisitions, negotiation and deal closing, post-merger integration, industry specific issues.



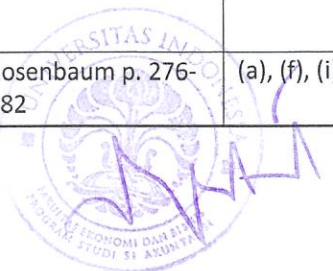
Subject Learning Outcomes	<p>Upon completion of the subject, students will have the ability to:</p> <ul style="list-style-type: none">a) Understand the overall concepts of mergers and acquisitions (“M&A”) process both from sell-side and buy-side;b) Analyze M&A concepts and apply technical and soft skills needed as an M&A professional;c) Convey and convince other parties involved in the M&A process in order to get the deal done (completed); andd) Understand the impact of COVID-19 pandemic on the M&A landscape. <p>Technical competence: mergers and acquisitions process</p> <ul style="list-style-type: none">a) Demonstrate a substantive understanding of the process of buy-side and sell-side mergers and acquisitions (M&A);b) Identify the parties involved and understand role of the parties involved in the M&A process;c) Analyze motives for transaction and selection of targets in the M&A process with critical thinking;d) Understand the concept of due diligence and valuation and their role in the M&A process;e) Understand the role of tax and legal aspects in the M&A process;f) Understand the concept of negotiations and be able to demonstrate and apply the negotiation techniques in class;g) Understand the concept of post-merger integrations (PMI) and identify obstacles to successful M&A integration; <p>Communication skills</p> <ul style="list-style-type: none">h) Convey issues and potential solutions by applying M&A related technical skills. This is done through clear and concise business report and verbal presentation; andi) Convey and convince other parties involved in the M&A through convincing negotiation skills.												
Subject Synopsis/ Indicative Syllabus	<table><tr><th>Week #</th><th>Topic</th><th>Required Readings</th><th>LO</th></tr><tr><td>1</td><td>Introduction to Mergers and Acquisitions<ul style="list-style-type: none">History of Mergers and AcquisitionsMotives for Mergers and Acquisitions (build & buy decisions, synergy concept)Organic vs Inorganic GrowthPro(s) and Con(s) of Doing Mergers and AcquisitionsBuy-side vs Sell-sideHow COVID-19 pandemic is changing M&A landscape</td><td>-</td><td>(a)</td></tr><tr><td>2</td><td>Buy-side Mergers and Acquisitions Process and Timeline<ul style="list-style-type: none">Diagnostic PhaseIdentification of Potential Buyers</td><td><ul style="list-style-type: none">Rosenbaum p. 251-256Provided article(s):</td><td>(a)</td></tr></table>	Week #	Topic	Required Readings	LO	1	Introduction to Mergers and Acquisitions <ul style="list-style-type: none">History of Mergers and AcquisitionsMotives for Mergers and Acquisitions (build & buy decisions, synergy concept)Organic vs Inorganic GrowthPro(s) and Con(s) of Doing Mergers and AcquisitionsBuy-side vs Sell-sideHow COVID-19 pandemic is changing M&A landscape	-	(a)	2	Buy-side Mergers and Acquisitions Process and Timeline <ul style="list-style-type: none">Diagnostic PhaseIdentification of Potential Buyers	<ul style="list-style-type: none">Rosenbaum p. 251-256 Provided article(s):	(a)
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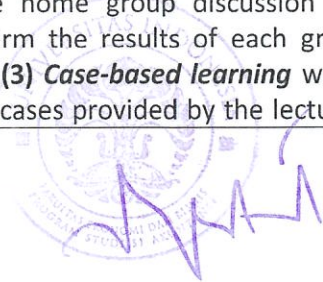
		<ul style="list-style-type: none"> • Preparation of Marketing Materials (preparation of teaser and information memorandum) • Go-to-market Phase • Expression of Interests (non-binding offer submission) • Due Diligence and Valuation Process • Submission of Binding Offer • Negotiation and Closing • Impact of COVID-19 pandemic to M&A process 	<ul style="list-style-type: none"> • Overview of M&A process 	
