

Statistical bulletin

Mergers and acquisitions involving UK companies: July to September 2018

Transactions which result in a change of ultimate control of the target company and have a value of £1 million or more.



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1 . Main points

- The value of inward mergers and acquisitions (M&A) in Quarter 3 (July to Sept) 2018 was £3.5 billion, the lowest value since Quarter 4 (Oct to Dec) 2017; the value of inward disposals also declined reporting a value of £1.8 billion, the lowest since Quarter 4 2017.
- Outward M&A values were reported at £4.5 billion in Quarter 3 2018, up £2.0 billion on the previous quarter (Apr to June 2018); in comparison, the value of outward disposals (£5.0 billion) was the highest since Quarter 3 2017.
- The value of domestic M&A was £3.0 billion in Quarter 3 2018, which was £9.0 billion lower than the previous quarter and the first quarterly decline since Quarter 4 2016.
- In Quarter 3 2018, the number of M&A transactions fell for all directions of M&A (inward, outward and domestic).
- M&A statistics from Quarter 1 (Jan to Mar) 2018 fully incorporate the new data source and methods announced in the previous bulletin; this new data source has improved the coverage of smaller M&A transactions and therefore result in a discontinuity in the number of transactions reported; users are therefore advised to take care when comparing the latest estimates with the number of transactions reported for previous quarters (see Annex 1 for more information).

2 . Things you need to know about this release

Mergers and acquisitions (M&A) occur when one company takes control of another company. The internationally-agreed definition of a M&A deal is when one company gains more than 50% of the ordinary shares (or voting rights) of the acquired company. These can be domestic transactions – where a UK-based company acquires another UK company – or international. Outward M&A transactions are when a UK-based company gains control of another company overseas, while inward M&A are from overseas companies acquiring UK companies.

Office for National Statistics (ONS) produces statistics on the number and value of M&A transactions. This information is presented in the following way:

- transactions are only recorded in ONS statistics once the deal has been legally completed
- each transaction has a value of at least £1 million
- the transactions results in a change of ultimate control of the target company
- all values are in current prices, and therefore have not been adjusted for the effects of inflation

These four bullet points are among the main reasons ONS M&A statistics can differ from those reported in other sources. There can be a substantial time gap between the point at which a deal is announced and when it is legally completed. In some cases, announced M&A deals do not take place. ONS statistics on disposals (or de-mergers) are also included in tables alongside this bulletin. These are typically fewer in number per quarter, which can lead to greater suppression of statistics to mitigate disclosure. The focus of this bulletin is on acquisitions although some of the more complex deals can include the disposal of some part of the newly-created corporate structure.

It is not uncommon for the value of quarterly M&A transactions to vary considerably from one quarter to the next. This mainly reflects the nature of M&A activity in that these capture one-off deals. Therefore, if a particularly high-value M&A deal completes in a given quarter, it can make that quarter seem out-of-line with those that precede and follow it. Details of any notable M&A deals that completed in Quarter 3 2018 can be found in the respective sections of this bulletin. This also makes it difficult to link M&A statistics with other economic indicators – like gross domestic product (GDP) – or global events because of the time it can take between announcing and completing a M&A deal. It can therefore be more informative to look at longer-term trends within M&A statistics rather than focusing on quarter-to-quarter movements.

We have recently undertaken a review of the data sources used for identifying completed M&A transactions and creating the sampling frame for M&A involving UK companies. It has replaced the use of multiple online public sources with one comprehensive commercial data source (provided by Bureau van Dijk) for identifying completed and successful M&A transactions. It also uses values from this commercial data source to estimate for transaction values worth less than £100 million, while surveys continue to be dispatched to companies to collect information directly on any transactions identified as exceeding £100 million – which generally dominate reported headline values. More information about these changes can be found in Annex 1 of this bulletin.

From Quarter 1 (Jan to Mar) 2018, the M&A statistics fully incorporated the new data source and methods announced in the previous bulletin. This new data source has improved the coverage of smaller M&A transactions and therefore result in a discontinuity in the number of completed M&A transactions when compared with previous quarters. In contrast, the overall value of M&A transactions from Quarter 1 2018 remains consistent and largely unchanged.

Supplementary information about mergers and acquisitions involving UK companies was published in a recent article: [UK mergers and acquisitions in context, activity by industry: 2015 to 2017](#).

3 . The value and number of inward M&A declined in Quarter 3 2018

The estimates for the value of mergers and acquisitions (M&A) of UK companies made by foreign companies over Quarter 3 (July to Sept) 2018 saw a notable decline when compared with the value recorded during Quarter 2 (Apr to June) 2018, while also reflecting a sizeable fall in the number of transactions that completed.

The total value of inward M&A in Quarter 3 2018 was £3.5 billion, showing a decrease of £2.7 billion compared with the value of £6.2 billion for the previous quarter. This was the lowest value for inward M&A since Quarter 4 (Oct to Dec) 2017. There were no inward M&A transactions with values above £1.0 billion that completed during Quarter 3 2018.

