

List of Publications and Research Working Papers – Ettore Croci

Publications

1. *Corporate Raiders, Performance, and Governance in Europe*, November 2005, European Financial Management, Forthcoming.

Abstract: I analyze 136 block purchases made by corporate raiders in Europe during 1990-2001. Contrary to the hypothesis that these investors expropriate the target companies, there is a positive market reaction to the first public announcement of these purchases. In the long-run, raiders earn an abnormal profit when they sell their stakes. When they still hold their positions at the end of the sample period, abnormal returns are insignificant. Raiders' activities do not improve operating performance. The findings are consistent with a superior stock picking ability of these investors, but they do not support the hypothesis that raiders are governance champions.

Working Papers

1. *Why Do Managers Make Serial Acquisitions? An Investigation of Performance Predictability in Serial Acquisitions*. September 2005.

Abstract: I evaluate why managers choose to make a series of acquisitions. To investigate this question, I study 591 bidding firms that completed at least five acquisitions within a five year interval during the sample period 1990-2002. I test four potential explanations for serial acquisitions: overconfidence, superior managerial acquisition skill, managerial empire building behavior, and that the acquisitions comprise a single plan. My tests focus on persistence in the sign of CARs around the announcements. As a group, serial bidders show no evidence of performance persistence or reversal, but successful acquirers show persistent success. My evidence is consistent with only one hypothesis: that some managers have superior acquisition skills.

2. *Stock Price Performance of Target Firms in Unsuccessful Acquisitions*. December 2005.

Abstract: I examine the stock price returns of 459 targets in unsuccessful M&A deals in the period 1990 to 2001. The evidence suggests that information hypothesis explains better than the synergy hypothesis the evidence for the failed acquisitions in the period from 1990 to 2001. Target firm's shareholders suffer when a deal is terminated. The average abnormal return from two days before the announcement to two days after the termination is a negative 10.61%. The permanent revaluation found in previous literature is only supported for firms that received a rival offer before the termination date. Abnormal returns vary greatly when the reason of termination is taken into account. When the target rejects a deal, the target stock price drops by 4.33%, a small decline compared to the loss of 14.49% when the bidder terminates the deal. In the long-run, abnormal returns are generally insignificant when a new acquisition proposal does not arrive.

3. *The Determinants of the Voting Premium In Italy: The Evidence from 1974 to 2003*, with Lorenzo Caprio, Università Cattolica, Milan. January 2006

Abstract: We examine the voting premium in Italy since the introduction of non-voting stocks (1974). Throughout the period, the voting premium varies from 1% to almost 100%, peaking during the late 1980s. We find that the probability of a control contests alone cannot explain the voting premium. The identity of the largest shareholder is a key determinant of the voting premium. The

voting premium is higher when the firm is family-owned or widely-held. The higher euro turnover of voting stock reduces the voting premium, while the voting ratio increases substantially the price difference. M&A and stock unifications are concentrated in the 1998-2003 period, after the change in the legal regime. Both M&A deals and unifications reduce the voting premium.