	3	<p>Parties in Mergers and Acquisitions Process</p> <ul style="list-style-type: none"> • Sell-side and Buy-side Advisors • Due Diligence Consultant • Legal Advisor • Public Appraiser • Buy-side Investors (strategic investors, private equity firms, venture capital, insurance company, pension fund, etc.) <p>Overview of Buy-side Investors' Business Model</p>	<ul style="list-style-type: none"> • Rosenbaum p. 251-256 <p>Provided article(s):</p> <ul style="list-style-type: none"> • Parties in M&A process 	(a), (b)
	4	<p>Diagnostic Phase and Selection of Targets</p> <ul style="list-style-type: none"> • Understanding Business Rationale/Motives for Transaction <ul style="list-style-type: none"> ◦ Expansion of business (entering new market, memorandum) ◦ Strengthening market position/business consolidation ◦ Raising capital (divestiture, right issue, IPO, fundraising, etc.) ◦ Operational improvement (improvement in process) • Selection of Targets <ul style="list-style-type: none"> ◦ Analysis of strategic fit and acquisition rationale ◦ Identification of synergies • Winners and losers of from the COVID-19 pandemic situation • Introduction to turnaround cases and lessons learned from previous crisis (1997 Asian Financial Crisis and/or 2008 crisis) 	<ul style="list-style-type: none"> • Rosenbaum p. 257-269 <p>Provided article(s):</p> <ul style="list-style-type: none"> • Determine the type of the deals • Motives to sell • Selecting target 	(a), (c)
	5	<p>Due Diligence Process</p> <ul style="list-style-type: none"> • Overview of Due Diligence Process • Due Diligence vs Financial Audit • Types of Due Diligence: <ul style="list-style-type: none"> ◦ Financial due diligence ◦ Commercial due diligence ◦ Legal due diligence ◦ Tax due diligence • Due Diligence Considerations 	<ul style="list-style-type: none"> • Rosenbaum p. 270-272 <p>Provided article(s):</p> <ul style="list-style-type: none"> • 20 key due diligence activities in a merger and acquisition transaction 	(a), (d)



		<ul style="list-style-type: none"> Risks Associated with Due Diligence Process 	<ul style="list-style-type: none"> Financial due diligence vs financial audit 	
	6	Target Valuation <ul style="list-style-type: none"> Types of Valuation Approach <ul style="list-style-type: none"> Discounted cash flow (DCF) Market comparable (transaction & trading multiples) Asset valuation (liquidation value) Valuation Consideration <ul style="list-style-type: none"> Valuation across different industries Valuation discount and premium Determination of discount rate Impact of COVID-19 pandemic to valuation exercise and valuation trend 	Provided article(s): <ul style="list-style-type: none"> M&A valuation approaches 	(a), (d)
	7	Case Study: [to be determined]		(a), (b), (c), (d), (h)
	8	Tax Related Transaction Structuring <ul style="list-style-type: none"> Introduction to transaction tax <ul style="list-style-type: none"> Capital gain tax Property tax Dividend tax Sample of Transaction Structures <ul style="list-style-type: none"> Horizontal merger Vertical merger Spin off Carve-out etc Transaction Structuring Considerations <ul style="list-style-type: none"> Tax Legal 	Provided article(s): <ul style="list-style-type: none"> Aspek perpajakan atas merger Memahami pajak atas merger 	(a), (e)
	9	Legal Aspects of Mergers and Acquisitions <ul style="list-style-type: none"> Introduction to transaction legal documents <ul style="list-style-type: none"> Non-disclosure agreement (NDA) Process letter Term-sheet (Non-binding offer) Sale and Purchase Agreement (SPA) Introduction to SPA <ul style="list-style-type: none"> Definition of SPA and its significance role in the transaction Structure and Content of SPA <ul style="list-style-type: none"> Important clauses (Indemnity, Representation and warranties, Non-competition etc.) Price adjustment mechanism 	<ul style="list-style-type: none"> Rosenbaum p. 273-275 Provided article(s): <ul style="list-style-type: none"> Regulatory aspect of M&A 	(a), (e)
