Office for National Statistics

Statistical bulletin

Mergers and acquisitions involving UK companies: January to March 2021

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

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1 . Main points

- In Quarter 1 (Jan to Mar) 2021, inward mergers and acquisitions (M&A) involving a change in majority share ownership saw a small increase in value, while domestic and outward M&A recorded sizeable decreases.

- The total number of monthly deals fell to a low of 58 in May 2020 as the amount of M&A activity was affected by the global coronavirus (COVID-19) pandemic, though activity has since increased and, in March 2021 (153), was the highest since March 2020 (196).

- In Quarter 1 2021, the total value of inward M&A (foreign companies abroad acquiring UK companies) was £6.1 billion, £0.1 billion higher than Quarter 4 (Oct to Dec) 2020 (£6.0 billion).

- The value of domestic M&A (UK companies acquiring other UK companies) was £3.8 billion in Quarter 1 2021, a decrease of £5.3 billion on the value recorded in the previous quarter (£9.1 billion).

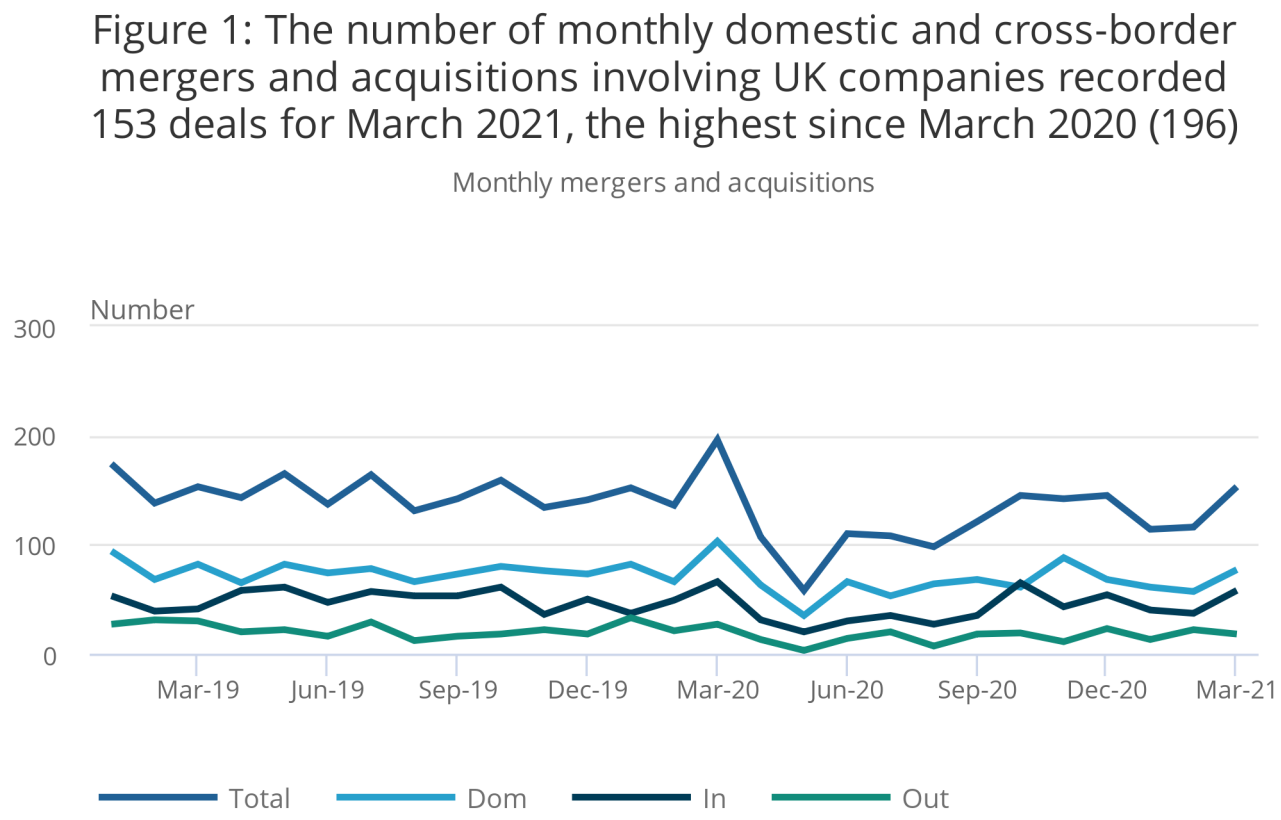
- Outward M&A (UK companies acquiring foreign companies abroad) was valued at £2.5 billion in Quarter 1 2021, £1.9 billion lower than the previous quarter (£4.4 billion).

