

Article

Mergers and acquisitions involving UK companies, annual overview: 2020

Further analysis on mergers and acquisitions (M&A) involving UK companies in 2020.



Contact:
Andrew Jowett
MA@ons.gov.uk
+44 (0)1633 455357

Release date:
9 March 2021

Next release:
To be announced

Table of contents

1. [Main points](#)
2. [Deal completion times](#)
3. [Distribution of M&A values](#)
4. [Cross-border disposals](#)
5. [Mergers and acquisitions data](#)
6. [Glossary](#)
7. [Data sources and quality](#)
8. [Strengths and limitations](#)
9. [Related links](#)

1 . Main points

- Our statistical bulletin shows that the number of mergers and acquisitions (M&A) has been affected by the coronavirus (COVID-19) pandemic, yet it is unclear the extent to which it has led to deals taking longer.
- The distribution of all M&A deals – inward, outward and domestic – by descending value was different in 2020 compared with 2018 and 2019; the top 25 highest-value deals accounted for 50% of the 2020 total, compared with 66% in 2019 and 69% in 2018.
- The difference in the 2020 distribution of all deals in order of descending value mainly reflects inward M&A deals.
- The value for inward M&A in 2020 from the EU (£5.7 billion) was slightly higher than that from the United States (£4.5 billion), yet both were also lower than their 2019 values (£11.3 billion and £30.2 billion respectively).
- Even though the UK total value of outward disposals was higher in 2020 than in 2019, this reflects a few higher-value disposals while the number of deals was lower.
- The value of cross-border M&A – inward and outward deals – was lower in 2020 compared with 2019; inward M&A fell by £39.3 billion and outward by £6.7 billion.
- By contrast to cross-border M&A, the value of domestic deals increased from £9.0 billion in 2019 to £10.8 billion in 2020.

2 . Deal completion times

We use Bureau van Dijk's Zephyr database to identify mergers and acquisitions (M&A) deals involving UK companies. That database can also include information on when a deal was first announced and completed. We can combine this information with our M&A microdata to look at the duration of highest-value deals completed in 2020 for which information was available, compared with those ending in 2018 and 2019.

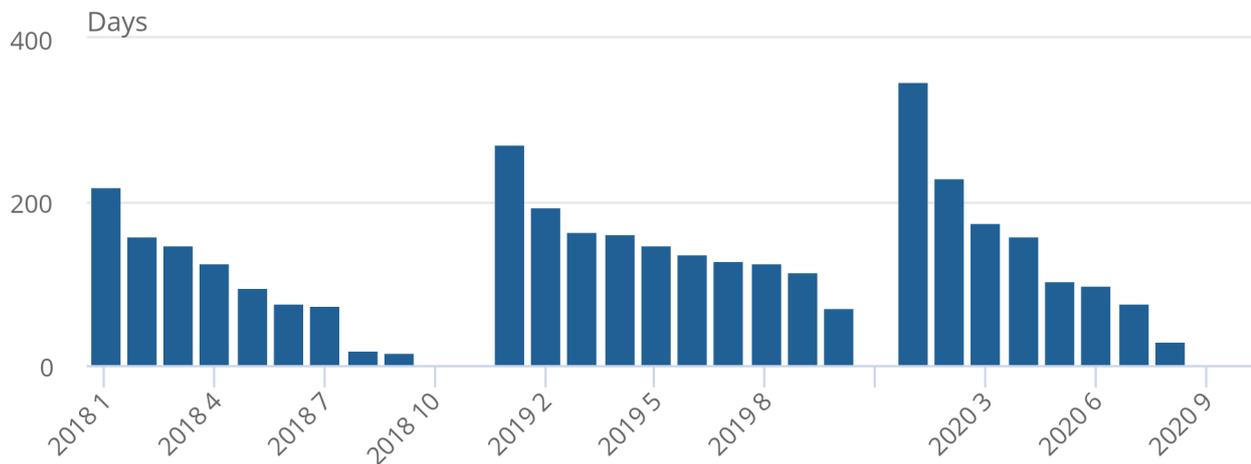
The profile of the time taken to complete 10 high-value inward M&A deals in 2020 was different to those for 2018 and 2019. Most of those deals took longer to complete in 2020 compared with 2018, however, there were fewer deals that took longer compared with 2019 (Figure 1). The deal taking the longest to complete in 2020 took 348 days, compared with 272 days for the longest in 2019 and 218 days in 2018. However, the fourth-longest deal completed in 2020 took fewer days (159) than that completed in 2019 (162).

