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"CROSS-BORDER MERGER AND ACQUISITIONS: PERFROMANCE OF TARGET FIRMS IN THE UK"

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Firma dello studente

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Purpose of the research paper

When a company starts bringing success, it has 2 ways of growth: organic and inorganic. The organic path follows the company to continue what they are doing best, while the inorganic strategy usually involves acquiring or merging with other companies to grow to another market and dimensions, and diversify their product lines. Nevertheless, the trends from 2021 show, many companies chose M&A deals as their primary strategic option when they consider growth, as the M&A deals closed in 2021 skyrocketed and showed the best numbers in the past.

The UK as a country and most importantly as a trading and business market is one of the most interesting and exciting places on the planet. The past decade's data shows, the UK is the third country in the world for its M&A activities including both cross-border and domestic deals. There was a time, 2 decades ago, the UK even led the ranks for some specific categories in the M&A world. Even though the UK is going through one of the most turbulent times in the political arena (since 2015 it has seen 5 PMs, vote on leaving the EU, and endured Covid and energy crises which led to one of the worst inflations in its history) the country remains to be one of the top places for the inbound cross-border M&A deals.

This thesis aims to analyse the UK M&A market and what makes them so attractive for foreign investments in the form of inbound M&A deals. It's clear that Brexit changed the tides in the UK market, but how it happened and how much of a change it brought, remains to be not so transparent. On top of it, there is a never-ending debate from politicians to the media, about if the foreign owners of the local companies perform better, or if local owners have the higher hand. This thesis tries to find an answer to these questions, by considering the latest developments in the UK market and analysing it as the target country for the M&A deals.

The thesis research will focus on 2 questions: 1) Did Brexit increase inbound M&A deals in the UK?; 2) Is The increase of inbound M&A deals, in the best interest of the nation? The methodology for this research paper is, to analyze before and after Brexit acquisitions and compare them statistically. To our knowledge, there wasn't a case in the past research where two separate years of M&A deals have been analyzed.

Chapter 1

In this chapter, a brief history of domestic and cross-border M&As, hypotheses, theories, and other literature reviews are presented. Academic research and studies have looked at a variety of factors that influence mergers and acquisitions generally to provide several motivations for the M&A strategy. The most popular theories are managerialism, agency theory, hubris, synergy or efficiency theory, and hubris. Each has been discussed in detail in this chapter considering relevant empirical data. As well as the role of national culture, and cultural characteristics have been looked at in this chapter.

Chapter 2

In 2021 alone British M&A market attracted worth more than 76 billion GBP over 789 inbound deals, while at the same time UK companies acquired 45 billion euros across Europe over 311 outbound deals. The high technology sector dominated both inbound and outbound cross-border M&As by both volume and value of total deals. In this chapter, not only the British market but also global M&A trends, facts and figures in recent years have been presented.

Chapter 3

Brexit has been a political event clouding the British skies for 6 years now, in the form of Brexit. There were numerous research papers presented in the past connecting to the Brexit result and what could be expected from its outcome. In the later part of the paper, it was shown what trend has been following the British M&A market since the referendum and what recent deals got the media and public attention. Later in the chapter, the UK anti-takeover legislation as a response to the recent surge of inbound M&A deals has been introduced. The chapter will be concluded with the relevant literature research that has been done in recent years.

Chapter 4

The analysis of the UK market concluded a period between 2011 and 2021 (except 2016), focusing on 2013 and 2019 inbound M&A deals. In the first part of this chapter, Brexit and its effect on the UK inbound M&A deals have been analyzed using industries being targeted and similar country trends. In the analysis financial factors such as Total sales, Gross margin, EBITDA, ROA and ROCE, Job creation ability of newly acquired companies, the difference when the management has changed and the cultural difference of acquirers have been looked at.

The analysis showed in the UK, Brexit has created a distinct market where firm valuations have fallen as a result of macroeconomic issues such as currency depreciation. Due to Brexit, foreign investors provided discounted valuations of local UK businesses; they were primarily interested in the undervalued assets. It may be concluded that businesses bought by foreign investors will perform worse in two years than they did in the two years before the purchase. Residents will lose their jobs as a result of cross-border M&A. In the first two years following the transaction, both the 2013 and 2019 acquired companies lost their workforces.

Following the purchase, acquirers have three alternatives for dealing with the current management: maintain them, hire entirely new management, or combine them. According to the research, acquirers will have the best outcomes if they adopt a mix-and-match strategy because it will enable them to more effectively integrate into the local market and reduce employee resistance by assembling a team of seasoned professionals and bringing in new blood to execute their strategy. As to be predicted, close cultural acquirers outperformed competitors in pre-Brexit transactions, but not in post-Brexit transactions. After the Brexit results, EU nations, many of which are culturally distant from the UK, performed better than expected.

In conclusion, our study has demonstrated how Brexit has increased the incoming cross-border M&A market in the UK. Although previous research suggested macroenvironmental factors will reduce the number of incoming cross-border M&As in the nation, the UK market has seen the exact reverse. In contrast, the increase in foreign investment in the nation has led to a 24% increase in job losses and a 2 times higher rate of local company closures than during normal times, but the financial performance of the enterprises didn't underperform compared to pre-Brexit acquisitions.

Managerial implications

This research results contribute especially to the UK, and also all international business communities. As outlined in the research results some managerial implications are in line with previous research, and there are some discoveries that any business owner who wants to make an M&A deal in the UK or any other macroenvironmental uncertain countries, needs to consider certain findings. Any aspiring foreign acquirer needs to plan carefully their acquisition strategy and objectives of this acquisition, and post-acquisition plans for integration, considering the set of implications for their business. Following is the list of managerial implications:

- Before acquiring a foreign company, macroenvironment uncertainties in the country needs to be taken into account. It can be Brexit or Covid, which can hinder the company's performance within 2 years, or it can result in the closure of the acquired companies.
- Acquirers need to take the approach of mixing management of the newly purchased companies by keeping some of them and bringing new blood as well. Local managers would help new foreign owners of the company to get accultured in the market, face less resistance from the employees, and use local expertise. While by bringing the other half management team they can look at the company from outside observation with new eyes, and carry forward their intended strategies with their trusted advisors.
- Acquirers also need to be wary of cultural friction between the target nation and their own. The physical closeness of the countries or being a member of a similar union doesn't mean automatic success or a need to disregard cultural distance. As seen in the UK case there, sometimes EU-acquired companies can perform better and sometimes not so much.

Theoretical implications can be that, while there are lots of macroeconomic factors that can hinder the inbound M&A deals in the country, only one factor can cause the surge of inbound M&A deals. As seen in the research, most of the previous research indicated that Brexit would cause inbound M&A deals to decrease, while in reality the opposite can be observed. It can be mainly credited to the fact of GBP devaluation which led to the valuation gap of local companies. It is interesting to research in the future, are foreign acquirers only concerned with the undervaluation of the companies and are ready to disregard any other factors that can affect their company performance?

Acknowledgement

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Chapter 1

M&A overview, motives & history and National culture

1.1 Introduction

Domestic and international mergers and acquisitions are crucial for businesses to thrive in today's cutthroat business environment. The success or failure of these deals is extremely important and has far-reaching effects on the firms (Sudarsanam, 2010). In the first chapter of the research paper, the M&A world is explored from the motives point, then going one layer deeper, cross-border M&As and theories around national culture are presented.

M&As are commonly described by Sudarsanam (2010) as the merger of two businesses to achieve several commercial and strategic objectives. The difference between a merger and an acquisition can be described as follows: In a merger, two businesses pool their resources, combine their operations and assets, and create a new legal organization while the shareholders of the two firms usually own shares in the company. In an acquisition, the acquirer firm buys the target firm's shares or assets while the target firm's shareholders no longer own the business. The acquired firm then becomes an associate or subsidiary of the acquirer (Sudarsanam, 2010).

Conglomerate mergers, vertical mergers, and horizontal mergers are the 3 categories used to classify mergers and acquisitions. The unification of two rival firms in the same industry is called horizontal M&A (Gaughan, 2007). Vertical M&As as in vertical expansion are called when the company acquires or merges with the companies in the value chain to maximise their profits (Gaughan, 2007). Conglomerate M&As take place when two companies operating in different sector and industry who is not in the value chain of one or another, unite together (Gaughan, 2007).

Businesses that make horizontal M&A deals create synergies and market dominance. In vertical M&As, companies often seek to minimize transaction costs while maximizing economies of scale & scope. The companies aim to spread their risk in conglomerate M&As (diversification) and broaden economies of scope (Takeshi, Kumakura and Nishide, 2022). Usually, an acquisition can be called a takeover as well, and there are two ways of a takeover: hostile and friendly. It can be distinguished by the reaction and willingness of the board of directors of the target company. A friendly takeover is when the board of directors is on board with the acquisition and agrees to sell, while a hostile takeover happens when the board is not willing to sell (in the case of the public company, the buyer can buy majority shares on the market) (Takeshi, Kumakura and Nishide, 2022). Deals involving M&As might be domestic, inbound, or outbound. Domestic M&As include an acquirer and a target company that are both based in the same country, while cross-border M&As involve two companies that are in separate nations (Takeshi, Kumakura and Nishide, 2022).

The rise in the volume and value of cross-border M&A transactions in recent years indicates that they have become increasingly significant in the global stages (Bain, 2022). On a worldwide as well as a European scale, the reallocation of capital through cross-border mergers and acquisitions is one of the most significant trends of recent decades. Thus, cross-border mergers and acquisitions constitute a significant globalization phenomenon that has an impact on the competitiveness of whole nations (regions) and reorganizes economic forces globally (Gavurova, et.al, 2022).

Historically, the UK has been one of the leading nations when it comes to M&A deals, as well as cross-border deals. The UK-based telecom company Vodafone Airtouch Plc holds the title of the biggest acquisition in the history of all mergers and acquisitions. The deal of Vodafone purchasing Mannesmann, the German-based mobile phone company, valued at over 200 billion USD, and was completed two decades ago in 2000, still considered the highest M&A deal in history (Patel, 2022). Additionally, the UK outperformed all other members of the European Union (EU) in terms of the volume of M&A deals and cross-border M&As in the past (Statista, 2022). Moreover, the UK has shown to be a major player in performing M&A deals with the enormous surge in takeover activity over the years, making it the third largest M&A market behind the US and China (Statista, 2022).

1.2 M&A motive and hypothesis

1.2.1 Motives for merger and acquisition

Through the years, theoretical research and studies have examined many drivers of mergers and acquisitions in general to offer several reasons for the M&A strategy. As a result, many different explanations have been put up as to why a firm might seek to develop through M&A. In general, achieving synergy is the most often mentioned motive. However, there are several other factors at play, including diversification, market dominance, better management, and tax considerations (De Pamphilis, 2008).

Literature review of M&A motives

One of the pioneer researchers of the M&A studies and especially the motives behind them is Trautwein (1990), who considers 7 categories of causes of merger activity: Efficiency, monopoly, empire building, raider, value, process, and disruption theory. According to efficiency theory, mergers are done to create synergy, which benefits the shareholders of the acquiring organization. According to monopoly theory, mergers are carried out to strengthen market dominance, which transfers money from the target's consumers to the acquirer. The Empire Building Theory contends that managers pursue M&As to further their interests rather than to increase shareholder value. Benefiting the shareholders of the acquiring firm at the expense of the shareholders of the target firm is a key component of the raider theory. According to valuation theory, managers pursue mergers when they have more accurate knowledge about the worth of the target than the stock market, leading to gains for their company. According to process theory, mergers are carried out based on the results of numerous processes, some of which may include the need for expertise, uncertainty, political pressures, a lack of preparation, etc. Finally, the Disruption Theory contends that economic disruptions like the 2020 pandemic can spur M&As.

According to Berkovitch and Narayanan (1993), there are three key reasons why companies choose to acquire another company: hubris, agency, and synergy. Utilizing 330 tender proposals from US corporations made between 1963 and 1988 as a sample, they evaluated three hypotheses relating to these motivations. The synergy hypothesis indicates a positive connection between the target and total profits, the agency hypothesis implies a negative correlation, and the hubris hypothesis predicts zero correlation, according to the authors' analysis of the correlation between the target, acquirer, and total gains. They discovered that in takeovers with favourable overall profits, hubris comes in second, with synergy as the dominant incentive.

Solvin and Sushka (1998) used a sample of 105 US publicly listed companies between 1970 and 1993 to examine the drivers behind parent-subsidiary mergers. Along with statistical methods like least squares regression, the z test, and the sign test, they have employed the market model method to analyze the stock price responses. They have concluded that parent-subsidiary mergers aid in company reorganization and resource reallocation to more valuable purposes.

According to Goold and Campbell (1998), synergy for merging firms in the UK comes from "shared know-how, pooled bargaining strength, synchronized strategies, vertical integration, combined business creation, and shared physical resources." However, the authors have argued that even if a synergy reward is proven to be extremely substantial, corporate leaders shouldn't hurry to claim it because it might reduce rather than increase the value of their company. It is feasible since managers are prone to four different types of biases, including synergy bias, parenting bias, skills bias, and upside bias. Therefore, managers must be aware of all these biases and eventually choose business interventions that support the creation of beneficial synergy.

To determine the reasons for cross-border acquisitions, Seth, Song, and Pettit (2000) looked at 100 purchases of US companies by foreign companies between 1981 and 1990. They have estimated anomalous returns to the target and acquirer businesses using the event study approach. The difference between the value of the merged firm provided the merger announcement and the overall worth of the separate firms if the announcement had not been made has been characterized as the total gains. According to the findings, synergy predominates in takeovers with good overall profits. In addition, the authors have recommended hubris-based governance for a couple of the organizations they looked at. The agency or managerialism hypothesis is accurate in acquisitions with negative overall gains.

Sirrower and Mueller (2003): The authors evaluated theories, including the synergy hypothesis, the hubris hypothesis, the market for corporate control hypothesis, and the agency hypothesis. According to the market for corporate-control hypothesis, the acquiring firm can gain from the merger by altering the target company's policies, which lowers its share price, or by replacing its executives with those who are deserving and capable of doing the job, increasing the market value of the target company from its current level to its relatively greater estimated value.

Ghosh (2004) observed that companies pursue mergers and acquisitions to increase their market share. He did this by using a sample of more than 2,200 acquisitions of US companies, that were performed between 1985 and 1999. He utilized the market model to compute the abnormal returns to acquiring and target businesses, and consequently the cumulative abnormal gains for merged firms, to assess the rise in the shareholders' wealth resulting from the gain in market share. The study shows that the business gains more market power and efficiency because of an increase in market share, which is larger in the case of related acquisitions.

Mukherjee, Kiymaz, and Baker (2004) studied 75 US companies between 1990 and 2001 to determine the drivers of mergers, acquisitions, and divestitures. They employed a well-crafted questionnaire that mostly consisted of closed-ended inquiries addressed to the CFOs of the companies The survey's findings indicate that although the increasing focus is the key driver behind divestitures, achieving operating synergies is the top rationale for mergers and acquisitions. The authors discovered that businesses typically engage in horizontal mergers and think that expanding their portfolio through acquisitions will assist them to cut losses during economic downturns.

In their 2007 study, Kumar and Rajib looked at 227 acquirers and 215 target organizations during the years 1993 to 2004. They were able to pinpoint the capital structure characteristics as the primary driving force behind the merger for both the acquirer and target organizations in India. They have made the argument that organizations with tighter liquidity positions are prone to be targeted and that the bigger the company, the less likely it is to be a target.

Tripathi and Lamba (2014) conducted a study to ascertain the driving forces behind Indian companies' international acquisitions and to analyze how those driving forces affected performance following the merger. The study reveals that there are five reasons why Indian firms engage in cross-border M&A: value creation, efficiency improvement, market leadership, marketing & strategic reasons, and synergistic benefits reasons.

The synergy or efficiency theory, hubris, managerialism, or agency theory are the most prevalent; each will be covered in length below along with relevant empirical data.

1.2.2 Main hypothesis in the literature

1.2.2.1 The Synergy hypothesis

According to the synergy hypothesis, an acquisition is motivated when it results in an increase in value, which indicates that the combined business will be worth more than the sum of the values of the individual enterprises when they operate independently (Bradley et al., 1988; Seth et al., 2000). This indicates that increasing the effectiveness of merging companies' businesses is a common justification for acquisitions. Thus, it implies that the management of the target and acquirer companies only want to proceed with the merger if it maximizes shareholder wealth for both the acquirer and the target companies (Berkovitch and Narayanan, 1993; Goergen and Renneboog, 2004).

Operational synergy, managerial synergy, and financial synergy are the three categories into which the sources of value from synergy may often be divided. Operational synergy can result from enhanced monopolistic power or scale and scope economies. Thus, if the combined companies are in the same industry, operational synergies would be possible and bring benefits to the owners of both companies. The monopolistic power of the firms will rise if they are connected vertically or horizontally even if they do not belong to a similar industry (Sudarsanam et al., 1996). On the other side, value generation will come from non-operational elements of synergy like managerial or financial sources if the acquisition is a conglomerate and the enterprises are from different businesses (Sudarsanam et al., 1996).

An intra-European sample that included targets and acquirers from the UK and other EU nations was the subject of research by Goergen and Renneboog in 2004. They investigate whether management hubris, agency issues, or synergy are the most frequent causes of takeovers. They discovered a strong positive association between target profits and bidder profits as well as among target stakeholder gains and overall gains, pointing to synergy as the primary driver of bids and the distribution of wealth gains between targets and bidders.

1.2.2.2 The Hubris hypothesis

According to the hubris theory, synergy gains from acquisitions are nil since managers misjudged target companies while evaluating them (Roll, 1986). Therefore, a takeover may occur and as a result, there can be an overpaying for the target if managers misjudge by overrating the benefits of the M&As. The larger the gain for the target, the larger the loss to the acquiring company will be, and since synergy is expected to be zero, the overall benefit will be zero. In a subsample of US takeovers, Berkovitch and Narayanan (1993) discovered hubris evidence, while Firth (1980), while investigating a sample of UK businesses, discovered hubris evidence that was mirrored by positive gains to target firms.

1.2.2.3 The Agency Hypothesis

According to the agency theory, takeovers are driven by the managerial self-interest of the purchasers (Goergen and Renneboog, 2004). As a result, there may be some conflicts of interest for the managers who are acting as agents for the shareholders, which is an issue. This is because some managers are motivated by actions that give them more authority and reputation, like expansion, volume, and diversification (Hopkins, 1999), while the shareholders are prone to be motivated by the profitability of their company and the rise in the value of their stock. Because of this, in contrast to the hubris theory, the management of the acquirers will purposefully overpay for acquisitions to increase their income and business expansion rather than the wealth of the firm's shareholders (Seth et al., 2000).

1.3 Cross-border M&A and motives

1.3.1 Motives for cross-border M&As

There is a clear difference between cross-border M&A and domestic M&A, as cross-border M&A poses special issues because it incorporates businesses from nations with various legal and cultural frameworks. As cross-border M&As have their distinctive features, expenses, and benefits because of their international nature, there may be some systematic distinctions between the various driving forces behind domestic and cross-border purchases (Seth et al., 2000). Because of the numerous variations between the nations of the acquirer and the target firms, cross-border mergers and acquisitions should not be treated as a continuation of domestic M&As (Sudarsanam, 2003).

In general, local and international mergers and acquisitions may be motivated by synergy, arrogance, or managerialism. The synergy hypothesis, for instance, is frequently used in cross-border M&As. The synergy hypothesis is tested by Eun et al. (1996) using a sampling of international acquirers that bought American companies between 1979 and 1990. In general, their data indicate that cross-border Mergers and acquisitions are synergy-producing processes. Thus, whether domestic or international, efficiency advantages through synergy are undoubtedly the most obvious justification for M&As.

There are several more justifications for why businesses decide to conduct international mergers and acquisitions. Rising market power, eliminating entry barriers, diversity, speed of entrance to the market, and eliminating the expense of new product development (Hitt et al., 2001). In addition to achieving economies of scale and expanding the market through external growth, Sudarsanam (1995) discussed other reasons for cross-border M&As, including access to inputs like raw materials, labour, or technology, defensive measures to reduce price fluctuations by diversifying goods and markets, as well as the utilization of special advantages like management skills, production, brand, design, and reputation.

Cross-border M&As may be influenced by the divergent macroeconomic environments of the two nations. These might include the growth pace, reduced prices, and a variety of other opportunities that exist in other nations. Therefore, it may appear logical to anticipate that acquirer businesses will reside more frequently in nations with slower development than targets will do so in countries with greater growth (Hopkins, 1999).

By acquiring other businesses in other nations, cross-border M&As may also be used as a way to enter global new markets. By purchasing an existing business as opposed to founding a new one, the firm will be able to obtain a competitive edge and greater expertise, allowing it to better protect and expand its market position. Mergers and acquisitions give a high degree of control, a significant demand for resource commitment, and are quick to implement as compared to alternative entrance methods like franchising, licensing, exporting, joint ventures, or fully owned subsidiaries (Hopkins, 1999).

1.3.2 Theory of Cross-Border M&As

There are many opportunities for companies in this global climate and the growing globalization of enterprises, and there is increased pressure on them to participate in cross-border M&As. To construct a comprehensive framework that encompasses a variety of ideas to explain why businesses invest outside of their homelands and the drivers behind such investments, Dunning (1993) created an eclectic model that is often recognized as the OLI Paradigm. The ownership, location, and internalization decisions are the three decisions that make up the FDI decision process that results in cross-border acquisitions, according to the OLI Paradigm (OLI).

The ownership decision

According to the ownership decision, the company must possess domestically viable competitive advantages that may be used to benefit overseas subsidiaries. To enable the company to add value through the decision to source products from abroad, they must be company-specific and difficult for rival companies to replicate.

The location decision

Whether or if the company is drawn to a foreign site that is greater than the firm's home nation and best meets the employment of its owned assets depends on the location choice. If so, the company should be able to utilize the features of the international market that will enable it to fully utilize and capitalize on its competitive advantages abroad.

The internalization decision

The company must evaluate if it can retain its competitiveness under foreign purchase or by alternate means, like licensing or strategic growth, as part of the internalization decision.

Based on the preceding ideas, cross-border purchases come with several risks and possibilities that might determine how well they function in contrast to domestic acquisitions. As a result, there are many ideas and explanations for why acquirers engaging in cross-border Mergers and acquisitions are predicted to perform better or worse than their domestic competitors.

Finkelstein and Larsson (1999), who provide a notion of stronger employee opposition in cross-border deals, describe one of the challenges that are anticipated to impact the result of the merger negotiations and cause overseas acquisitions to perform worse than domestic ones. They believe that employees' unfavourable responses to change are to blame for the underperformance.

Underperformance in foreign acquisitions relative to domestic purchases is also anticipated due to the information asymmetry issue. Because of the informational asymmetry and potential for overbidding in cross-border transactions, multinational acquirers may overestimate their target. As a result, overseas acquirers may have more trouble integrating the target compared to domestic acquirers following the purchase (Gioia and Thomsen, 2004), which might lead to a lack of performance. Moreover, cross-border acquisitions may provide certain difficulties, such as a higher degree of competition and higher expenses, which might negatively impact the acquirer's gains (Moeller and Schlingemann, 2005).

On the contrary, other academics provide a list of the reasons why it is anticipated that foreign acquirers would do better than their local competitors. As in the example, Moeller and Schlingemann (2005) demonstrated that overseas asset purchases offered to acquire business possibilities beyond those resulting from domestic deals, like risk management, technological advancements, and occasionally improved governmental regulations. Cross-border acquisitions are therefore anticipated to be more advantageous in typical industrial enterprises where scale is essential for success (Morck and Yeung, 2003). Furthermore, Bertrand and Zitouna (2008) introduced a theory which indicates that foreign M&As allow acquirers to transmit their managerial and technological skills and knowledge to the home nation of the target, which also will lead to enhancing the target's performance. As a result, forecasts are that overseas transactions will outperform local ones.

Additionally, cross-border purchases may provide greater rationalization advantages than local ones. This originates from the different incremental manufacturing expenses that could arise among the acquirer and the target in various countries. Consequently, this would offer the acquirer the chance to take advantage of this price difference and relocate the production to other countries with the cheapest rates (Bertrand and Zitouna, 2008).

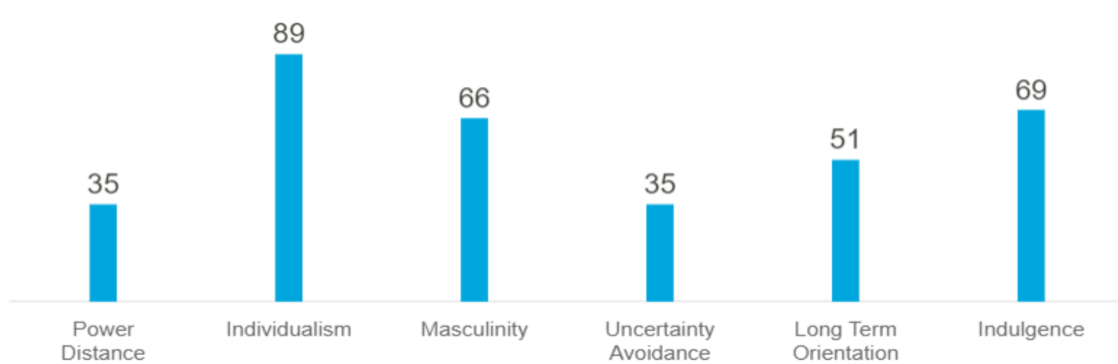
1.4 National culture

Cross-regional studies have used the measurement of national cultural variables to investigate the behaviour of business regulatory structures and managers' activities. According to the concept of public conditioning, each person is influenced by their national environment (the country they are in), which results in collective mental programming that is known as their culture (Hofstede, 1980). A nation's institutions, such as its legal system, political system, and family structure, typically reflect its collective identity.

Hofstede identified four key dimensions of national culture, which he named Power Distance, Uncertainty Avoidance, Individualism/Collectivism, and Masculinity/Femininity, to map and ascertain how this national character is portrayed (Hofstede, 1980). Later, in 1988, the author also added a fifth factor, known as Long-term Orientation, to the analysis (Hofstede, 1988). These 5 criteria were established using a thorough statistical analysis of more than 116 000 surveys from 72 different nations.

In 2010, Hofstede added another dimension Indulgence against self-restraint to the list. As a result, currently, 6 cultural dimensions are widely used to identify specific cultural characteristics. Figure 1, illustrates these 6 dimensions in the UK case, as this research paper will be based on the UK target companies, it would be interesting to see their cultural characteristics at this point.

Figure 1. Hofstede's 6 dimensions of the UK culture



Source: Hofstede Insights, the United Kingdom: https://www.hofstede-insights.com/country/the-uk/

Power Distance: The concept of "power distance" describes how far less powerful individuals of groups and institutions, including families, tolerate and anticipate unequal power arrangements. "All communities are unequal, some are more unequal than others," writes Hofstede about the distribution of power. In a culture with a big power gap, parents instil obedience in their kids, but in a society with a short power distance, parents treat their kids as equals. In the UK case, it's 35 for power distance, which it means is below average and low number. That means the British people consider there should be equality among people, and in the working condition every member should contribute equally,

Individualism: This dimension measures the individualism among members of society. It defines the people “I” or “We” categories. In an individualist, high society people are usually supposed to take care of themselves, exercise initiative, and take the lead in a more individualistic setting. People are also increasingly autonomous from institutions and groups. People within a more collectivist society, take care of each other and they have “we” awareness. In the UK case, Individualism is 89 out of 100, this is a very high number of Individualism. British people were taught to think about themselves from an early age, therefore they grow up to be very individualistic and private.

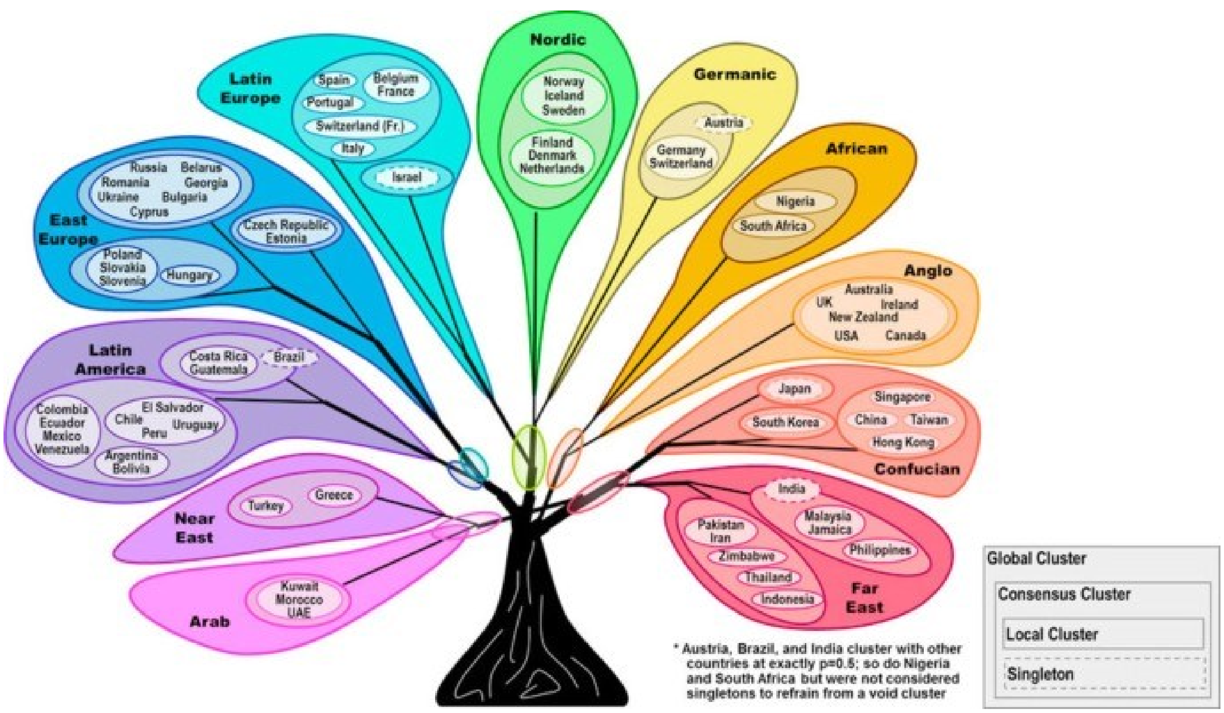
Masculinity vs Femininity: Masculinity, the high score on the scale, is defined by achievement, success, assertiveness, wealth collection and being a winner. While Femininity, a lower score, is defined by compassion, caring for others and thriving for quality of life. In addition to these distinctions, this dimension also considers gender equality, individualism, and compassion for the unhappy. The UK is a masculinity society as it scored 66 in the Hofstede dimensions. British people are ambitious and driven, they have individual goals, and career ambitions and achieve their targets.

Uncertainty Avoidance: It is clear to this point that nobody can predict the future, yes it can be expected but the predicted exact future is impossible. So different nations with different cultures deal with this issue differently, hence uncertainty avoidance comes to play. Uncertainty Avoidance aims to reveal how far a culture goes to avoid unclear and unsettling circumstances. This can be accomplished by establishing more formal guidelines, refraining from unconventional thinking and conduct, and choosing more steady pathways. The UK has scored 35 in this dimension, meaning they have low uncertainty avoidance and they are more risk takers. The ambiguous situation doesn’t scare British people at all, as they are comfortable going along and figuring out things when it comes their way.

Long-term orientation: This dimension gauges how much a society is concerned with the future. Societies that score low in this ranking, are traditional, more suspicious of the changes and more conservative. At the same time, the culture that scores higher in this dimension takes more future-oriented approaches. The UK score being 51, shows they have a little both and there is no dominant part in it.

Indulgence: Human upbringing plays a major role in their characteristics and the way they communicate. Indulgence is defined by the human's attempt to control their desires according to their upbringing. The low-level control is indulgence while higher control would mean restraint. The UK having a 69 score out of 100 in this dimension considered indulgent culture, which can be impulsive and show desire towards life.

Figure 2. Culture cluster map on a tree form



Source: Ronen and Shenkar (2013)

Other researchers who worked on cultural distance are Ronen and Shenkar (2013). They have created a cultural cluster map showing the similarities between cultures. The cultural cluster map (Figure 2) is illustrated in a tree-like form, which puts similar cultural nations into the same leaf. As can be seen, the countries similar to the UK or culturally close are Commonwealth countries like the US, Canada, Australia, New Zealand, South Africa and Ireland. Some other European and non-European countries also can be founded in the figure.

1.5 Conclusion

In this chapter, the research paper has introduced the brief history of domestic and cross-border M&As, hypotheses, theories, and other literature reviews. The later part of the chapter was about national culture and its role in cross-border M&As, different theories, and again literature review. The structure of this chapter is made to give a glimpse of a high-level overview of this research paper and to quickly look at the base theories around the motivations of the M&As before diving into a deeper level.

In conclusion, this chapter summarized all major theories and research that has been done on the motivations of M&As. Academic research and studies have looked at a variety of factors that influence mergers and acquisitions generally over the years to provide several motivations for the M&A strategy. Experts have conducted substantial theoretical and empirical research on mergers and acquisitions to identify the reasons for these business mergers and acquisitions. As a result, several theories have been proposed to explain why mergers and acquisitions take place. The most popular theories are managerialism, agency theory, hubris, synergy or efficiency theory, and hubris. Each has been discussed in detail in this chapter considering relevant empirical data.

This chapter also investigated cross-border M&As particularly, and the motives behind them. According to the OLI Paradigm, the three decisions that make up the FDI decision process that leads to cross-border acquisitions are ownership, location, and internalization (OLI). Based on the principles presented above, cross-border purchases include a variety of risks and opportunities that might affect how well they perform in comparison to domestic acquisitions. There are several theories and justifications for why acquirers who engage in cross-border mergers and acquisitions are expected to perform better or worse than their local rivals.

The latest part of the chapter focused on national culture and its role in cross-border M&As. Hofstede's 6 dimensions of cultural characteristics were introduced and tested on the UK level. Later the culture cluster map by Ronen and Shenkar is also illustrated in the chapter. In the next chapter, overall trends, facts and figures will be presented at the global and the UK level.

