

IB3H7-15 Mergers and Acquisitions

26/27

Department

Warwick Business School

Level

Undergraduate Level 3

Module leader

Noah Lyman

Credit value

15

Module duration

10 weeks

Assessment

20% coursework, 80% exam

Study location

University of Warwick main campus, Coventry

Description

Introductory description

This is an elective module available for WBS and non-WBS students. To find detailed availability and to apply for this module, log in to my.wbs.ac.uk using your normal IT login details and apply via the my.wbs module application system. Once you've secured a place on my.wbs you should apply via your home department's usual process, which usually takes place via eVision. Note that you do not require the module leader's permission to study a WBS module, so please do not contact them to request it.

[Module web page](#)

Module aims

The principal module aims are:

1. To equip students with a solid understanding of the economic motivations for combining two companies and the key drivers of value creation in M&A, including how the method of payment, sales process, participation of private equity and hedge fund investors, and broad market conditions influence the outcome of a deal.
2. To provide students with an applied framework for evaluating M&A as an investment decision and understand common approaches for valuing potential targets.

3. To engage students with real-world application and business case studies.

Outline syllabus

This is an indicative module outline only to give an indication of the sort of topics that may be covered. Actual sessions held may differ.

The module will cover the following topics:

- History of M&A - merger waves
- Economic motives for M&A
- Deal structure and consideration
- M&A valuation
- Leveraged buyouts and private equity
- Abnormal returns and merger arbitrage
- Hostile takeovers and anti-takeover defences
- Hedge fund activism

Learning outcomes

By the end of the module, students should be able to:

- Understand the economic drivers of corporate M&A activities.
- Be able to assess the advantages and disadvantages of alternative M&A deal structures and M&A approaches.
- Understand the role of private equity and hedge funds in the takeover process.
- Critically reflect on the acquisition process as a complex situation where both the buyer and the seller have to assess many issues (such as payment method, hostility, deal initiation, auction design).
- Recognize merger waves, identify the key characteristics of past merger waves and provide theoretical explanations for their occurrence.
- Identify the relevant issues in accounts of M&A activity in the financial press and relate these to theoretical explanations discussed in lectures.
- Assimilate the findings of key research papers in the area of M&A, and critically reflect on the contribution of these papers to our understanding of the M&A process.
- Evaluate and interpret market reaction to a particular M&A deal for the target, bidder and in combination.

Indicative reading list

[Reading lists can be found in Talis](#)

Subject specific skills

Learn how to apply different valuation techniques and modelling tools.
Understand how to perform an event study.

Develop the skills to construct a merger arbitrage trading strategy.

Transferable skills

Demonstrate effective problem solving and team working skills.

Study

Study time

Type	Required
Lectures	10 sessions of 2 hours (13%)
Seminars	9 sessions of 1 hour (6%)
Private study	48 hours (32%)
Assessment	73 hours (49%)
Total	150 hours

Private study description

Private Study.

Costs

No further costs have been identified for this module.

Assessment

You do not need to pass all assessment components to pass the module.

Assessment group D5

Assessment component	Weighting	Study time	Eligible for self-certification
Group Presentation (15 CATS) Group Presentation (15 mins) with slides.	20%	15 hours	No

	Weighting	Study time	Eligible for self-certification
Reassessment component			
Individual Assignment			Yes (extension)
Assessment component			
Centrally-timetabled examination (On-campus) Exam	80%	58 hours	No

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- Answerbook Green (8 page)

Reassessment component is the same

Feedback on assessment

Feedback will be provided via my.wbs.

[Past exam papers for IB3H7](#)

Availability

Pre-requisites

IB2CF Corporate Finance for Business will also be a pre-requisite.

To take this module, you must have passed:

- Any of
 - [IB235-15 Finance 1: Financial Markets](#)
 - [IB253-15 Principles of Finance 1](#)
 - [IB266-15 Fundamentals of Finance](#)
 - [IB3FP-15 Principles of Finance \(for Finalists\)](#)
 - [IB236-15 Finance 2: Corporate Finance](#)

Courses

This module is Optional for:

