

Article

Mergers and acquisitions involving UK companies, annual overview: 2019

Commentary outlining provisional statistics on mergers and acquisitions (M&A) involving UK companies for 2019.



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1 . Main points

- The value of inward mergers and acquisitions (M&A) was lower in 2019 (£53.8 billion) than 2018 (£78.8 billion); the 2018 value was higher mainly because of the Comcast Corporation's acquisition of Sky PLC for just over £30 billion.
- The value of inward M&A was supported by 12 high-value deals (each between £1 billion and £10 billion) in 2019 compared with six in 2018.
- The value of outward M&A fell from £23.8 billion in 2018 to £20.9 billion in 2019 after there were no very-high-value deals (above £10 billion) in either year.
- The value of domestic M&A decreased from £27.7 billion in 2018 to £8.7 billion in 2019; the 2019 value was comparable with other periods of lower domestic M&A activity between 2009 and 2015, and 1990 and 1994.

2 . Introduction

The Office for National Statistics (ONS) collects data on mergers and acquisitions (M&A) involving UK companies. Statistics are published for transactions above £1 million that result in a change of majority share ownership (at least 50.1% of ordinary shares) upon completion of the deal. M&A can be classified into:

- outward: acquisitions by UK companies abroad
- inward: acquisitions in the UK by foreign companies
- domestic: acquisitions in the UK by other UK-based companies

This article provides an overview of the value of UK M&A activity in 2019, before providing a context in which to view these results. Information on quarterly M&A activity can be found in the [latest statistical bulletin](#). Statistics used in this article include provisional Quarter 4 (October to December) 2019 estimates, which may be revised in June 2020 in light of new information. Further information on the reasons for the revisions to M&A statistics can be found in the [statistical bulletin](#).

The ONS adopted a new method for calculating M&A statistics in January 2018. This approach uses a private data source – Bureau van Dijk's Zephyr database – to identify deals involving UK companies. M&A surveys are sent to those deals identified with a value of £100 million or more; information from Bureau van Dijk along with estimation or imputation methods are used for deals below that value. Therefore, a structural break may exist for 2018 and 2019 compared with the number and value of M&A transactions in years up to 2017.

3 . The values of M&A activity in 2019 were lower compared with 2018

Inward mergers and acquisitions (M&A) – foreign companies acquiring UK-based companies – fell in 2019 compared with 2018. The provisional estimate of inward acquisitions in 2019 is £53.8 billion compared with £78.8 billion in 2018, or £25.0 billion lower. This partly reflects one very-high-value deal that completed in 2018, whereas there were no such deals in 2019.

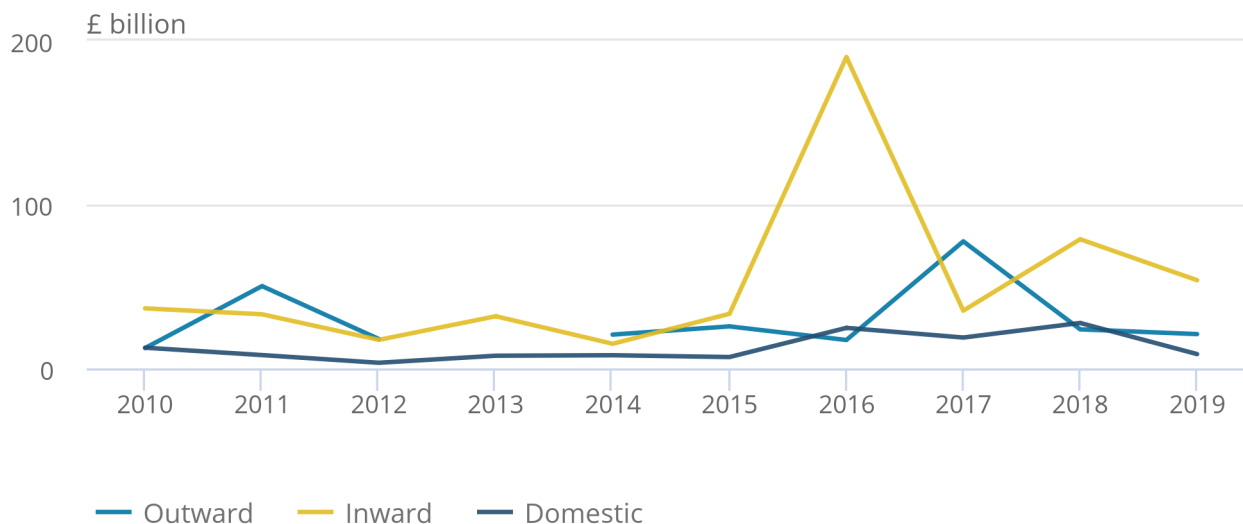
Despite this fall in total inward M&A values, the 2019 total was still higher than the values recorded between 2010 and 2015, as shown in Figure 1.