Chapter 2

M&A facts, figures and trends

2.1 Introduction

This chapter provided an in-depth review of the most recent and current trends, statistics, and data in the worldwide markets as well as the UK market, where three different types of M&A agreements were presented. The chapter starts with a high-level view of all M&A activities in recent years and in the past, the trends that were observed and newly emerging ones, facts & figures around the countries that were mostly involved in the global M&A deals, and overall regions. The collected and presented data include decade-long numbers, as well as just recent trends. In the recent history of M&A trends, covid -19 played a crucial role by contributing to the decline of all business activities eventually causing a significant decline in M&A deals. Major global trends are similar, they show that the pandemic caused economical disasters, and was one of the worst in decades. Although the M&A market saw a record-breaking year in 2021, after a promising start to 2022, the pace slowed due to a whirlwind of geopolitical and economic uncertainty. Even though the decline usually grabs attention, the bigger picture shows a thriving business.

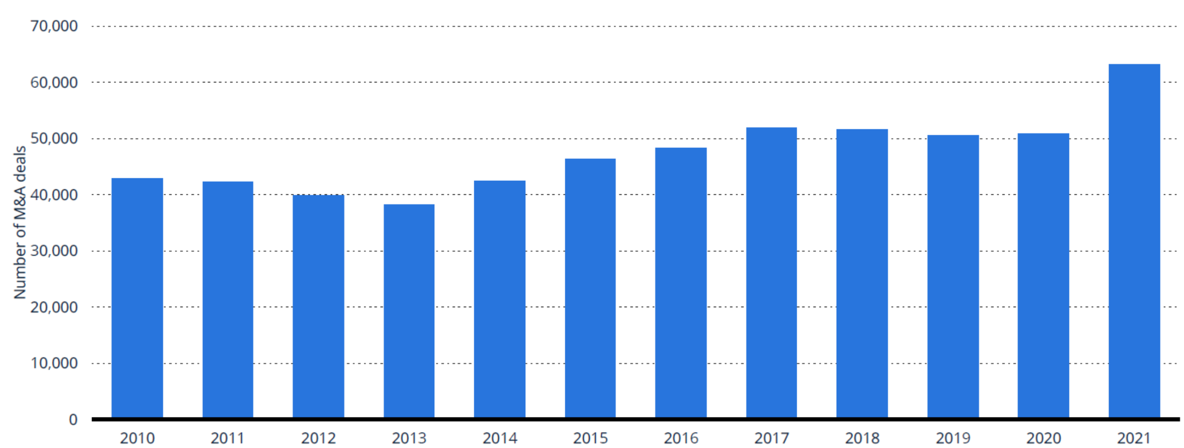
After global M&A trends are presented, the paper goes one layer lower, presenting cross-border M&A deals. In this part, facts & figures about the most recent trends, the countries that are being targeted the most and acquired the most, industries that are attractive for cross-border M&As and emerging new trends are presented. In general, cross-border M&A agreements followed a pattern similar to that of global M&A deals, with good performance before 2020 and a sharp decline in the year that was negatively impacted. While overall cross-border agreements dramatically declined from 2019 results of nearly 30%, cross-border M&A activity accounted for more than 23% of total M&A volume in 2020.

The last part of the chapter focuses on the UK market, inbound, outbound and domestic M&A deals, carried out in recent years and goes deeper into 2021 results. In this part the paper mainly focuses on the trends regarding the UK market, which countries are the most acquirers of UK companies, which countries are the main target for the UK companies, how are domestic acquisitions performing compared to cross-border M&A deals and which industries are being mainly targeted. The study of the British M&A market reveals the stark difference between the inbound and outbound markets. On the one hand, the British M&A market alone drew over 76 billion GBP in 2021 over 789 inbound agreements, while on the other hand, UK businesses purchased over 45 billion GBP worth of businesses across the continent over 311 outbound acquisitions. The UK M&A market was the net target (inbound deals minus outbound deals), according to simple estimates, and the difference between them was close to 31 billion dollars.

2.2 Global M&A trends

The M&A market had a record year in 2021, but after a good start to 2022, the pace slowed as economic and geopolitical uncertainties swirled. Although the drop-off frequently makes headlines, the overall picture reveals a vibrant business. It's like a car travelling 100 kilometres per hour, decelerates to 70 kilometres per hour, and still travels fast, as it is the feeling of global M&A deals coming from record-breaking 2021. So far, 2022 is reminding me of 2020 when covid-19 hit and there was a decline in business activities. Since the beginning of 2022, Russia invaded Ukraine causing chaos in the geopolitical arena. It resulted in an energy crisis in which governments all across the world increased interest rates, driving up capital costs and inflation. Supply chain problems have gotten worse as the US-China trade war and the escalating geopolitical tensions have sped up the rejection of globalism and cross-border agreements.

Figure 3. Number of M&A transactions worldwide from 2010-2021



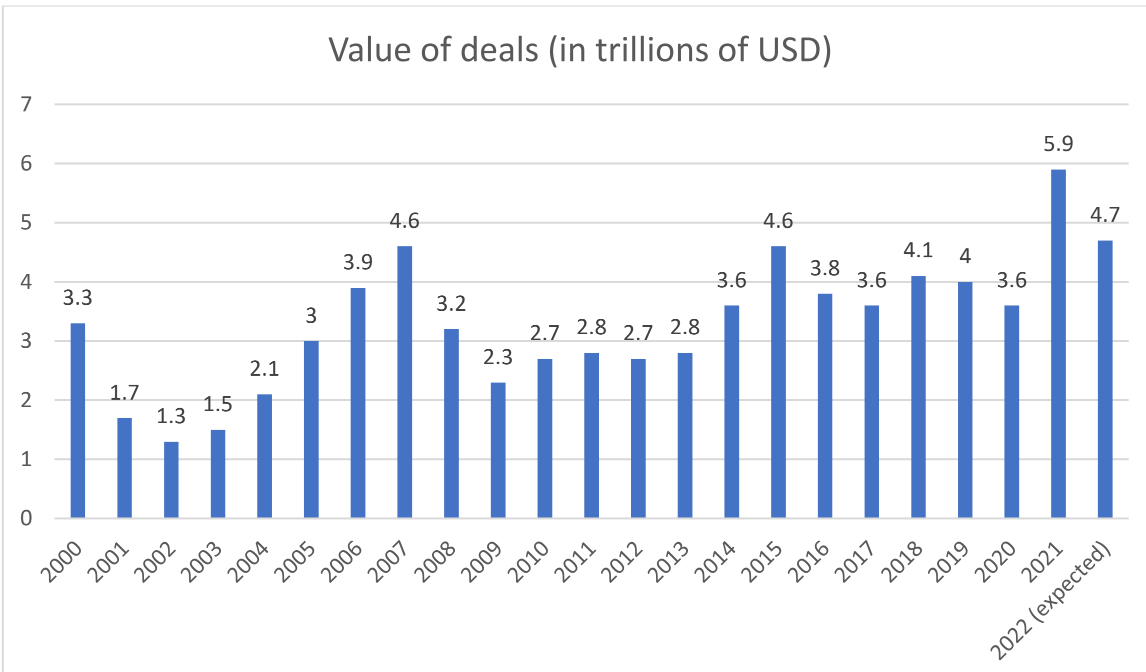
Source: Statista. Global mergers and acquisitions: https://www-statista-com.ezproxy.lib.gla.ac.uk/.

2021 was the best year ever recorded for global M&A deals, valued at $5.9 trillion. The pace of M&A has slowed down so far this year, with the total deal value falling by around 20%. Nevertheless, given the performance of the first five months, 2022 may complete the year with a deal value of $4.7 trillion, ranking it as the second-best year ever after 2021.

According to the Statista report based on a Refinitiv source, in 2021 there were more than 60,000 recorded M&A deals (Figure 3). That also confirms 2021, was an anomaly as the number of deals is 20% higher than in previous years.

According to Bain's (2022) report, the deal value in the first quarter of 2022 was only $599 billion, a significant decrease from the $970 billion in the fourth quarter of 2021. However, the second quarter of 2022 saw a strong recovery, with deal value reaching $702 billion in April and May. Overall, 2021 saw the biggest deal value in the history of M&A deals and it would be hard to top it (Figure 4). The deal volume in 2021, was 63% higher than covid 19 affected 2020 results.

Figure 4. Value of global M&A deals between 2000 and 2022(expected result)*



Source: Bain, Global M&A report midyear 2022: https://www.bain.com/insights/

The COVID-19 pandemic has had significant effects on people's lives and businesses, including M&A activities. Global M&A dropped from $4 trillion in 2019 to $3.6 trillion in 2020, an 11% decline. M&A activities immediately stopped as the scope of the COVID-19 issue became apparent, just like the rest of the world's economic activities. Deal volume decreased by 80% between December 2019 and April 2020. Although the equities markets rebounded swiftly, M&A activity—particularly activity involving bigger deals—recovered more slowly. Until 2021, M&A deals by value were recorded as highest in 2015, after which 2 consecutive declines and a slow recovery were witnessed.

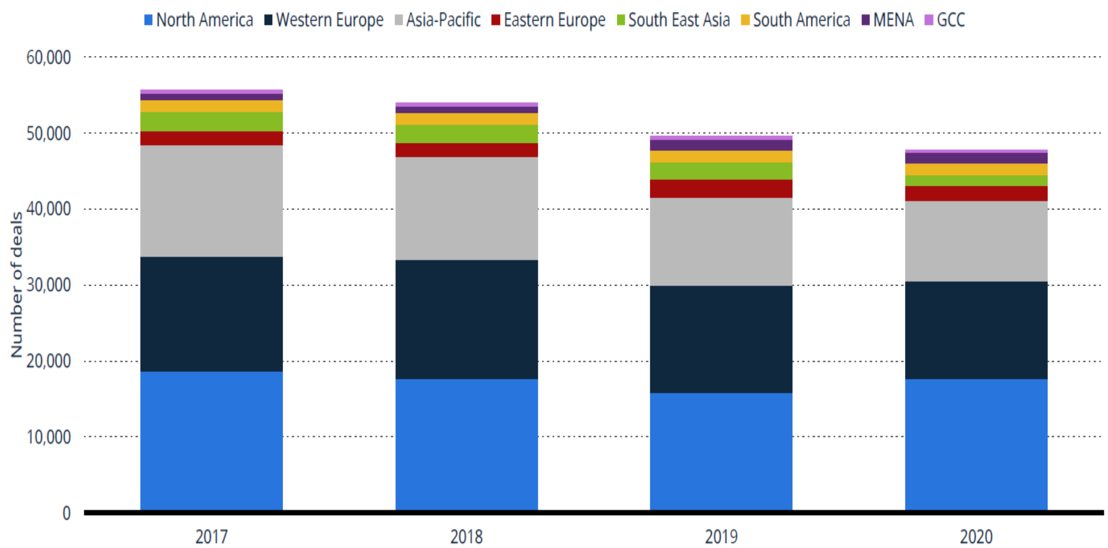
Table 1. Value of M&A deals worldwide from 2015 to 2021, by target country (total)

in billion USD	2015	2016	2017	2018	2019	2020	2021
United States	1,901.88	1,484	1,318.02	1,554.37	1,593.67	1,285.37	2,593.72
China	471.42	356.44	347.68	378.06	296.49	462.69	528.46
United Kingdom	415.32	177.30	186.43	250.77	161.41	263.89	346.94
Australia	88.32	65.86	85.57	88.11	56.94	48.87	229.54
Germany	62.97	90.33	125.09	115.61	89.51	107.95	205.81
France	77.60	86.75	110.38	68.85	83.67	89.51	164.98
Canada	80.35	77.41	97.50	86.69	110.57	59.20	142.30
Italy	71.09	55.45	67.11	65.24	41.14	53.38	141.89
India	33.71	59.67	53.09	102.34	66.83	85.28	112.05
Brazil	32.22	47.60	39.99	42.95	39.93	45.34	93.74
South Korea	84.89	54.26	47.97	52.43	54.14	49.91	80.77
Japan	61.25	62.97	45.63	47.31	67.81	105.36	69.84
South Africa	15.90	20.91	6.50	10.12	6.47	3.11	63.40
Saudi Arabia	1.43	0.19	5.19	8	74.96	22.31	46.54
Indonesia	3.05	9.90	11.31	12.83	12.77	4.68	24.99
Russia	30.59	35.21	23	25.84	22.91	20.60	21.96
Mexico	17.79	6.65	9.87	3.72	13.22	1.46	14.44
Turkey	12.36	3.59	8.15	14	3.84	6.69	10.03
Argentina	1.06	5.22	11.96	4.64	2.57	0.96	2.39

Source: Statista. Global mergers and acquisitions: https://www-statista-com.ezproxy.lib.gla.ac.uk/.

Even though covid-19 affected global M&A deals in 2020, some regions attracted more M&A deals than others. Historically speaking, the US always has been the most attractive country for M&A deals (Table 1). The US companies in 2021 alone attracted M&A deals valued at more than 2,5 trillion USD. The next country on the list is China, which is ⅕ of what the US companies attracted. The UK is closely following China with more than 300 billion M&A deals. Australia and Germany are close top 5 target country list with close to 200 billion deals. The results are indicating the majority of M&A deals, or the main target country for M&A deals - inbound and outbound, by large lead is the US. Even during the covid-19 year, the US managed to snap worth more than 1 trillion M&A deals. Interestingly enough, China's 2020 result wasn't so different compared to 2021, while many other counties gained a significant increase in M&A deals compared to 2020. One such example can be Australia, which ranked 4th in 2021 with a value of M&A deals of more than 200 billion, seeing a nearly 77% increase from the previous year. Mostly ranked 3rd in this list for most of the past years, the UK, also saw an increase in 2021. Before the election for Brexit, in 2015 the UK recorded the best year for M&A deals (over 400 billion USD), however, the following years after the Brexit referendum (2016), the country saw a steep decline in M&A deals. Deloitte Managing Partner, Ian McMillan pointed out that the stock and currency markets responded quickly to the EU referendum decision, it was clear the Brexit vote shook investor confidence (Delloite, 2022).

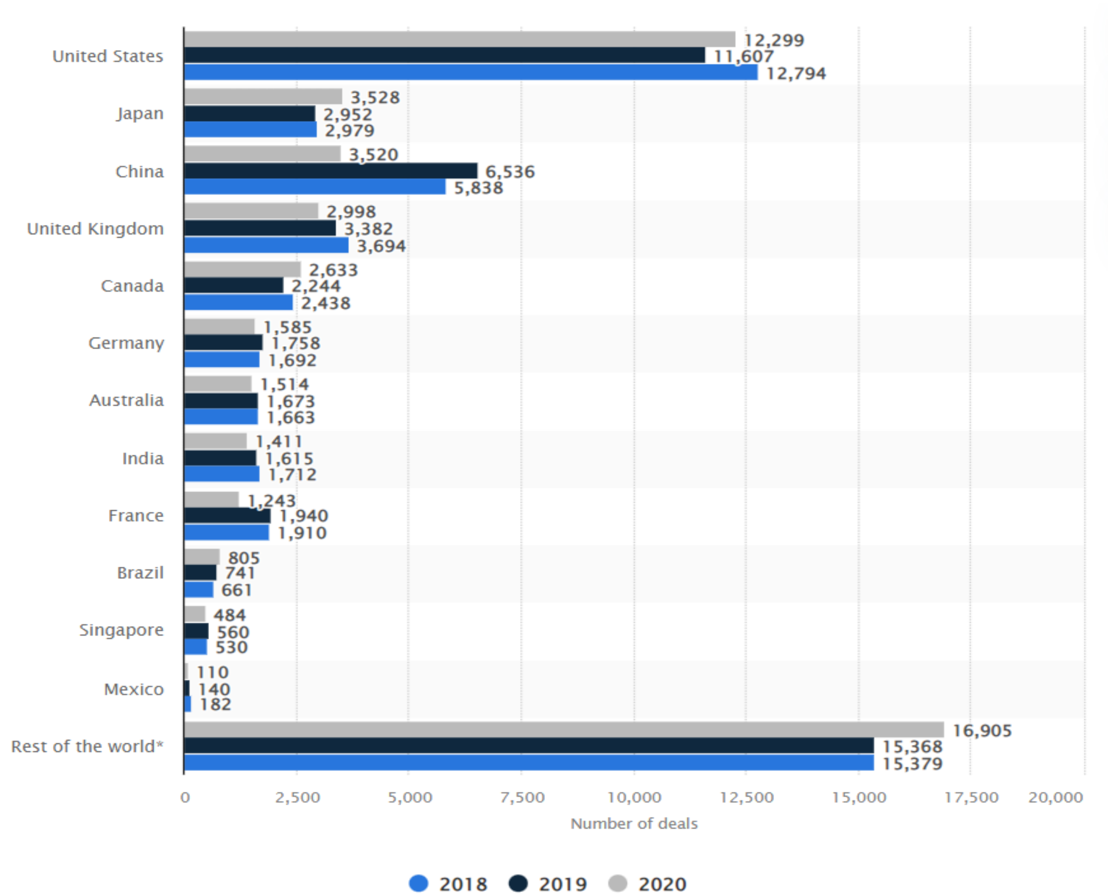
Figure 5. The volume of global M&A deals between 2017 and 2020, by region



Source: Statista. Global mergers and acquisitions: https://www-statista-com.ezproxy.lib.gla.ac.uk/.

The volume of merger and acquisition deals in each region (Figure 5) and each country (Figure 6) were mostly similar to the value of M&A deals in each country. In 2020, the US-based companies were involved in more than 12,000 M&A deals, while second-placed Japan had more than 3,500 M&A deals. That's again an astonishing difference between the US and the second-placed country. However, Japan being on the list as the second country with the most M&A deals in 2020 is largely due to the underperformance of other countries like China and the UK during the covid-19 period. China recorded more than 6,500 M&A deals in 2019, then a sharp decline of almost twice less in 2020 to 3,520 deals. In the UK, even though covid-19 affected the volume of M&A deals, it wasn't as significant as in China's case. The volume of M&A deals in the UK accounted for in 2020 was almost 3,000 an 11% decrease from the previous year. The top 5 list of countries by M&A deal volume concluded with Canada, recording more than 2,600 deals in 2020, an unexpected 17.3% increase from 2019 results during the covid-19 affected year. While other countries suffered a blow in their M&A deal volume, Canada prevailed in that category, however, it lost significant value in M&A deals compared to the previous and following year.

Figure 6. The volume of global M&A deals between 2017 and 2020, by Country

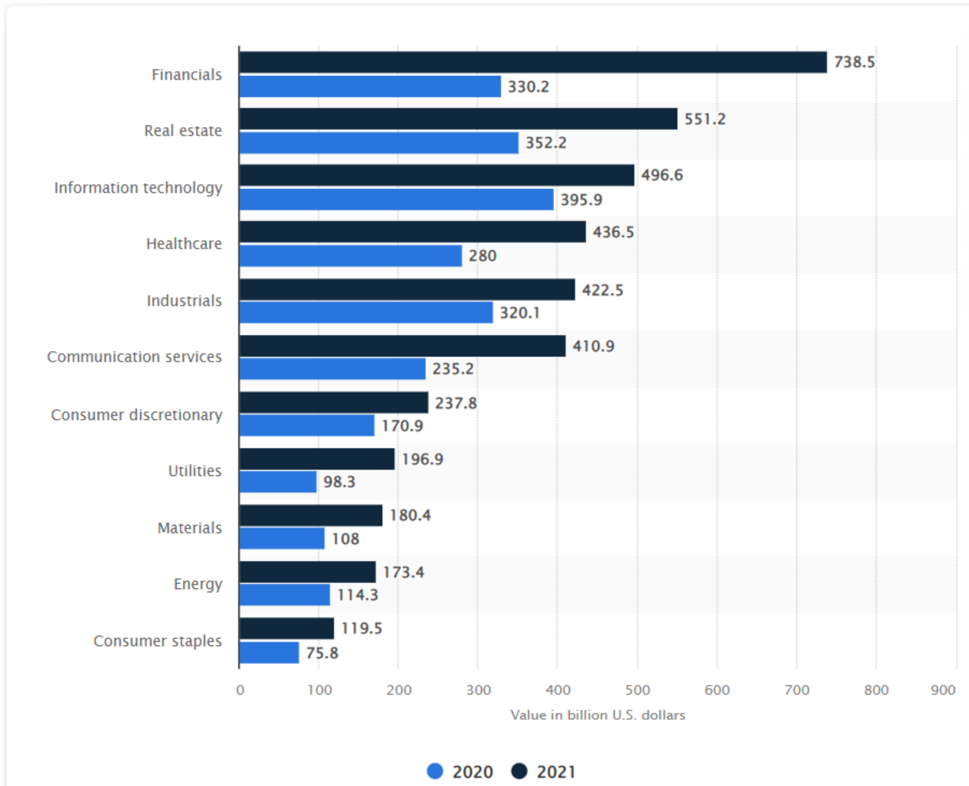


Source: Statista. Global mergers and acquisitions: https://www-statista-com.ezproxy.lib.gla.ac.uk/.

The total M&A deal volumes in each region followed the same trends as each country. According to a Statista report, North American companies led by the US, had the most M&A deals by volume in the years between 2017 and 2020. Western European companies were more or less balanced in the same years, while Asia-Pacific companies were challenging the North American companies in 2017, but sharply decline following years. Overall Figure 5 suggests there was a declining trend of M&A deals by volume between 2017 and 2020, largely Asia-Pacific leading this trend.

Global M&A deals by volume and value showed relatively similar trends in recent years, recording one of the highest results in 2015, and a slow decline until 2020 when a steep drop was the result of covid-19 effects. In those years, there were some industries/sectors that were the main targets for the M&A deals. Figure 7 illustrates the top industries that were targeted for M&A deals in 2020 and 2021.

Figure 7. Global M&A deals between 2020 and 2021, by target industries



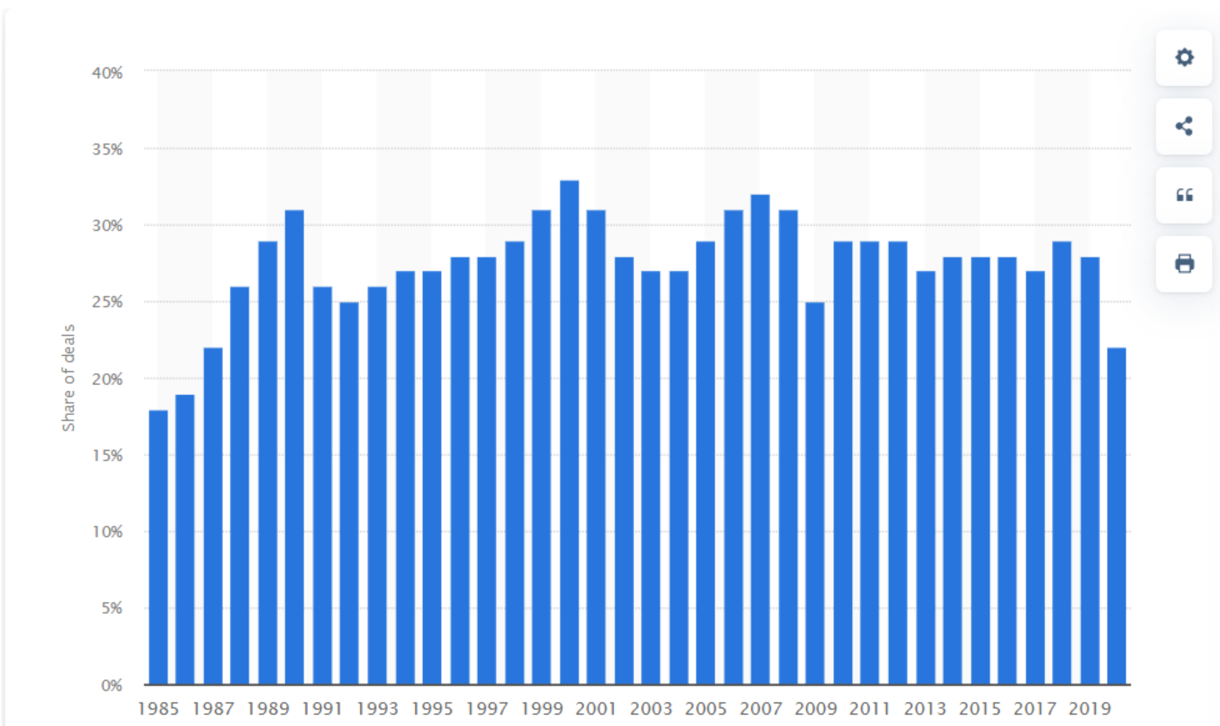
Source: Statista. Global mergers and acquisitions: https://www-statista-com.ezproxy.lib.gla.ac.uk/.

The list of industries for global M&A deals is led by Financials in 2021 a steep 123% increase from 2020, largely because of mega SPAC deals that surged in 2021 (Parry, et.al., 2022). The financials sector was hugely affected by covid-19 shutdowns, and M&A deal terminations in 2020, as they recorded 330 billion USD. However, during the covid-19 affected year (2020), Information technology was a leading industry for M&A deals with a value of 359 billion USD. They achieved a 39% increase to reach 496 billion USD in the value of M&A deals the following year, putting them in the 3 places in the overall list of industries. Real estate M&A deals kept their second-place position in both 2020 and 2021. In 2020, they recorded the value of M&A deals at 352 billion USD, compared to 551 billion USD in 2021. Healthcare, Industrials and Communication services closely follow Information technology in 2021, with values of M&A deals of 436 billion USD, 422 billion USD and 410 billion USD respectively. Healthcare was one of the biggest gainers of post covid era in terms of the value of M&A deals as it gained an almost 58 % increase in 2021 compared to 2020. Another industry that surged in 2021, Communication services as it almost doubled the value of M&A deals from 2020. Industrials made a moderate increase from 2020 to 2021, while other industries gained significantly. Overall the list includes 11 industries, with Financials leading the list in 2021, while Consumer staples are the last in the list. Most of the industries kept their position going from 2020 to 2021 with some exceptions.

2.3 Cross-border M&A deals

In general cross-border M&A deals followed a similar suit as global M&A deals, showing strong results before 2020 and a steep dip in the covid affected year. In 2020 cross-border M&A activity accounted for more than 23% of total M&A volume, while total cross-border deals decreased significantly from 2019 results of nearly 30%. Figure 6 illustrates the extensive share of cross-border deals to global M&A deals from 1985 until 2020 (Statista). If not account for the first 2 years of the given almost 40-year period, the share of cross-border deals to global deals were never been as low as in 2020.

Figure 8. Cross-border M&A deals share in the global M&A deals, between 1985 and 2020



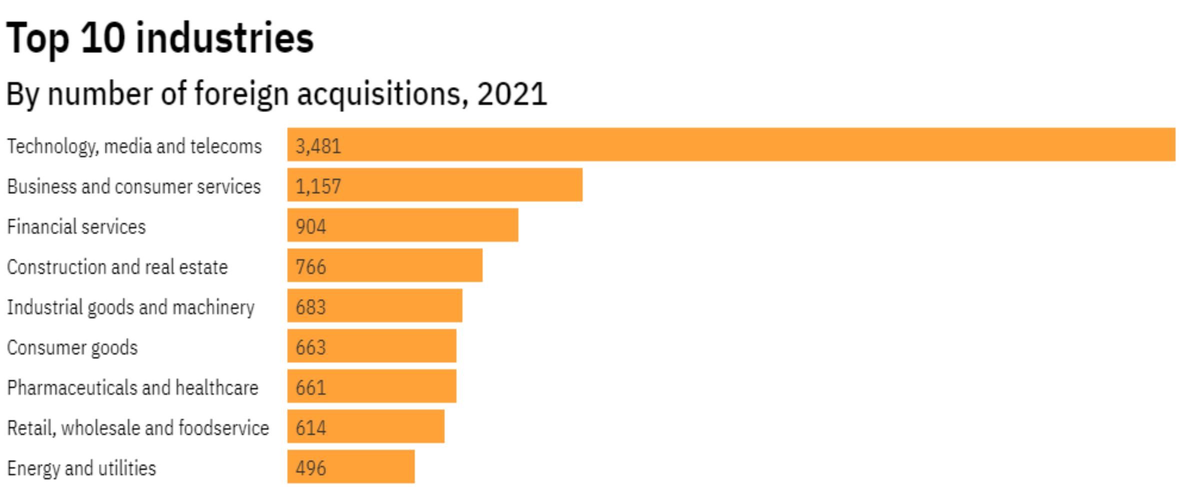
Source: Statista. Global mergers and acquisitions: https://www-statista-com.ezproxy.lib.gla.ac.uk/.

On one hand, it's understandable why global M&A deals sank in 2020 compared to previous years, as governments around the world shut down the countries on a scale never seen before. However, the cross-border deals share of total M&A deals being this low in history, signifies the effect covid-

19 brought to the global economy. Until 2020, there was a phenomenon of globalization, covid-19 discarded this phenomenon and challenged globalization for the first time since the 2008 financial crisis, hence the cross-border M&A deals are as low as indicated in Figure 8.

Investment Monitor reported, over 1,500 merger agreements were disclosed in total in 2021, and cross-border mergers increased 47.6% more quickly in 2021 compared to 2020 (Investment monitor, 2022). In comparison to 2020, there were more than 26,000 acquisitions announced in 2021, an increase of more than one-third (investment monitor). Between 2019 and 2020, the total number of domestic transactions increased by 2.1%, and then by 29.4% in 2021 (investment monitor). The number of foreign purchases increased by 45.1% in 2021, and 31.2% of all purchases announced were cross-border transactions, a significant increase from the previous year (Investment monitor, 2022).

Figure 9. Number of foreign acquisitions in 2021, by target industries

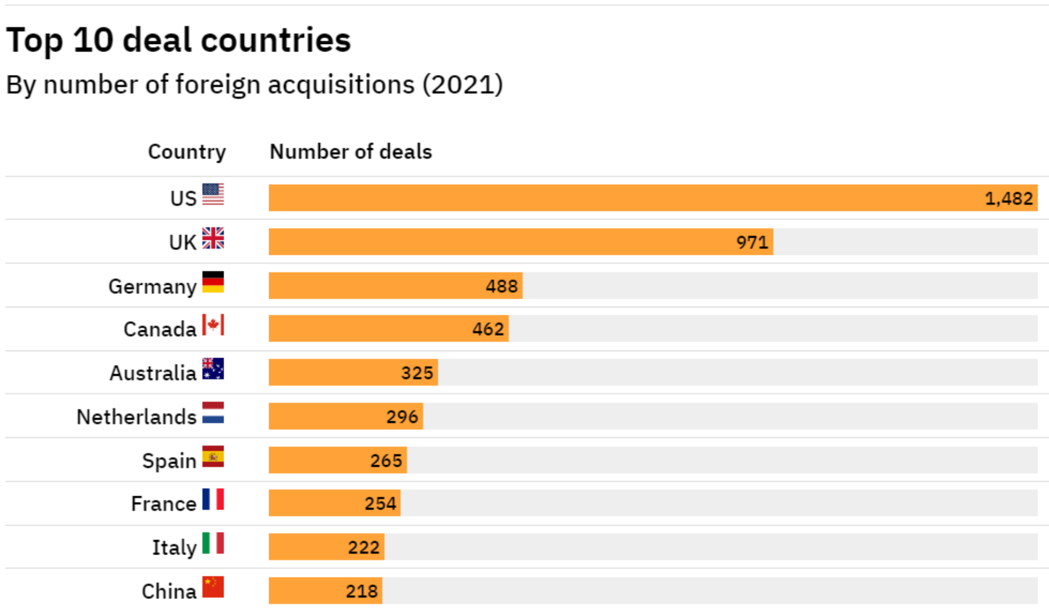


Source: Investment monitor, FDI 2021: M&A trends: https://www.investmentmonitor.ai/fdi-data

Figure 9 shows the top 10 industries for several foreign acquisitions. In 2021, the Technology industry had more than 3400 acquisitions which dominated international acquisitions, with business and consumer services with more than 1150 acquisitions, financial services with 904 acquisitions, and construction and real estate following, 766.

Figure 10 shows the top target countries for foreign acquisitions in 2021. More businesses with US roots were bought than from any other nation. A foreign organization buying a US company accounted for almost 1,500 agreements. The top destination in Europe is the UK, which was the second-most preferred target for acquisitions, after Germany, which came in third. Australia was the top Asia-Pacific transaction country and placed sixth overall. In the top 10, Spain had the fastest rate of M&A deal growth. Between 2020 and 2021, there was an 89.3% rise in the number of foreign corporations acquiring Spanish companies. China came in at number 10 overall and was the only nation in the top ten to have a decrease in foreign acquisitions. In 2021, over 220 Chinese enterprises were bought by foreign corporations, a 4.8% decrease from 2020 (Investment monitor, 2022).

Figure 10. Top target countries by number of deals of foreign acquisitions in 2021



Source: Investment monitor, FDI 2021: M&A trends: https://www.investmentmonitor.ai/fdi-data

Table 2 and Table 3 represent target and acquirer industries, respectively, illustrating the years between 2019 and 2020, global cross-border M&A outlook is presented. In the comparison of 2 years presented in the Tables, it can be seen and noted that there is no single industry that held the domination in both given years and was the leader of the market. Some industries have seen dramatic increases in their market share over the year. Such an example can be Consumer staples which have achieved a 12% increase in the market share from 4% to 16%, while High Technology also saw a strong increase in the form of a 5% year-to-year comparison. At the same time, the Telecommunications sector increased its position from 1% to 6% between 2019 and 2020. Some sectors saw even decline in the year-to-year comparison, the sectors that lost 1% market share are the Energy sector, and the Financial sector while Healthcare lost 4 points over the period of 2019 and 2020. In the cross-border M&A in 2020, the top 5 industries are Consumer staples, High technology, Health care, Industrials and Energy.

