



# HHL

LEIPZIG  
GRADUATE SCHOOL  
OF MANAGEMENT

## HHL Passion for Finance Scholarship (full-time M.Sc.)

The Master Program in Management | Finance (M.Sc.) at HHL is an important step for your future career and personal development. We aim for the highest standards and we want to enable students to turn their passion into profession!

With its **Passion for Finance Scholarship Program**, HHL supports young, ambitious students that want to make an impact by combining finance expertise, strategic thinking, a sense of long-term orientation, and responsibility as well as strong personal drive. Successful candidates will receive a tuition reduction of up to EUR 5,000 for the Full-time Master in Management | Finance program and access to a unique mentoring program.

### Scholarship Selection Process

Please submit the scholarship application by uploading it with your program application. The selection committee evaluates the application thoroughly. If you managed to convince the committee, you will get the opportunity to present your case proposal to a member of our finance faculty, followed by a discussion of your solution. In case of a successful admission to the Master in Management | Finance, you will be informed about the scholarship decision within a few days.

### Application Documents

The following documents are compulsory:

- ✓ A completed application for HHL's Master in Management | Finance
- ✓ GMAT score report
- ✓ Cover letter outlining who you are, why you are the right choice for the scholarship and how you will contribute to the discipline of Finance at HHL (max. 600 words)
- ✓ Solution proposal (3-5 slides) to the current **Passion for Finance** case study

### Submitting Your Application & Deadline

**Your scholarship application must be submitted together with the program application** by uploading it on the online application portal under the section [Documents to Upload](#). Please bear in mind that your chances to receive financial support increase the earlier you apply.




### Scholarship Task

On page three of the document, you are going to find our current **Passion for Finance** case study. Please review all information thoroughly and provide a solution proposal in a presentation of 3-5 slides. Note: No backups or spreadsheets will be considered.

### Key criteria for your successful application

- ✓ Hold or be in the process of obtaining a first degree in business or equivalent (at least 180 ECTS credits) with excellent results
- ✓ A GMAT score of at least 650
- ✓ Relevant practical experience of at least three months and extra-curricular engagement
- ✓ A thorough solution proposal to the case study and the ability to communicate it
- ✓ ...as well as passion for Finance!

### What you'll get

-  Up to EUR 5,000 reduction of your tuition fees
-  An experienced personal mentor from the HHL alumni network that has already built a career at the crossroads of finance and strategy
-  An excellent student buddy from an older class of the Master in Management | Finance

### Contact

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### About the Scholarship – Turn your Passion into Profession

HHL has always been a breeding ground for expertise in Finance. Our numerous alumni in finance executive roles in the corporate world, in investment banking, private equity, venture capital, and consulting are clear evidence of that.

With the intake of 2020, we went one step further and introduced a Finance track to our Master in Management (M.Sc.), which stands at the crossroads of Finance and Strategy. The program combines corporate finance expertise with profound management skills and takes students beyond standard thinking of short-run financial performance and company value maximization. Instead, we strengthen our students' abilities to critically reflect and to arrive at well-informed business decisions. Providing our students with competencies of sustainable impact is at HHL's heart.

The scholarship is intended to support some of the most passionate students of the Master in Management | Finance – not only with a reduction in tuition fees but with individual advice from an experienced mentor of the HHL alumni network. Beyond the support provided by career service and faculty, the mentor adds another practitioner view when it comes to choices within the program, the targeting of internship companies, the adjustment of application documents, or the discussion of potential job entry positions after studies. Moreover, our mentors are active members of the HHL alumni network and have strong personal connections in the world of Finance and Strategy. Whenever needed, they are more than happy to connect scholarship holders with their own professional contacts.

### A Selection of our Mentors



**Elton Bursuk**  
Investment Banking Analyst  
Goldman Sachs



**Stephanie Dian Lippert**  
Senior Associate Alternative  
Pacific Life



**Dr. Christin Rudolph**  
Senior Project Manager  
Deal Advisory, KPMG



**Max Dolata**  
Director, Expansion  
Ardian



**Oliver Thieme-Garmann**  
Junior Project Manager  
Oliver Wyman



**Christoph Oettle**  
Senior Manager  
Strategic Finance Analytics, MARS



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## HHL Finance Excellence Scholarship (full-time M.Sc.)