Figure 1: The value of inward M&A deals was higher than those of outward and domestic transactions in 2019

Value of mergers and acquisitions involving UK companies, 2010 to 2019

Figure 1: The value of inward M&A deals was higher than those of outward and domestic transactions in 2019

Value of mergers and acquisitions involving UK companies, 2010 to 2019



Source: Office for National Statistics – Mergers and Acquisitions Survey

Notes:

1. Outward M&A values for 2013 have been suppressed to mitigate disclosure.
2. A new method for compiling M&A statistics was introduced from Quarter 1 (January to March) 2018, which may lead to a structural break in all M&A statistical time series.
3. Values of deals are in current prices and consequently do not account for the effects of inflation over time.

There was also a notable fall in the value of domestic M&A transactions over the same period. These went from £27.7 billion in 2018 to £8.7 billion in 2019, or £19.0 billion lower. This implies that the value recorded in 2019 was more comparable with those for domestic deals between 2010 and 2015, and was only slightly higher than the £8.1 billion recorded in 2011. This suggests that domestic M&A in 2016, 2017 and 2018 were more active, whereas the provisional estimate for 2019 is more in line with values earlier in the decade.

Although lower, the value of outward M&A deals – acquisitions of UK-based companies abroad – changed by considerably less than inward and domestic activity. Total outward acquisitions were £20.9 billion in 2019 compared with £23.8 billion in 2018, or £2.9 billion lower. This partly reflects there being no very-high-value (above £10 billion) outward M&A transactions completed in either year, following two in 2017. The value in 2019 was also similar to that recorded in 2014 (£20.6 billion).

4 . There were 12 high-value inward M&A deals in 2019

The value of inward mergers and acquisitions (M&A) was lower in 2019 than it was in 2018. There was one very-high-value acquisition that completed in 2018 when Comcast Corporation of the United States acquired Sky PLC of the UK for just over £30 billion (Figure 2). This implies that the remainder of deals in 2018 were £48.6 billion.

