

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE  
SUMY STATE UNIVERSITY  
Educational and Research Institute of Business, Economics and Management  
Department of International Economic Relations

«Admitted to the defense»  
Head of the Department

\_\_\_\_\_  
(signature) (full name)

\_\_\_\_\_  
2023 p.

**QUALIFICATION PAPER**

**It is submitted for the Master's degree**

in specialty 292 "International economic relations"

educational and professional program "International Business"

on the topic " MANAGEMENT OF MERGERS AND ACQUISITIONS IN THE  
INTERNATIONAL MARKET"

Student 6 Course \_\_\_\_\_  
(signature)

Oleksandr Zorin  
(full name)

group МБ.М-21аН  
(group's code)

It is submitted for the Masters level degree requirements fulfillment.

Masters level degree qualification paper contains the results of own research. The use of the ideas, results and texts of other authors has a link to the corresponding source

Research advisor PhD, Associate Professor \_\_\_\_\_ Domashenko M.D.

Sumy, 2023

## ABSTRACT

of Master's level degree qualification paper on the theme  
«MANAGEMENT OF MERGERS AND ACQUISITIONS IN THE  
INTERNATIONAL MARKET»

student Zorin Oleksandr

The main content of the qualifying bachelor's work is laid out on 49 pages, in particular, the list of used sources with 70 titles, placed on 4 pages. The work contains 3 tables, 3 figures.

The object of the study is international mergers and acquisitions.

The subject of the study is the theoretical basis and practical implementation of merger and acquisition agreements of companies on international markets.

The purpose of the qualification work is to study the essence of merger and acquisition agreements, the world experience of their use, as well as the problems and prospects of conducting M&A agreements with the participation of Ukrainian enterprises.

To achieve the goal in the work, the following tasks are set:

- reveal the essence of the concept of merger and acquisition agreements;
- classify M&A agreements, determine their features;
- determine methods of financing mergers and acquisitions;
- describe the stages and structure of M&A deals;
- to analyze the experience of concluding merger and acquisition agreements of companies in global practice;
- identify problems and prospects of M&A in Ukraine.

In the research process, depending on the goals and objectives, appropriate methods of research of economic processes were used, including systematization and generalization (when revealing the essence of the concept of mergers and acquisitions), the method of analysis and synthesis (when analyzing approaches to conducting M&A), methods of induction, deduction, calculation method.

The information base of the work is periodicals and scientific publications of domestic and foreign authors, statistical data, analytical reviews and reports, regulatory and legal documents and the legislative base of Ukraine.

Based on the results of the study, the following conclusions were formulated:

- after reaching the so-called "bottom" of the Ukrainian merger and acquisition market in 2014-2015, its gradual recovery is observed with an increase in the number of deals, however, their value remained low for a long time;

- the number of transactions is increasing, because the low price is attractive to buyers; in the face of market and country volatility, only local players can keep pace by quickly analyzing risks and trends;

- transparency and stability are important for foreign investors; for a quick effect on a national scale, it is necessary to work with strengths, because key industries need more attention from the state and investors;

- when foreign investors see a unified approach in Ukraine and in the EU, more trust appears in Ukraine as a state; recovery of the M&A market in Ukraine is possible due to the effective implementation of radical reforms regarding the judicial, tax system, open market of land, electricity, privatization, etc..

Results of approbation of the basic provisions of the qualification Master work was considered at:

1. Domashenko M.D., Zorin O. Strategy for profitable takeovers and mergers in the Ukrainian and international market // Mechanisms for combating modern challenges and threats: lessons from the EU for Ukraine: materials of the International Scientific and Practical Conference, Sumy, February -28-29, 2024 / by General ed. V.Yu. Shkola, M.D. Domashenko - Sumy: Sumy State University, 2024.

2. Zorin O. O. Peculiarities of financing M&A agreements on the international market // International Economic Relations and Sustainable Development: materials of the 3rd International Scientific and Practical

Conference, Sumy, May 20, 2022 / by general ed. Yu.M. Petrushenko, M.D.  
Domashenko - Sumy: Sumy State University, 2022. P. 92-95

Keywords: MERGER AND ACQUISITION, M&A, INTERNATIONAL  
MARKET, MERGER, COMPANIES, COMPETITIVENESS.

Year of Master's level qualification paper fulfillment is 2023

Year of Master's level paper defense is 2023

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE  
SUMY STATE UNIVERSITY  
Educational and Research Institute of Business, Economics and Management  
Department of International Economic Relations

TASKS FOR MASTER'S LEVEL DEGREE QUALIFICATION PAPER

(specialty 292 " International Economic Relations " )  
student 6 course, group МБ.М-21аН

Zorin Oleksandr

1. The theme of the paper is: «Management of mergers and acquisitions in the international market».

approved by the order of the University from 29.11 2023 № 131-VI.

2. The term of completed paper submission by the student is 18.12.2023 року.

3. The purpose of the qualification paper is study of the essence of merger and acquisition agreements, global experience of their use, as well as problems and prospects of conducting M&A agreements with the participation of Ukrainian enterprises.

4. The object of the research is – International mergers and acquisitions.

5. The subject of research is – theoretical principles and practical implementation of mergers and acquisitions of companies on international markets.

6. The qualification paper is carried out on materials of periodicals and scientific publications of domestic and foreign authors, statistical data, analytical reviews and reports, regulatory and legal documents and the legislative framework of Ukraine.

7. Approximate master's level degree qualification paper plan, terms for submitting chapters to the research advisor and the content of tasks for the accomplished purpose is as follows:

Chapter 1 Theoretical foundations of marketing product policy of enterprises; the submission deadline is November 19, 2023.

In chapter 1, consider the theoretical foundations of the concept of international mergers and acquisitions, its classification and main features, as well as describe the methods of financing M&A agreements and the stages of their conclusion.

Chapter 2 Analysis of the application of merger and acquisition agreements in the world market; the submission deadline is December 7, 2023.

In chapter 2, describe the general trend in the application of merger and acquisition agreements, analyze the experience of international and Ukrainian companies, identify problems and prospects.

Chapter 3 Strategies of profitable takeovers and mergers on the Ukrainian and international market; the submission deadline is December 12, 2023.

In chapter 3, consider specific strategies and tactical techniques for the successful deepening of companies on the Ukrainian and international markets.

8. Supervision on work:

| Chapter | Full name and position of the advisor       | Date           |                  |
|---------|---|----------------|------------------|
|         |   | task issued by | task accepted by |
| 1       | PhD, Associate Professor<br>Domashenko M.D. |                |                  |
| 2       | PhD, Associate Professor<br>Domashenko M.D. |                |                  |
| 3       | PhD, Associate Professor<br>Domashenko M.D. |                |                  |

9. Date of issue of the task: 20.10.2023

## CONTENT

|   |    |
|---|----|
| Introduction.....   | 8  |
| 1 Theoretical foundations of mergers and acquisitions in the international market .....                                     | 11 |
| 1.1 The economic essence of mergers and acquisitions, classification and main features of M&A agreements .....              | 11 |
| 1.2 Features of financing M&A deals in the international market.....  | 14 |
| 1.3 Stages and structure of M&A deals .....   | 18 |
| 2 Analysis of the application of merger and acquisition agreements in the world market .....                                | 23 |
| 2.1 International experience of concluding M&A agreements.....  | 23 |
| 2.2 Problems and prospects of conducting M&A transactions with the participation of Ukrainian enterprises .....             | 30 |
| 3 Strategy for profitable takeovers and mergers in the Ukrainian and international market .....                             | 36 |
| 3.1 Strategic financial evaluation of the company for a successful takeover on the Ukrainian and international market ..... | 36 |
| 3.2 Strategy and tactical techniques for successful deepening of companies .....  | 38 |
| Conclusions .....   | 40 |
| References .....  | 42 |
| Appendices .....  | 49 |

## INTRODUCTION

The relevance of the study of any economic phenomenon largely depends on its role in the development of the economy as a whole, and an objective assessment of its importance is important not only today, but also in the near future. At a certain stage, business reorganization becomes necessary for any business entity in connection with changes in the external environment of the enterprise. Today, external expansion is becoming the main way of enterprise development. In modern conditions, a peculiarity is that mergers and acquisitions (hereinafter M&A, from the English "Mergers and Acquisitions") concern not only companies (firms) of different countries, but also transnational corporations (TNCs).

Taking into account the number, value and distribution of transactions, we can speak, as international experts believe, about the emergence of a company market, in which firms are sold and bought. The emergence of a new enterprise market in addition to regional and global markets for goods and services leads to the emergence of an international production system. Currently, the problem of mergers and acquisitions of various companies is still relevant. This is due to the following reasons:

- economies of different countries and the world economy as a whole are seriously affected by mergers and acquisitions;
- the bigger the business, the more influence it has, its response becomes less sensitive to any regulation and control by national governments and international economic organizations.

Taking this into account, it is relevant to study the directions of development and dynamic processes of M&A deals. The trends of mergers and acquisitions are spreading rapidly in Ukraine as well.

**The purpose of the qualification work** – study of the essence of merger and acquisition agreements, global experience of their use, as well as problems and prospects of conducting M&A agreements with the participation of Ukrainian enterprises.



