



Corporate Performance Evaluation (9 credits)

Academic Year 2024-2025 – First Semester

Syllabus

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COURSE GOALS

The course aims to provide fundamental criteria for evaluating corporate performance at “silos” level as well as by considering the overall firm system.

In particular, the course's purpose is to provide students with the skills to carry out the main analyses necessary for inquiring the historical and prospective capacity of the firm to generate performances, on the one hand, and create economic value for shareholders and other stakeholders, on the other hand. In this vein, the course has been framed by combining the following four interconnected insights: first, financial statement analysis and related performance measurement indicators; second, firm's economic evaluation; third, risk-return analysis and cost of capital; fourth, flexibility's value and dynamic management of uncertainty.

TEACHING ORGANIZATION

For students belonging to the master degree in Economics and Policy Evaluation, the course matters 6 credits; for those belonging to the master degree in Management the course matters 9 credits.

TOPICS (6 credits – 9 Credits)

1. Performance measurement system
2. Interactions between performance measurement and enterprise risk management
3. The financial statement analysis
4. Firm economic value, time and cost of capital: introductory concepts
5. Capital structure, profitability and firm value
6. Basic firm evaluation methods
7. Traditional capital budgeting tools: Net Present Value and Internal Rate of Return
8. Risk-return-analysis: risk as volatility and mean-variance analysis
9. Risk return-analysis: portfolio diversification, capital market line and systematic risk.
10. The equity cost according to the Capital Asset Pricing Model (CAMP).
11. Diversification limits and total beta.
12. The arbitrage pricing theory (brief notes)

TOPICS OF (9 Credits only)

1. Performance volatility analysis according to a bottom approach (static analysis)
2. Reworking the CAPM according to the bottom-up approach
3. Value of flexibility and dynamic management of uncertainty: financial and real options
4. IPO and pricing
5. Credit risk, cost of debt and rating

EXAM AND MIDTERM TESTS

The exam will be based on an interview.

Attendance of lectures is recommended, but it is not mandatory. Students who attend lectures will have the possibility to take **midterm tests** based on topics covered in class. In particular: students belonging to the master degree in Economics and Policy Evaluation, can take one midterm test (in the middle of November); students belonging to the master degree in Management, can take two midterm tests (the first one in the middle of November; the second one in the middle of December). Participation in one or two midterm tests requires attending at least 60% of the lectures. Meaning, in the case of 6 credits only, students can take the first midterm test by attending at least 14 lectures; in the case of 9 credits, students can take the first and second midterm test by attending at least 22 lectures.

Dates of midterm tests will be communicated in class. The maximum midterm tests' grade is 26/30.

However, all students are required to take the final oral test in a formal exam sessions. The midterm tests grade will be considered for the formal score. According to Sapienza's rules, it is not possible to take the exam through an online interview.

TEACHING MATERIAL

Textbook: Renzi A., Taragoni P., Vagnani G., Dzurani A., (2025), *Firm value and risk*, Cedam-Kluwer (forthcoming).

Slides of the course:

EXAM DATES

The exam dates have been posted on the INFOSTUD SYSTEM.

The registration for the exam must be done through the INFOSTUD SYSTEM.

CLASSROOM SCHEDULE

- Tuesday 4:00 PM - Classroom "Segio Steve", fifth floor.
- Wednesday 2:00 PM - Classroom 8a, floor minus one.
- Thursday 2:00 PM - Classroom 8a, floor minus one.

The first lecture will take the place on September 23, 2025

OFFICE HOUR

The office hour takes the place at Department of Management, third floor (room no. 4), through appointment agreed via e-mail: antonio.renzi@uniroma1.it; pietro.taragoni@uniroma1.it