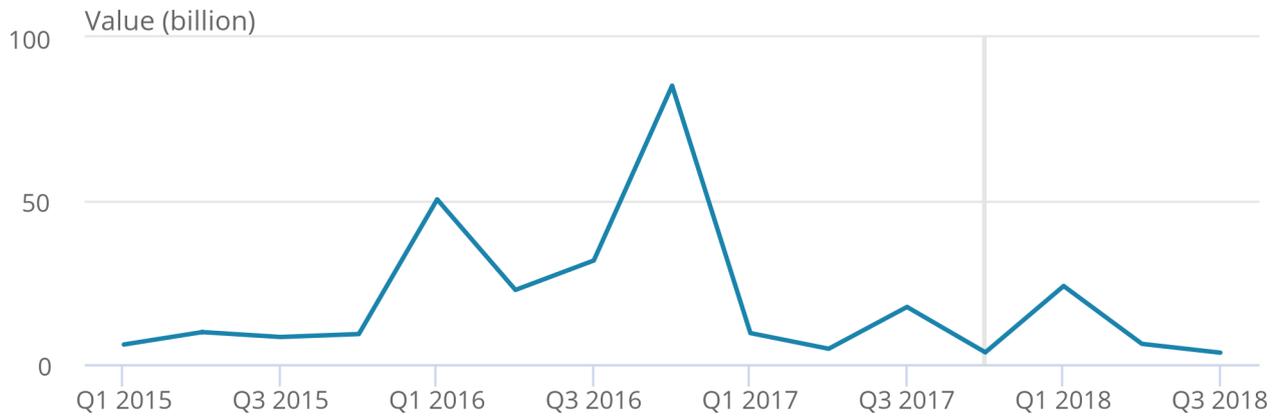
There was also a fall in the estimates for the number of completed inward M&A deals in Quarter 3 2018 (108 deals) compared with Quarter 2 2018 (169 deals).

Figure 1a: Value of acquisitions in the UK by foreign companies

Quarter 1 (Jan to Mar) 2015 to Quarter 3 (July to Sept) 2018

Figure 1a: Value of acquisitions in the UK by foreign companies

Quarter 1 (Jan to Mar) 2015 to Quarter 3 (July to Sept) 2018



Source: Office for National Statistics

Notes:

1. Quarter 1 covers January to March; Quarter 2 covers April to June; Quarter 3 covers July to September, and Quarter 4 covers October to December.
2. Users are advised that a new method for compiling M&A statistics was introduced from Quarter 1 (January to March) 2018. More information regarding these changes can be found in Annex 1.
3. All values are at current prices (See Section 1: Things you need to know about this release).
4. .. denotes disclosive figures.

Figure 1b: Number of acquisitions in the UK by foreign companies

Quarter 1 (Jan to Mar) 2015 to Quarter 3 (July to Sept) 2018

Figure 1b: Number of acquisitions in the UK by foreign companies

Quarter 1 (Jan to Mar) 2015 to Quarter 3 (July to Sept) 2018



Source: Office for National Statistics

Notes:

1. Quarter 1 covers January to March; Quarter 2 covers April to June; Quarter 3 covers July to September, and Quarter 4 covers October to December.
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Notable inward acquisitions – each valued at £100 million or above – that took place in Quarter 3 2018

[Novo Nordisk A/S of Denmark acquired Ziylo Ltd of the UK \(PDF, 82KB\)](#)

[Archer-Daniels Midland Company of the USA acquired Probiotics International Ltd of the UK \(PDF, 367KB\)](#)

[Federated Investors Inc of the USA acquired Hermes Fund Managers Ltd of the UK \(PDF, 184KB\)](#)

[Nomad Foods Ltd of The British Virgin Islands acquired Aunt Bessie's Ltd of the UK \(PDF, 117KB\)](#)

[Stamps.com Inc of the USA acquired Metapack Ltd of the UK](#)

[Roche Holding AG of Luxembourg acquired Tusk Therapeutics Ltd of the UK \(PDF, 201KB\)](#)

There were also 33 inward disposals made abroad by UK companies involving a change of majority share ownership during Quarter 3 2018. These were worth £1.8 billion, the lowest value recorded since Quarter 4 2017.

One notable inward disposal that took place in Quarter 3 2018

[Droia Oncology Ventures of Switzerland disposed of Tusk Therapeutics Ltd of the UK \(PDF, 201KB\)](#)

4 . The value of outward M&A increased in Quarter 3 2018

The latest estimate for the value of outward mergers and acquisitions (M&A) of foreign companies by UK companies during Quarter 3 (July to Sept) 2018 was £4.5 billion. This was a £2.0 billion increase when compared with the previous quarter, but similar to the value reported for Quarter 4 (Oct to Dec) 2017.

The total number of outward M&A deals reached 62 in Quarter 3 2018. This represents a decrease of 14 acquisitions on the number of deals reported for the previous quarter (Apr to June).

Figure 2a: Value of acquisitions abroad by UK companies

Quarter 1 (Jan to Mar) 2015 to Quarter 3 (July to Sept) 2018

Figure 2a: Value of acquisitions abroad by UK companies

Quarter 1 (Jan to Mar) 2015 to Quarter 3 (July to Sept) 2018



Source: Office for National Statistics

Notes:

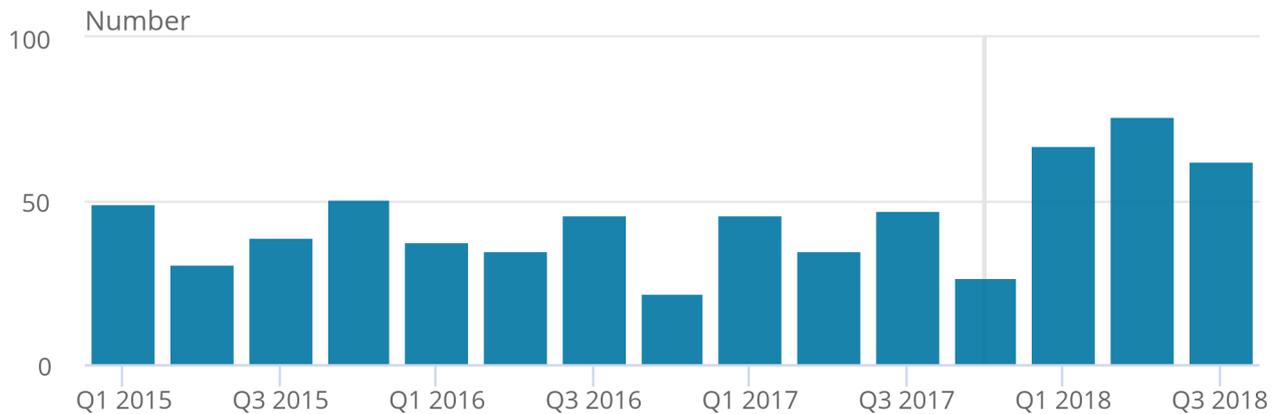
1. Quarter 1 covers January to March; Quarter 2 covers April to June; Quarter 3 covers July to September, and Quarter 4 covers October to December.
2. Users are advised that a new method for compiling M&A statistics was introduced from Quarter 1 (January to March) 2018. More information regarding these changes can be found in Annex 1.
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2. .. denotes disclosive figures.