Table 2. The list of industries targeted during cross-border M&A, between 2019 and 2020 (in billion USD)

Industry of target	2020		2019	
Consumer staples	$110	16%	$35	4%
High technology	$97	15%	$84	10%
Health care	$75	11%	$130	16%
Industrials	$71	11%	$83	10%
Energy and power	$67	10%	$88	11%
Financials	$51	8%	$69	9%
Real estate	$47	7%	$77	10%
Telecommunications	$39	6%	$12	1%
Materials	$38	6%	$108	13%
Media and entertainment	$28	4%	$62	8%
Consumer products and services	$25	4%	$39	5%
Retail	$20	3%	$23	3%
Government and agencies	$0	0%	$0	0%
Total	**$669**	**100%**	**$809**	**100%**

Source: EY, Global mergers and acquisitions decrease in 2020, but 2021 is looking favourable for M&A: taxnews.ey.com/news

Table 3. The list of acquirer's industries during cross-border M&A, between 2019 and 2020 (in billion USD)

Industry of acquirer	2020		2019	
Financials	$213	32%	$317	39%
Consumer staples	$118	18%	$21	3%
High technology	$58	9%	$57	7%
Health care	$52	8%	$113	14%
Telecommunications	$41	6%	$31	4%
Materials	$39	6%	$87	11%
Real estate	$33	5%	$35	4%
Energy and power	$29	4%	$40	5%
Industrials	$28	4%	$58	7%
Consumer products and services	$25	4%	$29	4%
Retail	$18	3%	$8	1%
Media and entertainment	$17	3%	$13	2%
Government and agencies	$0	0%	$0	0%
Total	**$669**	**100%**	**$809**	**100%**

Source: Source: EY, Global mergers and acquisitions decrease in 2020, but 2021 is looking favourable for M&A: taxnews.ey.com/news

Tabl4 represents the main acquirer and target countries for cross-border M&As comparing the 2019 and 2020 results. One fact is clear from the table, the US is the top acquirer and the target country for cross-border M&As in both years. The top 5 nations of 2020 that were targeted for cross-border M&As made up more than half of cross-border M&A. The United States in 2020 showed a 25% market share for the target nation a 3% down from 2019 results. The 2020 results continue with the Netherlands having worth 104 billion USD inbound cross-border M&As in the country, a staggering 80 billion USD increase from 2019. While the United Kingdom (9%), Germany (8%), and Australia (4%) concluded the list of top 5 targeted nations list for 2020. On other hand, in the list of top 5 acquirers again the US is leading the pack with 23% market share, while the UK comes in second with more than 114 billion USD outbound M&As, then Germany, Japan and Canada following it. In these five nations, acquiring firms account for 62% of international M&A.

Table 4. Top 10 countries for cross-border M&A, by target and acquirer nations (in billion USD)

	2020		2019	
Targeted				
United States	$164.8	25%	$228.1	28%
Netherlands	$104.9	16%	$21.4	3%
United Kingdom	$57.5	9%	$68.6	8%
Germany	$55.5	8%	$48.3	6%
Australia	$29.1	4%	$32.1	4%
Switzerland	$24.3	4%	$23.5	3%
Spain	$18.5	3%	$14.0	2%
Hong Kong	$16.2	2%	$9.6	1%
India	$16.1	2%	$15.2	2%
Canada	$14.0	2%	$41.4	5%
Other	$167.8	25%	$307.3	38%
Total	**$668.8**	100%	**$809.4**	100%
Acquirer				
United States	$152.8	23%	$150.1	19%
United Kingdom	$114.1	17%	$78.2	10%
Germany	$63.9	10%	$40.1	5%
Japan	$46.4	7%	$105.0	13%
Canada	$34.6	5%	$69.7	9%
France	$27.2	4%	$58.3	7%
China	$23.3	3%	$30.3	4%
Switzerland	$20.2	3%	$26.0	3%
Singapore	$17.9	3%	$11.9	1%
Netherlands	$17.5	3%	$5.0	1%
Other	$150.7	23%	$234.9	29%
Total	**$668.8**	100%	**$809.4**	100%

Source: Source: EY, Global mergers and acquisitions decrease in 2020, but 2021 is looking favourable for M&A: taxnews.ey.com/news

The nations with the highest amount of net cross-border M&A activity in 2020 are listed in Table 5. The UK is considered to be a net acquirer in 2020, a huge increase from 2019 results, while the US was considered to be the net target country in both years. Net cross-border M&A for a particular nation is equal to total cross-border M&A where the acquirer is located there minus total cross-border M&A when the target is located there (EY, 2021).

Table 5. Top 7 Cross-border M&As, by the net acquirer and net targets (in billion USD)

	2020	2019
United Kingdom	57	10
Japan	38	97
Canada	21	28
France	16	26
Singapore	13	5
China	9	17
Germany	8	-8
Jersey	-8	-3
India	-10	-8
Israel	-11	-5
Spain	-11	-6
United States	-12	-78
Australia	-16	-4
Netherlands	-87	-16

Source: Source: EY, Global mergers and acquisitions decrease in 2020, but 2021 is looking favourable for M&A: taxnews.ey.com/news

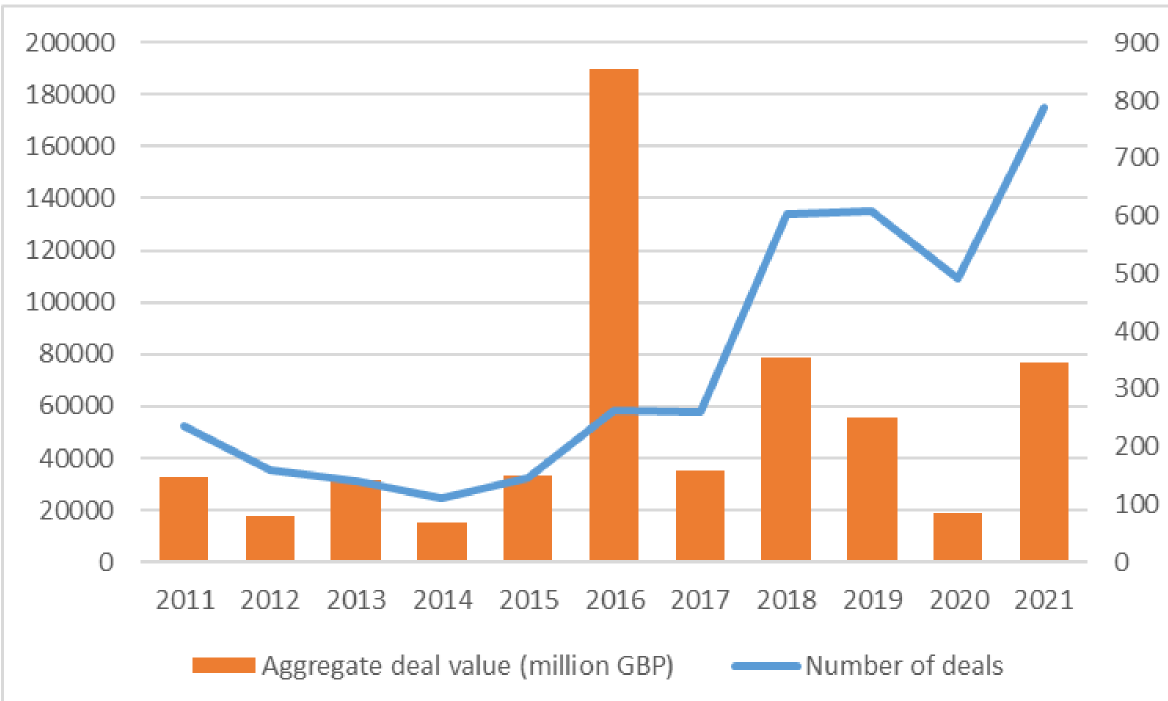
2.3 British M&A market

2.3.1 Inbound M&A

The second quarter of the year saw continued growth in inbound M&A into the UK, despite a steep decline in overall UK transaction volumes from the first quarter. According to updated data from the Office for National Statistics, 333 deals were closed in Q2 2022 as opposed to 449 in Q1 2022 and 500 in Q2 2021. According to experts, after a wave of stalled dealmaking that took place last year in the aftermath of the COVID-19 pandemic, market instability brought about by the ongoing conflict in Ukraine has caused M&A to revert to pre-pandemic levels. As a consequence of rising prices, supply chain disruption, escalating geopolitical tensions, and concerns about a recession, M&A activity, which had been rather solid throughout Q1, abruptly decreased to only 72 deals in June (Business Sale Report, 2022).

According to Figure 11, the total value of Inbound M&A in the UK was nearly 80 billion GBP, while the number of inbound M&As equalled almost 800 deals in 2021. The volume of the M&A deals achieved its highest number in 2021, a significant increase from 2020, in which the UK saw around 450 deals, equalling almost 20 billion GBP value. Surprisingly 2021 is not the highest value achieved in UK history, as M&A deals by value in 2016 topped the chart in that category. In that year the value of inbound M&A deals topped more than 180 billion GBP, and the number of inbound M&A deals was around 300, a moderate number considering the value of those deals.

Figure 11. the UK M&A market by value and volume between 2011 and 2021

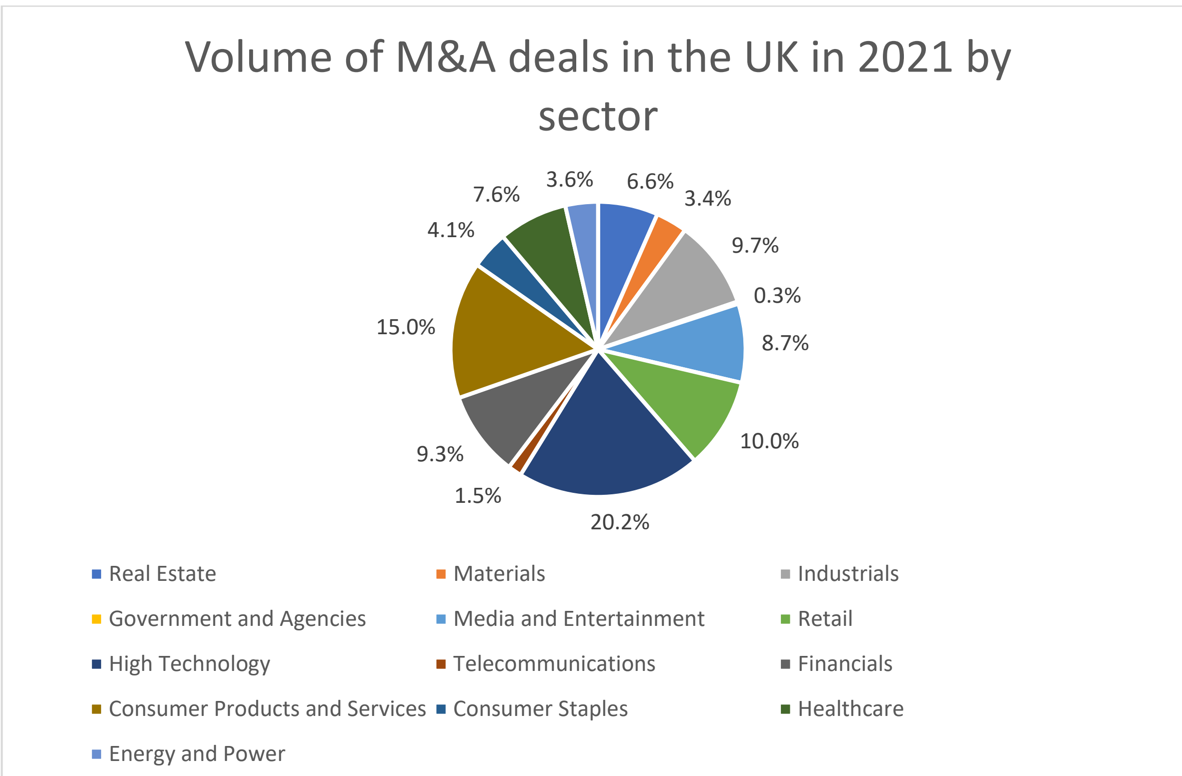


Source: Elaborations on data from Office for national statistics in the UK: https://www.ons.gov.uk/

When it comes to industries that were targeted the most by foreign nations of the UK companies in 2021 by volume of deals, High Technologies comes on top with more than 20% share of total deals (Figure 12). Its share of total deals by volume is at least 5% higher than its closest followers' Consumer products & services. Overall, the ranking of sectors for the inbound M&A deals by volume shows that there are clear 3 sectors – High technology, Consumer products & services, and Retail, that attracted almost half of the total deals together. It clearly shows that foreign nationals appreciate the UK companies that operate within these 3 sectors. Other notable sectors that attracted a sizeable number of inbound M&A deals are, Industrials (9.7%) and Financials (9.3%), which showed strong results in 2021. Interestingly the share of volume of M&A deals in the UK in 2021 for Materials were just 3.4 % of total deals.

When it comes to the sectors with the value of inbound M&A deals, there is a big surprise as Materials which wasn't even in the top 5 in the number of deals now is the number one sector for the inbound M&A deals by value (Figure 13). It's not only the number one sector in the UK to attract the most value for M&A deals in 2021, but also it leads the pack with a superior margin compared to the second-placed industry in the list. When it counted only 3% of the total number of deals in 2021 for inbound M&As, it was enough to grasp more than 34% of the total value of the inbound M&A deals in the UK.

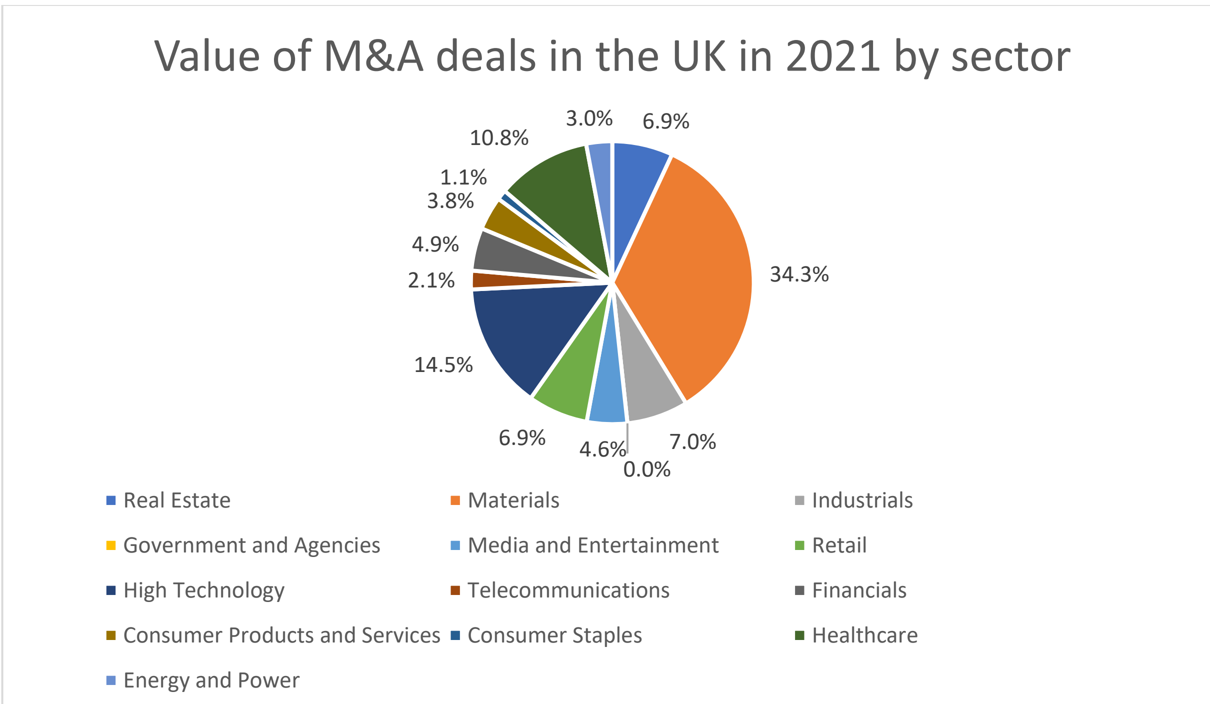
Figure 12. The volume of inbound M&A deals in the UK in 2021 by industry



Source: Elaborations on data from Refinitiv Eikon

High technologies dominated the list for the number of inbound M&A deals in the UK for 2021 and now sit in second place for the value of inbound M&A deals for the same year, with 14,5%. Another surprise sector in the value of M&A deals list is Healthcare, with more than a 10% share of the total value produced in 2021. While it only accounted for around 7% total number of inbound M&A deals, it was enough to clinch more than 10% of the total value. These 3 sectors were responsible combined 58.6% of the total value of the inbound M&A deals in the UK in 2021. Big performers when it came to volume of deals, Consumer products & services, and Retail, combined accounted for 10.7% of the total value, which is more than half of their share in the volume of M&A deals. Other notable big shares accounted for Industrials (7%) and Real estate (6.9%). Financials only showed a share value of 4.9% of total inbound deals while showing higher volume deals.

Figure 13. Value of inbound M&A deals in the UK in 2021 by industry



Source: Elaborations on data from Refinitiv Eikon

Table 6. Top 10 acquirer countries of the UK companies in 2021, by volume of deals

Rank	Top 10 countries	Volume share	Volume of deals in 2021
1	United States	36.4%	287
2	Canada	4.6%	36
3	France	3.9%	31
4	Sweden	3.3%	26
5	Germany	3.1%	25
6	Netherlands	2.8%	22
7	Ireland	2.6%	20
8	Switzerland	2.3%	18
9	Australia	2.3%	18
10	Guernsey	1.6%	13

Source: Elaborations on data from Refinitiv Eikon

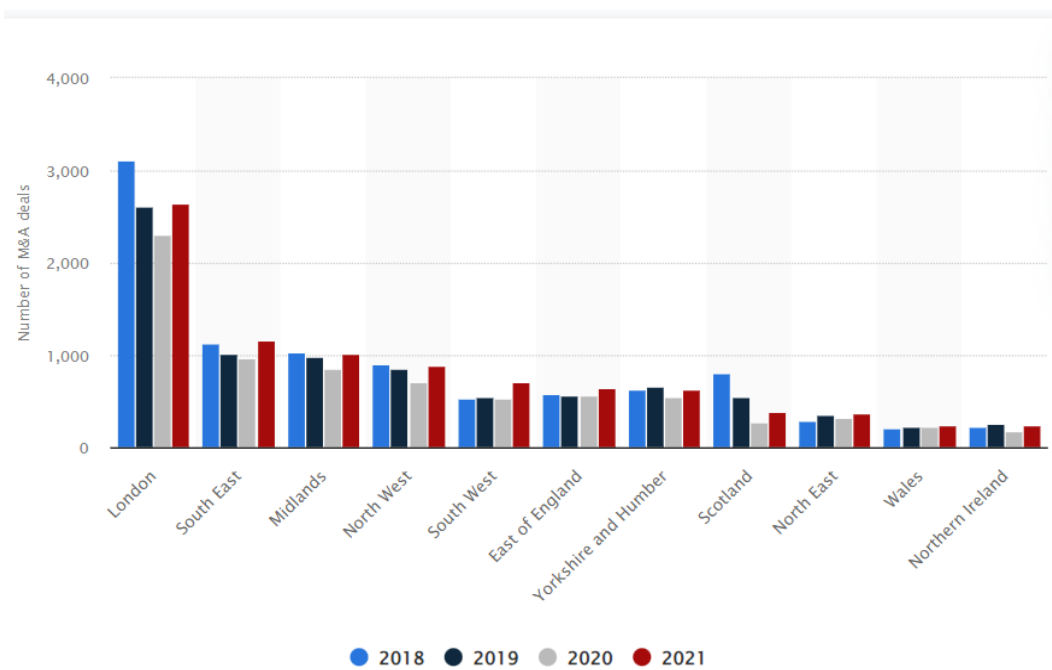
When it comes to the countries which were involved the most in inbound M&A deals in 2021 in the UK market, not surprisingly the US leads the pack by both volume (Table 6) and value (Table 7). The US was dominant in acquiring UK companies in 2021, and it held more than 36% of the total number of deals, which translated to 287 deals in 2021 alone. That, in turn, equalled the value of almost 28 billion GBP. One major inbound purchase was made by American company Electronic Arts Inc., which bought UK company Playdemic Ltd.

Table 7. Top 10 acquirer countries of the UK companies in 2021, by the value of deals (in million GBP)

Rank	Top 10 countries	Value share	Value of deals in 2021 (in m
1	United States	35.6%	27265
2	Australia	34.4%	26413
3	Japan	2.6%	1991
4	Jersey	2.5%	1909
5	Singapore	2.5%	1899
6	Canada	2.3%	1743
7	Hong Kong	2.3%	1731
8	Netherlands	2.2%	1684
9	Thailand	2.1%	1610
10	Luxembourg	1.6%	1262

Source: Elaborations on data from Refinitiv Eikon

Figure 14. Number of M&A deals in the UK between 2018 and 2021, by regions



Source: Statista. M&As in the United Kingdom: https://www-statista-com.ezproxy.lib.gla.ac.uk/.

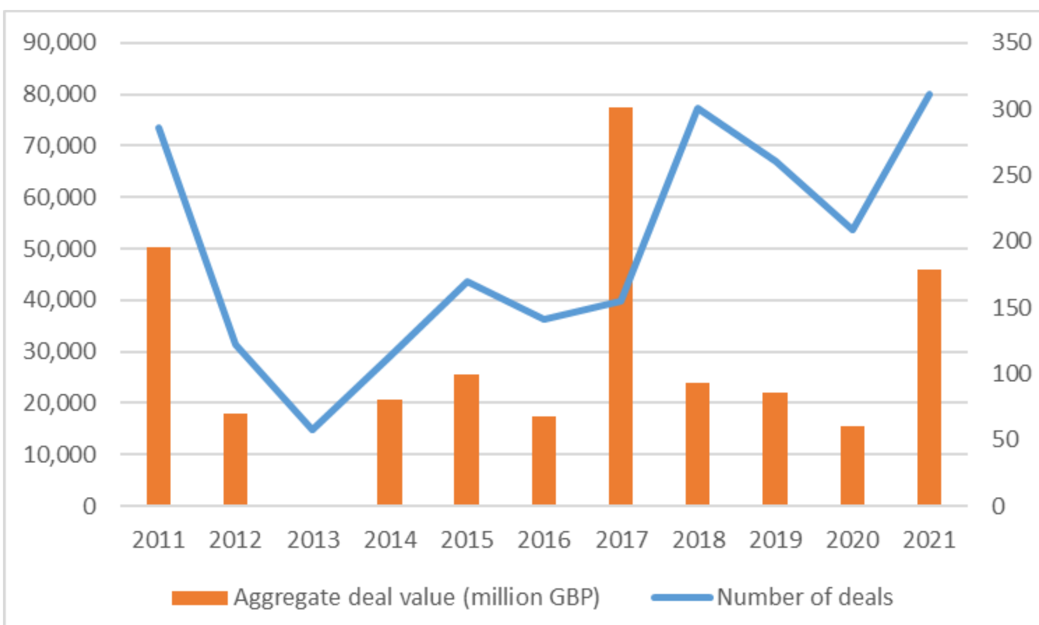
Other countries in the list of volume share, are Canada, France, Sweden and Germany which are closely located in the top 5 rankings. The last two countries on the list are surprisingly Australia and Guernsey. Australia may be in the 9th place by volume of M&A deals in 2021, however, it comes in second place by share of the value of total deals. In 2021, the Australian companies made an M&A deal with the UK companies worth more than 26 billion GBP, which was the closest value that could get to the US deals. The rest of the countries in the top 10 list showed very similar results ranging from 1.9 billion GBP to 1.2 billion GBP.

Lastly, Figure 14 shows the regions in the UK that attracted the most M&A deals by transaction volume between 2018 and 2021. It's clear from figure 12, that London was the region that attracted the most volume in all 4 years that are given in the report. It outperformed at least twice its nearest competitors South East and Midlands.

2.3.2 Outbound M&A

The UK companies were not as active as their foreign counterparts when it comes to acquiring foreign companies. Figure 15 illustrates outbound M&A deals made by the UK companies, highlighting the correlation volume and value of the deals, between 2011 and 2020.

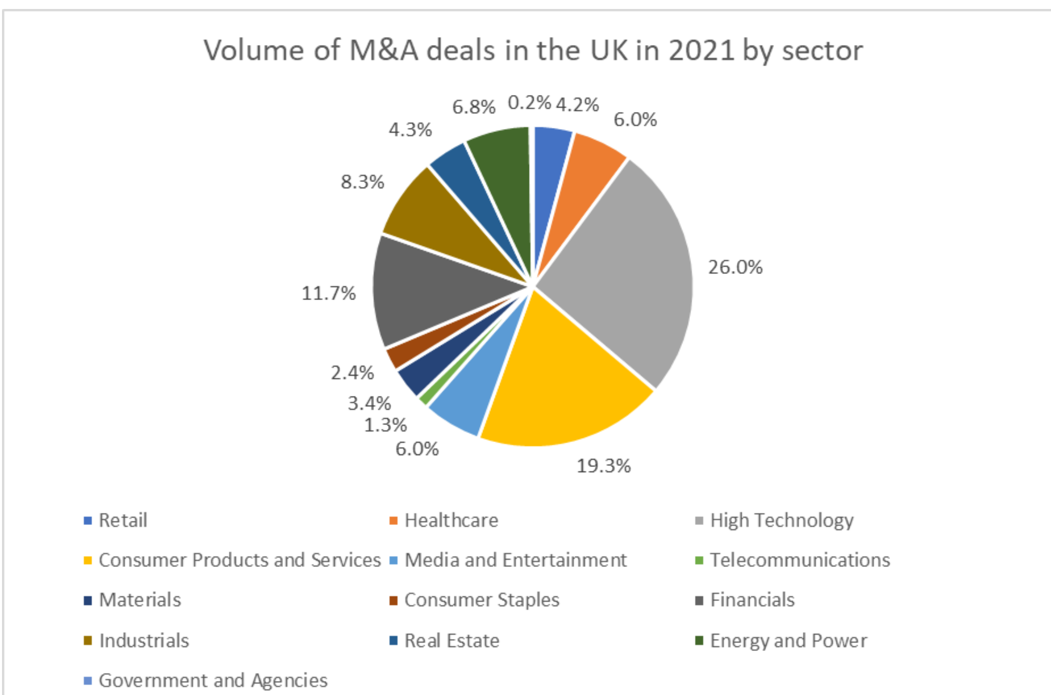
Figure 15. Outbound M&A deals from the UK between 2011 and 2021, by volume and value of deals



Source: Elaborations on data from Office for national statistics in the UK: https://www.ons.gov.uk/

In 2021, UK companies were involved in more than 300 outbound M&A deals, which together were valued at around 45 billion GBP. Both the volume and value of the outbound M&A deal in 2021, is a huge increase from the covid-19 affected 2020 when UK companies' activity accounted for only 209 outbound deals with a value of over 15 billion GBP. The value of outbound M&A deals in 2021 was almost 3 times the value of outbound deals in 2020, while the volume saw an almost 43 % increase as well for the same period. UK companies produced the best result of the last decade in 2017 with the value of the deals equalling almost 80 billion GBP while the volume of the deals was moderately 150. The value of the deals that were made in 2017 is an unusual one for the UK outbound M&A deals, as the 10-year history of the outbound deals shows that the value of UK outbound M&A deals top the 30 billion GBP barrier only 3 times, one of them is 2021. Similarly, following the previous trends that are shown above, the UK performed the worst value of outbound deals in 2020. It's clear that covid-19 played a major role in that situation there, but it is hard to put the all blame on it, as the report shows the UK was in slow decline for the consecutive 3 years before 2021. Even though the value of the deals was one of its worst times in 2020, the volume of the deals was relatively high compared even to the best performing year for volume, 2017. Overall the UK outbound M&A deals showed strong results in 2021 in both volume and value of the deals.

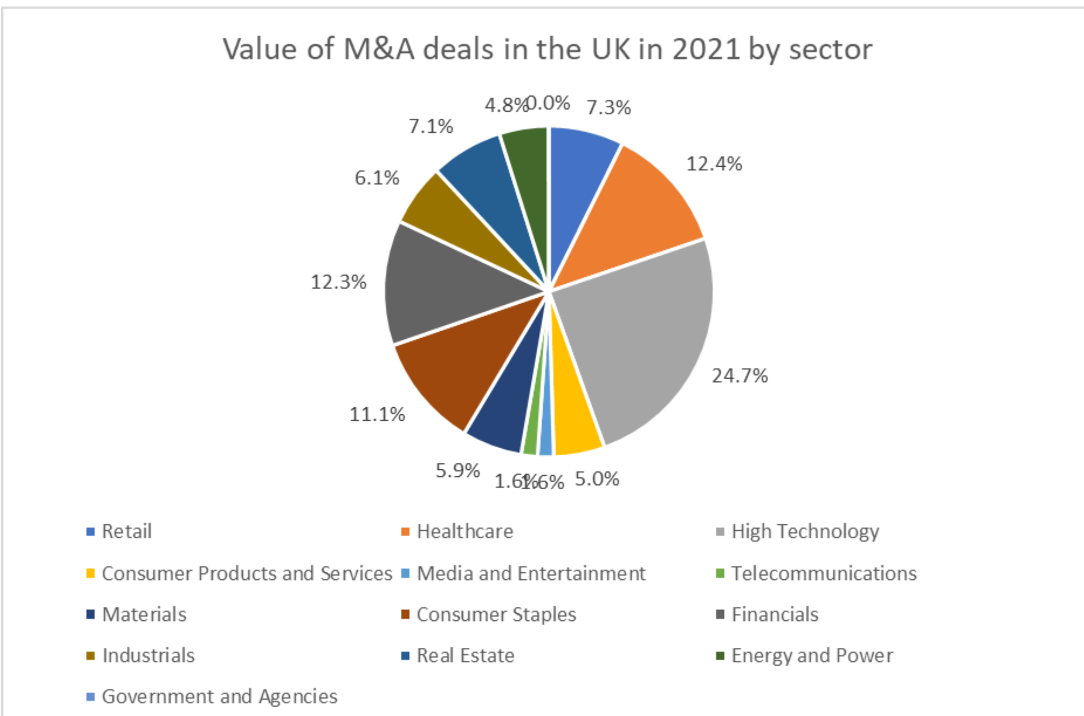
Figure 16. The volume of outbound M&A deals in the UK in 2021 by industry



Source: Elaborations on data from Refinitiv Eikon

When it comes to the industries that UK companies mainly focused on acquiring in 2021, the High technologies sector stands out and leads the pack in both by volume (Figure 16) and by the value (Figure 17) of the deals. High technologies' share of the volume of the outbound M&A deals was equal to 26% of the total number of acquisitions. The result was almost 7% higher than second-placed Consumer products and services. The overall results show a similar resemblance to inbound M&A deals in the UK in 2021, with similar industries leading in the volume of deals. Financials comes 3rd in the ranking with a share of the number of M&A outbound deals of more than 11%. It's fair to note that their share of the value of outbound deals is similar to volume in percentage, 12%. In both situations, Financials takes 3rd place in this ranking. Other notable sectors are Industrial (8 %) and Energy & Power (6.8%), coming right behind Financials and closing the top 5 list. Overall, 2 sectors High technology and Consumer Products and Services together accounted for almost half of the total share of several outbound M&A deals that occurred in the UK in 2021.

Figure 17. Value of outbound M&A deals in the UK in 2021 by industry



Source: Elaborations on data from Refinitiv Eikon

The high technology sector was a leading industry even when it came to the value of the outbound deals in 2021, with a share of almost 25%. Their closest rival sector was Healthcare with being accounted for almost half the high technology sector share. Being accounted for 12.4% of total outbound M&A deals, the Healthcare industry slightly edged off Financial by 0.1% in the total ranking. Taking second place in the ranking of the volume of outbound M&A deals in 2021, in the UK, Consumer products and services were being accounted for only 5% when it came to the value of outbound deals. Another sector that surprised me with low volume but high-value deals is Consumer staples, which accounted for 2.4% of the total volume of outbound deals which was enough to take more than 11% share of the total value of outbound deals. Other notable industries which took a sizable share in the value of total outbound M&A deals are Retail (7.3%) and Real estate (7.1%). Overall high technology, Healthcare and Financials combined had 49.4% of the total share of the value of outbound M&A deals in 2021. If to consider the top 4 list, then they combined had a 60.5% share of total outbound deals.

When it comes to the countries that were targeted by the UK companies when making an M&A deal then, certain countries stand out on the list. Table 8 and Table 9 illustrate the top 10 list of countries by volume of deals and value of deals respectively, that UK companies were targeting when making outbound M&A deals.

Table 8. Top countries targeted for outbound M&A deals by the UK, in 2021, by volume of deals

Rank	Countries	Volume share	Volume of deals in 2021
1	United States	25.3%	79
2	France	8.4%	26
3	Germany	6.7%	21
4	Netherlands	6.6%	21
5	Spain	6.2%	19
6	Ireland	6.1%	19
7	Australia	3.7%	12
8	Italy	3.1%	10
9	Denmark	2.4%	8
10	Canada	2.4%	7

Source: Elaborations on data from Refinitiv Eikon

As it was in the case of inbound M&A deals, the United States leads the ranking list in both the volume and value of outbound deals. The share of the US in the volume of outbound deals is 25.3% which translates to 79 deals and equals almost 18 billion GBP. The dominance of the US is clear and strong in both the volume and value of outbound deals. In 2021, the number of French companies acquired by the UK companies was 26 and it was the second-best result after the US. The share of France in the value of deals was 6.6% of total deals, in other words, it was equal to more than 3 billion GBP. Another favourite country for UK companies to make an outbound M&A

deal is the Netherlands, with 21 deals made in 2021 while accounting for more than 4.1 billion in value. The Netherlands comes 4th in the list of the volume of outbound deals and second in the list of value. Another country that was targeted by the UK firms is mostly Germany which is in 3rd place by volume of outbound deals with a similar number of deals as the Netherlands. However, the value of those deals is not as high as the Netherlands, since Germany barely made it to the top 10 with almost 1.3 billion GBP. The top 5 list of the country list by volume share is concluded with Spain, which holds 6.2% of total outbound M&A deals by volume which equals 19 deals. At the same time, the overall value of those deals with Spanish companies equalled almost 1.9 billion GBP. The rest of the countries on the list for the volume of deals in 2021 concluded with Ireland (19 deals), Australia (12), Italy (10), Denmark (8) and Canada (7). Overall the top-10 list consists of 7 European countries, 2 North American and only 1 Asia-pacific. UK companies prefer to make frequent acquisitions from their European counterparts.

