Event studies with Thomson One and Eikon

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What’s the plan?

- Further support
- Event studies – possibilities & considerations
- Thomson One M&A module
  - Creating a dataset
  - Assigning variables
  - Exporting the data
- Eikon Deal screener
- Finding additional data in Eikon (introduction)
Further support

- Contact me for short questions by mail or to make an appointment: m.gubbels@ubn.ru.nl

- Always mention: topic, supervisor and desired variables & historical timeframe

- Visit our office: 01.545 (next to MSc)

- Eikon: help (in desktop version)

- Contact with helpdesk always through NSM Library Team

- Consult our Library Guide (https://libguides.ru.nl/BE) for an overview of our databases, workshops etc.
Event studies – possibilities

Access off-campus:

- **Zephyr**: news, rumours, deals module
- **M&A Research Catalyst**: specialized M&A database
- **Thomson One Banker**: M&A module, syndicated loans, bonds, IPO’s, private equity, venture capital…

Available on 4 terminals on campus:

- **Thomson Reuters Eikon**: deal screener M&A, IPO’s, private equity, venture capital and all kinds of other data modules…

*Worldwide coverage in all 4 databases!*
Event studies – considerations

- M&A module Thomson One is the most extensive and detailed
- Finding additional variables in Eikon is possible with datasets from all 4 M&A databases, but most easily with an Eikon-made M&A dataset
- Thomson One will be only available until June/July 2018!
- Thomson One only works with Internet Explorer
- Only 2 concurrent users for Thomson One
- Always open databases through the Library websites

*Focus in this session on M&A, but other Thomson One modules (e.g. (private) equity work more or less the same)*
Thomson One M&A

Where to find the module?

Coverage: 1987 – present; worldwide
Thomson One M&A

4 steps:

- Apply criteria to delimit your dataset of deals
- Assign the variables you need in a report
- Export to Excel
- Get additional variables from Eikon (if necessary)
Thomson One M&A: dataset

Select one or more criteria to delimit your dataset
Thomson One M&A: dataset

Customize them in the pop-up window, e.g. Acquiror nation
Thomson One M&A: dataset

If the pop-up does not open right, add Thomson One to the compatibility view settings of the browser.
Thomson One M&A: dataset

For this example we’ll add these criteria:
Aquirer nation (code) = US, Target nation region (code) = Europe
Thomson One M&A: dataset

For filters you cannot find in the menu, perform an item search

Here we add Bankruptcy Flag (Y/N) = Y

(optional) check the definition
Thomson One M&A: dataset

The list of definitions – you can use ctrl-F to search for other items

**DEF**
Defense Tactic Flag: Yes/No flag set to ‘Y’ when the target employs a defensive tactic to counter a takeover attempt by an unwanted suitor. Examples include poison pills, lock-ups, greenmail, white knights, etc.

**DEFER**
Target Deferred Income Taxes and Charges: Income taxes paid in year that were deferred from previous years as of the date of the most current financial information prior to the announcement of the transaction (Smil), as reported on the States of Changes in Financial Position.

**DEFER1**
Target Deferred Income Taxes and Charges 1 Year Prior: Income taxes paid that were deferred from previous years at the end of the most recent fiscal year prior to the announcement of the transaction (Smil).

**DEFER2**
Target Deferred Income Taxes and Charges 2 Years Prior: Income taxes paid that were deferred from previous years at the end of the fiscal year 2 years prior to the announcement of the transaction (Smil).

**DEFER3**
Target Deferred Income Taxes and Charges 3 Years Prior: Income taxes paid that were deferred from previous years at the end of the fiscal year 3 years prior to the announcement of the transaction (Smil).

**DEFER4**
Target Deferred Income Taxes and Charges 4 Years Prior: Income taxes paid that were deferred from previous years at the end of the fiscal year 4 years prior to the announcement of the transaction (Smil).

**DEFER5**
Target Deferred Income Taxes and Charges 5 Years Prior: Income taxes paid that were deferred from previous years at the end of the fiscal year 5 years prior to the announcement of the transaction (Smil).

**DEFER0**
Thomson One M&A: dataset

When you applied your criteria -> click ‘preview’ to see (the number of) deals in your dataset
Thomson One M&A: variables

Here you see the results with standard variables; you still have to assign your variables!

