

The Chair of Corporate Finance and Governance organizes a research seminar in finance on

Monday, November 27, 2023, 5:15pm-6:45pm, room C230

Ettore CROCI
(Università Cattolica del Sacro Cuore, Italy)

"Acquirer Types, Spillovers and Corporate Policies "

Abstract: Exploiting variation in the type of acquirer, we examine acquisition spillovers on peers' corporate policies. We observe that the reaction of a firm to the acquisition of one or more of its closest rivals depends on whether the rival is bought by private equity rather than strategic acquirers. Firms reposition themselves after a rival has been bought by a strategic acquirer, increasing acquisition spending. Firms increase their leverage and their payout, but they decrease capex after a private equity acquisition in their industry. These adjustments are consistent with a defensive strategy, aimed at avoiding becoming targets of private equity buyers and signalling a softening in the product market competition. We also document that the acquirer type interacts with firm characteristics to determine the response. Peers' market share influences the changes in corporate policies, with firms decreasing acquisition spending and increasing payout when the market share of private equity acquired peers is higher. These results suggest a decrease in the product market competition after a private equity acquisition. Finally, examining leverage and the cash of both acquired peers and the sample firms, we find little support for the predation theory.

The research seminar is open to all interested persons