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Shareholder Activism in Austria and Germany -
An in-depth analysis of major campaigns

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1 INTRODUCTION

Shareholder activism is an emerging phenomenon that hedge funds or other institutional investors try to influence the corporate strategy by communicating with the management or by putting pressure on them. Hedge fund activism emerged in the US during 1990s and found increased importance since then. In Europe the development of activism rather lagged somewhat behind the US, however, lately also gained a lot of traction. Since 2005 activism is also a known term in Germany mainly because of the engagement of the Children's Investment Fund Management (TCI) in Deutsche Börse. The hedge fund prevented the takeover of the London stock exchange by Deutsche Börse. Since then the development of hedge fund activism also significantly increased in Germany.(Cheffins & Armour, 2011; Stadler, 2010)

The US law Professor Jonathan Macey argued that hedge funds and private equity "are the newest big thing in corporate governance and are likely to remain an important and controversial feature of the legal and financial landscape for some time to come". Proponents of shareholder activism highlight that interventions typically generate improved returns to shareholders as the company is forced to manage assets better or more efficiently. On the other hand, opposing lawyers argue that activists only act to increase the share price in the short run without considering the medium or long term effect on the company. (Cheffins & Armour, 2011; Stadler, 2010)

The emergence of shareholder activism is based on conflicts in interest between the management and shareholders. This principal agent problem arises from the separation of ownership and control. Minority shareholders do not have enough incentives to properly monitor the management. This insufficient supervision leads to costs that are finally factored into the valuation and the stock price of a company. Hedge funds try to mitigate these costs and the share price discount by monitoring the management more efficiently.(Cheffins & Armour, 2011; Stadler, 2010) Long before hedge funds recognized the potential of active strategies, pension funds and mutual funds were trying to contribute to managerial decision making if the portfolio companies were underperforming. However, these institutional investors act incidentally and ex post. In contrast hedge funds engage strategically and ex ante. They screen companies and analyze the potential of activism strategies before they take on stakes in a company.(Kahan & Rock, 2007) Studies show that hedge funds are better suitable to monitor management mainly because of their highly incentivised managers. Hedge fund manager usually receive a 20 % performance fee. Further empirical studies show

that hedge funds are better able to generate abnormal returns in their target companies in comparison to other institutional investors.(Stadler, 2010)

Most of the previous studies were conducted in the US and the US framework strongly differentiates from the one in Germany and Austria. A main difference is the shareholder structure. Whereas in the US majority shareholders are the exception, in Germany and Austria majority shareholder are predominant.(Stadler, 2010) This work will identify the most recent and prominent shareholder activism campaigns in Austria and Germany and conduct an in depth analysis of the activism approach. Furthermore, common characteristics should be workout out.

1.1 Structure of the thesis

The first chapter of the thesis will furthermore define shareholder activism and distinguish hedge fund activism from institutional investor's activism. Moreover, the historical emergence in the US and Europe is described and the currently development is discussed. As already discussed in the introduction especially the legal framework differentiates the US from Germany and Austria, thus also a comparison between the legal systems is included in chapter one.

The second chapter shows empirical findings of previous studies conducted about investor's activism. First, studies that examined the firm characteristics of companies that are targeted by hedge fund and institutional investors with activism strategies are cited and a common ground is worked out. This chapter focuses on the price reaction once an activist engages in a company. Quite a few researches mainly in the US addressed the issue of price reaction within various windows around the public announcement of an acquisition. This part should also build a benchmark for the analysis of major campaigns in Austria and Germany.

Chapter three then analyze four major activism engagements in Austria Germany, one campaign from Austria and the three most prominent and recent from Germany. The study shows the chronologic course of the engagements and is followed by an event study on the price reaction of the engagements. In the first part the methodology for the conducted event study is illustrated and a few methodical variations are explained in detail. Furthermore, the chapter also shows a few limitations of the used methodology that should be kept in mind. This part is followed by a chronologic workup of the engagement of the respective activists. The next part tries to analyse the shareholder activism approach applied. In the subsequent section the event study is conducted and the price reaction results are discussed. Finally, the results from the qualitative analysis and of the event study are put together and common characteristics are workout out.

Finally, a summary and conclusion shows the main results of this study and gives room for suggestions for further research in that field.

2 SHAREHOLDER ACTIVISM

2.1 Definition of Shareholder Activism

Pound defined shareholder activists as investors that are dissatisfied with company's management or operations and try to bring change without a change in control and thereby realize a profit in their investment. (Pound, 1998)

In general shareholders can be categorized by their form of activity. At one end, shareholders could be active in the way that they simply trade the company's shares. Thus, they can express their views of the company by selling shares if they are disappointed or by buying shares if they are satisfied with the company's performance. At the other end there are shareholders that aim for fundamental changes and therefore initiate majority stakes in companies. In between of those two forms we find shareholder activists that purchase minority stakes in companies with the intention of influencing managerial decision-making. (Gillan & Starks, 2007a)

Activists express their views without formal control as they are holding minority stakes of around 5 % to 20 % of the target company. Thus, they are trying to convince other large block holders to vote in their favour on corporate ballots. Furthermore, activists express their views by sending open letters to the management or meeting the management for discussion. Mostly activists prepare in depth analysis of how to unlock hidden values. Often they propose spinning off divisions or single assets, distribute cash through dividend payments or share buyback or aim for strategic-, financial- or operational changes to increase shareholder value. However, Martin Lipton, Partner of Lipton, Rosen & Kratz lawyers, argue that shareholder activists are only intending to create short term profit without regard to the impact on the company's long term prospects. (Lipton, 2013)

Activist strategies can be applied by various investors that are dissatisfied with the holding companies performance or initiate stake solely because they see potential for share price increase due to specific measures. Recent history showed that especially hedge funds are "the most dynamic and most prominent shareholder activists" and being fundamentally different in their strategy from large institutional investors, also known under the term traditional activists, such as pension funds and mutual funds. (Becht, Franks, Grant, & F. Wagner,

2015; Kahan & Rock, 2007) In the next chapters these two categories of activist investors will be distinguished and the reason for the prevalence of hedge funds will be worked out.

2.2 Institutional shareholder activism

The institutional investors group comprises of private equity funds, venture capital funds, mutual funds, pension funds and asset management groups for wealthy individuals. Private equity funds usually initiate rather large stakes in private firms or going private transactions. Furthermore, they often concentrate their portfolio on just a few companies. Venture capital funds invest in start-ups and early stage companies that are still private and aim to sell the company, merge it or take it public. (Brav, Jiang, Partnoy, & Thomas, 2008) Mutual and pension funds are highly regulated financial entities where assets are tradable on a daily basis. Moreover, they are legally limited in risk taking.

Over the last two to three decades these traditional institutional investors engaged in shareholder activism. In the mid 1980s investors made shareholder proposals that were related to changes in corporate governance, such as poison pills, confidential voting and board structure. Later on those institutions started engaging in private negotiations with the board of management to get changes in corporate governance. (Kahan & Rock, 2007)

The actions taken by traditional institutional investors tend to be directed to change in corporate governance rules, dismantling takeover defences, introducing cumulative voting rights and changing corporate social responsibility solely. Often the effect of the policy changes is rather minor. They are usually using the tools of shareholder proposals, writing letters, speaking at general meetings and talking to the media. (Kahan & Rock, 2007)

Activism undertaken by this group of investors represents a rather passive form of activism. Institutional investors do suffer from a number of disadvantages that impede their ability to act as effective monitors. (Kahan & Rock, 2007)

Mutual funds do have special disclosure requirements that are not applicable to other types of investors furthermore they must comply with specific diversification requirements. Moreover, they do have to be able to redeem the individual investors if requested, thus, they are not able to hold illiquid assets.

On the other hand, pensions fund are not subject to specific diversification requirements like mutual funds, however, they must make quarterly disclosures of their equity holdings. And

pension funds are political entities and thus often face political constraints and conflicts of interest.(Kahan & Rock, 2007)

Furthermore, institutional investors usually have a large number of holding companies and try to target all of their companies at the same time because of reduced expenses. It's unlikely that these interventions lead to fundamental changes in the specific companies. (Becht et al., 2015)

2.3 Hedge funds activism

In comparison to traditional institutional investors we see a growing number of hedge funds engaging in activism. However, keep in mind that only a very limited number of the hedge fund universe is pursuing shareholder activism strategies. A recent estimate by J.P. Morgan found only 5 % of all hedge fund assets are assigned for activism strategies. But that indicates that there is a huge potential for activism in the field of hedge funds if activist's strategies are more profitable than other investment strategies.(Kahan & Rock, 2007)

Hedge funds are more eclectic investors and it's difficult to define them by their investment strategy. However, hedge funds rather seek direct influence over business decisions and strategy.(Becht et al., 2015) Hedge funds are pooled, privately organized investment funds that are usually only available to high net worth individuals. They avoid much of regulation and therefore the managers can make use of derivatives and leverage to increase returns. Furthermore, hedge funds have larger freedom to engage in activism as investors are usually locked up for a period of two years or more and thus fund managers are able to invest in illiquid assets as well. Probably the most striking difference is the incentive provided to the fund managers. Hedge funds managers are highly incentivized and usually earn a base fee equal to 1-2% of the assets under management and a significant performance fee, typically 20% of the annual return of the fund. (Kahan & Rock, 2007) Another characteristic of hedge funds is that they have superior financial resources and frequently hold relatively concentrated stakes that are often pretty valuable. (Becht et al., 2015)

Moreover, the strategy of hedge fund often goes far beyond traditional institutional investors. They request meetings with the CEO and they are also willing to get involved in board elections and to litigate. Regularly they gain support from other hedge funds and act as "wolf-pack" and try to win the support of other large institutional investors and proxy advisers. Hedge funds also hire professional help such as communication agencies, proxy solici-

tors and lawyers. Those investors are furthermore willing to engage in board election contests and pay for the election campaign. (Becht et al., 2015) Furthermore, hedge fund activists demand spinoffs, the breakup of conglomerates, restructuring of finances, share buy-backs, dividend pay-outs and changes in management or reversal of a board decision. They also engage in corporate control activism and seek to prevent acquisitions or facilitate the takeover of a target company.(Becht et al., 2015) As a result, hedge funds are better suitable to act as activists than other institutional investors. (Brav et al., 2008; Klein & Zur, 2009)

To sum up, activist hedge funds usually invest into companies in order to engage in activism whereas activism strategies of institutional investors rather are applied incidentally and ex post. Thus, if they realize that a company is underperforming or apply disadvantageous corporate governance policy. Hedge funds take stakes in a company as a profit seeking strategy while institutional investors do not pursue activism as a profit-making strategy.

2.4 History of shareholder activism

Especially after the financial crisis of 2007 shareholder activists were on the lookout for investment opportunities. From 2010 to 2013 global activism campaigns grew strongly by 62 %. **Figure 1** shows the steady growing number of activist hedge funds worldwide. At the end of 2014 slightly above 200 hedge funds applying activism strategies were identified.

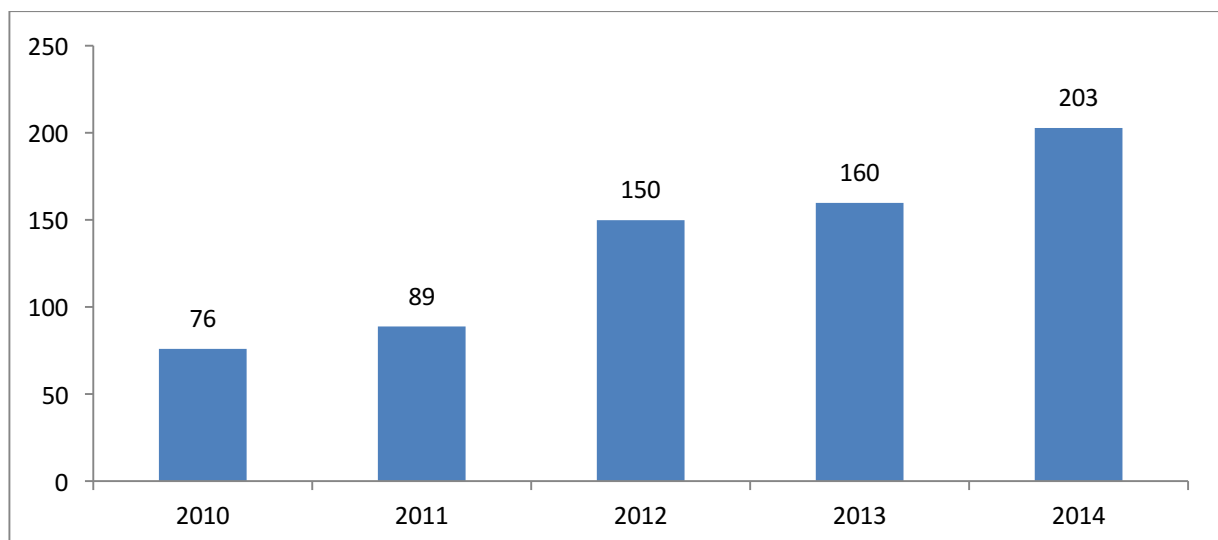


Figure 1: Number of shareholder activist hedge funds worldwide
(Activist Insight & Schulte Roth & Zabel, 2015)

Furthermore, figure 2 highlights the number of companies that were publicly subjected to activism demands. These numbers illustrates that activism is a growing phenomena world-wide among investors.

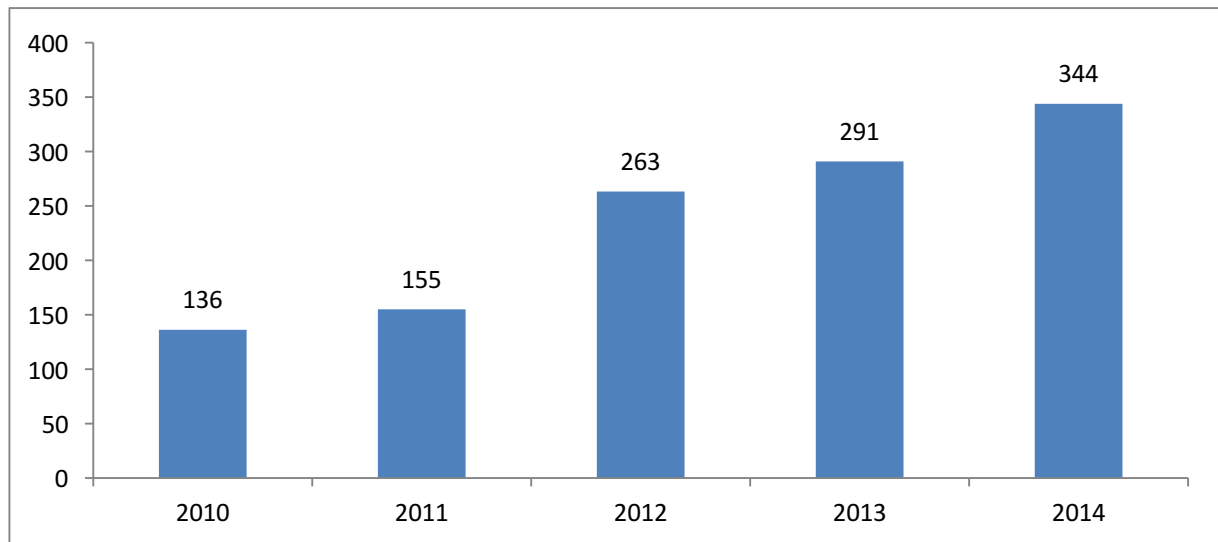


Figure 2: Number of shareholder activism campaigns worldwide
(Activist Insight & Schulte Roth & Zabel, 2015)

In the following chapter we want to take a look at the historical emergence of shareholder activism in the US and in Europe.

2.4.1 Historic emergence in the US

The earliest form of shareholders that tried to play an active role in corporate governance can be dated back to the early 1900s, where the representatives of insurance companies, mutual funds and banks often had seats on corporate boards and where involved in strategic decision making. During the 1930s the legislation passed new laws, resulting from the great depression, aimed at reforming business and corporate governance. The goal of these laws was to limit the power of financial intermediaries and preventing them from playing a too active role in the management of companies. Thus, the Glass Steagall act was introduced in 1933 that prohibited US banks from owning direct stakes in companies. As a consequence of these laws the separation of ownership and control of company's decision making widened. With 1942 a new SEC regulation was introduced that allowed shareholders to submit proposals that had to be included in corporate ballots. These proposals aimed at improving corporate governance and performance. Since then the investors that engaged in activism

changed. Until the 1970s the majority of activists were individual investors. (Gillan & Starks, 2007b)

The takeover wave during the 1980s provided a disciplining function as poor performing company were threatened to be taken over and management be replaced. In the following downturn of takeovers, in the 1990s, governments where considering different approaches to discipline management. Thus, mechanisms for more active monitoring of management by institutional investors were introduced.(Romano, 1993) As a consequence public pension funds increased their involvement in corporate decision-making. They submitted shareholder proposals, pressured the management for reforms and used the public media to inform about poorly governed companies. Emerging from that we saw the rise of corporate raiders, the predecessors of today's shareholder activists, who built up large stakes in corporations that appeared to be undervalued and used corporate control techniques to impose discipline on boards and management to increase the share value.(Investopedia, 2015) The first prominent corporate raiders were the labour union pension funds. They are still active as activists however, in the past few year's hedge funds and private equity funds have gained prominence in the field of shareholder activism. These players became increasingly important as controlling agents of corporate performance and management in charge. (Gillan & Starks, 2007b)

2.4.2 Historic emergence in Europe

In the time before the global financial crisis shareholder activism was rarely present in any European member states. However, in the succeeding years activism also gained momentum in Europe. Activism has been most prominent in the UK, mostly because of the structure and size of the market. In the period of 2010 – 2013 there have been more than 80 campaigns in the UK, which represents half of all conducted campaigns in Europe. France recorded more than 20 campaigns; Switzerland around 14 campaigns; Netherlands, Belgium and Finland had 20 campaigns combined in the period of 2010 - 2013. Moreover, Germany and Italy just counted 10 campaigns separately. (Bine, Corte, Grumberg, Hopkins, & Zimmer, 2014)

Figure 3 highlights the number of targeted companies within the last few years in Europe. The figures for 2015 were estimated on the basis of the first five months of 2015.

