

Mergers and Acquisitions

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Overview (cont.)

- Can be an alternate basis or cross-share deals
- Cross deals:
- Governance of scale
- Efficiency
- Operational synergies...
- Acquisition and financing

(Reference: at 2008, 2008 & 2009, 2007)

Types (cont.)

2 Horizontal Merging

Horizontal merging involves the combination of two or more companies that are in the same or similar business. The purpose is to reduce costs, increase efficiency, and create synergies.



Types (cont.)

Another classification

Another classification of mergers and acquisitions is based on the nature of the transaction. It can be horizontal, vertical, or conglomerate.

C) Advantages

Advantages of acquisitions include:

- Synergies
- Economies of scale
- Operational synergies
- Financial synergies
- Tax synergies
- Financial synergies
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- Tax synergies



Advantages (cont.)

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Yahoo and Facebook

Yahoo and Facebook announced a partnership in 2007. Yahoo will provide search and advertising services to Facebook, while Facebook will provide social networking services to Yahoo.



Advantages (cont.)

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- Synergies
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Outline

- 1-Introduction
- 2-Mergers and acquisitions in firms
- 3-Mergers and acquisitions in banks
- 4-Cases
- 5-Conclusion

Process of Mergers and Acquisition

The 3 stages of mergers and acquisitions:

- 1-Target identification
- 2-Target evaluation
- 3-Target acquisition

2- Mergers and Acquisitions in Firms

Advantages of acquisitions include:

- Synergies
- Economies of scale
- Operational synergies
- Financial synergies
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Reference Book

Reference books on Mergers and Acquisitions:

- Mergers and Acquisitions: Theory and Practice
- Mergers and Acquisitions: A Practical Approach
- Mergers and Acquisitions: A Strategic Approach
- Mergers and Acquisitions: A Financial Approach
- Mergers and Acquisitions: A Legal Approach
- Mergers and Acquisitions: A Tax Approach
- Mergers and Acquisitions: A Risk Approach
- Mergers and Acquisitions: A Compliance Approach
- Mergers and Acquisitions: A Sustainability Approach
- Mergers and Acquisitions: A Digital Approach
- Mergers and Acquisitions: A Global Approach
- Mergers and Acquisitions: A Future Approach

B) Benefits from M&A

Benefits from Mergers and Acquisitions include:

- Synergies
- Economies of scale
- Operational synergies
- Financial synergies
- Tax synergies
- Financial synergies
- Tax synergies
- Financial synergies
- Tax synergies

1-Introduction

What are mergers and acquisitions?

Mergers and acquisitions are the processes by which two or more companies combine to form a new entity. This can be done through a merger, an acquisition, or a combination of the two.



B) Types

1-Vertical Merging

Vertical merging involves the combination of companies at different stages of the same supply chain. This can be done through a forward merger, a backward merger, or a conglomerate merger.



Types (cont.)

3- Conglomerate Merging

Conglomerate merging involves the combination of companies in different industries. This can be done through a horizontal merger, a vertical merger, or a conglomerate merger.