Figure 2b: Number of acquisitions abroad by UK companies

Quarter 1 (Jan to Mar) 2015 to Quarter 3 (July to Sept) 2018

Figure 2b: Number of acquisitions abroad by UK companies

Quarter 1 (Jan to Mar) 2015 to Quarter 3 (July to Sept) 2018



Source: Office for National Statistics

Notes:

1. Quarter 1 covers January to March; Quarter 2 covers April to June; Quarter 3 covers July to September, and Quarter 4 covers October to December.
 2. Users are advised that a new method for compiling M&A statistics was introduced from Quarter 1 (January to March) 2018. More information regarding these changes can be found in Annex 1.
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Notable outward acquisitions – each valued at £100 million or above – that took place during Quarter 3 2018

[S4 Capital Ltd of the UK acquired Mediamonks Multimedia Holding B.V of the Netherlands](#)

[Future Plc of the UK acquired Business Consumer \(B2C\) business unit of the USA](#)

[BTG Plc of the UK acquired Novate Medical Ltd of Ireland](#)

[Royal Mail Plc of the UK acquired Dicom Transportation Group Canada Inc of Canada](#)

[Diageo Plc of the UK acquired Sichuan Shuijingfang Co Ltd of China](#)

There were 12 outward disposals that completed during Quarter 3 2018. These were worth £5.0 billion, recording an increase of £2.2 billion on the value of 13 transactions during Quarter 2 (Apr to June) 2018, and was the highest value of outward disposals since Quarter 3 2017.

Notable outward disposals – each valued at £100 million or above – that took place during Quarter 3 2018

[Liberty Global Plc of the UK disposed of UPC Austria GmbH of Austria \(PDF, 196KB\)](#)

[Aviva Plc of the UK disposed of Cajamurcia Vida Y Pensiones De Seguros Y Reaseguros SA of Spain](#)

5 . The value of domestic M&A in Quarter 3 2018 saw a notable decline

The Quarter 3 (July to Sept) 2018 estimate for the value of mergers and acquisitions (M&A) between UK companies (domestic M&A) was notably lower than for the previous quarter because there were no acquisitions with values of £1.0 billion and above.

Domestic M&A totalled £3.0 billion in Quarter 3 2018, compared with £12.0 billion in Quarter 2 (Apr to June) 2018, a decline of £9.0 billion.

One high-valued M&A transaction that completed in the previous quarter (Apr to June) was [Melrose Industries Plc of the UK, which acquired GKN Plc of the UK](#). This acquisition largely explains the notable decline seen in the latest estimates for the value of domestic M&A during Quarter 3 2018.

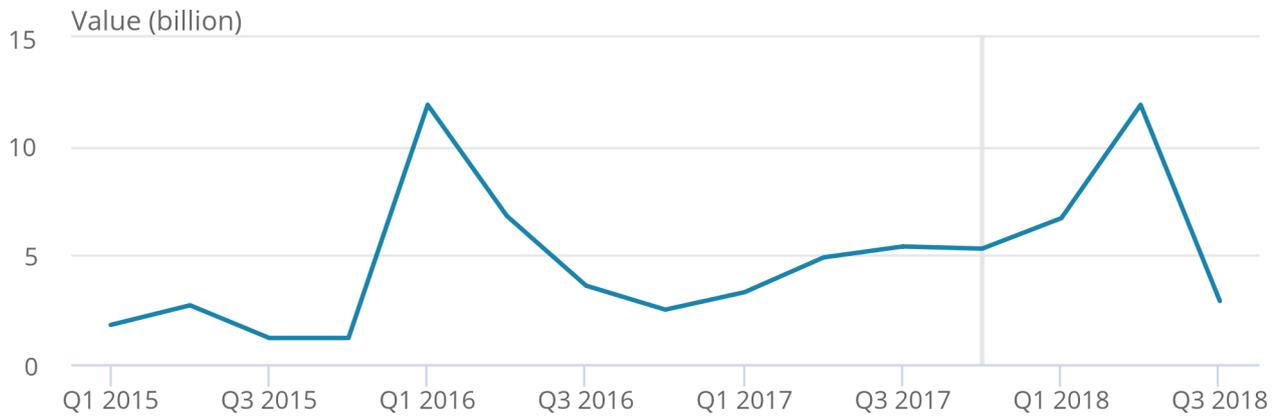
The number of completed domestic acquisitions in Quarter 3 2018 reached 212 deals, 12 deals fewer than in Quarter 2 2018 and 22 fewer than in Quarter 1 (Jan to Mar) 2018.