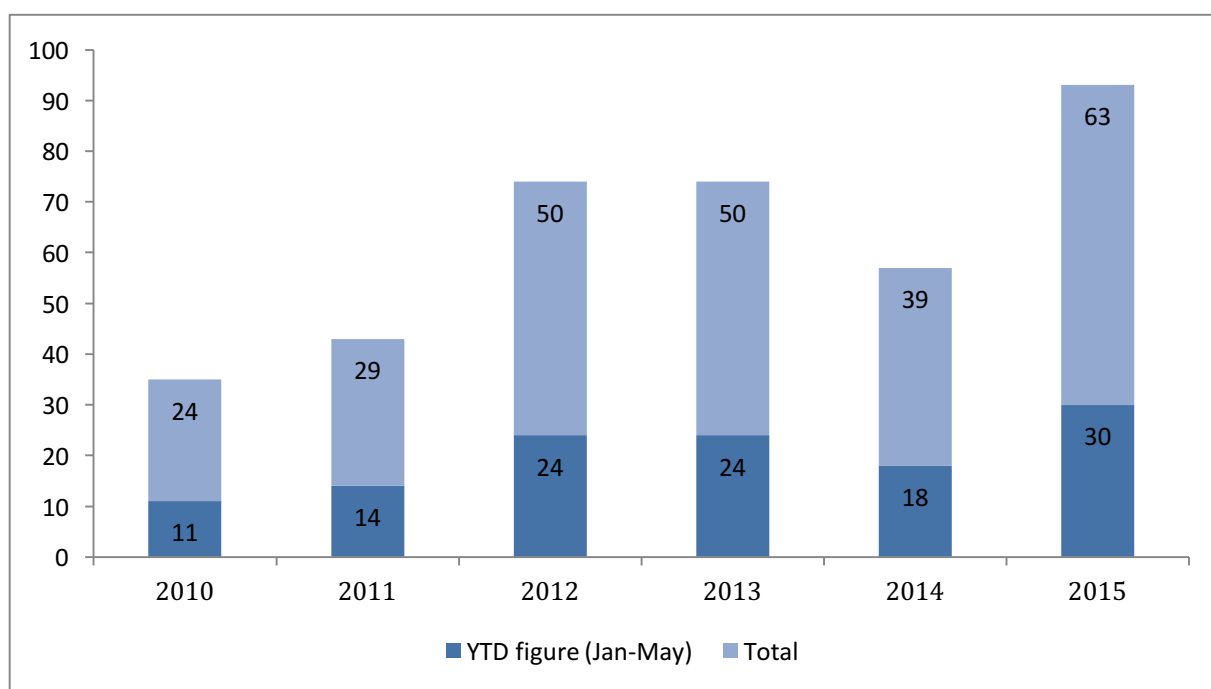


Figure 3: Number of shareholder activism campaigns in Europe (Activist Insight, 2015)

It shows that the year 2015 is forecasted to be a very active year for Activism in Europe. Furthermore, the number of activist hedge funds headquartered in Europe is increasing consistently as illustrated in **Figure 4**.

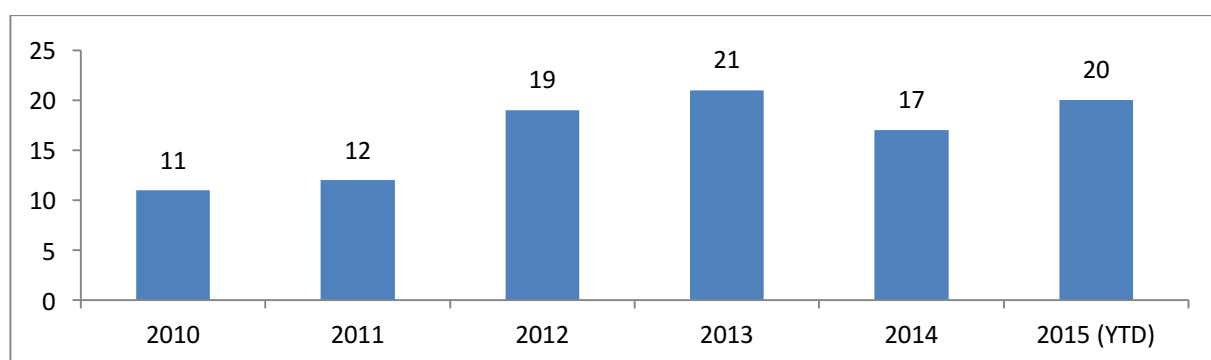


Figure 4: Number of shareholder activist hedge funds in Europe (Activist Insight, 2015)

The increase in activism activity is mainly driven by the poor performance of large European companies since the financial crisis. Thus, European hedge funds analysed the applied approaches of their US counterparties and tried to leverage themselves through own campaigns.

Shareholder activists in Europe have to deal with numerous structural challenges that disadvantage them in comparison to engagements on the US market. The European market lacks of common proxy rules, regulatory precedent in some jurisdiction and common rules on corporate governance. Europe generally suffers from the considerable lower market transparency in comparison to the US. Furthermore, the ownership structure of European companies is much more concentrated especially in a few countries, such as Germany, Austria, France and Italy which makes it even harder for activists to gain considerable stakes. Concluding, activists on the European market do approach companies with different strategies than they do in the US. Most of the campaigns will be conducted in private with the management team of the respective company and will never make it on a public domain.

However, activists often get support of European institutional investors that do not have the capabilities to handle such in depth campaigns.(Bine et al., 2014)

2.5 Legal background in Austria and Germany and comparison to the United States

The following chapter elaborates the legislation in Austria and Germany and differentiates it from the Anglo-American case law. Austrian and German corporate governance principles differ significantly from their Anglo-American counterparts.

The distinctions between Austria and Germany are rather negligible; therefore the system is in most parts described collectively. However, specific differences are highlighted.

Large institutional investors and banks were traditionally controlling publicly listed companies in Germany. The main problem in Germany was not the principal agent problem, but rather the expropriation of minority interests by large controlling shareholders. The companies were often controlled indirectly by banking groups, which often exercised the voting rights of the actual shareholders as voting proxies. Simultaneously these banks also served as long-term lenders to the companies, thus these companies were embedded in a system of cross-holdings. Moreover, a low level of capital market transparency and weak legal protection of minority shareholders characterized the German corporate governance system. Thus, outside investors didn't find many opportunities to influence decision-making, which was reflected in a relatively low level of activity in the market for corporate control.

The recent regulations however brought the German corporate governance system more in line with the Anglo-Saxon model. The large German banks had to reduce their dominant position as shareholders in German companies mainly because of changes in corporate tax laws. Furthermore, banks have also stopped with their traditional policy of voting proxies on behalf of the actual shareholders. As a consequence, the free float among companies increase and that lead to a capital market that is more interesting for shareholder activism.(Bessler, Drobetz, & Holler, 2015)

Unlike Germany, Austria has no specific history with shareholders that express their concerns and exercise a certain influence in shareholder meetings. Although, the Austrian Shareholder Association has increased its activities in protecting private investors and minority shareholders against the legislative body, majority shareholders, the board of directors, the supervisory board and the annual auditors. The only chance for private investors to enforce their interests is by combining their voting rights in the annual general meeting and

opposite the general public. Moreover, the Austrian Shareholder Association has a strong interest in enhancing shareholder rights and improving Corporate Governance in Austria. (Birkner & Inetas, 2015; Interessenverband für Anleger, 2015)

The rules on corporate governance in Austria are primarily stated in the company law, the stock exchange law, the Austrian Corporate Governance Code and also in the Austrian Commercial Code. (Birkner & Inetas, 2015)

In Germany the corporate governance principles can be found in the Stock Corporation Act, the Commercial Code, the Shop Constitution Act, the Co-Determination Act, the Transparency and Publicity Act, the Securities Acquisition and Takeover Act, the Fourth Financial Markets Promotion Act and the Corporate Governance Code. (Shearman & Sterling, 2002)

2.5.1 Board structure in Austria and Germany

Three statutory bodies govern the Austrian and German corporations: the management board, the supervisory board and the shareholders meeting, which all have strict separated competencies. The management board is the leading and managing part of these bodies. The management board is required to regularly report the current status of the company to the supervisory board. The supervisory board is not involved in day-to-day business they rather hold a supervisory role within a corporation. (Birkner & Inetas, 2015; PwC Österreich, 2012; Shearman & Sterling, 2002)

Shareholders have strong board election rights – they elect the supervisory board – however, they do not vote on any other corporate decisions. Thus, the German corporate governance systems rely strongly on delegation from shareholders to the supervisory board. (Becht et al., 2015)

The supervisory board elects the members of the management board for a term of maximum five years, though this period may be extended. A member of the management team can only be dismissed with good cause (eg. gross negligence in carrying out duties or inability to manage properly), although such a proposal requires a 75 % majority of votes. (Becht et al., 2015) A possible resignation does not necessarily terminate the management contract.

The supervisory board consist of at least three members however can have up to 20 members. The shareholders meeting can resign members of the supervisory board without cause, yet a three-quarter majority of the votes is required.

Shareholders, except holders of preferred shares, have the right to take part in shareholder meetings and vote with their shares. However, shareholders do not have the right to intervene in management decisions. Shareholders and the supervisory board are not involved in day-to-day business.

A shareholder or a shareholder group holding at least 5% of the registered share capital or any lower percentage provided in the articles of association may request a shareholders meeting. Furthermore, these shareholders may also request that a certain matter will be discussed in the meeting. (Birkner & Inetas, 2015; PwC Österreich, 2012; Shearman & Sterling, 2002)

The following decisions require a ballot of the shareholders:

- Appointment of members of the supervisory board and of auditors
- Amendment of the articles of association
- Filing of claims against the management board or the supervisory board or shareholders
- Approval of the annual financial statements
- Distribution of profits and release the management and supervisory board from liability for the fiscal year
- Increase and decrease of the share capital
- Reorganisation matters (spin-offs, mergers etc.)

In general, a company is only liable with its assets to creditors. Shareholders do only in special situations have a personal liability. They are only liable in case of insufficient capitalisation of the company, amalgamation of assets or misuse of the legal form. (Birkner & Inetas, 2015; PwC Österreich, 2012; Shearman & Sterling, 2002)

2.5.2 Major differences between Austria/Germany and the US

In comparison to the two-stage board system in Austria and Germany, US corporations consist of a one-stage board system. This board is called Board of Directors and comprises management and supervision within one statutory body. The one-stage board system enables all members to have direct access to information, whereas the supervisory board in Austria and

Germany is dependent on the information given to them by management. A further characteristic of the US board system is that the Chief Executive Officer represents equally the chairman of the management board and the supervisory board.

In the US only directors can call an extraordinary general meeting, whereas in Germany and Austria shareholders that are holding more than 5 % of the companies shares jointly may request for a general meeting.(Jusline, 2015a; Shearman & Sterling, 2002)

Summarizing, it has to be mentioned that corporate governance national legislation differs from the US to Austria and Germany, however, in recent years the goals for good governance rules are approaching each other. The Anglo-American systems and the German and Austrian systems have a focus on establishing equilibrium between independent, however well informed supervisors. The weakness in Austria and Germany lies within the information supply, which is always bound to the management board. Main focus is thus to increase the disclosure requirements to provide the supervisory board with all necessary information and generally to enhance the collaboration between the management and the supervisory board. The US is definitely facing different issues, as the management and supervisory functions comprises within one board. The main concern of US legislation is rather to ensure objectivity of the board of directors. Thus, they increased the independent requirements of board members and introduced committees that solely supervise the management. (Beetz, 2005)

2.5.3 Disclosure requirements

In the United States the disclosure requirement for shareholder activists go beyond the requirements in Austria and Germany. Investors that acquire beneficial ownership, which means they gain direct or indirect voting rights, of more than 5 % have to file a 13D form with the Securities and Exchange Commission. Furthermore, they have to reveal the objectives of the acquisition and whether they intend to influence decision making of the target company. The 13D has to be filed within 10 days after the purchase to the SEC. The SEC then also forwards the information to the targeted company.(Bessler et al., 2015; U.S. Securities and Exchange Commission, 2015)

In Germany the disclosure requirements are specified within “Wertpapierhandelsgesetz”. § 21 says that the buyer or seller of stakes in a company whose stakes exceed or fall below the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% has to immediately, but at latest 2 business days after the transaction, make a disclosure with the target company and the authority. (Dejure.org, 2015a)

Moreover, the German legislature requires further disclosures once the acquirer of stakes exceeds 10% or any other higher threshold. § 27a says that the buyer of stakes has to specify the goals of his transaction and the origin of the capital that has been used and disclose this information within 20 trading days. (Dejure.org, 2015a)

§ 27a requires the buyer of stakes to make following disclosures:

- If the purpose of the investment is to pursue a strategic goal or to gain from a trading profit.
- If there is the intention to acquire further stakes in the company within the next 12 months.
- If the buyer's intention is to influence the setting of the supervisory board and/or the board of directors.
- If the buyer plans for changes in the capital structure of the target company, in particular the ratio between equity and debt financing and the dividend policy.
- In terms of the origin of the capital the buyer has to clarify if he is using levered or unlevered capital for the acquisition.(Dejure.org, 2015b)

However, US disclosure requirements go beyond these requirements. An investor has to reveal the goals already after reaching a 5 % threshold and furthermore has to provide information about his strategy in more detail.

This disclosure is later on provided to the target company, so they know that an activist acquired stakes.

The investors who file a 13D form have to state one of the following purposes:

- Change in board of directors composition
- Firm should buy back its own stock
- Firm should pursue strategic alternatives
- Express concerns with corporate governance
- Prevent a merger
- Replace the CEO
- Sell the firm or merge with another company
- Cut CEO's salary
- Buy more stock with intention of buying the firm
- Pay a cash dividend
- Other reasons

In Austria the disclosure requirements are specified in the Austrian "Börsegesetz", however the regulations are pretty similar to the German legislation". § 93 of Börsegesetz says that shareholders have to disclose immediately, but at latest 2 business days after the acquisition if the stake is exceeding an equity threshold of 4%, 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%, 45%, 50%, 75% and 90%. However, unlike the US und Germany, shareholders in Austria do not have to state their purpose of the investment. Thus, in Austria it is often much harder to figure out if an investor follows an active shareholder approach or not. (Jusline, 2015b)

3 EMPIRICAL FINDINGS ON ACTIVISM

The following chapter deals with major empirical findings in the field of activism. First typical firm characteristics of companies that are targeted by shareholder activists are analyzed. Next, the various empirical results on the price reaction once an activist engages in a company are shown and discussed in more detail. These empirical findings are then summarized and used as a benchmark for the further analyzed campaigns in Austria and Germany.

3.1 Activists target firm characteristic

The aim of activists is to increase their return on investment by contributing to the company's decision making. Thus, they are targeting firms where they see the most potential for price increases. Until recently, hedge funds primarily targeted firms with poor performance, large block holding by other institutional investors, low inside ownership and poor governance structure. (Gillan & Starks, 2007a)

In recent years hedge funds still targets the firms described above, however, their focus is more often to "value" firms with low market value relative to book value, although with stable operating cash flows and high return on assets. They approach rather less large-cap companies, as it is quite costly to acquire a meaningful stake in those companies. Target firms furthermore often show lower dividend pay-outs, a significantly higher institutional ownership and high trading liquidity in comparison to the matched sample. Those characteristics make it much easier for activists to gain a considerable share within reasonable time. (Brav et al., 2008)

If we compare the target companies between hedge funds and other institutional investors we see differences in their strategy. Hedge funds target firms with high stock returns in the one-year window before the investment whereas other institutional investor's targets only show low returns. Furthermore, hedge funds target companies with a significantly higher EBITDA/assets ratio as well as a higher Z-score (likelihood of bankruptcy – higher score more financially healthy) than other institutional investors. Concluding, hedge funds are targeting companies that are better performing than their institutional investors target counterparts. Other institutional investors are often also targeting or applying activism strategies once a company has weak operating performance. (Klein & Zur, 2009)

In the financial press shareholder activists are sometimes accused to focus on short-term profits instead of contributing to the long-term performance of companies. Thus, it is said that activists pressure companies to pay-out excess cash in form of dividends or engage in share buybacks to increase the share price. Next we want to take a look if the target companies of hedge funds have substantially more cash holdings than targets of other institutional investors. The study from Klein and Zur (2009) supports the view that hedge funds target companies hoard cash or cash equivalent assets. Other institutional investors, however target companies with significant lower cash holdings. In terms of debt level Klein and Zur (2009) found no significant differences between the two groups or between the groups and their control sample.

Furthermore, they took a look at the firm size of targeted companies. Consistent with the study from Brav, Jiang, Thomas and Partnoy from 2008 only few target companies are listed in the S&P 500 index thus the companies targets by activists are rather small companies. In the sample of Klein and Zur where they analysed 273 companies targeted by activists they found a median asset value of USD 208 Mill whereas other institutional investor's targets had lower asset values of USD 140 Mill. This result is consistent with other size measures like revenue or market value. Hence, other institutional investors are investing in considerable smaller companies than hedge funds are doing.