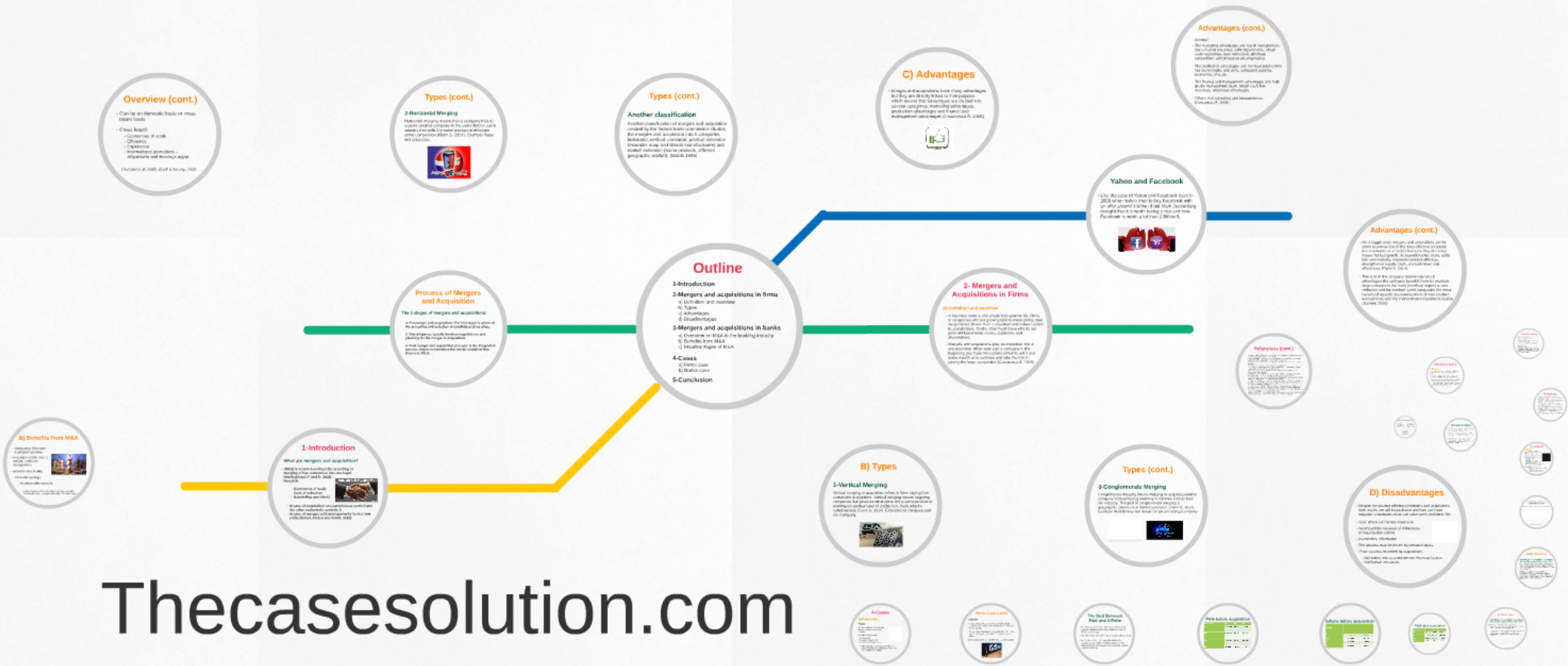
D) Disadvantages

Disadvantages of acquisitions include:

- Loss of jobs
- Loss of culture
- Loss of identity
- Loss of autonomy
- Loss of control
- Loss of independence
- Loss of innovation
- Loss of flexibility
- Loss of agility
- Loss of responsiveness
- Loss of customer loyalty
- Loss of market share
- Loss of competitive advantage
- Loss of strategic focus
- Loss of long-term vision
- Loss of ethical standards
- Loss of social responsibility
- Loss of environmental friendliness
- Loss of transparency
- Loss of accountability
- Loss of integrity
- Loss of honesty
- Loss of trust
- Loss of respect
- Loss of dignity
- Loss of honor
- Loss of pride
- Loss of self-respect
- Loss of confidence
- Loss of self-esteem
- Loss of self-worth
- Loss of self-respect
- Loss of self-esteem
- Loss of self-worth

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Outline

1-Introduction

2-Mergers and acquisitions in firms

- a) Definition and overview
- b) Types
- c) Advantages
- d) Disadvantages

3-Mergers and acquisitions in banks

- a) Overview on M&A in the banking industry
- b) Benefits from M&A
- c) Disadvantages of M&A

4-Cases

- a) Firms case
- b) Banks case

5-Conclusion

1-Introduction

What are mergers and acquisition?

- (M&A) is a term describes the acquiring or merging of two companies into one legal identity(Araci ,F and K: 2002)
- Result in
 - Economics of scale
 - Cost of reduction
 - Expanding operations
- In case of acquisition one party losses control and the other exclusively controls it.
- In case of merger, both managements form a new entity (Ismail, Abdou and Annis: 2011)



Process of Mergers and Acquisition

The 3 stages of mergers and acquisitions:

- 1- **Pre-merger and acquisition:** The first stage is where all the screening and selection of candidates takes place.
- 2- **Due diligence:** usually involves negotiations and planning for the merger or acquisition.
- 3- **Post merger and acquisition process:** is the integration process begins to introduce the newly combined firm (Vazirani, 2013).

2- Mergers and Acquisitions in Firms

A) Definition and overview

- In business there is one simple rule: grow or die. Firms or companies who are growing tend to make profits, take away market shares from competitors and deliver returns to shareholders. On the other hand those who do not grow will lose market shares, customers and shareholders
- Mergers and acquisitions play an important role in any economy. When you start a company in the beginning you have two options either to sell it and make wealth or to continue and take the risk in joining the large competition (Ceausescu A. 2008)

Yahoo and Facebook

- Like the case of Yahoo and Facebook back in 2006 when Yahoo tried to buy Facebook with an offer around 1 billion \$ but Mark Zuckerberg thought that it is worth taking a risk and now Facebook is worth a lot than 1 Billion \$.