- Year 4 of UIBA-NN02 BSC International Management with Marketing
- Year 3 of UIBA-NN01 BSC Management with Marketing
- Year 4 of UIBA-NN03 BSC Management with Marketing (With Placement Year)
- Year 4 of UECA-L1N3 BSc Economics and Management with Placement Year
- UIBA-N20B BSc in Management
 - Year 3 of N20B Management
 - Year 3 of N20B Management
 - Year 3 of N23K Management with Accounting
 - Year 3 of N234 Management with Digital Business
 - Year 3 of N235 Management with Entrepreneurship
 - Year 3 of N232 Management with Finance
 - Year 3 of N252 Management with Marketing
 - Year 3 of N23L Management with Strategy and Organisation
- Year 3 of UIBA-N400 Undergraduate Accounting and Finance
- UIBA-N404 Undergraduate Accounting and Finance (with Foundation Year and Placement/Undergraduate Partnership Programme)
 - Year 5 of N4N7 Accounting and Finance (Foundation Year and Intercalated)
 - Year 5 of N404 Accounting and Finance (Foundation Year and Placement)
 - Year 5 of N405 Accounting and Finance (Foundation Year and UPP)
 - Year 5 of N403 Accounting and Finance (with Foundation Year)
- Year 4 of UIBA-N403 Undergraduate Accounting and Finance (with Foundation Year)
- UIBA-N401 Undergraduate Accounting and Finance (with Placement Year/Undergraduate Partnership Programme)
 - Year 4 of N401 Accounting and Finance (Placement)
 - Year 4 of N402 Accounting and Finance (Undergraduate Partnership Programme)
- Year 3 of UCSA-I1N1 Undergraduate Computer Science with Business Studies
- Year 4 of UCSA-I1NA Undergraduate Computer Science with Business Studies (with Intercalated Year)
- Year 1 of UIOA-EEU Undergraduate EU Exchange
- Year 3 of UECA-L1N2 Undergraduate Economics and Management
- Year 4 of UGEA-RN21 Undergraduate German and Business Studies
- Year 3 of UIPA-L8N1 Undergraduate Global Sustainable Development and Business
- Year 4 of UIPA-L8N2 Undergraduate Global Sustainable Development and Business Studies (with Intercalated Year)
- UIBA-N20F Undergraduate International Management
 - Year 4 of N20F International Management
 - Year 4 of N20F International Management
 - Year 4 of N20S International Management (with Accounting)
 - Year 4 of N20T International Management (with Chinese)
 - Year 4 of N20P International Management (with Entrepreneurship)
 - Year 4 of N20M International Management (with Finance)
 - Year 4 of N20U International Management (with French)
 - Year 4 of N20L International Management (with Marketing)
 - Year 4 of N20V International Management (with Spanish)
 - Year 4 of N20W International Management (with Strategy and Organisation)
 - Year 4 of N20N International Management with Digital Business

- Year 4 of N20E Management (with Foundation Year)
- Year 4 of N234 Management with Digital Business
- UIBA-N220 Undergraduate International Management (with Foundation Year)
 - Year 5 of N220 International Management (with Foundation Year)
 - Year 5 of N221 International Management with Accounting (with Foundation Year)
 - Year 5 of N226 International Management with Chinese (with Foundation Year)
 - Year 5 of N223 International Management with Digital Business (with Foundation Year)
 - Year 5 of N224 International Management with Entrepreneurship (with Foundation Year)
 - Year 5 of N222 International Management with Finance (with Foundation Year)
 - Year 5 of N227 International Management with French (with Foundation Year)
 - Year 5 of N225 International Management with Marketing (with Foundation Year)
 - Year 5 of N228 International Management with Spanish (with Foundation Year)
 - Year 5 of N229 International Management with Strategy and Organisation (with Foundation Year)
- UIBA-N20J Undergraduate Management (with Foundation Year and Placement Year/Undergraduate Partnership Programme)
 - Year 5 of N20J Management (Foundation Year and Placement)
 - Year 5 of N20K Management (Foundation Year and UPP)
 - Year 5 of N23H Management with Digital Business (with Foundation Year and Placement Year)
 - Year 5 of N23J Management with Entrepreneurship (with Foundation Year and Placement Year)
 - Year 5 of N23G Management with Finance (with Foundation Year and Placement Year)
 - Year 5 of N255 Management with Marketing (with Foundation Year and Placement Year)
- UIBA-N20E Undergraduate Management (with Foundation Year)
 - Year 4 of N20E Management (with Foundation Year)
 - Year 4 of N23N Management with Accounting (with Foundation Year and Placement Year)
 - Year 4 of N23M Management with Accounting (with Foundation Year)
 - Year 4 of N23E Management with Digital Business (with Foundation Year)
 - Year 4 of N23F Management with Entrepreneurship (with Foundation Year)
 - Year 4 of N23D Management with Finance (with Foundation Year)
 - Year 4 of N252 Management with Marketing
 - Year 4 of N254 Management with Marketing (with Foundation Year)
 - Year 4 of N23P Management with Strategy and Organisation (with Foundation Year)
- UIBA-N20C Undergraduate Management (with Placement Year/Undergraduate Partnership Programme)
 - Year 4 of N20M International Management (with Finance)
 - Year 4 of N20B Management
 - Year 4 of N20D Management (Undergraduate Partnership Programme)
 - Year 4 of N20C Management (with Placement Year)
 - Year 4 of N20Q Management with Accounting (with Placement Year)
 - Year 4 of N236 Management with Digital Business (with Placement Year)

- Year 4 of N235 Management with Entrepreneurship
- Year 4 of N237 Management with Entrepreneurship (with Placement Year)
- Year 4 of N232 Management with Finance
- Year 4 of N233 Management with Finance (with Placement Year)
- Year 4 of N253 Management with Marketing (with Placement Year)
- Year 4 of N23L Management with Strategy and Organisation
- Year 4 of N20R Management with Strategy and Organisation (with Placement Year)
- Year 3 of UMAA-G1NC Undergraduate Mathematics and Business Studies
- Year 4 of UMAA-G1N2 Undergraduate Mathematics and Business Studies (with Intercalated Year)
- UIOA-EOS Undergraduate Overseas Exchange
 - Year 1 of UEOS Undergraduate Overseas Exchange
 - Year 1 of UEOS Undergraduate Overseas Exchange
- Year 4 of UPXA-F3ND Undergraduate Physics and Business Studies (with Intercalated Year)
- Year 3 of UPXA-F3N2 Undergraduate Physics with Business Studies
- Year 1 of UIOA-EUS Undergraduate USA Exchange