According to the set goal, the following research tasks are defined:

- determine the economic nature and specificity of M&A deals;
- to study the classification of these agreements according to various criteria;
- to analyze the motives that encourage companies to enter into M&A deals;
- consider methods of financing investments in the form of M&A;
- to give an assessment of the peculiarities of the development of M&A in global practice;
- trace the dynamics and trends of integration processes, identify problems and prospects of M&A deals in Ukraine.

**The object of research** is merger and acquisition processes.

**The subject of the study** is the theoretical foundations of international mergers and acquisitions, their classification and regulatory content.

The following research methods were used in the work: general scientific (analysis, synthesis, analogy, comparison) and special (grouping, analytical tables, methods of factor analysis, regression analysis, etc.).

The qualification work is written on the basis of books by domestic and foreign authors, well-known specialists in the field of mergers and acquisitions. Materials from periodicals, statistical data, reports of international organizations, reviews and studies of consulting companies, Internet resources, regulatory and legal documents and the legislative base of Ukraine were also used.

Results of approbation of the basic provisions of the qualification Master work was considered at:

1. Domashenko M.D., Zorin O. Strategy for profitable takeovers and mergers in the Ukrainian and international market // Mechanisms for combating modern challenges and threats: lessons from the EU for Ukraine: materials of the International Scientific and Practical Conference, Sumy, February -28-29, 2024 / by General ed. V.Yu. Shkola, M.D. Domashenko - Sumy: Sumy State University, 2024.

Zorin O. O. Peculiarities of financing M&A agreements on the international market // International Economic Relations and Sustainable Development: materials of the 3rd International Scientific and Practical Conference, Sumy, May 20, 2022 / by general ed. Yu.M. Petrushenko, M.D. Domashenko - Sumy: Sumy State University, 2022. P. 92-95

# 1 THEORETICAL BASIS OF MERGERS AND ACQUISITIONS IN THE INTERNATIONAL MARKET

## 1.1 Economic essence of mergers and acquisitions, classification, trends and motives of M&A agreements

With the beginning of the acceleration of the scientific and technical process, in the second half of the 20th century. the rapid development of the world economy begins, which determines the economic and social prerequisites for the formation and transformation of the production and financial markets of national economies. The consequence of their development is the formation of the world economy as a global system, the elements of which are closely interdependent.

The term "merger and takeover" refers to various configurations of reorganization of a legal entity, in which all rights and obligations of the company are transferred to a new legal entity. Some authors interpret the concept of "mergers and acquisitions" as follows: "Mergers & Acquisitions (hereinafter M&A) are operations that, together with the transfer of ownership rights, imply, first of all, a change of control over the enterprise" [1]; "Mergers and acquisitions (M&A) of companies are sets of actions aimed at increasing the total value of assets due to synergy, that is, the advantages of joint activity. That is, mergers and acquisitions of companies describe the transformation of two companies into one" [2] .

The terms "merger" and "acquisition" are often used interchangeably, but they have slightly different meanings. When one company takes over another and becomes the new owner, it's called a "takeover." A "merger" refers to the process by which two firms of approximately the same size join forces to move forward as a single new entity rather than remain separate properties with their own management. This action is known as a "merger of equals". A purchase agreement will also be called a merger when both CEOs agree that the combination is in the best interests of both companies. Unfriendly or hostile takeover deals in which the

target companies do not want to be bought are always treated as takeovers. A deal can be classified as a merger or acquisition depending on whether the takeover is friendly or hostile, and how it is announced. In other words, the difference is how the deal is communicated to the target company's board of directors, employees and shareholders. It is important to note that M&A deals generate significant revenue for the investment banking industry, but not all M&A deals close.

Below are some common transactions that fall under the M&A zone:

- Merger. In the event of a merger, the boards of directors of the two companies approve the merger and obtain shareholder approval. For example, in 1998 there was a merger agreement between Digital Equipment Corporation and Compaq, resulting in Compaq acquiring Digital Equipment Corporation. Compaq later merged with Hewlett-Packard in 2002. Compaq's ticker symbol before the merger was CPQ. It was merged with the Hewlett-Packard ticker symbol (HWP) to create the current ticker symbol (HPQ).

- Absorption. In a simple takeover, the acquiring company receives a majority stake in the acquired firm, which does not change its name and organizational structure. An example of this type of transaction is the acquisition of Manulife Financial Corporation in 2004 by John Hancock Financial Services, with both companies retaining their names and organizational structures [3].

- Consolidations. Consolidation refers to the creation of a new company by combining the main types of activities and abandoning the old corporate structures. The consolidation must be approved by shareholders from both companies, after which they receive shares in the new company. An example of such a merger was the agreement between, Citicorp and Travelers Insurance Group in 1998, when they made a statement on the consolidation of enterprises, the result of the agreement was the formation of a new firm - Citigroup.

- Tender offers. During a tender offer strategy, an offer is received from one of the companies to purchase the outstanding shares of the other company at a certain price, but not at the market price. The purchase proposal goes directly to the shareholders, bypassing the management branch of the company. Thus, in

2008, Omrix Biopharmaceuticals received a tender offer from Johnson & Johnson [4]. The value of the deal was about 440 million dollars. USA and was held already at the end of the year.

- Acquisition of assets. The acquisition of assets is understood as the purchase by one company of assets from another direction. To sell a company, its management must first obtain the consent of its shareholders. Usually, an asset purchase agreement is concluded when the company is bankrupt. Thus, after the transfer of assets by the bankrupt company to the buyer firms, it is liquidated from the market.

- Absorption of management. In a management buyout, also known as a management buyout (MBO), a company's CEO buys a controlling stake in another company, after which it goes private. A frequent example is when former managers resort to cooperation with persons who held certain positions in the past, or directly with a financier, to obtain assistance in financing the transaction. Most often, the financing of such M&A deals is disproportionately debt, and such a transaction must be approved by shareholders. So, in 2013, Dell Corporation announced its acquisition by founder Michael Dell [5].

The merger can be structured in several different ways, based on the type of integration of the two companies carrying out the transaction (see table 1.1)

Table 1.1 Merger structure by type of integration of companies

| Type              | Description   |
|-------------------|---|
| Horizontal merger | The merger of two companies that have direct competition, the same range of products and operate in common markets. |
| Vertical merger   | It is characterized by the merger of the client and the company, or the vendor and the company.                     |

Continuation of the table. 1.1

|                                |  |
|--------------------------------|--|
| Joint mergers                  | A type of merger in which two companies share a common customer base but serve it differently.       |
| Merger with market expansion   | It is conducted between two companies operating in different markets, but selling the same products. |
| Product mergers and expansions | It is typical for two companies selling related goods in the same market.                            |
| Conglomeration                 | Merger of two companies operating in completely different fields.                                    |

*Source: built by the author on the basis of the processed information*

In general, a "takeover" defines a transaction in which one firm acquires another through a takeover. The term "merger" is used when the acquiring company and the target company mutually merge to form an entirely new entity. Since each combination is a unique case with its own characteristics and reasons for conducting the transaction, the use of these terms tends to overlap.

## 1.2 Features of financing M&A deals on the international market

The role of financing in conducting M&A transactions cannot be overestimated, since the main factor in initiating such transactions is the availability of free financing. On the other hand, the solvency of the purchasing company is monitored in detail by state authorities.

Financing of mergers and acquisitions is the investment of funds directed to the "payment" of mergers and acquisitions. "Refinancing of such agreements is a change in terms of payment of the agreement, previously stipulated in the contract.

The main methods of financing M&A deals are:

- a) debt financing;
- b) financing using own or equity capital (equity financing);
- c) mixed or hybrid financing (hybrid financing).

These three methods are also called "paper financing" [6].

Table 1.2 – Financing of mergers and acquisitions

| Funding methods  | Sources of funds    |
|------------------|---------------------|
| Loan financing   | Commercial banks    |
|                  | Pension funds       |
|                  | Credit institutions |
| Equity financing | Securities Market   |
|                  | Venture companies   |
|                  | Private investors   |
| Mixed financing  | Pension funds       |
|                  | Venture companies   |
|                  | Investment funds    |

*Source: built by the author on the basis of the processed information*

"Loan financing. Loan financing instruments are:

- term loans;
- revolving (revolving) loans and credit lines;
- bridge loans;
- commercial papers;
- bonds;
- financing using receivables;
- sales/leasing agreement" [6].

A term loan (term loan or term credit) is a debt agreement by which the borrower undertakes to regularly pay the borrower installments for repayment of the debt and interest within the established terms. Creditors include commercial banks, insurance companies and pension funds. The term of granting term loans can be from 1 to 15 years, but most often such loans are granted for 3 to 7 years, secured by the company's core funds. A distinctive feature of this debt financing tool is the speed of raising funds and the relatively low cost of servicing the debt.

Revolving credit is a credit line that is often used by large companies and is usually secured by short-term receivables and the company's inventory [6]. At the same time, upon opening a given loan or credit line, employees of the creditor bank evaluate the company's assets and set a lending limit, and subsequently

monitor the condition of the collateral assets. Companies resort to revolving loans when they receive regular bank loans and use the proceeds to meet short-term needs. The main advantage of revolving loans is that they can be repaid at any time [6].

Bridge loans are also a means of financing mergers and acquisitions. It consists in providing the company with funds for instant financing of the deal for a short period and requires a mandatory exchange for indirect bonds. Term and revolving loan instruments are the most popular in terms of M&A deals. However, sometimes companies decide to use other, non-credit sources. As already noted, companies use financial products such as commercial paper, debt securities, accounts receivable, and asset leasing to finance mergers and acquisitions [6].

