

Accepted Manuscript

Title: Intended use of proceeds and post-IPO performance

Author: Salma Ben Amor Maher Kooli

PII: S1062-9769(16)30089-8

DOI: <http://dx.doi.org/doi:10.1016/j.qref.2016.09.001>

Reference: QUAECO 977

To appear in: *The Quarterly Review of Economics and Finance*

Received date: 13-1-2016

Revised date: 25-8-2016

Accepted date: 5-9-2016

Please cite this article as: Amor, S. B., and Kooli, M., Intended use of proceeds and post-IPO performance, *Quarterly Review of Economics and Finance* (2016), <http://dx.doi.org/10.1016/j.qref.2016.09.001>

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.



Intended use of proceeds and post-IPO performance

Salma Ben Amor* and Maher Kooli**

Abstract

We hand collected data from the IPO prospectus on the primary use of proceeds of IPO firms and examine whether it contains useful information about the firm's future performance and survival profile. Specifically, we cover the 1996-2012 period and examine four categories of use of proceeds: debt repayment, investment, marketing and sales promotion, and general corporate purposes. We find that IPOs declaring investment plans as the primary use of proceeds exhibit insignificant average abnormal returns in the three years following the IPO, while IPOs that state debt repayment as the primary use of proceeds are the highest underperformers. Our results confirm the role that the primary use of proceeds plays in explaining the timing motive of IPO firms.

JEL: G32, G34

Keywords: Initial public offerings, Use of proceeds, Long-run performance

* Professor of finance at the Université du Québec en Outaouais - Campus Saint Jérôme, 5 Rue Saint-Joseph, Saint-Jérôme, Québec, CANADA J7Z 0B7; Tel: +1 450.530.7616, ext. 4116; Email: salma.benamor@uqo.ca.

** Professor of finance at the School of Management, CDPQ Research Chair in Portfolio Management, Université du Québec à Montréal, Department of Finance. Corresponding author, 315 Rue Sainte-Catherine Est, Montréal, Québec, CANADA H2X 3X2, Tel: +1 514.987.3000, ext. 2082, Fax: +1 514.987.0422, Email: kooli.maher@uqam.ca.

We thank seminar participants at the MFA 2014 for many helpful comments and suggestions. We gratefully acknowledge the financial support of the CDPQ Research Chair in Portfolio Management of the School of Management (UQAM) and the SSRH. We are responsible for any remaining errors.

Download English Version:

<https://daneshyari.com/en/article/5103556>

Download Persian Version:

<https://daneshyari.com/article/5103556>

[Daneshyari.com](https://daneshyari.com)