



Analyzing the Dynamics of the Romanian M&A Market.

Empirical Evidence Regarding the Premiums Paid in Transactions

Teaching Assist. George-Marian AEVOAE, Ph. D.,
"Alexandru Ioan Cuza" University of Iasi,
Faculty of Economics and Business Administration,
Academy of Romanian Scientists, Bucharest, Romania,
e-mail: aevoae@gmail.com

Abstract

Corporations often acquire stakes in other companies. These stakes do or do not grant them control but they definitely allow the acquirers to use target companies' resources to increase their profitability, access technological progress and innovation, develop products, or obtain dividends, as a part of their strategic transactions. The main objective of this article is to assess the stake purchased in acquisitions, based on information related to the size of the target companies and the premium paid, based on a sample of 2.565 acquisitions which involved at least one Romanian company, for the 2010-2018 period of time. The result show that the influence is negative and significant for the entire sample. When considering the accounting practices of the target companies, large stakes are purchased in companies which apply local GAAP, compared to IFRS. The second part of the study focuses on Romanian mergers, which are regulated separately by the OMPF no. 897/2015. In the case of these transactions, the target companies, in most cases, report a negative book value of equity.

Key words: mergers and acquisitions; premium; purchased stake; Romania; FDI;

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