Commercial paper is primarily an unsecured promissory note issued by a stable large company, since the cost of capital is largely determined by the company's credit rating. The cost of this type of financing is often lower than the cost of bank loans. These bonds guarantee a fairly low income with a maturity of 2 to 270 days and are one of the most frequently used short-term financing instruments for mergers and acquisitions. In addition to its low cost, it guarantees fairly fast financing, and the speed of settlement of the deal is an important issue in the final stages of mergers and acquisitions, and failure to meet the deadlines can lead to the breakdown of the deal.

Another instrument of debt financing is bonds. With a fairly long term of application, which can be 5 years, bonds usually guarantee a fixed income to their owners, and the cost of capital of the borrowing company is usually incomparably lower than with the use of short-term securities. For this reason, primary financing is often carried out by issuing commercial papers and converting them into bonds for immediate fundraising [6]. There are also disadvantages to financing mergers and acquisitions through bonds. In this case, the company's rating may drop, and subsequent borrowing conditions may become unfavorable.



Debt financing for mergers and acquisitions includes the method of securing receivables and the leasing method (first selling the purchased equipment and then leasing it). Due to limited funding, its use is quite limited.

How takeovers are financed. A company can be acquired by another company for cash settlement, securities, debt obligations, a combination of several of them, or all options at once. It often happens that a certain company receives all the assets of another while operating in a small market. For example, Company A purchased all of Company B's assets for cash. That is, Company B will own only cash, along with debt, if any. Of course, Company B is just an empty shell that will eventually be liquidated or moved into other areas of activity.

Another type of takeover is a "reverse merger", in which private companies have the opportunity to become public exchanges in a relatively short period of time. A reverse merger occurs when a private company with good prospects tries to raise money, acquires a fictitious public company with no legitimate business operations and limited assets. A private company is demerged as a public company and a new public company is formed with the issued shares.

How mergers and acquisitions are evaluated. The target company will always be valued differently between the two companies involved in the merger and acquisition process. Of course, sellers will value the company at the highest possible price, and buyers will want to buy it at the lowest price. Companies can look at and compare companies in their industry and objectively assess the price/earnings ratio (P/E ratio) based on them. By applying this ratio, the buyer provides a multiple of the target company's profit. Examining the P/E of all stocks in an industry group gives buyers a clear idea of what should be included in a target P/E multiple.

Enterprise Value and Sales (EV/Sales). Using the EV/Sales ratio, the buying company bids an amount that is a multiple of the company's revenue to understand the price-to-sales (P/S) ratio of other companies in the industry.

Discounted Cash Flow (DFC). Discounted cash flow (DCF) analysis, which determines the present value of a company based on projected future cash flows, is a key valuation tool in the M&A process.

A company's weighted average cost of capital (WACC) is used to discount the estimated free cash flow (net income + depreciation - investment - change in working capital) to its present value. Although DCF is difficult to calculate correctly, almost no tools can compete with this valuation method.

Replacement price. In some cases, the acquisition is based on the replacement cost of the target company. The cost of the company may simply be the sum of all equipment and labor costs. The acquiring company can order the target company to sell at that price, or it can create a competitor at the same price. Of course, it takes a lot of time to establish a business, buy property, the necessary equipment. Usually, for the service sector, the pricing method does not make much sense, because the evaluation and development of its main assets, such as people and ideas, are quite complex.

### 1.3 Stages and structure of M&A deals

Mergers and acquisitions are considered important agents of change and are a critical component of any business strategy. It is a well-known fact that only the most innovative and agile companies can survive in the conditions of business development. That is why it is an important strategic call for businesses to make a choice in favor of any M&A arrangements. After the M&A process is completed, it takes time to understand, to adjust, but in the end, in most cases, it will produce positive results. For a more detailed understanding of the processes, the stages and structure of mergers and acquisitions should be considered.

Stages of any M&A:

Stage 1: Pre-Acquisition Review: Includes the acquiring company's self-assessment of M&A needs, determination of valuation (undervaluation is key) and development of a growth plan through the target.

Stage 2. Search and display of targets: includes the search for possible takeover candidates. This process is mainly aimed at finding a good strategic fit for the acquiring company.

Step 3: Research and evaluate the target: Once a suitable company has been shortlisted through initial screening, a detailed analysis of the target company must be carried out. This is also called due diligence.

Stage 4: Reaching the target through negotiations: Once the target company has been selected, the next step is to enter into negotiations to reach a consensus on the negotiated merger or acquisition. This forces both companies to mutually agree to a long-term M&A deal.

Step 5: Post-Merger Integration: If all of the above steps are followed, a formal announcement of the merger agreement by both participating companies should take place.

The reasons for M&A failure can be a poor strategic fit, namely a wide divergence of company goals and strategies. Another reason is poorly managed integration. Integration is often poorly managed without planning and design. This leads to implementation failure. Carelessness in analyzing the target company in detail can lead to the failure of the M&A, as this is the essence of the entire strategy. Overly optimistic forecasts about the target company also lead to bad decisions and M&A failure.

The 10-step M&A process. If a company works in investment banking or corporate development, it needs to develop an M&A deal process. Investment bankers advise their clients (CEO, CFO and corporate development specialists) on the various stages of M&A in the process.

A typical 10-step M&A deal process includes:

a) Development of acquisition strategy. Developing a good acquisition strategy depends on the buyer having a clear idea of what they expect to gain from the acquisition – what their business objective is for acquiring the target company (for example, expanding the product range or gaining access to new markets).

- b) Establishing key criteria for identifying potential target companies (eg revenue, geographic location or customer base).
- c) Search for potential acquisition targets – the buyer uses defined search criteria to search for and then evaluate potential target companies.
- d) Initiate acquisition planning – the buyer contacts one or more companies that meet their search criteria and offer good value; The purpose of the initial discussions is to obtain more information and to assess the suitability of the target company for a merger or acquisition.
- e) Performance of evaluation analysis. Assuming the initial contact and conversations go well, the buyer asks the target company to provide material information (current financials, etc.) that will allow the buyer to further evaluate the target, both independently and as a suitable acquisition target.
- f) Negotiations. After creating several valuation models for the target company, the buyer should have enough information to make a reasonable offer; After presenting the initial offer, the two companies can discuss the terms in more detail.
- g) Merger and acquisition due diligence is a comprehensive process that begins from the moment the offer is accepted; Due diligence aims to confirm or correct the buyer's assessment of the target company's value by conducting a detailed study and analysis of each aspect of the target company's operations - its financial indicators, assets and liabilities, customers, human resources, etc.
- h) Purchase and sale agreement. Assuming that due diligence has been completed without major issues or concerns, the next step forward is to execute the final contract of sale; the parties make the final decision on the type of purchase agreement, whether it will be an asset purchase or a stock purchase.
- i) Financing strategy for the acquisition – The buyer will of course explore financing options for the deal beforehand, but financing details are usually gathered after the purchase agreement is signed.

j) Closing and integration of the acquisition – the acquisition deal closes and the management teams of the target and the acquirer work together on the process of merging the two firms.

Structuring the M&A deal. One of the most difficult steps in the M&A process is getting the deal structured right. Many factors must be considered, such as antitrust laws, securities regulations, corporate law, competing bidders, tax implications, accounting issues, market conditions, forms of financing, and specific negotiation points in the M&A deal itself (see Figure 1.1).

