

Empirical analysis of the effectiveness of acquisitions

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The article comes up with the results of research on the effectiveness of acquisitions based on empirical analysis of transactions during the period from 2008 to 2013 on the subject of motive and type of transaction. The hypotheses about the higher effectiveness of horizontal transactions over other types, conglomerate one over domestic type and the hypothesis about the influence of particular motives on the result of the transaction were suggested and validated by the study. Also the hypothesis about the influence of market on the company's capitalization after the acquisition was introduced and wasn't confirmed by the results of the analysis.

Keywords: Mergers and acquisitions, acquisition, performance evaluation, prospective method of evaluation, retrospective method of evaluation, the motives of M&A transactions, market capitalization, profitability of the transaction, synergy

INTRODUCTION

In modern conditions of globalization, specialization, consolidation, liberalization of markets and technical progress one of the common methods of the company's growth is the strategy of mergers and acquisitions. This is especially true in the face of slowing down of global economic growth and organic growth of corporations' activities. In these circumstances, in order to maintain growth, capitalization, preserve the economies of scale and ensure to shareholders return on invested capital being above the market level, companies choose the way of growth through purchases, or mergers and acquisitions. Based on the objectives of the acquirer, transactions differ in type (vertical, horizontal, conglomerate) and motive, which in many cases is unique to each transaction. A common motive for all transactions is the motive to add value. We will not consider cases related to the annihilation (i.e. purchase of assets or businesses with a view to their liquidation or separation for subsequent re-sale) in his article. However, not all transactions lead to the desired results and are cost effective.

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The purpose of this article is the analysis of motives and types of transactions and the evaluation of their effectiveness. The article provides the analysis of the literature on the subject of deals' motives and ways to assess the effectiveness of the transaction. The comparison of theoretical data from the literature with empirical analysis of deals were carried out.

The relevance of the topic is confirmed by modern trends in mergers and acquisitions. An increasing number of transactions are made annually and are of an international character. For example, during the period from 1991 to 2000 116 countries were called by experts as participants in the global market of cross-border mergers and acquisitions, and by 2015 the number of countries increased to 180. Moreover, the Russian market is actively developing and transactions are not limited only to the commodity sector.

In this research we analyzed the causes that influence the creation of value for shareholders as a result of the transaction. The following hypotheses were suggested: 1) horizontal transactions are more efficient; 2) domestic transactions are more efficient than cross-border ones; 3) transactions related to certain motives are more economically viable. We have found these hypotheses quite logical as they were tested in this research on the basis of the statistics and they were confirmed. During the work, another hypothesis was suggested, meaning that it is possible that the market itself has influenced the increase in the value but not the transaction. The hypothesis about the impact of market changes on the growth in the value of companies was not confirmed.

METHODS OF M&A EFFECTIVENESS EVALUATION

In economic practice, there are two methods of evaluating the effectiveness of mergers and acquisitions: the prospective and retrospective methods [1].

PROSPECTIVE METHOD OF EVALUATION

A prospective method of evaluating the effectiveness of mergers and acquisitions involves the comparison of the transaction costs with the cost of the target company taking into account its future cash flows. On application of this method there is uncertainty regarding expected cash inflows, the accuracy of the forecast depends on the subjective assessment of an expert, which is influenced by his professional knowledge and experience. Due to mistakes of experts there were situations when economically feasible transactions were not be implemented, since the potential of the target company was underrated.

In order that an acquirer could evaluate the effectiveness of acquisitions, it is necessary to model the type of synergy, which is planned to achieve, and to assume, from what period after the transaction it is necessary to model the achievement of synergy effects.

To assess the synergic effect, the following algorithm needs to be used [18]:

The valuation of the acquirer.

The valuation of the target company.

Determining the value of the combined company as the sum of the values of the acquirer and the target company.

The definition of the synergies types (synergy of revenue, costs synergy, tax benefits, etc.).

Identifying key periods of time, when this kind of synergy will be realised. It is possible that a synergistic effect will be revealed few months before reaching target characteristics, therefore is necessary to plan the synergies in a financial model.

Valuation of the merged company taking into account synergic effects.

Evaluation of the value of synergy as the difference between the value of the merged company taking into account synergy effects and the value of the merged company excluding synergies.

The complexity of applying the prospective method is that the transactions costs are made at a specific point of time, within a certain period of time, and the benefits derived from the transaction, appear in the form of profits during unlimited period of time. The costs tend to be of deterministic nature, at the same time, benefits are anticipated values.

RETROSPECTIVE METHOD OF EVALUATION

Retrospective method of evaluation of mergers and acquisitions involves the analysis of certain indicators of company's performance within the certain period of time after the M&A transaction. This approach primarily aims at determining the success or failure of the executed transaction. It should be noted that a retrospective method of evaluating effectiveness is primarily based on actual figures, but it does not take into account the balance of costs and obtained results [4].

Mainly American analysts carried out research on the effectiveness of mergers and acquisitions applying the retrospective method of evaluation. On the basis of these studies we can distinguish the following three types of evaluation in a retrospective method [6].

1) Accounting method [7, 8, 9]

Accounting method involves the evaluation of transactions effectiveness on the basis of accounting and performance indicators of the acquirer before and after the transaction. Comparing indicators include market share, operational performance (output, cost of goods sold), financial indicators (income, return on equity, return on assets, etc.). The main advantage of this evaluation technique is the availability of necessary data, the possibility of easy data processing and analysis. However, along with the advantages there are disadvantages of this method of evaluation, which include using historical data and, consequently, ignoring current values of indicators. In addition, this type of evaluation is based on the estimation of changes of indicators in the balance sheet of the company, which does not take into account the fact that changes can be caused by other factors unrelated to a M&A transaction. If a retrospective method is used for the analysis the certain timeframe is considered (one, two, or three years), at the same time, mergers and acquisitions may have an impact on the financial performance of the company over the longer period. This does not exclude a discrepancy between the data of the balance sheet and the true market performance of the company.

