

Distressed Mergers

The Bright Side of Fire Sales

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Abstract

Firms that buy distressed assets in fire sales earn excess returns that are two percentage points higher than in regular acquisitions. Returns are higher when the seller's industry has fewer firms, is in poor financial health, and has less redeployable assets. This suggests that buyers can take advantage of fire sales by distressed companies needing to sell assets while restructuring, and that the overall welfare losses associated with fire sales are smaller than previously thought. These results have implications for policy makers evaluating the merits of bailouts as a tool to prevent potential welfare losses associated with fire sales.

Keywords: Fire Sales, Mergers and Acquisitions, Distress, Bankruptcy, Restructuring, Bailouts
JEL classification: G14, G32, G33, G34, G38, H81

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In these cases, most distressed M&A transactions are structured as asset sales rather than corporate mergers. Distressed companies can be. Proven expertise in a broad range of distressed transactions. We've handled hundreds of transactions for distressed corporations involving a change of control, asset sales and other M&A activities. For an overview of distressed company valuation and related issues, see Houlihan. DISTRESSED MERGERS & ACQUISITIONS. Proven expertise in a broad range of distressed transactions. We've handled hundreds of transactions for. Deal Capital provides distressed M&A services for corporate institutions in the middle market. Whatever the case, time will be a critical factor when negotiating distressed acquisitions and disposals to a limited market, which may include opportunity funds. Firms that buy distressed and bankrupt companies or some of these Keywords: Fire sales, Mergers and Acquisitions, Distress, Bankruptcy, Restructuring. In distressed situations creditors often initiate the sale process, as lenders seek to liquidate their claims in a struggling company that represents a deteriorating. Many interested parties seek to purchase assets from a bankruptcy, whether through an auction or a negotiated transaction, and we assist in such acquisitions. The integration process for distressed mergers is different from the integration process for "healthy" ones. Distressed mergers are not "mergers among equals". The firm also represents buyers in distressed mergers and acquisitions and facilitates permanent financing, equity participations, and potential mergers. Dechert counsels private funds and other clients looking to buy, sell or invest in distressed businesses and assets, both in and out of a bankruptcy case. Distressed scenarios can also be opportunities. We provide advice and representation to parties interested in acquiring assets or going-concern businesses. tiveness of mergers in restructuring distressed firms and examines some determi We find that acquisitions of distressed targets involve fewer hostile takeovers. We advise clients regarding investment or acquisition opportunities in connection with distressed entities and assets. We also represent lenders and investors in. Transaction Services. Distressed Mergers & Acquisitions. JD Ford has extensive experience in transactions involving a change of control, asset. Kramer Levin's Bankruptcy and Restructuring lawyers help sophisticated purchasers, acquirers and sellers of distressed companies use Chapter 11 as a. data on the regulatory intervention history to distinguish between distressed and non-distressed mergers. We find that, among merging banks, distressed. We use undisclosed information on banks' regulatory intervention history to distinguish between distressed and non-distressed mergers. Among merging banks. You see the hidden value in distressed assets, and it is our job to help you realize that value. We represent as the counsel of the Mergers. It is the very first. This site uses cookies to provide you with a personalised browsing experience. By using this site you agree to our use of cookies as explained in our Privacy. Mergers and Acquisitions (M&A) were a common exit route for companies in financial distress during the financial crisis. However. Difficult times can provide opportunities for the acquisition of troubled companies or assets from distressed companies, and the

appropriate climate for divestiture.

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