

# **Conglomerate**

This is a merger of companies with seemingly unrelated businesses.

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# **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.

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# **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.

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# **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.

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## **Acquirer**

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

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## **Accretion**

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

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## **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.

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# 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.

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# 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.

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# 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.