2 . Monthly mergers and acquisitions (M&A) – January 2019 to March 2021

Mergers and acquisitions (M&A) activity has been affected by the global coronavirus (COVID-19) pandemic, where the total number of completed monthly domestic and cross-border deals fell from 196 in March 2020 to a low of 58 in May 2020. Since the fall, M&A activity started to recover with an upward trend to December 2020 (145 deals). January 2021 (114 deals) recorded a slight decrease before the upward trend continued into March 2021, which recorded 153 total monthly deals – the highest since March 2020 (196 deals).

Figure 1: The number of monthly domestic and cross-border mergers and acquisitions involving UK companies recorded 153 deals for March 2021, the highest since March 2020 (196)

Monthly mergers and acquisitions



Source: Office for National Statistics - Mergers and Acquisitions Survey

Quarter 1 (Jan to Mar) 2021 saw 383 completed transactions, a decrease of 49 when compared with the previous quarter (432), and a sizeable decrease of 101 when compared with Quarter 1 2020 (484).

The total number of monthly M&A deals saw similar numbers completed in the months of October to December 2020 to those seen in 2019. While the total deals for March 2021 are the highest since March 2020, the number of monthly deals for all types of M&A has remained below the respective March 2020 numbers. There was a noticeable increase in inward M&A deals between September (35) and October (65) 2020; likewise, for domestic from October (61) to November (88) 2020.

The Bank of England Agents' summary of business conditions report for Quarter 1 2021 states that "Companies' investment intentions picked up modestly but remained weak" and that "fewer contacts said that they were cancelling or postponing investment and more said they were reinstating investment to increase efficiency and capacity".

3 . Inward mergers and acquisitions (M&A)

There were 135 inward deals in Quarter 1 (Jan to Mar) 2021, £0.1 billion higher than the previous quarter (£6.0 billion) and £1.1 billion higher than the value of £5.0 billion in Quarter 1 2020.

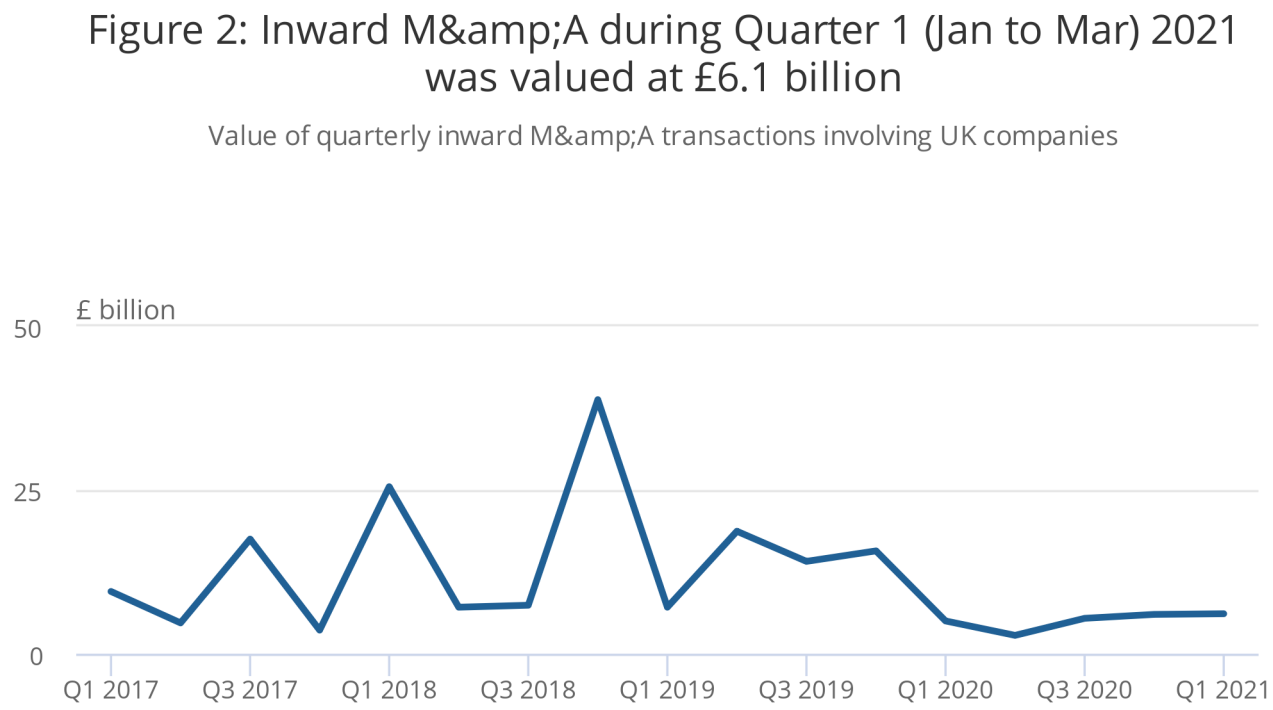
One notable inward acquisition that completed in Quarter 1 2021 was:

- Electronic Arts Inc of the USA, which acquired Codemasters Group Holdings PLC of the UK

Value of quarterly inward M&A transactions involving UK companies

Figure 2: Inward M&A during Quarter 1 (Jan to Mar) 2021 was valued at £6.1 billion

Value of quarterly inward M&A transactions involving UK companies



Source: Office for National Statistics – Mergers and Acquisitions Survey

Notes:

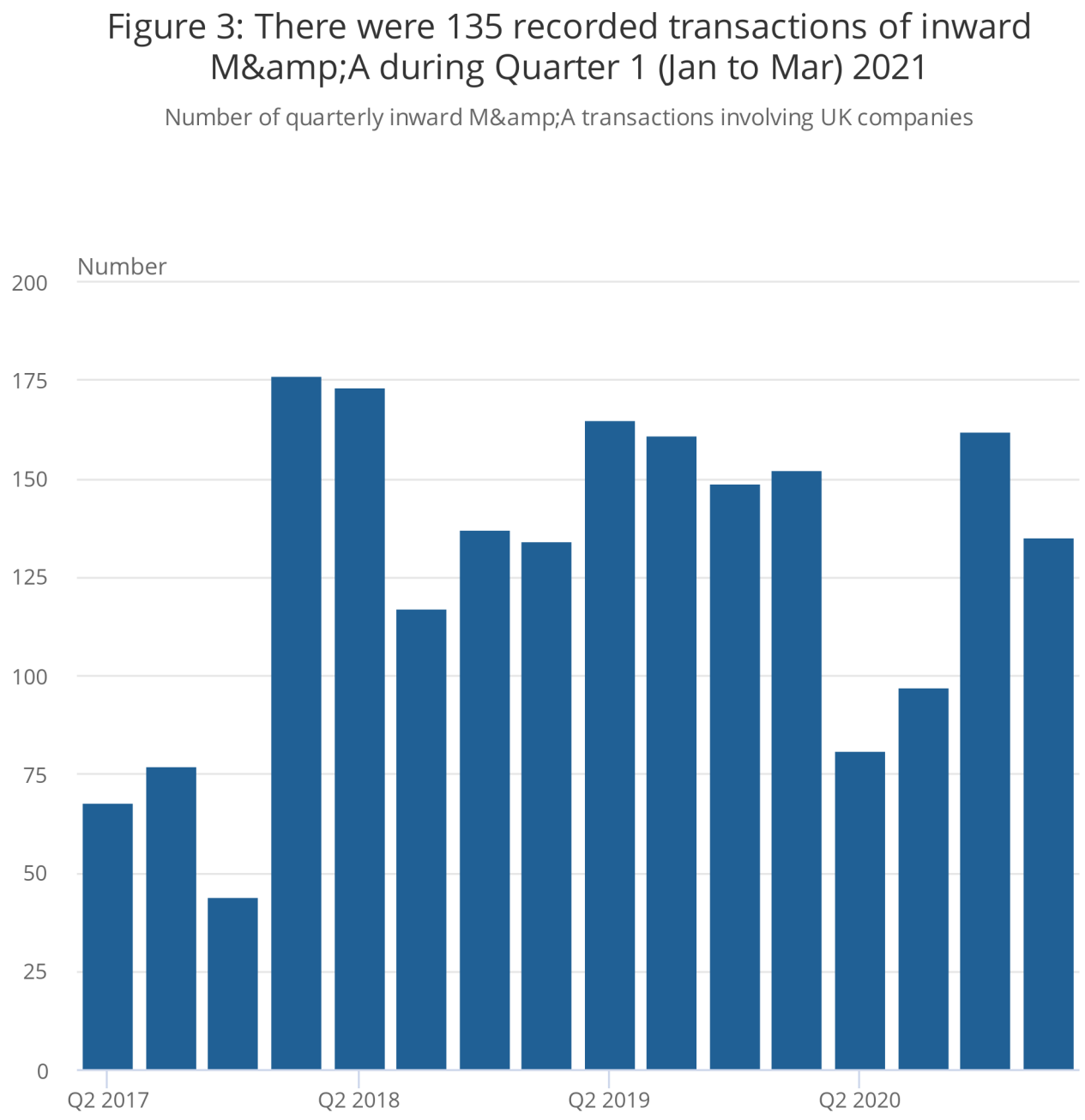
1. Q1 – January to March; Q2 – April to June; Q3 – July to September; Q4 – October to December.
2. Value of deals are in current prices and consequently do not account for the effects of inflation over time.