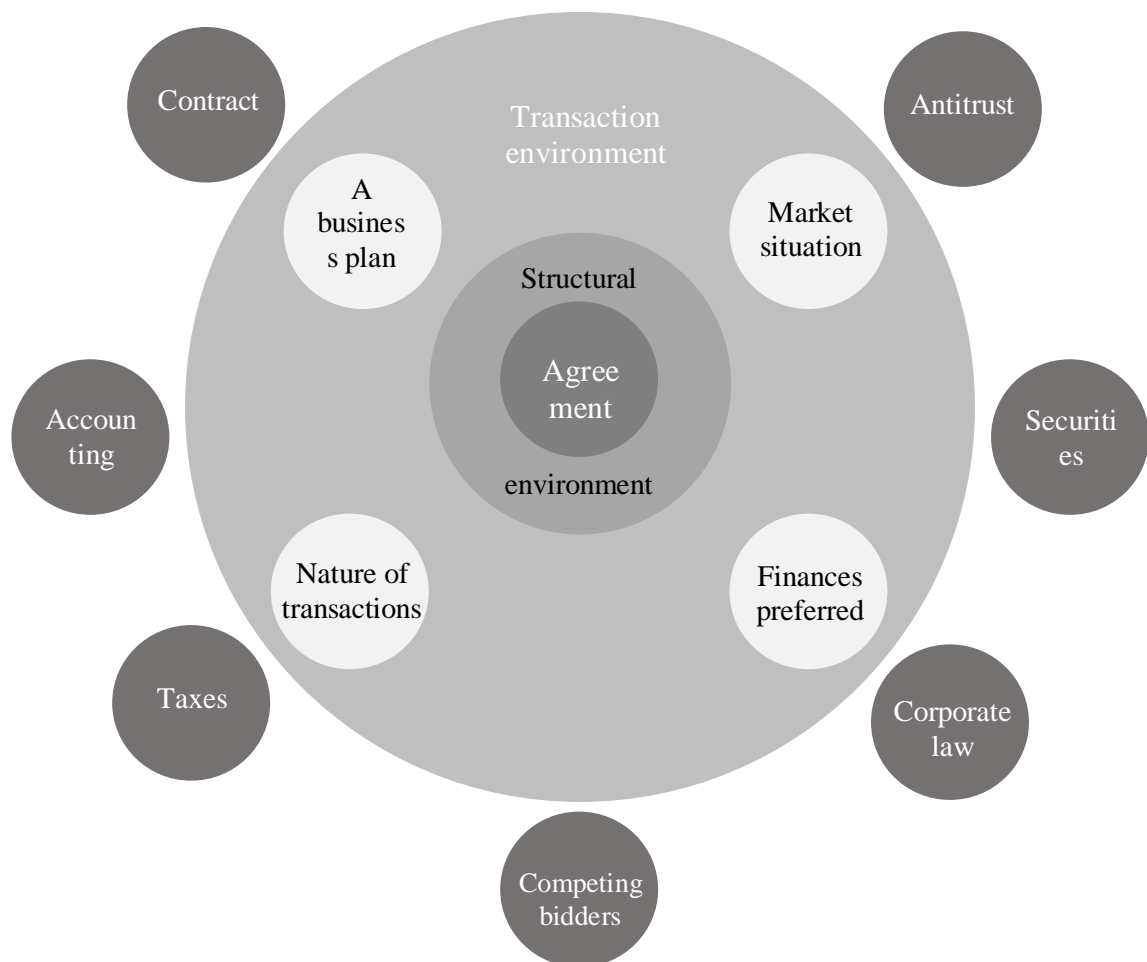


Figure 1.1 Structure of a merger and acquisition agreement

Important documents when structuring deals are the terms sheet (used to raise money) and the letter of intent (LOI), which outlines the main terms of the proposed deal.

Competing bidders in M&A. Most acquisitions are competitive or potentially competitive. Companies usually have to pay a "premium" to acquire a target, which means they have to offer more than competitors. To justify paying more than competing bidders, the acquiring company must be able to do more with the acquisition than other bidders in the M&A process (ie create more synergies or have a more strategic rationale for the transaction).

Strategic vs. Financial Buyers in M&A. There are usually two types of buyers in M&A deals: strategic and financial. Strategic buyers are other companies, often direct competitors or companies in related industries, so that the target company fits well into the buyer's core business. Financial buyers are institutional buyers, such as private equity firms, that want to own, but not directly manage, the acquisition target. Financial buyers often use leverage to finance an acquisition in a leveraged buyout (LBO).

## **2 ANALYSIS OF THE APPLICATION OF MERGER AND ACQUISITION AGREEMENTS ON THE GLOBAL MARKET**

### **2.1 International experience of concluding M&A agreements**

Mergers and acquisitions are the classic, fastest and most reliable way of reshaping/transforming one's own business, as a result of which larger companies appear on the market. Mergers and acquisitions are one of the most important aspects of the world of corporate finance, the main value of which is that when companies come together, they have greater financial value and market demand than when they operate separately. For a more detailed study of the process of concluding M&A agreements, the experience of international companies regarding the application of mergers and acquisitions was analyzed. Companies such as AT&T, Inc. were selected for analysis. (parent company), WarnerMedia (Spin-Off) and Discovery, Inc., which merged to form a new company - Warner Bros. Discovery, Inc. (joint organization)

Description of the companies participating in the agreement.

AT&T, Inc. (parent company). AT&T, Inc. (NYSE: T, \$25.64, Market cap: \$183.1 billion) headquartered in Dallas, Texas, USA, was founded in 1983, providing telecommunications, media and technology services worldwide. The company operates through the Communications, WarnerMedia and Latin America segments. The Communications segment offers wireless voice and data services; video and targeted advertising services; broadband, including fiber optic and legacy telephone Internet and voice; as well as wireline services. This segment markets its communications services and products under the various brand names Cricket, Prepaidsm, Fiber and DirecTV. The Latin America segment offers services of video entertainment and audio programs under the DirecTV and SKY brands primarily for home customers; pay TV services, including sports HD video content; and postpaid and prepaid wireless services under the AT&T and Unefon

brands, and sells various phones through corporate stores, agents and third-party retail stores. In the 2020 fiscal year, the company's sales amounted to 171,8 billion dollars.

AT&T, Inc.

Parent company: AT&T, Inc. (NYSE - Nasdaq Real Time Price: T)

Sector: Communications

Share price: \$25.94\*

Spin-Off: WarnerMedia

Sector: Media

\* as of January 4, 2022.

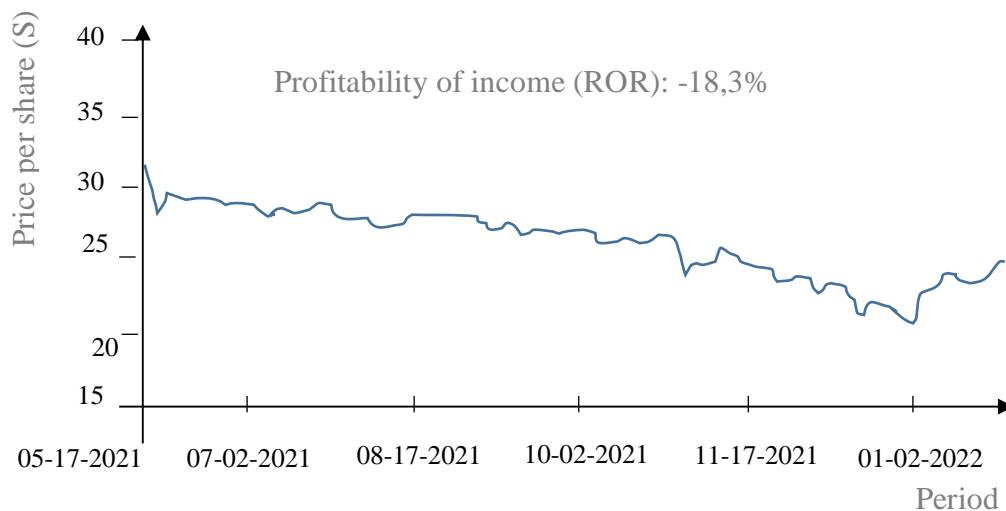


Figure 2.1 Dynamics of the share price of AT&T, Inc. from the date of the merger announcement.

WarnerMedia (Spin-Off). The WarnerMedia segment primarily produces, distributes and licenses television programs and feature films; distributes home entertainment products in physical and digital formats, manufactures and distributes mobile and console games and consumer products, and offers brand licensing and advertising services. It also operates cable networks, streaming video platforms under the names HBO Max and HBO GO; multi-channel pay TV services for HBO and Cinemax; and digital media properties and licenses its



content for over-the-air services to television networks. Recently, in Q3 2021, it sold all the assets of Otter Media. Segment sales were \$30.4 billion in fiscal 2020.

#### Warner Bros. Discovery, Inc. (united organization)

The spin-off WarnerMedia will be merged with Discovery Inc. to form Warner Bros. Discovery (Merged Entity). AT&T shareholders will receive shares representing 71% of the new combined company, while Discovery shareholders will receive 29%. Currently, Discovery, Inc. (NASDAQ: DISCK) is a media company that provides content on multiple distribution platforms in approximately 50 languages worldwide. The company operates in two segments: US networks and international networks. Warner Bros. Discovery (Merged NewCo), a content company, will own one of the world's deepest libraries of nearly 200,000 hours of iconic programming and bring together more than 100 of the world's most cherished, popular and trusted brands under one global portfolio, including HBO, Warner Bros., Discovery, DC Comics, CNN, Cartoon Network, HGTV, Food Network, The Turner Networks, TNT, TBS, Eurosport, Magnolia, TLC, Animal Planet, ID and many more. SpinCo will compete globally in the fast-growing direct-to-consumer business by providing compelling content to DTC subscribers across its portfolio, including HBO Max and the recently launched Discovery+. The transaction will combine WarnerMedia's renowned content library of popular and valuable IP with Discovery's global presence, rich local language content and deep regional expertise in more than 200 countries and territories. The company is expected to have significant scale and investment resources with projected 2023 revenue of ~\$52 billion. USA, with an adjusted EBITDA of ~ 14 billion dollars. USA and the industry-leading free cash flow conversion rate of ~ 60%.

Overview of the deal. December 28, 2021 AT&T, Inc. (share price: \$25.64, market cap: \$183.1 billion) announced that the company has received a favorable ruling from the IRS, meaning a deal to combine WarnerMedia with Discovery tax-free for shareholders.

Previously, on May 17, 2021, AT&T, Inc. and Discovery, Inc. (share price: \$25.94, market cap: \$17.7 billion) announced a definitive agreement to combine

WarnerMedia's premium entertainment, sports and news assets with Discovery. Leading non-fiction, international entertainment and sports companies have been combined to create a major stand-alone global entertainment company. The new public company (Merged Entity) was named "WarnerBros.Discovery". Following the spin-off and merger, AT&T will manage the company's existing Communications segment and Latin America segment.

