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# Activity Report 2015/2016

Chair of Mergers & Acquisitions  
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# Table of Contents

	Page
Foreword	3
1. Team	4
2. Teaching	6
2.1 Bachelor of Science Program	6
2.2 Master of Science Program	6
2.3 Full-Time MBA Program	6
3. Theses	7
3.1 BSc Program	7
3.2 MSc Program	7
3.3 Full-Time MBA Program	7
3.4 PHD-Program	7
4. Teaching Innovation	8
5. Research	9
5.1 Articles in Refereed Journals (Double-Blind)	9
5.2 Working Papers	9
5.3 Conferences	9
5.4 Other	10
6. Executive Education & Corporate Connections	10
6.1 Teaching	10
6.2 Corporate Connections	10
7. Services Provided to the School	11

## Foreword



The chair of Mergers and Acquisitions is pleased to announce its activity report for the academic year 2015-2016, which has been really fruitful both in terms of research output, teaching, and services to the institution and research community.

I would like to thank Anja Ziegler, Alexander Witkowski, Ali Özdakak, and Santo Centineo for their precious help during this past academic year.

Vallendar, September 2016

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

Prof. Dr. Nihat Aktas

# 1. Team



**Professor Dr. Nihat Aktas**  
Chairholder

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**Research Interests:**

- Corporate Finance
- Mergers and Acquisitions
- Working Capital Management
- Cash Policy
- Event Study

Nihat Aktas is full professor at the Chair of Mergers and Acquisitions at WHU-Otto Beisheim School of Management since September 2013. The Chair's research and teaching is in the broad area of finance with a focus on mergers and acquisitions, corporate valuation, and cash management. He previously worked at Skema Business School (France), EMLYON Business School (France), and Louvain School of Management (Université Catholique de Louvain). Being interested in empirical corporate finance in general, Professor Aktas is the coauthor of several research articles published in peer-reviewed international journals including the Journal of Financial Economics, Journal of Financial and Quantitative Analysis, Economic Journal, Journal of Corporate Finance, and Journal of Banking & Finance. His research has been featured on the programs of various international conferences, such as the American Finance Association and European Finance Association, and quoted in widely read international media, such as the Financial Times and The New York Times. He was a visiting researcher at the Anderson School of Management (UCLA, Los Angeles) in 2001-2002



**MSc. Alexander Witkowski**  
Research Assistant

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**Doctoral Thesis:**

1. Chapter: "CSR and Credit Ratings - Do Fallen Angels Adjust their CSR Engagement?"
2. Chapter: "The Market for Corporate Control - Evidence from a Cross-Country Analysis"
3. Chapter: "Internal M&A Teams of German Companies"



**Anja Ziegler**  
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**Ali Özdakak**  
External PhD-Student

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**Doctoral Thesis:**

This thesis documents the exploration of the underlying research question how initial public offerings (IPO) and mergers and acquisitions (M&A) affect each other. It sheds light on the mutual relations between IPOs and M&As, and examines the role of IPOs in an M&A context, based on existing theoretical and empirical literature. The empirical studies analyze how IPO markets signal information to decision makers involved in M&As, and to what extent IPOs serve to finance major corporate investments in different financial systems. The results show that industry IPOs signal growth opportunities particularly about private target acquisitions. Further findings provide evidence that the M&A-related benefits of an IPO depend on the prevailing financial system of the issuer's domestic economy.



**Santo Centineo**  
External PhD-Student

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**Doctoral Thesis:**

In his PhD thesis under the title „Essays in Empirical Corporate Finance: Family Firms, Investment Decisions and Performance“, Santo examined the relation between the control motives of family blockholders and the M&A activity of their family firms. He showed that family firms with high leverage tend to undertake more cross-industry acquisitions as this allows the owner families to effectively diversify their wealth, which is for the most part tied up in the business, without selling their shares and reducing voting power. This result is consistent with the academic literature which proposes to use the firm's leverage as a proxy for the owner's aspiration towards control. In addition, he analyzed the behavior of family firms during the global financial crisis 2008-2009 and found that firms of large family business groups benefit from financing advantages which lead to a reduced leverage and superior market performance during the crisis. The empirical studies are accompanied by an extended theoretical part which reviews the family business literature on different current topics such as financial performance, corporate governance, succession, resource-based view, and behavioral aspects (i.e. trust, emotions, and conflicts).



