



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

SYLLABUS
FUNDAMENTALS OF MERGERS AND ACQUISITIONS
ECAU608306
ODD SEMESTER 2019/2020

No.	Lecturers	E-mail
1	Setio Anggoro Dewo S.E., M.B.A., Ph.D., CA., CPMA., FCPA., Asean CPA.	dewosa@gmail.com

Subject Code	ECAU608306
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 are able to:</p> <p>a) Demonstrate a substantive understanding of overall mergers and acquisitions process, including due diligence, valuation and negotiation process; and</p> <p>b) Apply technical and soft skills needed as a mergers and acquisitions professional.</p>																	
Subject Synopsis/ Indicative Syllabus	<table border="1"> <thead> <tr> <th data-bbox="472 506 596 573">Week #</th> <th data-bbox="596 506 1206 573">Topic</th> <th data-bbox="1206 506 1536 573">Required Readings</th> </tr> </thead> <tbody> <tr> <td data-bbox="472 573 596 842">1</td> <td data-bbox="596 573 1206 842"> <p>Introduction to Mergers and Acquisitions</p> <ul style="list-style-type: none"> • History of Mergers and Acquisitions • Motives for Mergers and Acquisitions (build & buy decisions, synergy concept) • Organic vs Inorganic Growth • Pro(s) and Con(s) of Doing Mergers and Acquisitions • Buy-side vs Sell-side </td> <td data-bbox="1206 573 1536 842">-</td> </tr> <tr> <td data-bbox="472 842 596 1245">2</td> <td data-bbox="596 842 1206 1245"> <p>Buy-side Mergers and Acquisitions Process and Timeline</p> <ul style="list-style-type: none"> • Diagnostic Phase • Identification of Potential Buyers • 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 </td> <td data-bbox="1206 842 1536 1245"> <ul style="list-style-type: none"> • Rosenbaum p. 251-256 <p>Provided article(s):</p> <ul style="list-style-type: none"> • Overview of M&A process </td> </tr> <tr> <td data-bbox="472 1245 596 1581">3</td> <td data-bbox="596 1245 1206 1581"> <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, insurance company, pension fund, etc.) <p>Overview of Buy-side Investors' Business Model</p> </td> <td data-bbox="1206 1245 1536 1581"> <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 </td> </tr> <tr> <td data-bbox="472 1581 596 1966">4</td> <td data-bbox="596 1581 1206 1966"> <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 </td> <td data-bbox="1206 1581 1536 1966"> <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 </td> </tr> </tbody> </table>			Week #	Topic	Required Readings	1	<p>Introduction to Mergers and Acquisitions</p> <ul style="list-style-type: none"> • History of Mergers and Acquisitions • Motives for Mergers and Acquisitions (build & buy decisions, synergy concept) • Organic vs Inorganic Growth • Pro(s) and Con(s) of Doing Mergers and Acquisitions • Buy-side vs Sell-side 	-	2	<p>Buy-side Mergers and Acquisitions Process and Timeline</p> <ul style="list-style-type: none"> • Diagnostic Phase • Identification of Potential Buyers • 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 	<ul style="list-style-type: none"> • Rosenbaum p. 251-256 <p>Provided article(s):</p> <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, 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 	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"> • 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
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		<ul style="list-style-type: none"> ○ Analysis of strategic fit and acquisition rationale ○ Identification of synergies 	
5	Due Diligence Process <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 • Risks Associated with Due Diligence Process 	<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 • 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 	<p>Provided article(s):</p> <ul style="list-style-type: none"> • M&A valuation approaches 	
7	Case Study: [to be determined]		
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 ○ 	<p>Provided article(s):</p> <ul style="list-style-type: none"> • Aspek perpajakan atas merger • Memahami pajak atas merger 	
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 (Indemity, Representation and warranties, Non-competition etc.) ○ Price adjustment mechanism 	<ul style="list-style-type: none"> • Rosenbaum p. 273-275 <p>Provided article(s):</p> <ul style="list-style-type: none"> • Regulatory aspect of M&A 	
10	Negotiation and Deal Closing	<ul style="list-style-type: none"> • Rosenbaum p. 276-282 	

	<ul style="list-style-type: none"> • Negotiation Techniques • 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 																				
12	Industry Specific Issues: [to be confirmed] <ul style="list-style-type: none"> • Oil and Gas • Power plant • Banking 	Provided article(s): <ul style="list-style-type: none"> • [to be confirmed] 																				
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]																					
Teaching/Learning Methodology	<p>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.</p>																					
Assessment Method in Alignment with Intended Learning Outcomes	<table border="1"> <thead> <tr> <th>Specific Assessment Methods/Tasks</th> <th>Weighting</th> <th colspan="2">Intended learning outcomes to be assessed (Please tick as appropriate)</th> </tr> </thead> <tbody> <tr> <td>Group:</td> <td></td> <td>a</td> <td>b</td> </tr> <tr> <td>- Case Study</td> <td>30%</td> <td></td> <td>x</td> </tr> <tr> <td>Individual:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>- Participation</td> <td>10%</td> <td>x</td> <td></td> </tr> </tbody> </table>		Specific Assessment Methods/Tasks	Weighting	Intended learning outcomes to be assessed (Please tick as appropriate)		Group:		a	b	- Case Study	30%		x	Individual:				- Participation	10%	x	
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	- Mid term exam	30%	x	x	
	- Final exam	30%	x	x	
Details of learning methods	<p>Choices of learning methods for this subject are:</p> <ol style="list-style-type: none"> 1. Small Group Discussion 2. Collaborative Learning 3. Case-based Learning <p>(Sources: Buku Panduan Kurikulum DIKTI 2014)</p>				
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	<p><u>Required Readings:</u></p> <ol style="list-style-type: none"> 1. Provided reading materials 2. Rosenbaum, J. & Pearl J. (2013) Investment Banking: Valuation, Leveraged Buyouts, and Mergers and Acquisitions. Wiley. <p><u>Supplementary Readings:</u></p> <ol style="list-style-type: none"> 1. Gaughan, Patrick A. (2017) Mergers, Acquisitions, and Corporate Restructurings, 7th Edition. Wiley. 				