2) Evaluation on the basis of the fluctuation of share prices of companies participating in the transactions (the market approach) [10, 11] or event study methodology

This method of evaluating the effectiveness of mergers and acquisitions involves the study of reaction of the stock market on mergers and acquisitions. Using this approach to evaluate the effectiveness of transactions the analysis of changes in returns on shares (return on equity) resulting from mergers / acquisitions of companies is compared to the average return of shares of the acquirer and the target company. The main disadvantage of this method of evaluating the effectiveness of transactions is the dependence of the estimates on the selected time period. In the short-term changes of stock price are more likely to be related to economic expectations with regard to future merger or acquisition. At the same time, long-term changes in stock returns can be caused by reasons not directly associated with the process of integration of companies participating in the transaction. Therefore, when using this method it is crucial to choose the period of analysis in order to eliminate the influence of secondary factors on the return on securities.

3) Combined method of evaluation

This approach combines the above-mentioned accounting method and the event study methodology and includes the following steps [12]: analysis of financial statements and results of operations of the company; analysis of the dynamics of quotations of the acquirer's shares; analysis of the connection between changes in the indicators calculated in accordance with the accounting statements, and changes in the market value of shares of the company.

MOTIVES OF M&A TRANSACTIONS

Currently there are four motivational theories of mergers and acquisitions.

The theory of synergy [13]

The main thesis of synergy theory is the idea that the top management of the company-initiator of the transaction and the target company does mergers and acquisitions in accordance with the interests of its shareholders, ensuring their welfare. Therefore, a M&A transaction is possible only in case, if the new combined company can lead to an increase in the value of shares and, consequently, to an increase in the welfare of shareholders.

The theory of agency costs of free cash flows [14]

Unlike the previous theory in the theory of Agency costs, the top management of the company, which is essentially agents of shareholders, acts only according to their own interests and not for the sake of increasing the wealth of shareholders. Thus, top management refuses to distribute the profit to shareholders, and directs it for the implementation of the strategy of mergers and acquisitions, and there is a conflict of interest.

Theory of pride [15]

According to the theory of pride, the top management of the company-initiator of the transaction is often inadequately assesses the potential increase in the value of the company as a result of mergers and acquisitions. In such cases, the shareholders and top managers do not act in the interests of the rising value, but the fact and existence of the right of ownership, possession. This phenomenon was typical for acquisitions in Russia in the nineties, when the main motive of acquisition of the asset or the company was the fact of ownership.

Q-theory [16]

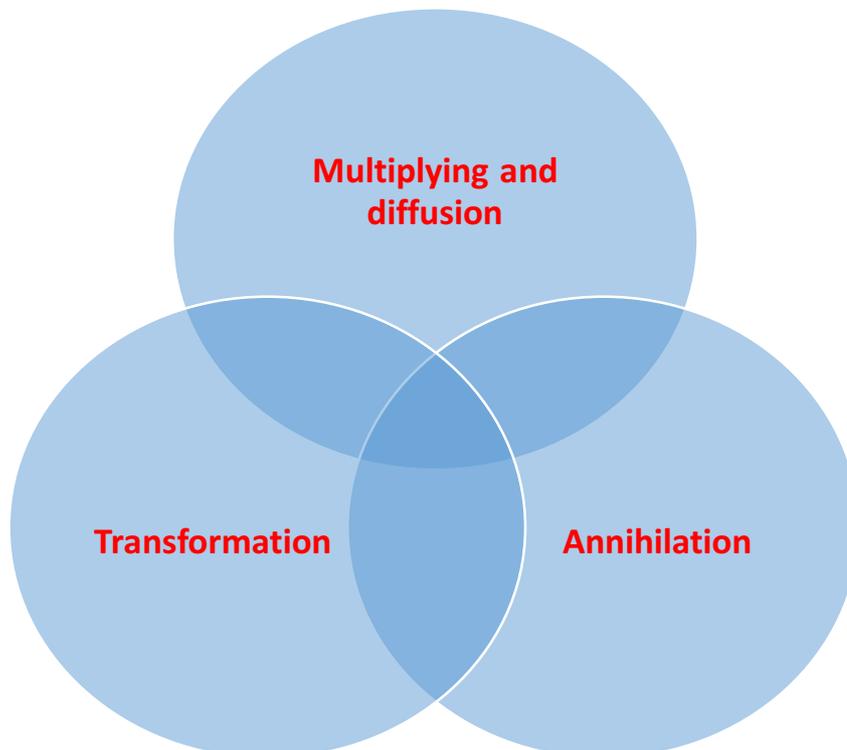
According to this theory, which is based on the Q index (capitalization of company/replacement cost of its assets), the acquisition of the target company is an investment cost for the acquirer. If the ratio $Q > 1$, then the company is in a position to implement mergers and acquisitions.

Below is a table of comparison of motivational theories

Table 1 Main aspects of the motivational theories [17]

	Theory of synergy	Theory of agency costs of free cash flows	Theory of pride	Q-theory
Motives of management	Growth of shareholders' welfare	Personal motives (control over distribution of free cash flows)	Personal motives (irrational behavior – pride)	Rational behavior (feasibility of transactions)
Company's value	Growth as a result of the synergy effect	Decrease in value	Decrease in value	Growth of value

Aside from the above-mentioned theories, it is possible to point out planned value effects in M&A, i.e. vector targets of the shareholders, their expectations for achieving value effects from mergers and acquisitions. These effects include multiplying (mathematical synergy) and diffusion (exponential growth of value – net present synergy), transformation, and annihilation – as the effect of the destruction of value.