Figure 1: The 10 high-value inward M&A deals that completed in 2020 generally took longer than those completed in 2018

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

Figure 1: The 10 high-value inward M&A deals that completed in 2020 generally took longer than those completed in 2018

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



Source: Office for National Statistics and 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.

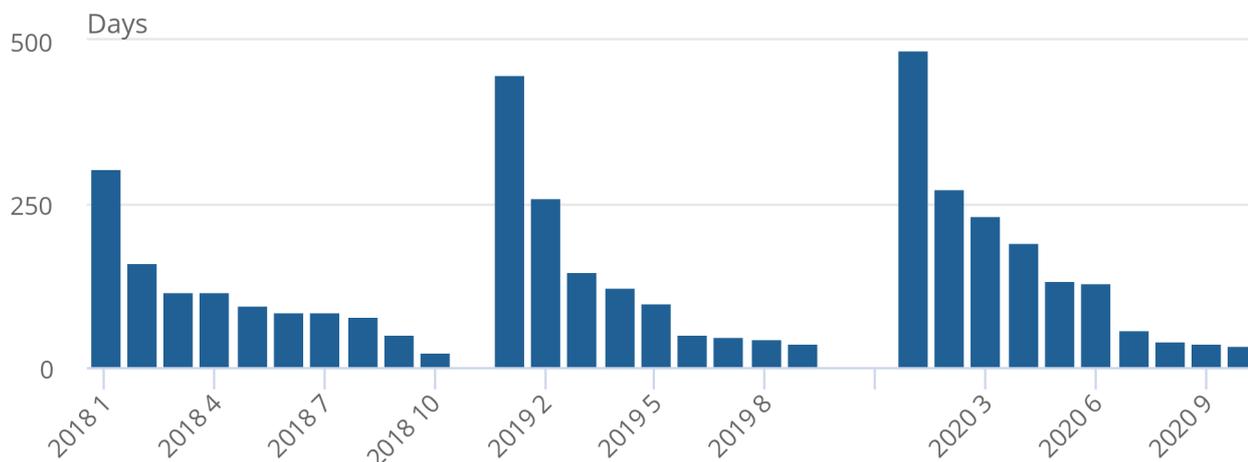
There was also an indication that outward M&A deals that completed in 2020 and 2019 took longer than those completed in 2018 (Figure 2). Our results suggest that the 10 high-value M&A deals completed in 2018 took less time than those in 2019 and 2020. For example, the longest high-value deal where information was available took 306 days to complete in 2018 compared with 448 days in 2019 and 485 days in 2020.

Figure 2: The 10 high-value outward M&A deals in 2020 took longer to complete than those in 2018

Time taken for 10 high-value outward M&A deals that completed in 2018, 2019 and 2020 in order of descending time to complete deals

Figure 2: The 10 high-value outward M&A deals in 2020 took longer to complete than those in 2018

Time taken for 10 high-value outward M&A deals that completed in 2018, 2019 and 2020 in order of descending time to complete deals



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

Notes:

1. The date of a deal announcement and completion was not available for all mergers and acquisitions. These results use the 10 highest value deals in each year for which a confirmed announcement date was available.
2. 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.

