

Article

Mergers and acquisitions involving UK companies, annual overview: 2021

Commentary outlining provisional statistics on mergers and acquisitions (M&A) involving UK companies for 2021.



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1 . Main points

- The average merger and acquisition (M&A) deal value in 2021 for the ten highest value deals in our research (£3.3 billion) was higher than the ten highest included for 2020 (£0.6 billion); this suggests that while the coronavirus (COVID-19) pandemic did not necessarily delay M&A deals in 2020, those that did complete tended to be of lower value.
- There were mixed results comparing the deal completion time for deals completed in 2021 compared with 2020; some deals took longer to complete in 2021, others took less time.
- The value of outward M&A (UK companies acquiring foreign companies) increased by £51.9 billion to £71.1 billion in 2021 compared with £19.2 billion in 2020; AstraZeneca's acquisition of Alexion Pharmaceuticals of the US accounted for more than half (57.4%) of the increase.
- Excluding the AstraZeneca deal from the outward total indicates that the underlying trend in outward M&A values was broadly stable in 2021 compared with 2020.
- The distribution of all M&A deals (inward, outward and domestic) by order of descending deal values in 2021 was closest to that in 2018; both had notably higher proportions among the top 25 deals compared with 2020, further suggesting that the coronavirus pandemic did affect M&A deal values.
- The value of inward M&A disposals (de-mergers of UK companies from their foreign parent) increased considerably in 2021 compared with 2020; this partly reflects a few disposals each above £2.0 billion and includes Walmart's disposal of Asda Group PLC.

2 . Deal completion times

Our [Mergers and acquisitions involving UK companies, annual overview: 2020](#) article compared the time it took between announcement and completion for mergers and acquisition (M&A) deals finished in 2020 with those concluding in previous years. For inward M&A (foreign companies acquiring UK companies) we found that most of those deals took longer to complete in 2020 compared with 2018. However, there were fewer deals that took longer compared with 2019.

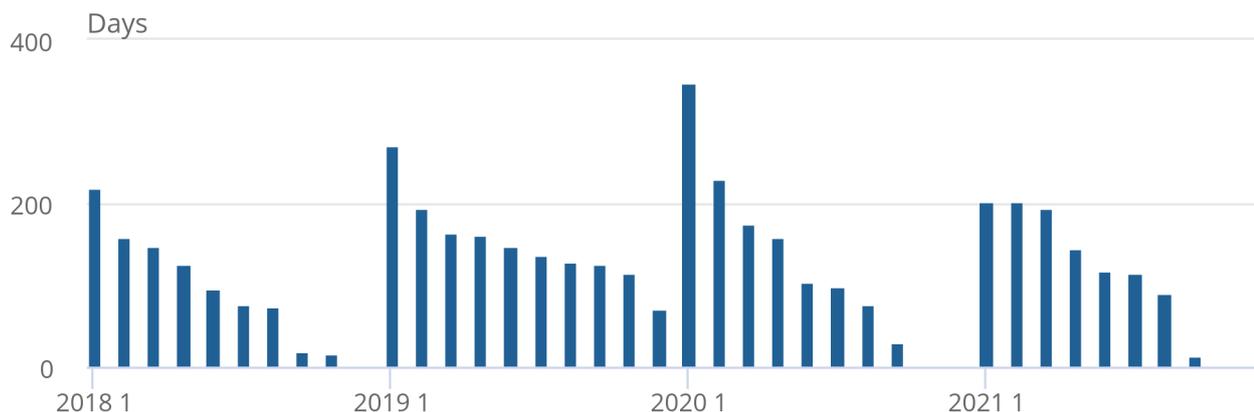
Extending this analysis to include 2021 shows that deal time comparisons were mixed compared with 2020. Figure 1 shows the time it took to complete the 10 highest value M&A deals, for which announcement dates were available each year between 2018 and 2021. The main difference comes from the longest of the 10 highest value deals taking less time to complete in 2021 (204 days) compared with 2020 (348 days), 2019 (272 days) and 2018 (218 days).