Figure 3a: Value of acquisitions in the UK by other UK companies

Quarter 1 (Jan to Mar) 2015 to Quarter 3 (July to Sept) 2018

Figure 3a: Value of acquisitions in the UK by other UK companies

Quarter 1 (Jan to Mar) 2015 to Quarter 3 (July to Sept) 2018



Source: Office for National Statistics

Notes:

1. Quarter 1 covers January to March; Quarter 2 covers April to June; Quarter 3 covers July to September, and Quarter 4 covers October to December.
2. Users are advised that a new method for compiling M&A statistics was introduced from Quarter 1 (January to March) 2018. More information regarding these changes can be found in Annex 1.
1. All values are at current prices (See Section 1: Things you need to know about this release).
2. .. denotes disclosive figures.

Figure 3b: Number of acquisitions in the UK by other UK companies

Quarter 1 (Jan to Mar) 2015 to Quarter 3 (July to Sept) 2018

Figure 3b: Number of acquisitions in the UK by other UK companies

Quarter 1 (Jan to Mar) 2015 to Quarter 3 (July to Sept) 2018



Source: Office for National Statistics

Notes:

1. Quarter 1 covers January to March; Quarter 2 covers April to June; Quarter 3 covers July to September, and Quarter 4 covers October to December.
2. Users are advised that a new method for compiling M&A statistics was introduced from Quarter 1 (July to September) 2018. More information regarding these changes can be found in Annex 1.
3. .. denotes disclosive figures.

Notable domestic acquisitions – each valued at £100 million or above – that took place in Quarter 3 2018

[ITE Group Plc of the UK acquired Ascential Events Ltd of the UK](#)

[Rathbone Brothers Plc of the UK acquired Speirs and Jeffrey Ltd of the UK](#)

6 . M&A activity during 2017 was higher compared with averages for 2012 to 2016

The longer-term trend in mergers and acquisitions (M&A) activity has been one of decreasing numbers and values for outward and domestic M&A. This can be seen in Table 1, which presents the average quarterly number and value of each type of M&A transaction over five-year intervals since 1997. For example, there was an average of 128 outward acquisitions per quarter between 1997 and 2001 and this decreased to an average of 30 transactions between 2012 and 2016. The average value of outward acquisitions also fell from £20.4 billion to £4.5 billion.

By contrast, the numbers of inward acquisitions have decreased on average per quarter since 1997 yet the values have increased. There were 54 inward transactions at £9.9 billion on average per quarter between 1997 and 2001 compared with 41 transactions at £14.4 billion on average between 2012 and 2016.

Table 1: Mergers and acquisitions involving UK companies, five-year and long-term intervals, 1997 to Quarter 3 (July to Sept) 2018

	Abroad by UK companies		Overseas companies in the UK		Between UK companies	
	Average number	Average value	Average number	Average value	Average number	Average value
1997 - Q3 2018	74	10.3	52	11.3	123	6.2
1997-2001	128	20.4	54	9.9	136	10.9
2002-2006	79	6.8	46	9.2	164	6.4
2007-2011	67	8.0	54	11.8	121	4.8
2012-2016	30	4.5	41	14.4	68	2.5
2017 - Q2 2018	50	14.3	95	10.9	137	6.2
Q3 2018	62	4.5	108	3.5	212	2.9

Source: Office for National Statistics

Notes

1. At Quarter 1 2010, the deal identification threshold was raised for the mergers and acquisitions surveys from £0.1 million to £1 million. There is therefore a discontinuity in the number of transactions reported as illustrated in the table. [Back to table](#)
2. Quarter 1 is January to March 2018; Quarter 2 April to June 2018; Quarter 3 July to September 2018; Quarter 4 is October to December 2018. [Back to table](#)
3. At Quarter 3 2018, the actual number of completed deals is used to calculate the average value per transaction. [Back to table](#)
4. Users are advised that a new method for compiling M&A statistics was introduced from Quarter 1 (January to March) 2018 and consequently there is a discontinuity in the number of deals reported. More information regarding these changes can be found in Annex 1. [Back to table](#)

The impact of some very-high-valued M&A, which completed in 2017, can be seen in the average quarterly values for both outward and domestic M&A deals between the six quarters of Quarter 1 (Jan to Mar) 2017 to Quarter 2 (Apr to June) 2018. During this period, the average value of M&A abroad by UK companies (outward M&A) was £14.3 billion compared with a much smaller average value of £4.5 billion during 2012 to 2016. Likewise, M&A between UK companies (domestic M&A) also saw a notable increase in quarterly values during Quarter 1 2017 to Quarter 2 2018 (£6.2 billion) compared with £2.5 billion over 2012 to 2016.

Similarly, the increase in the value of M&A by overseas companies into the UK (inward M&A) over 2015 and 2016 led to the value of this activity averaging £14.4 billion per quarter for 2012 to 2016 compared with a much smaller quarterly average value of £10.9 billion during Quarter 1 2017 to Quarter 2 2018.

During Quarter 3 (July to Sept) 2018, all M&A activity saw notable falls in their quarterly average values when compared with previous five-year intervals, which mainly reflects the lack of large-value transactions seen in previous periods. In contrast, there were increases in the numbers of completed deals reported for inward, outward and domestic M&A activity. These increases are attributable to the new method for compiling M&A statistics – introduced from Quarter 1 2018 – and hence there is a discontinuity in the number of completed transactions reported (see Annex 1 for more information).

7 . External evidence suggests business investment intentions remained positive

Global mergers, acquisitions and disposals activity can be driven by the availability of credit. Therefore, when credit conditions deteriorate, as happened in the 2008 to 2009 economic downturn, mergers and acquisitions (M&A) activity declines. M&A activity can also be affected by the economic outlook and company profits, in addition to a range of other economic factors. The process of completing a M&A transaction takes time and sometimes there may be a lag between improving economic conditions and any change in M&A activity.