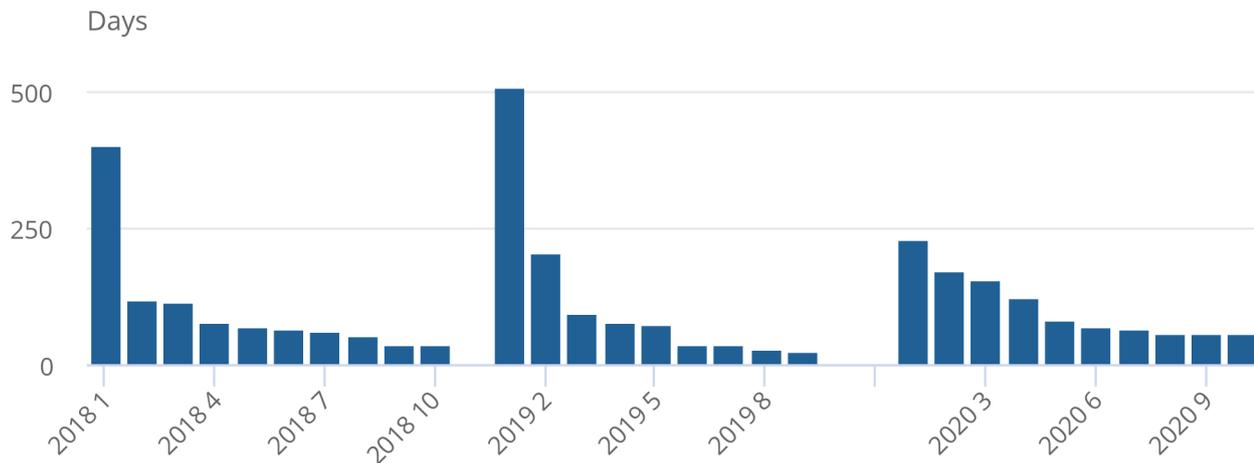
The times taken for the 10 high-value domestic deals to complete in each of these three years was different to those for inward and outward deals. The time between the longest and shortest completion time was much lower in 2020 (172 days) than 2019 (509 days) and 2018 (366 days). Part of this reflects the difference between the lengths of the longest and second-longest deals being much shorter in 2020 than either 2018 or 2019. The third-longest high-value deal to complete took 158 days in 2020, which was longer than the 93 days for the third-longest in 2019 and 114 days in 2018 (Figure 3). Therefore, the situation for domestic M&A deals appears to be more mixed in 2020 compared with 2018 and 2019.

Figure 3: Deal times for domestic M&A were mixed in 2020 compared with 2018 and 2019

Time taken for 10 high-value domestic M&A deals to complete in 2018, 2019 and 2020 in order of descending deal length

Figure 3: Deal times for domestic M&A were mixed in 2020 compared with 2018 and 2019

Time taken for 10 high-value domestic M&A deals to complete in 2018, 2019 and 2020 in order of descending deal length



Source: Office for National Statistics and 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 date was included.
2. 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.

Our analysis suggests that the economic restrictions introduced in response to the coronavirus (COVID-19) pandemic in 2020 have not necessarily led to the higher-value M&A deals taking longer to complete. Our [statistical bulletin](#) shows that the pandemic has affected the numbers of deals. These were much lower in April and May 2020 and remained below 2019 monthly totals for cross-border transactions over the rest of the year. There are many factors that could affect the time it takes for a M&A deal to complete, which includes the industry of the target company, any interest in the acquisition from multiple acquirors, or if competition authority approval is needed.

3 . Distribution of M&A values

The value of cross-border mergers and acquisitions (M&A) – inward and outward deals – was lower in 2020 compared with 2019. The biggest fall was for inward deals, which went from £55.6 billion in 2019 to £16.3 billion in 2020, or £39.3 billion lower. The decrease for outward M&A values was lower, decreasing by £6.7 billion from £21.9 billion to £15.2 billion. These falls took inward and outward M&A deals to their lowest values since 2014 and 2010¹ respectively.