Go back to your query by clicking ‘advanced search’
Thomson One M&A: variables

Adjust your query if necessary or start assigning your variables -> click ‘create new’ report

After you’re done this report will be added to your query.
Thomson One M&A: variables

Search for the variables you need in the list or search on keywords

Add as many variables as you like, but beware:
* A report is completely blank, hence add standard variables & financials alike!
Thomson One M&A: variables

Some remarks/tips:

- The module only contains prefab variables, if you do not find the variable(s) you need, use Eikon afterwards.

- Always add *identifiers* (CUSIP, SEDOL code (listed companies only)) to facilitate data-retrieval in Eikon or merging for your panel data with data from other sources!

- The list on the left contains only a selection of variables; search to find more variables or

- use the definition button (just as in the previous step) to find applicable variables.
Thomson One M&A: variables

When you’re done, hit ‘apply to search’, name the report and return to your dataset

You can adjust the report anytime by clicking on it
Thomson One M&A: execute

When you’re satisfied, ‘execute’ your search to view the dataset with customized variables.
You can alter elements afterwards by returning to advanced search.

Don’t forget to save your search on the Thomson One server!
Thomson One M&A: export

When you’re satisfied, export the dataset to Excel

Export large dataset in batches! There is a download limitation (c. 15,000 deals) and sometimes even smaller files get corrupted and won’t open…

<table>
<thead>
<tr>
<th>Date Announced</th>
<th>Date Effective</th>
<th>Acquirer Name</th>
<th>Acquirer CUSIP</th>
<th>Acquirer’s Sedol</th>
<th>Target Name</th>
<th>Target CUSIP</th>
<th>Target Sedol</th>
<th>Enterprise Value at Announcement ($mil)</th>
<th>Value of Transaction ($mil)</th>
<th>Target Share Price 1 Week Prior to Announcement ($)</th>
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<td>01/18/2018</td>
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<td>-</td>
<td>RES Software BV</td>
<td>7599</td>
<td>-</td>
<td>3714</td>
<td>-</td>
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<td>07/10/2017</td>
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<td>4E3956</td>
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<td>Framapool AG</td>
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<td>-</td>
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<td>3829</td>
<td>-</td>
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</tbody>
</table>
Thomson One M&A: result

Use the CUSIPs or the SEDOL-codes to retrieve additional data from Eikon in Excel (if necessary)
Eikon Deal screener

Practical:

- Eikon is available on 4 terminals on campus

- Book a 2 hour timeslot (max. 4 hours a week) by sending an e-mail to infofm@ubn.ru.nl stating in the subject: ‘Eikon reservation’

- Or book at the MSc desk

- Online booking through Planon/Face is in development

- See for more details and availability the Eikon Calendar on the Library Guide Business & Economics
Eikon Deal screener

- Eikon consists of 2 separate databases:
  - Eikon ‘desktop’ -> software with an Excel add-in (‘Thomson Reuters’)
  - Eikon in Excel (former Datastream) -> Excel add-in ‘Thomson Reuters Datastream’
Eikon Deal screener

Locate the deal screener in the app-library of Eikon ‘desktop’
Eikon Deal screener

Or: use it in Excel (‘Tomson Reuters’ tab). I prefer this one, because it has more features

The steps are essentially the same as in Thomson One
Eikon Deal screener: dataset

Step 1: delimit your set of deals by criteria

When satisfied: run screen or view results to customize variables
Eikon Deal screener: variables

Step 2: build report to assign variables and (optional) filter
Eikon Deal screener: variables

Step 3: assign new variables -> ‘add report items’ to browse

Make sure you don’t forget to add identifiers!
Eikon Deal screener: exporting

Step 4: when satisfied, ‘insert’ in Excel (and close the screener)
The result:

<table>
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<tr>
<th>Announcer</th>
<th>Deal Status</th>
<th>Deal Value</th>
<th>Acquirer Nation</th>
<th>Target Region</th>
<th>Deal Synopsis</th>
<th>Acquirer Ticker Symbol</th>
<th>Target SDC Cusip</th>
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<td>ITALY - TPG Special Situati-</td>
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<td>Europe</td>
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</tbody>
</table>
Eikon – additional data

Some remarks/tips:

- Use the identifiers (SEDOL, CUSIP etc.) to gather data in Eikon
- For event studies use a request table for the sake of efficiency – also useful for other topics (index constituents, derivatives etc.)
- Additional data for non-listed firms (e.g. without SEDOL-code) is very limited available! You could try Orbis, though
- In the next weeks I will arrange small workshops on specific topics, e.g. the request table (dates will be communicated via Blackboard and visible on our Library Guide)