Table 9. Top countries targeted for outbound M&A deals by the UK, in 2021, by value (in million GBP)

Rank	Countries	Value share	Value of deals in 2021
1	United States	38.1%	17477.8
2	Netherlands	9.0%	4136.2
3	Switzerland	6.9%	3161.1
4	France	6.6%	3050.3
5	India	4.2%	1909.1
6	Spain	4.1%	1869.2
7	Singapore	3.7%	1709.0
8	Canada	3.5%	1595.4
9	Australia	3.0%	1398.2
10	Germany	2.8%	1284.9

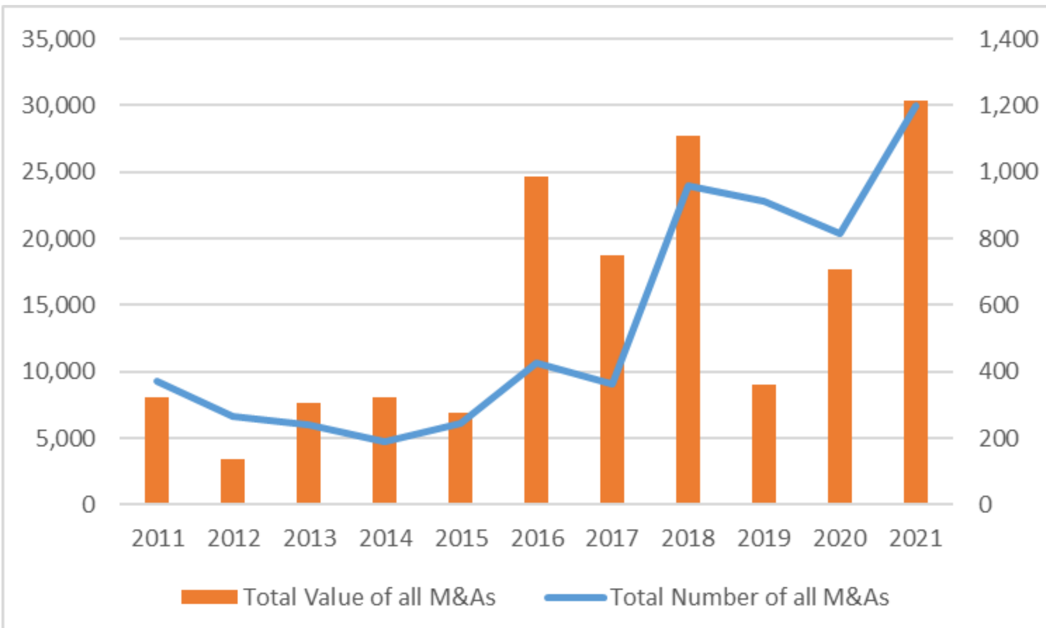
Source: Elaborations on data from Refinitiv Eikon

The list for the value of shares had similar countries as volume shares, with some exceptions. One of those countries is Switzerland which made the list with a total value of deals over 3 billion GBP and takes the 3 rd place in the ranking. The top 5 list is concluded with India, as the country accounted for worth more than 1.9 billion of the value of M&A deals in 2021. Another surprising country in the top 10 list can be Singapore, as the country accounted for more than 1.7 billion worth of deals.

2.3.3 Domestic M&A deals

Domestic M&A deals in the UK reached their highest ever in 2021. After pandemics and government shutdowns in 2020, domestic M&A deals in 2021 outperformed any other years in the past (Figure 18). The number of M&A deals closed in 2021 was almost 1,200 which is the highest ever recorded in UK history, and it was the first time the domestic M&A deals passed the 1,000-deal barrier. The value of the deals was also as good as the volume of it, which was worth more than 30 billion GBP in 2021, a 66 % increase from the previous year. UK domestic deals this time didn't follow other trends, and instead of showing their worst result during 2020, they relatively performed better compared to other years. The number of deals closed in 2020 were almost 800 deals, and the total value was almost 18 billion GBP.

Figure 18. Domestic M&A deals in the UK between 2011 and 2021, by volume and value

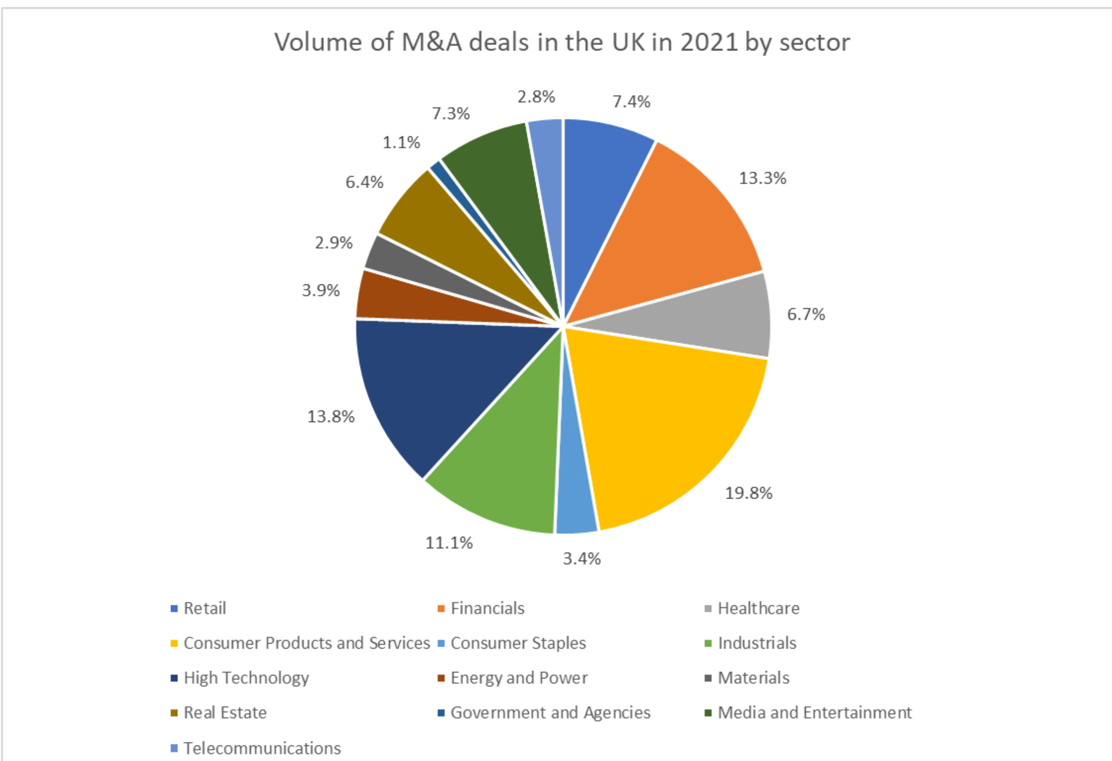


Source: Elaborations on data from Office for national statistics in the UK: https://www.ons.gov.uk/

The UK was on a streak of strong results from 2016 to 2018 in terms of the value of the deals. Although the volume of the deals wasn't so inspiring during 2016 and 2017, the value of the deals was one of the highest in the past. This strong performance come to an end in 2019, when the country made one of the least domestic M&A deals in value compared to the last decade, not even 10 billion GBP. However, they achieved strong numbers in the volume of domestic M&A deals in that year, which suggests that there were small valued, a high number of domestic deals. Domestic deals tend to be more frequent and higher in numbers, but those deals usually accompany smaller value deals. Figure 18 clearly shows there is an upward movement in terms of the volume of the deal going forward. However, the total values of those deals seem to be unbalanced, as the results suggest there was a strong performance during 2016-2018, accompanied by a decline in the value of the deals for 2 consecutive years and picking up again in 2021.

On the other hand, certain industries performed much better than others (Figure 19), with others being targeted more than other sectors by the same national companies in 2021. The list is led by Consumer products & services as the sector accounted for more than 19.8% of the total number of domestic M&A deals in the UK in 2021. In second place on the list comes High technology with 13.8% of the total number of M&A deals followed by Financials with 13.3% of the total domestic deals. The top 4 list is concluded with Industrials which holds 11.1% of the share of the total number of domestic deals. Overall these 4 industries combined hold more than 58% of the share of the total volume of domestic M&A deals in the UK while outperforming the other 9 industries in this category.

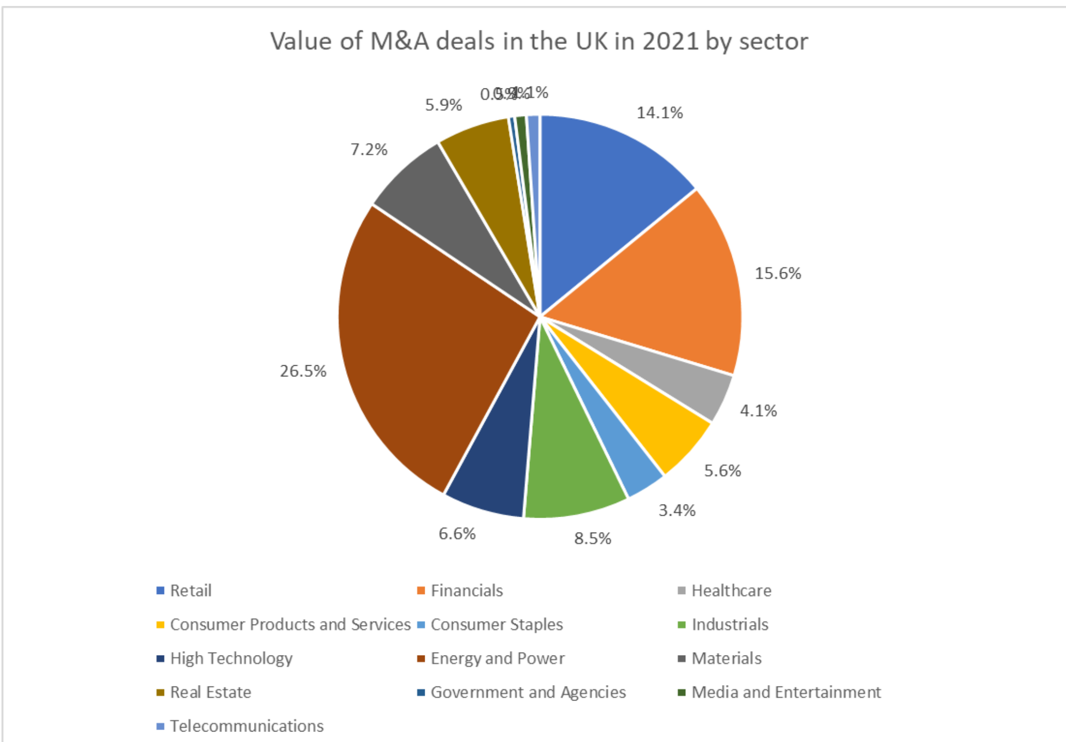
Figure 19. The volume of domestic M&A deals in the UK in 2021 by industry



Source: Elaborations on data from Refinitiv Eikon

When it comes to the value of the total domestic M&As (Figure 20), the situation is a little different as Consumer products and services no longer hold the first place but the 8th place with just only 5.6% of total value made through M&A deals in the UK domestically. The dominating sector in this category is Energy and Power with a staggering 26.5 % of shares from the total value of domestic deals. Energy and power only hold around 3.9 % of the total number of deals, and their result in value is tremendous. The top 3 lists by value concluded with the other 2 sectors, Financials (15.6%) and Retail (14.1%). It's safe to say Financial performed very well in both categories in domestic M&A deals, while Retail showed some teeth in the value of deals, and was invisible in the reports of several deals. Overall these 3 industries combined had a share of 56.2 % of total value and outperformed the other 10 sectors combined. Other notable industries that performed relatively well are Industrials (8.5%), Materials (7.2%) and High technology (6.6%).

Figure 20. Value of domestic M&A deals in the UK in 2021 by industry



Source: Elaborations on data from Refinitiv Eikon

2.4 Conclusion

This chapter analyzed in depth the current trends, facts and figures not only in the global markets but also deeper going into the UK market, where 3 types of M&A deals were presented with depth analysis of recent and current trends. The significant disparity between the inbound and outward markets is revealed by the research on the British M&A market. On one hand, in 2021 alone British M&A market attracted worth more than 76 billion GBP over 789 inbound deals, while at the same time UK companies acquired worth more than 45 billion GBP firms across the continent over 311 outbound deals. Simple calculations show that the UK M&A market was the net target (inbound deals minus outbound deals), while the number shows it was almost a 31 billion difference in them. UK companies acquired in total worth 1.4 billion GBP from Australian companies, while other UK companies were purchased from the same nation companies for almost 27 billion GBP. The US-based companies acquired UK companies worth more than 27 billion GBP, while UK companies made outbound M&A deals worth only 17 billion GBP.

Another trend that was observed in this analysis is the High technology sector was one of the dominating industries in both inbound and outbound cross-border M&As by both volume and value of total deals. Another big share of value in inbound M&A deals was the materials industry, which attracted most of the investors abroad.

A simple conclusion would be that the quality of the UK companies, the impact of the recognition of the qualitative and technical value of Made in the UK, the pulling capacity of the brands rather than the pushing capacity of the commercial channels, and the undeniable technological advance and productive know-how in the UK region, all contribute to the high number of inbound cross-border M&As in the UK. As a result, the success on international markets ultimately results in acquisitions by foreign investors, or, it causes the sale of firms from the export of products (Barbaresco et al., 2018)

Conclusion: Given the significance of the subject, it is essential to consider the overall effects that foreign M&As could have on the UK's economy, industry, and the performance and prospects for survival of the locally owned enterprises that are acquired.

Chapter 3

The UK market and Literature research

3.1 Introduction

Given both the aspect of the phenomena examined in the preceding chapter and the potential implications that foreign ownership could have on the UK economy and the performance of the acquired firms, the issue of inward cross-border M&As is especially relevant in the UK.

The proposal made by American company Kraft-Heinz to the UK-based company Unilever PLC in 2017, send a shockwave around the UK's media, public and political arena (Clements, 2017). Kraft-Heinz has the reputation of being the nastiest shark in the capitalist sea in the eyes of many, ironically enough, its acquisition of another British company Cadbury, in 2010 was one of the reasons it got this image (Berman and Kenwell, 2017). While Unilever is a successful Anglo-Dutch consumer products behemoth admired for its dedication to long-term sustainability, it used every available strategy and tactic to fend off the proposal offer.

After 3-day battles, Kraft-Heinz declared that the company did not intend a hostile takeover and voluntarily withdrew its offer (Boland, 2017). Despite officially opposing the acquisition, the UK government had little influence over how it would turn out. These recent events of not only Kraft-Heinz's attempt to takeover Unilever PLC but other recent takeovers that will be reviewed in this chapter, made the government revisit anti-takeover legislation and mandate the government's approval on many of the inbound M&A activities.

The first part of this chapter describes the recent events in the form of Brexit in the UK and a literature review of the potential effects of Brexit on UK M&A deals. Afterwards, recent inbound acquisitions in the UK in the eyes of the public, media and politicians will be introduced, alongside the adoption of recent anti-takeover legislation by the UK as protection policies intensify. Lastly, the literature research on the relevant topic that is in the question of this research paper, will be introduced and analyzed.

3.2 Brexit in the UK

3.2.1 Brexit Uncertainty

The referendum held in the UK, in 2016, branded as a “simple choice” was all about Brexit or Britain exiting the European single market and taking its path. The results of the Brexit vote were entirely surprising and unforeseen, as it caused an increase of uncertainty in the UK economy, commercial and financial activities and all business entities. However, in the Brexit case, the uncertainty lasted a lot longer as the government struggled to agree and led to the resignation of two PMs (prime minister), by the time Brexit was delivered. It took Boris Johnson, a call for an early election in 2019, to gain a majority in the parliament and eventually ratify the divorce deal with the EU to leave Europe on January 31, 2020.

According to a handful of research papers in the past, numerous macroeconomic factors like Brexit were found to have an impact on cross-border M&A activities in the country (Di Giovanni, 2003; Uddin & Boateng, 2011). Uncertainty, according to Leahy and Whited (1996), hurts foreign investment opportunities in the country. According to another research paper by Bloom et al. (2007), uncertainty causes "cautionary consequences" that lower foreign investment. Clougherty and Zhang, (2021) have recently demonstrated that policy uncertainty significantly affects mergers and acquisitions (M&As) since M&A activities are important foreign investments.

3.2.2 Brexit effects on numerous economic factors that directly and indirectly affect M&A activities

GDP

There is a favourable correlation between cross-border M&A activity and GDP per capita. A country that has a high GDP is prosperous and growing, and the population has a strong purchasing power that is appealing to foreign investors. Wealthy nations invest more abroad, but they are also more appealing to foreign investments. Even though the GDP of the UK was positive since 2016 (except for 2020), the growth of the GDP year by year was in a slight decline (The World Bank, 2022). That might mean, the effect of Brexit on GDP (eventually cross-border M&As) is negative, as the growth rate of GDP in the UK right after the Brexit announcement started declining.

Free trade

Bloom et al. (2016), have proven that free trade can increase productivity, produce higher-quality inputs, improve reallocation, and boost innovation. At that time, it was believed that the UK is set to leave the free trade agreement with the EU, hence the lengthy negotiations with the EU. Studies around it suggested Brexit represents a "reverse" trade reform that undermines free trade and raises uncertainty which leads to the conclusion that Brexit has a greater negative impact on cross-border M&A deals. The example Tesla, chose Germany over the UK to bring the first electric car production into the EU, due to Brexit (Reuters, 2019).

Stock Market

Since the referendum result was announced, studies examined the unusual stock market outcome, and the stock market was in decline after the Brexit vote was announced. Even though the stock markets rebounded eventually, Brexit didn't have a positive effect on British and European financial markets. After the news, there was a lot of uncertainty, and political unpredictability can increase stock market volatility (Bittlingmayer, 1998). Brexit also created uncertainty and shook the confidence of UK business foreigners. The size of the financial markets directly affects the cross-border M&As, as investors seek the intrinsic value of the companies in the pursuit of undervalued instances. A positive increase in the stock market would increase cross-border M&As (Di Giovanni, 2005), as the positive cross-border M&A would determine if investors have optimistic expectations for the future of the economy. Overall, the uncertainty and volatility in the stock market caused by Brexit have a negative effect on inbound cross-border M&As.

Exchange Rate

The studies show that Brexit had a detrimental impact on the pound sterling in comparison to the US dollar and the EURO, and also the devaluation of the Euro compared to the USD. The further devaluation of the pound sterling caused by the Brexit announcement continued and it hit rock bottom in 2022 (DW, 2022). Historically the UK was one of the few EU nations with its currency, which continuously used exchange rates to trade with their even EU partners causing some sort of trade barriers, currency risk and uncertainties (Georgiadis & Gräb 2016).

The differences in valuation may be a factor in why businesses engage in cross-border M&A. Because the exchange rate affects the cost of the transaction, the cost of management, the cost of financing, and the profits (Weston & Jawien, 1999), the appreciation or depreciation of the currency would have an impact on foreign investors (Wilson & Desire, 2013). Foreign investors will find the UK more appealing if the value of the pound sterling drops and inbound cross-border M&A will start to flood in (Erel et al., 2012). Foreign nations with stronger currencies invest in nations with depreciating currencies (Froot & Stein, 1991). This can conclude that Brexit increases inbound M&As in the UK.

In conclusion, Brexit has a greater negative impact on cross-border M&As in the UK. Theories based on past research dictate that 3 out of 4 economical factors, as shown above, have a high negative impact on foreign investment confidence hence Brexit has a negative impact on the inbound cross-border M&As. The only economical factor that has been affected by Brexit positively for inbound cross-border M&As is the devaluation of the currency in which foreign investors find it appealing to invest and make M&A deals. However, the exchange rate dropping also means that foreign investors might find it not so appealing in the end, as when they exchange the GBP from the profits of their British business into their local currencies, it has been already devalued. Overall, the majority of the researchers' theory shows that macroeconomic factors like Brexit hinders and decreases the value and volume of inbound cross-border M&As.

3.3 The British brands on foreign hands and anti-takeover regulations

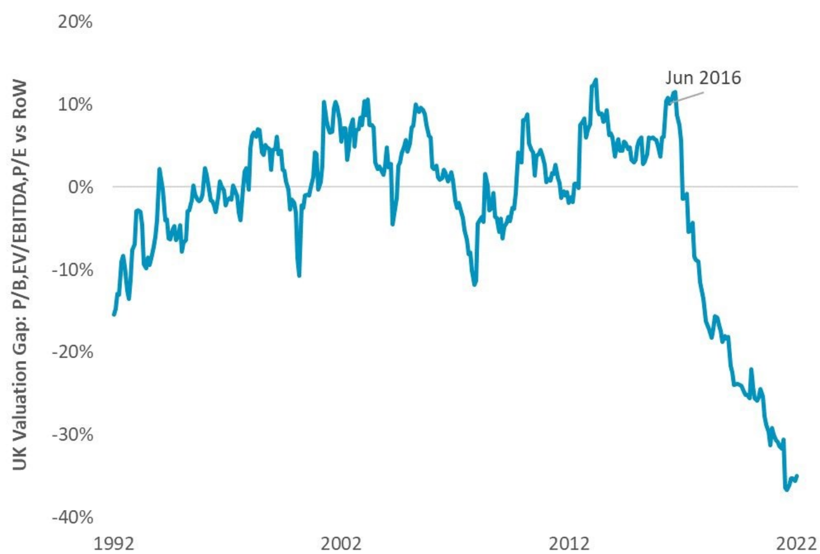
The role of foreign investment in the form of FDI, M&As, greenfield or brownfield investment, or just simple acquisition of assets in the world by economical and financial factors is indisputable. The examples can account for the smallest businesses, local or family-owned businesses, MNEs big multinational corporations and conglomerates. Some tangible examples can be small firms can have access to foreign markets by just being acquired by foreign companies, as well as the foreign company can have access to the market that smaller businesses is successfully operating for years, and have an access to the assets that small business hold. Another example can be, it can avoid job losses, and economic downturns that might be caused by the business going out of business because of bad management, which is an attractive opportunity for foreign companies to turn around things with expertise and past experiences. Moreover, when cross-border M&As occur, national economies become more unified, and this growing unification of nations raises multiple issues. Governments may respond unfavourably to takeover offers that are driven by issues other than anti-competitive concerns, such as national security concerns or when nationalist acts appear to be driven. For example, in recent years the UK government tried to withhold several big inbound cross-border M&As on the ground of national security (The Telegraph, 2022).

3.3.1 The surge of foreign takeovers of British brands

2021 saw the highest number of M&A deals by volume and value, not only globally but also in the UK market as well. While inbound M&As have a lot of economic advantages, public and media opinion is on whether UK firms are being sold at a bargain (Jolly, 2021), and if these recent acquisitions are in the national interest. Results of the Brexit vote announcement came in 2016, and Figure 9 from the previous chapter shows that there is a huge difference in Cross-border M&As in the UK. While the number and the value of the deals were in some sense stable and under a certain threshold preceding Brexit (2010-2015), after the announcement the results have changed dramatically. The average number of inbound cross-border M&As in the UK was around 159 per year between 2010 and 2015, while the average number for the 2016-2021 period is higher than 500, almost 4 times of previous 6-year period. The value of the deals has a similar trend as volume, on average 26 billion GBP per year against the second half average of 76 billion GBP, a staggering 3x increase.

The interesting fact about the data provided above is, in global inbound M&A trends, while in other countries at the top list the volume and the value of the inbound M&A deals were declining the UK saw an increase in foreign M&A’s after 2016.

Figure 21. UK companies' valuation gap between 1992 and 2022



Source: The Tony Blair Institute for Global Change: https://institute.global/policy/

The rise in takeovers of UK-based businesses is credited mostly to the fact that the UK business market is viewed at discounted prices, as discussed in the previous chapters the devaluation of currency attracted a lot of foreign investments. Figure 21 illustrates the UK valuation gap from 1992 until the second part of 2022, as it is clear from Figure 21 the UK stock returns have hugely underperformed compared to other developed nations since Brexit. The FTSE-100 was priced similarly to other developed international markets in May 2016. A 14% disparity started to appear after a year, and by the end of 2019, it had grown to 25% (The Tony Blair Institute for Global Change, 2022).

The institute of global policy comments on this phenomenon by stating this shows that financial markets give UK businesses a "Brexit Discount" in recognition of the underlying economic harm caused by leaving the EU (The Tony Blair Institute for Global Change, 2022). UK enterprises have become an attractive market for foreign investors, and inbound M&A deals given their valuation gap and high-quality production.

The ever-changing UK government encouraged in the past the foreign ownership of local businesses. The UK economy gains greatly from foreign investment, including fresh managerial and technical know-how, more competitive pressure, and maybe improved pay and productivity (The Tony Blair Institute for Global Change, 2022).

Some of the recent inbound M&A deals that got public attention are:

- US cable company Comcast's £30 billion acquisition of Sky (Waterson, 2018)
- The £7.2 billion acquisition of the 300-year-old UK insurance company RSA by Canadian competitor Intact Financial Corporation and the Scandinavian insurance company Tryg. The arrangement leads to the dissolution of RSA, which is the brand owner of More Than (Sweney, 2020)
- In a £3.8 billion agreement, US company Allied Universal Security Services acquired security outsourcing company G4S, beating off a competing bid from Canadian competitor GardaWorld (Sweney, 2021)
- American private equity company Clayton, Dubilier & Rice made a £2.6 billion buyout bid to the FTSE 250 pharma and biotechnology services firm (Ralph, 2021)
- John Laing, a UK infrastructure company, has accepted a $2 billion offer from KKR, a US company (Partridge, 2021)
- The £767 million acquisition of the British vodka producer Stock Spirits has been finalized by Luxembourg-based CVC (Wearden, 2021)
- In a £530 million transaction, Bain Capital agreed to acquire the life insurer formerly known as Liverpool Victoria (Makortoff, 2021)

The former trade minister of the UK, Gerald Grimstone, in his recent interview with the BBC (2021) stated that the compounding evidence demonstrates that foreign-invested businesses in the UK are more successful. Compared to UK businesses, they create more employment, more intellectual property, and more exports (BBC, 2021).

As the previous data shows that UK companies started attracting foreign investors more often since the referendum in 2016, and it has tripled over time. Even the trade minister pointed out the need for foreign companies in the UK, claiming those companies perform better compared to the local companies. On the other hand, after the surge of recent foreign takeovers, the UK government adopted new regulations, to block and try to intervene in foreign takeovers (Davies, 2022).

3.3.2 Recent UK regulations

From January 4, 2022, the new, substantially more comprehensive national security system aiming and targeting foreign acquisitions in the UK came into effect (Norton Rose Fulbright, 2022). Government officials and the cabinet of ministers now have more authority to prevent and block any foreign acquisitions of British companies after the Bill came into effect, which gives them the right to intervene in the inbound M&A deals that might fall under national security concerns. Government officials commented on the Act by stating it as the "largest shake-up of the UK's national security framework in 2 decades" (Davies, 2022). In the past, the cabinet of ministers could block M&A deals when a foreign acquisition would have an impact on national security, media pluralism, economic stability, or the UK's ability to respond to pandemics (Davies, 2022). However, the new Act gives more power to the government's officials to further intervene, and block any deals that might fall certain economic sectors or certain thresholds. There are 17 economic sectors (Table 10) that fall under a list of industries if a foreign acquisition occurs, the UK government officials get a notification and have a right to decide to intervene and open an investigation if considered necessary.

The Act's lowest barrier for triggering a mandatory notice is the purchase of more than 25% of the voting rights or stocks in a qualifying organization, although the Act had recommended a lower threshold of 15%. As a result, the final required regime is smaller than it may otherwise have been. When a bidder increases its interest above the three trigger points of 25%, 50%, and 75%, officials will be alerted that the sale is worthy of review.

Table 10. 17 economic industries

Advanced Materials
Advanced Robotics
Artificial Intelligence
Civil Nuclear
Communications
Computing Hardware
Critical Suppliers to Government
Cryptographic Authentication
Data Infrastructure
Defence
Energy
Military and Dual-Use
Quantum Technologies
Satellite and Space Technologies
Suppliers to the Emergency Services
Synthetic Biology
Transport

Source: Sullivan & Cromwell: https://www.sullcrom.com/sc-publication-uk-merger-control-and-fdi-update

Some see the law as a reaction to worries over Chinese acquisitions of strategically significant technological companies; some of the purchases are already being scrutinized by officials following current regulations. In 2021, a sizable portion of larger international acquisitions by US corporations also came under scrutiny because of worries about intellectual property or national security, as did the $75 billion (£56 billion) buyout of the top semiconductor company Arm by its rival Nvidia, a deal which is the target of competition probes in the UK, US, and Europe. Other examples include acquisitions of the defence contractors Ultra Electronics and Meggitt (Sweney, 2021).

An obligatory regime and a voluntary regime are the two components of the new scheme. Under the obligatory regime, qualified transactions must be submitted for approval before being executed. Parties may submit deals for clearance under the voluntary system, and deals may be called in retroactively even if they were not voluntarily disclosed. Notifications are made to the new Investment Security Unit (ISU), which operates the regime on a day-to-day basis. The ISU is part of the Department for Business, Energy and Industrial Strategy (Norton Rose Fulbright, 2022).

A deal is not unlikely to be called in except if the target firm is in one of the 17 target sectors or a sector closely related to one of those sectors. However, qualifying purchases in any part of the economy might be considered. A transaction's likelihood of being called in can also be determined by three risk variables in particular:

- Target risk - If a target organization is being utilized, in a form that compromises national security
- Acquirer risk - if the acquirer possesses traits that indicate there is a danger to national security as a result of the acquirer's influence over the target
- Control risk: the possibility that the level of control currently held or to be obtained might endanger national security

To conclude, this new Act is broader scope than typical M&A agreements is a crucial takeaway from this new legislation. Minority investments, intra-group transactions, mergers and acquisitions or transactions transferring ownership over assets like land or intellectual property are all examples of the trigger events mentioned above.

3.4 Literature review on relevant topic

In the previous chapters, the motives behind M&A deals, the role of the national culture plays after the cross-border M&A deals, recent trends regarding M&A activities in the global stages and the UK, the shaping up of the UK M&A market and recent legislations were discussed. In this part of the chapter, the topic of this research paper will be the main discussing point, where a literature review on similar research papers done in the past and different markets will be presented, as well as the introduction of a methodology for this research paper.

The post-merger performance of the firms both acquiring and targeted which were involved in the cross-border deals have been analyzed before by several researchers. The research has taken into account the different factors, host country market situation, cultural differences, the change of the management, differences in the pre-post acquisitions and different other economical factors. However, the summary of those research papers indicates there is not an overwhelming result that most of the researchers can agree on. The voice of the researchers being not unanimous, makes this topic very attractive for the researchers, as M&A deals grow so does the research around this topic as well.

In this chapter, 25 research papers are shown and analysed briefly to show the common trend. Most of the research papers that are shown, focused on the performance of the locally owned firms which were acquired by foreign companies, in M&A deals. The research in this literature review has researched target companies between 1980 and 2014. At the same time, they have covered North

American, European, African and some Asian countries as target nations in their research. The outcome of every research is different from the other, therefore there is no consensus on this topic. The target country companies are the UK (Danbolt, 2000; Conyon, et.al., 2002; Danbolt, et.al., 2002; Schifbauer, et.al., 2017), Japan (Fukao, et.al., 2002; Buckley, et.al., 2014), Turkey (Akben-Selcuk, 2008), France (Bertrand, et.al., 2008), Belgium (Feys, et.al., 2010), China (Chang, et.al., 2013; Chen, et.al., 2017; Liu, et.al., 2017), Canada (Dutta, et al., 2017, Buckley, et.al., 2014), Italy (Bentivogli, et.al., 2017; Barbaresco, et.al., 2018), US (Buckley, et.al., 2014), other EU countries (Feito-Ruiz, et.al., 2011; Martynova, et.al., 2011; Buckley, et.al., 2014; Siedschlag, et.al., 2014; Damijan, et.al., 2015; Stiebale, 2015) and African countries (Nkiwane, et.al., 2019).

Table 11 illustrates the list of literature research, which studied target company performance compared to non-targets during cross-border M&As. It also provides author names, the year it was published, the title of the research, target nations, the period covered in the research and results.

Table 11. List of past research papers on the subject

Authors	Year	Title of the research	Target nation	Period researched	Performance indicator	Result
Danbolt, J.	2000	Target Company Cross-border Effects in Acquisitions into the UK	UK	1986-1991	Abnormal returns	Positive
Conyon, M., Girma, S., Thompson, S., & Wright, P.	2002	The productivity and wage effects of foreign acquisition in the United Kingdom	UK	1988-1996	Employment, wages and labour productivity	Positive labour productivity
Kyoji Fukao, Keiko Ito, Hyeog Ug Kwon, and Miho Takizawa	2006	Cross-Border Acquisitions and Target Firms' Performance Evidence from Japanese Firm-Level Data	Japan	1994-2002	TFP, ROA	Positive on TFP

Elif Akben-Selçuk	2008	Do Mergers and Acquisitions Create Value for Turkish Target Firms? An Event Study Analysis	Turkey	2000-2014	ROE, ROA, ROS	Positive in profitability
Bertrand & Zitouna	2008	Domestic versus cross-border acquisitions: Which impact on the target firms' performance?	France	1991-1998	EBITDA, TFP	No or minor improvement in profitability
Feys, C. & Manigart, S.	2010	The post-acquisition performance of acquired owner-managed firms	Belgium	2000-2014	ROA and growth in sales	Positive on profitability
Feito-Ruiz and Menendex-Requejo	2011	Adding Value Through Cross-Border M&A: Evidence from the Netherlands	EU	2002-2006	Legal and Institutional Environment and Size of companies	No or minor improvement
Martynova and Renneboog	2011	The Performance of the European Market for Corporate Control: Evidence from the Fifth Takeover Wave	EU	1993-2001	Company status and form of deal	Negative

Danbolt and Maciver	2012	Cross-Border versus Domestic Acquisitions and the Impact on Shareholder Wealth	UK	1980-2008	Previous Takeover Activity in Target Country	Positive
Chang, S., Chung, J. & Moon, J.J.	2013	When do foreign subsidiaries outperform local firms?	China	1998-2006	ROA	Positive on profitability
Dutta, Saadi, PenCheng	2013	Does payment method matter in cross-border acquisitions?	Canada	1993-2002	Form of deal	Positive
Buckley, P., Elia, S. & Kafouros, M.	2014	FDI from emerging to advanced Countries: some insights on the acquisition strategies and on the performance of target firms	27 EU countries, the USA, Canada and Japan	2000-2007	EBITDA and Revenues	No or minor improvement in profitability
Siedschlag, I., Kaitila, V., Mcquinn, J. & Zhang, X.	2014	International investment and firm performance: empirical evidence from small open economies	Austria, Belgium, Denmark, Finland, The Netherlands & Sweden	2001-2009	Employment growth	Positive in the service sector

Damijan, J., Kostevc, C. & Rojec, M.	2015	Growing lemons or cherries? Pre and post-acquisition performance of foreign-acquired firms in new EU Member States	Bulgaria, Estonia, Czech Republic, Poland, Romania, Slovenia & Slovakia	2000-2012	Employment	No or minor improvement in employment
Joel Stiebale	2015	Cross-border M&As and innovative activity of acquiring and target firms	EU	1997-2008	Innovation	Positive
Bentivogli, C. & Mirenda, L.	2017	Foreign ownership and performance: Evidence from Italian firms	Italy	2007-2013	Sales and ROE	Positive on profitability
Chen, Y., Hua, X. & Boateng, A:	2017	Effects of foreign acquisitions on financial constraints, productivity and investment in the R&D of the target firms in China	China	1994-2011	R&D, investment-cash flow sensitivity	Positive on investment
Liu, Q., Lu, R. & Qiu, L.D.	2017	Foreign acquisitions and target	China	1998-2007	Sales and TFP	Positive on profitability

		firms' performance in China				
Schiffbauer, M., Siedsclagb, I. & Ruane, F.	2017	Do foreign mergers and acquisitions boost firm productivity?	UK	1999-2007	TFP	Positive on labour productivity
Barbaresco, G., Matarazzo, M. & Resciniti, R.	2018	Le medie imprese acquisite dall'estero. Nuova linfa al Made in Italy o perdita delle radici?	Italy	1999-2009	ROI, employment	Positive on profitability
Prince Nkiwane, Chimwemwe Chipeta	2019	The performance of cross-border acquisitions targeting African firms	33 African countries	1994-2014	ROE and ROA	Negative on profitability

Source: Elaborations of author

Most of the researchers have focused on finding out the performance of target companies on profitability, labour productivity, investment and total factor of productivity. The majority of findings are shown a positive effect on local companies, with some minor or no improvement and there are some cases where researchers have found there is a negative effect on local companies. All of the researchers have used more statistical approaches using quantitative methods like difference in difference approach (DID), Propensity matching score (PMS), exact matching and others. Their research follows a similar approach, by taking locally acquired companies and comparing them to locally not acquired but similar companies and running statistical regressions on them to test the hypothesis. However, in this research paper, we will not be using a similar approach as the goal of this paper is not to compare acquired companies with not acquired ones, but compare pre and after-Brexit purchases with each other. Therefore, not similar to the past research papers, but some new approach will be applied for this research paper to conduct, as per our knowledge there hasn't been any research in the past where 2 separate year purchases have been compared to each other.