[The Bank of England's Credit Conditions Survey for Quarter 3 2018](#) reported that “the overall availability of credit to the corporate sector was reported to have been unchanged in Quarter 3 2018. Within this, the availability of credit provided to small businesses was reported to have increased in Quarter 3 2018 and was unchanged for medium and large businesses. The overall availability of credit to the corporate sector was expected to decrease slightly in Quarter 4 2018”.

[The Bank of England's Agent's Summary of Business Conditions \(PDF, 149KB\)](#) report update for Quarter 3 2018, stated that “growth in business services activity was slightly weaker but remained healthy. Softer corporate financing and mergers and acquisition activity followed a period of elevated demand as some companies sought to complete deals before Brexit”. The same report stated that “bank credit remained readily available for larger companies and those with strong balance sheets, with banks competing on price and non-price terms to win creditworthy borrowers. However, conditions were less favourable for small companies, and availability of all forms of credit, including trade credit insurance, has tightened for construction, consumer-facing and agricultural firms in recent months”.

[The Bank of England's Inflation Report for August 2018](#) reported that “business investment growth is expected to have picked back up in Quarter 2 2018 and to remain a little above its past average rate in coming quarters but subdued compared with previous recoveries. That is consistent with survey measures of investment intentions. Investment is likely to remain sensitive to developments in Brexit and the prospects for global growth”.

8 . Data revisions

Data for Quarter 1 (Jan to Mar) and Quarter 2 (Apr to June) 2018 have been revised in the light of new information:

- mergers and acquisitions (M&A) data for Quarter 2 2018 have been revised to include the successful domestic M&A transaction for [Melrose Industries Plc of the UK, which acquired GKN Plc of the UK](#)
 - the Quarter 1 2018 M&A statistics presented in the M&A bulletin for Quarter 2 2018 were based on a mixture of old and new process; however, these have been adjusted using the new data source and process to ensure continuity across all three quarters of 2018 (see Annex 1)

No further revisions to estimates prior to Quarter 1 2018 have been made. Therefore, time series statistics for all quarters of 2017 and any previous historic quarterly periods remain unchanged.

Annual data tables for 2017 are produced in conjunction with the Quarter 4 (Oct to Dec) 2017 data outputs. Revisions to the 2017 quarterly and annual figures were recalculated at Quarter 1 2018 only. Therefore, no revisions to annual estimates prior to 2017 have been made and subsequently the time series for previous historic annual periods remains unchanged.

Revisions to the aggregates used in M&A principally occur for several reasons.

Completion of transactions

On announcement of a proposed transaction an expected completion date is usually given. These values will be allocated to the quarter of expected completion. If the transaction is ultimately completed in an earlier or later quarter, the recorded values will be reallocated to the new quarter.

Publicly-reported values

Publicly-reported values are used for low-value transactions (those below £100 million). These are also initially used to compile estimates of higher-value transactions (over £100 million) in cases where a survey has not been returned in time, which can result in some revisions as the ultimate value supplied by the respondents can differ, frequently because the assumption of debt has been included in the publicly-reported value. An imputed value is applied if no publicly-reported value is available. The final values used to create the aggregates are those supplied by the respondent for large transactions (over £100 million) and publicly-available information for smaller transactions (below £100 million).

Non-completion of transactions

On announcement of a proposed transaction, the publicly-reported value of the transaction is recorded. If the transaction does not subsequently take place, the recorded value will be deleted.

Non-share transactions

On announcement of a proposed transaction it may appear that there will be transactions in the share capital of the companies involved and the publicly-reported values will be recorded. If subsequent information contradicts this the recorded values will be amended or deleted.

Control

On announcement of a proposed transaction it may appear that the transaction will give the purchasing company control of the target company, that is, a share ownership greater than 50%. If subsequent information contradicts this, the recorded values will be amended or deleted.

Revisions from respondents

Very occasionally respondents revise the values that they have previously supplied to us. The revised values are those used to create the aggregates.

Table 2: Average revisions by number, Quarter 2 (April to June) 2018

	First Published Number (Quarter 2 2018)	Number in Latest Revised Period (Quarter 3 2018)	Average Revision (Quarter 2 2017 to Quarter 2 2018)
Number of Outward Acquisitions	75	76	9
Number of Outward Disposals	8	13	7
Number of Inward Acquisitions	182	169	14
Number of Inward Disposals	11	33	6
Number of Domestic Acquisitions	244	224	23

Notes

1. Quarter 2 is Apr to June 2018; Quarter 3 is July to Sept 2018. [Back to table](#)
2. * Significant Revision," Suppressed. [Back to table](#)

Table 3: Average revisions by value, Quarter 2 (April to June) 2018

	First Published Value (Quarter 2 2018)	Value in Latest Revised Period (Quarter 3 2018)	Average Revision (Quarter 2 2017 to Quarter 2 2018)	Average without Regard to Sign (Quarter 2 2017 to Quarter 2 2018)
Value of Outward Acquisitions	1,917	2,531	-3,151	4,167
Value of Outward Disposals	2,764	2,823	951	951
Value of Inward Acquisitions	6,502	6,215	527	698
Value of Inward Disposals	2,855	3,242	3	264
Value of Domestic Acquisitions	4,014	11,872	1,738	1,827

Source: Office for National Statistics

Notes

1. Quarter 2 is Apr to June 2018; Quarter 3 is July to Sept 2018. [Back to table](#)
2. * Significant Revision. [Back to table](#)
3. " Suppressed. [Back to table](#)

Analysing average revisions between provisional and final estimates can provide an indication of reliability in an initial statistic. Provisional statistics may be based on less information than is available for final statistics as they have been processed more quickly to meet the demand of customers. By looking at these average revisions it can help us determine whether revisions are being made consistently in one direction if early estimates are consistently under or over-estimating the later figures. A test is subsequently performed on these average revisions to determine if they are statistically different from zero. Revisions that are not statistically significant imply that an average revision might be non-zero simply through random effects.

