

Independent Study Title	DOES MERGER AND ACQUISITION ENHANCE OR DESTROY VALUE?: A STUDY OF CP ALL ACQUISITION OF SIAM MAKRO
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Academic Years	2014

### ABSTRACT

Leveraged buyout of CP ALL acquiring Siam Makro is one of the largest merger and acquisition in Thailand. The wealth effect is something that shareholders and investors should worry about. The most-cited view is that this acquisition creates or destroys value to CP ALL. In this context, the goal of this study is to analytically study the effects of acquisition announcement in price reaction perspective and to see how reported financial results changed, while arriving at conclusive wealth effect around- and after-the announcement and other relevant findings along the way.

The results indicate that the announcement begins to affect CP ALL share price around the event announcement as CP ALL shareholders have got financial worries. As regards financial synergy, the cheap borrowing cost causes to breakeven earnings in consolidated financial results, value of CP ALL has recovered and been insignificant in long horizon. CP ALL seems to lose value at the beginning of announcement; however, it has continually shown value conserved in long run. On the other hand, premium price offer concisely leads to value creation of Siam Makro.

**Keywords:** Merger and Acquisition; Leverage buyout; Synergy; Tender offer; Convenience store; Cash and Carry; Hypermarket; Supermarket