3.5 Conclusion

In conclusion, this chapter has introduced a political event clouded the British skies for 6 years now, in the form of Brexit. There were numerous research papers presented in the past connecting to the Brexit result and what could be expected from its outcome. In the later part of the paper, it was shown what trend has been following the British M&A market since the referendum and what recent M&A deals got the attention of the media and the public. Afterwards, the recent legislation adopted by the UK government to intervene inbound M&A deals were introduced. In simple terms, it might seem like the growing "economic nationalism" in the UK, as the government applying tactics to fend off foreign investment and control it as much as they can. At the end of the paper, past literature research on target company performance was studied briefly.

Past research papers consider uncertainty caused by Brexit hurts foreign investment opportunities in the country. According to another research paper, uncertainty causes "cautionary consequences" that lower foreign investment and policy uncertainty significantly affects mergers and acquisitions (M&As) since M&A activities are important foreign investments. However, the data provided in this and previous chapters, prove otherwise as there is a clear trend of a growing number of foreign investments in the UK. On average the volume and value of the M&A deal topped the year's results before the referendum by 3-4 times. Overall, the evidence from past studies on variable macroeconomic effects on M&As was inconclusive, as Brexit has multilayer and various effects on the economy. However, the data so far illustrated the effects of Brexit on inbound M&As were positive.

It begs the question, how much of the positive inbound M&As is credited to Brexit? Why has Brexit made UK companies so attractive, other than the stated factors in this chapter? As the government pays closer attention to the inbound M&A, is economic nationalism on the rise in the UK?

But the most important question is, is the surge of foreign investment in UK companies, in the best interest of the nation? Is the increase of inbound cross-border M&As in the UK, because of the genuine interest of foreign investors in the UK business or is it an opportunity for them to purchase a local company at discount and utilize their assets for their interest?

Chapter 4

Measuring Brexit effect on the UK M&A market, and post-acquisition company performance

4.1 Introduction

In this chapter, the research paper will analyse the UK inbound M&A market on numerous factors. It's been introduced in the previous chapters that there are different motives behind the M&A deals and cross-border M&A deals, also recent trends show that the UK has seen a surge in inbound M&A deals since Brexit was announced. Therefore, this research paper has focused on answering two critical questions:

1. Did the announcement of Brexit affect the inbound M&A deals in the UK?
2. Did the performance of the companies get better after the purchase compared to pre-acquisition?

In the previous chapters, it was introduced that the trade minister of the UK claimed that foreign owners of the UK local companies are better performing compared to the local owners, hence it's better for the economy. There is no doubt the trade ministry of the UK has better resources to analyze and come to that conclusion. However, he has not provided the research the trade ministry has done, nor the factors they have included in their research. Therefore, it will be wise to include the analysis of the UK firms' pre and post-M&A deals to see if foreign owners can influence positively the local companies.

This chapter will start with an introduction to the methodology and database that was used in this chapter. Then descriptive statistics will be shown to illustrate the difference between the pre and post-Brexit M&A market. In this subchapter, the question of how Brexit has affected the M&A deals will be answered by producing an in-depth analysis, including the shift of target industries, comparing the results to similar countries and case studies. Afterwards, the next subchapter will try to answer the question of whether foreign owners are a better fit for UK companies compared to local owners. In this subchapter, a more in-depth analysis will be conducted including UK companies, foreign owners, their origin, national cultural role, management change, and other factors.

As concluded in the previous chapter, most of the research papers introduced in Chapter 3 found different results when they researched the effect of foreign owners on local companies hence there is no unanimous agreement on this topic. As seen in the previous chapter most of the research has been conducted their research by using methods heavily based on statistical analysis. This type of research can be very effective if the acquired company hasn't changed much and let it operate without complete transformation. However, the flaws of this kind of research bring is, if the acquired company has transformed to some extent, and the financial reporting is affected by that (f.e: abnormal cash flow or assets change due to restructuring from the new owners), the statistical analysis will not show the best results as those type of companies needs to be treated as an outlier and taken off as those changes are not due to the performance of the company in the market. Therefore, to give a different perspective on this topic, in this research paper the statistical analysis will not be dominated, on the contrary real case studies and aggregate analysis of the most discussed factors will be shown. The positive effect of the M&A deal on the nation needs to be measured with not only financial results but also wider topics like the increase of job creation in the company, technological advancement and creating value for local people.

4.1.1 Data description

Finding and collecting the data to analyze this research paper was somehow hard. There is not one accessible database that combines all data on the UK inbound M&A deals, and the information like financial data of those companies. However, there are financial tools where one can obtain certain information like financial data of companies in the last 10 or so years. Thomson Reuters Eikon is the most available software out there for researchers, to get data on all M&A deals in certain countries. However, it lacks the data of those companies like financial, operations, and management. For that reason, in this research paper, three financial software has been used together to find the all necessary information. Thomson Reuters Eikon was primarily used to find the all M&A deals in certain years, FAME (Financial Analysis Made Easy) and Amadeus from Bureau van Dick, for getting the financial data and management history of the private and public companies.

This research paper has two goals, as set out in the introduction for this chapter, which will cover the M&A deals before and after Brexit. Considering this research paper has been written in 2022, the most recent financial data that can be obtained is from 2021. The Brexit result has been announced in the summer of 2016, hence this year will be the middle point for pre and post-Brexit analysis. There is one critical aspect of this analysis, which is the financial result overlap with the Brexit announcement. Therefore, the year 2019 has taken to analyze post-Brexit M&A deals as it would allow this research paper to consider 2 years before and after the M&A deal, all data being completely after the Brexit election results came in. So that would mean the inbound M&A deals conducted in 2019 will be analyzed in depth, and the years for the financial and other performance data of the target companies will be 2017, 2018 (pre-M&A deal), and 2020 and 2021 (post-M&A deal). To keep the consistency, the pre-Brexit M&A analysis will take the same approach, considering 2013 as the M&A deal analysis year, and taking two years before it (2011, 2012) and after it (2014, 2015) as the performance analysis years. This way the effect of Brexit on the companies and M&A deals would be visible, and the potential overlap of performance measurement due to Brexit would be eliminated.

In the previous studies, shown in chapter 3, most of the researchers used 3 or 4 years before and after the acquisition. However in this research paper, as stated earlier, the performance measurement will be focused on only for 2 years. The main reason to consider only 2 years pre and after-M&A deals are the availability of data and the Brexit line in 2016. By only taking 2 years, this research paper can limit itself, however, it would provide an unbiased result, and eliminate the risk of Brexit's effect on company performance. As the researcher was unable to find any similar research papers to this one, it can be claimed this is a unique research paper that has taken Brexit as the middle point and divided the M&A deal analysis into both sides of it. The year of the completion of the M&A deals was included neither in the pre nor in the post-year.

4.1.2 The data used for pre Brexit analysis

As the pre-Brexit data will be based on 2013, Thomas Reuters Eikon M&A screener provided the available total M&A deals and all necessary information regarding them, such as the target company name, its industry, its acquirer company, its industry, its nation and the value. In the data provided by Eikon, the value of some M&A deals was undisclosed, meaning the true deal value can’t be obtained hence creating some unclarity of them. However, for the purpose of the analysis of the industries and to see the trends all deals provided by Eikon will be kept.

To build the 2013 inbound M&A deals into the UK data, the following criteria were inserted into the Thomas Reuters database:

- Date: 01.01.2013 – 31.12.2013

- Acquiror nation: Foreigner, the immediate and ultimate parent company is also a foreigner
- Target Nation: UK, the ultimate parent company is also the UK
- Deal status: Completed
- Deal type: Acquisition, acquisition of assets, acquisition of majority interest and mergers
- Controlling interest: The foreigner owns more than 50% of the stake in the company (to be sure the foreign company can influence the strategic decisions)

Above mentioned criteria were applied with the objective to include only companies that were acquired by foreign nationals, and they had the power to make changes in the directly owned UK companies. After filtering out applying above mentioned criteria, a number of other criteria were applied to get exclude some industries from the list. As an acquirer industry, "real estate", government and agencies" and "financials" were excluded. The reason behind it was to derive the companies that represent the industry where it is easily visible the change of the management and other factors. On the other hand, the financials sector would propose another challenge as most of the time they might be trading or holding a stock of publicly traded companies, which wouldn't serve our purpose. Therefore, these criteria were applied for the acquirer nation as well as for the target nation to exclude some companies that could provide not-so-useful data for this research paper.

Furthermore, the database produced some duplicate values in the report, or the target company was sold twice within a year. The research paper's goal is to consider only companies whose ownership is kept for the next 2 years after the purchase. After applying these criteria and eliminating the duplicate values from the list, the database produced 357 deals including undisclosed dollar values for the 2013 year, which is a much higher number than what was officially provided by the National Statistics of the UK. There were 255 undisclosed deals out of 357 total deals. If undisclosed deals were eliminated and kept all the industries in the list total number of cross-border M&A deals in the UK which was provided by Eikon, would have a similar number as the National Statistics of the UK.

Considering the high number of deals in the given year, and the availability of the detailed data of the companies, their financial data, and information of the management, 100 companies were taken as a sample for the studies. This sample size was derived mainly because of the availability of the local company data, and foreign ownership keeping their control interest in the company within 2 years (as in case some companies sold out within the 2 years after the acquisition). The criteria for the picking sample companies were mainly to follow the general trend that was visible from the analysis of the year. The representation of each industry, size and nationality is kept more or less similar to derive the best result out of research and keep the accuracy of it at the highest point. More in detail data can be observed in the next chapters.

4.1.3 The data used for post-Brexit analysis

On this dataset 2019 would be the major year to analyse the cross-border M&A deals. As Brexit results were announced in the summer of 2016, the year wasn't supposed to interfere with the financial data of the companies. In case 2016 was considered, then the target companies would have a risk to produce different performance and financial results in 2016, as before and after the election would affect a lot of variables. M&A deals that occurred in 2019, would give ideal timing for the companies as their financial data in 2017 would be fully after Brexit was announced and it would cover all years of total uncertainty. On the other hand, the year 2019 is the ideal year to consider, as at that year still, negotiations were going on between the UK and the EU about the divorce deal, and the UK ended up asking for a delay in their exit for a year. At that time, uncertainty was at its highest point, and it would make sense to see what kind of M&A deals occurred that year and how much of it is due to macroeconomic factors like Brexit.

To collect the data for that particular year, the same methodology and software tools were used as in the case of the Pre Brexit database. Eikon database provided all the inbound deals that occurred in 2019, using similar criteria:

- Date: 01.01.2019 – 31.12.2019
- Acquiror nation: Foreigner, the immediate and ultimate parent company is also a foreigner
- Target Nation: the UK, the ultimate parent company is also the UK
- Deal status: Completed
- Deal type: Acquisition, acquisition of assets, acquisition of majority interest and mergers
- Controlling interest: The foreigner owns more than 50% of the stake in the company (to be sure the foreign company can influence the strategic decisions)

Afterwards again the same exclusion method and further filtering were applied to get the best number representation possible. As in the Pre Brexit database filtering process, some companies from the acquirer industry were eliminated: "real estate", government and agencies" and "financials". These criteria were also applied to the target nation as well as to the acquirer nation. Moreover this list for the inbound M&A deals in 2019, also provided duplicate values or double acquisitions in the same year, which subsequently were eliminated to produce more representative data.

After applying the filtering and elimination methods, that were mentioned above, the final list of deals showed number 419 deals (including all industries which were 636). Which was more or less similar to the numbers provided by the National Statistics of the UK. Of the total number of M&A deals, only 69 of them were disclosed and the rest was undisclosed, which meant the Eikon database had access to the values of the deals only on 69 occasions out of 419 deals.

Further, to continue the research, again 100 sample companies were picked up in order to keep the consistency with previous data collection and achieve the most accurate result out of the similar size of the data. Furthermore, the availability of the company data in the different sources was the main consideration in choosing 100 sample data. After collecting the sample companies for both 2013 and 2019 year data analysis purposes, they were matched with the database of Amadeus and FAME from Bureau van Dick. Sample size had different numbers when different factors and causes were analyzed, but the information on the data size and clarity on them will be given in each subchapter where the results were shown.

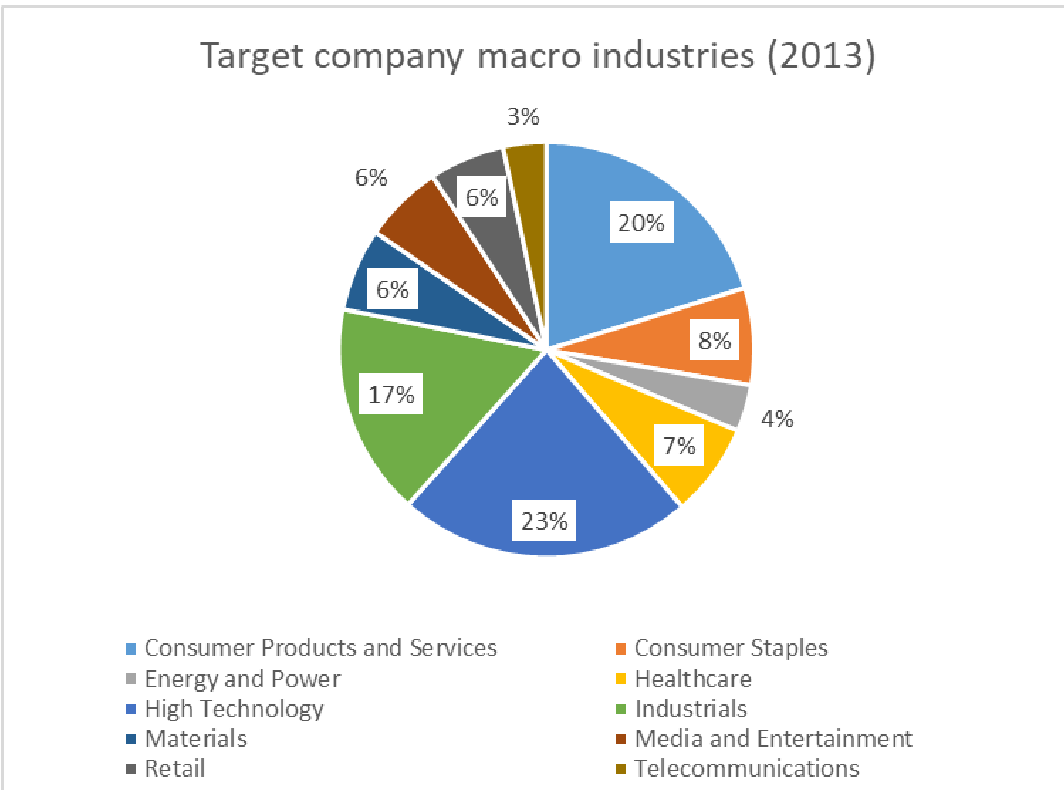
4.2 The factors affected the increase of M&A deals in the UK

4.2.1 The illustration of data on hand

In this part of the research paper, descriptive statistics will be introduced, and it will cover various statistics comparing between 2013 and 2019 years to make sense of them. First of all macro industries that were targeted by foreign companies to acquire and merge will be presented and analysed in depth what similar behaviours and differences can be observed. It needs to be noted to build these statistical data, all available data has been used. The representation of the 2013 year was based on all available 357 deals and similarly, the 2019 year was based on 419 deals.

Figure 22 shows the volume of inbound M&A deals to the target company macro industries for 2013. From the figure, it can be seen that the 3 main industries were targeted heavily compared to other industries. “Consumer Products and Services”, “High technology” and “Industrials” (20%, 23% and 17% respectively) combined accounted for 60% of total targeted macro industries in 2013. On the other end “Telecommunication” and “Energy and Power” accounted for combined only 7% of total industries. Other sectors in the list were more or less similar to each other at 6-8%. Looking at the chart at a high level, it makes sense that “Energy and Power” only accounted for 4% of the total number of inbound deals, as they are huge industries with high asset value. While “High Technology” and “consumer Products and Services” accounted for an enormous proportion of total deal numbers, sets the environment around inbound M&A deals during 2013.

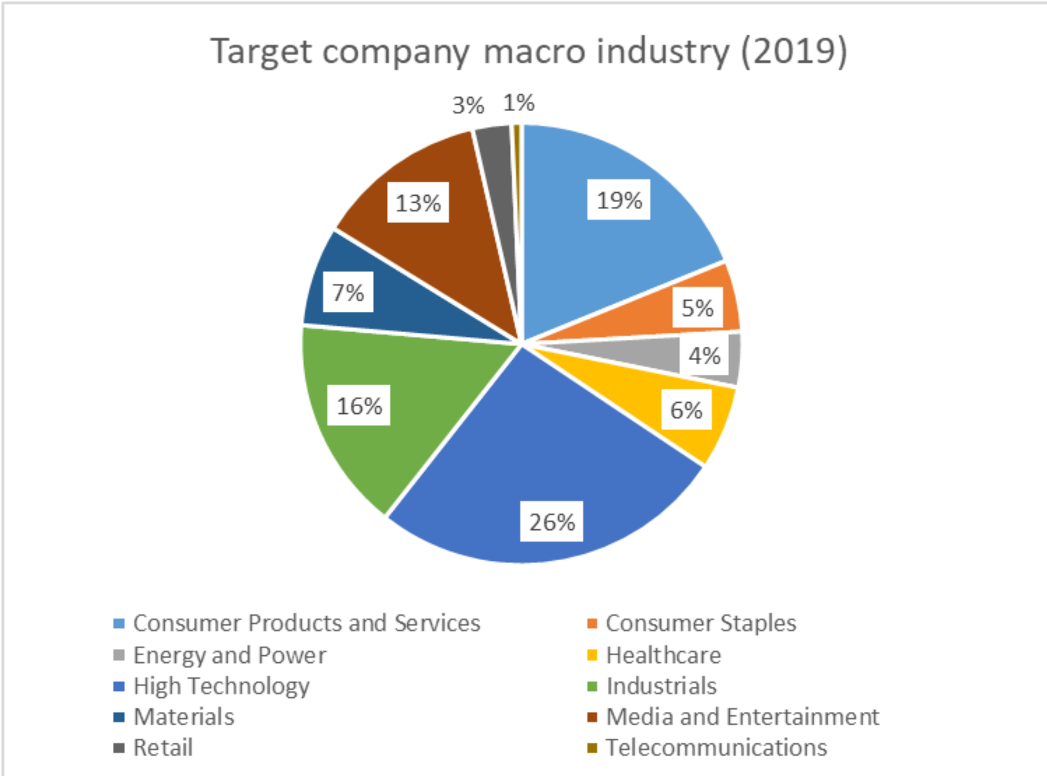
Figure 22. The target company macro industries in 2013



Source: Elaborations on data from Refinitiv Eikon

Figure 2 shows the volume of inbound M&A deals in 2019 by the target company macro industry. 419 deals were counted for this study, and 19% of them accounted for “Consumer Products and Services”, 26% for “High Technology” and 16% for “Industrials”. Together combined these 3 sectors made up 61% of the total number of deals. On the other end, “Telecommunication” and “Retail” only made 4% together, while “Energy and Power” remained the same as in 2013 with 4%. “Media and Entertainment” got 13% of the total number of deals which is a 7% increase compared to 2013. Other sectors in 2019, were more or less similar shares ranging from 5-7%, showing a similar trend as in 2013.

Figure 23. The target company macro industry in 2019



Source: Elaborations on data from Refinitiv Eikon

Table 12 illustrates the target industry for the volume of inbound M&A deals between 2019 – 2017 and between 2015 – 2013, not including 2016. Table 13 shows the comparison of the target industry before and the after Brexit, which is the aggregation of Table 1. According to Tables 12 and Table 13, most of the industries differed between them when compared before and after Brexit. The biggest change can be observed in the "Media and Entertainment" sector, where it increased by 6% in 2019 compared to 2013.

Table 12. Target industry share from 2013 to 2019, not including 2016

Macro industry	2019	2018	2017	2015	2014	2013
Consumer Products and Services	19%	23%	21%	18%	19%	20%
Consumer Staples	5%	5%	6%	6%	4%	8%
Energy and Power	4%	3%	4%	4%	3%	4%
Healthcare	6%	6%	6%	11%	10%	7%

High Technology	26%	28%	26%	23%	25%	23%
Industrials	16%	15%	16%	19%	12%	17%
Materials	7%	6%	7%	3%	6%	6%
Media and Entertainment	13%	9%	9%	9%	12%	6%
Retail	3%	3%	4%	6%	5%	6%
Telecommunications	1%	1%	2%	2%	2%	3%

Source: Elaborations on data from Refinitiv Eikon

According to Table 13, the biggest changes can be observed in 2 sectors when compared to Pre and Post Brexit results. “High Technology” accounted for more than 27% of the total number of inbound M&A deals after Brexit, however, the pre-Brexit result was more moderate at 24%, an increase of 3% after Brexit results were announced. Similarly, the “Healthcare” sector showed a drastic change as well. Before Brexit was announced it accounted for almost 9% of total inbound M&As, while this proportion has decreased by 3% concluding a 6% result.

Table 13. Pre and Post Brexit target industry change

Macro industry	Post-Brexit	Pre Brexit	Change
Consumer Products and Services	21%	19%	2%
Consumer Staples	5%	6%	-1%
Energy and Power	4%	4%	0%
Healthcare	6%	9%	-3%
High Technology	27%	24%	3%
Industrials	16%	16%	0%
Materials	7%	5%	1%
Media and Entertainment	10%	9%	1%
Retail	3%	6%	-2%
Telecommunications	1%	2%	-1%

Source: Elaborations on data from Refinitiv Eikon

The years just around Brexit (2017 and 2015) might be the best representation of how the announcement of Brexit shifted the M&A deals market in a different direction. “Consumer Products and Services” increased from 18% to 21%, when comparing 2015 to 2017. At the same time, “Healthcare” decreased from 11% to 6%, while “High Technology” increased from 23% to

26%. Other sectors have similar changes such as, “Industrials” decrease of 3%, “Materials” increase of 4% and “Retail” decrease of 2%, between 2015 and 2017.

The overall overview shows that the volume of inbound M&A deals to the Services sectors decreased after Brexit while Manufacturing has increased slightly. Roughly, it means that the investors have shifted their attention from the Services sector to the Manufacturing. This can be explained by the assumption that the UK would lose its free trade with the EU, and foreign investors would see the value of the potential to enter the UK market and invest in manufacturing industries. While the import of the products would decline due to the exit from free trade, the UK-made product would gain value in the home market. Later in this chapter, this hypothesis will be explored more in detail.

When Brexit was announced, local businesses and the people living in the UK faced one of the biggest uncertainty ahead of themselves. As they were not completely sure what does it mean to them and their business. If the free trade with the EU countries would stay or do they have to find another supplier and or customer for their products? In the meantime, not only the local business owners, or just regular citizens faced this uncertainty but also the foreign investors who were planning to invest in the UK economy by simply M&A deals.

Table 14 shows the top 20 acquirer nations in 2013 for the inbound M&A deals, it includes the volume of the deals for each country and the percentage of the total volume. It's not surprising that the US is leading the list and dominating it compared to second-placed France. The amount of M&A deals accounted for 167 or almost 47% almost of all deals in 2013 in the US. Then 3 European nations come in the list: France (24 deals, 7%), Ireland (21 deals, 6%) and Germany (20 deals, 5.6%). Canada closes the top 5 list with 17 deals or 4.8% share of the deals, while other European countries, Australia and South Africa make up the top 10.

Table 14. Top 20 acquirer countries by volume of inbound M&A deals in 2013

Country	Amount	Percentage
United States	167	46.78%
France	24	6.72%
Ireland	21	5.88%
Germany	20	5.60%
Canada	17	4.76%

Sweden	14	3.92%
Australia	11	3.08%
Switzerland	10	2.80%
Netherlands	9	2.52%
South Africa	6	1.68%
Hong Kong	5	1.40%
Norway	5	1.40%
Belgium	4	1.12%
China (Mainland)	4	1.12%
Japan	4	1.12%
Italy	4	1.12%
Philippines	3	0.84%
India	3	0.84%
Finland	3	0.84%
Singapore	3	0.84%

Source: Elaborations on data from Refinitiv Eikon

Table 15 illustrates the top 20 list of acquirer nations by volume of inbound M&A deals in 2019, it also represents the exact amount for each country and the percentage of the total deals considered for this study. Just like in 2013, the US dominates the list with 179 deals or 43% of total deals, while the second closest country France has 37 deals or almost 9% of total deals. Even though the difference is huge compared to 2019 to 2013, France slightly closed the gap with the US. What is interesting from this data is Top 5 stay the same nations as in 2013 while in the Top 10 list only one new entry, Italy, instead of South Africa which is not even in the top 20 anymore. Australia also travelled from 7th place in 2013 to 10th place in 2019, while European countries increased their number of deals and the total percentage of total deals.

Table 15. Top 20 acquirer countries by volume of inbound M&A deals in 2019

Country	Number	Percentage
United States	179	42.72%
France	37	8.83%
Ireland	28	6.68%
Germany	23	5.49%

Canada	21	5.01%
Sweden	20	4.77%
Italy	13	3.10%
Netherlands	13	3.10%
Switzerland	11	2.63%
Australia	9	2.15%
Norway	6	1.43%
Spain	6	1.43%
Austria	5	1.19%
Singapore	5	1.19%
Denmark	4	0.95%
Japan	4	0.95%
Czech Republic	4	0.95%
Belgium	4	0.95%
India	3	0.72%
Luxembourg	3	0.72%

Source: Elaborations on data from Refinitiv Eikon

The trend of European countries increasing the acquisition of local UK companies can be explained by Brexit, as EU countries try to keep access to the UK market by acquiring local companies. In 2013, 34% of all deals were accounted for EU countries while the share of EU countries substantially increased to 43% in 2019. Table 16 shows the the comparison of top 20 acquirer countries between 2015 and 2017 (a year before and after the announcement of Brexit results). As in the previous data in these both years, the US again tops the list with the highest number of inbound M&A deals, and the percentage of the total deals is higher than 40% again in both instances. As it was in the comparison of 2013 and 2019, the Top 10 list has changed dramatically when compared pre and post-Brexit deal list. While there were 4 non-EU countries in the list of 2015 top 10, the list of 2017 shows there are only 2 non-EU countries that made it into the top 10. In 2015 almost 32% of acquirers of the UK companies were EU companies, while this number increased to 36% in 2017, right after Brexit. Looking at the total number of EU countries that acquired local UK companies, it makes to conclude once more that Brexit played a significant role in the change of the M&A trend in the UK, especially shifting EU country presence in the UK companies.

Table 16. Top 20 acquirer countries by inbound M&A deals in 2015 and 2017

Country (2015)	Amount	Percentage
United States	189	43.45%
Ireland	29	6.67%
France	26	5.98%
Germany	23	5.29%
Canada	19	4.37%
Australia	15	3.45%
Japan	15	3.45%
China (Mainland)	14	3.22%
Netherlands	10	2.30%
Sweden	9	2.07%
India	8	1.84%
Italy	7	1.61%
Switzerland	6	1.38%
Finland	6	1.38%
Spain	6	1.38%
Belgium	5	1.15%
Hong Kong	5	1.15%
Denmark	5	1.15%
United Arab Emirates	4	0.92%
Guernsey	4	0.92%

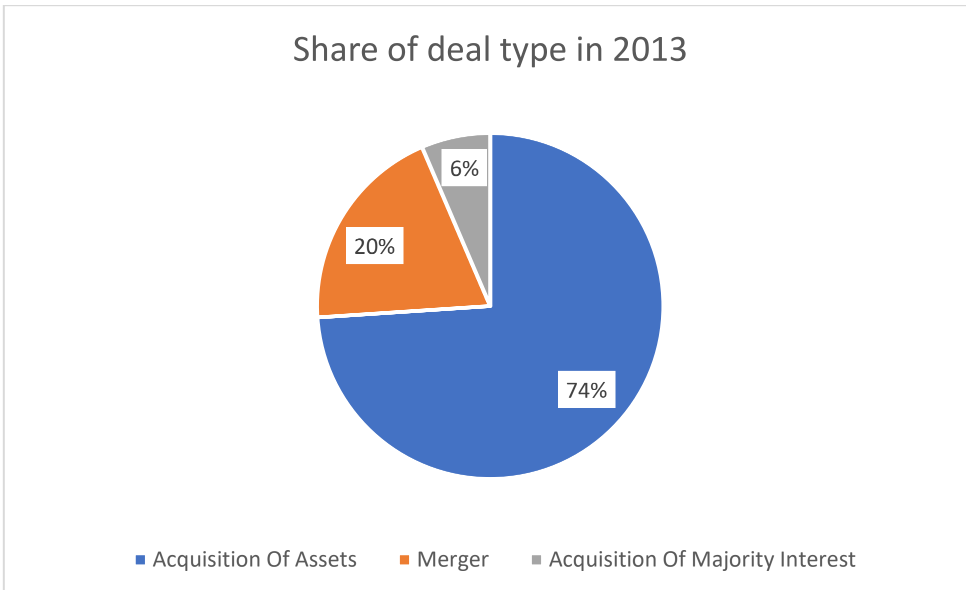
Country (2017)	Amount	Percentage
United States	200	45.05%
Germany	30	6.76%
France	29	6.53%
Ireland	25	5.63%
Canada	18	4.05%
Sweden	17	3.83%
Japan	12	2.70%
Netherlands	12	2.70%
Finland	8	1.80%
Australia	8	1.80%
China (Mainland)	7	1.58%
Italy	7	1.58%
Denmark	6	1.35%
Spain	6	1.35%
India	6	1.35%
South Africa	5	1.13%
Israel	5	1.13%
Austria	5	1.13%
Belgium	4	0.90%
United Arab Emirates	4	0.90%

Source: Elaborations on data from Refinitiv Eikon

The shift of the trend between before Brexit and after it can be seen in the previously provided data. Not only the industries that are being targeted has changed but also, the countries that are acquiring the local companies have shifted slightly comparing different years. Brexit has played a certain role in it, as the trend in the increase of EU companies' acquisition of local UK companies proves that. Following, the type of the deal and the difference between 2013 and 2019 is illustrated in Figure 24 and Figure 25.

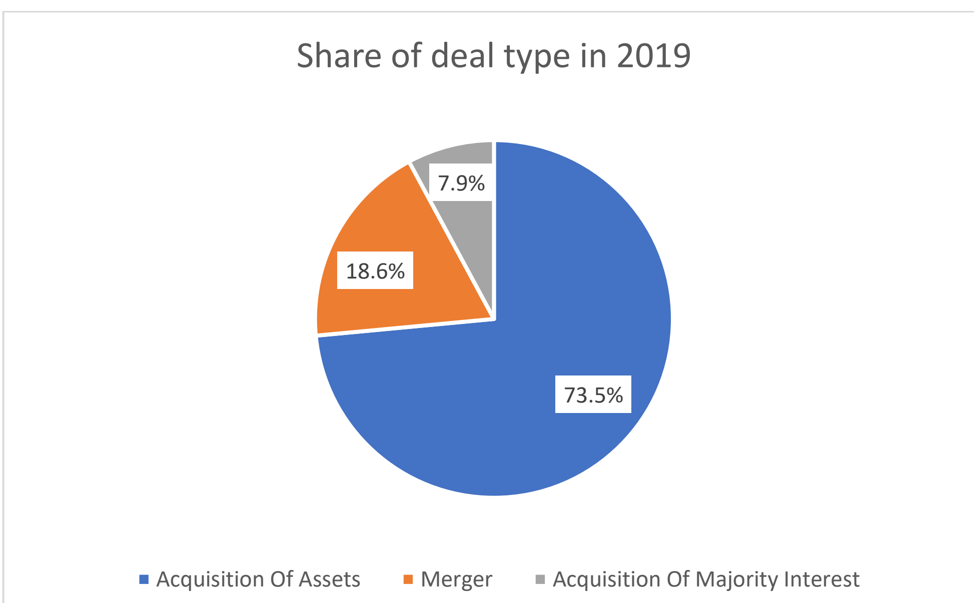
Figure 24 illustrates the majority of the deal type that happened in 2013. As it is shown in Figure 3, the majority of deals accounted for "Acquisition of assets" with almost 74%. At the same time, "Mergers accounted for almost 20% and "Acquisition of Majority Interest" only happened on 6% occasions. There is a huge disparity between "Acquisition of Assets" and the rest of the deal types, as it is counted in almost 3/4 of all deals.