Figure 1: 4 of the 10 high-value inward M&A deals that were completed in 2021 took longer than those that were completed in 2020

Time taken for 10 high-value inward M&A deals that completed in 2018, 2019, 2020 and 2021 in order of descending deal length, UK

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Time taken for 10 high-value inward M&A deals that completed in 2018, 2019, 2020 and 2021 in order of descending deal length, UK



Source: Office for National Statistics, Bureau van Dijk's Zephyr database

Notes:

1. A deal time of zero days indicates that the deal was announced and completed on the same day.
2. The date of a deal announcement was not available for all mergers and acquisitions. These results use the 10 highest value deals in each year, for which a confirmed announcement was included.
3. The completion date from the M&A Survey has been used for deals above £100 million; Zephyr completion dates have been used where no survey result was available.

The other difference between 2021 and 2020 is that the third, fifth, sixth and seventh longest deals took longer to complete in 2021 than in 2020. Of the three other years presented in Figure 1, the middle deal times in 2021 were perhaps most similar to those in 2019. Reviewing the microdata behind those deals in 2021 shows that five of them were announced in 2020; the rest were announced and completed in 2021.

In contrast, for outward M&A (UK companies acquiring foreign companies) there were longer deal times in 2020 compared with 2021. For domestic M&A (UK companies acquiring other UK companies), the deal time differences were less noticeable in each year between 2018 and 2021.

One factor that could affect deal times is the value of the deals. This could show how complex it is to complete a deal, as well as a higher degree of shareholder negotiations and regulatory oversight required. Table 1 presents the average values of the 10 high-value deals, for which an announcement date was available.

Table 1: Average values for the 10 highest value M&A deals that were completed in each year, for which announcement information was available
£ billions, UK

	2018	2019	2020	2021
Inward	5.4	3.6	0.6	3.3
Outward	1.6	1.5	0.9	3.7
Domestic	1.7	0.3	0.6	1.7

Source: Office for National Statistics, Bureau van Dijk's Zephyr database

Notes

1. The date of a deal announcement was not available for all mergers and acquisitions. These results use the 10 highest value deals in each year for which a confirmed announcement was included.
2. The M&A Survey was used for deal values above £100 million; Zephyr values or estimated results were used otherwise.

For all three types of M&A activity, the average deal value of the 10 highest value deals with available announcement dates was lower in 2020 than in 2021 and 2018. The average deal value for inward M&A in this analysis was much lower in 2020 (£0.6 billion per deal) than it was in 2021 (£3.3 billion per deal), making 2021 closer to the 2019 average (£3.6 billion).

This could partly explain why the time distribution for the 2021 inward deals was closer to that in 2019 than 2020 from the similar average deal values. Furthermore, while the coronavirus (COVID-19) pandemic may not have delayed inward M&A activity in 2020 and 2021, it suggests that those completed in 2020 were of relatively lower value compared with 2019 and 2021.

3 . Annual merger and acquisition values

The annual values of mergers and acquisitions (M&A) increased for all three types of deals (inward, outward and domestic) in 2021 compared with 2020. The biggest increase was from UK companies acquiring foreign companies (outward), which went from £19.2 billion to £71.1 billion (£51.9 billion higher). It includes AstraZeneca's acquisition of Alexion Pharmaceuticals of the US for £29.8 billion, which accounted for 57.4% of the increase in the outward value. This was the fifth-highest outward UK total M&A annual value since records began in 1986.