To summarize, the target companies of hedge funds and other institutional investors have quite different characteristics. Hedge funds targets have higher earnings, stable cash flows, are financially healthier and have more cash holdings than target companies of other institutional investors. Institutional investors target companies that are smaller and they are also considering companies that are currently operationally underperforming and are in a distressed situation. Both groups target companies that have relatively low market-to-book ratios, thus are considered to be undervalued.(Klein & Zur, 2009)

3.2 Literature review on price reaction

Within the next chapter the price reaction of target companies once a shareholder activist acquires stakes in the company is analyzed. The following empirical studies look at the date when the activist first disclosed an acquisition and use a specified window around this event to calculate abnormal returns.(U.S. Securities and Exchange Commission, 2015)

Brav, Jiang and Thomas used a data set of 888 events in the US by 131 activist hedge funds in the time period of 2001 to 2006 and analysed the market response to the 13D filing. They found that the market in general reacts positive to activism. In their sample the filing of a Schedule 13D form and hence the investment of a shareholder activist in a company results in abnormal returns of 7 % to 8 % during the announcement window of -20 to +20 days. The price increase as well as an increase in trading volume begins one to ten days prior to the 13D filing. Furthermore, they found that these results are not reversed over a longer time period of one year.(Brav et al., 2008)

Another paper evaluated the market reaction to the announcement in the UK market from 1998 to 2004. As a dataset they used the holdings of the Hermes pension fund with 41 holdings. Becht, Franks, Mayer and Rossi found overall excess returns of 5,3 % in a -3 days + 3 days announcement window.(Becht, Franks, Mayer, & Rossi, 2009)

Klein and Zur did research on the market response and further differentiated between hedge fund activists and other institutional activists as explained beforehand. They used a dataset of 305 campaigns in the US by 235 shareholder activists and looked at the time period of 2003 to 2005. Moreover, they examined the reaction within a shorter (-30 to +5 days) and a longer (-30 to +30 days) event window. They found positive abnormal returns for both groups of activists and across both event windows. The abnormal returns were significantly higher for hedge fund targets especially in the longer event window. In general the abnormal returns were higher in the longer event window. Hedge funds targets price increased within the -30 days to +30 days window between 7.2 % to 10.2 % depending on the methodology (size-adjusted-, market-adjusted-, industry-adjusted returns) whereas other institutional activists targets reacted with +1.9 % to 5.1 %.(Klein & Zur, 2009)

Furthermore, they were looking at the abnormal returns and differentiated if activists obtained their stated goal or not. Abnormal returns were significantly higher across both groups where the goals were achieved. In an event window of -30,+30 days the hedge fund activists achieved a 13.2 % abnormal return in the case where they obtained the stated goal versus 5.6 % where they did not obtain the goal. The average abnormal return for institutional activists are much smaller however still significant with 7.1 % if the goals are obtained, but not significant different from zero if the goals are not obtained. (Klein & Zur, 2009)

The analysis shows the strongest price reaction in the case where the activist's purpose was to buy more stock with intention of buying the firm with an average abnormal return of 13.1 % for hedge fund targets and 15.9 % for institutional activist targets. Hedge fund activist's targets showed significant abnormal return of 12.6 % where the activist focused on a change of the board of director's composition whereas other institutional activists only had an abnormal return of 3.1 %.(Klein & Zur, 2009)

Interestingly the abnormal returns if an activist proposes that the firm should pursue strategic alternatives are rather small with 4.3 % for hedge fund targets and 3.2 % for other institutional activists.(Klein & Zur, 2009)

Now we want to go beyond the previous results and take a deeper look at the abnormal returns in the two cases described before where the abnormal returns were the highest. If the hedge fund activists achieve to gain a board seat the abnormal returns of their targets are significantly higher (11.9 % within -30 days to +5 days windows; 14.6 % within -30 days to +30 days window) as if they do not receive a board seat (4.9 % within -30 days to +5 days windows; 7.3 % within -30 days to +30 days window). That's not surprising, however what is quite puzzling is that other institutional activists target show higher abnormal returns in the case where they do not receive a board seat.

When comparing the abnormal returns if the activist received a board seat between the two groups the hedge fund targets have a significant higher abnormal return than the other institutional investors targets.(Klein & Zur, 2009)

When taking a look at the price reaction where the purpose was to buy more shares and merge or acquire the company, hedge fund targets show much higher abnormal returns of 8.6 % in the shorter window and 11.0 % in the longer window when the target firm is not merged or acquired than if it is merged or acquired. With other institutional investors the abnormal returns show a different picture. Abnormal returns are much higher if the target company is acquired or merged by other institutional investors than if it is not merged or acquired.(Klein & Zur, 2009)

The study of Becht et al. (2007) found abnormal returns of 6.6 % if shareholder proposed a spin off of assets and divisions and a 6.0 % excess return if the objective was to change the board of director's composition. These findings overall correspond to the findings of Klein and Zur. (Becht et al., 2009)

A more recent study of Becht et al. (2015) also analysed the before mentioned price reactions but furthermore differentiated between countries and regions. So far it's the first comprehensive study that includes activism in Europe and Asia. Becht used a dataset of 1.740 public engagements by hedge funds across 23 countries and identified the outcomes of each engagement. He found average abnormal returns in a -20, +20 days announcement window of 6.4 % over the whole sample. However, the event study for the different regions shows some variations. The abnormal returns for the US were the highest with 7.0 %. Becht found abnormal returns in Asia of 6.4 % and 4.8 % in Europe. The US returns are slightly lower than the returns found by Brav, Jiang, Thomas, who reported abnormal returns of 7-8 %.(Becht et al., 2015; Brav et al., 2008)

Furthermore, Becht took a look at the disclosure returns conditional to the outcomes of an engagement. As already described earlier the objectives of an activism engagement have to be mentioned in the SEC 13D filing or otherwise announced publicly. Becht then categorized the campaigns that achieved this stated objectives. He found the largest abnormal returns, with 18.1 %, for activism strategies that targeted a takeover transaction and also involves other outcomes. The second largest return of 9.3 % was found with a takeover strategy solely. Multiple outcomes without takeover also show large abnormal returns of 9.0 %.

In comparison to the study conducted by Klein and Zur (2009), Becht found the lowest abnormal returns if the purpose was to change the board composition whereas Klein and Zur found the highest returns with that purpose. According to Becht the average abnormal returns are 4.5 % in an -20,+20 window for changes of the board. However, Klein and Zur found abnormal returns of 12.6 % if the engagement achieved to change the board composition.

When looking at Europe they found activism success rates of 50 %, 61 % in the US and only 18 % in Asia. Europe showed the highest average abnormal returns with 8.8 % in a -20,+20 day's announcement window over the regions if the campaign was successful. Again the highest abnormal returns in the -20, +20 days event window are generated if the strategy involved a takeover combined with a further objective. Under those conditions the analyzed campaigns in average in Europe returned 25.1 %. If the activism approach only targeted a takeover the average abnormal return was the second largest with 10.8 % followed by multiple outcomes without a takeover with 10.3 %. Corporate restructuring have returned abnormal returns of 5.3 % in Europe.(Becht et al., 2015)

The study of Bessler, Drobetz and Holler analysed the returns of hedge fund activism explicitly for Germany. Consistent with the previous mentioned empirical studies Bessler et al. found positive abnormal returns for activism in Germany. They found a statistically significant average abnormal return of 9.4 % in an -45,+45 days window and a 4.4 % return in an -15,+15 days window.(Bessler et al., 2015)

3.3 Summary of empirical findings for firm characteristics and price reaction

Various studies have analysed the characteristics of firms that are targeted by shareholder activists. Here the main properties of companies are summarized and these are further used for the analysis of major deals in Austria and Germany.

Hedge fund activists are generally targeting companies where they see significant potential for stock price increases once certain measures are applied.

Main common characteristics of target companies:

- Low market value relative to book value (undervalued companies)
- Stable operating cash flows, healthy finance structure and high return on assets (value companies)
- Sound business model

Furthermore, we discussed the average abnormal returns that are generated with an engagement of a shareholder activist. Various studies have found statistical significance that the market considers activism as overall positive and that activism leads to an increase in the share price. Positive average abnormal returns within a short announcement window of just -3 to +3 days as well as positive excess returns over longer event periods of -30 to +30 days were found. The highest abnormal return was seen if the activists achieve their stated goal. Becht found the highest average abnormal returns where the goals are obtained and were related to takeovers. Klein and Zur also found the highest returns where the purpose was to buy more stakes with the intention of buying the firm. The following table again summarizes the empirical results of previous studies:

Author	Data sample	Time period	Region	Event study window	Av. abnormal returns
Brav, Jiang, Thomas	888 events	2001-2006	US	-20, +20 days	7 – 8 %
Becht, Frank, Mayer, Rossi	41 events	1998-2004	UK	-3, +3 days	5,3 %
Klein, Zur	305 events	2003-2005	US	-30, +30 days	7,2 % - 10,2 %
Bressler, Drobetz, Holler	231 events	2000-2006	Germany	-15, +15 days	4,4 %
Bressler, Drobetz, Holler	231 events	2000-2006	Germany	-45, +45 days	9,4 %
Becht, Franks, Grant, Wagner (2015)	1740 events	2000-2010	World	-20,+20 days	6,4 %
Becht, Franks, Grant, Wagner (2015)	1740 events	2000-2010	US	-20,+20 days	7,0 %
Becht, Franks, Grant, Wagner (2015)	1740 events	2000-2010	Europe	-20,+20 days	4,8 %

table 1: Summary of empirical studies on price reaction

4 ANALYSIS OF MOST PROMINENT CAMPAIGNS IN AUSTRIA AND GERMANY

In the following chapter the most recent and noted shareholder activist deals in Austria and Germany are discussed in detail. The goal is to analyse if campaigns in Austria and Germany follow the same patterns as analysed by previous empirical studies on shareholder activism and price reaction of activism announcements. First of all, the methodical approach of the conducted event study is explained, followed by an in-depth analysis of the campaigns in focus. The analysis starts with a description of the target company, is followed by a chronologic workup and an analysis of the strategy of the activist. Finally, the results of the event study are discussed in detail.

4.1 Methodical approach of the event study

Event studies are used by economists and researchers to measure the effect of an economic event on the value of firms. These studies are indeed useful as, given rationality in the marketplace; the effect of an event will be immediately reflected in the stock price of a company. This impact can be measured using stock price data over a relatively short time period. In the field of finance and accounting event studies has been applied to various events. Some examples are acquisition announcements, share buybacks, dividend pay-outs, board member changes, earnings announcements, capital structure changes, engagement of a shareholder activist or macroeconomic changes. (Campbell, Lo, & MacKinlay, 1996)

The event occurred may be within the firm's control, such as the announcement of a stock split, or the event may be outside of the firms control, such as the engagement of a shareholder activist or regulatory changes. (Cram, 2015)

The conducted event study is focusing on the engagement of shareholder activists within the companies in our scope. Moreover, further changes in shareholder structure will be analysed.

For the statistical analysis the statistical software EViews is used. This software package is mainly used for time-series oriented econometric analysis.

4.1.1 Event window

Consistent with previous empirical studies on the price reaction of activism approaches a longer and a shorter event window will be used, as illustrated in **Figure 5**. The longer event window covers 41 days around the announcement (20 day prior and 20 days post announcement). And the shorter event window covers 3 days prior and 3 days post announcement. The reason why the event window includes days prior to the announcement is that the market participants may anticipate the occurrence of the event beforehand. (Campbell et al., 1996)

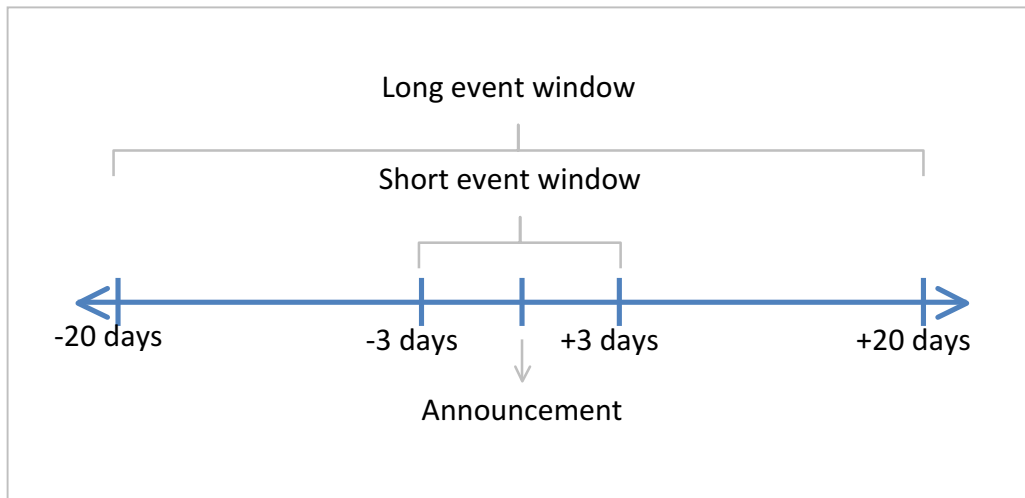


Figure 5: Event windows
(Campbell et al., 1996)

4.1.2 Methodology of abnormal returns

In an event study the ex-post actual return R_{it} is used as a benchmark and the expected normal returns $E[R_{it}|X_{it}]$ in absence of the event are estimated. The difference between the ex-post actual return and the normal return of the event window shows if the event created abnormal returns ϵ_{it}^* in a stock. (Campbell et al., 1996)

$$\epsilon_{it}^* = R_{it} - E[R_{it}|X_{it}]$$

The expected normal returns R_{it}^* of the event window are estimated using an estimation window. The estimation window is the window prior to the event window. Literature shows that for daily data the estimation window may be 120 days prior to the event excluding the event window itself. Thus the estimation window stretches from -120 days to -20 days to the announcement, as shown in Figure 6. (Campbell et al., 1996)

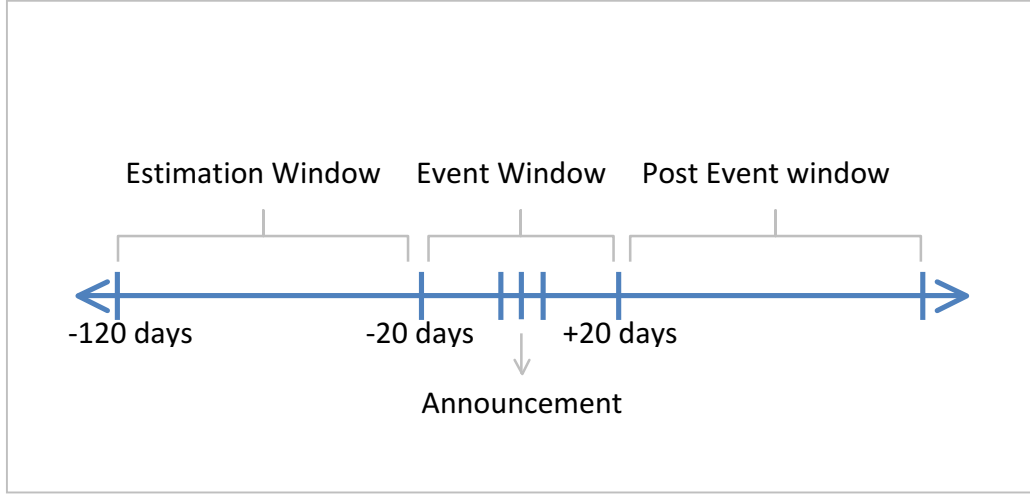


Figure 6: Estimation window
(Campbell et al., 1996)

In some cases the estimation window is overlapping with other changes in ownership and the analysis of the following acquisition would be biased on the first one. In the campaigns where this bias appears the estimation window was fixed to the date before the first acquisition.

The expected normal returns R_{it}^* can be calculated using a constant-mean-return model or a market-return model. The constant-mean-return model assumes that the mean return is constant through time.

$$R_{it}^* = \mu_i + \xi_{it} \quad \text{with } \xi_{it} \sim N(0, \sigma_i^2)$$

Where μ_i is the mean return for asset i over the estimation window. The abnormal returns are simply:

$$AR_{it} = R_{it} - \widehat{R}_{it}^*$$

In the market return model the expected normal return R_{it}^* is related to the return of a market portfolio. This approach removes the variation in the market portfolio return and thus has an increased ability to detect event effects. The following formula shows the calculation of the expected normal returns:

$$R_{it}^* = \alpha_i + \beta_i R_{mt} + \xi_{it} \quad \text{with } \xi_{it} \sim N(0, \sigma_i^2)$$

Where R_{mt} is the return of the market portfolio, ξ_{it} is the zero mean disturbance term and α_i, β_i , are the parameters of the market model. The abnormal returns for the event window are then:

$$AR_{it} = R_{it} - (\hat{\alpha}_i + \hat{\beta}_i R_{mt})$$

Next, the abnormal returns for each single day within the event window have to be aggregated to show the returns on the whole event window. The Cumulative Residual Method (CAR) is the sum of the average abnormal returns for each period, thus each day, in the event window. It's defined as follows:

$$\widehat{CAR}_i(\tau_1, \tau_2) = \sum_{t=\tau_1}^{\tau_2} AR_{it}$$

under $H_0 \sim N(0, \sigma_i^2(\tau_1, \tau_2))$

$\widehat{CAR}_i(\tau_1, \tau_2)$ is the cumulative abnormal return for stock i from τ_1 to τ_2 in the event window.

Once the abnormal returns AR_{it} are found, irrespectively if a market model or a constant mean return model is used, they have to be tested in a testing framework to show if they are significant. The null hypothesis in this model is defined as that the event has no impact on the behaviour of the stock return. Consequently, the alternative hypothesis is that the event had an effect on the stock return. (Campbell et al., 1996)

This is done by testing the standardized cumulative abnormal returns (SCAR):

$$\widehat{SCAR}_i(\tau_1, \tau_2) = \frac{\widehat{CAR}_i(\tau_1, \tau_2)}{\sigma_i(\tau_1, \tau_2)} \sim t_{T1-T0-2}$$

As a statistical significance level a α of 0.05 is chosen. (Campbell et al., 1996)

4.2 Data and sample

The empirical study has a regional focus on Austria and Germany and analyses the most recent and most prominent activism campaigns in those countries. Shareholder activism is definitely more prevalent in the US and in UK as Becht showed in his paper about activism worldwide. He analysed 1,740 campaigns in a sample period from 2000 to 2010. During that period 1,125 campaigns were conducted in US and 165 in UK. Germany only registered 53 campaigns in that period. (Becht et al., 2015) Hence, for this work only the most prominent were filtered and analysed in more detail.