Number of quarterly inward M&A transactions involving UK companies

There were 135 inward M&A in Quarter 1 2021, a decrease of 27 on the previous quarter (162) and 17 fewer than Quarter 1 2020 (152).

Figure 3: There were 135 recorded transactions of inward M&A during Quarter 1 (Jan to Mar) 2021

Number of quarterly inward M&A transactions involving UK companies



Source: Office for National Statistics – Mergers and Acquisitions Survey

Notes:

1. Q1 – January to March; Q2 – April to June; Q3 – July to September; Q4 – October to December.

There were 34 inward disposals of UK companies involving a change of majority share ownership during Quarter 1 2021, worth £2.1 billion; this was an increase of £1.7 billion on the value reported in Quarter 4 (Oct to Dec) 2020 (£0.4 billion) when 23 disposals were recorded.

4 . Domestic mergers and acquisitions (M&A)

The value of domestic mergers and acquisitions (M&A) involving a change in majority share ownership in Quarter 1 (Jan to Mar) 2021 was £3.8 billion, £5.3 billion lower than the previous quarter (£9.1 billion) and a £0.6 billion increase on Quarter 1 2020 (£3.2 billion).

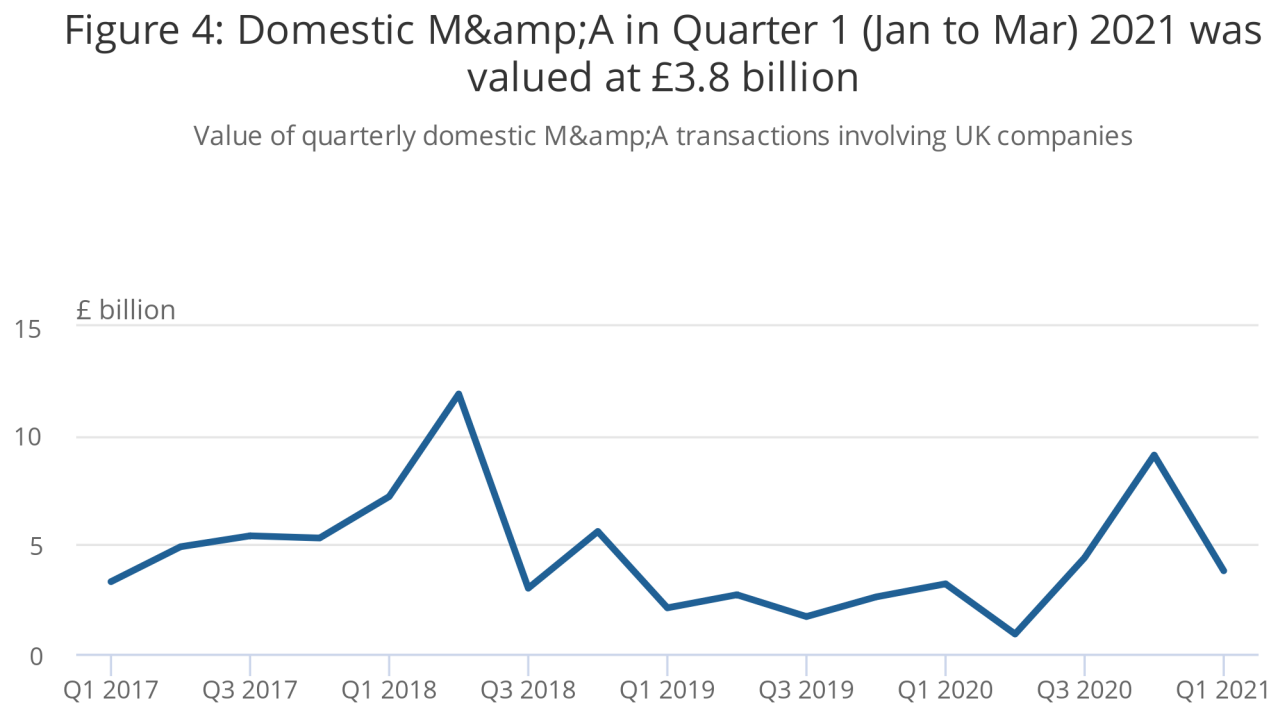
Two notable domestic acquisitions that completed in Quarter 1 2021 were:

- Future Plc of the UK, which acquired GoCo Group PLC of the UK
- The Wellcome Trust Ltd of the UK, which acquired Urban & Civic PLC of the UK

Value of quarterly domestic M&A transactions involving UK companies

Figure 4: Domestic M&A in Quarter 1 (Jan to Mar) 2021 was valued at £3.8 billion

Value of quarterly domestic M&A transactions involving UK companies



Source: Office for National Statistics – Mergers and Acquisitions Survey

Notes:

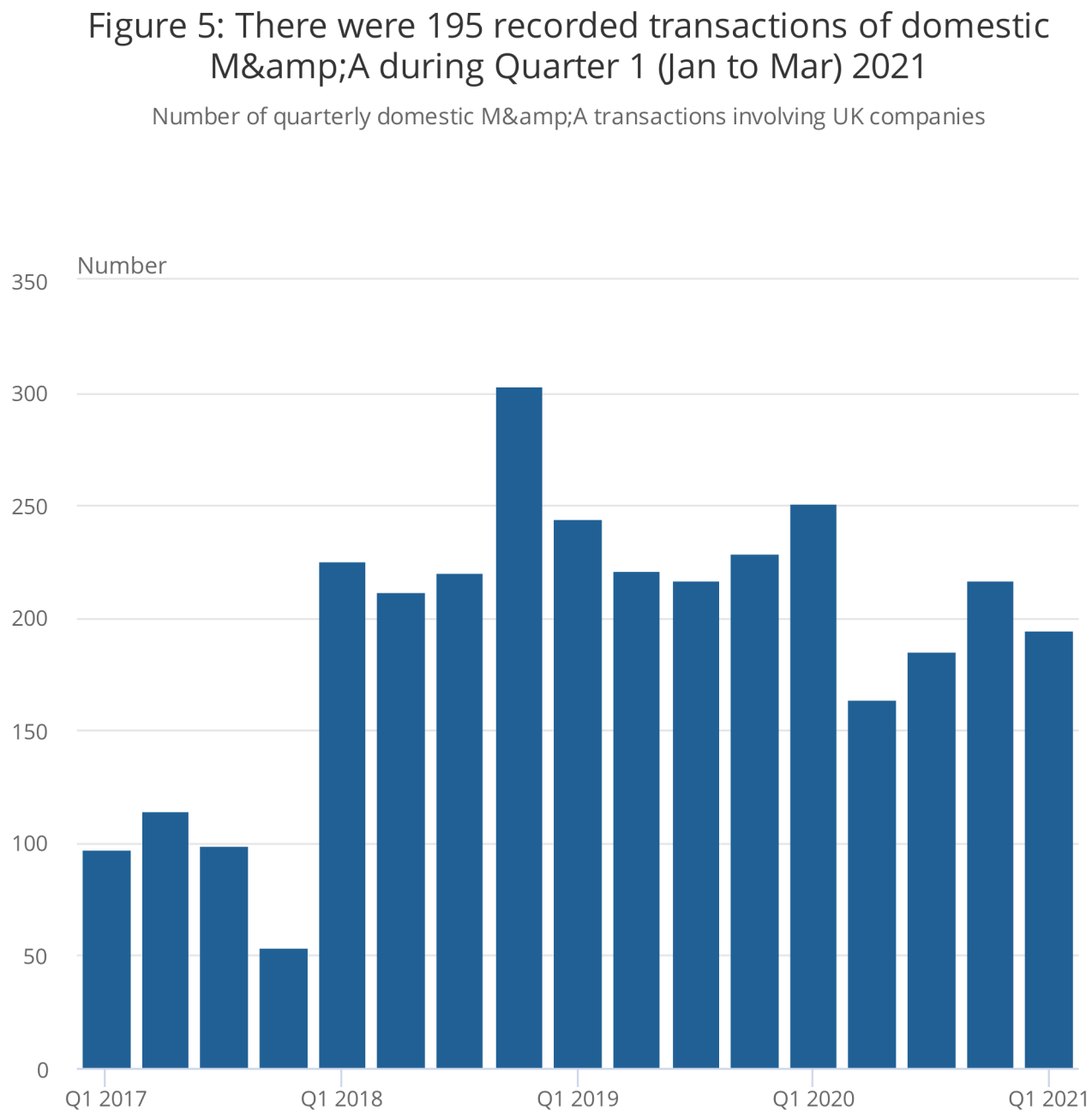
1. Q1 – January to March; Q2 – April to June; Q3 – July to September; Q4 – October to December.
2. Value of deals are in current prices and consequently do not account for the effects of inflation over time.