The transaction will be through a Reverse Morris Trust, under which WarnerMedia will be distributed to AT&T shareholders through a dividend or an exchange offer, or a combination of the two, and combined with Discovery at the same time. AT&T shareholders will receive shares representing 71% of the newly combined company; Discovery shareholders will own 29% of the new company. The transaction will not be taxable to AT&T, Inc. and shareholders of AT&T, Inc. (except when money is paid to company shareholders in lieu of fractional shares in a division or merger). The transaction is expected to close in mid-2022, subject to US regulatory approval.

In connection with the spin-off, AT&T should receive \$43 billion. US (subject to adjustment) in the form of cash, debt securities and retention of certain indebtedness of WarnerMedia. The newly formed company (NewCo.) expects to maintain an investment grade rating and use the combined company's significant cash flow to rapidly dilute approximately 3x within 24 months and targets a new, long-term gross leverage target.

WarnerMedia secured full financing from JPMorgan Chase Bank (JPM +1.4%), NA and Goldman Sachs & Co (GS +1.5%). CEO and president of Discovery, David Zaslav will become the head of WarnerBros. Discovery (Merged NewCo) together with the management team of both companies. The board of directors of the new company will consist of 13 members, 7 first appointed by AT&T, including the chairman of the board; Discovery will first appoint 6 members, including CEO David Zaslav. LionTree LLC and Goldman Sachs & Co. LLC served as financial advisors and Sullivan & Cromwell LLP served as legal advisor to AT&T, Inc. Allen & Company LLC and J.P. Morgan Securities LLC

served as financial advisor and Debevoise & Plimpton LLP served as legal advisor to Discovery, Inc. Peralla Weinberg Partners and Wachtell Lipton, Rosen & Katz acted as advisors to the independent directors of Discovery, Inc.

The organizational structure of the companies before and after the merger is presented in fig. 2.2.

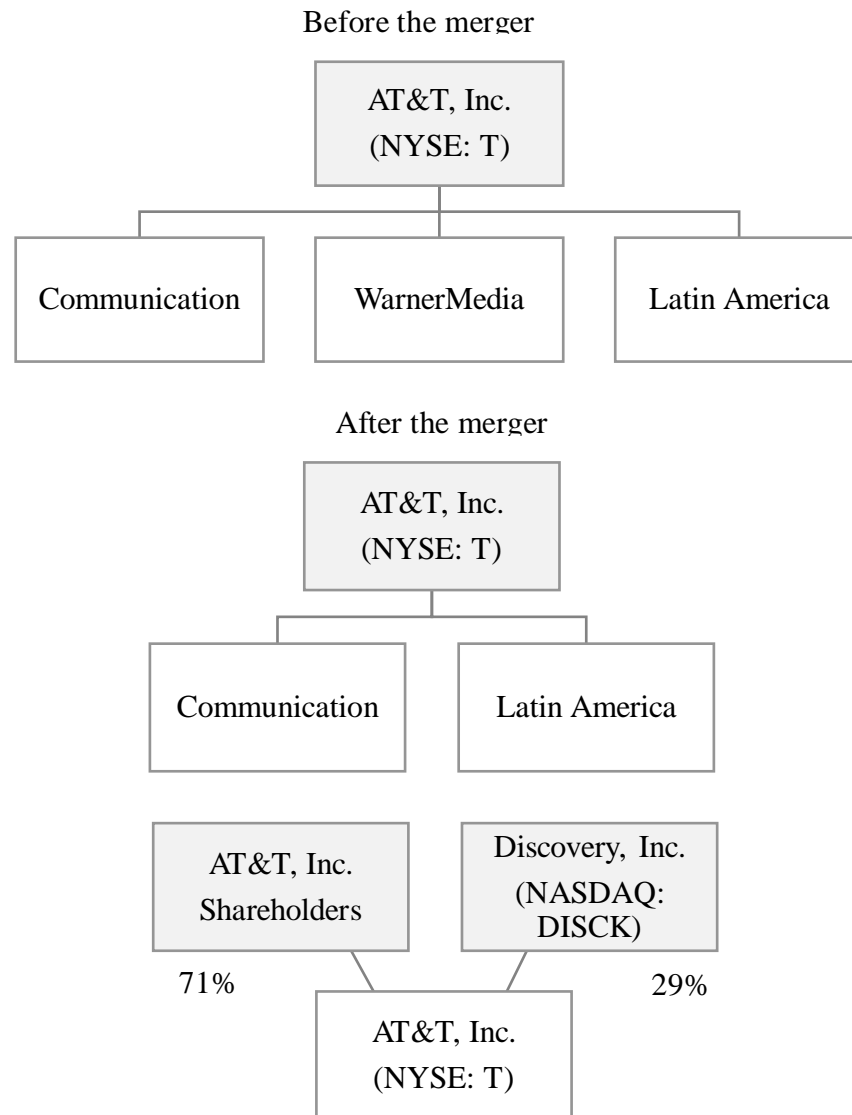


Figure 2.2 Organizational structure before and after the AT&T, Inc. merger. and Discovery, Inc.

Justification of the agreement. In 2018, AT&T, Inc. acquired WarnerMedia (formerly TimeWarner) when it saw subscription streaming video on demand (SVOD) as a profitable opportunity. The company noticed that with the advent of

smartphones and mobile internet, the majority of customers' monthly data was used for video streaming. By acquiring WarnerMedia and using its content with HBO as a cross-selling feature, AT&T planned to attract and retain wireless subscriptions and capitalize on the surge in demand for SVOD streaming services. While the strategy has been somewhat successful, with more than 25% of HBO / HBO Max subscribers also having a connection service contract with AT&T, it came at a high cost as AT&T became the world's largest indebted non-financial company in a transaction worth about 85 billion dollars USA, which complicated its balance at that time. Meanwhile, the company's rivals, such as Verizon and T-Mobile, have achieved similar results in retaining wireless subscription loyalty through joint promotional offers with Disney+ and Netflix in recent years without having to pay billions of dollars. Instead, they were able to use similar capital to build out their respective 5G capabilities to capitalize on rising demand for high-speed services.

Spinning off WarnerMedia and merging with Discovery will allow AT&T (RemainCo) to focus on its communications business (including wireless mobility and broadband) and retain market share in an increasingly competitive communications sector. In addition, the transaction will also help reduce its net debt by ~\$43 billion. USA and will provide the flexibility needed to finance the development of a 5G wireless network, as well as a fiber optic broadband network.

For AT&T, Inc. and its shareholders, this deal provides an opportunity to unlock the value of its media assets and better position the media business to take advantage of attractive DTC trends in the industry. The demerger will create two independent companies, one a broadband company and the other a media company, to strengthen investment focus and attract the best possible investor base for each company. This will allow each company to tailor its capital structure and capital allocation decisions to suit its business model.

The transaction is likely to create significant value for AT&T and Discovery shareholders by bringing together the strongest leadership teams, content creators, and high-quality series and film libraries in the media business. It will accelerate both companies' plans for leading direct-to-consumer (DTC) streaming services for

global consumers and bring together the complementary and diverse content benefits of broad appeal - WarnerMedia's robust studios and scripted portfolio of iconic entertainment, animation, news and sports with global leader Discovery in the field of entertainment and sports of an international level. NewCo is expected to have significant scale and investment resources with projected 2023 revenue of ~\$52B. USA, adjusted EBITDA in the amount of ~14 billion dollars. USA and the industry-leading free cash flow conversion factor of ~60%. This will create about 3 billion dollars. US expected cost synergies for the year for the new company to increase investment and scale its content and digital innovation.

In recent years, AT&T has continued to advance its transformation agenda, which primarily entails shifting its focus back to its roots in core communications, including wireless mobility and broadband. Accordingly, the strategy led to the sale of non-core businesses to support an aggressive deleveraging strategy, freeing up resources and capital needed to support AT&T's 5G and fiber broadband deployment.

In addition to transferring DirecTV to a joint venture structure with private equity firm TPG, AT&T also divested its ownership stakes in Playdemic (a mobile game app studio) and Otter Media (an over-the-top media platform, including the Crunchyroll anime business). Together, the transactions brought in ~9.1 billion dollars. US net cash inflows. Continued monetization of non-core assets also led AT&T to complete half of its \$6 billion long-term savings program. USA, planned last year.

Moreover, AT&T also recently announced that it has entered into agreements to sell Vrio (a video services platform) and Xandr (a digital advertising business). AT&T is expected to achieve free cash flow of more than \$20 billion after the deal closes. USA and intends to distribute dividends with a payout ratio of 40-43%. Although the post-dividend payout structure is a discount to AT&T's current dividend payout ratio of 55% on ~\$28B. US free cash flow, the company is expected to deliver attractive growth in the coming years as it continues to gain

market share in 5G and broadband, which in turn will drive an attractive long-term dividend payout.

Thus, having studied the experience of the international company AT&T, Inc. regarding the merger, it can be noted that the implementation of the M&A agreement can bring benefits to both the acquiring company and the target company. After the merger of companies, their capabilities increase significantly, including competitiveness, the ability to optimize company costs, increase the profitability of the newly formed company, increase market share, etc. Therefore, this is a good opportunity for a new stage of the company's development, even with a change in structure, management, and sometimes the direction of work, however, in most cases, it will give a positive result for both companies participating in the merger agreement.

## 2.2 Problems and prospects of conducting M&A transactions with the participation of Ukrainian enterprises

Activity on the M&A market of Ukraine is one of the indicators of the country's development. This indicator allows you to evaluate everything: the success of structural reforms, the quality of the work of regulators, the adequacy of the legislative framework, the importance of political stability, the level of education, the presence of a business culture.