From an intensive research among deals in Germany and Austria the activism campaigns with Conwert (Austria), ThyssenKrupp (Germany), Kabel Deutschland (Germany) and Bilfinger were selected. The detailed information about the respective campaigns was found by screening of diverse press releases and by using Factiva database.

The stock market data for the event study and also for constructing the abnormal returns with the market portfolio were retrieved from Bloomberg and Datastream. As already explained beforehand for this kind of event study daily data is required and also used in the following analysis. For the market portfolio the MSCI Europe index is used as Campbell recommends the use of a broad-based stock index.

4.3 Limitations of the model

The event study methodology also comes with a few limitations that has to be mentioned. In the event study a market model and a constant mean return model are used to calculate the abnormal returns. By using the market portfolio of MSCI Europe general market variances should be factored out. This should lead to increased ability to detect event effects. However, if the market portfolio and the individual stock are not highly correlated to each other or the regression model shows a low R^2 the gain of using a market model is rather limited. An enhancement of the model would be to test the market portfolio on each stock and chose a market index with the highest R^2 accross all campaigns. To oppose this limitation not only a market model is used but also a constant-mean-return model is used to calculate the abnormal returns. Though, that model is much simpler previous research often showed pretty similar returns to those of more sophisticated models.(Campbell et al., 1996)

A basic limitation of event studies is that other events around the announcement date could influence the abnormal returns that are not considered within the market portfolio. Thus, any company specific news that have a certain magnitude and lie within the announcement window of a shareholder activist engagement will effect the abnormal returns.

Furthermore, if there are changes in ownership following each other without a certain time span in between the estimation window of the subsequent event would overlap with the first event. Thus, that could lead to a bias as the calculated mean and standard deviations include the price effect of the first event. If that was the case within the event studies conducted the estimation window was fixed to the period of the initial transcation and used to calculate mean and standard deviation. (Campbell et al., 1996)

4.4 Conwert Immobilien Invest SE – Activist Petrus Advisory

Conwert is a Vienna based property company, which was founded in 2001 and is listed on the lead index (ATX) of the Vienna Stock Exchange since 2002. Today, the company is one of the leading property firms in the German speaking countries with an enterprise value of EUR 2,396.2 Mio. at the end of 2014. Conwert's real estate portfolio focuses on residential and commercial properties in the cities Vienna, Berlin, Dresden, Leipzig, Potsdam and in North Rhine-Westphalia. The company aims for a portfolio of 80 % residential property by the start of 2016.

Conwert is divided into three segments: portfolio management, development and sale of properties and property services.

In 2014 Conwert reported a rental income of EUR 237.3 Mio. and total revenues of EUR 381.2 Mio. The group in total owns 30,180 rental units mainly in Germany and Austria. (Conwert, 2015b)

The following chart shows the current shareholder structure of Conwert Immobilien Invest SE:

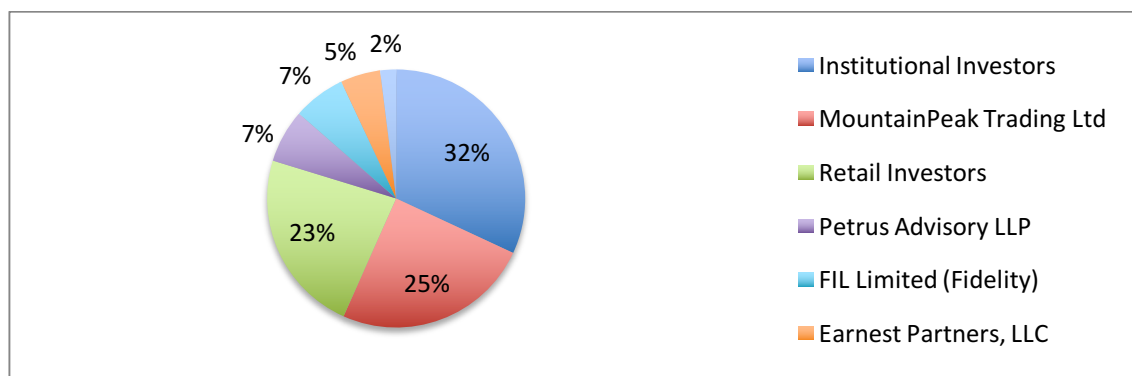


figure 7: Shareholder structure of Conwert
(Conwert, 2015a)

4.4.1 Chronologic workup of the Petrus Advisors engagement

Petrus Advisors LLP is an investment company with is based in London and was founded in 2009 by Klaus Umek, former head of Goldman Sachs Austria, and Johannes Meran. Petrus Advisors manages the Petrus Advisors Special Situations Fund, which is focused on Private Equity investments in Central and Eastern Europe.

On 29 March 2010 Petrus Advisors acquired a 17 % stake in Conwert and created an investors syndicate consisting of the private foundation of Austrian building tycoon Hans-Peter Haselsteiner, the Austrian building company Strabag of which Hans-Peter Haselsteiner is core shareholder, Günter Kerbler and Johann Kowar, members of the management of Conwert and further members of the management. (APA, 2010)

Petrus Advisors management partners Klaus Umek and Johannes Meran outlined the strong portfolio of Conwert's real estate property in Germany and Austria and named Conwert as the "the pearl among the real estate companies listed in the region". Their plan was to further develop Conwert's strengths together with its management. (Petrus Advisors, 2010)

Shortly after the investment of Petrus Advisors the supervisory board of Conwert appointed former Austrian Post manager Thomas Doll as new chief financial officer. (Der Standard, 2010b) About half a year after Petrus Advisors initiated stakes in Conwert, Johannes Meran, founding Partner of Petrus Advisors, was appointed to the supervisory board of Conwert Immobilien Invest SE with over 93 % of the votes at an extraordinary general meeting of October 11, 2010. Furthermore, Günter Kerbler, founder of Conwert and since 2007 chairman of the supervisory board, resigned and Johannes Meran took over his position as chairman and interim manager. Moreover, the general meeting approved a limitation of the seats in the supervisory board to five members and a share buyback programme that allowed the company to buy back shares with an volume of 10 % of nominal capital over a period of 30 months. (Oe24, 2010; Petrus Advisors, 2010) A day after Johannes Meran got elected into the supervisory board he gave insights into Petrus advisors intended strategic changes. The plan involved increased share buy backs to increase the stock price and a limitation of real estate acquisitions. Petrus announced that they solely want to extend Conwert's real estate portfolio under very favourable sales terms. According to Meran, Conwert has been trading at a high discount to intrinsic value. Goal of Petrus is to tighten this gap. (Die Presse, 2010)

End of October 2010 Conwert announced that Johann Kowar, CEO and founder of Conwert, is stepping back, however still be invested in Conwert via his stake in Petrus Advisors. (Wirtschaftsblatt, 2010) From beginning of January 2011 Dr. Volker Riebel has been chosen to take over from leaving CEO Mag Johann Kowar. Riebel is an economist and headed the division's strategy, legal, investor's relations, corporate governance/compliance, HR, IT, organisation and purchasing. (Der Standard, 2010) In March 2011 Petrus gave further insights into their strategic plans for Conwert. They were focusing on increase dividend payments,

cost reductions, asset sales and continuing with share buybacks. The stock of Conwert appreciated in the period starting with the initialization of the stakes in March 2010 to March 2011 by around 35 %. However, Petrus was still seeing a discount to NAV, net asset value, of around 32 %. To further tighten the gap to the net asset value Petrus argued that it has been necessary to reduce risk positions within Conwert's balance sheet. Petrus Advisors and the new CEO had been reducing commercial real estate development and the east European exposure to close the gap to NAV. A reason for the involvement of Petrus in Conwert is definitely the discount to NAV, which has been considerably higher compared to international peer companies.(Wirtschaftsblatt, 2011) After around six months in his position, Dr. Volker Riebel resigned as CEO of Conwert and Thomas Doll, the former CFO, and Jürgen Kelber took over the management of Conwert. (Der Standard, 2011)

In March 2012 Petrus Advisors decided to sell their 23.1 % stake in Conwert to the private foundation of Hans-Peter Haselsteiner. (M&A Navigator, 2012; Reuters, 2012) In November 2012, Conwert announced that they are not extending the contract of Jürgen Kelber, which was expiring end of 2012. (Wirtschaftsblatt, 2012)

At the beginning of 2013 Alexander Proschofsky known as an Austrian activist investor engaged in Conwert with a 1.5 % stake. He was criticizing the strategy of Hans-Peter Haselsteiner who was supporting "Friends-and-Family" contracts with Johannes Meran and Petrus Advisors. Proschofsky had been asking for an independent real estate expert as successor of CEO Jürgen Kelber. (Der Standard, 2013; Wirtschaftsblatt, 2013b) However, Proschofsky wasn't successful with his claim and Clemens Schneider formerly CEO of Rail Holding, a company that is partly owned by Haselsteiner, had been taken over the role as a CEO. (Wirtschaftsblatt, 2013a)

In May 2014 rebel investor Alexander Proschofsky attempted to gain a seat on the administrative board of Conwert, however he failed to do so. His plan was to mitigate the influence of Haselsteiner, who owned a 23 % stake in Conwert, and bring more transparency to the company.(Reuters, 2014a)

In the following months Petrus Advisors who sold their stakes to Haselsteiner one and a half years earlier had been again accumulating shares in Conwert and disclosed that they exceeded a 4 % threshold on October 21, 2014. (Presstext, 2014) A month later Petrus again acquired stakes and increased their stake to 6.74 %.(Dow Jones Newswire German, 2014b)

In mid of February 2015 Deutsche Wohnen, a German real estate company, also recognized the potential of Conwert and announced a takeover plan. They offered EUR 11.50 per share which corresponds to a 21.5 % premium over the volume weighted average price over the past six months and a 4.8 % premium to the closing price of February 13, 2015. The total offer amounted to USD 1.1 bill. (Reuters, 2015c)

Roughly a month later Conwert rejected Deutsche Wohnen bid, as Proschofsky and Petrus Advisors among others minority shareholders doubted that the offer is high enough. They noted that “the business outlook for 2015 and 2016 and Conwert’s refinancing potential are not adequately reflected in the offer made by Deutsche Wohnen AG” (Reuters, 2015b)

Hans-Peter Haselsteiner was dissatisfied that the offer of Deutsche Wohnen was rejected as he favoured the offer. As a consequence Haselsteiner sold his equity stakes of Conwert to MountainPeak, headed by the Israeli investor Teddy Sagi, in mid of May 2015.(Wirtschaftsblatt, 2015)

At beginning of May 2015 the previously by Haselsteiner installed CEO Clemens Schneider had been resigned and Thomas Doll had again taken over as interim CEO. Later on in May 2015 Klaus Umek, founding partner of Petrus Advisors, again increased public pressure on Conwert’s strategy, accounting standards and financial leadership.(Der Standard, 2015)

Just recently, on June 5, 2015, the general meeting was held and the two opposing parties, MountainPeak, managed by Israeli Teddy Sagi, with a 24.79 % stake and Petrus Advisors, managed by Klaus Umek, were having intense discussions about the future of Conwert. Teddy Sagi managed it to reduce the seats on the supervisor board from five to four and furthermore secured his MountainPeak corporation two seats. These two seats will be assigned to lawyer Philip Burns and Barry Gilbertson. (Die Presse, 2015)

The next few months will show what further plans Teddy Sagi has with Conwert and if Klaus Umek from Petrus Advisors still have a say about the future of Conwert.

4.4.2 Activism approach of Petrus Advisors

This chapter will deal with the activism strategy Petrus Advisory used to target Conwert. As already mentioned in the last chapter Petrus Advisory was convinced that Conwert is “the pearl among real estate companies in Austria and Germany”, mainly because Conwert shares were traded at a considerable discount to net asset value and also to peer companies. Shortly after Petrus acquired stakes they achieved to appoint a new CFO to the man-

agement team. Half a year after the initial acquisition they furthermore gained a supervisory board seat and announced that they are focussing on increase dividend payments, cost reduction, asset sales and continuing with share buybacks.(Petrus Advisors, 2010)

At the beginning of 2015 Petrus wrapped up their strategy and published an open letter addressed to the management of Conwert. In the letter Petrus mentioned that that international investment banks are generally recommending investing into property companies in 2015, however do not recommend investing into Conwert. In January 2015 the equity ratings for Conwert were either negative or neutral. Thus, Petrus was dissatisfied with company's strategic alignment and proposed five measures to increase Conwert's share price. (Umek, 2015)

- **Cost structure**

During the last 3 years Conwert incurred turnover reductions of around EUR 20 Mio. from third party management contracts and only achieved to reduce the evidently inflated cost structure by EUR 8 Mill. Umek proposed that Conwert has to adopt a more efficient and cost-effective strategy.(Umek, 2015)

- **Property management system**

Petrus Advisors argued that Conwert had written down real estate in CEE prime locations and sold properties in 2014 at these low book value levels, which had been considerable degraded. Furthermore, the properties had a vacancy level of 27 %, which is rather high in comparison to peer companies. That gives rise to concern for shareholders and Petrus Advisers proposed to implement improved property management systems and reduce vacancies.(Umek, 2015)

- **Accounting standards**

Umek accused Conwert's management team of using a conservative and incorrect accounting method for their properties. The mandatory accounting rules of IFRS require that all property be subject to annual and fair valuation. However, Conwert wrote down real estate within the last 6 months with a value of EUR 34.6 Mio. contrary to historical market developments. External experts moreover analysed that Conwert properties in Austria were undervalued by up to EUR 150 Mio. and German properties imply an undervaluation of up to EUR 145 Mio. benchmarked against best-

in-class peer companies. Thus, Umek argued that the net asset value of Conwert is undervalued by up to EUR 4 per share. Petrus Advisors ask for an immediate change of accounting standards and a revised balance sheet for 2014.(Umek, 2015)

- **Financing structure**

The activist furthermore argued that the issuance of bonds and convertible bonds leads to high interest rates that the company cannot afford. In 2014 Austria's leading Investment Company, 3-Banken-Generali, already requested to consolidate the financial structure. Consequently, Umek was demanding an immediate buy-back of all outstanding bonds and convertible bonds to reduce the excessive interest costs.

- **Management team and strategy**

Moreover, Umek was considering Clemens Schneider, the appointed CEO as inappropriate to manage a real estate company like Conwert. The financial market communications had further weakened under Schneider and that frighten away investors. Besides that Umek couldn't see a coherent strategy of Conwert. He argued that Conwert had to issue a statement to all shareholders stating their strategy and plans of how to significantly raise the company value to the level of peer companies.(Umek, 2015)

In summary, Petrus Advisors target Conwert mainly because of the mispricing of shares in 2010. The company, however, had strong fundamentals and a valuable real estate portfolio.

The following graph shows the price development of Conwert and the MSCI Europe Real Estate Index one year prior to the initial investment of Petrus Advisors. The shares of Conwert appreciated in that one year window by 99.1 %, whereas the MSCI Europe Real Estate Index increased by 60 %. Thus, prior to the investment the stock actually performed better than the benchmark index. This is consistent with empirical studies that hedge funds are mainly targeting companies that are performing well in comparison to their benchmark.

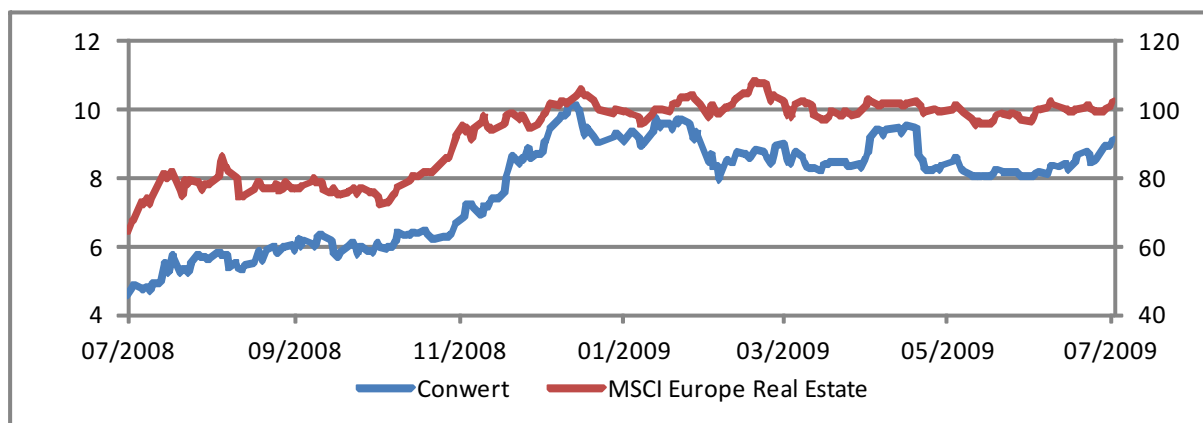


Figure 8: Price development prior the investment of Petrus Advisors

Petrus first focused on gaining a seat on the supervisory board, which they achieved around six months after they bought into Conwert. In the following years Petrus Advisors focused on eliminating the discount to net asset value by various measures. The first action took by Petrus Advisors, when Johannes Meran gained a seat on the supervisory board in October 2010, was to limit the seats on the board from five to four. That measure increases the relative voice of Petrus Advisors for strategic decisions. Furthermore, the extraordinary general meeting decided to start a new share buyback program with a volume of up to 10 % of the nominal capital. In the previous four buyback programs Conwert bought back 1.087 % of nominal capital. The new program intended to enhance Conwert's share price, according to the desire of Petrus Advisors. (Conwert, 2010)

Petrus strategy not only focussed on one specific purpose, they approached the management of Conwert with a whole package of measures to increase the firm value. However, it's unclear if any of the measures proposed in the open letter in May 2015 are really taken seriously by the management team of Conwert.

4.4.3 Event study on price reaction

In the following chapter all significant changes in the ownership structure are analysed. The goal is to look if abnormal returns around the announcement window can be found during the various changes in equity stakes.