Figure 24. Share of deal type in 2013



Source: Elaborations on data from Refinitiv Eikon

Figure 25. Share of deal type in 2019



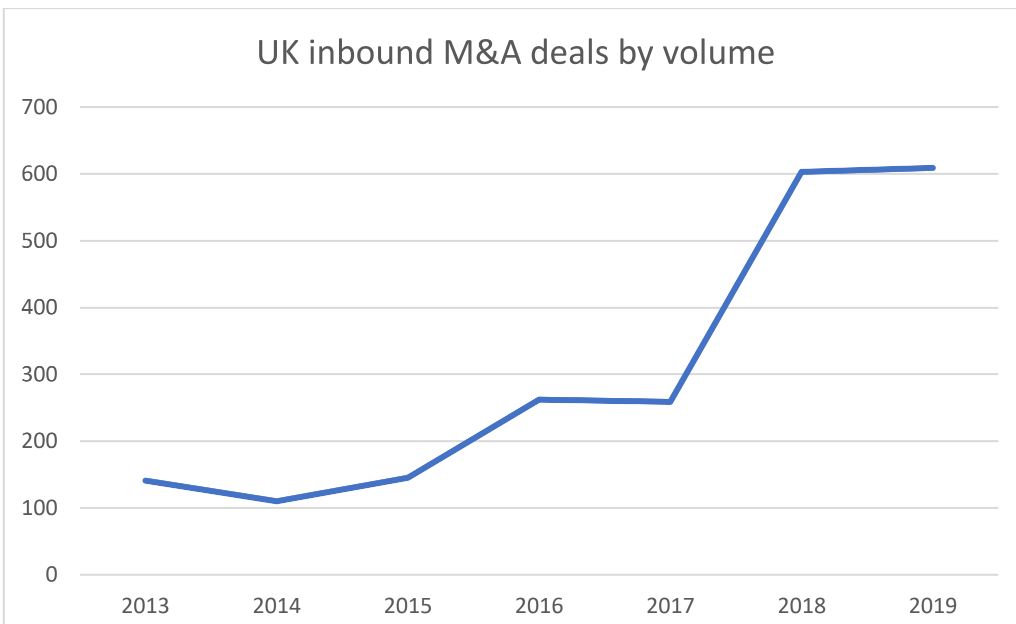
Source: Elaborations on data from Refinitiv Eikon

The share of the deal type in 2019, as shown in Figure 25, has a similar trend as in 2013. "Acquisition of Assets" having again almost 74%, while "Merger" lost almost 1.5% equalling 18.6% in total and "Acquisition of Majority Interest" gained two per cent and accounted for almost 8%.

4.2.2 Trends in another countries

As the UK exited the EU in 2016, it provided lots of uncertainty to the UK and EU people. The exit of the country would reflect on so many macroeconomic levels, changes of legislation, economical trade, freedom of movement, goods and capital and others. In this subchapter, the research paper will explore the inbound M&A trends abroad, also exploring more in-depth the UK partners in the EU and their most export and imports, leading to understanding what industries in the UK got more attraction by foreigners.

Figure 26. The UK inbound M&A deals by volume between 2013 and 2019

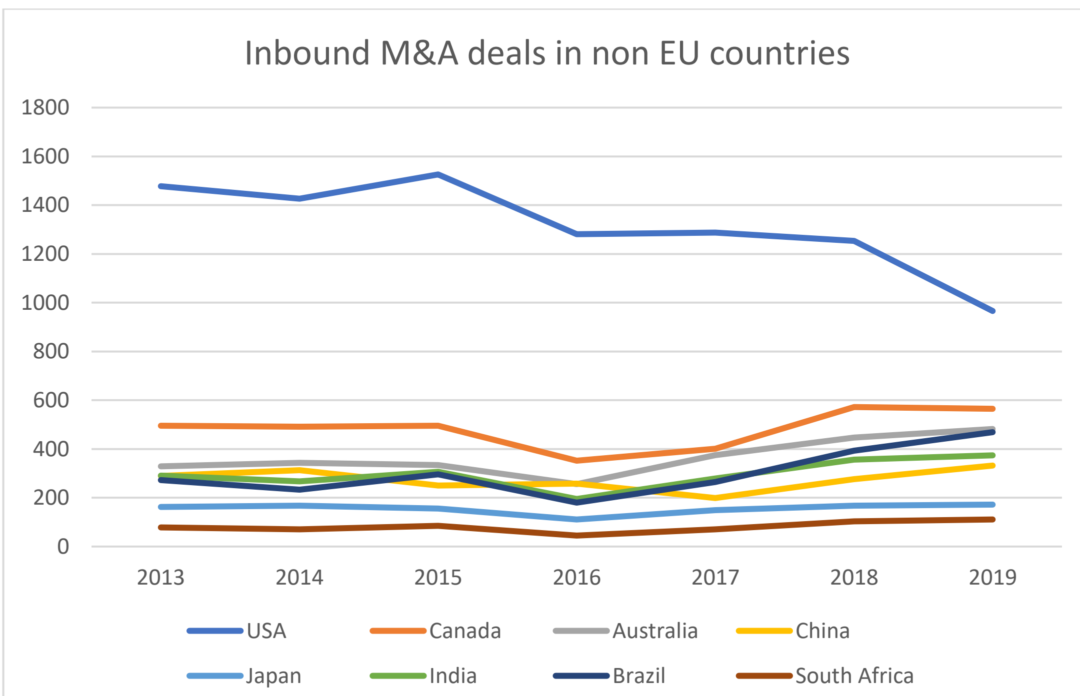


Source: Elaborations on data from Office for national statistics in the UK: https://www.ons.gov.uk/

In order better understand if the volume of inbound M&A deals in the UK after Brexit is a phenomenon or if is it similar to another country, it would be correct to look at the world inbound trends. Simply put, to see how much Brexit affected the UK inbound M&A market, the factor of trend in general inbound M&A deals needs to be removed. To understand the data better, the trend figures have been divided into two, EU and non-EU countries. To easily compare the data between the UK and the other countries, the inbound M&A trend that was built by using the National Statistics of the UK, will be provided in Figure 26.

As can be seen from Figure 26, the UK inbound M&A market has taken off after 2016 to new levels. Figure 27 illustrates some examples from non-EU countries and their inbound M&A deal trends between 2013 and 2019. The list of non-EU countries mainly consists of the countries that have been the main targets for the inbound cross-border M&A deals and consists of each continent. According to Figure 27, the trend of inbound M&A deals by volume saw fluctuation in various countries. The biggest market for not only inbound M&As but also in general any type of M&As the US saw a decline in the acquisition of local firms by foreigners after Brexit in the UK. In the meantime, other countries in the list can be seen performing relatively similarly, before and after Brexit, keeping it more stable compared to the US. However, a general trend that can be observed in most of the non-EU countries saw an increase in inbound M&A deals. The trend shown by the US can be explained by the steep increase inbound M&A deals in the UK, as they show a similar pattern of increase and decrease after Brexit.

Figure 27. Inbound M&A deals in some non-EU countries between 2013 to 2019 by volume

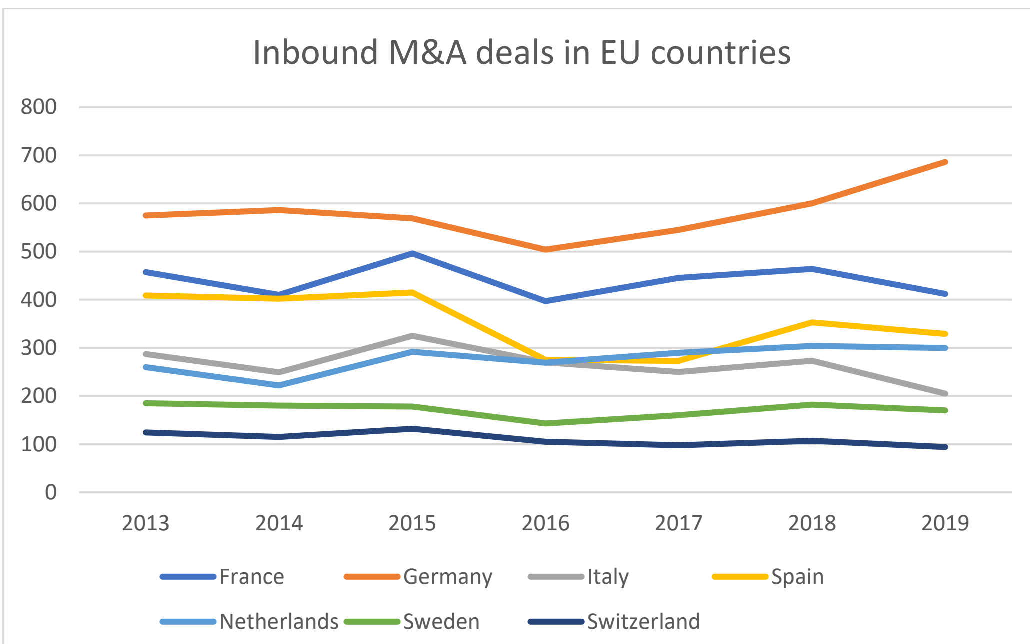


Source: UNCTAD, World Investment Report 2020: https://unctad.org/webflyer/world-investment-report-2020

Foreign investors who were acquiring the US-based companies, after Brexit might have seen the opportunity in the UK and the potential of entering a new independent market. On the other hand, the biggest acquirer of the US local companies is the UK-based companies, so in a way, they are the best partners. So the decline of the inbound US M&A deals can be explained by the uncertainty in the UK market, and the weakening of the GBP made the UK-based firms cut their foreign investments. These two provided hypotheses can be proof that the effect of Brexit on the M&A market is bigger than expected before.

Inbound M&A deals by volume in the EU markets between 2013 and 2019 are shown in Figure 28. In the EU market, the general trend is somewhat similar to the US market, except for Germany, as it saw hyke in the inbound M&A deals after Brexit. It needs to be noted that, in 2016, the year of Brexit, every major market M&A saw a dip in volume transactions. Countries like France, Italy, Switzerland, Sweden and Netherlands saw stability before and after Brexit as if it didn't affect them so much. But a closer look at the figures proves otherwise, as every major market performed relatively poorly after Brexit compared to before it, while the general trend was positive.

Figure 28. Inbound M&A deals in some EU countries between 2013 and 2019 by volume



Source: UNCTAD, World Investment Report 2020: https://unctad.org/webflyer/world-investment-report-2020

The general trend of the EU countries is somewhat stable compared to the UK trend in the same years. Germany from EU countries had a completely different trend than others, mainly it can be explained by Brexit. As the UK announced leaving the EU, UK companies itself and foreign investors looked at Germany as the best option to have a presence in the EU. As Brexit was announced most foreign countries started choosing Germany as the target nation for M&A deals

(Connor, 2019). By looking at the trend in EU countries, and comparing it to the UK, it can be concluded that the UK M&A market has been affected heavily by Brexit. As the EU market kept the stable flow of inbound M&A deals, the UK saw an increase in the number of deals, as well as Germany, did.

After people of the UK chose to leave the EU, opportunistic investors would have seen the potential in both the UK and the EU market, given there wouldn't be a favourable deal between them. At that time, the uncertainty was at its highest point, and nobody could have guessed how things would turn out to be. On one hand, that might be the reason why inbound M&A deals in the UK have increased as foreign investors took a risk and hoped the UK wouldn't get a favourable deal so they would need to rely on locally produced products. On the other hand, that would also mean the UK-produced products which were exported the most to the EU countries might also have been redundant at that point. Nevertheless, even if the UK has got a good deal with the EU, there would be border checks for the products on both sides, so it would mean a slower flow of products and not immediate availability of goods as they could be locally produced.

In conclusion, after Brexit, the overall trend of inbound M&A deals across the EU countries shows more stable and not so much change as before Brexit, while non-EU countries such as the US have seen a decline, and other countries have seen a small increase, there is no case other than the UK where inbound M&A deals have grown substantially. There are numerous reasons why it can be:

1. Inbound M&A market growth across the globe – it has been presented earlier with similar country trends, but that is not the case. The M&A trend remained unchanged in the neighbouring countries, while the UK inbound M&A trend flourished.

2. UK government passed legislation that makes it easier for foreign companies to acquire local ones – as has been seen in the past chapters, the UK government did everything but support foreign acquisitions. The recent laws passed by the government prove that they are fending off foreign acquirers even further and stricter.

3. Brexit caused extra attraction to the UK local companies – as it has been produced in the previous chapters, the UK companies have been given a discount factor due to its currency weakening and other factors. This is a strong argument as other factors show this could be the most accurate explanation for it.

4. Other factors influenced the inbound M&A market in the UK – previously most of the factors have been covered as much as it is possible. Including, the target industry trend where it was shown that there is a slight change in the target industries, most companies are leaning towards the Manufacturing sectors after Brexit. In the meantime, there weren't any major macroeconomic trends around that time to consider as potential another reason for the increase of inbound M&A deals. After Brexit, all UK platforms and the political arena were filled with the topic of the UK exit, and every decision was made around them.

Overall it can be now concluded, based on the data and analysis provided in this chapter, the UK inbound M&A market has increased tremendously mainly because of the Brexit vote announcement. While the research and the literature review, provided in Chapter 3, have indicated that Macroeconomic factors such as Brexit would decrease the M&A activities in the country, the UK market has seen the total opposite. Now, the other question remains to be answered, if foreign owners can create value in local companies as efficiently as local owners.

4.3 The analysis of companies' performance

So far, the research paper has proved the increase in the inbound M&A deals in the UK market is down to Brexit. Figure 5 has shown that there is a huge increase in M&A deal numbers inward the UK market, after Brexit. The surge of foreign investments in the country is usually considered good progress. However, the discount factor the UK market offering for their local companies attracted too much attention. So it is not clear whether this attention is in the best interest of the local companies. Usually UK inbound M&A market consists of a sizeable number of high-volume deals, as it has one of the highest GDPs. It has been illustrated in the previous chapters, the UK value of M&A deals has increased as well but not as much as the volume of it. These simple statistics might mean that foreign owners who are attracted by the high-quality UK companies' undervaluation after Brexit, just jumped the board and snatched the opportunity of holding a UK company for a much lower price, even though they didn't have a clear plan of getting the best out of the acquired companies.

Therefore in this part of the chapter, more empirical data will be analyzed and compared between 2013 and the 2019 M&A deals, companies' performance before and the after the acquisition, and comparison between those two years. So far in the literature review provided in Chapter 3 on the effects on the target firms after the acquisition, many researchers have used a completely different approach to identify the effect on the target firms. Mainly statistical modelling of different-in-difference approaches was dominant in past research, and some used exact matching methods to enhance their research. But there hasn't been a case where research has been conducted the research comparing two separate year M&A deals and the companies that have been targeted. Hopefully, this new approach could give new insight into the topic of inbound M&A deal analysis of effects on target firms, which has never been seen before.

4.3.1 Pre and Post-Brexit M&A market and comparisons

In this subchapter, the M&A deals that happened before and after Brexit will be analyzed and compared to each other. To be able to see the performance of the company before and the after the M&A deal as well, two years have been chosen to look at the deals. As informed earlier those years are 2013 for the pre-Brexit deals and 2019 for the post-Brexit deals. The performance of those companies who participated in the M&A deals pre and post-Brexit will be considered 2 years before the acquisition and 2 years after it, the year of acquisition will not take part.

As discussed earlier, when the foreign owner of a company acquires or merges with the local company, they might create value in the company or just acquire it for other purposes. There is a benefit for the nation whose company has been acquired if the company creates value, new jobs and technological advancements. There is no benefit but on contrary, there is harm to the local nation and the economy if the local company that has been acquired doesn't create value, cuts the jobs and transfers intellectual properties to foreign owners, in the meantime if the foreign owner just acquires the company for its assets and dissolves the company after the acquisition, this is also not in the best interest of the nation. For this reason, there are legislations like anti-takeover measurements by the governments and namely from the UK as well. Therefore there is a need to analyze if the foreign company is in the best interest of the nation if they acquire local companies.

This research paper tries to analyse the performance of the company from a different perspective. Earlier in the paper discussed that there are 3 main factors where it can be checked if foreign owners create value in the local firms. Financial analysis is the most obvious and heavily used factor by other researchers, as it clearly shows how the company performing. Job creation is another important factor for the nation, as its one of the direct interests of the local communities when foreign acquisition happens, and their one of the first worries. Technological advancements are another important factor alongside job creation as it directly puts the nation to the enhancement of livelihood, directly and indirectly.

Analyzation of technological advancement is hard since to find if the company have achieved any new technology or intellectual property the researcher has to have an access to the UK patent office and also go through the filed patents of each company after the acquisition. Otherway is looking at the intangible assets in the company balance sheet, as no database can clearly show what those intangible assets are (name, logo or intellectual property), it wouldn't be accurate to use blindly intangible assets to identify if the company has produced any technological advancement. Because of the lack of data and clearness of it, the tech advancement the foreign owner can bring after the M&A into the local company won't be the analysis of this research paper.

In this analysis of the companies in different years representing before and the after Brexit performances, not only the financial performance of companies will be analysed but also the job creation by foreign owners. After the analysis of financial data and job creation, the research paper will look into the factors like cultural distance between the acquirer and the acquired company, physical distance (EU and non-EU), and if the companies have changed the management after the acquisition or not. Afterwards, some case studies representing the situation behind the M&A deals in both pre and post-Brexit will be introduced.

There are numerous ways to measure the financial performance of the company, and there are lots of financial factors that can do the job as well. However, it would be time-consuming and redundant if all those financial factors were used in this research. The main financial factors that have been used are Revenue, Gross profit margin, EBITDA, ROA and ROCE. These financial factors and ratios will help us see how the company performing from a financial perspective. Liquidity ratios have been exempted in this analysis as they wouldn't add much value to the research and show us how the company is performing but its health. The financial factors that have been used are as followings:

- Revenue/sales – it provides the data on all sales and the income the company have provided in a given year. Revenue is one of the crucial financial factors to look at when assessing the company's performance as it shows all profit the company is making. It comes at the top of the income statement hence it doesn't have to be calculated but exerted from the financial statements of the company.
- Gross profit margin / gross margin - this is the percentage of how much the gross profit is made up of the revenue. Gross profit itself is calculated by subtracting the cost of goods

sold (COGS) from the total sales. It is important to see how much the total value of profits, is made from the core business activities. The formula for gross profit margin is:

Gross profit margin = 1-COGS/Revenue

- EBITDA – stands for Earnings before interest, tax, depreciation and amortization. This formula shows the total sales minus all the costs including operating, administrative and other costs to run the business. However, it still doesn't include other not business related costs like interest or income tax, which mostly varies and depends on the earnings. Therefore EBITDA is a much more important financial factor look compared to net income. It usually is provided in the income statement of the company for a given year.

- ROA – a metric used in finance to measure a company's profitability in proportion to its total assets. ROA may be used by corporate management, analysts, and investors to assess how well a firm uses its resources to make a profit. It's a useless tool if used in a company like a financial institution as they have very less assets. However, it's useful to see how much an asset is generating income, especially in this research as financial institutions have been eliminated by this point. The formula for it is:

ROA = Net income / Total assets

- ROCE – stands for return on capital employed. This ratio may be used to determine how well a business is making a profit from the usage of its capital. This financial ratio is very crucial to understand the profitability of the company from a point of employed capital. The formula for it is:

ROCE = EBIT / Capital employed

To conduct this research 100 samples from both 2013 and 2019 total M&A deals have been extracted. The general overview of the sample is the same as the overall M&A deals, it follows the similar acquirer country percentage relative to the sample group and also the industry. Table 17 illustrates the acquirer countries of the sample 100 companies from both years. As can be seen in Table 17, the US has the most acquisition of UK-based companies as it was in the overall case. Table 17, the left table shows the 2013 sample acquirer countries while the right table shows the 2019 sample acquirers. Table 18 shows the sample M&A deals' industries, in a similar percentage as the total case. The left side of the table is the 2013 results and the right side is the 2019 results.

Table 17. The list of acquirer countries of 100 sample M&A deals in 2013 and 2019.

Country (2013)	Percentage
United States	43%
France	8%
Ireland	7%
Germany	7%
Canada	5%
Sweden	4%
Australia	3%
Switzerland	3%
Netherlands	2%
South Africa	3%
Hong Kong	2%
Norway	1%
Belgium	1%
Japan	1%
Italy	2%
Philippines	1%
India	1%
Finland	1%
Singapore	1%
Denmark	1%
Austria	1%
Guernsey	1%
Spain	1%

Country (2019)	Percentage
United States	44%
France	9%
Ireland	7%
Germany	7%
Canada	3%
Sweden	4%
Italy	3%
Netherlands	3%
Switzerland	3%
Australia	2%
Norway	2%
Spain	2%
Austria	1%
Singapore	1%
Denmark	1%
Japan	1%
Czech Republic	1%
Belgium	1%
India	1%
Luxembourg	1%
China (Mainland)	1%
New Zealand	1%
Finland	1%

Source: Elaborations of the author on data from Refinitiv Eikon

Table 18. The list of industries that were acquired by the 100 sample M&A deals in 2013 - 2019

Industries (2013)	Percentage
Consumer Products and Services	18%
Consumer Staples	7%
Energy and Power	4%
Healthcare	9%
High Technology	23%
Industrials	17%
Materials	6%
Media and Entertainment	7%
Retail	6%

Industry (2019)	Percentage
Consumer Products and Services	15%
Consumer Staples	7%
Energy and Power	4%
Healthcare	6%
High Technology	24%
Industrials	17%
Materials	8%
Media and Entertainment	14%
Retail	3%

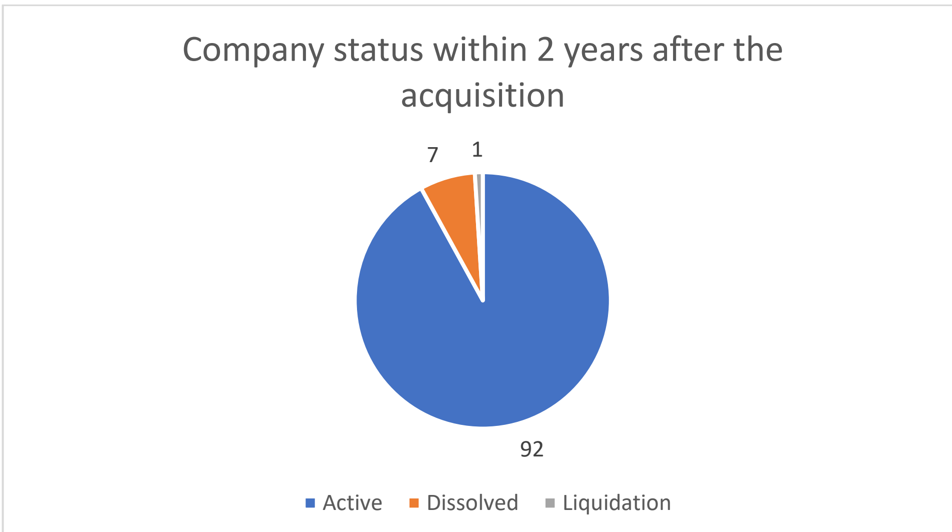
Telecommunications	3%

Telecommunications	2%

Source: Elaborations of the author on data from Refinitiv Eikon

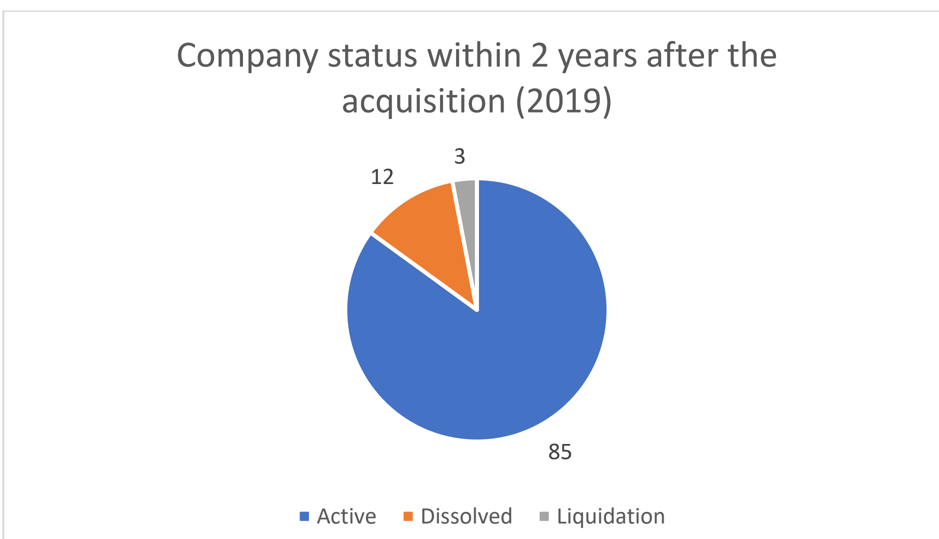
The sample companies were derived from the total list that Eikon has provided. The status of the companies after the acquisition within 2 years has been illustrated in Figure 29 (2013) and Figure 30 (2019). In 2013, 7 companies out of 100 has been dissolved after the acquisition while 1 other company has been put into liquidation. In 2019, 12 out of 100 companies have been dissolved while 3 are in liquidation.

Figure 29. The status of companies within 2 years after the acquisition (2013)



Source: Elaborations of the author on data from FAME published by Bureau van Dijk

Figure 30. The status of companies within 2 years after the acquisition (2019)



Source: Elaborations of the author on data from FAME published by Bureau van Dijk

The companies are dissolved means the company ceased to exist, and there is nothing left of the company. Liquidation is usually a process before the dissolution, where the company owners liquidate the company assets to cover the liabilities. Foreign owners of recently acquired 15 out of 100 companies have decided to put liquidate the company assets and dissolve it in 2019, compared to only 8 in 2013. As discussed earlier, post-Brexit UK companies are seen as a discount market, and the M&A deals have been increased. The comparison of dissolved companies in 2019 and 2013, might prove the fact that foreign owners have decided to purchase UK-based companies just because of their assets and were not interested in running or improving the company compared to pre-Brexit deals. This scenario is not in the best interest of the nation at all. No country wants to see foreign owners purchase the local companies and dissolve them within 2 years, as it would mean the loss of jobs, financial profits and taxes from them, no new technologies and the competitive manufacturer leaving the market, hence decreasing the market competitiveness. The initial look at the data shows the Brexit-caused surge in the M&A deals is not in the favour of the UK, and the lawmakers are right to tighten the measurements of anti-takeover laws.

4.3.1.1 Financial performance of the companies

The first analysis in the performance of the companies section will start with the financial performance of the companies. The first revenue and gross margin will be analyzed as they go hand to hand, and it will be more useful to look at them together. Then EBITDA of the companies will take the main discussion point. Lastly, ROA and ROCE will be analyzed together to see the profitability of the companies from both asset and employed capital perspectives. All the financial performance will be shown in both years' M&A deals, and the company performances will be analyzed 2 years before and after the deal.

Revenue and Gross margin

The average revenue in millions for the companies is presented in Table 19, which took into account the post and pre-Brexit, and also before and after the acquisition of the companies. In the table, apart from the average revenue for the companies, the median, standard deviation, minimum and maximum values of the revenue are also given. Overall first look at the table shows that the revenue of the companies has fallen after the acquisition of foreign owners in both pre and post-Brexit situations.

The standard deviation of the revenue shows how dispersed the value of the sample is in Table 19, as it shows the difference between both Pre and Post Brexit is not so high. Looking at the data it's clear that before the acquisition the companies show better in terms of revenue. Table 20 shows more clearer picture of the pre and post Brexit comparing the average revenue in millions of the companies before and after acquisition. As is seen in the table, both pre and post-Brexit companies have lost on average 8 points after the acquisition. It is interesting to see that the numbers are the same.

Table 19. Revenue of the sample companies in pre and after-acquisition in millions of USD

	Post-Brexit					Brexit	Pre Brexit				
Factors	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Average	53.9	54.4	63.3	63.6	60.6		44.2	46.9	44.1	53.8	53.1
Median	20.0	17.2	19.8	20.0	19.1		16.1	16.8	18.6	24.3	22.8
Standard deviation	83.1	85.2	139.5	144.3	131.7		71.8	78.8	76.9	87.0	83.0
Minimum	1.0	0.6	0.4	0.4	0.3		0.1	0.6	0.5	2.8	1.9
Maximum	437.8	410.2	830.0	840.0	739.0		465.6	475.4	497.4	536.3	466.6

Source: Elaborations of the author

Table 20. Pre and Post Brexit revenue averages in millions of USD

Situation	After acquisition	Before acquisition
Pre Brexit	45.5	53.5
Post-Brexit	54.1	62.1

Source: Elaborations of the author

The average revenue of the companies may have gone down after the acquisition, but in both years it seems similar trend. However, the revenue itself doesn't say may without additional add-ons like gross margin. Figure 31 shows the average gross margin for both years, the pre and after-acquisition. In the figure, t is the acquisition year, and average (2013) stands for the pre-Brexit M&A deals.

To further understand the significance of the data, a t-test on revenue and p-value calculations was made. The parameters of the calculations are $p<0.05$, two-tailed and paired sample. When running paired t-test on 2013 companies' pre and after-acquisition revenues, the t-test showed a 1.41 result while the p-value was equal to 0.16. In the companies of 2019 when testing the results of before and after acquisition revenues, the t-test was equal to 1.93 while the p-value showed 0.059. These results both means not statistically significant, so the deterioration of revenues can be by chance.

On the other hand, another statistical analysis can be also run to see the statistical difference between pre and post-Brexit companies. The parameters for this testing are $p<0.05$, two-tailed and independent sample testing. The test will be run using 3 data types: 1) 2013 pre-acquisition with 2019 pre-acquisition; 2) 2013 after acquisition vs 2019 after acquisition, and most importantly 3) 2013 the difference between pre and after acquisition against 2019 difference pre and after the acquisition. As can be seen from the below example, 2013 after acquisition vs 2019 after acquisition is significant but the rest is statistically insignificant.

1) $t(99) = 0.89$, $p = 0.37$ – statistically insignificant
2) $t(99) = 2.64$, $p = 0.01$ – statistically significant
3) $t(99) = 1.83$, $p = 0.07$ – statistically insignificant

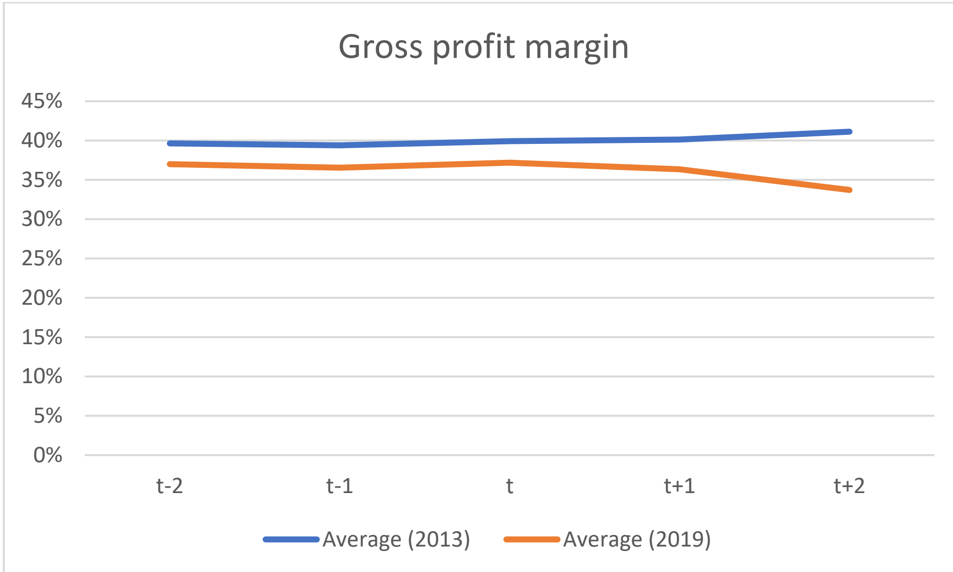
The gross profit margin graph shows us on average the change between t-2 to t was more or less stable and balanced in both years. However, after the acquisition, both graph lines either drop down quickly or grows further. After Brexit, companies were showing on average 37% of gross margin well before the acquisitions, but those numbers drops even further down to almost 35% after the acquisition. On the other hand, before Brexit, the companies were showing a stronger gross margin of almost 40% while after the acquisition it even gained 1%.

In general, pre-Brexit companies can be considered more profitable, as they had a much better gross margin and their revenue wasn't so far. Post-Brexit companies showed better revenue results with a lower gross margin which would mean they have higher costs, considering the inflation, and so the revenue has grown as well. However, as the gross margin is lower, the ability of the company to generate an income solely based on the core business process is greater in the pre-Brexit companies.

Statistical significance of the observation can be run here as well using similar approaches as it was in the Revenue.

1) 2013: Pre-acquisition and post-acquisition $t = 0.28$, $p = 0.78$ – insignificant
2) 2019: Pre-acquisition and post-acquisition $t = 1.95$, $p = 0.056$ – insignificant
3) 2013 difference and 2019 difference $t = 0.82$, $p = 0.41$ – insignificant

Figure 31. The gross profit margin of acquired companies in 2013 and 2019.



Source: Elaborations of the author

Acquisition of the companies has killed the revenue stream in both cases, however, the margin of the gross profit has increased in the case of 2013 M&A deals. Even though the results are statistically insignificant, the deterioration of results can't be ignored. These results of the gross margin, alongside the average revenue of the companies pre and post-acquisition, can be interpreted as followings:

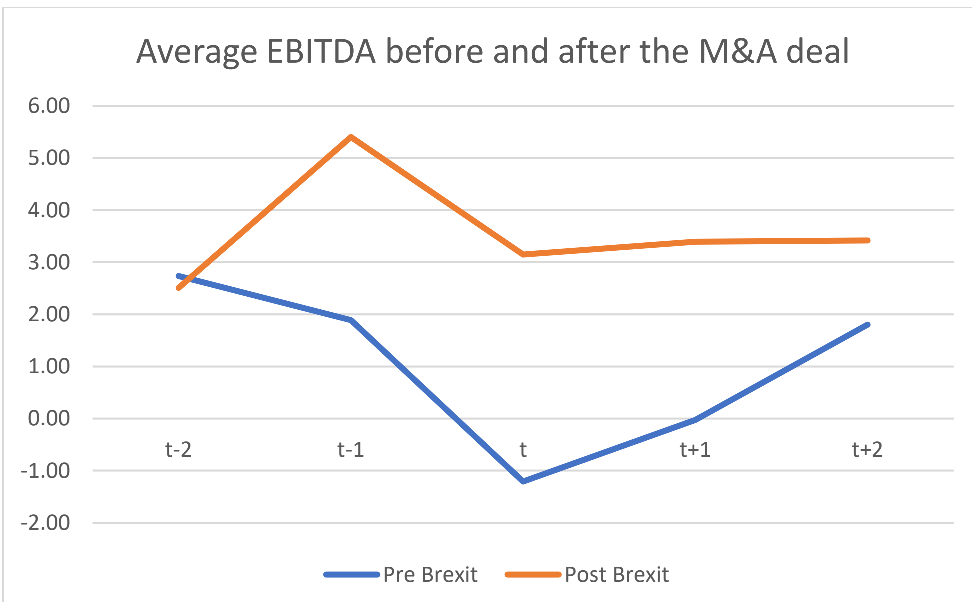
- Foreign acquirers of local companies can sort out the business, and run it efficiently by cutting the cost of the goods and increasing the gross profit margin.
- In a market where the companies are discounted rates caused by macroeconomic effects like Brexit, it's not in the nation's best interest to allow foreign acquirers to take control of local companies. As the data shows those acquirers don't perform as well as acquirers at regular times.