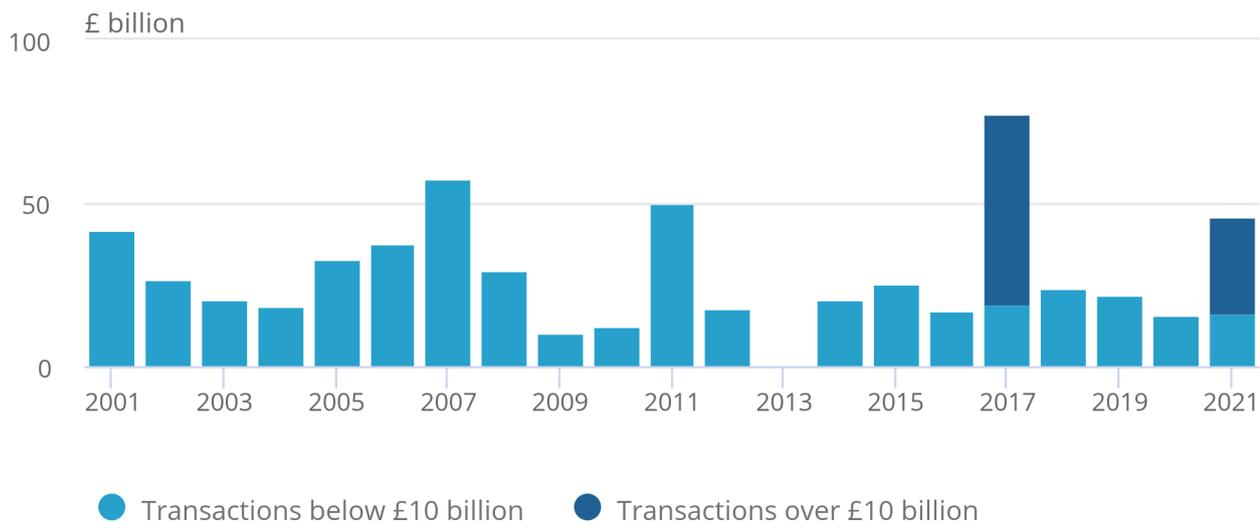
Figure 2 separates the very high value deals above £10.0 billion from the other deals. This shows that the total value of all deals below £10.0 billion (£16.2 billion) in 2021 was slightly higher than that recorded in 2020 (£15.5 billion). This makes the underlying trend more stable since 2014. This was the second year in which outward M&A deals above £10.0 billion were completed, with the first being two deals in 2017 (as discussed in our [Mergers and acquisitions involving UK companies, annual overview: 2017 article](#)).

Figure 2: Annual outward M&A values included one deal above £10 billion in 2021, and two deals in 2017

Outward mergers and acquisitions values, transactions above and below £10 billion each, 2001 to 2021, UK

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Outward mergers and acquisitions values, transactions above and below £10 billion each, 2001 to 2021, UK



Source: Office for National Statistics – Mergers and Acquisitions Survey

Notes:

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

Further information on notable M&A deals that completed in 2021 can be found in the four [M&A statistical bulletins](#) for each quarter of 2021.

Distribution of mergers and acquisitions (M&A) deals by value

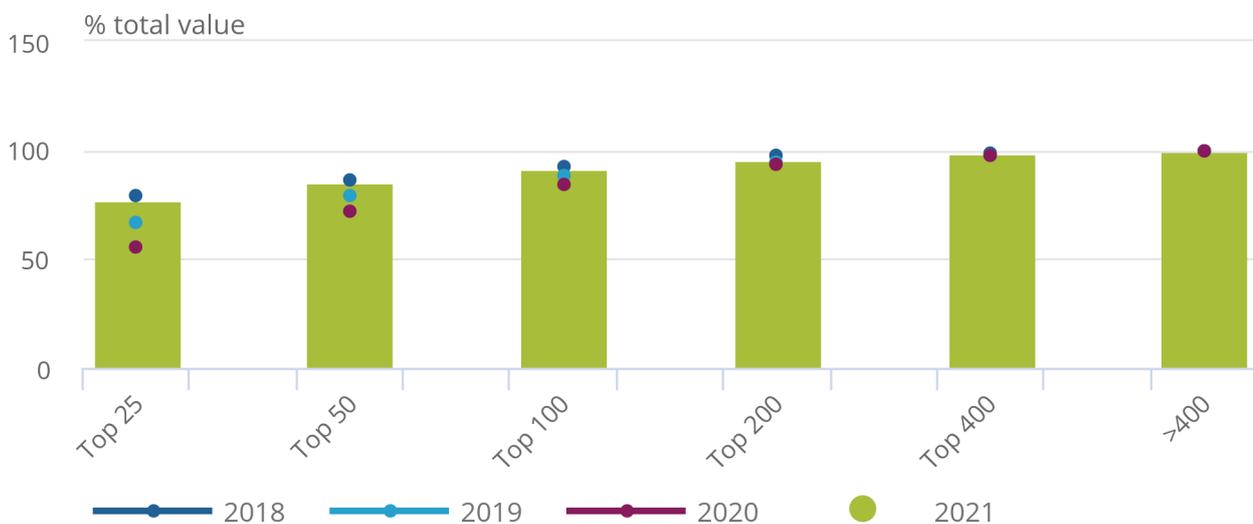
Our analysis last year showed [that the distribution of mergers and acquisitions by deal values was affected by the coronavirus \(COVID-19\) pandemic](#). Figure 3 updates this approach to include the distribution of all M&A deals by descending deal values in 2021.

