Doctoral Dissertation

Research on M&A performance and motivation of hotel acquirers

Author: Yang Wenhua

Chinese tutor: Ding Ning

Tutor from France: Cao Wenbin

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Merger and acquisition is the main force driving economic activities, but also an important means for enterprises to realize their strategic expansion and pursue their value maximization.The biggest characteristic of M & A is to make the enterprise no longer rely on its own accumulation and slow growth, it provides a way for the rapid growth of enterprises.   Hotel only began to have real scale mergers and acquisitions since 1990.In recent years, hotel mergers and acquisitions are entering a never-ending competition for global market share.Since 1985, there have been more than 13,800 deals in the hotel and lodging industry, valued at $809 billion. Including a series of large-scale mergers and acquisitions that have had a significant impact on the industry, such as Marriott's merger with Starwood in 2016, M&A has become a crucial growth strategy for the hotel industry. There have been many studies on the post-merger performance of acquirers, and most of the findings are that the acquirers do not achieve wealth growth or negative growth after M&A.However, there are not many researches on the performance and motivation of hotel M&A, especially in the aspect of hotel M&A motivation. The researches mainly focus on short-term performance, and there are few researches on long-term performance. The research method uses the controversial BHAR and CTIME methods.The financial performance research method uses few indicators, the research object is relatively single, and the research results have certain bias. At present, the research results of hotel merger and acquisition performance are mixed, but due to the problem of research methods, the research results are not reliable to some extent.In view of the increasing temperature and scale of hotel mergers and acquisitions, a more comprehensive study on the performance and motivation of hotel mergers and acquisitions in order to understand the performance of hotel mergers and acquisitions more objectively and accurately

And the motivation is very necessary and has important economic and practical significance.

This study seeks to establish a complete set of research methods and performance analysis system, excluding the controversial BHAR and CTIME methods in previous studies, to study the performance and motivation of hotel acquirers before and after M&A in the three years from 2007 to 2018. Discrete time survival analysis, event study CAR method, financial performance analysis (paired sample t-test and DID were used to analyze the financial performance of multinational listed hotels), and key indicators analysis of the hotel industry were used to conduct comparative analysis between the control group and the experimental group.

For financial performance analysis, a complete set of financial performance index analysis system will be established from five aspects of the company's profitability, operational ability, debt paying ability, development ability and expense ratio.At the same time, according to the characteristics of the hotel industry, using the hotel industry's two most key operational measurement indicators, namely the rate of occupancy growth and average room rate growth rate for analysis, in order to study the hotel merger and acquisition and motivation from different perspectives, in order to achieve a comprehensive study of the hotel industry listed companies merger and acquisition performance and motivation. In addition, this paper also carried out a preliminary analysis of the characteristics of the hotel acquisition and acquisition of both sides before the merger and acquisition payment method, to understand that the acquisition of productivity and cash holding rate are higher than the target company.In addition, cash is the main payment method for hotel M&A. In the hotel industry, the smaller the M&A scale is, the higher the free cash flow of the acquirer is, and the target company is an unlisted company.

The more inclined the acquirer is to cash acquisition.

The results of this paper suggest that the acquirer's short-term and long-term performance after M&A has achieved wealth growth and synergy effect. The acquirer's stock price returns increase in the short term after M&A, and the wealth of shareholders is improved.   In terms of long-term performance financial analysis, the long-term development ability, debt paying ability, net return rate and free cash flow in profitability, and total asset turnover in operational ability of the experimental group all showed good performance after the merger, especially the long-term development ability and debt paying ability were greatly improved.The rate of return on capital in profitability and the turnover of fixed assets in operating ability have decreased, but it can be understood that the characteristics of high investment and high asset value of the hotel make these two indicators decline. In addition, some large hotel management companies have adopted the operation mode of light capital. This will greatly

improve these two indicators.The turnover ratio of accounts receivable in operating capacity has decreased after the merger.However, on the whole, the long-term performance of the experimental group has realized the synergistic effect of business performance after merger and acquisition.   Analysis of key indicators of the hotel shows that the growth rate of the hotel occupancy rate is better than that of the control group, and the growth of the occupancy rate increases the revenue and profit of the hotel, which further validates the results of CAR and financial performance analysis.According to the results of this paper, it is concluded that the traditional free cash flow hypothesis (including agency problems and overconfidence theory) in hotel merger and acquisition drivers cannot be verified. On the contrary, this paper believes that the more free cash flow is

The higher the free cash flow, the easier it will be to carry out efficient mergers and acquisitions.In addition, this paper agrees that there are synergies in hotel mergers and acquisitions

Should theory: the theory of operating synergies, financial synergies and long-term strategic planning.

The significance of this paper lies in the fact that the hotel merger and acquisition in recent years and M&A activities continue to be active. At the same time, in view of the unreliability of previous research results, this paper timely analyzes the performance and motivation of hotel merger and acquisition according to the current M&A data, trying to accurately obtain the results of current hotel merger and acquisition performance and motivation. To provide an important reference for future mergers and acquisitions, which has certain economic and practical significance.At the same time, due to the shortcomings of previous research on hotel mergers and acquisitions, this study is more comprehensive, which can provide important reference and theoretical research for the future Inspiration.

Key words: M&A performance, M&A motivation, event study method, survival analysis, financial performanc