Figure 4: The value of cross-border M&A deals fell in 2020 from 2019, whereas that for domestic deals increased

Value of inward, outward and domestic mergers and acquisitions involving UK companies, 2011 to 2020

Figure 4: The value of cross-border M&A deals fell in 2020 from 2019, whereas that for domestic deals increased

Value of inward, outward and domestic mergers and acquisitions involving UK companies, 2011 to 2020



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 (January to March) 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.

By contrast to cross-border M&A, the value of domestic deals increased in 2020 from 2019. It went from £9.0 billion in 2019 to £10.8 billion in 2020. While this was lower than the £27.7 billion value for domestic deals in 2017, it was still higher than the values recorded between 2011 and 2015. The number of domestic deals was also lower in 2020 (605) than in 2019 (911), implying that although fewer, the domestic deals that completed in 2020 had a higher average value per deal. Further information on the number of deals per month in 2020 can be found in the [Mergers and acquisitions involving UK companies, Quarter 4 \(October to December\) 2020](#) statistical bulletin.

Distribution of M&A by deal value

Microdata analysis allows us to group the completed M&A deals by descending deal values. We have done this by grouping the 25 highest-value mergers and acquisitions together to give the top 25 deals in 2018, 2019 and 2020. We can then see the additional value that comes from adding the next 25 deals to give the top 50, and so on until all deals are included. Disposals (or de-mergers) have not been included in the distribution as these are negative values in the total and therefore distort this analysis. [Section 4](#) provides more detail on M&A disposals.

The distribution for all mergers and acquisitions was concentrated in the highest-value deals in 2020. Half of the value for all M&A deals was accounted for by the 25 highest-value deals in that year (Figure 5). The next 25 (highest-value) deals increased the proportion of the total by a further 15 percentage points, implying that nearly two-thirds (65%) of the total M&A value was covered by the top 50 deals in 2020.

Figure 5: The highest-value M&A deals in 2020 accounted for a much smaller share of the total M&A value than those in 2018 and 2019

The distribution of all mergers and acquisitions values involving UK companies by descending order of deal values, 2018 to 2020

Figure 5: The highest-value M&A deals in 2020 accounted for a much smaller share of the total M&A value than those in 2018 and 2019

The distribution of all mergers and acquisitions values involving UK companies by descending order of deal values, 2018 to 2020



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 distribution of all M&A deals in 2020 accounted for a smaller share of the total value to that from 2018 and 2019 across all groupings. The top 25 deals accounted for 50% of the total value in 2020 compared with 69% for the top 25 in 2018 and 66% in 2019. These were 19 percentage points and 16 percentage points higher than in 2020 respectively. The distribution of M&A values across the other size groups in 2018 and 2019 accounted for a relatively similar proportion of the respective totals, and both were higher than that for 2020. This indicates that M&A deals in 2020 were not only fewer in number of deals than in 2018 and 2019, but there were also smaller differences between the values of M&A deals in 2020 too.

The distributions of M&A by direction – inward, outward or domestic – are different to each other. That for all M&A deals largely reflects inward M&A, where the values in 2020 were also lower relative to the total across most deal size groups compared with 2018 and 2019. For outward M&A, there was no distinct difference in the distribution of deals by value across the three years. The distribution of domestic M&A deals in 2020 accounted for higher proportions of the total across all deal size categories than in 2019, but lower up to the top 200 deals than in 2018.

Distribution of M&A deals by geography

The United States was among the economies accounting for the highest value of inward or outward M&A between 2011 and 2020. For outward M&A, those deals were valued at £5.2 billion in 2020, compared with £8.9 billion in 2019. That value for 2020 was the lowest outward M&A result since 2014 (£5.0 billion).