1. Multiplying and diffusion of value is an increase in synergic value after the transaction. In this case, the transaction motives have to be creative. Merger is the prevalent form of transactions.
2. Transformation is the search for new points of growth in value through business diversification. The predominant form is the acquisition. In this aspect there is room for both relevant and irrelevant diversification
3. Annihilation is acquisition of competing companies or assets with a view to their subsequent disposal or depreciation. In this case we are talking about the strategy of indirect impact on the growth of its shareholder value through the elimination of market barriers and factors hindering the development of their own company.

OBJECTIVES AND METHODS OF THE RESEARCH

The authors of this article have conducted an empirical analysis, whose aim was to study the motives and types of mergers and acquisitions and the evaluation of their effectiveness.

On the basis of empirical research the following hypotheses have been put forward:

- 1) Horizontal transactions are more efficient
- 2) Domestic transactions are more efficient than cross-border
- 3) To increase the company's value is influenced by the market, not the deal itself
- 4) Transactions related to certain motives that are more economically justified

In order to archive this aim deals from 2008 to 2013 were selected, all of which represent the 100% acquisitions made by public companies that were not engaged in any other transactions, and the cost of a new company adjusted to market conditions (index ST&P500) was estimated in a year period after the transaction.

EMPIRICAL ANALYSIS OF THE M&A EFFECTIVENESS

It is crucial to assess the effectiveness of a transaction after its implementation and in the process of the company's future performance. Due to the fact that the end goal of any acquisition is to increase stakeholders' value, we need to compare the market capitalization before and after the transaction by the means of the retrospective approach. This assessment of the M&A process is important for the determination of the goal achievement (successful or unsuccessful transaction).

In this article we propose to conduct a study of motives and types of transactions and identify those that led to the increase in the market capitalization of the acquirer.

DATA FOR THE STUDY

To find out the typical motives and the types of transactions for the market of mergers and acquisitions, an analysis of 199 transactions of the 2008 – 2013 time periods was conducted. For the study integrity we have selected deals that are 100% acquisitions of public companies (More detailed list of transactions, see Appendix 1).

To verify the hypothesis about the impact of market conditions on the result of mergers and acquisitions an assumption about the correlation between the transaction profitability and the market capitalization of the acquirer was made. For this we used values index Standard&Poor's 500, and the cost of a new company adjusted to market conditions (index ST&P500) was estimated in a year period after the transaction.

THE RESULTS OF THE STUDY

According to the results of the analysis it was found out that vertical and horizontal types accounted for the largest percentage of the selected transactions (46% and 45% respectively), while the conglomerate type comprised only 9%.

In the study we did not focus on the cross boarder type of a deal, as some authors who conducted the research on the analysis of differences in the valuation of the acquiree depending on whether the buyer is from the same country or a foreign company, claim that there is no universal rule and the market reaction to the nationality of the buyer depends on the characteristics of each specific transaction. [19]

In addition to the most common motives identification, an analysis of deals' cost-effectiveness depending on a particular motive has been undertaken.

The price of the acquirer's shares at the moment of the transaction and the year after was taken as an indicator of effectiveness. On the basis of this analysis an attempt was made to highlight the motives of mergers, which will most likely be economically justified.

After the transaction data examination the following deals motives were singled out:

- the motive of assets diversification,
- the motive of the product portfolio diversification,
- the motiveof investments,
- the motive of getting access to new technologies,
- the motive of cost optimization,
- the motive of growth potential
- the motive of acquisition of suppliers/ manufacturers,
- the development of new deposits,
- the motive of supply channels expansion,
- the motives of the reorganization,
- the motive of market share increase
- the motive of increasing the company's value
- the motive of improving the financial situation,
- the motive of one's position in the segment improvement,
- the motive of getting a competitive advantage.

Moreover, the motive choice should be driven also by the ability of financing deals, in particular if the company has a budget of mergers and acquisitions and it exceeds the performance of its own operating revenues. This situation is risky, as the company and its cost largely depends on the success of mergers and acquisitions, and to a lesser extent from its own market efficiency.

The most common motive was the motive of increasing the market share (69 of 199), this includes the company's desire to increase its influence in the global market, acquiring a competitor, company's intention to get a leading position in the industry. The vast majority of transactions made because of this motive are cross-border, which demonstrates the intentions of companies to conquer its position on the world market. Moreover 50 deals out of 69 showed a positive growth in the share price for the year period (the maximum increase of 120%). On the basis of obtained data we can conclude that in future transactions made for the sake of increasing market share are most likely to be successful and cost-effective.

The following widespread motives were, firstly, the motive of the product portfolio diversification, which includes the reasons of the establishment of a new product or product line extension with the product range of the target company, and, secondly, the motive of potential growth, 22 transaction respectively.

14 of the 22 deals with the motive of product portfolio diversification demonstrated the positive growth of the share price. Most of the deals (17) were committed on the domestic market and only 5 transactions were international. This means that to achieve this goal, it is enough for companies to acquire local companies. Moreover, the reasonableness of this approach is demonstrated in the form of economic efficiency (3 out of 5 international transactions and 11 out of 17 local transactions showed positive growth).

Motive of potential growth reflects the results of economic efficiency of deals with the motive of product portfolio diversification (14 of 22 deals). Transactions made on the purpose of potential growth, are mostly vertical. This may be caused by the desire of companies to grow intensively, that is by cost-cutting.

The motive of investment was seen in 19 deals, 15 out of which showed a positive increase in the share price. The majority of transactions (12) was international, which may also indicate the attractiveness of the investment in certain markets, countries or companies that have been acquired. Most common type of transaction was horizontal.

The motive of segment position follows up next. This motive differs from the motive of the market share increase in the way that the motive does not focus on taking a leading position in the market, instead it refers to modifications in a particular segment. 10 out of 13 deals are horizontal that confirms the validity of the motive. This motive has not demonstrated any significant economic efficiency, as only 6 deals have positive share price growth.