Based on the activity of investors, the speed of reaction of investment funds to emerging opportunities, and the flexibility of Ukrainian sellers, an experienced lawyer can immediately determine whether the direction of development is correct. Calculating points according to the Doing Business system is a useful tool in theory, but not entirely useful if evaluated from the point of view of its algorithm, because it does not take into account a number of practical nuances. But M&A statistics are concrete data. Even if these statistics are based only on some data, the same approach in dynamics immediately shows the real picture.

With regard to M&A operations in Ukraine, the research of the law firm Aequo together with the information and analytical resource in the field of mergers and acquisitions Mergermarket determined the so-called "bottom" of the conclusion of agreements - 2014-2015. In 2014, their number decreased sharply, although the opposite trend was observed around the world. The reasons in Ukraine were exclusively local.

For example, in the US, the number of transactions and their amount during this period broke records. In the United States, the number and amount of M&A transactions in 2014 were twice as large as in 2010. In 2015, the total amount of transactions amounted to 1,901.88 billion dollars. USA with a total of 5,302 deals. The trend continued in the following years, with a slight pause in 2016-2017. Growth resumed in 2018.

It is obvious that Ukraine needs time and systematic efforts to stop the downward movement and reach at least the average pre-crisis level. A quick return of business activity to the country is problematic, because Ukraine is at war, and the national currency is devaluing. Despite the complexity of such a task, its implementation is still possible. This is evidenced by the statistics of the last eight years, given below:

a) The number of transactions has increased, but their size has not for a long time. After a sharp drop in 2014-2015 (\$780 million - the sum of all public transactions on the merger market with a modest number for the size of the country - about 60), a gradual increase was observed in 2016-2018. In 2018, in terms of the number of transactions, Ukraine managed to catch up with the volumes of 2013, but the transaction amounts differed by an average of three times. They started buying and selling again, but many times cheaper. However, neither the war nor other destabilizing factors froze the activity. If there is a quality asset, there will be a buyer. According to InVenture estimates, the volume of announced and completed mergers and acquisitions (M&A) deals in Ukraine, including corporate deals, privatization deals and venture deals in the technology sector as of 2021 amounted to \$2.746 billion. USA. If Compared to 2020, the total volume of M&A

deals by category increased by 2.3 times, and the number of deals increased by 45% to 120 M&A deals. Due to the low openness and transparency of deals, it is assumed that the volume of the Ukrainian market of mergers and acquisitions is slightly larger, by at least 30% and, accordingly, is estimated at more than 3.5 billion dollars. In the breakdown by industry, mergers and acquisitions agreements are most common in the following areas, and looks as follows (see Table 2.1): IT sector (36 mergers and acquisitions, 813 million US dollars); agriculture and agribusiness (19 mergers and acquisitions, USD 234 million); food industry (14 mergers and acquisitions, USD 58 million); mining industry (10 mergers and acquisitions, USD 124 million); financial sphere (8 mergers and acquisitions, USD 109 million); transport and warehousing (8 mergers and acquisitions, USD 34 million).

Table 2.1 – Industry structure of the M&A market in Ukraine

| industry                     | Price of transactions, million dollars. USA | Number of transactions |
|------------------------------|---|------------------------|
| IT and telecommunications    | 813   | 36                     |
| Construction and real estate | 650   | 6                      |
| Metallurgy                   | 340   | 1                      |
| Agriculture                  | 234   | 19                     |
| Petrochemical industry       | 142   | 3                      |
| Retail                       | 115   | 5                      |
| Financial activity           | 109   | 8                      |
| Mining industry              | 124   | 10                     |
| Energy supply                | 103   | 6                      |
| Food Industry                | 58  | 14                     |
| Transport and warehousing    | 34  | 8                      |
| Others                       | 24  | 3                      |
| <b>In general</b>            | <b>2746</b>                                 | <b>119</b>             |

*Source: compiled by the author on the basis of processed statistical data*



b) First funds, then strategies. The appetites of investment funds are commensurate with the risks available in Ukraine. In 2015, the George Soros Fund for the Development of Ukraine conducted merger negotiations with the Danish IT outsourcing company Ciklum, which has the largest development office in Ukraine, and became its co-owner. The fund bought the entire stake of Horizon Capital and part of the stake of Ciklum founder Torben Maigard. In the following years, Dragon Capital and Horizon Capital, using funds raised outside of Ukraine, continued to invest in the middle segment of the market - in export-oriented or simply high-profit industries: IT, processing, logistics, commercial real estate. During this period, Horizon Capital made significant investments in the international product IT company Genesis, the global IT outsourcing company Intellias and the leader of e-commerce in Ukraine - Rozetka. In 2019, Dragon Capital acquired a stake in Ciklum in partnership with Soros. Thus, the number of transactions increases, and the price is also attractive to the buyer. Bolder funds are traditionally followed by more cautious strategists.

c) Foreign buyers are back, but local players are more active. There are examples of good strategic investments. In 2019, POSCO Daewoo, an international corporation with South Korean roots, made its first investment in Ukraine: it bought 75% of the grain terminal in the Mykolaiv seaport from the Olexim group. It was solemnly signed in the presence of the first person of the country, because this example should be followed by others. The successful completion of the story with the Mriya agricultural holding in 2018 sent the right message. The buyer was Saudi Agricultural and Livestock Investment Co. (SALIC). The investment amount is about 300 million dollars.

However, there are few such examples. Foreign buyers are wary, especially if there are cultural differences. Their speed is completely different from local players. The study confirms that over the past eight years, the number of local investors has traditionally outnumbered foreign investors. At the same time, the share of foreign investors gradually increased: 32% in 2013, 44% in 2016 and more than 53% in 2020. The exception was 2017, in which local investments

accounted for a record 75%. In a volatile market and country, only local players can keep pace by quickly analyzing risks and trends. Transparency and stability are important for foreign investors.

d) Ukrainians rarely buy outside of Ukraine. The Ukrainian buyer is rare on the world market. The volume of investments of Ukrainians outside of Ukraine decreased sharply in 2014: from 34 transactions in 2013 to 11 in 2014. Nevertheless, a gradual positive trend was observed after that - 20 in 2018, while their amount remained quite low - 0.5 billion dollars. USA in 2018. Nevertheless, there are examples when the first player in his field becomes so leading that the Ukrainian market becomes insufficient for him. In February 2019, Myronivsky Hliboprodukt agricultural holding concluded an agreement to purchase the Slovenian Perutnina Ptuj, a vertically integrated poultry meat production company in Southeast Europe.

e) Traditional industries for Ukraine are still ahead. Agriculture and the food industry, natural resources and IT are traditionally Ukrainian strengths. It is difficult to clearly distinguish the leaders of the industry in eight years - it changes from year to year, depending on the number of transactions or their amount. The most stable is agriculture, which almost every year leads both in terms of the number and volume of M&A transactions.

The real estate sector has seen gradual growth, especially in 2018, when it overtook the agricultural sector in the number of conditions.

M&A in the banking and financial sectors was at a record high until 2008, and then saw many transactions in 2015-2016 in the niche of distressed assets. Activity in this segment is now low, as expected after the drastic measures to remove insolvent banks from the market.

FMCG also shows little activity, but this is unsatisfactory for the size of Ukraine.

As a conclusion - for a quick effect on a national scale, you need to work with strengths, key sectors need more attention.

f) The Antimonopoly Committee of Ukraine (hereinafter - AMCU) is the main regulator in the M&A market. The committee has become more active, intelligent and open. Ukraine defeated the populism of the stagnant period until 2013. After the change in the legislation on the approval of agreements, lawyers receive quite a few complaints about the work of the regulator. Thresholds, upon reaching which it is necessary to submit documents for a permit, rules for the application of fines, a simplified procedure and other updates have brought Ukraine closer to civilized countries. AMCU actively applies the practice of the EU. When foreign investors see a unified approach in Ukraine and somewhere near Brussels, more trust appears in Ukraine as a state.

g) The need for new laws. This is probably the most controversial criterion. In 2014, the country started reforms in many areas. Strategy-2020, prepared in 2014, identified 60 key reforms. The part was done. For example, in 2017-2019, it was possible to qualitatively update the country's corporate legislation. Several key acts were adopted and a number of laws were improved, such as: the law on limited liability companies, on corporate contracts, and joint stock companies. The Securities Commission has been updated and started correct and radical reforms for the revival of the stock market in Ukraine.

There are some future reforms that will directly affect the flow of investments (open land market, free electricity market, privatization), and some indirectly, but they are no less important for this (completion of judicial reform, reform of internal bodies, prosecutor's office, tax system).

Summing up, it is worth noting that Ukraine is taking the right steps to restore business relations within the country, including M&A transactions. However, this is still not enough. Whether this guarantees positive dynamics in the future depends only on Ukraine. So far, it is clear that Ukraine is a buyer's market now, and will remain so in the near future.

### **3 STRATEGY FOR PROFITABLE ACQUISITIONS AND MERGERS ON THE UKRAINIAN AND INTERNATIONAL MARKET**

#### **3.1 Strategic financial assessment of the company for a successful takeover on the Ukrainian and international markets**

Conducting a strategic financial assessment before delving into the Ukrainian and international markets is a key stage of a successful deal. This includes assessing financial stability, identifying key risk and opportunity indicators, and developing a financial plan.