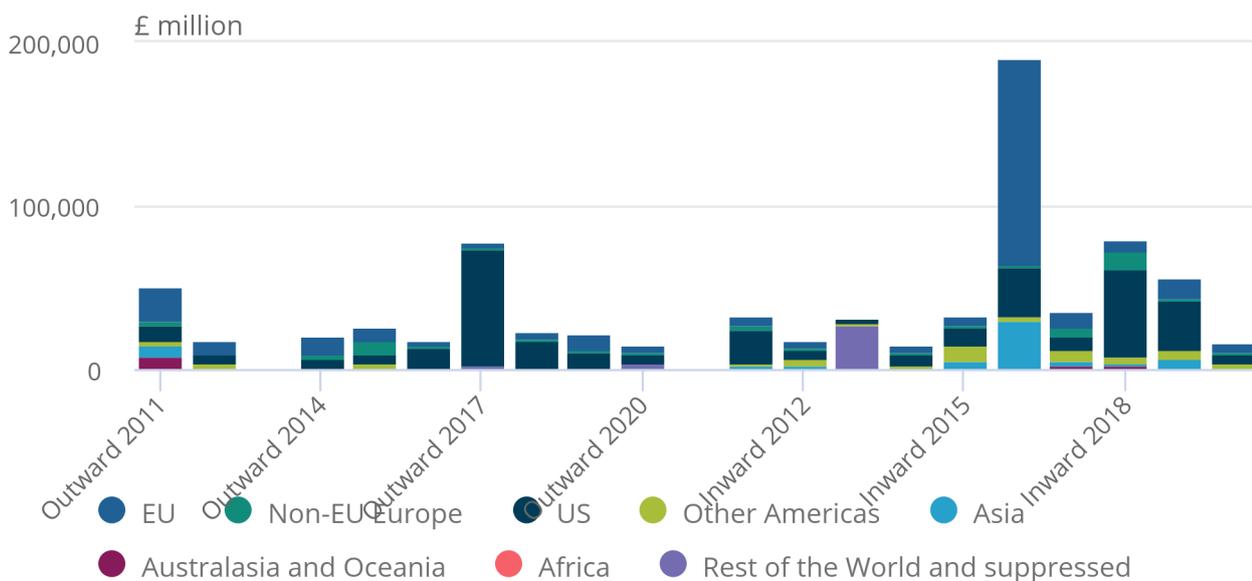
Similarly, the value of outward M&A in the EU was lower in 2020, falling from £9.4 billion in 2019 to £3.8 billion in 2020. Although 2020 saw a slightly lower value than that reported in 2018 (£4.3 billion), it was higher than in 2017 (£2.4 billion). This indicates that the decreases in the value of UK outward M&A in the United States and EU have contributed to the lower total value in 2020.

Figure 6: The values of inward and outward M&A deals were lower in 2020 than in 2019 from all locations

Mergers and acquisitions involving UK companies by location, outward and inward, 2011 to 2020

Figure 6: The values of inward and outward M&A deals were lower in 2020 than in 2019 from all locations

Mergers and acquisitions involving UK companies by location, outward and inward, 2011 to 2020



Source: Office for National Statistics – Mergers and Acquisitions Survey

Notes:

1. .. denotes value suppressed to mitigate disclosure.
2. [] denotes statistics are available but not included in this Figure because the outward total for 2013 has been suppressed to mitigate disclosure.
3. Components may not sum to totals because of rounding.
4. 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.

As with outward M&A, inward M&A from the United States or EU accounted for the highest value by location between 2011 and 2020. The value for inward M&A in 2020 from the EU (£5.7 billion) was slightly higher than that from the United States (£4.5 billion), yet both were also lower than their 2019 values (£11.3 billion and £30.2 billion respectively). The value of inward M&A from the EU was broadly comparable with values reported in most of the other years since 2011 for which statistics were available. The main exception was in 2016, which was affected by a few very-high-value deals.² For inward M&A from the United States, the 2020 value was the lowest since 2013.