9 . Response rates

Table 4: Response rates for Quarter 2 (April to June) 2018 and Quarter 3 (July to Sept) 2018

Cross-Border Mergers and Acquisitions (CBAM) Outwards

Statistics of Sample Size – Latest Survey Conducted:

Reference Period	Quarter 2 2018	Quarter 3 2018
Response Rate (%)	81%	88%

Cross-Border Mergers and Acquisitions (CBAM) Inwards

Statistics of Sample Size – Latest Survey Conducted:

Reference Period	Quarter 2 2018	Quarter 3 2018
Response Rate (%)	82%	92%

Domestic Mergers and Acquisitions (DAM)

Statistics of Sample Size – Latest Survey Conducted:

Reference Period	Quarter 2 2018	Quarter 3 2018
Response Rate (%)	100%	85%

Source: Office for National Statistics

Notes

1. Previous quarter has been revised [Back to table](#)
2. latest quarter is provisional. [Back to table](#)
3. Quarter 2 is Apr to June 2018; Quarter 3 is July to Sept 2018. [Back to table](#)

10 . Links to related statistics

This bulletin includes information on the high-value mergers and acquisitions (M&A) that completed in Quarter 3 (July to Sept) 2018. Details for the high-value transactions in previous quarters can be found in the respective [bulletins for each quarter](#).

Cross-border mergers and acquisitions are also a component of foreign direct investment (FDI). More information on FDI involving the UK can be found in the [quarterly balance of payments](#) and [annual foreign direct investment](#) statistical bulletins. However, identifying the precise impact of mergers and acquisitions on FDI and the balance of payments is not immediately obvious owing to different measurement principles. In addition, FDI statistics also include other components, such as the acquisition of ordinary shares that does not result in a change of majority share ownership; in other words, transactions acquiring between 10% and 50% of the voting rights.

11 . Quality and methodology

The [Mergers and Acquisitions Quality and Methodology Information](#) report contains important information on:

- the strengths and limitations of these data and how it compares with related data
- uses and users of these data
- how the output was created
- the quality of the output including the accuracy of these data

12 . Background notes

The Cross-Borders Acquisitions and Mergers Survey (M&A) data are used in the compilation of the estimates of foreign direct investment (FDI). These data meet the needs of FDI by collecting data on all acquisitions that lead to a holding in excess of 10% of the issued share capital. The M&A estimates feed into the UK Balance of Payments and Financial Accounts, for which there is an EU legal requirement. Individual transaction information is also used to estimate the counterpart in “portfolio” investment flows for monthly balance of payments.

Data collected are also used in updating business structures and country of ownership codes on the Inter-Departmental Business Register (IDBR). The IDBR is a comprehensive list of UK businesses that is used by government for statistical purposes.

Feedback from users has indicated that the information received from the M&A survey has a high degree of relevance across many user groups, meets the vast majority of user needs, and all information currently collected and published is used.

Notable M&A transactions

Listings of notable M&A transactions with deal values of £100 million and above are provided within the text of the M&A statistical bulletin. The information shown is taken from each relevant company’s press release, which is available within the public domain. A direct link to each press release is provided. Should a company request that details of the transaction be kept confidential then the deal is excluded. However, the values are included in the aggregate tables. Occasionally, therefore, a large deal may be missing (suppressed) from the lists so it is best to regard these tables as an indication of the ranking of deals rather than a completely exhaustive listing.

Press reported figures for M&A transactions often differ to some extent from those supplied by companies to us and it is the latter that are used in compiling statistical aggregates in Tables 1 to 10. Included in the prices quoted in the tables of significant transactions is the total published price paid for the company excluding any assumed debt where known. Deferred payments are included in the reported price even if the payment is made in a different quarter.

Definition of M&A transactions

Mergers are acquisitions in which all or part of the payment is made in shares, such that the shareholders of the two companies become shareholders of a new, combined company group.

Demergers are disposals where a company group divides into two or more separate companies, in such a way that the shareholders of the restructured companies remain the same, or retain the equivalent value shareholding in one of the newly independent companies. Demergers are included in the statistics within disposals.

Acquisitions are transactions which involve one company purchasing the ordinary shares of a second company ("target company"). A target company is usually of a smaller size than the company undertaking the purchase.

Disposal is a term used to describe the action when a company or organisation sells or liquidates the ordinary shares of a second company ("target company").

Cross-border acquisitions denote transactions where a company in one country acquires, either directly or indirectly, a controlling interest in a company in another country.

Direct transactions are those where a company acquires a controlling interest in another company.

Indirect transactions are those where a company uses an existing foreign subsidiary to acquire a controlling interest in a company resident in another country. The acquiring foreign intermediate company may be located in the same country in which the acquisition is being made or in a different country.

Acquisitions within the UK by other UK companies denote mergers and acquisitions involving only UK-registered companies.

Where the acquired company was a subsidiary of another company the transaction is classified as a sale between company groups.

The phrase "acquisitions in the UK by UK companies" refer to deals where the ultimate ownership remains in the UK. This heading does not cover the total number or value of deals where a UK company is the acquirer. When a foreign company acquires a UK company through one of its existing UK subsidiaries or a UK-registered special purpose vehicle that deal is shown as part of the data under "acquisitions in the UK by foreign companies".

Acquisition of independent companies

The acquisition of an independent company means the purchase of a company in its entirety – the company itself and all of its subsidiaries.