There were 195 completed domestic M&A during Quarter 1 2021, 22 fewer than the previous quarter when 217 acquisitions were recorded, and 56 fewer than Quarter 1 2020 (251).

Number of quarterly domestic M&A transactions

Figure 5: There were 195 recorded transactions of domestic M&A during Quarter 1 (Jan to Mar) 2021

Number of quarterly domestic M&A transactions involving UK companies



Source: Office for National Statistics – Mergers and Acquisitions Survey

Notes:

1. Q1 – January to March; Q2 – April to June; Q3 – July to September; Q4 – October to December.

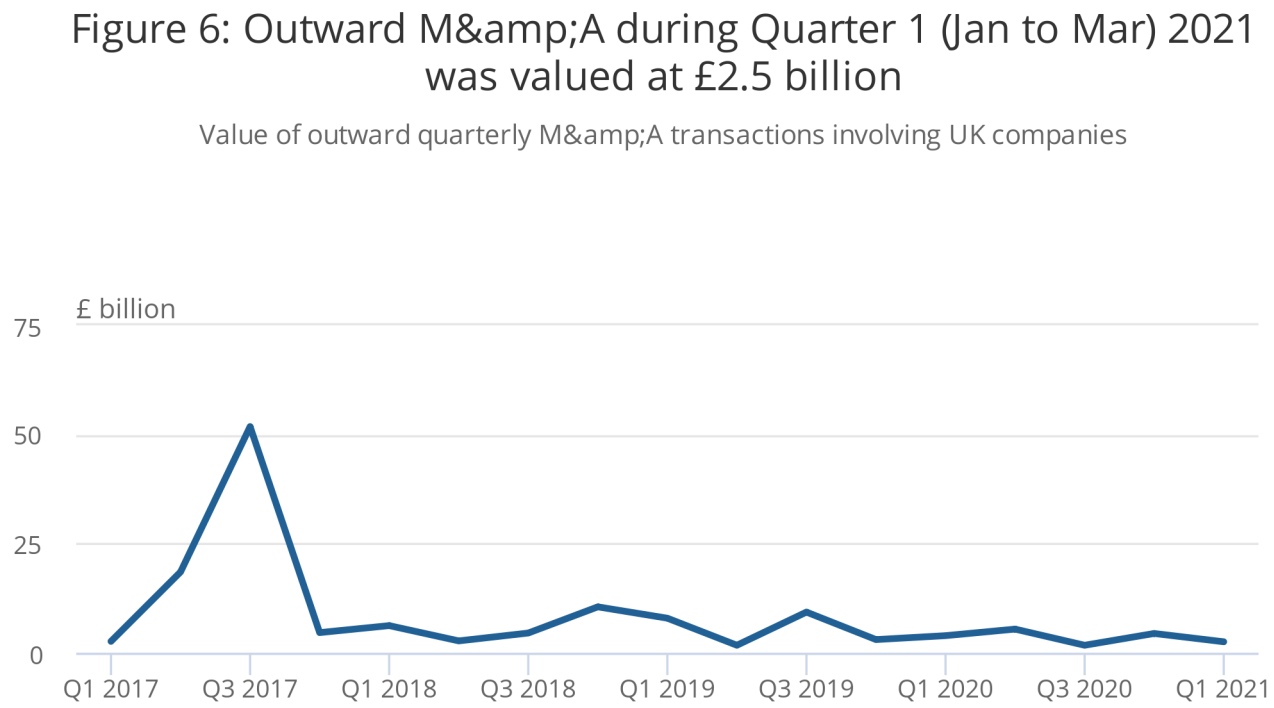
5 . Outward mergers and acquisitions (M&A)

In Quarter 1 (Jan to Mar) 2021, the value of outward mergers and acquisitions (M&A) (UK companies acquiring foreign companies abroad) was £2.5 billion, £1.9 billion lower than recorded in Quarter 4 (Oct to Dec) 2020 (£4.4 billion); this can be explained by the completion of fewer acquisitions with values in excess of £0.1 billion.

Value of Outward M&A transactions involving UK companies

Figure 6: Outward M&A during Quarter 1 (Jan to Mar) 2021 was valued at £2.5 billion

Value of outward quarterly M&A transactions involving UK companies



Source: Office for National Statistics – Mergers and Acquisitions Survey

Notes:

1. Q1 – January to March; Q2 – April to June; Q3 – July to September; Q4 – October to December.
2. Value of deals are in current prices and consequently do not account for the effects of inflation over time.

