MERGERS, ACQUISITIONS AND FIRM RESTRUCTURING

Code: 21740

Main Scientific Area: Finance

Lecturer: Carlos Manuel Fernandes Plácido

Language of Instruction: Portuguese

Regime: S2

Contact Hours: 20h Total Workload: 88h

ECTS: 4,0

Objectives

In the current context of economic and financial markets globalization, the performance of companies, or groups of companies, increasingly relies on organizational structures and previously defined business strategies. These structures are characterized by their elasticity and capacity to reorganize in response to the constant changes in the cyclical economic situation, whether expansive or recessive.

This "Mergers, Acquisitions and Corporate Restructuring" course, is intended to identify, characterize and highlight the importance of these reorganization operations in corporations, as vehicles for the implementation of strategies and goals to maintain or reinforce competitive advantages.

Therefore, the purpose of this course is to address Mergers, Acquisitions and Corporate Restructurings in terms of financial concerns.

Learning Outcomes

At the end of this course, our master students should be able to:

• Identify the motivations for implementing the various types of business restructuring and understand theassociated financial issues;

Understand the process of a hostile takeover bid;

Know the main defence mechanisms against hostile takeover bids.

Course Contents

Chapter 1 - Introduction

1.1 - Value Creating and Corporate Evolution

1.2 - Types of Organizational Structures

1.3 - Decision Levels

1.4 - MA and shocks between Cultures

1.5 - Main Strategic Decisions

Chapter 2 - Fundamental Aspects

2.1 - Types of Mergers and Acquisitions

2.2 - Merger by Concentration, Simple or Pure

2.3 - Merger by Incorporation

2.4 - Pure Acquisition

2.5 – Types of Financing and Settlement of Acquisition and corresponding Prizes

Chapter 3 - Horizontal, Vertical, Conglomerate and Concentric Mergers and Acquisitions

3.1 - Horizontal Mergers and Acquisitions

3.2 - Vertical Mergers and Acquisitions

3.3 - Conglomerates or Aggregation

3.4 - Concentric Mergers and Acquisitions

Chapter 4 - Restructuring and Deconsolidation. Spin-offs, Transformations and Divestments

4.1 - Restructuring

4.2 - Splits, Transformations and Divestments

4.2.1 - Spin-offs or Simple Splits

4.2.2 - Split-offs

4.2.3 - Split-ups

4.2.5 – Public Sale Offer

4.2.6 - Equity Carve-Outs

4.2.7 - Tracking Stocks

4.2.8 - Swaps

Chapter 5 - LBOs - MBOs - Special Purchases with High Debt

5.1 - Buy-Outs - LBOs, MBOs and LMBO, MEBO and EBO, MBIs and BIMBOs, BINGOS, IBOs and VIMBO

5.2 - Buy-Outs - Reverse LBOs

Chapter 6 - Analysis of Public Acquisition Offer in Portugal

Chapter 7 - Main Defense Mechanisms against Hostile Public Acquisition Offer

7.1 - Defensive Measures

7.1.1 - Active, for retaliation or a posteriori

7.1.2 - Preventive or a priori

Recommended Bibliography

Brealey, R.A.; Myers, S.; Allen, F., 2017, “Principles of Corporate Finance”, 12th edition, McGraw-Hill College Division;

- Damodaran, A., 2012, Investment Valuation: Tools And Techniques For Determining The Value Of Any Asset, 3rd edition, John Wiley Sons Inc;

- DePamphilis, D.M., 2018, Mergers, Acquisitions and Other Restructuring Activities, 9th edition, Elsevier Academic Press;

- Ferreira, D., 2018, Fusões, Aquisições, Cisões e Outras Reestruturações, Vol. 1, 2, 3, Editora Rei dos Livros;

- Gaughan P. A., 2017, Mergers, Acquisitions, and Corporate Restructurings, 6th, John Wiley Sons Inc.

Learning and Teaching Methods

The syllabus contents were defined based on the goals that are intended to be achieved within the scope of this curricular unit, as well as the skills to be acquired by students.

To this extent, the program content seeks to answer, at least, 3 groups of questions:

1. What type of Mergers, Acquisitions and Restructuring exist?

2. What is the financial impact of restructuring on acquired companies?

3. How can I defend the company from Hostile Public Acquisition Offer?

The 1st and 2nd group of questions is intended to provide answers with the content developed in chapters 1 to 6;

The answers to the 3rd group of questions are supposedly given with the contents developed in chapter 7.

Assessment Methods

Work - presentation and defence during classes - weighting of 50% ;

- Test - weighting of 50%;

- Minimum grade of 7 values ??in each of the evaluation elements;

- To be successful in the continuous evaluation, the final classification must be equal to or higher than 10 values,on a scale between 0 and 20 values.

In exam times and grade improvement:

- Work - from continuous assessment - weighting of 20%;

- Exam - weighting of 80%;

- Minimum grade of 7 values ??in each of the evaluation elements;

- To be successful in the continuous evaluation, the final classification must be equal to or higher than 10 values,on a scale between 0 and 20 values.