Up next comes the motive of assets diversification (11 deals). This sector is dominated by conglomerate transaction type (9 deals), which is explained by the desire of companies to invest in the non-core activities, thus diversifying its portfolio. The majority of transactions is international. This motif can be considered as economically justified, as 7 out of 11 transactions have shown positive growth in the share price.

The motive of getting access to the new technologies was singled out in 9 deals that were mostly of horizontal type. The motive can be considered economically justified as two thirds of transactions have shown positive growth in the share price.

The next motive was the motive of the financial situation improvement (8 deals). The motive did not justify its name, as 5 companies showed a negative change in the stock price within a year time period.

The rest motives were quite rare. The motive of cost optimization was tracked in 7 trades, 6 of which were local and vertical and only one was horizontal and international. The motive of value increase was marked out in 6 deals, only one of which fell in share price, the motive of the restructuring – 5 trades, 4 of which showed growth, and the motive of the development of new fields, which is typical for the mining industry, - 4 transactions, 2 out of which showed upward trend.

Such motives as enhancement of competitive advantages, expansion of distribution channels, acquisition of the manufacturer and the acquisition of a supplier can be considered to be special cases, because each of them referred to one certain company.

ANALYSIS OF THE DEPENDENCE BETWEEN THE DEALS PROFITABILITY AND THE MARKET CAPITALIZATION

In the study we made an assumption about the dependence between the transaction profitability and market movements. In order to test this hypothesis values index Standard&Poor 500 was used.

According to results of the deals analysis with the adjustment to market capitalization only 40% of all transactions have shown positive growth, which means the number of transactions we considered to be successful has decreased significantly. We can make conclude that synergies from the transaction were less significant than the natural capitalization of the company-acquirer.

For the study integrity, we have excluded the transactions made in 2008 and 2009, because at that time the market was unstable. However, even without 2008 and 2009 deals the results of the analysis has not changed (40% showed a positive trend, 60% - negative).

Based on the obtained results, it can be assumed that if the market has not had a significant effect on the results of the study, therefore it has no significant effect on the profitability of the transaction.

We analyzed the change in the value of the stock price and market capitalization of the company-acquirer to confirm or disprove our hypothesis about the dependence between the transaction profitability and market capitalization. During the research the following results were obtained (see figure 1):

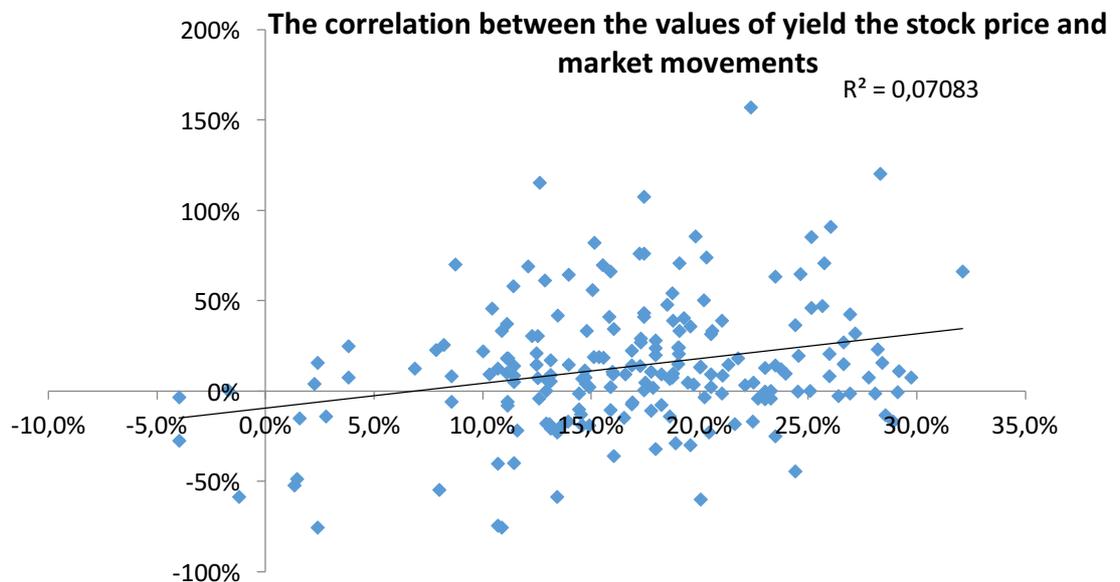


Figure 1 – Impact of market changes on the transaction profitability

As it can be seen from the chart, the correlation between the values of yield the stock price and market movements is close to zero, which spells the absence of any obvious dependence of one index on another.

CONCLUSIONS

In our study we made an attempt to identify the most common motives of transactions that were declared by the companies-acquirer. As a result of transactions analysis we can conclude that it is irrational to implement the theoretical classification of motives to determine the potential synergy effects. In practice companies state the motives of mergers and acquisitions based on economic indicators, whereas, the internal psychological motives of top management and shareholders of the company are not disclosed.

Thus in conclusion, we can distinguish some motives which are most likely to be economically justified in the long term, which are: the motive of the assets diversification, the motive of the product portfolio diversification, the motive of investments, the motive of getting access to new technologies, the motive of growth potential, the motive of the restructuring, the motive of the market share increase, the motive of increasing the company's value. In each case it is essential to follow the rules of the correspondence between the declared motive and the real one that is formalized in the framework of the current strategy of the company.

As a result of hypothesis verification, we can conclude that the market factor, even with the exception of transactions made in 2008-2009, has no influence on the result of the transaction, in this case we are referring to its profitability.

Thus we offer the following recommendations according to the results of our study

1. In order to increase the shareholder value in the long term, companies should clarify the motive of the transaction and stick to it. This will help to prepare for the

transaction, look for the target of M&A and assess all potential integration risks more thoroughly.

