

Exam Strategic Financial Management

Januari 2019

Part of prof. Goncharenko (total number of grades: 100):

- Open questions (30 points)
 - What are the differences between a merger and an acquisition? → question was actually between a takeover and an acquisition, seemed quite weird to me though.
 - What is the difference between a stock acquisition and an asset acquisition?
 - Why are M&A activities regulated?
 - What is the conclusion from Grossman and Hart (1980)?
 - What is the problem with applying event studies in the examination of long term effects?
- True/false questions + explain (30 points)
 - Does the comparable approach, spreadsheet approach and formula approach give the same valuation results?
- Multiple choice questions: 4 questions, multiple answers per question, you have to indicate everything that applies (28 points)
 - What applies to a payment in cash of a M&A?
 - Cash is the most common and simplest form of payment for acquiring shares and assets of another company = *true*
 - Cash used in a M&A transaction may be arranged by the acquiring company from internal sources or through additional debt = *true*
 - An advantage of cash is that the ownership structure remains unchanged = *true*
 - The drawback of this method is the recognition of a tax liability by the target.
 - A lot of questions about lecture 4: empirical tests of M&A performance.
 - The combined return for bidder & target shareholders is on average positive = *true*
 - The target run-up is positive = *true*
- Numeric question (12 points): calculate the value of a company with the comparables approach

Part of prof. Dewaelheyns (total number of grades: 20):

Exercise about the Fixed Price Tender Offer.

The company has 10 million shares, market cap: 242 million euro. Expected wealth creation repurchase: 10% original value. What price should the company offer for shares to get the stock price of the shares at 27 euro.