	10	Negotiation and Deal Closing <ul style="list-style-type: none"> Negotiation Techniques 	<ul style="list-style-type: none"> Rosenbaum p. 276-282 	(a), (f), (i)



		<ul style="list-style-type: none"> • How to be a Good Negotiator • Mock Negotiation Session 	Provided article(s): <ul style="list-style-type: none"> • 15 tactics for successful business negotiation 	
	11	Post-merger Integration and Why Acquisitions Fail <ul style="list-style-type: none"> • Issues in Post-Merger Integration (PMI) <ul style="list-style-type: none"> ○ HR and culture integration ○ Information technologies (IT) ○ Operational issues ○ Etc. • How to Mitigate Integration Risks? 	Provided article(s): <ul style="list-style-type: none"> • Steps to successful PMI • Why merger fails 	(a), (g)
	12	Impact of COVID-19 to the M&A business landscape <ul style="list-style-type: none"> • Impact of COVID-19 across business sectors • Impact of COVID-19 to M&A landscape (i.e number of transactions, valuation, etc.) and emergence of restructuring-related M&A How COVID-19 is changing business players and consumer behavior	Provided article(s): <ul style="list-style-type: none"> • [to be confirmed] 	(a)
	13	Sharing Session from Mergers and Acquisitions Professionals	Provided article(s): <ul style="list-style-type: none"> • Why investment banking is not for you • Why you won't close a deal as a junior banker • Why young bankers are miserable 	
	14	Case Study: [to be determined]		(a), (b), (c), (d), (e), (f), (g), (h), (i)
Teaching/Learning Methodology	In terms of learning methodology, this course adopts student-centered active learning methods as follows: (1) Small group discussions are held in the classroom with discussion groups of 4-5 people. Small groups of students are discussing the same topic given by facilitator. Feedback is given at the end of the class, after the small group discussions. (2) Collaborative learning which involves three stages, which are focused group discussion, home group discussion, and plenary discussion. In collaborative learning, each focused groups are discussing one different sub-topic. After focused group discussion has finished, students set up home groups consisting of the members from different focused groups. In the home group discussion, each group members will share the results of the topic discussed from their focused group. Once the home group discussion has completed, then a plenary discussion is held to confirm the results of each group discussion and to provide feedback from the lecturer. (3) Case-based learning which students are divided into groups of 6-8 people to solve cases provided by the lecturer.			



	The feedback provided by the lecturer at the end of the session in the form of checking the results of the given cases.					
Assessment Method in Alignment with Intended Learning Outcomes	Specific Assessment Methods/Tasks	Weighting	Intended learning outcomes to be assessed (Please tick as appropriate)			
	Group:		a	b	c	d
	- Case Study	30%		x		
	Individual:					
	- Participation	10%	x	x	x	x
	- Mid term exam	30%	x	x	x	x
	- Final exam	30%	x	x	x	x
Details of learning methods	Choices of learning methods for this subject are: 1. Small Group Discussion 2. Collaborative Learning 3. Case-based Learning (Sources: Buku Panduan Kurikulum DIKTI 2014)					
Student Study Effort Expected	Class Contacts					
	Lectures					22.5Hours
	Presentation					12.5Hours
	Other student study effort					
	Preparation for presentation					10 Hours
	Preparation for project/assignment/tests					25 Hours
Reading List and References	<u>Required Readings:</u> 1. Provided reading materials 2. Rosenbaum, J. & Pearl J. (2013) Investment Banking: Valuation, Leveraged Buyouts, and Mergers and Acquisitions. Wiley.					
	<u>Supplementary Readings:</u> 1. Gaughan, Patrick A. (2017) Mergers, Acquisitions, and Corporate Restructurings, 7th Edition. Wiley.					