2. In addition to the stated motives there may be the hidden ones that are usually core in mergers and acquisitions. It is important that in the perspective these hidden motives and factors do not destroy the market value by, for example, such means as the annihilation of a competitor.
3. Market factors do not directly affect the transactions efficiency, and, therefore, we can assume that, along with the synthetic company's activity connected to mergers and acquisitions, the obligatory growth driver of the market value should be the internal efficiency of the company, how well it performs on the market, i.e. the ability to grow without mergers and acquisitions.
4. According to the statistics domestic transactions are more effective in the integration processes and achievement of synergies over the cross-border ones. This is primarily explained by the greater competence of the business who mergers within the country, particularly with the necessary information at its disposal about the local structure of possible risks arising during or after the transaction. It is sensible to implement even international transactions through a chain of domestic transactions (e.g. 2nd transnational companies announce a merger, so a recommended scenario may include a sequence of mergers with their regional and local offices in each country).

APPENDIX 1

Table – Summary analysis of transactions sample

		Target company	Acquirer company	Type of transaction	Cross-border transaction	Change percentage
Motive of assets diversification						
1.	28.09.2012	BP Chemicals Malaysia Sdn Bhd	Reliance Industries Ltd	C	Yes	0%
2.	01.10.2012	Fox Energy Co LLC	Integrays Energy Group Inc	C	No	2%
3.	08.11.2012	Dusa Pharmaceuticals Inc	Sun Pharmaceutical Industries Ltd	V	Yes	-14%
4.	19.12.2012	Martin Professional A/S	Harman International Industries Inc	C	Yes	91%
5.	06.03.2013	Althea Technologies Inc	Ajinomoto Co Inc	C	Yes	18%
6.	19.03.2013	Graphic Packaging International Europe UK Holdings	Essentra PLC	C	Yes	50%
7.	23.05.2013	EKOS Corp	BTG PLC	C	Yes	82%
8.	30.08.2013	Westwood One Inc	Cumulus Media Inc	C	No	-4%
9.	03.10.2013	Mid-Atlantic Convenience Stores LLC	Sunoco Inc	C	No	76%
10.	11.11.2013	Park Holidays UK Ltd	Caledonia Investments PLC/fund	V	Yes	19%
11.	19.11.2013	DelStar Technologies Inc	Schweitzer-Mauduit International Inc	C	Yes	-19%
Motive of the product portfolio diversification						
1.	22.07.2009	FCI Americas Inc	Hubbell Inc	V	No	30%
2.	16.09.2009	Axygen Bioscience Inc	Corning Inc	V	No	8%
3.	28.03.2011	Spectrum Control Inc	API Technologies Corp	V	No	-55%
4.	03.05.2011	Tocris Holdings Ltd	Bio-Techne Corp	V	Yes	-14%
5.	17.01.2012	Convio LLC	Blackbaud Inc	H	No	-18%
6.	21.03.2012	OMGPOP Inc	Zynga Inc	V	No	-76%
7.	27.03.2012	Walker Group Holdings LLC	Wabash National Corp	V	Yes	-6%
8.	27.04.2012	Trelawney Mining and Exploration Inc	IAMGOLD Corp	V	No	-59%
9.	07.08.2012	Comasec SAS	Ansell Ltd	H	No	33%
10.	14.11.2012	Teavana Holdings Inc	Starbucks Corp	V	No	66%
11.	11.04.2013	CyOptics Inc	Avago Technologies Ltd	V	Yes	64%

Continued table

		Target company	Acquirer company	Type of transaction	Cross-border transaction	Change percentage
12.	15.04.2013	Hamlin Inc	Littelfuse Inc	V	No	54%
13.	22.04.2013	International Tubular Services Ltd	Parker Drilling Co	H	No	74%
14.	07.05.2013	PPStream Inc	Baidu Inc	H	Yes	69%
15.	07.08.2013	Cathedral Capital Ltd	Lancashire Holdings Ltd	V	No	-18%
16.	18.08.2013	Arsys Internet SLU	United Internet AG	H	No	85%
17.	12.09.2013	Enterasys Networks Inc	Extreme Networks Inc	H	No	20%
18.	18.09.2013	Purcell Systems Inc	EnerSys	V	No	9%
19.	10.10.2013	MacDermid Inc	Platform Specialty Products Corp	V	Yes	115%
20.	30.10.2013	iWeb Technologies Inc	Internap Corp	V	No	9%
21.	14.11.2013	MapMyFitness Inc	Under Armour Inc	H	No	-17%
22.	03.12.2013	DEK USA Inc	ASM Pacific Technology Ltd	H	No	18%
Investments motive						
1.	06.02.2012	O'Charleys Inc	Fidelity National Financial Inc	H	No	42%
2.	26.10.2012	North American Breweries Inc	Florida Ice & Farm Co SA	H	Yes	65%
3.	21.11.2012	Cipla Medpro South Africa Ltd	Cipla Ltd/India	H	Yes	-1%
4.	26.11.2012	Thomas Medical Products Inc	Merit Medical Systems Inc	H	No	23%
5.	18.12.2012	Arbitron Inc	Nielsen NV	V	No	46%
6.	01.05.2013	Mid-America Midstream Gas Services LLC	SemGroup Corp	H	Yes	20%
7.	21.05.2013	N-Able Technologies International Inc	SolarWinds Inc	H	Yes	-21%
8.	28.05.2013	PECO Inc	Astronics Corp	H	No	56%
9.	07.06.2013	Energy Micro AS	Silicon Laboratories Inc	H	Yes	7%
10.	12.06.2013	Pioneer Surgical Technology Inc	RTI Surgical Inc	H	No	3%
11.	17.06.2013	San Antonio Internacional Co Inc/Colombia	Estrella International Energy Services Ltd	H	Yes	3875%
12.	17.06.2013	Vectura Consulting AB	Sweco AB	C	Yes	48%
13.	24.06.2013	Vanguard Health Systems Inc	Tenet Healthcare Corp	H	Yes	9%
14.	26.06.2013	Robinson Point Ltd	Tuan Sing Holdings Ltd	V	No	3%
15.	15.07.2013	Brasil Telecom Cabos Submarinos Ltda	Grupo BTG Pactual	H	Yes	29%