Acquisition of subsidiary companies

The acquisition of a subsidiary company means the purchase of part of a company.

Financing

This statistical bulletin provides details of the application of funds to effect mergers and acquisitions and the proceeds raised from disinvestments and demergers.

For indirect foreign transactions there is the added complication of considering the movements of funds either as capital injection or in the form of loans between parent companies and their foreign subsidiaries making the acquisition. Occasionally, the foreign subsidiary obtains the funds required partly or entirely outside the UK from sources such as:

- own resources
- borrowing from banks and other local sources
- share, bond and other capital or notes issued abroad

Also, a transaction may be funded by more than one method.

Definitions of geographic and economic areas

Table 5: Definition of geographic and economic areas

Europe

EU	Austria	Belgium	Bulgaria	Croatia
	Cyprus	Czech Republic	Denmark	Estonia
	Finland	France	Germany	Greece
	Hungary	Irish Republic	Italy	Latvia
	Lithuania	Luxembourg	Malta	Netherlands
	Poland	Portugal	Romania	Slovakia
	Slovenia	Spain	Sweden	
	Other European Countries	Albania	Andorra	Belarus
Faroe Islands		Gibraltar	Iceland	Kosovo
Liechtenstein		Macedonia, the Former Yugoslav Republic of	Moldova	Montenegro
Norway		Russian Federation	San Marino	Serbia
Switzerland		Turkey	Ukraine	UK Offshore Islands (Guernsey, Jersey, other Channel Islands and Isle of Man)
Vatican City State				

The Americas

Anguilla	Antigua and Barbuda	Argentina	Aruba	Bahamas
Barbados	Belize	Bermuda	Bolivia	Bonaire, Sint Eustatius and Saba
Brazil	British Virgin Islands	Canada	Cayman Islands	Chile
Colombia	Costa Rica	Cuba	Curacao	Dominica
Dominican Republic	Ecuador	El Salvador	Falkland Islands	Greenland
Grenada	Guatemala	Guyana	Haiti	Honduras
Jamaica	Mexico	Montserrat	Nicaragua	Panama
Paraguay	Peru	St Kitts and Nevis	Saint Lucia	Sint Maarten
St Vincent and the Grenadines	Suriname	Trinidad and Tobago	Turks and Caicos Islands	Uruguay
US Virgin Islands	USA	Venezuela		

Asia

Afghanistan	Armenia	Azerbaijan	Bahrain	Bangladesh
Bhutan	Brunei Darussalam	Burma/Myanmar	Cambodia	China
Georgia	Hong Kong	India	Indonesia	Iran
Iraq	Israel	Japan	Jordan	Kazakhstan
Kuwait	Kyrgyzstan	Laos	Lebanon	Macao
Malaysia	Maldives	Mongolia	Nepal	North Korea

Oman	Pakistan	Palestinian Territory	Philippines	Qatar
Saudi Arabia	Singapore	South Korea	Sri Lanka	Syria
Taiwan	Tajikistan	Thailand	Timor - Leste	Turkmenistan
United Arab Emirates	Uzbekistan	Viet Nam	Yemen	
Australasia and Oceania				
American Samoa	Antarctica	Australia	Bouvet Island	Christmas Island
Cocos (Keeling) Islands	Cook Islands	French Polynesia	French Southern and Antarctic Lands	Fiji
Guam	Heard Island and Macdonald Islands	Kiribati	Marshall Islands	Micronesia, Federated States of
Nauru	New Caledonia	New Zealand	Niue	Norfolk Island
Northern Mariana Islands	Palau	Papua New Guinea	Pitcairn	Samoa
Solomon Islands	South Georgia and South Sandwich Islands	Tokelau	Tonga	Tuvalu
US Minor Outlying Islands	Vanuatu	Wallis and Futuna		
Africa				
Algeria	Angola	Benin	Botswana	British Indian Ocean Territory
Burkina Faso	Burundi	Cameroon	Cape Verde	Central African Republic
Chad	Comoros	Congo	Democratic Republic of the Congo (Zaire)	Djibouti
Egypt	Equatorial Guinea	Eritrea	Ethiopia	Gabon
Gambia	Ghana	Guinea	Guinea Bissau	Ivory Coast (Cote d'Ivoire)
Kenya	Lesotho	Liberia	Libya	Madagascar
Malawi	Mali	Mauritania	Mauritius	Morocco
Mozambique	Namibia	Niger	Nigeria	Rwanda
Sao Tome and Principe	Senegal	Seychelles	Sierra Leone	Somalia
South Africa	South Sudan	St Helena, Ascension and Tristan da Cunha	Sudan	Swaziland
Tanzania	Togo	Tunisia	Uganda	Zambia
Zimbabwe				

Source: Office for National Statistics

13 . Disclosure

It is sometimes necessary to suppress figures for certain items in order to avoid disclosing information about an individual business. Further information on why data are suppressed is available in the ONS [Disclosure Control Policy](#).

14 . Discussing ONS business statistics online

There is a [Business and Trade Statistics](#) community on the [StatsUserNet](#) website. StatsUserNet is the Royal Statistical Society's interactive site for users of official statistics. The community objectives are to promote dialogue and share information between users and producers of official business and trade statistics about the structure, content and performance of businesses within the UK. Anyone can join the discussions by registering via either of the links.

15 . Annex 1: Changes to how mergers and acquisitions statistics are collected and produced

In March 2018, Office for National Statistics (ONS) changed the processes it uses to identify and collect data on mergers and acquisitions (M&A) involving UK companies. Part of this change was to review available commercial data sources to identify M&A deals. Bureau van Dijk's Zephyr database is now used as the starting point for ONS M&A deal identification, replacing the previous labour-intensive "press scrutiny" process, while also reducing the reliance on survey questionnaires.