The last chapter showed a chronologic workup of the shareholder battles of Conwert including changes in ownership. The following table summarized these changes:

Announcement date	Buyer/ Investor	Seller	Equity stake / voting rights
29.3.2010	Petrus Advisors	Günter Kerbler, Johann Kowar (Conwert-Gründer), weitere Mitglieder des Managements, HaselsteinerFamilien-Privatstiftung	17 % of voting rights (partly syndicated)
13.03.2012	Haselsteiner Familien-Privatstiftung	Partly Petrus Advisors	19,8 % equity stake, thereof 76 % if voting rights
21.10.2014	Petrus Advisors	Open market transaction	4,38 % equity stake
11.05.2015	MountainPeak	Haselsteiner Familien-Privatstiftung	24,79 % equity stake

table 2: Conwert - Changes in ownership

In the next graph the stock price development of Conwert is illustrated and benchmarked against the MSCI Europe index. Furthermore, the horizontal lines in the graph show the previously mentioned changes in equity. As already explained earlier for the market model estimates the MSCI Europe index is used.

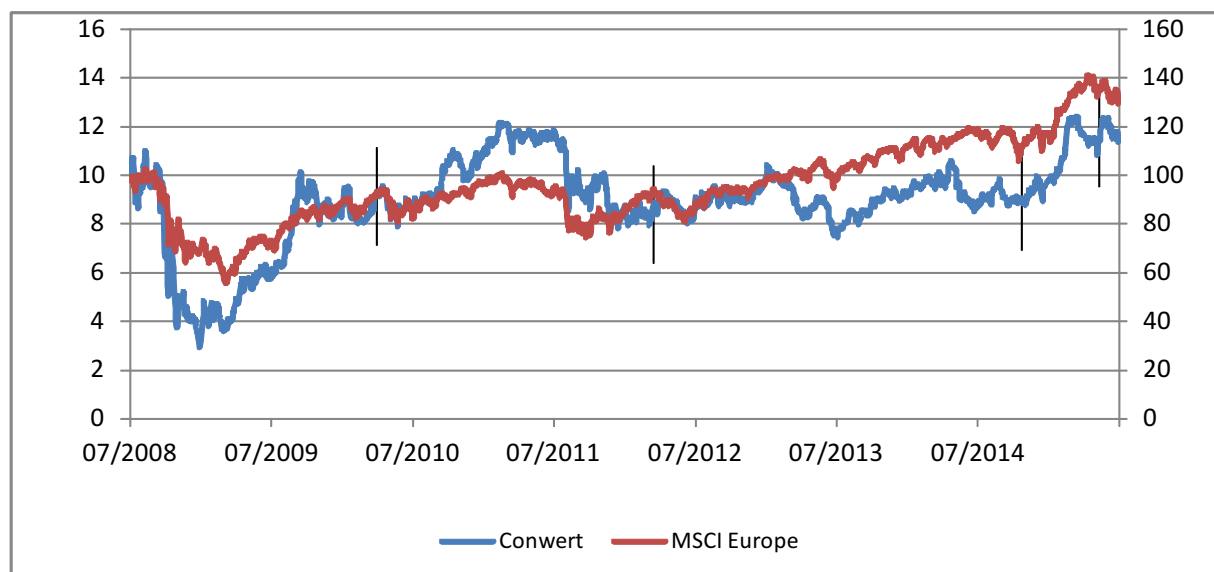


Figure 9: Stock price development and Activism announcement (Bloomberg, 2015)

In previous empirical studies, mainly from the US, always used the initial acquisition of a shareholder activist to determine the abnormal returns. Thus, here we also want to focus our attention to the abnormal return of the initiation of the equity stake. However, the event study also analyzed the returns in the respective announcement windows for other points in time.

As already explained beforehand a market-return model for estimating the normal returns works pretty well if the R^2 coefficient of the regression between the stock return and the market return is high. If that's not the case the gain of using a market model is rather limited. As illustrated in **Figure 10** the market model approach over the estimation period of the initial acquisition shows a rather weak R^2 coefficient of just 0,31. Thus, in the following also the abnormal returns using a constant-mean-return model are calculated.

Dependent Variable: RET_CONWERT				
Method: Least Squares				
Date: 07/10/15 Time: 19:58				
Sample: 313 412				
Included observations: 100				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.001446	0.001966	-0.735586	0.4637
RET_MSCI	1.134710	0.170764	6.644921	0.0000
R-squared	0.310612	Mean dependent var	-0.001225	
Adjusted R-squared	0.303577	S.D. dependent var	0.023550	
S.E. of regression	0.019653	Akaike info criterion	-5.001423	
Sum squared resid	0.037850	Schwarz criterion	-4.949319	
Log likelihood	252.0711	Hannan-Quinn criter.	-4.980336	
F-statistic	44.15497	Durbin-Watson stat	2.244185	
Prob(F-statistic)	0.000000			

Figure 10: Regression initial estimation window Conwert

The following **Fehler! Verweisquelle konnte nicht gefunden werden.** show the results of the event study on the price reaction.

Petrus Advisors initially acquired a stake of 17 % previously held by the management team and Hans Peter Haselsteiner's private foundation at March 29, 2010. For that transaction the event study, adjusted with the MSCI Europe, showed significant abnormal returns of 7.0 % for the short event window of -3 to +3 days and slightly higher abnormal returns of 7.3 % for the longer event window of -20 to +20 days. The returns calculated with a constant-mean return model are higher with a short event window abnormal return of 9.3 % and a long event window abnormal return of 12.0 %. Thus, the engagement of Petrus Advisors within Conwert produced, irrespectively which model is used, high abnormal returns in both event windows.

In the subsequent transaction on March 13, 2012 where Hans Peter Haselsteiner acquired a 19.8 % stake from Petrus Advisors the abnormal returns show significant high levels. In the short event window the abnormal returns ranges from 6.4 % to 9.2 % and in the long event window from 12.2 % to 18.5 % depending on the methodology.

The last transaction of May 11, 2015 shows the abnormal returns of the sale of Haselsteiner's stake to the Israeli investor Teddy Sagi. The short event window still shows positive abnormal returns, however in the longer window the abnormal returns are significantly negative with -5.8 % to -10.6 %.

Announcement date	Cumulated abnormal returns			
	Short event window (-3,+3)		Long event window (-20,+20)	
	Constant-mean- return model	Market-return model	Constant-mean- return model	Market-return model
29.03.2010	9,27 %*	7,03%*	12,05 %*	7,28%*
13.03.2012	9,16 %*	6,35%*	12,20 %*	18,52%*
21.10.2014	1,59 %*	-0,52%	14,14 %*	15,81%*
11.05.2015	2,77 %*	2,86%*	-5,80 %*	-10,58%*

table 3: Abnormal returns Conwert

* significant at a level of $\alpha = 0.05$

When taking a closer look at the first announcement of March 29, 2010 in Figure 11 (yellow vertical line) and the aggregated abnormal returns over the 41 day window it can be seen that most of the abnormal return of 7.3 % to 12.1 % was already generated before the announcement. The dotted grey lines indicate the short event window of -3 to +3 days around the announcement. The short event window shows significant abnormal returns of 7.0 % to 9.3 % depending on the methodology used.

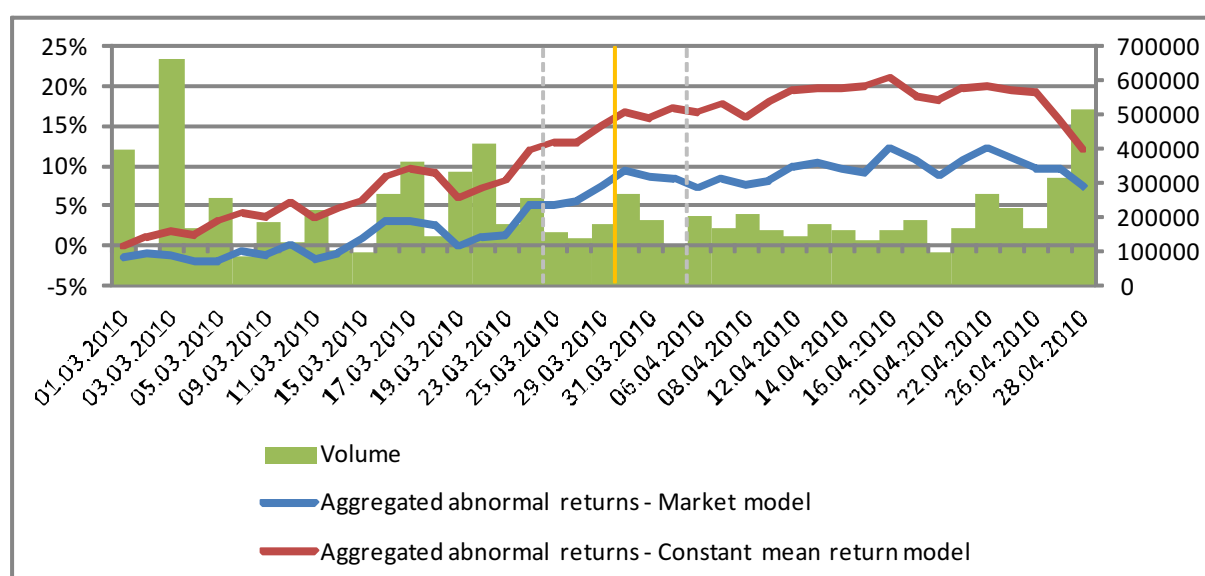


Figure 11: Announcement window abnormal return Conwert

The abnormal returns calculated over the long event window of -20 to +20 days around the announcement pretty well fit with the data found by previous empirical studies.

Furthermore, the trading volume in Conwert shares before the investment of Petrus was announced showed increased trading.

4.5 ThyssenKrupp – Engagement of activist Cevian Capital

ThyssenKrupp AG is one of the leading steel producers worldwide and is based in Essen (Germany). The company is producing steel, high performance components, industrial primary products, elevators and armaments. ThyssenKrupp AG is employing around 155.000 employees in 80 countries and generated revenue of EUR 41 bn. in the fiscal year 2013/14. 70 % of that revenue was generated outside of Germany. Furthermore, the company reported an EBIT of EUR 1.1 bn.

The stock of ThyssenKrupp is listed in the prime market of the exchanges in Frankfurt and Düsseldorf and had an equity value of EUR 11.8 bn. in September 2014.

The current shareholder structure of ThyssenKrupp looks as following:

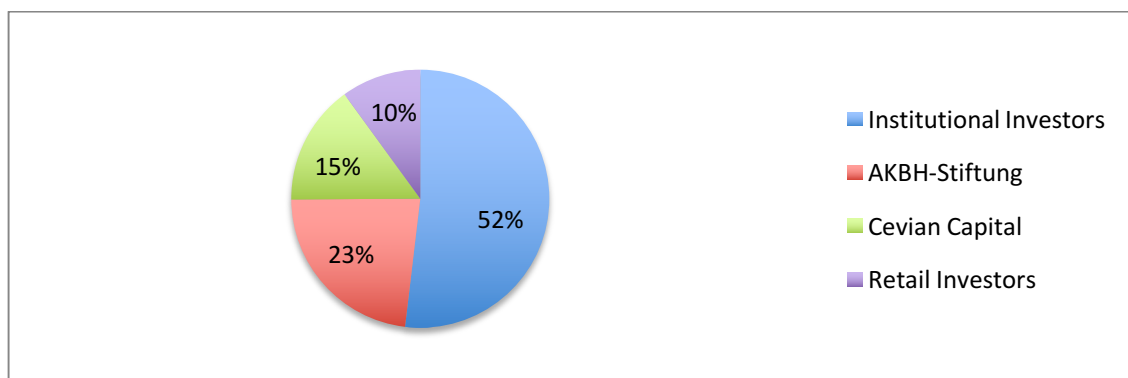


figure 12: Ownership structure ThyssenKrupp
(ThyssenKrupp, 2015)

4.5.1 Chronologic workup of the Cevian engagement

Cevian Capital is a hedge fund, which was founded in 2002 by Christer Gardell and Lars Förberg. The focus of Cevian funds is to acquire positions in undervalued European public companies where long-term value can be enhanced through an active ownership. Undervaluation refers to companies that are overlooked and misunderstood by the market and out of favour with investors. The strategy of Cevian Capital is to increase value by improving corporate governance, operational performance, corporate strategy and structure.

The company is holding and constantly acquiring substantial minority ownerships in a limited number of undervalued companies. Currently they have assets under management with a value of EUR 12 bn. Cevian Capital stresses that they are holding very concentrated positions and are following a strict long-term bottom-up approach. The companies Cevian is investing in are typically companies with an excellent market position and thus a good starting plat-

form for interventions. The strong market position of target companies is securing Cevian a limited downside in their investments. Prior to the decision to invest in a company Cevian is often spending 6-7 months on in depth analysis of the target and setting up a value enhancement plan. This value enhancement plan includes the four areas Corporate Governance improvements, Operational improvements, Corporate Restructuring & Strategic Re-orientation and Financial Restructuring.(Cevian Capital, 2015; Kerr, 2008)

In September 2013 Cevian Capital initiated a 5.2 % equity stake in ThyssenKrupp. Jens Tischendorf, Cevian manager for Germany, announced that they are supporting the strategy chosen by the management of ThyssenKrupp and see significant potential for ThyssenKrupp as the stock price doesn't reflect the fundamental value of the company.(Berliner Morgenpost Online, 2013)

ThyssenKrupp is currently facing various challenges in their operational business, thus the engagement of Cevian Capital is highly welcomed by the management. The company struggles because of a weak demand for steel products and problems with two steel manufacturing sites in the US. Hence, ThyssenKrupp's equity base is struck and a possible capital increase is discussed.(Dow Jones Newswire German, 2013b)

Just a few weeks after the acquisition of an initial equity stake in ThyssenKrupp, Cevian Capital increased their stake to 6.1 %. (The Wall Street Journal Deutschland, 2013c) At the beginning of December 2013 Heinrich Hiesinger, the CEO of ThyssenKrupp reiterated the intention of the company to increase capital via the stock market. He mentioned that ThyssenKrupp plans to increase nominal capital by 10 %. However, he did not inform the public about a possible time plan of the capital increase. Cevian Capital already indicated interest in further acquisitions. (The Wall Street Journal Deutschland, 2013a) Shortly afterwards the company announced that they are going to issue around 51.45 Mill new shares. (The Wall Street Journal Deutschland, 2013d) As expected, Cevian Capital increases the stakes in ThyssenKrupp in the course of the capital increase to 10.96 %. The largest investor at that time, the Krupp foundation, lost their blocking minority as they didn't follow the capital increase. A special arrangement in the company bylaws secured the blocking minority holder, Krupp foundation, three seats in the advisory board so far. As they lost the blocking minority of 25 % they lost the right for the third seat in the board. Cevian is thus strongly interested to gain representation in the advisory board. (The Wall Street Journal Deutschland, 2013b)

So far Cevian Capital fully supported Heinrich Hiesinger, CEO of ThyssenKrupp. The Swedish hedge fund did not show any intention of influencing the management. However, according to insiders, Cevian Capital is evaluating a possible spin off and IPO of the elevator division of ThyssenKrupp. This division is supposed to have a much higher value than currently stated on the books of the company. (Reuters, 2014c) At the annual general meeting of ThyssenKrupp in January 2014, shareholders increased the pressure on CEO Hiesinger as a clear strategy of ThyssenKrupp is not visible and the share price dropped significantly over the last months. Cevian Capital again did not comment on their strategy and remained silent. (Stuttgarter Zeitung, 2014) At the end of January 2014 the financial press reported that Cevian further increased their equity stake in ThyssenKrupp to 12-15 %. (Reuters News, 2014a) On March 4, 2014 Cevian again raised their stake to 15.1 %. (Reuters News, 2014b) At the annual general meeting in February 2015, Jens Tischendorf, Partner of Cevian Capital, was finally elected into the supervisory board of Thyssen. However, Cevian and Tischendorf still remained supportive for CEO Hiesinger's strategy.

4.5.2 Activism approach

The hedge fund Cevian Capital initiated their stake in ThyssenKrupp in September 2013 as they saw significant upside potential for the German steel producer. Cevian Capital constantly increased their stakes in ThyssenKrupp and within half a year they owned a stake of 15.1 %. Cevian followed an activism approach, however, the hedge fund managers did not yet comment on their activism strategy. According to insiders, Cevian evaluated the possibility of a spin off of the elevator division of ThyssenKrupp, although nothing precise has been announced publicly. In February 2015, Jens Tischendorf, partner of Cevian Capital Germany, gained a seat in the advisory board and probably further increased pressure on the management. A further rumour in connection with Cevian's engagement is that the Swedish hedge fund has plans to sell off the steel division of ThyssenKrupp.

The following graph illustrates the performance of ThyssenKrupp one year prior to the engagement of Cevian Capital. ThyssenKrupp's stock appreciated in the year before Cevian Capital invested by 7.8 %, while the MSCI Europe index increased by 12.5 %.