Figure 3: The 25 highest value M&A deals accounted for more than three-quarters of the annual total in 2021

The distribution of all mergers and acquisitions values involving UK companies by descending order of deal values, 2018 to 2021, UK

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The distribution of all mergers and acquisitions values involving UK companies by descending order of deal values, 2018 to 2021, UK



Source: Office for National Statistics – Mergers and Acquisitions Survey

Notes:

1. The distribution is based on all mergers and acquisitions (inward, outward and domestic deals) that completed in each year, and does not include disposals (de-mergers).

The 25 highest value deals that completed in each year between 2018 and 2021 accounted for a high proportion of the total. Those 25 deals in 2021 accounted for more than three-quarters (76.9%) of the annual total M&A value, which was closest to the proportion in 2018 (78.9%). By contrast, the top 25 deals in 2020 accounted for a much lower proportion of that years' total. This likely reflects the impact of the pandemic on M&A activity where the distribution of M&A deals in 2021 that pre-pandemic.

Disposals

Our statistics also record disposals (or de-mergers). These are typically much lower in number, but total values can fluctuate considerably from year to year. After a large increase (by £14.9 billion) in the value of outward disposals in 2020 from 2019, these then decreased by a similar amount in 2021 (by £15.5 billion).

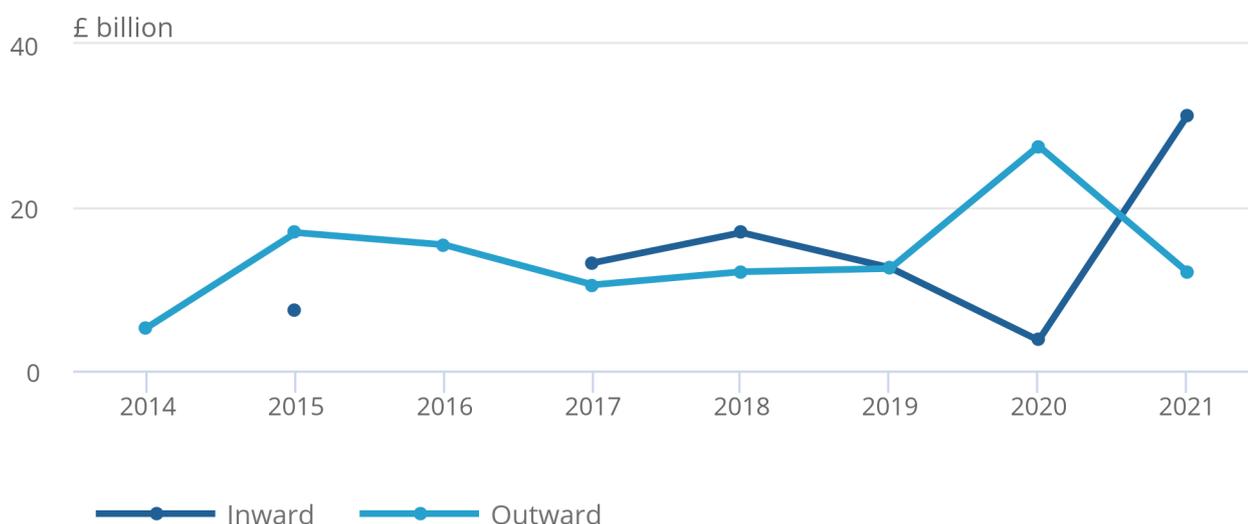
On the other hand, the value of inward disposals was much higher over the same period (Figure 4). This mainly reflects a few inward disposals above £2.0 billion each. Walmart's sale of Asda Group PLC was included in that total, which contributed to making 2021 the highest annual value for inward M&A disposals since comparable records began in 1986; suppressed values are not included in this comparison.

