

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	Nela Gábrišová
Advisor:	Evžen Kočenda
Title of the thesis:	Effects of the acquisition-based majority ownership: Evidence from the Czech firms

OVERALL ASSESSMENT (provided in English, Czech, or Slovak):

Please provide your assessment of each of the following four categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.

The thesis analyzes effects of the acquisition-based majority ownership in a sample of the Czech firms.

Contribution

The thesis brings analysis of the post-M&A performance in the Czech limited liability and joint stock companies. Change of the majority shareholder is considered between 2005 and 2011. Performance is assessed 3 and 5 fiscal years after acquisition. The acquisitions are compared according to the target's size, industrial relatedness of the acquisition target, horizontal, vertical, financial acquisitions, and acquisitions completed by natural persons. The thesis employs a number of well motivated variables with potential to impact a firm's operating profitability (proxied by the EBITDA margin).

Overall, short-term model results show that different acquisition types and characteristics of an acquirer do not impact post-acquisition performance. On other hand, balance sheet structure prior to acquisition plays role in terms of total assets volume and equity to assets ratio, but not in terms of the working capital or debt to equity. Results of the middle-term estimation remain in large similar to the short-term ones. The economic impact in terms of coefficients intuitively decreases with time.

The key finding is that optimisation of variable costs relative to revenue after acquisition shows the largest positive impact on the EBITDA margin. No evidence is found for influence of types of acquisitions. Regression of the two-period pooled panel data structure confirms the results of the cross-sectional evidence in that changes in costs-to-revenue ratio and return on assets affect the post-acquisition performance of the Czech firms in the strongest way.

Methods

Analysis is performed on 694 firms. Data selection is described carefully and the employed data are presented with sufficient detail. OLS regressions on cross-sectional data with firm-specific fixed effects are performed in a series of well advocated regressions. This way potential endogeneity is treated at sufficient level given the specific character of the data. Hypotheses are well articulated, motivated, and are also grounded in the relevant literature. A strategy of checking for normality of residuals and eliminating outliers is adopted to provide reliable results. Overall, the methodology approach is fine, well motivated and executed.

Literature

The literature section summarizes the current state of research in the field. Further, the thesis also provides a well structured overview of the acquisitions, including types, motivations, strategies, etc, plus it also review post-acquisition performance in the empirical literature. The thesis further provides a detailed overview of the specific features related to the M&As in the Czech Republic. Hence, the literature is reviewed in a detail and covers all relevant papers and angles.

Manuscript form

The manuscript conforms to formal requirements for the master thesis. It reads well and contains only some minor typos. Introduction is clear and motivates well the researched topic, plus it nicely sets the stage for the subject analysis within the economic transformation in the Czech Republic. Data are fully described. Hypotheses are clearly stated. Tables and figures are presented in an organized and legible manner. However, tables in Section 5 should be better formatted. Some section's labeling might be more relevant. For example, Section 4 should better be data and model.

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	Nela Gábrišová
Advisor:	Evžen Kočenda
Title of the thesis:	Effects of the acquisition-based majority ownership: Evidence from the Czech firms

Summary and suggested questions for the discussion during the defense

The thesis represents a solid piece of work on the subject that has not been sufficiently treated for the Czech firms as it concentrates on the financial performance of firms rather than on a stock performance.

In case of the successful defense, I recommend the grade A.

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	Nela Gábrišová
Advisor:	Evžen Kočenda
Title of the thesis:	Effects of the acquisition-based majority ownership: Evidence from the Czech firms

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	28
<i>Methods</i> (max. 30 points)	25
<i>Literature</i> (max. 20 points)	20
<i>Manuscript Form</i> (max. 20 points)	18
TOTAL POINTS (max. 100 points)	91
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE: *Evžen Kočenda*

DATE OF EVALUATION: *June 4, 2018*



Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

Strong	Average	Weak
30	15	0

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

Strong	Average	Weak
30	15	0

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

Strong	Average	Weak
20	10	0

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

Strong	Average	Weak
20	10	0

Overall grading:

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F