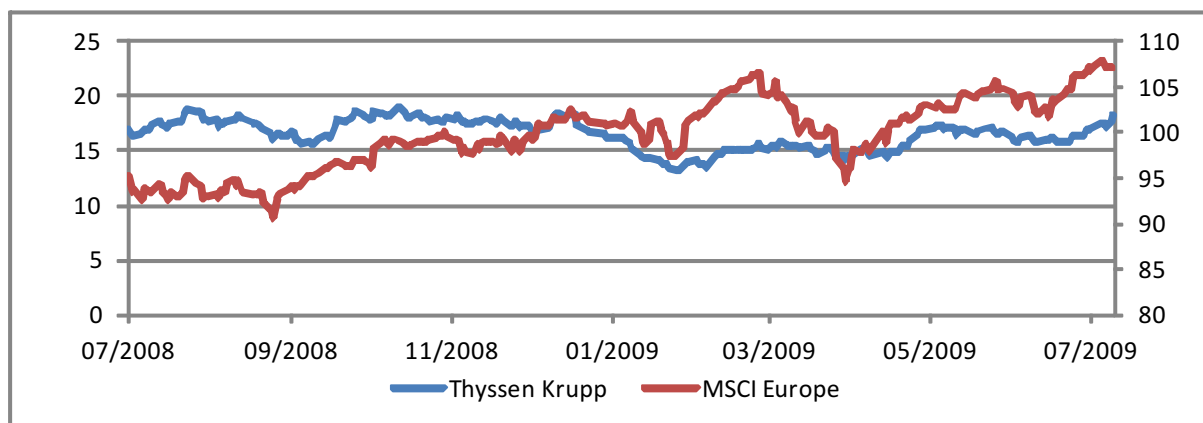


Figure 13: Price development prior the investment of Cevian Capital

4.5.3 Event study on price reaction

In the following chapter all significant changes in the ownership structure are analysed. The goal is to look if abnormal returns around the announcement window can be found during the various changes in equity stakes. The following table shows the initial equity acquisition of Cevian and all other increases in equity stakes:

Announcement date	Buyer/ Investor	Seller	Cumulative equity stake
25.09.2013	Cevian Capital	Undisclosed	5.2 % equity stake
02.10.2013	Cevian Capital	Undisclosed	6.2 % equity stake
06.12.2013	Cevian Capital	ThyssenKrupp – Capital increase	10.96 % equity stake
27.01.2014	Cevian Capital	Undisclosed	12-15 % equity stake
04.02.2014	Cevian Capital	Undisclosed	15.1 % equity stake

Table 4: Cevian Capital - Changes in ownership

The following chart shows the stock price development of ThyssenKrupp over the last five years and highlights the respective equity acquisitions of Cevian Capital.

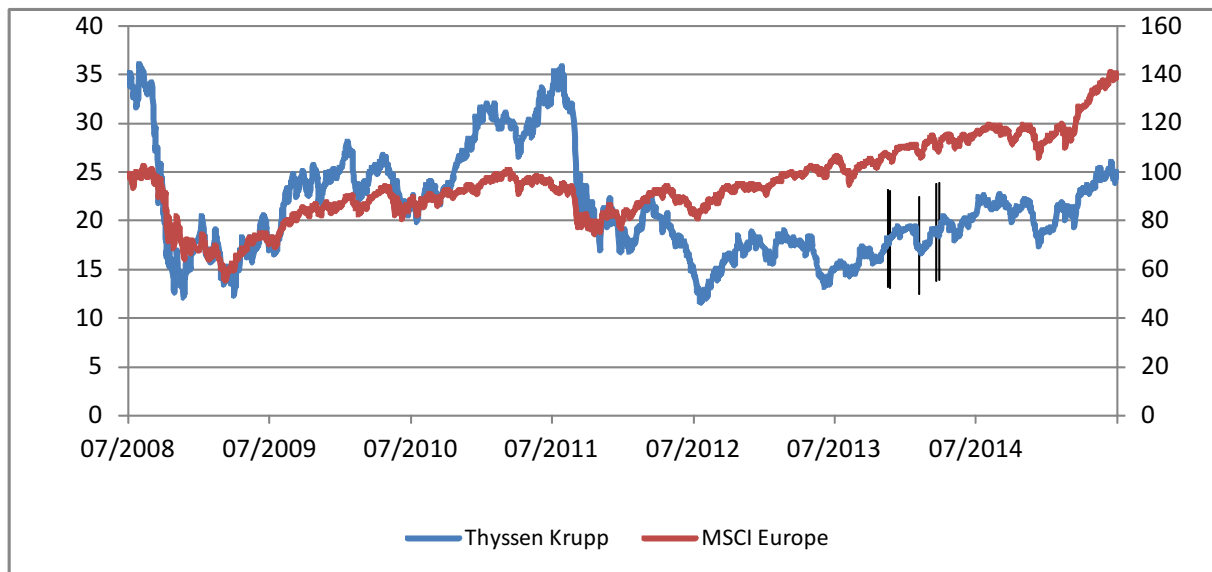


figure 14: share price development ThyssenKrupp
(Bloomberg, 2015)

To determine which methodology for calculating the normal returns is preferable the next figure shows the regression output for the initial announcement window between the returns of ThyssenKrupp and the market index.

Dependent Variable: RET_THYSEN				
Method: Least Squares				
Date: 07/11/15 Time: 11:12				
Sample: 1216 1315				
Included observations: 100				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.000796	0.001757	0.452853	0.6517
RET_MSCI	1.191914	0.197667	6.029912	0.0000
R-squared	0.270615	Mean dependent var		0.001255
Adjusted R-squared	0.263173	S.D. dependent var		0.020451
S.E. of regression	0.017555	Akaike info criterion		-5.227198
Sum squared resid	0.030200	Schwarz criterion		-5.175094
Log likelihood	263.3599	Hannan-Quinn criter.		-5.206111
F-statistic	36.35984	Durbin-Watson stat		2.119495
Prob(F-statistic)	0.000000			

Figure 15: Regression estimation window ThyssenKrupp

The output shows again a rather low R^2 of 0.27 and thus also the constant-mean-return model is used to calculate the normal returns.

The next table, **table 5**, shows the results from the conducted event study over the five equity acquisitions of Cevian Capital. At the point of the initial acquisition of Cevian Capital into ThyssenKrupp at September 25, 2013 the stock price increased within the short event window by 2.9 % or 0.8 % depending on the methodology used. Within the longer event win-

Now we see pretty high and significant abnormal returns of 7.7 % or 13.4 %. The abnormal returns of the initial acquisition are definitely also intertwined with the returns of the following increase in stakes just a week later.

All other changes in ownership, besides the acquisition end of January 2014 don't show significant abnormal returns or just pretty low returns.

Announcement date	Cumulated abnormal returns			
	Short event window (-3,+3)		Long event window (-20,+20)	
	Constant-mean- return model	Market-return model	Constant-mean- return model	Market-return model
25.09.2013	0,76 %*	2,85 %*	13,44 %*	7,66 %*
02.10.2013	1,70 %*	3,58 %*	12,23 %*	6,79 %*
06.12.2013	-4,90 %	-0,52 %*	-12,61 %	-13,07 %
27.01.2014	0,22 %*	5,06 %*	11,27 %*	7,06 %*
04.02.2014	-0,31 %*	-0,89 %	6,48 %*	4,81 %*

table 5: Abnormal returns ThyssenKrupp

* significant at a level of $\alpha = 0.05$

Next we again take a deeper look at the abnormal returns during the time of the initial announcement of the acquisition of Cevian Capital. In contrast to the returns shown for Conwert, ThyssenKrupp's abnormal returns are higher in the longer event window of -20 to +20 days. The vertical dotted grey line shows the -3 days to +3 days announcement window.

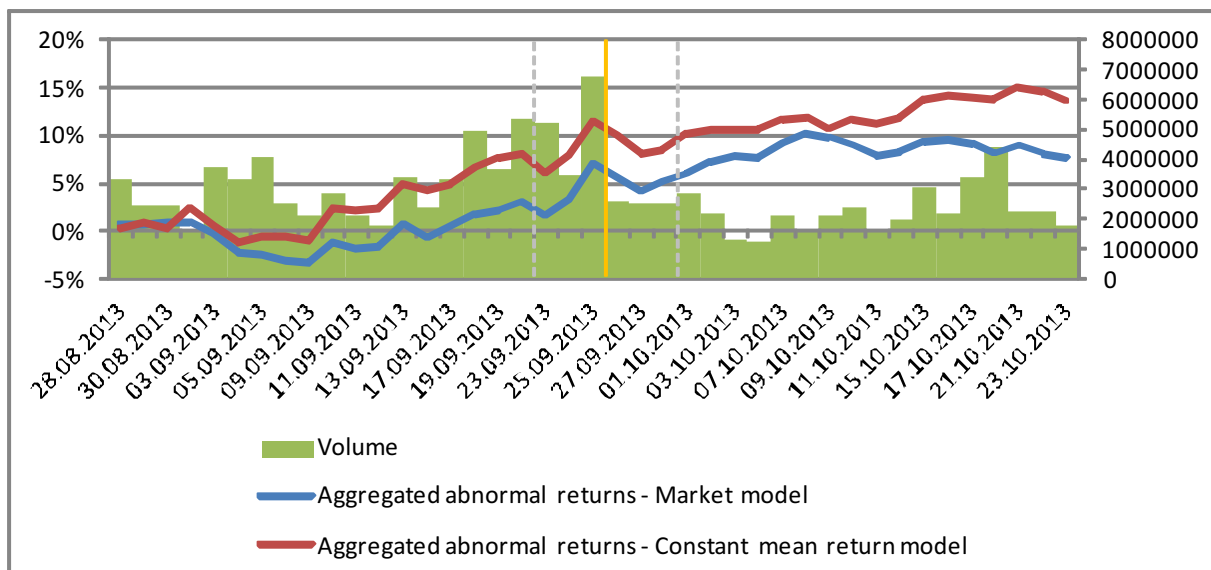


Figure 16: Announcement window abnormal returns ThyssenKrupp

The returns for the long event window are again corresponding to the abnormal returns found by previous empirical studies. For ThyssenKrupp we see a steady increase in trading volume up to the point where the engagement was disclosed publicly. This again shows that investors anticipate the investment and also jumps on the bandwagon.

4.6 Bilfinger – Engagement of Activist Cevian Capital

Bilfinger SE is a German corporation in the service- and building industry and is among companies in the building industry the 8th largest in Europe. The company develops, constructs, maintains and operates buildings in the fields of industrial, power, building and facility.

In 2014 Bilfinger employed 69.132 people worldwide and generated an adjusted EBITA of EUR 270 Mio. In comparison, the company earned an adjusted EBITA of EUR 415 Mio. in 2013. (Bilfinger, 2014b)

The current ownership structure of Bilfinger looks as follows:

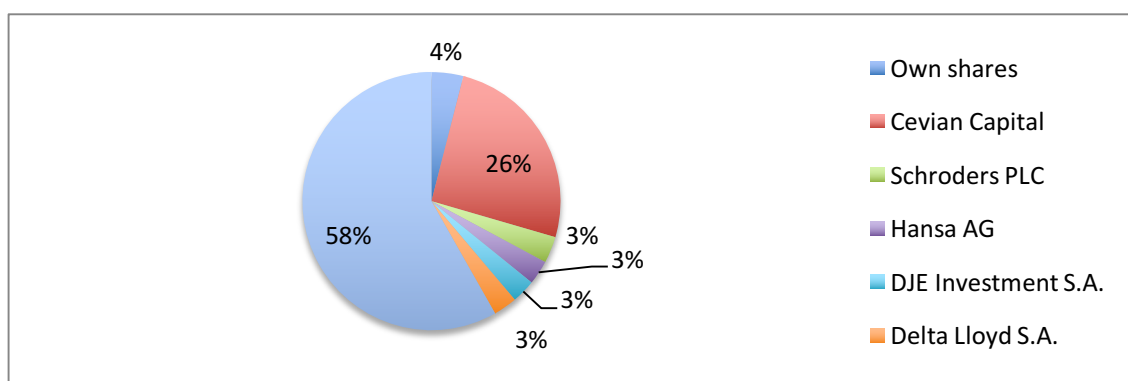


figure 17: Ownership structure Bilfinger
(Bilfinger, 2015)

4.6.1 Chronologic workup of the Cevian engagement in Bilfinger

End of October 2011 the Swedish hedge fund, Cevian Capital, initiated a 12.62 % stake in German building and service company Bilfinger and consequently was the largest shareholder of Bilfinger to that time. (AWP Finanznachrichten, 2011) The managing director of Cevian Capital Germany, Jens Tischendorf, commented that they see significant potential for accretion in Bilfinger and thus are willing to actively monitor managerial decision making and intervene if necessary. However, he mentioned that Cevian Capital is not seeking to exceed the equity stake in Bilfinger of 30 %. (Welt kompakt, 2011) In February 2012, the CEO of Bilfinger, Roland Koch, already clarified that Bilfinger is not willing to increase the distributions to shareholders. That's usually the favoured first step once an activist engages in a company. In May 2012 Cevian Capital got the chance to gain a seat in the supervisory board. (Financial Times Germany, 2012) In March 2013 Cevian Capital disclosed that they increased their stake in Bilfinger to 15.01 %. (AWP Finanznachrichten, 2013) Furthermore, Jens Tischendorf should be elected into the supervisory board at the next annual general meeting

in April 2013. (Dow Jones Newswire German, 2013a) Mid of April 2013, Jens Tischendorf and ex-Bilfinger manager Herbert Bodner got a seat in the supervisory board. (DPA, 2013a) During the annual general meeting at April 18, 2013 Cevian Capital announced that they further increased their stake in Bilfinger to 18.87 %. (Bilfinger, 2014a)

Two years after Roland Koch took over as CEO of Bilfinger he started with a cost reduction program focusing on general and administrative expenses. According to the press, this program was also demanded by Cevian, as Bilfingers administrative costs are around 1 % higher compared to peers. (Börsen-Zeitung, 2013a, 2013b)

In May 2014 Cevian again increased their stake in Bilfinger to 20.19 %. (Dow Jones Newswire German, 2014a) A few weeks later Bilfinger had to issue a profit warning mainly because of the margin pressure in the field of power plant maintenance. As a result the stock of Bilfinger dropped by 18 % to EUR 68.5 at the day after the announcement. (Börsen-Zeitung, 2014)

According to the financial press, Cevian's managing partner Jens Tischendorf who was member of the supervisory board pressured CEO Roland Koch to increase savings and cut more jobs than planned. At the beginning of August 2014 Bilfinger had to issue a further profit warning as the prospects in the Power division are even weaker than expected a few weeks ago. The investors, particularly Cevian Capital who recently increased their stake, had been upset about the reduced prospects that could actually have been foreseen much earlier by the management. As a consequence, the supervisory board lost confidence in CEO Roland Koch's ability to lead the company and resigned him. (Hannoversche Allgemeine Zeitung, 2014) Herbert Bodner, the chairman of the supervisory board, will temporarily assume the role as CEO (Focus, 2014) Bodner, had to again reduce the profit outlook of Bilfinger and issued a further profit warning – the third in two months. (The Wall Street Journal Deutschland, 2014a) After the slump in Bilfinger's share price from EUR 83,26 at the day before the first profit warning to around EUR 52 after the third profit warning Cevian is still confident that Bilfinger offers significant upside potential and further acquired equity. Cevian increased the stake from 20.19 % to 25.62 %. (Dow Jones Newswire German, 2014d)

At the beginning of October 2014 the chairman of the supervisory board, Bernhard Walter, resigned and cleared the way for a second representative of Cevian Capital in the supervisory board. (Dow Jones Newswire German, 2014c) A few days later Bilfinger announced the next change within the management team. CFO, Joachim Müller, left the company once a successor is found. (The Wall Street Journal Deutschland, 2014b)

At beginning of November 2014 Cevian Capital appointed the former CEO of Metro and Daimler Eckhard Cordes as chairman of the supervisory board.(Reuters, 2015d)

In December 2014 the Swedish hedge fund convinced the management to split off the civil engineering division of Bilfinger. This entity was sold to the Swiss construction market leader Implenia. Bilfinger set the focus for the future stronger on the construction service and maintenance business. (Reuters, 2014b) With beginning of February 2015 Cevian announced that the former ProSieben-Sat.1 manager Axel Salzmann will take over the position as CFO and the Norwegian Per Utnegaard will be appointed as new CEO in June 2015. (Reuters, 2015e) In May 2015 the supervisory board of Bilfinger announced that the company is facing a radical restructuring phase which will be started once the new CEO is on board. (Reuters, 2015a) By mid of June 2015 Per Utnegaard, the just recently appointed CEO, announced the sixth profit warning within one year and thus further disappointed investors. Moreover, Bilfinger is planning to spin off the Power division and currently seeking for an investor for the previous cash cow of Bilfinger. The Power division is mainly struggling because of the energy transition in Germany and the low oil prices.

4.6.2 Activism approach

Cevian Capital calls itself an operational activist fund, which the management sees as distinction to other activist hedge funds.

Again as analyzed for ThyssenKrupp, Cevian Capital did not issue an open letter to management stating their strategy. They are rather using a collaborative strategy and talking privately with the management. However, according to §21 par. 1 of German “Wertpapierhandelsgesetz” Cevian Capital had to disclose the reasons for their equity acquisitions in August 2014. They disclosed that Cevian Capital had no intention of pursuing strategically goals. They are rather interested in gaining from trading profits. Moreover, they announced that they probably intend to further increase their stake within the next 12 months and that Cevian Capital always strives to gain board representation. The Swedish hedge fund had not planned to change the capital structure of Bilfinger, neither the proportion of equity to debt nor the dividend policy of the company. Finally, they disclosed that Cevian Capital solely used equity funds to acquire stakes in Bilfinger. (Dow Jones Newswire German, 2014e)

Cevian gained representation in the supervisory board in April 2013 and from that moment on constantly increased the pressure on the management team. However, much of their strategy did not go public.

By looking at the pre announcement returns of Bilfinger we can see that the stock increased in a one year period by 23.8 %. In comparison, the MSCI Europe Index declined in the same period by around 8.4 %. This again shows consistency with previous studies that hedge funds are preferably targeting companies with a rather good performance.

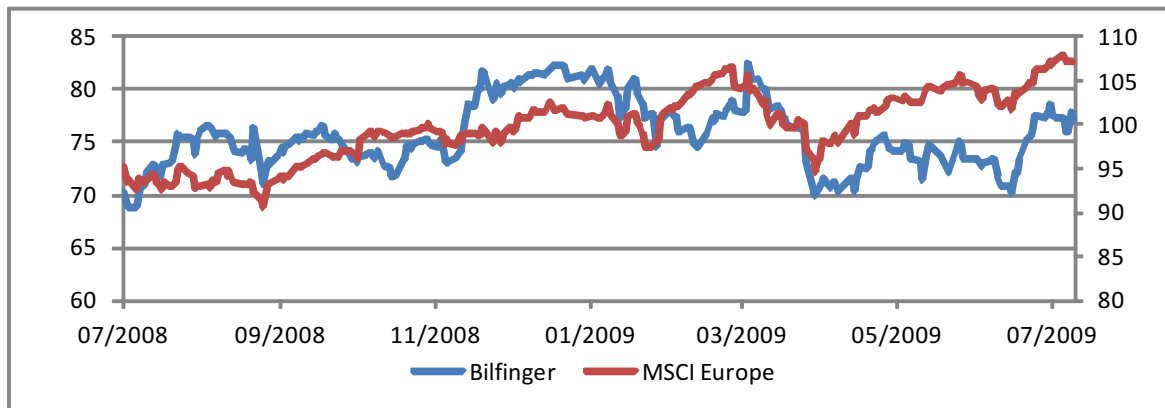


Figure 18: Price development prior the investment of Cevian Capital

4.6.3 Event study on price reaction

The table below shows the changes in ownership structure of Bilfinger and the level of equity Cevian accumulated over the time.