Analysis of financial reports and indicators of companies. A strategic financial assessment begins with a detailed analysis of financial statements and company indicators. For example, when evaluating a Ukrainian company, you can consider the financial reports of "Metinvest" in the context of the economic situation in Ukraine. The Ukrainian company "Metinvest" decided to deepen its position on the market through mergers and deepening. The analysis of the financial statements of this company before deepening included the study of the structure of assets, liabilities, the level of liquidity and the dynamics of profit. In particular, an assessment of the possibility of increasing production capacity and efficient use of resources was carried out. For the international market, you can analyze the financial reports of the corporation "Procter & Gamble". The international company "Procter & Gamble" has successfully implemented a strategy of deepening through mergers and deepening with other global players. Analysis of its financial statements prior to the deal focused on the risks of currency fluctuations, resilience to economic changes and the potential for synergies with the merger.

Determination of financial metrics and key indicators. Based on the analysis of financial reports, key financial metrics for assessing the financial condition of companies are determined. For example, indicators of profitability, liquidity,

capital management efficiency and financial leverage. Assessment of risks and ways to minimize them. International and Ukrainian deepening is accompanied by various financial risks. Consider an example: the company "DTEK" in Ukraine may face political risks, while the international company "Samsung" may be vulnerable to changes in exchange rates. Ways to minimize risks must be adapted to the context of each market.

Study of financing and capital investment opportunities. Ukrainian and international financing may differ in terms of availability and cost of capital. For example, cooperation with local banks may be relevant for a Ukrainian company, while an international company may raise capital through global financial markets.

Analysis of the financial status of a group of stakeholders. Understanding stakeholder expectations and needs is an important part of a strategic financial assessment. For example, Ukrainian shareholders may pay more attention to the company's social responsibility, while international investors may be more interested in the sustainability of profits.

Management of financial resources and planning. Developing a strategy for managing financial resources and planning is a key aspect of strategic financial assessment. The plan should take into account the specific features of both markets, including budget allocation and strategies for optimizing financial processes.

Financial analysis of legal and tax aspects. Assessment of legal and tax aspects is important for successful deepening in both Ukrainian and international markets. Let's consider an example: when concluding agreements in Ukraine, the company "Shell" must carefully analyze tax requirements and legal restrictions in order to avoid unforeseen financial costs.

### 3.2 Strategy and tactical techniques for successful deepening of companies

This section examines the company's own strategy and tactical techniques for successful deepening of companies on the example of Ukrainian and

international markets. A detailed description of strategy and tactics provides a concrete plan of action to achieve the goal of deepening.

The first step in your own strategy is to define a clear goal and specific objectives of deepening. For example, the goal may be to expand the market share in the Ukrainian segment and obtain new technologies on the international market.

Creating resonant value. The strategy includes the creation of a unique value that favorably distinguishes the company from competitors. For example, in the Ukrainian segment it can be a focus on local needs, and in the international segment - the introduction of advanced technologies.

Development of a negotiation system. Effective negotiation is a key element of successful deepening. The creation of a negotiation system that takes into account the peculiarities of cultures, legal norms and the economic environment contributes to the achievement of mutually beneficial agreements.

Identification of probable obstacles and risks. Strategic planning includes an analysis of likely obstacles and risks that may arise during deepening. For example, political instability in Ukraine or currency risks on the international market.

Next, we will consider the implementation of tactical techniques.

1. Active involvement of employees:

- implementation of training and development for the staff of the target company;
- ensuring communication and interaction between the teams of both companies.

2. Creation of an innovation center:

- development of a research and development center for joint creation of innovative products;
- involvement of key specialists for joint work on new ideas.

3. Marketing campaign:

- launch of an integrated advertising campaign to support market penetration;

- joint use of advertising resources to increase sales.

A mandatory stage is monitoring and correction. After all, the monitoring system is designed to detect deviations from the strategy and allow quick reaction. Regular reviews and performance analysis help refine approaches and make adjustments to the deepening strategy.

Stages of strategy implementation.

Preparatory stage:

- assessment of resources and personnel training;
- analysis of the market and competitors.

Negotiation phase:

- conclusion of agreements and determination of specific conditions;
- development of the integration plan.

Integration stage:

- carrying out cultural integration between teams;
- unification of operations and business processes.

An important point is such a study of successful examples. This strategy includes the analysis of successful deepening on the example of other companies, taking into account their best practices and avoiding mistakes that may occur during deepening.

Therefore, the significant components of one's own strategy are a clear formulation of the goal of deepening and specific tasks for achieving success in the markets, the development of values that mark the company among competitors and determine its attractiveness for partners, the definition of an effective negotiation system that takes into account the cultural, legal and economic characteristics of countries , as well as the analysis of probable obstacles and risks to minimize possible negative impacts. And it is worth noting that it is one's own strategy and tactical techniques that are key factors in the successful deepening of companies. Careful planning, effective negotiations and systematic monitoring allow you to achieve mutually beneficial results in different markets.

## CONCLUSIONS

In the course of the study, the essence of international mergers and acquisitions was determined, their features, types, financing methods, structure and stages were characterized, as well as the experience of concluding M&A agreements among international and Ukrainian companies. The relevance of the research lies in the fact that at a certain stage, business reorganization becomes necessary for any economic entity, in connection with changes in the external environment of the enterprise. External expansion is now becoming the main way of development of companies. In modern conditions, mergers and acquisitions of not only companies (firms) of different countries, but also transnational companies (TNCs) are becoming a characteristic feature.

The practical part of the qualification work is based on the analysis of the experience of concluding merger and acquisition agreements among international and Ukrainian companies. During the review of the activities of the studied companies, the main processes of concluding M&A agreements, as well as their motives and results, were analyzed. The main direction of the work was the analysis of problems and prospects of conducting M&A transactions with the participation of Ukrainian enterprises.

As a result of determining the main problems and prospects of the Ukrainian M&A market, the following provisions were noted:

- after reaching the so-called "bottom" of the Ukrainian merger and acquisition market in 2014-2015, its gradual recovery is observed with an increase in the number of deals, however, their value remained low for a long time;
- the number of transactions is increasing, because the low price is attractive to buyers;
- in the face of market and country volatility, only local players can keep pace by quickly analyzing risks and trends;
- transparency and stability are important for foreign investors;



- for a quick effect on a national scale, it is necessary to work with strengths, because key industries need more attention from the state and investors;
- when foreign investors see a unified approach in Ukraine and in the EU, more trust appears in Ukraine as a state;
- recovery of the M&A market in Ukraine is possible due to the effective implementation of radical reforms regarding the judicial, tax system, open market of land, electricity, privatization, etc.;

In conclusion, it is worth noting that the two key factors of capitalism are competition and growth. When a company faces competition, it must simultaneously cut costs and innovate, so M&A is a key decision. One solution is to acquire competitors, with the goal of making them no longer a threat. Companies also engage in mergers and acquisitions to grow by acquiring new product lines, intellectual property, human capital, and customer bases. Thus, companies can look for synergies. By combining business activities, overall productivity efficiency tends to increase and overall costs tend to decrease as each company leverages the other company's strengths.

## REFERENCES

1. Gordeeva T.A. Mergers and acquisitions as tools of crisis management / T.A. Gordeeva // Bulletin of the Khmelnytskyi National University. – 2010. – T. 1. – № 1. – p. 20–23., p. 20.
2. Mergers and acquisitions of companies, URL synergy: <http://berg.com.ua/basic/mergers-acquisitions/>
3. Mergers and acquisitions - M & A definitions - Basics of business – 2022. URL: <https://uk.icotokenfund.com/mergers-acquisitions-m>
4. Johnson & Johnson. "Johnson & Johnson Completes Acquisition of Omrix Biopharmaceuticals, Inc." URL: <https://johnsonandjohnson.gcs-web.com/news-releases/news-release-details/johnson-johnson-completes-acquisition-omrix-biopharmaceuticals>
5. Dell. "Open Letter to Shareholders from Michael Dell. URL: <https://www.dell.com/learn/us/en/id/secure/shareholder-letter>
6. Fedorova V.A., Solovyova O.A. Economics of enterprises and international companies: Education. village — K.: Center of Educational Literature, 2008. — 232 p.
7. Global Expansion. Mergers and acquisitions: the common pitfalls and how to evade them. URL: <https://www.globalexpansion.com/>
8. Global Expansion. The 7 Largest Mergers and Acquisitions. URL: <https://www.globalexpansion.com/blog/the-largest-mergers-and-acquisitions>
9. IAA: Institute for mergers, acquisition&alliances. URL: <https://rau.ua/ekonomika/top-10-m-a-in-usa/>
10. InVenture. Ukraine's M&A market in 2021: restrained optimism against the background of growth. url: <https://inventure.com.ua/analytics/investments/rynok-sliyanij-i-pogloshenij-manda-v-ukraine-v-2021-godu:-optimizm-na-fone-rosta>
11. Investopedia. Guide to merges and acquisition. URL: <https://www.investopedia.com/terms/m/mergersandacquisitions.asp>