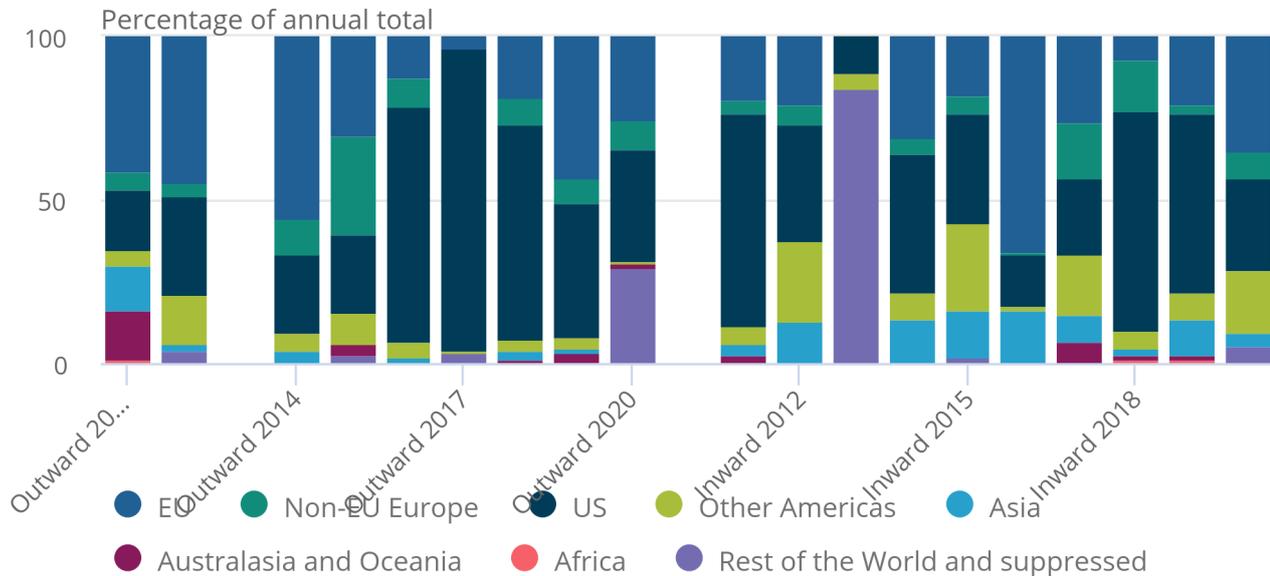
While the annual totals for both inward and outward M&A in 2020 were lower than those recorded in 2019, the proportion of inward M&A accounted for by the EU in 2020 (35.0%) was the highest since 2016 (65.9%). This mainly reflects the greater fall in the value of inward M&A with the United States compared with the fall in the EU value rather than more inward M&A from the EU. By contrast, the relative proportions of locations in outward M&A values were maintained in 2020 (Figure 7). This shows that UK companies' acquisitions of foreign companies were equally low across the continents for which results were available in 2020 compared with 2019.

Figure 7: Inward M&A from the EU in 2020 accounted for its second-highest proportion of the annual totals since 2011

Mergers and acquisitions involving UK companies by location, outward and inward, 2011 to 2020

Figure 7: Inward M&A from the EU in 2020 accounted for its second-highest proportion of the annual totals since 2011

Mergers and acquisitions involving UK companies by location, outward and inward, 2011 to 2020



Source: Office for National Statistics – Mergers and Acquisitions Survey

Notes:

1. .. denotes value suppressed to mitigate disclosure.
2. The outward total for 2013 has been suppressed to mitigate disclosure.
3. Components may not sum to totals because of rounding.
4. 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.

Notes for: Distribution of M&A values

1. This does not include 2013 for outward M&A, the value for which has been suppressed to mitigate disclosure.
2. More information on those deals can be found in [Mergers and acquisitions involving UK companies, annual overview: 2016](#).