Announcement date	Buyer/ Investor	Seller	Cumulative equity stake
31.10.2011	Cevian Capital	Open market transaction	12,62 %
14.03.2012	Cevian Capital	Open market transaction	15.07 %
17.04.2013	Cevian Capital	Open market transaction	18,87 %
19.05.2014	Cevian Capital	Open market transaction	20,19 %
29.09.2014	Cevian Capital	Open market transaction	25,62 %

table 6: Bilfinger - Changes in ownership

The subsequent chart shows the stock price development of Bilfinger over the last five years and the points in time where Cevian initiated or increased their stakes. The horizontal lines indicate the acquisitions of Cevian.

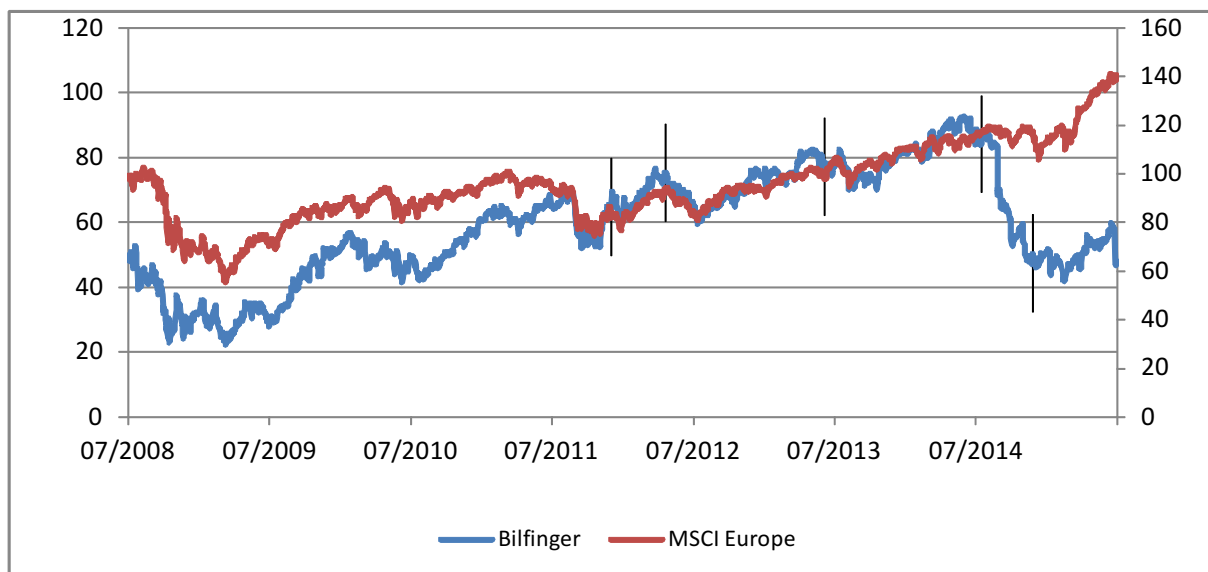


figure 19: Share price development Bilfinger
(Bloomberg, 2015)

Figure 20 shows the regression results for the returns of Bilfinger with the market portfolio. The regression line has a quite good fit to the data and the R^2 shows a coefficient of 0,76. Thus, the market-return model to calculate the normal returns should show reliable data.

Dependent Variable: RET_BILFINGER				
Method: Least Squares				
Date: 07/11/15 Time: 12:21				
Sample: 731 830				
Included observations: 100				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.001352	0.001151	1.174801	0.2429
RET_MSCI	1.228920	0.070093	17.53276	0.0000
R-squared	0.758262	Mean dependent var		-0.001079
Adjusted R-squared	0.755795	S.D. dependent var		0.023113
S.E. of regression	0.011422	Akaike info criterion		-6.086788
Sum squared resid	0.012785	Schwarz criterion		-6.034685
Log likelihood	306.3394	Hannan-Quinn criter.		-6.065701
F-statistic	307.3977	Durbin-Watson stat		1.872156
Prob(F-statistic)	0.000000			

Figure 20: Regression estimation window Bilfinger

Announcement date	Cumulated abnormal returns			
	Short event window (-3,+3)		Long event window (-20,+20)	
	Constant-mean- return model	Market-return model	Constant-mean- return model	Market-return model
31.10.2011	9,99 %*	7,08 %*	16,68 %*	3,89 %*

14.03.2012	0,88 %*	-4,46 %	-1,68 %*	-7,36 %
17.04.2013	-6,34 %	-2,90 %	-8,66 %	-8,71%
19.05.2014	-0,91 %	-0,63 %	-8,63 %	-13,61 %
29.09.2014	-0,22 %*	2,71 %*	-15,14 %	-10,74 %

table 7 shows the announcement window returns during the points in time where Cevian Capital acquired stakes in Bilfinger. The initial acquisition again shows positive abnormal and statistical significant returns. All other abnormal returns don't provide significant levels. As we have seen a pretty reliable and high R^2 coefficient the market-return model is the best predictor for the abnormal returns. Within the short event window Bilfinger generated abnormal returns of 7.1 % and within the longer event window of 3.9 %.

Announcement date	Cumulated abnormal returns			
	Short event window (-3,+3)		Long event window (-20,+20)	
	Constant-mean- return model	Market-return model	Constant-mean- return model	Market-return model
31.10.2011	9,99 %*	7,08 %*	16,68 %*	3,89 %*
14.03.2012	0,88 %*	-4,46 %	-1,68 %*	-7,36 %
17.04.2013	-6,34 %	-2,90 %	-8,66 %	-8,71%
19.05.2014	-0,91 %	-0,63 %	-8,63 %	-13,61 %
29.09.2014	-0,22 %*	2,71 %*	-15,14 %	-10,74 %

table 7: Abnormal returns Bilfinger

* significant at a level of $\alpha = 0.05$

Figure 21 shows the price development of Bilfinger stock 41 days around the announcement of the first purchase of Cevian Capital end of October 2011.

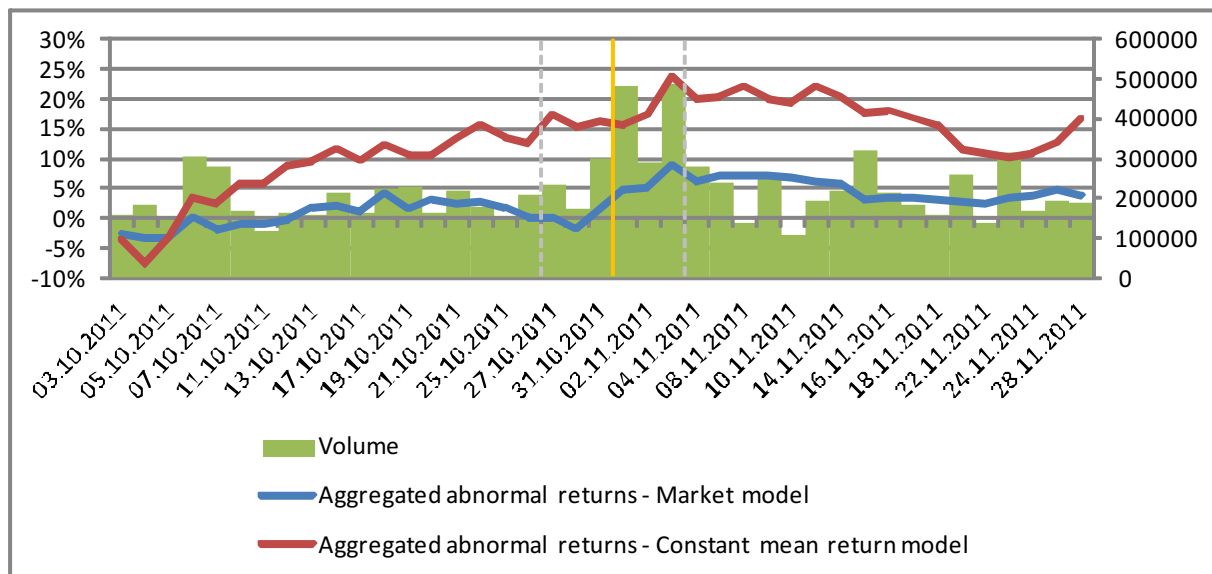


Figure 21: Announcement window abnormal returns Bilfinger

Also the engagement of Cevian Capital in Bilfinger showed significant positive abnormal returns over both announcement windows. However, the returns over the longer event window were slightly lower than previously seen with other campaigns and also with other empirical work. When looking at the trading volume during the announcement window we can note the two peaks immediately after the engagement was announced. That indicates that the announcement created a momentum effect.

4.7 Kabel Deutschland – Engagement of Activist Elliott Associates

Kabel Deutschland is the leading German cable network operator and offers customers high definition and digital TV services, video-on-demand, Pay-TV, broadband internet and telecom services. The company has a customer base of around 8,3 Million households. Kabel Deutschland employs about 3.900 people and is based in Unterföhring near Munich. In the fiscal year 2014/15 the company achieved a revenue of EUR 2.02 bn and an adjusted EBITDA of EUR 939 Mio.

The following chart shows the current ownership structure of Kabel Deutschland:

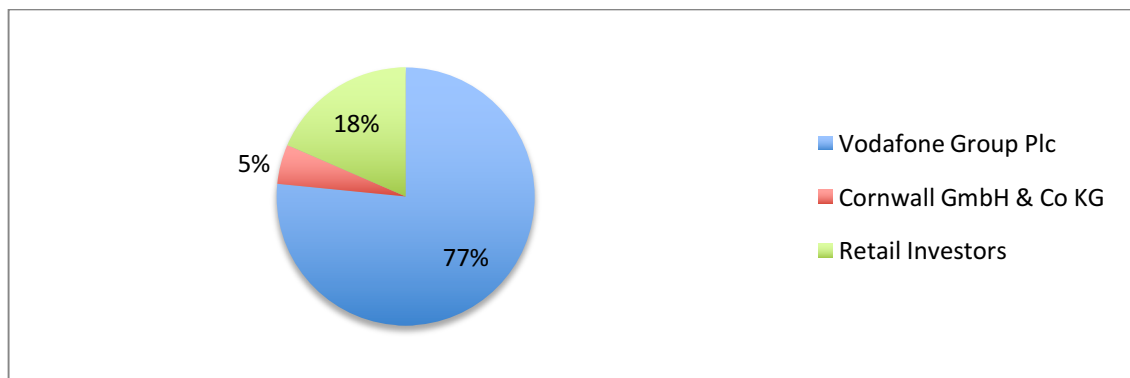


Figure 22: Ownership structure Kabel Deutschland
(Finanzen100, 2015)

4.7.1 Chronologic workup of Elliott Associates engagement in Kabel Deutschland

The hedge fund Elliott Associates was founded by Paul Singer in 1977 and manages together with the Elliot International fund around USD 15 bn of capital from large insitutional investors and wealthy individuals. The later mentioned fund was founded in 1994 and achieved to outperform the S&P 500 by around 5 % per year on average since inception. (Insider Monkey, 2015)

Paul Singer stepped into Kabel Deutschland just after the British telecommunication company Vodafone announced their takeover offer for Kabel Deutschland in June 2013. After Vodafone sold the stakes in US telco company Verizon Wireless for USD 130 bn the company has the necessary financial background to acquire Kabel Deutschland.

Vodafone offered EUR 87,- per share or EUR 7.7 bn in total for Kabel Deutschland. This corresponds to a takeover premium of around 40 % to the share price prior to the bid. The tender floating period was until September 11, 2013 and the merger only happens if

Vodafone reaches a 75 % threshold of Kabel Deutschland shares.(Manager Magazin Online, 2013)

On August 8, 2013 Elliott Associates made the mandatory disclosure that they increased their stake to 3.09 % and thus exceeded the threshold of 3 %, which is the boundary for the required disclosure. (AWP Finanznachrichten AG, 2013) Two weeks after the initial acquisition of stakes in Kabel Deutschland, Paul E. Singer bought further shares and was holding 5.10 % of the company. On September 9, 2013, Paul Singer again increased his stake to 10.9 %. (Reuters News, 2013) The engagement of Elliott definitely weakened Vodafone's bargaining power and possibly also leads to an increase in the takeover price, as Paul Singer probably will try to push the price upwards.

On September 13, 2013 Vodafone announced that they reached the minimum acceptance rate of 75 %. However, Paul Singer still remains with his 10 % stake and hopes for a separate offer if Vodafone plans to fully takeover Kabel Deutschland.(Deutsches Anleger Fernsehen, 2013) In April 2014 Paul Singer once again increased his stake in Kabel Deutschland to 13.48 %. (AWP Finanznachrichten AG, 2014)

In the following months Elliott and other minority shareholders of Kabel Deutschland filed an suit against the takeover deal of Vodafone and demanded a higher compensation. They claim a minimum takeover price per share of EUR 225. This price is based on an valuation conducted by the consultant company Rödl & Partner which was assigned to them by Elliott. If Vodafone intends to take Kabel Deutschland private they need the further 13.5 % equity stake from Elliott. Thus, Elliott and other minority shareholders have quite good bargaining power. (Manager Magazin Online, 2014) In October 2014 Elliott filed another lawsuit against Kabel Deutschland to gain access to a special, so far undisclosed, auditor's report that gives insights into the behavior and actions of Kabel Deutschland and Vodafone and also shows valuation details.(Dow Jones Newswire German, 2014f)

At the beginning of December 2014 Elliott was successful with the lawsuit and the auditor's report was released to investors. Again Elliott emphasised that the valuation of Kabel Deutschland and the offer price of EUR 84.53 was not sufficient. They concluded that Kabel Deutschland was worth EUR 104 per share, significantly more than offered. Additional synergies from the merger could have added another EUR 23.50 per share. (Financial Times, 2014) At the beginning of 2015 Elliott requested an extraordinary shareholders meeting to appoint special auditors related to the takeover by Vodafone. (Reuters News, 2015c) The

shareholder meeting, however, dismissed the request of Elliott for special auditions. Subsequently, Elliott called a German Court to appoint an auditor.(Reuters News, 2015a) If the court admit that Elliott is right that the takeover offer price was set too low Vodafone would face additional payments into the billions. (Finance Magazin, 2015)

4.7.2 Activism approach

Paul Singer, CEO of Elliott Management, is known for his activism investing style and his strategy to buy into company before mergers are taken place. He thereby speculates on a higher bid or on a compensation payment if the buyer wants to acquire the whole company. In Germany, Singer used this approach to intervene in the deal between the US pharma company McKesson and the German company Celesio.(DPA, 2013b) Late 2013, McKesson made a takeover offer to Celesio's shareholders that only was valid if more than 75 % of shareholders agree to the deal.(Reuters News, 2015b) Elliott bought into Celesio with a stake of 25.16 % and tried to increase the takeover price which finally also happened. McKesson increased the price from EUR 23 per share to EUR 23.50. (Lebensmittel Zeitung LZ, 2015)

This approach shows obvious similarities to the ongoing discussion between Paul Singer and Kabel Deutschland, however settled much earlier. As we have seen in the empiricial study from Becht the abnormal returns in an window of -30 to +30 days were the highest when a takeover is involved.

The following graph shows the return of Kabel Deutschland prior to the investment of Cevian Capital. The stock of Kabel Deutschland appreciated in the year before the announcement by 65 %, whereas the price of the benchmark MSCI Europe increased by 11.3 %.

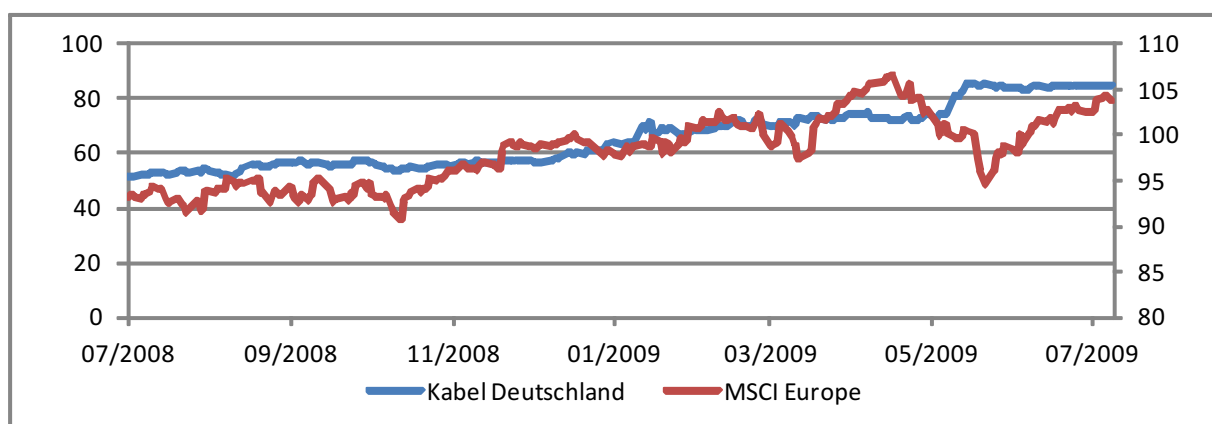


Figure 23: Price development prior the investment of Elliot Associates

4.7.3 Event study on price reaction

The following table shows the acquisitions of Elliott Associates into Kabel Deutschland over time.