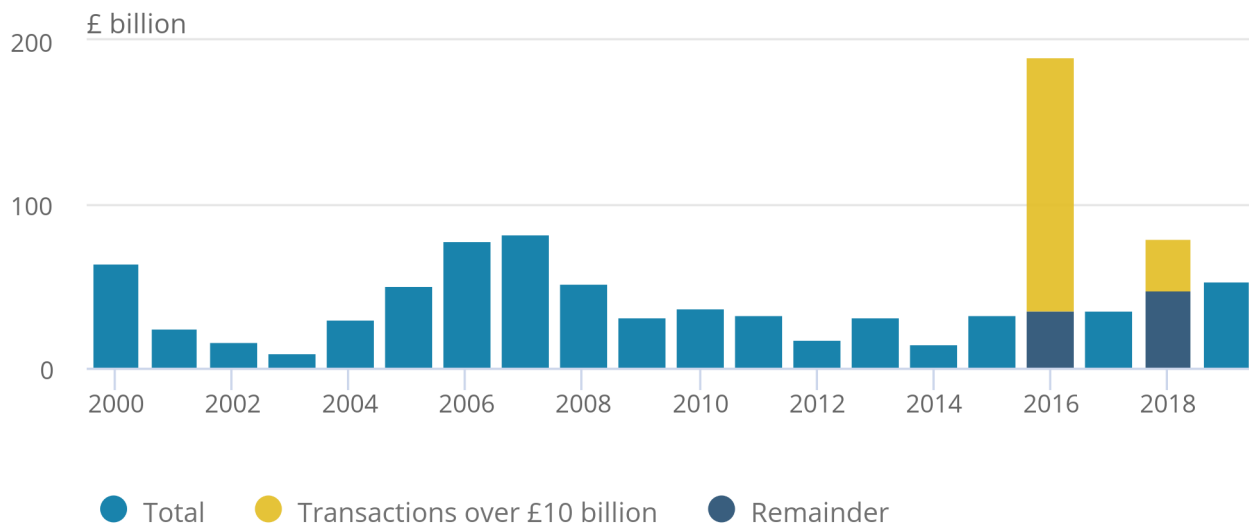
The value of all deals in 2019 was £53.8 billion, implying an increase of £5.2 billion on 2018 if the very-high-value deal is excluded from the comparison. Likewise, using just the remainder in 2016 as well shows that the value of inward M&A transactions has increased every year since 2014 and the value recorded in 2019 is comparable with inward M&A activity in 2008 (£52.6 billion).

Figure 2: There has been an upward trend in the underlying value of inward M&A transactions since 2014

The value of inward mergers and acquisitions involving UK companies and the values of inward transactions above £10 billion in 2016 and 2018 with the remainders, 2000 to 2019

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The value of inward mergers and acquisitions involving UK companies and the values of inward transactions above £10 billion in 2016 and 2018 with the remainders, 2000 to 2019



Source: Office for National Statistics – Mergers and Acquisitions Survey

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Further analysis of the microdata for these statistics shows that while there were no very-high-value M&A transactions (each above £10 billion), there were 12 deals with values between £1 billion and £10 billion.

Included within these transactions was Kirkbi A/S – a Lego holding company in Denmark – acquiring Merlin Entertainment Limited, and Vinci SA of France acquiring a majority share of Gatwick Airport Limited. This was also double the number of high-value deals in 2018 (six), which suggests that the value of inward M&A deals in 2019 was from more deals completing rather than from a few deals of higher value.

5 . The value of outward M&A deals in 2019 remained comparable with the totals for 2012 to 2018

The values of outward mergers and acquisitions (M&A) have fluctuated between 2001 and 2016. The values averaged £28.0 billion per year over that period (excluding 2013, where values are suppressed to mitigate disclosure) and have been below that value in every year since 2012.