Continued table

		Target company	Acquirer company	Type of transaction	Cross-border transaction	Change percentage
16.	31.07.2013	Devcon Security Holdings Inc	ADT Corp/The	C	No	-13%
17.	12.09.2013	Oclaro Switzerland GmbH	II-VI Inc	H	Yes	-32%
18.	06.11.2013	Gavilon LLC	NGL Energy Partners LP	H	Yes	7%
19.	19.11.2013	Hong Kong Pumped Storage Development Co	CLP Holdings Ltd	C	Yes	7%
Motive of getting access to new technologies						
1.	16.09.2009	Hi-Shear Technology Corp	Chemring Group PLC	H	Yes	-6%
2.	09.10.2009	I-Flow Corp	Kimberly-Clark Corp	V	No	12%
3.	12.05.2010	CyrusOne LLC	Cincinnati Bell Inc	C	No	-15%
4.	05.10.2011	QuantaLife Inc	Bio-Rad Laboratories Inc	V	No	20%
5.	28.12.2011	Enobia Pharma Corp	Alexion Pharmaceuticals Inc	V	Yes	30%
6.	27.02.2012	Miller Milling Co LLC	Nisshin Seifun Group Inc	V	Yes	12%
7.	29.02.2012	SeaMicro Inc	Advanced Micro Devices Inc	V	No	-75%
8.	23.03.2012	MediConnect Global Inc	Verisk Analytics Inc	V	No	33%
9.	03.04.2012	RBC Investor Services Ltd	Royal Bank of Canada	H	Yes	5%
Motive of expenses optimization						
1.	22.03.2010	Techwell Inc	Intersil Corp	V	No	-22%
2.	12.07.2010	Silpada Designs LLC	Avon Products Inc	V	No	-1%
3.	30.08.2010	Keystone Bakeries LLC	George Weston Ltd	V	No	-20%
4.	30.06.2011	Apache Design Solutions Inc	ANSYS Inc	V	No	15%
5.	05.03.2012	Carmeuse Industrial Sands Inc	Pioneer Natural Resources Co	V	No	18%
6.	16.10.2012	Connell Industrial Tools Corp	MISUMI Group Inc	H	Yes	-60%
7.	16.10.2013	OB10 Ltd	Tungsten Corp PLC	V	No	25%
Motive of potential growth						
1.	01.10.2008	Auburndale Power Partners LP	Atlantic Power Corp	V	No	-4%
2.	01.10.2008	Micromania SAS	GameStop Corp	H	Yes	-28%
3.	20.07.2009	Canadian Hydro Developers Inc	TransAlta Corp	V	No	7%
4.	24.07.2009	T&T Supermarket Inc	Loblaw Cos Ltd	V	Yes	9%
5.	25.02.2010	Kettle Foods Inc	Diamond Foods Inc	V	No	33%
6.	16.04.2010	PPL Holdings Pte Ltd	Yangzijiang Shipbuilding Holdings Ltd	V	Yes	70%

Continued table

		Target company	Acquirer company	Type of transaction	Cross-border transaction	Change percentage
7.	21.06.2010	Regency Hospital Co LLC	Select Medical Holdings Corp	H	No	24%
8.	22.09.2010	Eliokem International	OMNOVA Solutions Inc	V	Yes	-52%
9.	17.08.2011	Woods Equipment Co	Blount International Inc	V	No	-17%
10.	02.04.2012	DC Payments Pty Ltd	DirectCash Payments Inc	V	No	14%
11.	02.04.2012	Power Integration Switzerland GmbH	Power Integrations Inc	V	Yes	8%
12.	16.04.2012	Primus Telecom Holdings Pty Ltd	M2 Group Ltd	V	No	61%
13.	09.05.2012	Cost Plus Inc	Bed Bath & Beyond Inc	V	No	2%
14.	09.05.2012	Paloma Partners II LLC	Marathon Oil Corp	V	No	32%
15.	14.05.2012	A&T Petroleum Co Ltd	Genel Energy Plc	H	No	42%
16.	23.07.2012	AirSep Corp	Chart Industries Inc	H	No	63%
17.	02.08.2012	Canadian Fertilizers Ltd	CF Industries Holdings Inc	V	Yes	-1%
18.	04.09.2012	Waseca Energy Inc	Twin Butte Energy Ltd	H	No	-36%
19.	24.09.2012	Orange County Container Group LLC	Smurfit Kappa Group PLC	H	Yes	107%
20.	26.12.2012	Iberoamericana de Energia IBENER SA	Duke Energy Corp	H	Yes	7%
21.	14.05.2013	Enpirion Inc	Altera Corp	V	Yes	-1%
22.	30.07.2013	Clough Ltd	Murray & Roberts Holdings Ltd	V	Yes	-8%
Motive of a supplier purchase						
1.	28.08.2012	CFAO SA	Toyota Tsusho Corp	V	Yes	41%
Motive of producer purchase						
1.	02.08.2013	Premier Nutrition Corp	Post Holdings Inc	V	No	-4%
Motive of new fields development						
1.	09.11.2010	Atlas Energy Inc	Chevron Corp	H	Yes	25%
2.	02.03.2012	First Uranium Pty Ltd South Africa	AngloGold Ashanti Ltd	V	Yes	-41%
3.	07.05.2012	Keystone Midstream Services LLC	MarkWest Energy Partners LP	V	No	9%
4.	02.04.2013	Bazovye Metally CJSC	Highland Gold Mining Ltd	H	Yes	-23%
Motive of deliveries channels expansion						
1.	19.04.2010	Hudson Parent Holdings LLC	Just Energy Group Inc	H	Yes	22%
Motive of restructuring						
1.	18.01.2013	Triumph Engine Control Systems LLC	Triumph Group Inc	V	No	12%