### Scholarship Task – The Current **Passion for Finance** Case Study

Puma, which currently views itself as operating in the sporting wear (shoes and clothes) segment, is considering an expansion into the fashion apparel business, producing high-priced casual clothing for teenagers and young adults. You have been asked to collect the data to make the assessment and have come back with the following information:

1. You estimate that it will cost Puma \$ 2.5 billion to establish a presence in this business. Of this amount, \$ 1 billion will have to be spent right now acquiring land, equipment and other assets needed for the business. There will be an additional \$ 1 billion investment a year from now, and final investment of \$ 0.5 billion at the end of 2 years. The business will be operational at the start of the third year.
2. The whole initial investment of \$ 2.5 billion is fully depreciable over 10 years starting in the third year.
3. The total market for casual apparel is estimated to be \$ 75 billion currently, growing at 5% a year. Puma is expected to gain a 2% market share in the first year that it enters the market (which is the third year), and to increase its market share by 0.5% a year to reach 5% of the market in the ninth year.<sup>1</sup> Beyond that point, Puma's revenues are expected to grow at the same rate as the overall market. Puma expects to generate 50% of the apparel revenues to come from the United States, 20% from China, 20% from India and 10% from Brazil.
4. The pre-tax gross profit margins (prior to depreciation, advertising expenses and allocations of corporate costs) are expected to be 23% of revenues.
5. Puma will allocate 5% of its existing general and administrative costs to the new division. These costs now total \$ 2 billion for the entire firm and are expected to grow 5% a year for the next 12 years, irrespective of whether Puma enters the apparel business. In addition, it is expected that Puma will have an increase of \$ 50 million in general and administrative costs in year 3 when the new division starts generating revenues, and that this amount will grow with the new division's revenues after that. The latter cost is directly related to the new divisions and will be charged to them in addition to the allocated corporate G&A costs.
6. While the new business will need distributional support, it is anticipated that Puma can use excess capacity in its existing distribution network. The shoe business is currently using 60% of the distribution capacity and is expected to stay at that level. The apparel business will use 10% of the capacity in year 3 (which is the first year of revenue generation) and its usage will track revenue growth beyond that point. When Puma runs out of distribution capacity, the apparel business is going to face approximately 3% of revenues every year in additional distribution costs.
7. Puma spent \$ 1 billion in advertising expenses in the most recent year and expects these expenses to grow 4% a year for the next 12 years if the casual apparel division is not created. If the casual apparel division is added to the company, total advertising expenses are expected to be 7% higher than they would have been

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<sup>1</sup> The market share in year 4 will be 2.50%, in year 5 will be 3% etc.



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without the apparel division each year from year 3 (the first year of sales for the division) to year 12.

8. The apparel division will create working capital needs, which you have estimated as follows:

- The sale of apparel on credit to wholesalers and large retailers will create accounts receivable amounting to 5% of revenues each year.
- Inventory (of both raw material and finished goods) will be approximately 10% of the cost of goods sold (not including depreciation, allocations or advertising expenses).
- The credit offered by suppliers will be 7.5% of the cost of goods sold (not including depreciation, allocations or advertising expenses).

All of these working capital investments will have to be made at the beginning of each year in which goods are sold. Thus, the working capital investment for the third year will have to be made at the beginning of the third year.

9. The Puma management has set the hurdle rate for such endeavors to 10% and would finance the new division with same mix of debt and equity like the company as a whole (debt-to-equity equals 0.5). The beta for Puma is 0.8, calculated using monthly returns over the last 5 years and against the S&P 500 Index. More details on betas of other apparel competitors are included in Exhibit 1.
10. The current risk-free interest rate is 1% and Puma's cost of debt stands at 2%. You estimate the market risk premium (difference of expected market return and risk-free rate) to be 7.5%.
11. Puma's marginal tax rate is 30%.

### Exhibit 1

Apparel peers	Equity beta	Tax rate	Debt-to-Equity
Ralph Lauren	1.13	35%	x0.61
Phillips-Van Heusen	1.07	30%	x0.35
Levi Strauss & Co	1.25	19%	x0.52
American Eagle Outfitters	1.41	25%	x0.77



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## Adhere to Technical Guidelines

- ✓ Prepare a PowerPoint presentation with 3-5 slides (no backups, no additional Excel file to be sent)
- ✓ Keep your file size around 5MB (PDF format)
- ✓ Submit the scholarship application by uploading it with your program application
- ✓ Please bear in mind that your chances to receive financial support increase the earlier you apply

## The Case Discussion

If you managed to convince the committee with your case solution proposal, you will get the opportunity to present your results in front of a Finance faculty member, followed by a discussion and question round.

After careful consideration and within two weeks after the case discussion, the decision of who will receive the scholarship will be made. Please note that per respective scholarship only a limited number of students can be selected.

## The Scholarship Application Process

