Abstract:
In this paper we investigate the returns to venture capital firms from acquisition exits. Starting from M&A literature, we develop three detailed categorizations of acquisitions based on the acquirer’s motive and related agency issues. We use a proprietary data set of 2,356 venture capital-backed transactions from North America and Europe exited between 1982 and 2008 to assess our hypotheses. First, we show that returns from financial buyers are not statistically different from strategic acquirers. In addition, we show that synergy gains and low informational asymmetries in horizontal integrations result in similar venture capital firm returns such as the strategic premium paid by acquirers for diversifications. Both aforementioned acquisition clusters outperform vertical integrations. Further, due to the more severe agency conflict between management and shareholders, public acquirers pay higher prices. Finally, comparing acquisition cluster performance to initial public offerings reveals that based on cash multiples initial public offerings consistently outperform. However, if time is considered (by computing internal rate of returns) horizontal integration acquisitions and those purchased by public acquirers yield
comparable venture capital firm returns.

**Intellectual Contribution:**
Discipline-based Research

**Jahr:**
2012

**Key publication:**
Nein

**International:**
Ja

**commissioned:**
not commissioned

**Interdisziplinarität:**
Nein

**Occurences:**
- Einrichtungen > Fakultäten > Fakultät für Wirtschaftswissenschaften > Kompetenzfelder > Finance & Accounting > Lehrstuhl für Entrepreneurial Finance 2 (Prof. Braun)

**Entries:**