Continued table

		Target company	Acquirer company	Type of transaction	Cross-border transaction	Change percentage
2.	01.03.2013	William Hill Online	William Hill PLC	H	No	4%
3.	31.05.2013	Cummins Rocky Mountain LLC	Cummins Inc	C	No	28%
4.	06.08.2013	IRESS UK Ltd	IRESS Ltd	V	No	5%
5.	24.12.2013	Shenhua Baotou Coal Chemical Co Ltd	China Shenhua Energy Co Ltd	V	Yes	-6%
Motive of market share increase						
1.	16.11.2009	OCE NV	Canon Inc	H	Yes	23%
2.	11.12.2009	Hallin Marine Subsea International PLC	Superior Energy Services Inc	V	Yes	58%
3.	04.03.2010	Delta Ltd	Valmont Industries Inc	V	Yes	22%
4.	17.05.2010	Seacliff Construction Corp	Stuart Olson Inc	V	Yes	9%
5.	28.06.2010	Valspar Paint Holdings Australia Pty Ltd	Valspar Corp/The	H	Yes	15%
6.	29.06.2010	Gemalto M2M GmbH	Gemalto NV	V	Yes	27%
7.	07.07.2010	Mandarin Drilling Corp	Vantage Drilling Co	H	Yes	47%
8.	13.07.2010	ADC Telecommunications Inc	TE Connectivity Ltd	V	Yes	39%
9.	20.09.2010	Blacksmith Brands Holdings Inc	Prestige Brands Holdings Inc	V	No	4%
10.	11.11.2010	CRH Insulation Europe	Kingspan Group PLC	V	Yes	7%
11.	23.11.2010	Matrix Financial Solutions Inc	Broadridge Financial Solutions Inc	V	No	0%
12.	19.05.2011	AES Laboratoire Groupe	BioMerieux	H	No	-15%
13.	02.06.2011	Maverick Group of Cos	Basic Energy Services Inc	V	Yes	-59%
14.	29.06.2011	Stewart Holdings Group Ltd	ALS Ltd	V	Yes	-76%
15.	21.09.2011	Apache Beryl I Ltd	Apache Corp	V	No	-3%
16.	03.10.2011	Empresa Avex SA	BRF SA	H	Yes	8%
17.	18.10.2011	Russian and Ukrainian Beer Businesses	Anadolu Efes Biracilik Ve Malt Sanayii AS	V	Yes	14%
18.	30.03.2012	Eveden Group Ltd	Wacoal Holdings Corp	V	No	-8%
19.	04.04.2012	Viasystems North America Inc	Viasystems Group Inc	V	Yes	-40%
20.	26.04.2012	Torex Retail Holdings Ltd	MICROS Systems Inc	V	Yes	-23%
21.	17.07.2012	United States Endoscopy Group Inc	STERIS Corp	V	Yes	40%
22.	24.07.2012	Nesk Trading Projects Co	Fawaz Abdulaziz Al Hokair & Co	H	No	14%

Continued table

		Target company	Acquirer company	Type of transaction	Cross-border transaction	Change percentage
23.	27.07.2012	ZIV Aplicaciones y Tecnologias SL	Crompton Greaves Ltd	H	Yes	-25%
24.	06.08.2012	Beilun Hong Kong Investments Ltd	China Merchants Holdings Pacific Ltd	H	No	-5%
25.	07.09.2012	Alliance Films Holdings Inc	Entertainment One Ltd	H	Yes	34%
26.	10.09.2012	Lodestone Holding AG	Infosys Ltd	H	Yes	9%
27.	25.09.2012	Cadillac Jack Inc	Amaya Inc	H	No	76%
28.	27.09.2012	Sealy Corp	Tempur Sealy International Inc	H	No	43%
29.	01.10.2012	Gloopsinc	Nexon Co Ltd	H	Yes	-11%
30.	04.10.2012	JSA International Holdings LP	Mitsubishi UFJ Lease & Finance Co Ltd	H	Yes	66%
31.	08.10.2012	Latexx Partners BHD	Semperit AG Holding	V	Yes	11%
32.	11.10.2012	OMNI Energy Services Corp	Gibson Energy Inc	H	No	2%
33.	23.10.2012	Vermont Hard Cider Co LLC	C&C Group PLC	H	Yes	13%
34.	25.10.2012	Nextmedia Outdoor Inc	Lamar Advertising Co	H	No	19%
35.	31.10.2012	Litle & Co LLC	Vantiv Inc	V	Yes	36%
36.	05.11.2012	Imagination Technologies LLC	Imagination Technologies Group PLC	H	No	-45%
37.	09.11.2012	CoActiv Capital Partners LLC	Element Financial Corp	H	Yes	120%
38.	11.11.2012	Brick Ltd/The	Leon's Furniture Ltd	H	Yes	16%
39.	27.11.2012	Ralcorp Holdings Inc	ConAgra Foods Inc	H	No	11%
40.	02.12.2012	Digital Risk LLC	Mphasis Ltd	H	No	7%
41.	13.12.2012	Glasswool Holdings Ltd	Axiata Group Bhd	V	Yes	0%
42.	17.12.2012	Pallecon	Brambles Ltd	H	Yes	0%
43.	18.12.2012	Fortune Gas Investment Holdings Ltd	China Gas Holdings Ltd	V	Yes	85%
44.	21.12.2012	Robertson's Ready Mix Ltd	Mitsubishi Materials Corp	V	Yes	32%
45.	31.01.2013	Greenstar LLC	Waste Management Inc	V	No	15%
46.	07.02.2013	Bresnan Broadband Holdings LLC	Charter Communications Inc	V	No	71%
47.	19.02.2013	Irish Life Group Ltd	Great-West Lifeco Inc	H	Yes	4%
48.	26.02.2013	Copeinca ASA	China Fishery Group Ltd	H	Yes	0%
49.	11.03.2013	Anabuki Construction Inc	Daikyo Inc	H	No	13%