4 . Cross-border disposals

In 2020, there were some relatively large changes to the values of inward and outward disposals compared with 2019. The value of UK-based companies dis-investment in affiliates based abroad (outward disposals) was £21.7 billion in 2020 compared with £12.6 billion in 2019 (Figure 8). This includes one disposal of relatively high value from Aviva PLC's dis-investment in Singapore. The actual number of disposals was still lower in 2020 (37) than in 2019 (68) despite the higher value. Looking at the longer data time series shows that 2020 had the highest outward disposal value since 2001.¹

Figure 8: There were large changes in the values of outward and inward disposals in 2020 compared with 2019

Cross-border mergers and acquisitions disposals involving UK companies, 2013 to 2020

Figure 8: There were large changes in the values of outward and inward disposals in 2020 compared with 2019

Cross-border mergers and acquisitions disposals involving UK companies, 2013 to 2020



Source: Office for National Statistics – Mergers and Acquisitions Survey

Notes:

1. The total outward disposal values are suppressed for 2013.
2. The total inward disposal values are suppressed for 2014 and 2016.

These relatively higher outward disposal values can also be seen in the number of deals that accounted for most of the total disposal value in that year. There were just seven deals that accounted for 95% of the total disposal value in 2020, compared with 25 deals in 2019 and 20 deals in 2018. These microdata also show that disposals in wholesale, transport and accommodation industries accounted for a much higher proportion of the outward disposals total value and number in 2020 than in 2018 or 2019.

By contrast, the value of dis-investment in UK-based affiliates by foreign parent companies (inward disposals) more than halved in 2020 from 2019. Inward disposals were £3.5 billion in 2020 compared with £12.5 billion in 2019. This partly reflects fewer inward disposals completing in 2020 (102) than in 2019 (146) but that they were also of lower values too. There were 46 deals accounting for 95% of the total value of inward disposals in 2020, which was close to the 51 deals in 2019; both were more than the 20 deals in 2018 that accounted for 95% of that year's total inward disposals. Professional and support industries accounted for the highest value of disposals in 2020 and 2018, whereas financial and insurance industries had the higher share of inward disposals in 2019.

Notes for: Cross-border disposals

1. This comparison excludes any suppressed values.

5 . Mergers and acquisitions data

[Mergers and acquisitions involving UK companies](#)

Dataset | Released 9 March 2021

Quarterly estimates of the value and number of mergers, acquisitions and disposals involving UK companies worth £1 million or more.

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

Dataset | Released 9 March 2021

Quarterly data on the value and number of mergers, acquisitions and disposals involving UK companies with values of £1 million or more.

6 . Glossary

Domestic 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.

Mergers and acquisitions transactions

Mergers and acquisitions (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.

7 . Data sources and quality

Mergers and acquisitions (M&A) statistics from Quarter 1 (January to March) 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; users are therefore advised 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.

End of EU exit transition period

As the transition period ends and the UK enters into a new Trade and Co-operation Agreement with the EU, the UK statistical system will continue to produce and publish our wide range of economic and social statistics and analysis. We are committed to continued alignment with the highest international statistical standards, enabling comparability both over time and internationally, and ensuring the general public, statistical users and decision-makers have the data they need to be informed.

As the shape of the UK's future statistical relationship with the EU becomes clearer over the coming period, the Office for National Statistics (ONS) is making preparations to assume responsibilities that, as part of our membership of the EU and during the transition period, were delegated to the statistical office of the EU, Eurostat. This includes responsibilities relating to international comparability of economic statistics, deciding what international statistical guidance to apply in the UK context and to provide further scrutiny of our statistics and sector classification decisions.

In applying international statistical standards and best practice to UK economic statistics, we will draw on the technical advice of experts in the UK and internationally, and our work will be underpinned by the UK's well-established and robust framework for independent official statistics, set out in the Statistics and Registration Service Act 2007. Further information on our proposals will be made available later this year.

8 . Strengths and limitations

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

- 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 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 the bulletin is on acquisitions, although some of the more complex deals can include the disposal of some part of the newly-created corporate structure.

It is sometimes necessary to suppress figures for certain items in order to avoid disclosing information about an individual business. Further information on why data are suppressed is available 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 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.

9 . Related links

[Mergers and acquisitions involving UK companies, Quarter 4 \(October to December\) 2020](#)

Bulletin | Released 9 March 2021

Transactions that result in a change of ultimate control of the target company and have a value of £1 million or more.