

Conglomerate

This is a merger of companies with seemingly unrelated businesses.

Bootstrap Effect

This is one of the less ideal reasons for a merger. It occurs when the target's P/E ratio is lower than the acquirer's P/E ratio, resulting in an increase in the acquirer's EPS after the merger. However, this is purely a numerical phenomenon and does not create any value or synergies.

Backward Integration

This occurs when a company acquires a target that produces the raw material or the ancillaries used by the acquirer, with the intention of ensuring a continuous supply of high-quality raw materials at a fair price.

Amalgamation/Consolidation

This is the process of merging one or more companies into a new entity, with none of the original companies remaining and

a completely new legal entity being formed.

Acquirer

This is the entity that is buying another company in an acquisition.

Accretion

This refers to the enhancement of per share metrics following a transaction, typically after the issuance of additional shares.

Valuation

Valuation is the process of determining the financial worth or fair value of a company, asset, or investment. Various methods, such as discounted cash flow (DCF), market multiples, or asset-based approaches, are used to assess the value based on financial and non-financial factors.

Transaction Costs

Transaction costs are the expenses incurred during the process of completing an M&A deal. These costs can include professional fees for legal, financial, or advisory services, as well as expenses related to due diligence, regulatory compliance, and integration planning.

Takeover

A takeover is a type of acquisition where one company (the acquirer) purchases another company (the target) with or without the agreement of the target's management.

Synergy

In the context of M&A, synergy refers to the idea that the combined value and performance of two companies will be greater than the sum of the separate individual parts.