Announcement date	Buyer/ Investor	Seller	Cumulative equity stake	Share price on announcement
08.08.2013	Elliott Associates	Open market transaction	3,09 %	EUR 84,95
23.08.2013	Elliott Associates	Open market transaction	5,10 %	EUR 85,81
09.09.2013	Elliott Associates	Open market transaction	10,90 %	EUR 85,22
23.04.2014	Elliott Associates	Open market transaction	13,48 %	EUR 98,41

table 8: Kabel Deutschland - Changes in ownership

Figure 24 shows the price development of Kabel Deutschland versus the market index MSCI Europe and indicates the points in time where Elliott Associates initiated or increased their stakes.

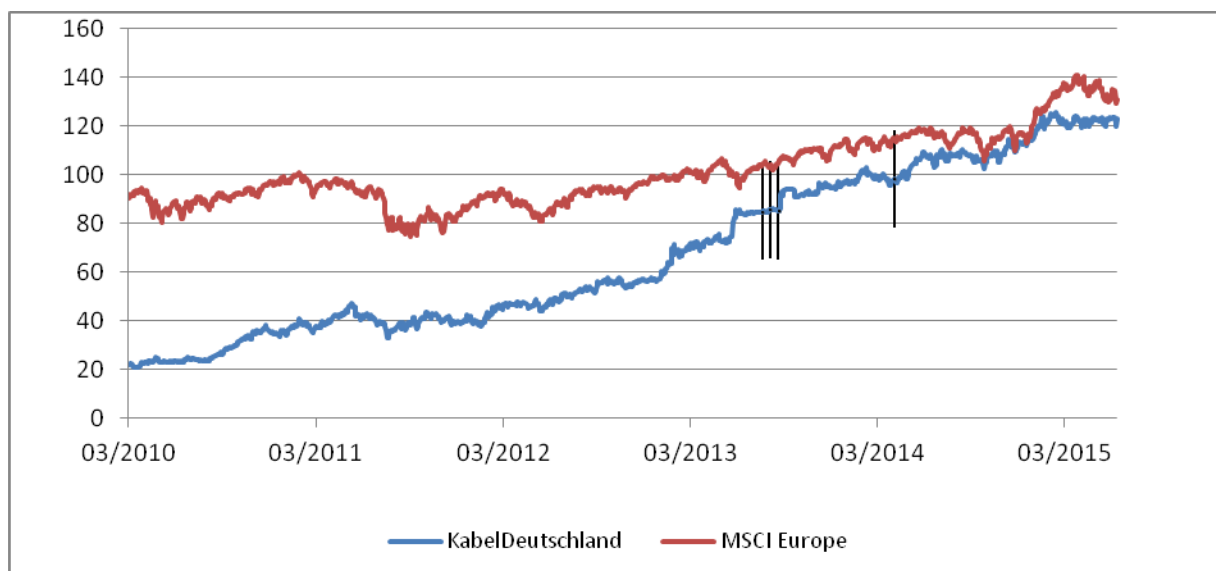


Figure 24: Share price development Kabel Deutschland (Bloomberg, 2015)

In the following figure the regression output between the returns of Kabel Deutschland and the MSCI Europe index within the initial estimation window are shown. The regression

shows a small R^2 coefficient, hence the constant-mean-return model for estimating the normal returns will be preferred.

Dependent Variable: RET_KABEL				
Method: Least Squares				
Date: 07/11/15 Time: 14:16				
Sample: 746 845				
Included observations: 100				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.002238	0.001602	1.396714	0.1657
RET_MSCI	-0.054221	0.170464	-0.318076	0.7511
R-squared	0.001031	Mean dependent var		0.002223
Adjusted R-squared	-0.009162	S.D. dependent var		0.015941
S.E. of regression	0.016014	Akaike info criterion		-5.410875
Sum squared resid	0.025133	Schwarz criterion		-5.358772
Log likelihood	272.5437	Hannan-Quinn criter.		-5.389788
F-statistic	0.101173	Durbin-Watson stat		2.339049
Prob(F-statistic)	0.751104			

Figure 25: Regression estimation window Kabel Deutschland

The following table shows the abnormal returns of Kabel Deutschland when Elliott Associates initiated stakes or acquired more shares. In comparison to the before analyzed campaigns the abnormal returns of Kabel Deutschland are rarely statistically significant and does not correspond to the previous empirical studies.

Announcement date	Cumulated abnormal returns			
	Short event window (-3,+3)		Long event window (-20,+20)	
	Constant-mean- return model	Market-return model	Constant-mean- return model	Market-return model
08.08.2013	-0,87 %	-0,82 %	-7,33 %	-7,22 %
23.08.2013	0,19 %*	0,07 %*	1,58 %*	1,77 %*
09.09.2013	-0,87 %	-0,73 %	1,18 %*	1,17 %*
23.04.2014	-0,39 %*	-0,28 %*	-6,99 %	-6,81 %

table 9: Abnormal returns Kabel Deutschland

* significant at a level of $\alpha = 0.05$

When taking a look at the initial acquisition of Elliott the abnormal returns are negative with -7.22 % within the longer event window. Though, these results are not significant at a level of 0.05. The short event window shows slightly negative however not statistically significant abnormal returns.

Also Figure 26 shows a steady downward trend of the stock price during the -20 to +20 announcement window, irrespectively if a constant-mean-return model or a market model is used. The trading volume shows a peak at the beginning of the announcement period, however during the short announcement period no significant changes in trading volume.

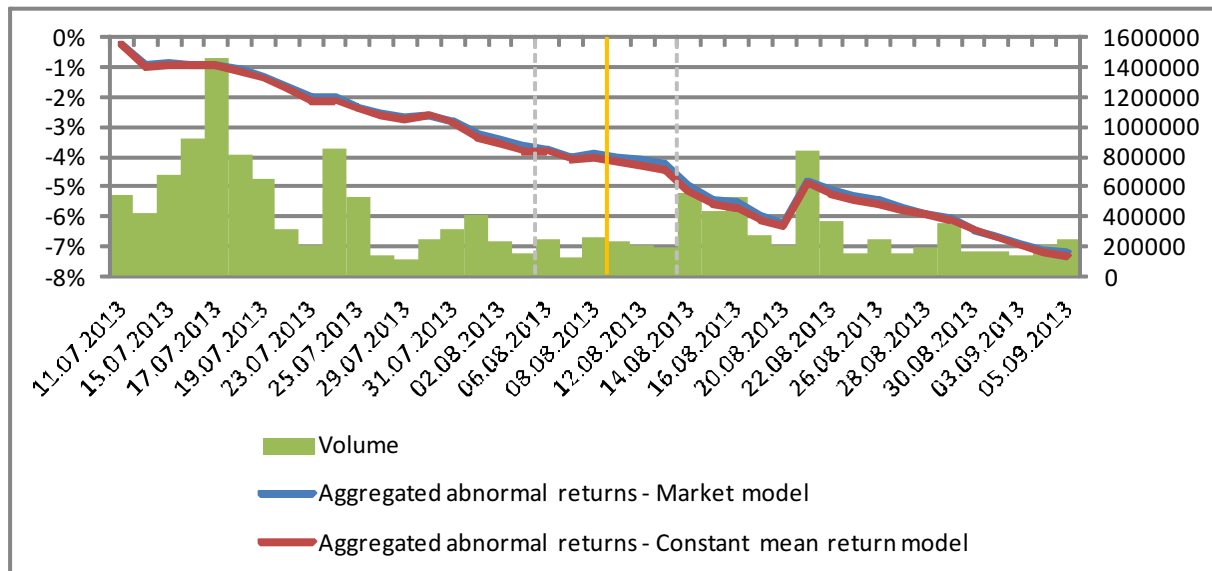


Figure 26: Announcement window abnormal returns Kabel Deutschland

4.8 Common results of analysed campaigns

The following chapter should recap the main results we saw from the previous analyzed campaigns of shareholder activists and work out common characteristics across all deals. Basically we have seen that the approaches of activists range from public campaigns where the activists strategy is disclosed to the general public pretty early to approaches that were almost entirely discussed with the management in private or not discussed at all. As there are no public information available it's quite hard to anticipate if a strategy was pushed by the activists or was anyway planned by the management. It definitely can be said that various activists hedge funds apply their own strategy when it comes to whether they announce their approach publicly or not. However, as we have seen in previous studies in Germany and Austria it is rather prevalent that the activism strategies of hedge funds are kept secret and possible measures are solely discussed with the management directly. Furthermore, we have seen that the target companies share price had performed better than their benchmark or at least increased in value over the one year pre initial acquisition period.

Moreover, what can be said is that the analyzed activists were eager to get a seat on the supervisory board, except Elliott Associates. The hedge fund managed by Paul Singer was the only one that was not pushing for a board seat, however, it has to be said that they were following an entirely different strategy.

The engagements of Petrus Advisors in Conwert, of Cevian Capital in ThyssenKrupp and in Bilfinger were all focussing on corporate governance changes, strategic changes and operational improvements. These strategies involved share buybacks, dividend increases, asset and division sell offs, management replacements, overall cost savings but also financial reporting issues and disclosures to the shareholders.

Only Paul Singer was solely involved because of the planned takeover of Vodafone and Kabel Deutschland. Singer also applied this strategy on a previous campaign between McKesson and Celisio which had a quite pleasant outcome for Elliott Associates.

The following table shows a summary of the price reaction of the initial acquisition of the hedge fund.

Price reaction of initial acquisition			Short event window (-3,+3)		Long event window (-20,+20)	
Target company	Hedge fund activsts	R ²	CMRM ¹⁾	MRM ²⁾	CMRM ¹⁾	MRM ²⁾
Conwert	Petrus Advisors	0,31	9,27 %*	7,03%*	12,05 %*	7,28%*
ThyssenKrupp	Cevian Capital	0,27	0,76 %*	2,85 %*	13,44 %*	7,66 %*
Bilfinger	Cevian Capital	0,76	9,99 %*	7,08 %*	16,68 %*	3,89 %*
Kabel Deutschland	Elliott Associates	0,01	-0,87 %	-0,82 %	-7,33 %	-7,22 %

table 10: Summary of initial price reaction

* significant at a level of $\alpha = 0.05$

1) Constant-Mean-Return-Model

2) Market-Return-Model

Besides of the campaign of Paul Singer, the analysis shows overall statistically significant and positive abnormal returns in both the short (-3,+3 days) and the long event window (-20,+20 days). Over the three significant price reactions we see substantially higher abnormal returns in the longer event window. Interestingly the campaign that is solely based on takeover activity of Elliott associates showed negative and not significant abnormal returns whereas previous studies showed the highest abnormal returns when takeovers were involved.

5 CONCLUSION AND SUMMARY

Shareholder activism is a highly controversial topic these days. On the one hand side proponents of hedge fund activism argue that it's the only way to reduce the principal agent problem and discipline management. Furthermore, activism strategies enhance the stock return and thus are beneficial for shareholders. On the other hand lawyers are criticising that hedge funds are solely interested on short term returns without regards to the long term prospects of a company.

Empirical studies often address the issue of price reaction once a hedge fund engages in a company. These studies generally show positive abnormal returns within the window around the announcement. The magnitude of these returns strongly depends on the strategy used by the activist and also by the objective of the engagement. The highest returns were shown where takeovers are involved. A few studies also analyzed the longer term return of activism and found that the abnormal returns are not reversed of a one year period. However, it's often hard to identify, especially over the longer term, how much of the return is related to the engagement of the hedge fund. These studies mainly analyzed the US market, which is also the biggest and most dynamic market for activism. Though activists are also increasingly investing in Europe despite different and partly difficult legal environment. The market which is probably best comparable to the US, the UK, also show the most activity in the field of activism in Europe. The corporate governance regulations of European countries and the United States are currently approaching each other to better manage principal agent problems. The systems are focussing on establishing an equilibrium between independent, however well informed supervisors.

The presence of shareholder activism in Germany and Austria was rather limited over a long time. The reason for the delayed development of activism is mainly the highly concentrated ownership structure, which makes it difficult for activists to gain significant stakes in a target company. However, since the financial crisis of 2008 the importance of hedge fund activism also increased in Germany and Austria. The major campaigns of the last few years were the engagements of Cevian Capital in ThyssenKrupp and Bilfinger, of Elliott Associates in Kabel Deutschland and of Petrus Advisors in Conwert. These deals and others empirical studies from Germany showed that campaigns in Austria and Germany are rather discussed in

private meetings with the management and the strategy of the hedge funds is often not disclosed to the general public like it's mainly the case in the US. Corresponding to the findings of US studies the analyzed target companies performed well over a one year period prior to the engagement. The most apparent common characteristic among the campaigns in Austria and Germany is that the hedge funds initially focus on gaining a seat in the supervisory board and increase pressure from that time onwards. The price reaction among the analyzed campaigns in Austria and Germany shows, besides the engagement of Elliott Associates who used an entirely different strategy, an overall positive picture. Both used methodologies showed positive abnormal returns within a short event window of just 5 days and also within a long event window of 41 days. That again corresponds to the findings of previous empirical studies from the US and from UK. Previous studies found abnormal returns of around 7-8 % within an event window of -20 to + 20 days. This seems pretty similar to the results found for the German and Austrian campaigns analyzed within that thesis.

Despite the discussions about the value creation of activism for the target company the recent history show that shareholder activism is gaining attention among hedge funds and the whole investment industry. Moreover, a vast number of experts mention that hedge fund activism is the next big thing in corporate governance and is likely to remain an important feature of the legal and financial landscape for some time.

APPENDIX

Abstract

Shareholder activism is a strongly emerging trend since the outbreak of the financial crisis 2008. Hedge funds are mainly using activism strategies to enhance shareholder returns by pressuring management to take certain measures. Activism is an already predominant strategy in the US and also strongly growing in Europe. Empirical studies from US and UK show general positive abnormal returns once an activist hedge fund engages in a target company. The development in Austria and Germany is lagging behind a little bit, however the last few years showed a few major campaigns. The only gradual development mainly lies within the ownership structure of companies and the legal environment. This thesis addresses these major campaigns in Austria and Germany and conducts an in-depth analysis of these deals. Overall the strategies of the activists in focus are rather discussed privately with the management of the target companies whereas in the US the campaigns strategy is often disclosed to the general public. Moreover, the hedge funds are eager to gain a seat in the supervisory board and then push for further changes. Corresponding to the empirical studies from the US the analyzed engagements in Austria and Germany produced positive abnormal returns within the middle single percent range independent of the methodology used.

Abstract (in german)

Seit dem Ausbruch der Finanzkrise gewinnt Shareholder Aktivismus zunehmend an Bedeutung. Hedge fonds bedienen sich dieser Strategie um die Rückflüsse an die Aktionäre zu steigern. Dies geschieht Großteils über die Einflussnahme auf das Management und durch setzen gewisser Maßnahmen die positiv auf die Kursentwicklung des jeweiligen Unternehmens wirken. Aktionärsaktivismus in der USA ist bereits seit geraumer Zeit eine beliebte Zugang einiger Hedgefonds und auch in Europa gewinnt diese Strategie an Relevanz. Empirische Studien aus den USA und Großbritannien zeigen generell positive Preisreaktionen beim Einstieg eines Aktivisten. In Österreich und Deutschland ist Entwicklung in diesem Bereich etwas rückläufig, obwohl in den letzten Jahren eine Zunahme an Aktivismus Kampagnen zu sehen ist. Die langsamere Entwicklung ist Großteils auf die Eigentümerstruktur welche deutlich konzentrierter ist als in den USA und auf das rechtliche Umfeld zurückzuführen. Diese Arbeit beleuchtet die bedeutendsten Kampagnen in Österreich und Deutschland der letzten Jahre und analysiert diese ausführlich. Recht schnell zeigt sich, dass Hedge Fonds in diesen Breitengraden ihre Strategie bevorzugt privat mit dem Management besprechen ohne damit an die Öffentlich zu gehen. In den USA trifft man vermehrt auf Hedge Fonds welche ihre Strategie unmittelbar veröffentlichen um somit den Druck auf die Geschäftsführung weiter zu steigern. Außerdem ist in Österreich und Deutschland ein besonderes Interesse erkennbar alsbald einen Sitz im Aufsichtsrat zu erlangen. Entsprechend zu den empirischen Studien aus den USA verzeichnen die untersuchten Kampagnen ebenfalls positive Preisreaktionen sobald ein Hedge fond sich mit einer Aktivismus Kampagne beteiligt.

Resume

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EDUCATION

02/2012 –	Master of Science in International Business Administration, University of Vienna, Austria Major field of study: Corporate Finance, International Management Master thesis: Shareholder Activism in Austria and Germany – An in depth analysis of major campaigns
02/2008 – 06/2011 and	Bachelor of Science in Business Administration, Vienna University of Economics Business, Austria Major field of study: Finance, Transport & Logistics Management Bachelor thesis: Financing of air and rail traffic vehicles – Distinction of air and rail traffic financing
09/2002 – 06/2007	College for Business Administration, Korneuburg, Austria Specialization: Information Technology Student's vice representative

ADDITIONAL UNIVERSITY TRAINING

07/2012 – 08/2012	Summer Program, ISCTE Business School, Lisbon University Institute, Portugal Major: Leadership and Strategic Knowledge
07/2011 – 08/2011 USA	Summer Session, University of California, Haas School of Business, Berkeley, Major: Marketing
07/2010	Summer Program, National University of Singapore, Singapore Major: Economic and Enterprise Development in Singapore

FURTHER ENGAGEMENTS

08/2013 & 08/2014 holders	Participation at the European Forum Alpbach / Supervision of the scholarship of Club Alpbach Lower Austria Since then active member of Club Alpbach Lower Austria
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ADDITIONAL SKILLS AND COMPETENCIES

Languages	German (mother tongue), English (business fluent), Italian (basic), Spanish (basic)
IT-Knowledge knowledge), Adobe knowledge), BMD	MS Office (expert knowledge), SAP (basic knowledge), Bloomberg (expert Thomson Reuters Datastream (good knowledge), EvIEWS (good knowledge), Photoshop (good knowledge), Macromedia Dreamweaver SPSS (good Business Software (basic knowledge)
Leisure activities	Travelling throughout the world, sports (jogging, squash, soccer, biking etc.)

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