Reduction in number of M&A survey questionnaires

Prior to March 2018, the M&A survey questionnaires were dispatched daily by ONS as soon as an M&A deal was identified as legally completed. The population of transactions was identified through a process of scrutinising the financial press, specialised publications and other internet sources. Relevant deals are characterised as being worth over £1 million, having UK involvement, and resulting in a change of ordinary share ownership of more than 10% (50% for domestic) of the issued share capital. Deals identified as meeting these requirements were sent a survey questionnaire to collect deal information and values.

In the future, only large deals, classified as transactions worth over £100 million, continue to receive a survey questionnaire. Our analysis revealed that, while fewer of these large deals take place, their value generally dominates headline estimates, usually making up around 90% of the total value. Thus, accurate company data of these deals will be ascertained to ensure retention of granular, high-quality data.

Deal values below £100 million are now taken directly from Bureau van Dijk's Zephyr database – which are based on information from the public domain. Transactions worth less than £100 million make up the majority of deal numbers, but only a small proportion of headline values. Using a combination of survey data for high-value transactions and Bureau van Dijk data for lower-value transactions means that values and numbers reported in the M&A bulletin continue to report on transactions worth over £1 million and that result in a change of ordinary share ownership of more than 10% (50% for domestic).

Improvements in M&A coverage

Previously, coverage for the M&A survey was limited to information gathered from the financial press, specialised publications, websites specialising in M&A and websites of businesses regularly engaged in M&A activity. These included the Financial Times, Guardian Business News, InvestEgate, Insider Media, NewsNow, Growth Business UK. Bureau van Dijk report over 100,000 new deals annually resulting in an ever-growing database of current and historical transactions¹.

Analysis of this new data source revealed that, compared with ONS, Bureau van Dijk identifies more M&A deals involving British companies. Utilising Bureau van Dijk data has therefore resulted in an increase in the number of deals. While the increased coverage will also affect deal values, the effect is not as significant, as previously ONS had sufficient coverage of the largest transactions that generally dominate headline estimates. Nevertheless, some caution is advised when interpreting any increase in activity in Quarter 1 (Jan to Mar) 2018 and thereafter – especially in terms of the number of deals.

New imputation methods for missing M&A deal values

In the past we collected information on deals from companies directly involved in the transactions. Survey questionnaires were sent to relevant parties, and these were returned, queried and verified. In cases where surveys were not returned in a timely manner, deals were given alternative values found in the public domain, before revising in a future period once the survey questionnaire was returned.

Since Bureau van Dijk relies on press releases and news sources to gather information about M&A deals, there are instances where the value of a transaction is undisclosed to the public. Our analysis reveals that for Quarter 1 2018, roughly 43% of viable Bureau van Dijk deals displayed no deal value, a percentage expected to remain stable for future quarters (47% in 2015, 45% in 2016, 43% in 2017). In these cases, it is necessary to assign a value to the deal by having an uplift factor to weight available deal values to account for deals with no deal values. The weight is used to calculate a value to distribute across the missing deals evenly within country groups. This process is conducted separately for domestic, inward and outward deals, as the average values for deals is not uniform across these domains.

As M&A results are published by country groups, the process of imputing values takes special care to address this consideration. Due to the unequal number of deals with missing values originating from different country groups, some of which have no populated cases, the method of estimating for empty deal values relies on alternative country groupings. Outward M&A deals are estimated according to whether they originate from the United States or elsewhere, while inward deals have grouped Asian and African deals into one category, but retain all other country groups. Domestic deals, all originating in the UK, have remained grouped together. Using these alternative groupings, we can ascertain potential values for deals in which no financial information was available.

Preliminary analysis of this imputation method for Quarter 1 2018 suggests that the imputed deal averages provide good deal estimation at country group levels and are in line with actual deal value averages determined by Bureau van Dijk, albeit at a slightly lower level. While the use of commercially-available data has made the use of imputation necessary, the method is only required for a relatively small proportion of headline M&A values (less than 10%).

Smaller M&A revisions expected

Previously, revisions to published data took place on a quarterly and annual basis. These mainly affected revisions in the number of deals, with relatively smaller revisions to values. There were multiple reasons for revisions, such as information from other ONS surveys (like the FDI Survey), corrections to data supplied by the company themselves, late response, late identification of deals, or unsuitable deal criteria for M&A activity.

Moving to Bureau van Dijk to collect information on most M&A deals and imputing any missing deal values, means that only large value deals of over £100 million will require the dispatch of survey questionnaires. As fewer survey questionnaires will be distributed and returned, we anticipate that even fewer large revisions will take place, since values for the smaller transactions are readily available. There is also an expectation that revisions to the number of M&A deals will be reduced, since all transactions are now identified from one comprehensive source at an early stage, whereas, under the previous process, new deals from multiple sources were often identified after the preliminary estimates were produced.

Conclusions and looking ahead

The use of Bureau van Dijk data for M&A has changed the sampling, coverage, imputation and revision processes for this survey. We are seeing an improvement in coverage, with associated increases in the number and value of M&A deals, although some of these deals will be produced using imputation methods where deal values are unavailable in the public domain.

As of the M&A bulletin for Quarter 3 (July to Sept) 2018, all three quarters of 2018 are measured using the new processes outlined in this note. We will continue to monitor the impact of these changes on our M&A estimates in the future, which are benefitting the quality of our statistics.

Notes about Annex 1: Changes to how mergers and acquisitions statistics are collected and produced

1. [Bureau Van Dijk: Zephyr deal information database.](#)