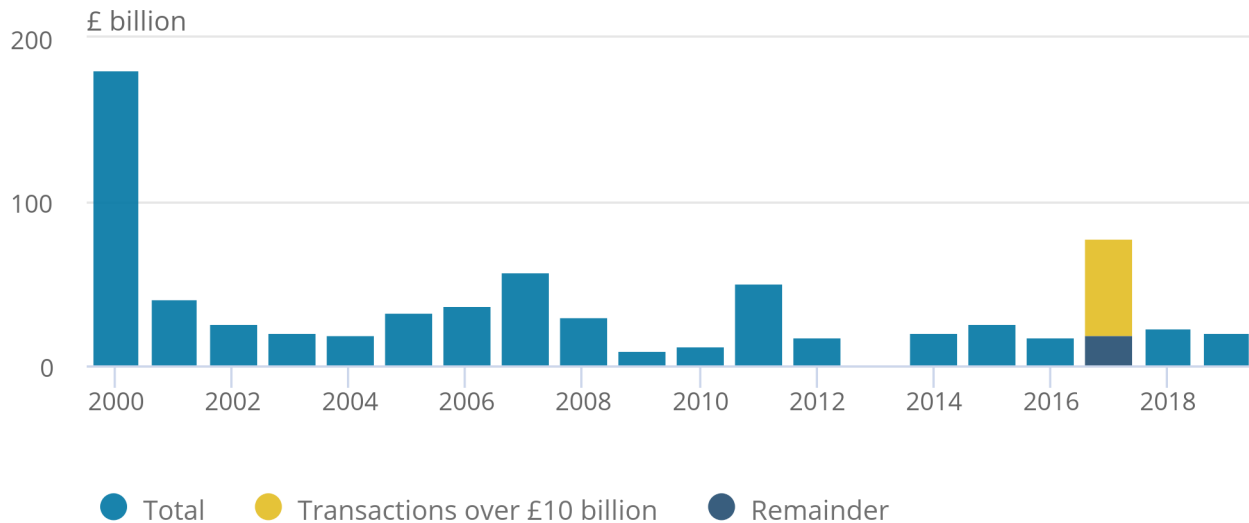
There were peaks in values for outward M&A in 2007 and 2011; the latest peak was then in 2017 as shown in Figure 3. The value of M&A in 2017 was affected by two very-high-value deals that completed in that year: Reckitt Benckiser acquired Mead Johnson Inc., and British American Tobacco acquired Reynolds American Inc. More information on these deals can be found in [UK mergers and acquisitions in context, 2017](#)¹.

Figure 3: The underlying value of outward M&A deals has been relatively stable since 2012

The value of outward mergers and acquisitions involving UK companies and the value of outward transactions above £10 billion in 2017 with the remainder, 2000 to 2019

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The value of outward mergers and acquisitions involving UK companies and the value of outward transactions above £10 billion in 2017 with the remainder, 2000 to 2019



Source: Office for National Statistics – Mergers and Acquisitions Survey

Notes:

1. Outward M&A values for 2013 have been suppressed to mitigate disclosure.
2. A new method for compiling M&A statistics was introduced from Quarter 1 (January to March) 2018, which may lead to a structural break in all M&A statistical time series.
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Removing the two very-high-value M&A deals from the 2017 total of outward M&A leaves a remainder of £19.2 billion. This was broadly comparable with the values reported for total outward M&A in all years for which statistics are available between 2012 and 2018.

Notes for: The value of outward M&A deals in 2019 remained comparable with the totals for 2012 to 2018

1. Some of the values in the 2017 article may have been revised since its publication in March 2018.

6 . Domestic M&A activity fell in 2019 to values comparable with those recorded between 2009 and 2015

There was a higher value of domestic than outward mergers and acquisition (M&A) deals in 2018. That was only the third year since 2010 where this had happened (domestic M&A was higher than outward M&A in 2010 and 2016). Some of this reflects the much higher value of domestic M&A transactions in 2016, 2017 and 2018.