Continued table

		Target company	Acquirer company	Type of transaction	Cross-border transaction	Change percentage
50.	13.03.2013	Dresden Papier GmbH	PH Glatfelter Co	H	Yes	39%
51.	04.04.2013	Nextel del Peru SA	Empresa Nacional de Telecomunicaciones SA	H	No	-30%
52.	04.04.2013	Heraeus Kulzer Dental Ltd	Mitsui Chemicals Inc	H	Yes	36%
53.	11.04.2013	Fisher Communications Inc	Sinclair Broadcast Group Inc	H	No	14%
54.	15.04.2013	Burn Stewart Distillers Ltd	Distell Group Ltd	H	Yes	7%
55.	01.05.2013	Truth Hardware Corp	Tyman PLC	H	No	24%
56.	14.05.2013	Troms Offshore Supply AS	Tidewater Inc	H	Yes	-10%
57.	10.06.2013	Robert's American Gourmet Foods	B&G Foods Inc	H	No	9%
58.	16.06.2013	Longview Timber LLC	Weyerhaeuser Co	H	No	9%
59.	10.07.2013	CIA de Bebidas Ipiranga	Embotelladora Andina SA	H	Yes	-29%
60.	15.07.2013	3PD Inc	XPO Logistics Inc	V	No	27%
61.	16.07.2013	SHFL Entertainment Inc	Bally Technologies Inc	H	No	-8%
62.	28.07.2013	Western Star Trucks Australia Pty Ltd	Penske Automotive Group Inc	H	Yes	41%
63.	05.08.2013	Colomer Group/The	Revlon Inc	H	No	15%
64.	06.08.2013	Central Refrigerated Transportation LLC	Swift Transportation Co	H	No	17%
65.	07.08.2013	Cardpoint Ltd	Cardtronics Inc	V	Yes	6%
66.	13.08.2013	Portola Packaging Inc	Silgan Holdings Inc	H	No	2%
67.	16.09.2013	Boise Inc	Packaging Corp of America	H	No	10%
68.	05.11.2013	Mindspeed Technologies Inc	M/A-COM Technology Solutions Holdings Inc	V	Yes	33%
69.	02.12.2013	Westport Axle Corp	Universal Truckload Services Inc	H	No	4%
Motive of company value increase						
1.	03.08.2011	Aeroturbine Inc	American International Group Inc	V	No	11%
2.	14.03.2012	GlobeOp Financial Services SA	SS&C Technologies Holdings Inc	V	No	37%
3.	14.08.2012	Ulterra Drilling Technologies LP	Esco Corp	C	Yes	-11%
4.	22.08.2012	Sunrise Senior Living LLC	Health Care REIT Inc	H	Yes	5%
5.	05.09.2013	Astex Pharmaceuticals Inc	Otsuka Holdings Co Ltd	H	Yes	14%
6.	16.12.2013	Total Specific Solutions TSS BV	Constellation Software Inc/Canada	H	Yes	45%

Continued table

		Target company	Acquirer company	Type of transaction	Cross-border transactions	Change percentage
Motive of financial situation improvement						
1.	19.11.2012	DTE Gas Resources LLC	Atlas Resource Partners LP	H	No	-17%
2.	23.11.2012	Western Wind Energy Corp	Brookfield Renewable Energy Partners LP/CA	V	No	-2%
3.	24.04.2013	Maharam Fabric Corp	Herman Miller Inc	H	No	24%
4.	07.06.2013	AlphaVille Urbanismo SA	Gafisa SA	H	Yes	-14%
5.	02.07.2013	iWatt Inc	Dialog Semiconductor PLC	V	No	157%
6.	30.07.2013	Pan Am Holdings Inc	ANA Holdings Inc	C	Yes	14%
7.	20.08.2013	Sterci SA	Bottomline Technologies de Inc	C	Yes	-4%
8.	02.10.2013	International Minerals Corp	Hochschild Mining PLC	H	Yes	-19%
Motive of segment positions improvement						
1.	08.06.2009	BPP Holdings Ltd	Apollo Education Group Inc	H	No	-23%
2.	08.12.2010	Aerocan SAS	Ball Corp	V	Yes	-49%
3.	31.01.2012	UP Inc	Benesse Holdings Inc		No	0%
4.	08.02.2012	Aptara Inc	iEnergizer Ltd	V	No	21%
5.	16.02.2012	Mondi Swiecie SA	Mondi PLC	H	Yes	69%
6.	12.03.2012	Zoll Medical Corp	Asahi Kasei Corp	V	Yes	18%
7.	14.03.2012	iGATE Computer Systems Ltd	IGATE Corp	V	No	10%
8.	12.04.2012	Umeco Ltd	Cytec Industries Inc	V	No	19%
9.	14.05.2012	NUKEM Energy GmbH	Cameco Corp	V	Yes	-2%
10.	07.01.2013	Epocrates Inc	athenahealth Inc	V	No	71%
11.	26.02.2013	Baja Broadband LLC	Telephone & Data Systems Inc	V	Yes	-4%
12.	07.03.2013	Asia Container Terminals Holdings Ltd	Hutchison Port Holdings Trust	V	No	-19%
13.	29.07.2013	Saks Inc	Hudson's Bay Co	H	Yes	-6%
Motive of strengthening competitive advantages						
1.	30.07.2012	Alpine Access Inc	Sykes Enterprises Inc	V	No	13%

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