## 2. Teaching

### 2.1 Bachelor of Science Program

#### Spring Term 2016: Corporate Finance (Group A to C)

Content:

- Introduction to financing instruments
- Capital structure and Modigliani-Miller
- Optimal amount of debt
- Valuation methods in practice
- Payout Policy
- Private Equity and Security Sales by Public Companies

### 2.2 Master of Science Program

#### Fall Term 2015: Financial Valuation (MiF)

Content:

- Approach to valuation
- Estimating risk parameters and costs of financing
- Dividend discount model
- Free cash flow model
- Relative valuation: earnings, book value and revenue multiples
- Takeover valuation
- Event studies as valuation tool

#### Spring Term 2016: Mergers & Acquisitions (MiM & MiF)

Content:

- The M&A environment and merger theories
- Takeover process and competition
- Who gets the value added from an M&A?
- Method of payment, and M&A arbitrage
- Synergy modeling and valuation

Seminar format with students expected to take a very active role in their learning. The course relies on interactive lessons, aiming both on the development of intellectual understanding and on the development of communication skills.



### 2.3 Full-Time MBA Program

#### Fall Term 2015: Mergers & Acquisitions

Content:

After a substantial drop in takeover activity during the recent financial crisis, the world mergers and acquisitions (M&As) market reached new heights in 2014 with announced deal values totaling \$3,034 billion. Hence, M&As are making headlines again. The course aims at providing participants general knowledge on M&As from a corporate finance perspective. After successful completion of the course, the course participants will have a solid understanding of the most fundamental issues and concepts in the M&A field. Without being exhaustive, the following topics will be covered during the course: wealth effects associated with M&As, motivations of companies to enter the M&A market, role and value added of investment banks in the takeover process, choice of the sale process, business valuation, merger arbitrage, role of CEOs in large transactions, and further issues related to regulation and social utility associated with the existence of an active M&A market. The course will also adopt a practitioner's point of view to the M&A phenomenon. In almost all deals external M&A specialists are active in advising companies, one of these specialists being the investment banking advisor. Another important trend in M&A deal making nowadays is that most large and highly acquisitive companies develop their own in-house M&A teams. Therefore, two industry testimonies will be presented during this course: The first one will be from an investment banker active in M&A advisory, and the second one will be from the head of an in-house M&A department of a large company. Bridging the gap between research and practice, this course is ideal for those interested in M&As and/or willing to work in the M&A industry. The course builds on your corporate strategy know-how and requires financial calculation skills.

## 3. Theses

### 3.1 BSc Program

- **Hahn, Gabriel:** The Role of Financial Advisors in M&A Transactions
- **Hentges, Fabian:** Deal from Heaven or Hell? The Determinants and Effects of Management Buyouts
- **Schwellnus, Carl L.:** The Value Effects of Shareholder Activism
- **Bukowiecki, Martin F.:** Value Creation in Leveraged Buyout Activism
- **Metzler, Victoria:** Determinants and Success Factors of Cross-Border Merger and Acquisitions
- **Bickel, Andre:** Executive Compensation and M&A Performance

### 3.2 MSc Program

- **Shao, Zhengyue:** Analysis on Chinese M&A Regulation and Government and Enterprise behavior
- **Schwab, Alexander:** Premiums in M&A Waves – Rising with the Tide
- **Schmogro, Niklas:** CEO Bonuses and Compensation in the Context of M&A Activities in the Pre- and Post-Financial Crisis Year
- **Qadri, Raheel:** Synergy Forecasts in Mergers and Acquisitions: Two Points Perspective of Management and Investors
- **Leinfels, Julian:** The Determinants of the Choice between Initial Public Offerings and Takeovers for Private Companies

### 3.3 Full-Time MBA Program

- **Tang, Haosheng:** M&A between China and Germany and Chances in Industry 4.0

### 3.4 PHD Program

- **Alexander Witkowski** (internal)
- **Ali Özdakak** (external, with a full fellowship from “Studienstiftung des Deutschen Volkes”)
- **Santo Centineo** (external)

## 4. Teaching Innovation

### The Commerzbank Case Study Challenge



Within the Master in Finance course “Financial Valuation” the chair organized a full-day workshop together with the M&A advisory team from the Commerzbank AG. The day started with a presentation by Dr. Olaf Schween, a WHU-alumnus, who is now leading the Commerzbank M&A advisory team in Germany. Afterwards, the students were split into groups to solve a real M&A case from the Commerzbank. The students took the role of financial advisors who had to

value a potential target for their client - a strategic acquirer. The students took great efforts, identified potential synergies and used various valuation techniques like multiples, discounted cash flow and leverage buy out models to estimate a potential purchase price. In the afternoon, the students presented their results in front of a Commerzbank / WHU jury. The day ended with a networking dinner in the WHU vaulted cellar.





## 5. Research

### 5.1 Articles in Refereed Journals (Double-Blind)

1. Aktas, Nihat, Ettore Croci, and Aziz Simsir, 2016. Corporate governance and takeover outcomes. *Corporate Governance: An International Review*, 24, 242-252.
2. Aktas, Nihat, Jean-Gabriel Cousin, Ali Ozdakak, and Jun Yao (Chris) Zhang, 2016. Industry IPOs, growth opportunities, and private target acquisitions. *Journal of Corporate Finance*, 37, 193-209.
3. Aktas, Nihat, Eric de Bodt, Helen Bollaert, and Richard Roll, 2016. CEO narcissism and the takeover process. *Journal of Financial and Quantitative Analysis*, 51, 113-137.
4. Aktas, Nihat, Santo Centineo, and Ettore Croci, 2016. Value of control in family firms: Evidence from mergers and acquisitions. *Multinational Finance Journal*, 20, 85-116.
5. Aktas, Nihat, and Marion-Dupire-Declerck, 2015. Increased entry threat and merger activity. *Finance*, 75-115.

