

FIN 535

Mergers and Acquisitions

Final Project Guideline

Prof. Seungjoon Oh
Peking University HSBC Business School

Final Team Project

- In the final team project, each team should choose one of topics and suggest a potential M&A proposal (NOT HISTORICAL TRANSACTION)
- Each group is expected to send a proposal of final project to TA through email by **June 5th 11:59pm**.
 - ▶ Basically, it should contain the topic chosen by your group and outline of presentation or final report. (Word or PPT).
- 20 min presentation including Q&A
 - ▶ Each group should send their final slides to TA before the morning of presentation date.
- Your team project includes a final report which should be turned in electronically on or before **July 3rd 11:59pm**.

Syllabus: Final Team Project

- Topic 1: Cross-Border Acquisitions
 - ▶ The objective of this project is to understand cross-border acquisition process by identifying an overseas target and analyzing it.
 - ▶ Your group will prepare a proposal on cross-border investment and present your valuation results and investment plan to the class.

Syllabus: Final Team Project

- Topic 2: Technological and Political Shock-Driven Acquisitions
 - ▶ Economic, regulatory and technological shocks drive industry merger waves. (Harford 2005).
 - ▶ Particularly, many recent acquisitions are driven by synergies from innovation capability or in response to a new government policy.
 - ▶ The objective of this project is to investigate recent changes in technological trends or government policies and build an investment plan.

Syllabus: Final Team Project

- Topic 3: Study of Distressed Target Acquisitions
 - ▶ The objective of this project is to suggest a M&A investment proposal that includes financially or economically distressed target.
 - ▶ Firms that face a severe liquidity constraint may be forced to sell some or all of their assets to avoid bankruptcy. Thus, distressed acquisitions play an important role as a restructuring mechanism.
 - ▶ Your group will prepare a proposal on distressed target acquisition and present your valuation results and investment plan to the class.

Syllabus: Final Team Project

- Paper Outline (Grading Criteria)
 - ▶ A suggested outline of the topics your paper should cover is presented below. You can change or augment this outline you deem appropriate.
 - ▶ Industry and macroeconomic analysis
 - Industry-level regulatory or economic shock
 - Challenges faced by the industry and outlook for the industry
 - Competitive landscape
 - Industry value chain
 - Macro-level liquidity components

Syllabus: Final Team Project

- Paper Outline (General)
 - ▶ Acquirer and target overview
 - Business profile (sector, product, customers, geography etc.)
 - Financial profile (size, profitability, core growth driver etc.)
 - ▶ Deal Sourcing Plan
 - Strategic rationale and motivations of the deal
 - Identification of a target (or acquirer) firm
 - Plans for management and goals for integration
 - Vertical, horizontal, or diversifying

Syllabus: Final Team Project

- Paper Outline (General)
 - ▶ Deal Structure and Process
 - Identify target firm's major shareholders, CEO, and board of director
 - Premium, method of payment, deal financing
 - Bidding strategy, competition, anti-takeover defense, proxy fight
 - Regulatory authorities intervention
 - ▶ Valuation
 - Target, acquirer, and merged firm
 - Industry comparable analysis
 - Precedent transactions analysis
 - Discounted cash flow analysis
 - Synergy estimation (*)