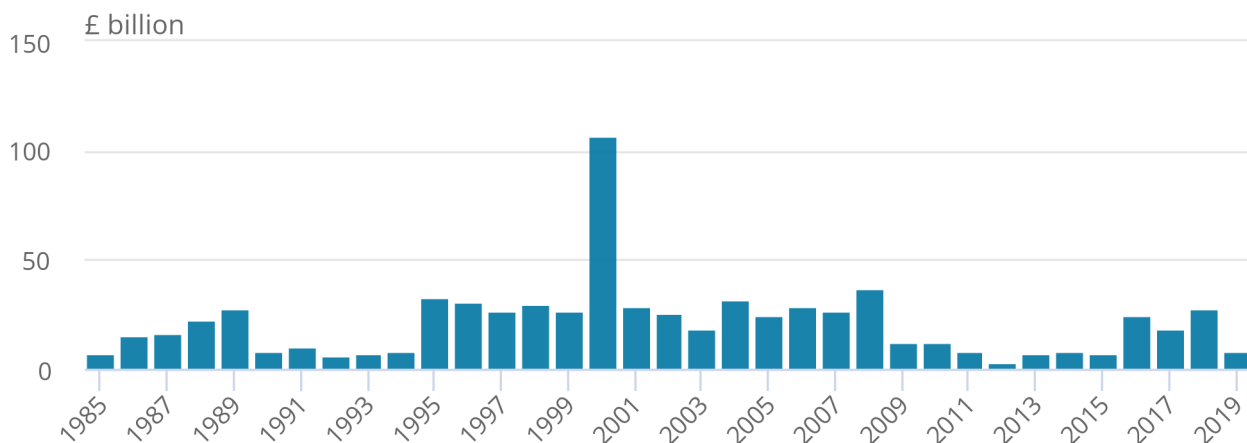
For 2019, the value of domestic M&A activity was £19.0 billion lower than in 2018, £8.7 billion compared with £27.7 billion (Figure 4). This fall made the value of domestic M&A in 2019 comparable with the levels recorded between 2009 and 2015, where the average annual domestic M&A total was £8.4 billion; the 2019 value was £0.3 billion higher than that average.

Figure 4: The value of domestic mergers and acquisitions have had periods with low values

Value of UK domestic mergers and acquisitions, 1985 to 2019

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Value of UK domestic mergers and acquisitions, 1985 to 2019



Source: Office for National Statistics – Mergers and Acquisitions Survey

Notes:

1. A new method for compiling M&A statistics was introduced from Quarter 1 (January to March) 2018, which may lead to a structural break in all M&A statistical time series.
2. Values of deals are in current prices and consequently do not account for the effects of inflation over time.

Looking at microdata for 2019 compared with 2018 shows that there were fewer high-value domestic deals (between £1 billion and £10 billion). There was only one deal in that range in 2019 compared with four in 2018. This, coupled with a lower number of domestic deals overall (871 in 2019 compared with 960 in 2018), suggests that while the amount of domestic M&A activity was lower in 2019 than 2018, this was from the values of those deals being lower and fewer deals altogether.

The longer [time series for domestic M&A activity](#) shows that there are periods of lower values. The most recent was between 2009 and 2015. However, Figure 4 shows that there were similar values recorded between 1990 and 1994. Across those five years, domestic M&A transactions averaged £8.0 billion, compared with the £8.4 billion annual average between 2009 and 2015.

In contrast, the value of domestic M&A deals was more than double these averages (above £16.8 billion) in 1988 and 1989, and for every year between 1995 and 2008, and 2016 and 2018. The value of domestic mergers and acquisitions was also exceptionally high in 2000, which reflects the merger of Glaxo Wellcome and SmithKline Beecham in December 2000.

7 . Conclusion

Today (3 March 2020) we published [provisional annual statistics on the value of mergers and acquisitions \(M&A\) involving UK companies](#). The values of inward and domestic M&A transactions were both around £20 billion lower in 2019 than in 2018. However, for inward M&A, this partly reflects one very-high-value deal completed in 2018. Separating that deal from the other deals in 2018 shows that the value in 2019 was slightly higher. There were also more deals with values between £1 billion and £10 billion in 2019 compared with 2018.

The value of domestic acquisitions in 2019 was comparable with previous periods of domestic M&A. The value of domestic M&A in 2019 was £8.7 billion, which was similar to the annual average domestic acquisitions between 2009 and 2015 (£8.4 billion per year) but also between 1990 and 1994 (£8.0 billion).

The value of outward M&A in 2019 was also lower than the value recorded in 2018. However, it remained comparable with annual values in 2012 and 2018¹, and with the remainder in 2017 when the deals above £10 billion are excluded from the total.

Notes for: Conclusion

1. Excludes 2013 for which the value is suppressed to mitigate disclosure.

8 . Acknowledgments

Author: Andrew Jowett, Office for National Statistics.

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