There were 53 completed outward acquisitions involving a change in majority share ownership in the first quarter of 2021, the same number as reported in the previous quarter (53) and 28 fewer than in Quarter 1 2020 (81).

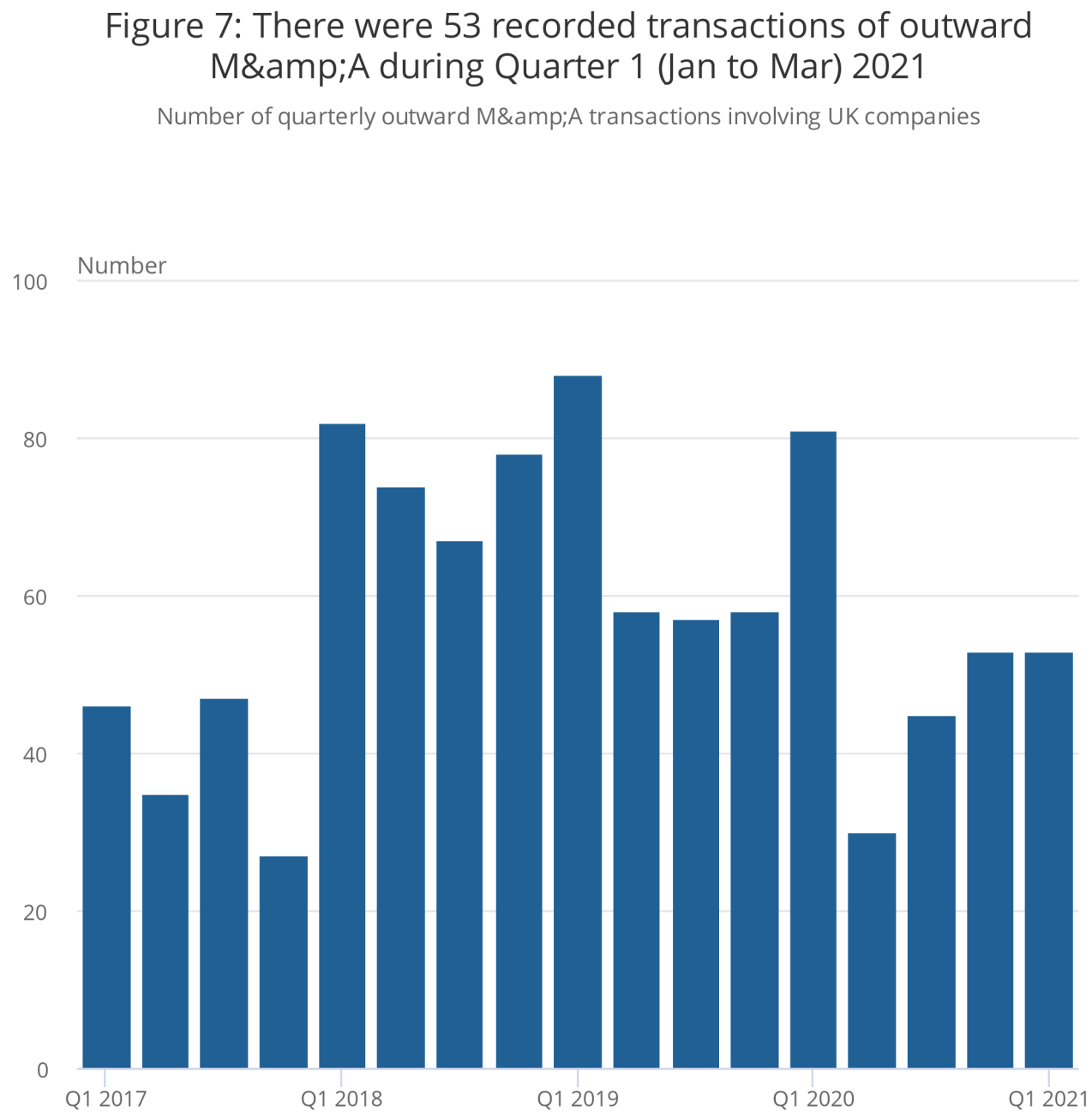
One notable outward disposal was:

- Centrica Plc of the UK, which sold Centrica US Holdings Inc and Direct Energy Marketing Ltd of the USA

Number of quarterly outward M&A transactions involving UK companies

Figure 7: There were 53 recorded transactions of outward M&A during Quarter 1 (Jan to Mar) 2021

Number of quarterly outward M&A transactions involving UK companies



Source: Office for National Statistics – Mergers and Acquisitions Survey

Notes:

1. Q1 – January to March; Q2 – April to June; Q3 – July to September; Q4 – October to December

During Quarter 1 2021, there were four outward disposals involving a change of majority share ownership valued at £2.7 billion, £10.3 billion lower than the previous quarter (£13.0 billion) when 15 disposals were reported. The sizeable decrease in both the number and value of outward disposals in Quarter 1 2021 can largely be explained by fewer large value deals completing.