Figure 4: The annual value of inward M&A disposals was above £30 billion in 2021

Cross-border mergers and acquisitions disposals involving UK companies, 2014 to 2021

Figure 4: The annual value of inward M&A disposals was above £30 billion in 2021

Cross-border mergers and acquisitions disposals involving UK companies, 2014 to 2021



Source: Office for National Statistics – Mergers and Acquisitions Survey

Notes:

1. The total inward disposal values are suppressed for 2014 and 2016.

4 . Mergers and acquisitions data

[Mergers and acquisitions involving UK companies](#)

Dataset | Released 8 March 2022

Quarterly estimates of the value and number of mergers, acquisitions and disposals involving UK companies worth £1.0 million or more.

[Mergers and acquisitions involving UK companies time series](#)

Dataset | Released 8 March 2022

Quarterly data on the value and number of mergers, acquisitions and disposals involving UK companies with values of £1.0 million or more.

5 . Glossary

Domestic mergers and acquisitions (M&A)

Mergers and acquisitions of UK companies acquiring other UK companies.

Inward M&A

Mergers, acquisitions and disposals of UK companies by foreign companies.

Outward M&A

Mergers, acquisitions and disposals of foreign companies abroad by UK companies.

M&A transactions

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.

Disposals

Disinvestment or disposal transactions refers to a decrease in the ordinary share ownership of a subsidiary company.

6 . Data sources and quality

Mergers and acquisitions (M&A) statistics from Quarter 1 (Jan to Mar) 2018 fully incorporate the Bureau van Dijk (BVD) Zephyr data source and methods. This new data source has improved the coverage of smaller M&A transactions and therefore results in a discontinuity in the number of transactions reported. We advise users to take care when comparing the latest estimates with the number of transactions reported for quarters prior to Quarter 1 2018. See [Mergers and acquisitions Quality and Methodology Information](#) for more details.

We produce statistics on the number and value of mergers and acquisitions (M&A) transactions. This information is presented in different ways. For example:

- transactions are only recorded in Office for National Statistics (ONS) statistics once the deal has been legally completed
- each transaction has a value of at least £1.0 million
- the transaction 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 are among the main reasons our 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 addition, in some cases, announced M&A deals do not take place. ONS statistics on disposals (or de-mergers) are also included in [datasets](#). The focus of this article is on acquisitions. However, some of the more complex deals can include the disposal of some part of the newly created corporate structure.

We sometimes need to suppress figures for certain items to avoid disclosing information about an individual business. You can find information on why data are suppressed in the [ONS disclosure control policy](#).

The volatility of M&A transactions makes it difficult to link M&A statistics with other economic indicators (such as gross domestic product) or global events. This is 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.

Economic statistics governance after EU exit

Following the UK's exit from the EU, new governance arrangements are being put in place that will support the adoption and implementation of high-quality standards for UK economic statistics. These governance arrangements will promote international comparability and add to the credibility and independence of the UK's statistical system.

At the centre of this new governance framework will be the new National Statistician's Committee for Advice on Standards for Economic Statistics (NSCASE). NSCASE will support the UK by ensuring its processes for influencing and adopting international statistical standards are world-leading. The advice NSCASE provides to the National Statistician will span the full range of domains in economic statistics, including the UK National Accounts, fiscal statistics, prices, trade and the balance of payments and labour market statistics.

You can find [further information about NSCASE](#).

7 . Related links

[Mergers and acquisitions involving UK companies: October to December 2020](#)

Bulletin | Released 8 March 2022

Transactions that result in a change of ultimate control of the target company and have a value of £1.0 million or more.