EBITDA

After analyzing the revenue and the gross margin, now EBITDA can be analyzed as it comes next in the income statement of the company. EBITDA is the crucial indicator of the company's profitability as it shows the earnings the company has provided in a year, considering all other costs that weren't accounted for in COGS. Early-stage, growth companies usually will have a negative EBITDA as they are just growing to the size they want to achieve, however, the maturity level companies don't have the luxury to allow low or negative EBITDA. In the sample, there were mostly maturity-level companies so the results should be mostly positive.

When it comes to EBITDA results in millions, the comparison of both pre and post-Brexit results illustrates the clear divergence (Figure 32). Both results start at 2 years before the M&A, at the same point. However, after the first point where they briefly touch they start to travel to opposite sides. Pre-Brexit EBITDA results in millions start going down even before the M&A deal went through, it goes further down after the deal but shows signs of going back to normal. On the other hand post, Brexit results are the total opposite. It starts almost the spot as pre-Brexit, however, instead of going down it goes up briefly before dipping back to the original results.

Figure 32. The average EBITDA before and after M&A deals comparison of 2013 and 2019



Source: Elaborations of the author

Table 21. Average EBITDA results in millions before and after acquisition.

Situation	Before M&A	After M&A
Pre Brexit	2.31	0.89
Post-Brexit	3.96	3.41

Source: Elaborations of the author

The statistical significance level of EBITDA results can be tested again similar way by running t-test and p-value scores on similar measurements:

1) 2013: Pre-acquisition and post-acquisition t = 3.02, p = 0.004 –significant

2) 2019: Pre-acquisition and post-acquisition t = 1.16, p = 0.25 – insignificant
3) 2013 difference and 2019 difference t = 0.65, p = 0.51 – insignificant

As was in other analyses, the EBITDA results are statistically insignificant in some cases.

Table 21 perfectly illustrates the difference between before the acquisition and after it, also comparing both sides of Brexit at the same time. Pre-Brexit EBITDA results were lower compared to the post-Brexit results. In both situations, the results dipped after the acquisition, in the 2013 companies example, it dipped much lower. The conclusion for these results can be made as followings:

- Foreign acquirers of the companies can decrease the earnings results within 2 years after the acquisitions.
- Brexit can create a unique opportunity for companies to focus on the earnings before interest, tax, depreciation and amortization while cutting all unnecessary costs.

ROA and ROCE

Return on assets, and capital employed are important financial ratios to check the company's profitability. As it demonstrates to investors how the firm behaves in terms of converting assets into net capital, ROA is a crucial indication for a corporation. As a consequence, it may be concluded that the business owner of the company will perform better if the percentage of the ROA is higher. The ROCE ratio aids in comparing businesses in capital-intensive industries like telecommunications and electricity since it takes debt and other obligations into account in addition to a company's profitability. An organization is seen to be performing well if its ROCE remains constant throughout time.

Table 22. ROA and ROCE of the companies for the period of 2 years before and after M&A

	ROA						ROCE				
	t+2	t+1	t	t-1	t-2		t+2	t+1	t	t-1	t-2
Pre Brexit	5%	1%	4%	11%	9%		35%	22%	14%	23%	41%
Post-Brexit	7%	4%	8%	8%	9%		29%	22%	22%	33%	28%

Source: Elaborations of the author

Table 22 illustrates both financial ratios and the comparison between the pre and post-Brexit performance. The higher the ROA ratio is better, as it shows the company utilizing effectively its assets to generate a net profit. The same applies to the ROCE ratio, however, it can be much higher compared to the ROA ratio as it counts other important financial factors as well. By looking at the table, it's clear that both ROA ratio has a similar starting point in the t-2, at a 9 per cent level. They travel almost similarly after the acquisition, starting in the first year post acquisition very low value, it picks up slightly by the second year. ROCE result as well shows an exactly similar pattern in both cases. Starting on a high note 41% of pre-Brexit companies, and 28% of post-Brexit companies, they both deep into one year of the acquisition and improve in the second year of acquisition.

The first year into the acquisition has shown a decrease in the results and bounced back in the second year. When it comes to the ROA results, pre-Brexit companies did well before the acquisition however after the acquisitions post Brexit companies performed much better. In terms of ROCE, is a different situation as pre-Brexit companies performed well both before and after acquisition while post-Brexit companies were slightly behind. When speaking about the difference pre-Brexit companies showed better ROCE after the acquisition compared to before the acquisition. The following conclusions can be made:

- Foreign investors who acquired companies after Brexit had better utilization of assets and resources to generate net income compared to before the Brexit company acquisitions.
- Foreign investors who acquired local companies before Brexit were able to manage the company and utilize the employed capital more effectively compared to after Brexit acquisitions.

Overall

The ultimate financial results and comparisons show the unanimous outcomes, as there are some financial indicators where post-Brexit acquired firms fared better and there are some financial results where the pre-Brexit acquisition companies performed much better. But still, one thing that was clear from both examples and comparison is, foreign acquisition of local companies has performed much worse compared to the situation before the acquisition.

Table 23. Total financial performance of companies

	Post-Brexit	Brexit	Pre Brexit

Factors	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenue	53.9	54.4	63.3	63.6	60.6		44.2	46.9	44.1	53.8	53.1
Gross Margin	36%	36%	38%	37%	37%		41%	40%	40%	39%	40%
EBITDA	3.4	3.4	3.2	5.4	2.5		1.8	-0.03	-1.2	1.9	2.7
ROA	7%	4%	8%	8%	9%		5%	1%	4%	11%	9%
ROCE	29%	22%	22%	33%	28%		35%	22%	14%	23%	41%

Source: Elaborations of the author

All the financial factors set out in Table 23 unanimously indicate that the company's performance deteriorated after the foreign acquisition. On the other hand, there is no clear evidence on the UK companies that were bought in the discount period, after Brexit, have performed poorly. Let's look at it bit by bit:

- Revenue – both company groups performed similarly before and the after the acquisition. There wasn't any particular difference to point out, so in terms of revenue, Brexit didn't affect the company's performance much.

- Gross margin – the trend in the gross margin graph was the opposite for both company groups. After Brexit companies showed a decrease after the acquisition, while before Brexit companies showed an increase in the gross margin. It may conclude that the companies which were acquired after Brexit weren't managed properly to get the best out of core business activities.

- EBITDA – yet again another financial indicator where the trend behaved the opposite. Even though the companies which were purchased before Brexit were climbing up after declining abruptly within a year of acquisition, the companies acquired after Brexit performed much better and stayed higher than the 2 years before acquisition results. Foreign owners managed to make the best out of the company by producing high earnings when purchased after Brexit.

- ROA – it behaved similarly in both company groups, where before the acquisition showed strong results and plunged as soon as the acquisition. It can be explained by foreign owners' reorganization of companies after the purchase. Anyway, it could be concluded that Brexit didn't affect much in terms of companies' performance in return on assets.

- ROCE – post-Brexit companies showed much better results when compared to before and after the acquisition of companies. While pre-Brexit companies saw a small decline after the acquisition, post-Brexit companies saw even improvement. So it needs to be concluded that the acquirers of the local companies after Brexit had better management of employed capital and managed to generate income with it.

To conclude the financial part of the research comparison, it's safe to say that the effect of Brexit on the company's performance wasn't as bad as expected. Before starting the analysis of the financial performance of companies, it was noted that almost 15% of the post-Brexit acquired companies are dissolved or in liquidation, while the number is only 8% when compared to the pre-Brexit acquired companies. However, post-Brexit acquired companies performed slightly better after the acquisition compared to the pre-Brexit acquired companies. As discussed earlier that Brexit has created a unique situation in the UK market, as the foreign acquirers see local companies' value discounted price. This term is super attractive for foreign acquirers who want to have access to one of the biggest consumer markets. However on the other hand it could have created unnecessary attention from parties who is only interested in certain assets, or have different agenda other than owning and running the company. So far analysis has shown that, yes there is an increase in discontinuation of the company lifespan after the acquisition in post-Brexit. However, the ones who kept the companies and tried to manage them had performed slightly better than before Brexit company owners.

4.3.1.2 Job creation in the companies

In the previous part of the research paper, the financial indicators and the performance of the company in terms of financial result has been introduced and analyzed. In this part now focus shifts to another important factor that needs to be addressed when analyzing the benefits of foreign acquisition in the local companies for the nation is the job creation by new owners. This part of the analysis is straightforward, as only the number of employees before and after the acquisition needs to be compared. In that sense, the analysis will be conducted in a similar fashion as it was for the financial analysis, by comparing the company results before and after the acquisition and also the pre and after Brexit.

To conduct it, again the same companies that were analyzed in the previous financial analysis part will be used. The data was taken FAME database as it was used for the financial analysis of the company. 100 sample companies used in both cases and their average employee will be taken in both given periods of time.

When a new M&A deal is announced publicly, one of the first things the employees of the local company discuss is, whether they will still have a job after a month. The most obvious scenario is when the parent company decides to dissolve the local company, acquire just an asset or relocate the company somewhere else, the people working in that local company lose their jobs. As it is discussed in the first chapter, one of the main motivations for M&A deals is creating synergies. It also includes the fact that the companies can cut costs simply by eliminating the jobs that are overlapping or become redundant. In such scenarios, a lot of people in the local company lose their jobs. Another obvious scenario is when a local company doesn't perform after the acquisition so the new owner of the company may decide to lay off some employees so to cut costs. There are many scenarios and motivations behind it, but one thing is clear no country would want a locally performing company to start laying off employees after a foreign acquisition, as it's a bad direction for the economy.

Table 24. Job creation/loss after the acquisition of local companies.

	Post-Brexit					Brexit	Pre Brexit				
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Average	753	861	927	985	1034		493	451	482	513	507
Growth compared t-2	-27%	-17%	-10%	-5%			-3%	-11%	-5%	1%	

Source: Elaborations of the author

The employee average numbers in the studied 100 samples are given in Table 24, as well as the growth of the employment number compared to the 2 years before the acquisition in percentage. The table provides a clear picture that, the companies have lost a tremendous amount of workforce within a year of acquisition and the trend somehow continued into the second year. In the case of pre-Brexit companies, it is clear that they had growth going into 2013 (the acquisition year), but they got negative employment numbers afterwards. However, the job loss compared to the 2011 results has decreased subsequently and reached bounced back much by 2015.

While it can't be said the same for the performance of post-Brexit companies. The sample companies on average had more than 1000 workers in 2017 but by the time the companies entered

2 years of the acquisition, their workforce has shrunk to 750. The result shows almost a 27% loss of jobs in 2021 compared to 2017. The evidence is so alarming that more than one-fourth of the workforce after the acquisition has lost their livelihood. There is another factor that might play a role in this horrendous result is Covid in 2019. However, the workforce bounced back in other sectors in 2021 after the Covid caused shutdowns were abandoned and the companies started performing at full capacity. In 2021 the workforce was back and even more, the workforce was being hired so Covid 2019 effect in this result shouldn’t have been evident in 2021. On the contrary, the worst performed year was exactly in 2021, compared to 2017 results.

The significance level of the provided results can be again tested using similar methodologies as in the past. Applying the same parameters, the following results came back:

1) 2013: Pre-acquisition and post-acquisition $t = 1.48$, $p = 0.14$ – insignificant
2) 2019: Pre-acquisition and post-acquisition $t = 2.06$, $p = 0.04$ – significant
3) 2013 difference and 2019 difference $t = 0.45$, $p = 0.65$ – insignificant

Overall speaking about the result, post-Brexit companies lost a huge amount of employees after the acquisition, while the numbers looked not so bad for pre-Brexit companies as they saw improvement come to year 2 after the acquisition. From this evidence, 2 things can be concluded:

- Overall inbound cross-border M&A deals cause loss of jobs in the local companies, the amount may vary depending on the situation

- Foreign acquirers are even more willing to sacrifice the workforce in a macro economical uncertainty as Brexit caused a frenzy in the UK market

As a country a nation, it's hard to observe a loss of jobs as it directly affects who nation's economy, but it is even harder to see to lose almost 27% job loss in a country.

4.3.2 Empirical results based on management change and acquirer origin

So far the financial performance of the companies and their ability of job creation in the local market has been analyzed. The results are not straight and similar, however, the main theme that occurred so far is, the companies perform much worse on almost every factor after the acquisitions. It remains to be seen if the Brexit factor causing an increase in the inbound M&A deals into the UK market, was in the best interest of the nation, as the foreign investor takeover of local companies surged instantly after Brexit. Some other factors are causing these results like the cultural difference between the acquirer and the target nation, and also if the management has been changed in the target companies. These factors will be analyzed in detail in this subchapter of the research paper.

4.3.2.1 Management change

In this part of the paper, first of all, the management change will be in the focus. The companies which were being acquired by the foreign owners have the capacity to perform well or badly. However, most of the time the company's performance comes down to the fact that the management of the company shows strong leadership and drives the business. Even if the company has been acquired by a foreign or domestic, in general, even if the ownership has changed if the management stays in place it might mean the company still perform as well as before, since all the ingredients for success are here. However, the company result may deteriorate if the company management changes, as the company people may resist the new management. While the new management learns and gets used to the new environment, the company results may drop. If the new management is not as experienced in the industry as it might happen, again the performance of the company suffers. The data for this research also was derived from the FAME database where the change in management was available.

Table 25. The difference in performance when the management change

	Post-Brexit					Brexit	Pre Brexit				
	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
	Revenue										
Average (yes)	33.4	37.7	34.1	35.7	34.1		33.9	33.4	32.0	44.1	46.3
Growth (t-2 base)	-2%	11%	0%	5%			-27%	-28%	-31%	-5%	
Average (no)	29.9	24.8	22.3	21.7	23.8		48.2	43.1	48.2	57.3	56.6
Growth (t-2 base)	25%	4%	-6%	-9%			-15%	-24%	-15%	1%	
Average (half)	112.3	95.3	105.0	104.4	95.4		54.7	69.2	57.3	64.1	59.4
Growth (t-2 base)	18%	-0.1%	10%	9%			-8%	16%	-4%	8%	
	Gross margin										
Average (yes)	28%	31%	35%	34%	35%		44%	41%	38%	42%	43%
Average (no)	40%	43%	38%	38%	39%		45%	49%	48%	47%	43%
Average (half)	41%	43%	41%	40%	39%		34%	31%	35%	30%	32%
	EBITDA										

Average (yes)	2.7	4.9	2.6	2.9	2.8		4.6	2.7	1.0	-0.6	3.8
Average (no)	1.4	0.7	2.0	9.2	2.2		3.0	-1.6	-0.1	1.8	3.2
Average (half)	6.7	3.6	6.2	6.1	2.2		-3.3	-2.4	-5.3	5.5	0.8

Source: Elaborations of the author

One of the reasons why it's important to consider if the companies have changed their management team after the acquisition is to see if this factor also affected the result of the companies. On the other hand, the insights that can be gained by looking at this data is to see if the change of management has a big role in the performance of the company. Table 25 illustrates the performance difference when the management changes. It includes financial indicators of the company such as revenue in millions, gross margin and EBITDA in millions. It shows in 3 scenario cases when management changed ‘Average (yes)’ if it stayed the same ‘Average (no)’ and when half of the management team changed and the other half kept the same ‘Average (half)’. After each case scenario is presented for ‘Average’, the growth of revenue based on t-2 is presented.

After the 2013 M&A deals, 42% of the company decided to change the majority of the management team, while 28% of the companies kept the management team, and 30% decided to go mix approach and change half of the management team. The situation after the 2019 M&A deals were a little different as half of the all companies decided to appoint a new management team, 29% decided to keep it the same and 21% decided to change only half of the team.

Overall view of all financial indicators tells that if management kept half change and half new then the company can achieve the highest results. The result of revenue shows that post-Brexit companies made positive results when they kept the old management team. Their revenue has grown almost 25% compared to the 2 years before the acquisition. On the other hand, the revenue of the pre-Brexit companies decreased by 27% when the management wasn’t changed, by 15% when it was changed and by 8% when half-mixed management was appointed. The difference between pre and post-Brexit companies is huge, on the one hand, post-Brexit companies are showing an increase in revenue, on the other hand, no matter the management status of the companies, the pre-Brexit companies have seen a decrease in revenue after the acquisition.

Revenue is one of the most important financial factors to consider when assessing the company's performance. It shows the size of the company and how the sales are growing. In the post-Brexit companies, a big chunk of high-performing companies opts to change the management partially, recognizing there is a need for local, old management in the team. However, they also recognized that there is a need for new blood in the team to drive their planned strategy and to bring someone with fresh eyes so the company can grow. Overall, it can be confirmed in both cases when the management team was changed completely after the acquisition the revenue of the companies dropped significantly.

The statistical significance of the findings can be tested again for these cases following similar parameters in the past. Following is the statistical significance test for Revenue.

2013 companies' revenue results pre vs after acquisition on the following conditions:

1) Management half changed: $t = 2.12$, $p = 0.039$ – significant
2) Management kept as it is: $t = 1.56$, $p = 0.12$ – insignificant
3) Management team was completely changed: $t = 2.09$, $p = 0.04$ – significant

2019 companies' revenue results pre vs after acquisition on the following conditions:

1) Management half changed: $t = 3.01$, $p = 0.004$ – significant
2) Management kept as it is: $t = 2.048$, $p = 0.045$ – significant
3) Management team was completely changed: $t = 1.31$, $p = 0.19$ – insignificant

When it comes to gross margin, a similar scenario can be observed here as well. The companies that have changed their management team have suffered the most in the post-Brexit case, as gross margin drops from 35% in 2 years before the acquisition to 28% in 2 years after the acquisition. However in the pre-Brexit case, it was kept stable even though the management changed, as in 2011 companies' gross margin was around 43%, and it managed to grow by 1% by the end of 2015. On the other hand in both cases saw an increase in performance when the management team was kept the same, or at least half of the team was changed.

EBITDA data shows so unstable results, as the performance indicators show turbulence in the 5-year time span. It is hard to find a trend in pre-Brexit M&A deals the EBITDA gains 0.8 when the management is changed, it drops 0,2 when it keeps the whole management team and drops 4.1 million on average earnings if half of the team was changed. The post-Brexit deal companies are also turbulent scenarios as it's hard to make a sense of it. There is a 0.1 point drop in the EBITDA results when the company appoints new management, a 0.8 drop when it keeps the old one and a 4.5 million on the average gain if there is a half-old and half-new management team.

To summarize, the main observable trend from the analysis of management change is when the new owners of the company have appointed a new management team, the company's financial performance started suffering. When the foreign acquirer kept the whole management team, the financial results of the company weren't as bad as when they appointed a new management team. It may be explained by the fact that the company's experienced present management has something to offer because they are more familiar with the current state of the business and the local market than newcomers. Additionally, former managers are most probably in a similar culture as the employees, if the managers continue to work for the firm, there won't be any pushback from the current employees because they would appreciate the familiar face and similar culture in the management. On the other hand, the new owners of the firm have planned strategies for the acquired company before purchasing it and would like to employ the person they know to carry out their ideas, and have a look at the company with fresh eyes. Therefore, when a foreign investor buys a local firm, mixing up the management team may be quite helpful.

4.3.2.2 Acquirers' origin: cultural and physical distance

Inbound cross-border M&A has so many layers and factors to consider. As has been presented earlier, there are so many factors that are affecting the company's performance. Another crucial factor that needs to be considered is the cultural distance between the acquirer and the target company. In the first chapter of the research paper, the uniqueness of each culture and its characteristics alongside the cultural clusters were introduced. On top of it, the UK business culture was explained per Hofstede's insight, in the same chapter.

When it comes to the UK case, two factors need to be considered. The UK was a long-time part of the European Union, as such, they have shared so many things over the years. On another hand, they have another group of cultures that were clustered together. In this part of the analysis, both scenarios will be looked into, to see the similarities and differences. Firstly the EU and non-EU country acquisitions will be considered and compared. Afterwards culturally close countries' purchases of the UK and not close countries will be compared.

When it comes to the fact that the UK has been purchased the most by the US, which is non-EU, but culturally close the results showed a similar trend. Table 26 illustrates the analysis of the acquirer countries by their affiliate to the EU. The analysis of the sample companies showed that 62% of companies were acquired by non-EU countries in 2013, and 38% are EU countries. While the number is closer in 2019 results as non-EU countries were responsible for 53% of the acquisitions while 47% was the percentage of EU countries.

Table 26. Acquirer countries by EU and non-EU

	Post-Brexit					Brexit	Pre Brexit				
	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
	Revenue										
Non EU	53.6	52.4	56.4	58.6	57.5		27.7	27.4	25.7	29.1	27.7
EU	41.2	37.2	31.1	29.8	27.0		71.0	78.6	74.2	94.1	94.6
	Gross margin										
Non EU	32%	33%	38%	38%	39%		48%	47%	48%	45%	44%
EU	36%	40%	36%	35%	34%		31%	30%	27%	30%	33%
	EBITDA										
Non-EU	0.8	3.3	2.9	8.1	3.4		3.8	1.3	0.4	-0.8	3.0
EU	5.7	3.5	3.5	2.4	1.5		-1.4	-2.1	-3.9	6.2	2.4

Source: Elaborations of the author

The comparison of non-EU countries and EU countries from an acquisition perspective shows that in 2013 M&A deals, non-EU countries showed stable performance in terms of revenue, while EU countries showed a steep decrease in revenue after the acquisition. In 2019 M&A deals total opposite of what can be observed, as non-EU country acquisitions performed slightly worse than in previous years, while purchased companies by EU countries showed a strong increase year by year. It is such a distant finding when two timelines are compared, while the trend of non-EU country acquisitions is somewhat similar, EU country acquisitions are showing the total opposite when compared to pre and post-Brexit results.

Gross margin results are also in the same spirit as revenue. Non-EU countries showing again strong performance after being involved in the pre-Brexit M&A deals. On average the companies purchased in 2013 by non-EU countries have grown from 44% in gross margin 2 years before the purchase to 48% in 2015. For the same period, EU country-purchased companies declined from 33% to 31%. Looking at after Brexit deals, it becomes clear they have followed the exact same pattern as revenue results. Non-EU countries showed somewhat decline in pre and after-acquisition comparisons, while the EU countries showed a slight increase.

The results and trend around EBITDA are not surprising at all, as it follows other trends above. The companies involved in the 2013 M&A deals demonstrated better results when they were bought by non-EU countries, while the companies plunged to negative results when they were bought by EU country companies. However, yet again the trend changes completely when it comes to the companies that were purchased in 2019. The companies that were purchased by non-EU countries performed badly after the acquisition, while EU countries purchased companies thriving under the new regime. For a simple comparison, non-EU purchased companies on average demonstrated 3.4 million in EBITDA in 2017 (2 years before acquisition), and ended the 2 years into the acquisition with 0.8 million results, a 2.6 million deduction. On the other hand, EU country purchases demonstrated 1.5 million EBITDA results in 2017, and by the time of 2021 they reached on average 5.7 million, a 4.2 million increase from than initial results.

Overall, by looking at the data provided in Table 26, it can be concluded that in pre-Brexit deals EU owners of the local companies performed much poorer compared to the non-EU ones. However, the trend changed opposite site in the post-Brexit M&A deals. EU owners of local companies after Brexit started performing a lot better compared to the non-EU ones. Now it is said, let's look at the trends provided by the close cultural distance countries and distant cultural countries.

The list of close cultures is taken from chapter 1 when cultural distance and its role in M&A deals are introduced. Table 16 shows the close and distant cultural owners of the UK companies, assessing them and comparing pre and post-Brexit timelines as well. In the pre-Brexit timeline, 70% of acquisitions were made by the close culture countries, while distant culture was only 30%. After Brexit timeline saw very close data as only 51% of the companies were acquired by the close culture countries while 49% were acquired by distant culture countries. This data is somewhat similar to EU and non-EU country data. In general, the countries are represented, as the close countries culturally to the UK most of them are non-EU, so it makes the data somewhat similar. Except for Ireland, there is no other country in the EU that is in the same culture cluster as the UK. However, there are a lot of foreign countries as well that are not close to the UK and can shape the statistical results in Table 27.

When looking revenue of the companies, and comparing them close culture and distant culture purchases, one thing becomes clear, close culture countries purchased companies performed a lot more stable compared to the distant culture. Pre-Brexit-purchased companies by the close culture nations had 28.2 million in average revenue, and by the end of 2015, it remained at 28 million. Comparing it to the distant culture ownership companies, it started at 111.2 million on average and dropped to 82 million on average. Companies owned by distant nations behaved the opposite of pre-Brexit results when it was in the post-Brexit data. It starts with 38.2 million in revenue and grows to 49.7 million in revenue by 2021. While close culture results in the post-Brexit timeline are somewhat similar to pre Brexit and keeping stable across the study years. Even though it saw a significant decline in the first year of the acquisition it bounced back and gained almost 5 million in average revenue by the end of 2021. 2020 can be usually explained by the Covid 19 shutdowns in the countries and the relevant industries.

Table 27. Financial results of acquired companies, by culture closeness

	Post-Brexit					Brexit	Pre Brexit				
	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
	Revenue										
Close culture	46.0	41.4	46.6	48.8	47.8		28.0	27.8	26.0	29.6	28.2
Distant culture	49.7	49.2	42.4	41.1	38.2		82.0	91.3	86.4	110.2	111.2
	Gross margin										
Close culture	36%	35%	37%	38%	39%		47%	46%	45%	44%	43%
Distant culture	31%	38%	37%	35%	34%		28%	27%	27%	27%	31%
	EBITDA										
Close culture	0.30	3.12	2.01	7.73	2.81		3.6	1.3	0.6	-0.5	2.9
Distant culture	5.99	3.68	4.34	2.99	2.20		-2.5	-3.2	-5.4	7.4	2.4

Source: Elaborations of the author

Overall revenue data of culture distance looked almost just like EU affiliation data. However, gross margin data showed a difference as pre-Brexit acquired companies by the close culture had 4 % after the acquisition, and distant culture-owned companies lost 3 % for the same period. On the other hand post, Brexit data demonstrate a decline in both cultural groups. The close culture group lost its share from 39% in 2017 to 36% in 2021, while the distant culture group also lost 3% from

34% to 31% at the same time. Gross margin data is conclusive as apart from pre-Brexit close culture nations, the non-other situation has been able to create value through gross margin increase after the acquisition.

The final financial performance that needs to be taken into account is EBITDA. In 2011 the companies has been acquired close culture nation companies in pre-Brexit accounted for an average of 2.9 million in earnings, later this number saw a significant decline and rise to 3.6 million by 2015. While for the same period, distant culture-owned companies demonstrated 2.4 million in EBITDA in 2011 and drop to -2.5 million on average by 2015. This result is significant as the whole time after the acquisition companies' average didn't get out of the negative region. So in pre-Brexit time distance, culture-owned companies didn't perform as well as close culture-owned companies. This is in line with most of the studies that were introduced in chapter 3. However, once more after Brexit results go against most of the studies that have been done in the past. While close culture-owned companies lost ground after the acquisition and dropped almost into the 0 zones, distant culture-owned companies are showing a significant increase from an average of 2.6 million pre-acquisition to 4.8 million in EBITDA. This phenomenon of distant culture performing amazingly in the post-Brexit times is a very interesting trend to observe.

The statistical significance of the data observed in Table 27 can be tested using previously seen methods. Following the t-test of revenues.

2013 companies' revenue results pre vs after acquisition on the following conditions:

1) Close culture: $t = 2.09$, $p = 0.04$ – significant
2) Distant culture: $t = 2.42$, $p = 0.019$ – significant

2019 companies' revenue results pre vs after acquisition on the following conditions:

1) Close culture: $t = 1.06$, $p = 0.29$ – insignificant
2) Distant culture: $t = 0.84$, $p = 0.40$ – insignificant

Country-specific analysis showed in the pre-Brexit EU countries couldn't manage the local companies as well as non-EU countries. Even though the t-test results showed, there is no significance behind this data, it is a very interesting observation to see these results and cultural difference comparison. The fact that EU countries struggled so much, even though they have shared so close bond and partnership with the UK for years. However, the trend changed dramatically after the Brexit vote came in. EU-based acquirers started improving company financial results in a fashion that hasn't been seen before. It can be because the EU-based companies acquired the local UK-based companies to keep their access to the UK market. As such their only goal in that situation was to make it successful as it would depend on the success in other regions, considering the UK might be their main trading market. While before Brexit EU companies weren't so interested in keeping the company in the UK market as there was free movement of the goods in place.

In conclusion, in this part of the research paper number of things were concluded:

- If companies were purchased by non-EU nation acquirers in non-distress times, the companies will somewhat perform stable and slight improvement can be observed. However, if there is macroeconomic uncertainty then, non-EU county acquirers won't be performing at their best.
- If companies are acquired by the close culture nation companies, then they will keep operating as well as before, even after the acquisition.

There can be lots of hypotheses behind this data and phenomena. However, by only looking at the data and observing the trends it can't be solved. Sometimes there is a need to go deeper in layers one more time to understand these phenomena from the individual case perspective. So far research paper has analyzed all financial results of the companies in both 2013 and 2019 year. The outcome was unanimous, the foreign acquisition of local firms hurt their performance within 2 years. However, there is only one case where this trend didn't follow the abovementioned suit. It is after the Brexit vote when the local company was purchased by the EU investors, the company's financial details have improved significantly.

Earlier in the study, it was seen that when companies made the management team from half of the new members and kept the other half old management team, they could achieve high results after the acquisition. However, even in the post-Brexit acquisition of the UK local companies by EU owners, "Half" management style was only 21% of the cases, while completely changing 38% and keeping all members as it is 41%. There is no clear explanation for how EU member companies managed to run UK-based companies within 2 years after the acquisition. This phenomenon coming right after the Brexit vote was announced makes us think, how much of this phenomenon is due to the fact of Brexit. To understand this phenomenon better and learn the causes for it, the case study will be deployed illustrating the individual interesting M&A deal that occurred in 2019.

4.3.3 Blue Earth Diagnostics' case

In this part of the research paper, the case study will be introduced to better understand the phenomena introduced in the last subchapter. The case study will be based on the 2019 M&A deal that was part of empirical research earlier in the chapter. Oxford, UK-based company Blue Earth diagnostics was acquired by Italian-based company Bracco Imaging S.p.A. The main reason why this case was chosen to represent this part is, by 2021 Blue Earth Diagnostic's revenue has increased 1112% compared to 2017 results. The results were the biggest increase in the research sample, which was analyzed earlier. It made only sense to see how it was even possible to reach those heights within 5 year time. The research of the case study will be based on online publications, journals and articles, and available financial data analysis.

Background

**The following information about Blue Earth Diagnostics is directly taken from the company's website as a source. To avoid too many citations of the same website in every sentence, I am providing them here.*

Blue Earth Diagnostics was founded in Oxford, UK in 2014 by Dr Jonathan Allis who is the current Executive Chairman of the company. Currently, Blue Earth Diagnostics is a recognized leader in molecular imaging, delivering cutting-edge, highly distinctive diagnostics, as well as educating patients, and influencing the development of new cancer medicines. The sole area of clinical emphasis for Blue Earth Diagnostics is cancer, intending to use its knowledge and experience to create promising radiopharmaceuticals for imaging and therapy. The business also plans to increase the number of diseases in its pipeline, such as prostate cancer and neuro-oncology.

When Jonathan and the team founded Blue Earth Diagnostics, they had a belief in the potential of precision radiopharmaceuticals and their application to patients and physicians all across the world. The name of Blue Earth Diagnostics was inspired by Sr Henry Wellcome's hometown Blue Earth Country in the US, Minnesota state. Sir Henry Wellcome was a great man of his time, who co-founded a pharmaceutical company which led to the founding of numerous medical research on the understanding of how the human body works. The Welcome Trust, a charitable fund, was created from his will after his death. The first investor of Blue Earth Diagnostics – Syncona, was aligned with the Welcome Trust as well.

After a year the foundation of the company, they sign an agreement with Siemens' PETNET Solutions. Later in the same year, they raised 18 million GBP in the series B funding round. In

2016, the business has expanded so they decided to expand into the US and open another office in the country with the growth of the management team. Later that year, finally FDA (Food and Drugs Administration in the US) approved a new imaging agent for recurring prostate cancer that was filed by Blue Earth Diagnostics, and it allowed the company to commercialise their solutions.

In 2017, the company received the approval from European Medicine Agency for the marketing of its products. In the same year, GE Healthcare and Blue Earth Diagnostics signed an agreement for the manufacturing of the products, that allowed Blue Earth Diagnostics to manufacture and distribute its products in the UK, Ireland, France, Italy, Portugal, Germany and Spain. In the same year, Blue Earth was shortlisted as the best MedTech company of the year, and it was the finalist in the first Xconomy awards.

In 2018, the company's growth continues in a positive angle and it opens larger headquarters in Oxford. Through the exclusive license of a family of radio hybrid agents, Blue Earth Diagnostics increased the scope of its range of cancer-related products and technology. Later that year, the company was nominated for the prestigious award "Best Emerging Biotech Company", and won it. In 2019, Blue Earth Diagnostics was acquired by Italian company Bracco Imaging S.p.A, The headquarter of the company remained in Oxford and the leadership team of Blue Earth Diagnostics continued to work as the management team.

**The following information about Bracco Imaging S.p.A is directly taken from the company's website as a source. To avoid too many citations of the same website in every sentence, I am providing it here.*

Bracco Imaging started its journey with a different name than its today. It was founded in 1985 in Milan, Italy, under the name Dibra Interchemical S.r.l, and it was changed to Dibra S.p.A., in 1986. Bracco was a multinational holding company of Dibra, which was founded in 1927 in Italy. Its presence in the Healthcare industry was huge, it rose to prominence in 1981 after the introduction of Iopamidol, the first and most regularly used non-ionic contrast material for CT and X-ray treatments. After the success of their product, Bracco started the expansion and soon become a widely known brand in the world. In 2001, Dibra changed its name once more, to make it the parent company, of Bracco Imaging S.p.A.