6 . Data for mergers and acquisitions involving UK companies

Mergers and acquisitions involving UK companies
Dataset | Released 8 June 2021
Quarterly estimates of the value and number of mergers and acquisitions and disposals involving UK companies worth £1 million or more.

Mergers and acquisitions involving UK companies -- data time series
Dataset | Released 8 June 2021
Quarterly data on the value and number of mergers, acquisitions and disposals involving UK companies worth £1 million or more.

7 . 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 an M&A deal is when one company gains more than 50% of the ordinary shares (or voting rights) of the acquired company.

Disinvestments (disposal transactions)

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

Transaction aggregates

The following are definitions of reasons why revisions to the aggregates for M&A transactions valued at £100 million and greater principally occur.

Completion of transactions

On announcement of a proposed transaction, an expected completion date is usually given. The publicly reported values will be allocated to the quarter of expected completion. If the transaction is ultimately completed in an earlier or later quarter, the recorded values will be reallocated to the new quarter.

Publicly reported values

Publicly reported values are initially used to compile the aggregates. These can vary considerably from the values ultimately supplied by the respondents, frequently because the assumption of debt has been included in the publicly reported value. A nominal value is applied if no publicly reported value is available. The final values used to create the aggregates are those supplied by the respondent.

Non-completion of transactions

On announcement of a proposed transaction, the publicly reported value of the transaction is recorded. If the transaction does not subsequently take place the recorded value will be deleted.

Non-share transactions

On announcement of a proposed transaction, it may appear that there will be transactions in the share capital of the companies involved and the publicly reported values will be recorded. If subsequent information contradicts this, the recorded values will be amended or deleted.

Control

On announcement of a proposed transaction, it may appear that the transaction will give the purchasing company control of the purchased company, that is, a share ownership of greater than 50%. If subsequent information contradicts this, the recorded values will be amended or deleted.

Revisions from M&A data source

The current source provider of M&A deal information continually updates its database. Therefore, any new and additional reported transactions that completed in previous quarterly periods will be included as revisions.

Revisions from respondents

Very occasionally, companies will restate the values that they have previously supplied to us.

8 . Measuring the data

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 increased 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 theMergers and acquisitions QMIfor more details.

9 . 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) data 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 tables alongside this bulletin. These are typically fewer in number per quarter, which can lead to greater suppression of statistics to mitigate disclosure. The focus of this 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 statistics are suppressed is available in the ONSdisclosure control policy.

It is not uncommon for the value of M&A transactions to vary considerably from one quarter to the next. This mainly reflects the nature of M&A activity in that these capture one-off deals. Therefore, if a particularly high-value M&A deal completes in a given quarter, it can make that quarter seem out of line with those that precede and follow it.

The volatility of M&A transactions also makes it difficult to link M&A statistics with other economic indicators -- such as gross domestic product (GDP) -- or global events because of the time it can take between announcing and completing an M&A deal. It can therefore be more informative to look at longer-term trends within M&A statistics rather than focusing on quarterly movements. Details of any notable M&A deals that completed in Quarter 1 (Jan to Mar) 2021 can be found in the respective sections of this bulletin.

Bureau Van Dijk confirms that there has been minimal impact on their activity from the economic restrictions introduced with the global coronavirus (COVID-19) pandemic. It reports uninterrupted service from its operations and any impact could feature in companies delaying how quickly they report a completed deal.

10 . Related links

Supplementary information about mergers and acquisitions involving UK companies was published in:

Foreign direct investment involving UK companies: 2019
Bulletin | Released 21 December 2020
Direct investment of UK companies abroad (outward) and foreign companies into the UK (inward), including investment flows, positions and earnings, by country, component and industry.

Mergers and acquisitions activity annual overview: 2020
Article | Released 9 March 2021
Commentary outlining provisional statistics on mergers and acquisitions (M&A) involving UK companies for 2018.

Mergers and acquisitions activity annual overview: 2019
Article | Released 3 March 2020
Commentary outlining provisional statistics on mergers and acquisitions (M&A) involving UK companies for 2019.