### 5.2 Working Papers

Aktas, Nihat, Alexander Witkowski, and Nikolaos Karampatsas, 2016. CSR and credit ratings: Do fallen angels adjust their CSR engagement? Available at SSRN: <https://ssrn.com/abstract=2886815>.

Aktas, Nihat, Panayiotis Andreou, Isabella Karasamani, and Dennis Philipp, 2016. CEO duality, agency Costs, and internal capital allocations. Available at SSRN: <https://ssrn.com/abstract=2865169>.

Aktas, Nihat, Ettore Croci, and Ali Ozdakak, 2016. The financing role of IPOs in acquisitions: Market- versus bank-based economies. Available at SSRN: <http://ssrn.com/abstract=2835972>.

Aktas, Nihat, Christodoulos Louca, and Dimitris Petmezas, 2016. CEO overconfidence and the value of corporate cash holdings. Available at SSRN: <http://ssrn.com/abstract=2692324>.

Aktas, Nihat, Ettore Croci, Dimitris Petmezas, and Oguzhan Ozbas, 2015. Executive compensation and deployment of corporate resources: Evidence from working capital. Available at SSRN: <http://ssrn.com/abstract=2671304>.

Aktas, Nihat, Nikolaos Karampatsas, Dimitris Petmezas, and Henri Servaes, 2015. Credit ratings and acquisitions. Available at SSRN <http://ssrn.com/abstract=2625736>.

### 5.3 Conferences

- European Finance Association (EFA) Oslo, August 2016 (paper discussion)
- World Finance Conference (WFC) New York, July 2016
- Financial Management Association (FMA) Helsinki, June 2016
- Multinational Finance Society (MFS) Stockholm, June 2016
- Multinational Finance Society (MFS) Limassol, April 2016
- ECCCS-Corporate Control and Governance Workshop, Paris, March 2016
- European Financial Management Association (EFMA) Basel, June 2016
- Swiss Society for Financial Market Research (SGF) Zurich, April 2016
- AFFI - Paris Finance International Meeting, December 2016
- Financial Management Association (FMA) Orlando, October 2015

## 5.4 Other

Referee activities for scientific journals: a.o., Review of Financial Studies, Journal of Financial and Quantitative Analysis, Management Science, Review of Finance, Journal of Corporate Finance, Journal of Banking and Finance, Financial Management, Multinational Finance Journal.

Referee activities for major conferences: a.o., European Finance Association (EFA) conference, German Finance Association, Swiss Society for Financial Market Research, French Finance Association conferences, EFMA.

Invited guest speakers: CFA lecture ISM International School of Management (April 2016); Hohenheim University (October 2015)

Main research collaborations: a.o., with Henri Servaes (London Business School); Oguzhan Ozbas (University of Southern California)

# 6. Executive Education & Corporate Connections



## 6.1 Teaching

PwC Speaker Series (1-day presentation)

## 6.2 Corporate Connections

Guest speakers from the industry in WHU-courses:

- Jan Caspar Hofmann, Moelis & Company (Managing Director, Head of M&A German-speaking Europe)
- Georg Kniese, SAP AG (Senior Vice President Corporate Development/M&A)
- Roger Rihmland, Ernst & Young (Executive Director, M&A Financial Institutions)
- Dr. Andres Jerschensky, ALTANA AG (Head of Corporate Development and M&A)
- Damien R. Zoubek, Cravath, Swaine & Moore LLP (Partner)
- Dr. Markus Walchshofer, Fresenius (Vice President Corporate Business Development/M&A)

## 7. Services Provided to the School



Coordinator of the seminar series in WHU Research Seminar in Finance: in 2015-2016, following seminar speakers had been invited:

- Peter Limbach, Karlsruhe Institute of Technology
- Jarrad Harford, University of Washington
- Dimitris Petmeza, Surrey University
- Tobias Berg, Bonn University
- Rüdiger Fahlenbrach, Swiss Finance Institute
- Zacharias Sautner, Frankfurt School of Finance
- Tibor Neugebauer, University of Luxembourg
- Eva Schliephake, Bonn University
- Christian Schlag, Goethe University, Frankfurt/M
- Kevin Aretz, Manchester Business School
- Evren Örs, HEC Paris
- Georges Hübner, University of Liège and Maastricht
- Yupana Wiwattanakantan, National University of Singapore



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