With the help of acquisitions and strong innovation capabilities, Bracco has expanded the scope of its offering over the years. It entered the MRI market with ProHance® and MultiHance®, solidified its leadership in X-Ray/CT with Iomeprol, and entered the Nuclear Medicine sector with a leading position in the rapidly expanding niches of PET Cardiology and Hepatobiliary Imaging. And it continues to invest a lot of time and money into developing cutting-edge goods and services that address unmet or inadequately fulfilled medical needs. With the introduction of SonoVue®, Bracco Imaging joined the cutting-edge field of Contrast Ultrasound in 2001.

In 2008, Bracco Imaging entered into gastrointestinal radiology market with the purchase of EZ-E-M. 3 years later in 2011, it further purchased the Swiss-based company Swiss Medical Care and enhanced its automation systems. Later in the same year, they purchased another contrast agent manufacturing company BIPSO in Germany. In 2012, they expanded to South America through the purchase of Justice Imagen Brazil, Argentina and Mexico. For years, Bracco Imaging has been expanding to foreign countries, and currently, they operate in more than 90 countries in a different types of forms.

Earlier in 2001, Bracco Imaging purchased American-based company ACIST, which come to 2016 has become a market leader in cardiology solutions for the regulated delivery of contrast agents. The company has expanded into Asia and Europe and has become one of the biggest players in the market. In 2016, they combined their 2 office in the Netherlands and opened one huge headquarters the size of ten thousand square meters in Heerlen, Netherlands. Nowadays, more than 1 million people use ACIST's cardiovascular solutions for years, and this number is still growing.

Bracco and Dompé announce the signing of an agreement in 2016 under which the Italian biopharmaceutical company headed by Sergio Dompé would include the Pharma Division of the Bracco Group. The deal with Dompé is the pinnacle of an all-Italian industrial endeavour that upholds the principles and traditions of two illustrious businesses that have contributed significantly to the development of Italian medicines. After 3 years in 2019, Bracco Imaging purchased a British company Blue Earth Diagnostics in a 450 million USD deal.

Situation

Blue Earth Diagnostics was acquired by the Italian-based company Bracco Imaging in 2019, for a deal worth 450 million USD plus some add-ons worth up to 25 million USD (Fiercebiotech.com). The previous owner of Blue Earth Diagnostics, Syncona sold all outstanding shares of the company to Bracco Imaging (Medical Device Network, 2019). Blue Earth Diagnostics would keep its name, headquarters, and management team to continuously operate (Fiercebiotech.com).

After the deal went through, Fulvio Renoldi Bracco, chief executive of Bracco Imaging, stated that the acquisition of Blue Earth Diagnostics allowed the company to broaden its selection of nuclear cancer imaging solutions for the urology market and other specialities (Reuters.com). The company expected to make a revenue amount of 140 million USD in the fiscal year of acquisition, largely thanks to the US market (prnewswire.com), while Bracco Imaging made a revenue of more than 1 billion in the year 2018 alone (reuters.com). J.P. Morgan helped Bracco Imaging to get the deal to go through (reuters.com).

More than 2 years passed since the acquisition of Blue Earth Diagnostics by Bracco Imaging. As seen in the research paper earlier, the company fared well, even more than good. The financial performance of the company has grown and reached heights that are almost impossible to imagine. On the one hand, Bracco Imaging has kept almost everything the same after purchasing Blue Earth Diagnostics including the management team, on the other hand, Bracco Imaging made an amazing investment that paid off brilliantly. Earlier in the chapters, it was revealed that one of the most common motivations for doing M&A is creating synergy among both companies and utilizing it. It is clear from this case that both sides have achieved exactly this as Bracco Imaging was targeting Blue Earth Diagnostics to utilize its products in its portfolio and expand its range of services. With the acquisition of Blue Earth Diagnostics, Bracco Imaging created a synergy to be utilized and made the best out of both.

In Table 28, individual financial data of Blue Earth Diagnostics will be presented, covering from 2015 to 2021. The reason why 2014, the foundation year, wasn't included is there is no reliable data for that year. From the data, it's clear that the company was on the path of growth since 2015. In terms of Assets, the company had a dip in 2016, but afterwards, only growth followed it. Another interesting fact is, Intangible Assets make up almost all Fixed Assets in the data, which shows how their patents and technology play a crucial role in their development. Other than keeping a high cash amount in the Current Assets, the company follows a steady growth path.

Table 28. Blue Earth Diagnostics, financial statements.

Balance sheet							
in Million USD	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Current Assets	119.5	99	65.4	35.4	13.8	4.4	8.3
Fixed Assets	7.3	8.9	4.7	5	1.5	1.5	1.6
- Intanbile Assets	7.1	8.6	4.7	4.9	1.5	1.5	1.6

Total Assets	126.8	108	70.1	40.4	15.4	5.9	9.9
Current Liabilities	32.5	37.9	20.3	12.3	5.1	3	1.6
Long term Liabilities	4.3	2.5	0.1	41.2	39.2	22.9	17.5
Total Liabilities	36.8	40.4	20.4	53.5	44.3	25.9	19.1
Shareholders equity	90	67.6	49.7	-13.1	-28.9	-20	-9.2
Income statement							
Revenue	192.2	175.1	145.8	59.5	15.8	0.5	0.03
COGS	-56.7	-48.7	-41.2	-19.6	-6.3	-1.4	-
Gross profit	135.4	126.5	104.6	38.9	9.4	-0.9	-
EBITDA	62.9	48.3	48.6	16.4	-6.1	-10.9	-8.1
Net income	58.4	43.5	41.9	14.8	-8.9	-10.8	-7.9
Employees	38	30	29	61	12	8	8

Source: Elaborations of the author on data from FAME published by Bureau van Dijk

The income statement also follows a similar trend to the Balance Sheet, where steady growth can be seen even before the Bracco Imaging takeover. Modest start of Revenue from 2015 with only 30 thousand USD, it ended up growing to 192 Million USD in 2021. Just before the acquisition year, 2018, it was 59.5 a whopping 277% since the last year (Table 29). The company has achieved its highest growth in 2017 compared to the previous year, with a 3060% increase.

Table 29. Blue Earth Diagnostic's growth rate of Revenue

2021	2020	2019	2018	2017	2016
10%	20%	145%	277%	3060%	1567%

Source: Elaborations of the author

Gross profit also followed a similar trend as revenue, firstly going negative but growing to positive and lifting the Gross Profit margin by 2021. EBITDA is also similar to other financial indicators, as it starts with negative results in the early years. For startup and growth companies usually, it is considered acceptable, most importantly Blue Earth Diagnostics has achieved positive numbers come to 2018. Shows significant growth in 2018, and steadily grown from there. The result the company has shown is no shock at all, as was highlighted in the Background part, it took a while for the company to be approved by FDA, and gain European Medicine permission.

Financial data of the company has shown that Blue Earth Diagnostics was a growing company by the time it was purchased. On the other hand, Bracco Imaging acquired the company after it has produced the product and gained all the rights for mass production. It was time for Blue Earth Diagnostics to bring profits, as it has achieved that point by 2019. On the other hand, even if the journal articles claimed at that time the company would keep all its management team, the data derived from Eikon revealed that Bracco Imagin has changed half of the leadership team in Blue Earth Diagnostics. Now it's time to look at what made the company so successful after the acquisition.

Solutions and Implications to the research

As discussed earlier, the main motivation for the case study is to understand the phenomena better and to see how it is affecting these research outcomes. Initially, it was put, if the surge of cross-border M&As into the UK after the Brexit vote, was actually in the best interest of the nation. The first analysis of trends financially and job creation revealed there is not so much difference between pre and post-Brexit deal performance. However, a deeper analysis of the countries showed an anomaly when post-Brexit companies were purchased by EU companies, it provided amazing results. Understanding the phenomena better will help this research to conclude with confidence its result.

Solving the question of why EU-purchased UK companies in 2019 performed much better than others, with this case study will help to remove the biases in the research. To do that, let’s look at the facts surrounding this case, and try to understand why the company has improved. Afterwards, the hypothesis formed in this case can be applied to general research and see if it holds up.

Blue Earth Diagnostics was already on the growth path, its financial data and back story proved that. The company was just turned into a profit and it had already taken a strong growth path. So when Bracco Imaging purchased the company, they didn’t change much or in other words, they didn’t interfere with the company's performance and let it grow by assisting. This is in line with the theory of “cherry picking” which was introduced in the first chapters. This hypothesis can be true for Blue Earth Diagnostics but how relevant it is to other sample cases that were used for this research?

To simply check this hypothesis, the growth rate of the companies before purchase needs to be checked. The companies that were acquired in 2019 showed a modest growth rate before being purchased. The companies that were acquired by non-EU country companies in 2019, showed a 2% growth rate, while the companies that were acquired by EU companies showed 4% (not including Blue Earth Diagnostics). While their growth after the acquisition being -5% and 23% respectively. So there was little difference that didn't justify the high-growth companies being acquired by foreign market companies.

One of the main motives for the M&A is creating synergies. As discussed in the earlier chapters, companies thrive to create synergy and it's what moves their decision toward purchasing certain companies. In the research it was confirmed, Bracco Imaging and Blue Earth Diagnostics have created a synergy together, in part it was because they were operating in a similar industry. Bracco Imaging has a pretty good idea of what Blue Earth Diagnostics can offer, and how to utilize it as best.

Table 30. Total industries and its acquisition in 2019

Industries	Same	Different
Consumer Products and Services	48%	52%
Consumer Staples	64%	36%
Energy and Power	53%	47%
Healthcare	69%	31%
High Technology	70%	30%
Industrials	67%	33%
Materials	71%	29%
Media and Entertainment	47%	53%
Retail	42%	58%
Telecommunications	67%	33%

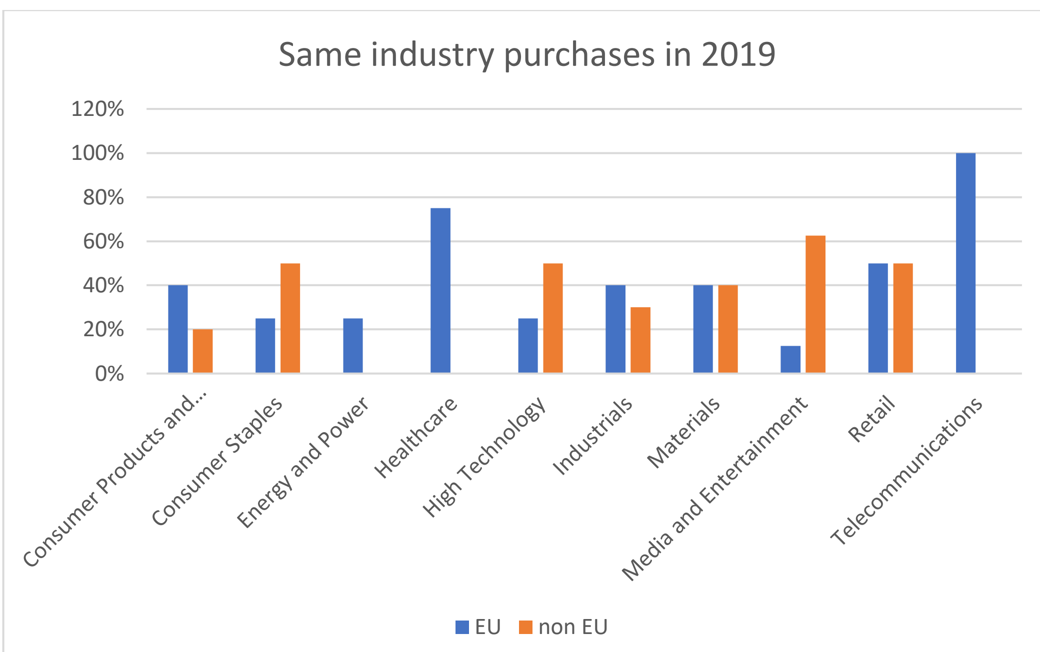
Source: Elaborations of the author

Looking at the data of industries that were bought by the industries can explain this theory. If the company was bought by the same industry, then it would have a better chance to be improved. The new owners would be familiar with how to run a company in a similar industry, also they would wanna utilize the company in a better fashion. On the other hand, in a similar industry, the companies tend to have similar organizational and employee structures so it's easier to create a synergy between them Therefore the importance of checking this theory on all sample groups is high.

Table 30 shows in total industries being acquired by the same and different industries. When looking at the data in general it seems there is not much of a difference as the numbers are close. However, further, look into data is required in terms of dividing them between EU and non-EU countries. This aspect of research would give us more understanding of the difference in the purchase by industries in different geographies and can explain why EU-acquired companies can create better results.

Figure 33 shows the industries being purchased by the same industries and their comparison between EU and non-EU, while Figure 34 aims to illustrate the purchases of industries from different types of industries and their comparison between EU and non-EU. As shown in both figures, the difference is not so big to point out, this is the main reason. The overall overview of the figure that was made from sample cases is more or less in line with Table 30 of the total industries overview.

Figure 33. The same industry acquisition in 2019

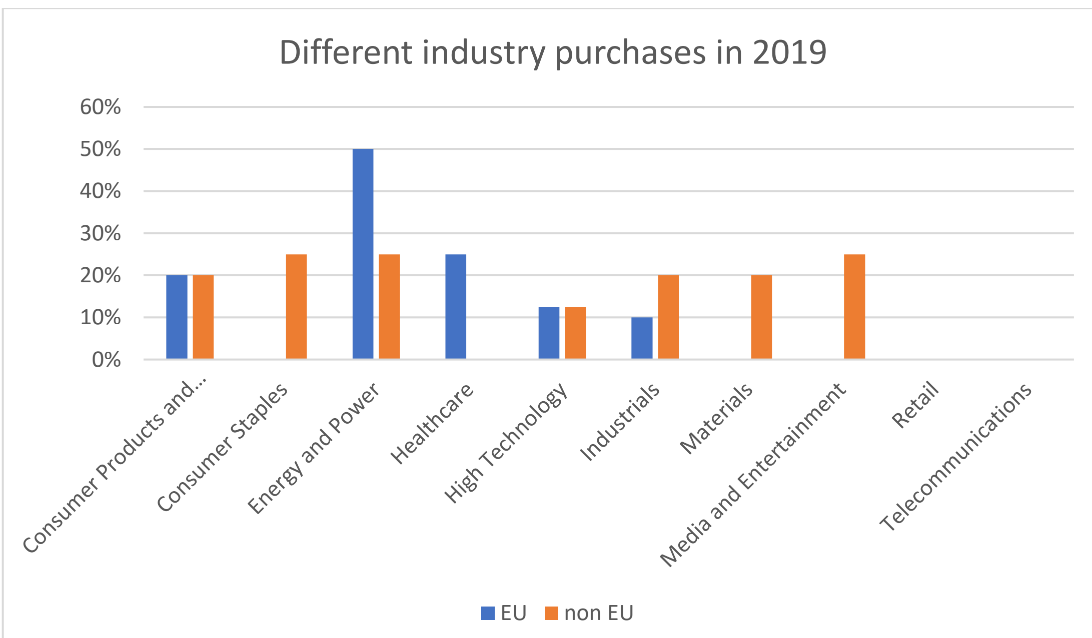


Source: Elaborations of the author

Only one thing can be alarming by looking at the figures is, some industries weren't represented equally on both sides. It shouldn't be a big problem in terms of research, as the sample size is large enough to come up with more or less accurate numbers. The overall result shows that most of the industries were purchased by similar industries and the most important part of this research was to understand the differences between EU and non-EU. The data showed there is not a big difference when it comes if the companies that were purchased by similar industries or different ones. However, the only industry that stands out in the figures is Healthcare, which brings us to the next hypothesis.

Another hypothesis is related to the industries again, Blue Earth Diagnostics operates in the Healthcare industry as Bracco Imaging. The year M&A deals are being looked at is 2019, a year before the Covid 19 lockdowns. However, most of the companies looked into in this research weren't affected much during the Covid 19. In general, not all companies suffered during the Covid 19, mostly the Travel industry being hit the hardest while Healthcare and High Tech profited during it. The research paper usually looked into the company's performance during 2020 and 2021. So far Covid effect hasn't been accounted for but it needs to be looked at as well.

Figure 34. Different industry acquisitions 2019



Source: Elaborations of the author

The data shows that in the sample of companies used for the research of this paper, post-Brexit part, all companies that participated in the Healthcare were EU-purchased companies. In another word, when comparing company performances in EU and non-EU in the post Brexit, there was an advantage for EU country purchases, as they had high-performing industries while non-EU countries didn’t. This can be a major explanation for why EU countries were performing better than non-EU countries' purchases. While there is an option to check this by removing all Healthcare industry involvement from the research, it doesn’t feel fair for post-Brexit companies. As mentioned during the Covid some industries were performing better than others, and some not performing at all. By removing one performing industry, the balance of the research can be leaned to the underperformance.

4.4 Limitations and future research

The research paper mainly focused on looking at data and making sense of them. It has taken a different approach compared to the past research papers that have been introduced during the Literature research chapter. By choosing a different approach, the researcher has come to limitations and critical points during the research that needs to be addressed.

1. On surface data analysis – this research paper has been analyzed by looking at the simple financial indicators of the company. It is useful to look at the company's health and profitability on the surface and make sense of the company's profitability. However to conduct in detail and deeper comparison more statistical approach needs to be used, as it would help to analyze bigger data and test their significance. Here the research paper faces its first limitation in terms of the significance of the findings.

2. Data reliability – for most of the part the data provided by Eikon and FAME has been used to conduct this research. However, when compared to different datasets on the same topics it wouldn’t match. As an example, the data provided by the National Statistics of the UK was different than what was provided by Eikon data. Sometimes the company data taken by FAME was not similar to what the actual company is publishing. So it has created some limitations in terms of the accuracy of the data.

3. Data consideration range – In the past researchers, usually more than 3 years before and after acquisition data considered for the analysis. However in this research paper as explained earlier, only 2 years prior and after data could be analyzed, which can be less for the analysis. As some data availability in 2019 M&A deals were not so easy to find, as 2 years after acquisition would mean 2021 data.

4. The company size – the company size that were used in the samples ranged from small to largest companies. It in place made the result of the research non consistent. As it is seen in the t-test most of the observations were insignificant.

5. Different circumstances for local companies – in the research paper, the Brexit effect on M&As have been discussed and analyzed. The companies were compared with each other before and after Brexit. However, the companies may have been under different circumstances considering we are comparing 2013 and 2019. The company's performance may have been affected by other factors as well.

6. Covid – As by the end of the research, it became clear that the covid effect in this research is colossal considering the data has been taken during the pick covid times. It creates a limitation in the research, as the results of the research could be heavily affected by Covid. For example, 2020 and 2021 data could be compromised and the whole research might have been affected.

In general, these are the main limitations faced during the research. The research paper hasn't been very quantitative to face too many limitations from the qualitative side, and at the same time, it's not so qualitative to face limitations from the quantitative side as well. When looking at the financial results and the trends by the companies, it doesn't say much as only numbers can't tell the whole story. In future research, combining both qualitative and quantitative data needs to be used at a deeper level in order to understand phenomena much better.

When it comes to future research, it will be interesting to see this type of research covering a longer period, when more data will be available. Furthermore, one phenomenon stood out in this research on cultural distance performance. Future research, analyzing the countries like the UK which is close ties with the EU, not only physically but also politically and trade-wise, and culturally far from it. The research could focus on countries like the UK situation, analyze local company acquisitions by cultural close and physical closeness, and observe the companies' performance over the years.

4.5 Conclusion

This research paper tried to analyze two main questions that were set out at the beginning of this chapter. The increase of inbound cross-border M&A deals in the UK market, and its relevance to Brexit; The improvement of target company performance after the acquisition comparing the years, before and after Brexit. To do that, we have looked at the financial ratios of the company to identify its profitability and employment numbers as a sign of job creation. At the same time, the analysis gave us some insights into the general trends of the target companies after the acquisition. The significance test on the observation showed there is no significance on number of observations. However, we proceed to conclude the following summaries based on our research:

- Brexit has created a unique marketplace in the UK, where company values dropped because of macroeconomic factors such as currency devaluation. The uncertainty surrounding Brexit and its outcome of it didn't stop foreign investors from acquiring local UK companies for various reasons. In conclusion, the result of the Brexit election has increased the inbound cross-border M&As in the UK.

- All financial results of the companies deteriorated within 2 years after the acquisition, seen in both years' cases. It might conclude that companies when purchased by foreign investors, will perform worse within 2 years compared to their last 2 years before purchase. This finding is in line with the research of Bertrand, et.al., 2008; Martynova, et.al., 2011; Nkiwane, et.al., 2019; Feito-Ruiz, et.al., 2011; Damijan, et.al., 2015; and Buckley, et.al., 2014, where they identified negative, no or minor improvements.

- Companies' status within 2 years after the purchase has shown that 15% of companies which were purchased after Brexit were either in liquidation or were dissolved already. While the percentage of companies being in liquidation or dissolving state before Brexit purchases was only 8%. In conclusion, foreign owners attracted by Brexit offered discount valuations of the UK local companies, mainly interested in the undervalued assets of the company. Which is not in the best interest of the nation at all.

- Financial results of the companies when compared overall showed similar patterns. The Revenue of both year companies went down in a similar trend after the purchase. The gross margin is behaving in a similar trend as well, almost staying stable or only going down 1 or 2 % since 2 years before the purchase. It would mean that the foreign owners of the companies after the acquisition, managed to keep the gross margin stable while losing on sales. However, another financial indicator such as EBITDA has shown growth after Brexit purchased countries after the acquisition, compared to the decline in pre-Brexit countries. This could be achieved after Brexit purchased companies by cutting operating costs such as administrative expenses and others. So after Brexit companies, while losing total sales after the acquisition, preferred to decrease other operating costs. The ability of the companies to utilize their assets and employed capital also was more or less in a similar trend. Both indicators slightly decreased after the acquisitions, showing the acquirers weren't able to utilize company resources within 2 years as well as the prior 2 years.

- Job creation data in conclusive demonstrated, the companies lost their workforce within 2 years after the acquisition. Pre-Brexit results were not so scary declining only 3% compared to post-Brexit results, as acquirers laid off more than 27% after the acquisition. After Brexit results were statistically significant. This together financial data could prove how post-Brexit companies could achieve higher EBITDA while losing on sales. In conclusion, cross-border M&A will result in job losses for the local people. While Brexit surged across borders M&A caused a lot higher job losses which are not in the nation's best interest.
- After the acquisition, acquirers have 3 options to deal with existing management: keep them, appoint completely new management or mix them by keeping half of the management in place and appointing new management for the other half. The research showed, the acquirers can achieve the best results if they use to mix/half approach, as this way would help them integrate better into the local market and decrease the resistance among the workforce with the help of an experienced team and bringing fresh blood to carry out their vision. Followed by keeping the old management team which demonstrated good results as well.
- When it comes to cultural differences, as expected close culture acquirers performed better in the pre-Brexit deals, while after Brexit deals it was the opposite. EU countries which mostly consist of far cultural distance countries for the UK demonstrated overperformance after the Brexit results. Later it was explained by post-acquisition financial results coming alongside with Covid time, and all healthcare industry acquisitions happen to be by the EU companies in the research sample.

To conclude, this research has shown how Brexit impacted the inbound cross-border M&A market in the UK, by increasing it. Despite the literature in the past demonstrating macroenvironmental conditions will decrease the inbound cross-border M&As in the country, the UK market has seen the complete opposite of it. On the other hand, the surge of foreign investments in the country has resulted in 2 times more dissolution of local companies, and 24% more job loss compared to regular times, while the financial performance of the companies in general deteriorated but stayed similar compared to regular times.

Appendix

Appendix 1

Table 31. The list of 100 sample companies that were acquired in 2013

Target company	Acquired company	Acquirer nation
20:20 Mobile Group Ltd	BrightStar Corp	United States
7 Day Catering Ltd	Servest Group (Pty) Ltd	South Africa
7city Learning	Fitch Inc	United States
ABS Industrial Resources Ltd	ELG Utica Alloys International GmbH	Germany
Actix Ltd	Amdocs Ltd	United States
Aepona Ltd	Intel Corp	United States
Aircom International Ltd	TEOCO Corp	United States
Amor Business Technology Solutions Ltd	Lockheed Martin Corp	United States
Armajaro Trading Ltd	ECOM Agroindustrial Corp Ltd	Switzerland
Atlantic Foods Ltd	Flagship Food Group LLC	United States
Augmentum Consulting Ltd	CTPartners Executive Search Inc	United States
Avelo FS Holdings Ltd	IRESS Ltd	Australia
Balfour Beatty WorkPlace Ltd	GDF Suez Energy Services SA	France
BCP Fluted Packaging Ltd	Huhtamaki Oyj	Finland
Belfast International Airport Ltd	ADC & HAS Corp	United States
Bellville International Ltd	OIA Global	United States
Bluebird Care Franchises Ltd	Interim Healthcare of Wisconsin LLC	United States
Briton EMS Ltd	OSI Systems Inc	United States
Burn Stewart Distillers Ltd	Distell Group Ltd	South Africa
CLM Fleet Management PLC	Maxxia Pty Ltd	Australia
Conder Solutions Ltd	Premier Tech Ltd	Canada
CP Witter Ltd	TriMas Corp	United States
Crane Services Ltd	REEL SAS	France
DEK Printing Machines Ltd	ASM Pacific Technology Ltd	Singapore
Delcam PLC	Autodesk Inc	United States
Edwards Group Ltd	Atlas Copco AB	Sweden
Ella's Kitchen(Brands)Ltd	Hain Celestial Group Inc	United States
Enovate Systems Ltd	Aker Solutions ASA	Norway
Ensus Ltd	CropEnergies AG	Germany
Everbuild Building Products Ltd	Sika AG	Switzerland
Exception VAR Ltd	Fastprint Hong Kong Ltd	Hong Kong
Exquip Network Services Ltd	Systems Maintenance Services Inc	United States
FFastFill PLC	Pattington Ltd	Ireland
Fresh Trading Ltd	Coca-Cola Co	United States
FTL Seals Technology Ltd	IDEX Corp	United States
Funkwerk Information Technologies York Ltd	Trapeze Software Inc	Canada
Gas-Arc Group Ltd	Victor Technologies Group Inc	United States

Golden Gekko Ltd	Digital Management Inc	United States
Health Management Ltd	Maximus Inc	United States
Healthcall Optical Services Ltd	Specsavers Optical Group Ltd	Guernsey
Hogan Lovells International LLP	Routledge Modise Inc	South Africa
HostelBookers.com Ltd	Web Reservations International Ltd	Ireland
HR Owen PLC	Berjaya Philippines Inc	Philippines
ICCM Solutions	OpenText Corp	Canada
IG Doors Ltd	Hormann KG Verkaufsgesellschaft	Germany
IMI PLC-Retail Dispensing Business	Marmon Group LLC	United States
Impatex Freight Software Ltd	The Descartes Systems Group Inc	Canada
Initio International Ltd	Staffing 360 Solutions Inc	United States
Insurecom	Applied Systems Inc	United States
International Tubular Services Ltd	Parker Drilling Co	United States
Inutec Ltd	Grupo Tradebe Medioambiente SL	Spain
Invensys PLC	Schneider Electric SA	France
Iron Mountain Europe Ltd	Katalyst Data Management	United States
Ironmongery Direct Ltd	Manutan International SA	France
IT2 Treasury Solutions Ltd	Wall Street Systems Delaware Inc	United States
Jobboard Enterprises Ltd	Dice Holdings Inc	United States
Lupprians Ltd	Rhenus Midi Data GmbH	Germany
Madano Partnership	NATIONAL Public Relations Inc	Canada
Malton Foods Ltd	Zwanenberg Food Group BV	Netherlands
Manroy PLC	Herstal SA	Belgium
Markes International Ltd	Schauenburg International GmbH	Germany
Matrix-Data Ltd	FactSet Research Systems Inc	United States
MergerID	IntraLinks Holdings Inc	United States
Napier Turbochargers Ltd	Westinghouse Air Brake Technologies Corp	United States
NTG Papermill Ltd	Sofidel SpA	Italy
Orbital Gas Systems Ltd	CUI Global Inc	United States
Orthoplastics Ltd	MedPlast Inc	United States
Parlophone Label Group	Warner Music Group Corp	United States
Profile Pharma Ltd	Zambon Group SpA	Italy
Prospec Ltd	Abeo SA	France
Pursuit Marine Drive Ltd	Cellulac Ltd	Ireland
Quick Wells Ltd	Baker Hughes Reservoir Software BV	Netherlands
Red Bee Media Ltd	Telefonaktiebolaget LM Ericsson	Sweden
RED Production Co	Studiocanal SA	France
Rosebank Oil Field	OMV AG	Austria
Rosemont Pharmaceuticals Ltd	Perrigo Co	United States
Sanctuary Records Group Ltd	BMG Rights Management GmbH	Germany
SBS Worldwide Ltd	Dsv As	Denmark
Scalini	Lite Bite Foods Pvt Ltd	India
Sea Systems Technology Ltd	Trelleborg AB	Sweden
SeeByte Ltd	Bluefin Robotics Corp	United States

Servisair UK Ltd	Swissport International AG	Switzerland
Severn Trent Laboratories Ltd	ALS Ltd	Australia
Shakespeares Legal LLP	Marron Lawyers	United States
Southern Cement Ltd	CRH PLC	Ireland
Syntaxin Ltd	Ipsen SA	France
Systagenix Wound Management Ltd	Kinetic Concepts Inc	United States
Systems Labelling Ltd	The Americk Group	Ireland
Terex Equipment Ltd	Volvo Construction Equipment AB	Sweden
Thornton & Ross Ltd	STADA Arzneimittel AG	Germany
Travel Entertainment Group Equity Ltd	Global Eagle Entertainment Inc	United States
Ubiquisys Ltd	Cisco Systems Inc	United States
Viking SeaTech Ltd	Actuant Corp	United States
Vita Thermoplastic Compound Ltd	A Schulman Inc	United States
Voicenet Solutions Ltd	8x8 Inc	United States
VTLWaveNet Ltd	Digiweb Ltd	Ireland
Walker Media Ltd	Publicis Groupe SA	France
Wallaces of Ayr Ltd	C&C Group PLC	Ireland
We Are Very Social Ltd	BlueFocus International Ltd	Hong Kong
Xodus Group Ltd	Chiyoda Corp	Japan

Appendix 2

Table 32. The list of 100 sample companies that were acquired in 2019

Target company	**Acquirer company**	**Acquirer nation**
5xThinking Ltd	Overdose Digital Ltd	New Zealand
Alexander Dennis Ltd	NFI Group Inc	Canada
ATP Automotive Transmission Remanufacturing Ltd	ATC Drivetrain LLC	United States
Boston Ltd	2CRSI SA	France
Brilliant Stages Ltd	Tait Towers Inc	United States
Carbosynth Ltd	Biosynth Ltd	Switzerland
Centrica Plc	RWE Generation SE	Germany
City Cruises Plc	Hornblower Group Inc	United States
Clckwrk Ltd	Remote DBA Experts LLC	United States
Clearswift Ltd	Help/Systems LLC	United States
Clearview Continuity	Assurance Software Inc	United States
Crerar Hotel Group Ltd-Hotel & Leisure Club	The Castle Collection	Ireland
Essentra Plc-Extrusion Business	Inter Primo A/S	Denmark
Graytone Ltd	Addev Materials SAS	France
IHSS Ltd	Vamed AG	Austria
Imaginatik PLC	Planbox Inc	Canada
Inchcape Fleet Solutions Ltd	Toyota Fleet Mobility GmbH	Germany
Inside Ideas Group Ltd	You & Mr Jones Inc	United States
Interflora British Unit	Teleflora LLC	United States
intY Ltd	Scansource Inc	United States
J W Kane Precision Engineering Ltd	Singapore Aerospace Manufacturing Pte Ltd	Singapore
Jaffabox Ltd	Schumacher Packaging GmbH	Germany
Jellyfish Group Ltd	F Marc de Lacharriere Fimalac SA	France
Jigsaw Foods Ltd	Newly Weds Foods Inc	United States
Just Eat PLC	Takeaway.com NV	Netherlands
Lanner Group Ltd	Koninklijke HaskoningDHV Groep BV	Netherlands
Linguamatics Ltd	IQVIA Holdings Inc	United States
Ludendo Enterprises Uk Ltd	Reliance Brands Ltd	India
Luxonic Lighting Ltd	Glamox AS	Norway
Manga Entertainment Ltd	Funimation Global Group LLC	United States
MCSA Group Ltd	Park Place Technologies LLC	United States
Midland Steel Traders Limited	Usco SpA	Italy
Network Telecom (UK) Ltd	Enreach Holding BV	Netherlands
Operatedata Ltd	Apple Inc	United States
Parker Fitzgerald Ltd	Accenture PLC	Ireland
Parvalux Electric Motors Ltd	maxon motor ag	Switzerland
Perform Group Ltd	STATS LLC	United States
Petrotechnics Ltd	Sphera Solutions Inc	United States

Phoenix Business Solutions (Uk) Ltd	Morae Global Corp	United States
Pritex Ltd	Cie de Saint-Gobain SA	France
Proseal UK Ltd	John Bean Technologies Corp	United States
Radms Paper Ltd	Japan Pulp & Paper Co Ltd	Japan
Rainbow Professional Ltd	Talinvest Nv	Belgium
Ring Automotive Ltd	OSRAM Licht AG	Germany
Sellick Partnership Ltd	Groupe Samsic	France
Servelec Technologies Ltd	Laurel Solutions LLC	United States
Smith & Bateson Ltd	Zeus Packaging Ltd	Ireland
Smith & Sinclair Ltd	Tilray Inc	Canada
Sold Out Sales & Marketing Ltd	Toadman Interactive AB	Sweden
Stamplay Ltd	Apple Inc	United States
Stolt-Nielsen Ltd-Rail Logistics Assets	Lodestar Energy Group LLC	United States
Syxthsense Ltd	Produal Oy	Finland
Tan International Ltd	Brenntag AG	Germany
Telegenic Ltd	Euro Media Group SA	France
The Farm Post Production Ltd	Picture Shop Post LLC	United States
The Foundry Visionmongers Ltd	Roper Technologies Inc	United States
Tilda Ltd	Ebro Foods SA	Spain
t-mac Technologies Ltd	Cirsa Gaming Corp SA	Spain
Tripleplay Services Ltd	Uniguest Inc	United States
Tulip Ltd	Pilgrim's Pride Corp	United States
Virtual Clarity Ltd	DXC Technology Co	United States
Vision Support Services Group Ltd	Westpoint Home LLC	United States
Wax Digital Ltd	Medius AB	Sweden
Yospace Technologies Ltd	RTL Group SA	Luxembourg

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