

Module Learning Outcomes (from module syllabus)

Research, apply and evaluate a variety of financial assessment techniques for application to a case study.

Research, apply and critically discuss various issues and theoretical frameworks used in the management and control of financial resources.

TASK DESCRIPTION

Mergers and Acquisitions.

A merger or acquisition makes good economic sense if the value of the combined company is more than the value of the individual companies if they continued to operate independently. If the present value of the combined company is greater than the present value of the two individual companies occurs then it is another way of saying that the merger has created synergy.

Growth by acquisition has proved to be a very popular strategy for companies to achieve shareholder wealth within the last 3 decades.

Required.

Students are required to analyse one of the following five mergers that have recently incurred in terms of its success or relative failure to achieve the goals that were originally set.

Dow Chemical – Dupont. 2015

Heinz – Kraft 2015

ChemChina – Syngenta 2016

Royal Dutch Shell – BG Group 2015

Essilor – Luxottica 2017

A 5,000 word report must be produced that considers the following key areas:

- 2- • Economies of scale ✓
- 4- • Elimination of inefficiencies
- 5- • Surplus cash
- 6- • Increased power in the market
- 7- • Combining complimentary resources
- 8- • Speed of growth
- 9- • Financial benefits
- 10- • Diversification ✓
- 11- • Regulatory framework
- 12- • Shareholders wealth

Your report must include these areas as a minimum and you should also consider the underlying theory behind mergers and acquisitions.