12. Kelly, J., Cook, C., Spitzer, D. Unlocking shareholder value: the keys to success. Mergers & Acquisitions: A Global Research Report, KPMG, November 1999. - p. 3.
13. U.S. Securities and Exchange Commission. "Tender Offer" URL: <https://www.investor.gov/introduction-investing/investing-basics/glossary/tender-offer>
14. Ukrainian institute for the future. URL: <https://uifuture.org/uk/post/ukrainskij-rinok-ma-pidsumki-2016roku> 78
15. Bayura D.O. Restructuring of enterprises: [study. manual] / D.O. Bayura - K.: Kyiv University, 2005. – 209 p.
16. Vasylychuk I. Assessment of the state and prospects of the merger / takeover market in Ukraine //Economics. Finances. Right. — 2007. — № 5. — p. 10-17.
17. Gamma T.M. Peculiarities and prospects for the development of the M&A market in Ukraine. Scientific Bulletin of Mukachevo State University. Ser. : Economy. 2016. Issue 1. P. 106–112.
18. Gelner I. Peculiarities of motives of transnationalization through cross-border merger and acquisition //Entrepreneurship, economy and law. — 2006. — No. 12. — p. 183-185.
19. Horovy D.A. Development of the M&A market in Ukraine. Financial and credit activity: problems of theory and practice: coll. of science pr. Kharkiv: HNNU UBS, 2013. Issue 1. No. 14. P. 183–190.
20. Gohan P.A. Merger, takeover and restructuring of enterprises/Trans. from English M: Alpina Business Books, 2004. — 741 p.
21. Economic truth. The M&A market froze in anticipation. url: <http://www.epravda.com.ua/columns/2014/03/28/432194/>.
22. Zavyalova O. Mergers and acquisitions: problems of the post-integration period //Actual problems of the economy. — 2003. — № 12. — p.113-118.
23. Ignatyuk A.I. Industry markets: theory, practice, directions of regulation: [monograph] / A.I. Ignatyuk - K.: Agrarian Institute. of Economics, 2010. - 465 p.

24. Ignatyuk A.I. Processes of mergers and acquisitions: world experience and Ukraine / A.I. Ignatyuk // Bulletin of Taras Shevchenko Kyiv National University. – 2005. – Issue 75–76. - pp. 65–67.

25. Kirichenko O.A. Trends of mergers and acquisitions in the banking sector of the economy of Ukraine // Banking business. — 2008. — No. 5. — p. 29-37.

26. Kirichenko O.A. Some aspects of mergers and acquisitions of companies in the light of the construction of a new integration system of the economy /O. A. Kyrychenko, E. V. Vaganova // Current economic problems. – 2009. – No. 2. – P. 45–56.

27. Kolomiitseva O.V. Motives and reasons for processes of mergers and acquisitions of enterprises / O.V. Kolomiitseva // Actual problems of economics. – 2012. – No. 6 (132). – pp. 142–149.

28. Kubakh T.G. Mergers and acquisitions market: current state and development prospects. Efficient economy. 2012. Issue. 5. URL <http://www.economy.nayka.com.ua/?op=1&z=1151>

29. Marunyak E.O. The essence and main features of transnational corporations and their development in Ukraine // Ukrainian Geographical Journal. — 2007. — № 4. — p. 18 — 26.

30. Medvedkova N.S. Agreements on mergers and acquisitions in the banking sector of the economy of Ukraine //Economics of APC. — 2009. — № 5. — C.101-105.

31. Pronin O.Yu. Peculiarities of merger and acquisition processes //Finance of Ukraine. — 2005. — No. 8. — P.106-122.

32. Puchko I.V. Trends and priorities of the development of mergers and acquisitions in conditions of institutional transformations / I. V. Puchko // Bulletin of the Mykolaiv National University named after V.O. Sukhomlynskyi. – 2015. – Issue. 3. – p. 769–773.

33. Harford, J., 2005. What drives merger waves. Journal of Financial Economics, September, 77(3), pp. 529-560

34. Reed S.F. The art of mergers and acquisitions / Trans. from English M: Alpina Business Books, 2004. — 741 p.
35. Rod Y.V. Mergers and acquisitions of companies as a means of corporate consolidation of Ukrainian business / Yu.V. Rod, A.I. Savushchik // Bulletin of the Economic Science of Ukraine. — 2009. — No. 2. - C. 122-125.
36. Development of the M&A market in Ukraine URL: <http://fkd.org.ua/article/view/25093/22548>.
37. Thi Hant N. The international market of mergers and acquisitions: recent trends and prospects for growth//Personal. — 2005. — No. 2. — C. 58-63.
38. Umantsiv Yu. Activation of merger and acquisition processes as a factor of globalization of the world economy // Entrepreneurship, economy and law. — 2004. — No. 2. — C. 129-131.
39. Filyuk H.M. Competition and monopoly in the era of globalization: [monograph] / H.M. Filuk - Zhytomyr: State University named after I.Franka, 2009. — 404 p.
40. Forinfuser: The largest M&A deals in Ukraine in 2018 are named. The merged and absorbed volume grew by 20%.URL: <http://forinsurer.com>
41. Frolova T.O. Globalization trends in the development of mergers and acquisitions in the world economy / T.O. Frolova // Economic science. Investments: practice and experience. — 2014. — No. 18. - C. 29–35.
42. King, D., Dalton, D. R., Daily, C. M. & Covin, J. G., 2004. Meta-analyses of Post-Acquisition Performance: Indications of Unidentified Moderators. Strategic Management Journal, Issue 25, pp. 187-200
43. Cygyl I.Ya. The current state and prospects for the development of mergers and acquisitions in Ukraine / I.Ya. Tsigil, O.O. Petlovana // Scientific Bulletin of National Technical University of Ukraine. — 2013. — Issue 23.10. - pp. 273–278.
44. Hamma, T.M. (2016). Peculiarities and prospects for the development of the M&A market in Ukraine [Features and prospects of M&A market development

in Ukraine]. Scientific Bulletin of Mukachevo State University, vol. 1, pp. 106–112.

45. Molotnikov A.E. (2006). Mergers and acquisitions / Mergers and acquisitions.

46. Savchuk S.V. (2002). Analysis of the main motives of mergers and acquisitions / O.V. All about theories and practices of business, finance, personnel management. 5, p. 45–67.

47. Gohan P. Mergers, acquisitions, restructuring of companies / Patrick Gohan. - Alpina Business Books. - 2010. - 742 c.

48. Foster P. Art merged absorbed / Reid Stanley Foster, Lazhu Alexandra. – M.: Alpina Publisher. - 2011. - 960 c.

49. Evans F. Valuation of companies during mergers and acquisitions. Creating value for private companies / Fisher Evans, David Bishop. – M.: Alpina Publisher. - 2009. - 336 c.

50. Andrew H. How to evaluate selling your business / Kh. Andrew. – M.: Alpina Business Books. - 2009. - 182 c.

51. Development of the M&A market in Ukraine [Electronic resource]. – Access mode: <http://fkd.org.ua/article/view/25093/22548>.

52. Baigorri, Manuel. “2015 Was Best-Ever Year for M&A; This Year Looks Good Too,”

53. Tabaharnyuk, M. O. (2012), Game: Practice Mergers and Acquisitions in Ukraine, Kyiv.

54. Ukr.Media (2014), Mergers and Acquisitions in Ukraine, <https://ukr.media/business/214218>

55. Shell's Record Takeover of BG Clears Final Antitrust Hurdle,” <http://www.bloomberg.com/news/articles/2015-12-14/shell-s-merger-with-bg-cleared-by-chineseantitrust-authority>.

56. Andrade, G. & Stafford, E., 2004. Investing the economic role of mergers. Journal of Corporate Finance, Issue 10, pp. 1-36

57. Badkar, M., 2018. financial times. [Online] Available at: <https://www.ft.com/content/d2c6053e-1312-11e8-940e-08320fc2a277>.
58. Bruner, R. F., 2004. Applied Mergers & Acquisitions. New Jersey: John Wiley & Sons.
59. Carow, K., Heron, R. & Saxton, T., 2004. Do Early Birds Get The Returns? An Empirical Investigation of Early Mover Advantages in Acquisitions. Strategic Management Journal, 21(1), pp. 34-100.
60. Chalencon, L. & Mayrhofer, U., 2018. Do cross-border mergers-acquisitions in mature and emerging markets create similar value?. Journal of Organizational Change Management, 31(4), pp. 944-958.
61. Daneshkhu, S., 2018. Financial Times. [Online] Available at: <https://www.ft.com/content/a24eb1ba-7f75-11e8-bc55-50daf11b720d>
62. Gaffney, N., Karst, R. & Clampit, J., 2016. Emerging market MNE cross-border acquisition equity participation: the role of economic and knowledge distance. International Business Review, 25(1), pp. 267-275.
63. Gaughan, P. A., 2007. Mergers, Acquisitions, and Corporate Restructurings. 4th ed. s.l.:John Wiley & Sons
64. Gaughan, P. A., 2011. Mergers and Acquisitions and Corporate Restructurings. 5th ed. New Jersey: John Wiley & Sons .
65. Graebner, M. E., 2004. Momentum and Serendipity: How Acquired Leaders Create Value in the Integration of Technology Firms. Strategic Management Journal, Volume 25, pp. 751-777.
66. Krug, J. A., 2009. Mergers and Acquisitions: Turmoil in Top Management Teams. New York: Business Expert Press
67. Schoenberg, R., 2006. Measuring the performance of corporate acquisitions: an empirical comparison of alternative metrics. British Journal of Management, 33(6), pp. 361-370.
68. Sherman, A. J. & Hart, M. A., 2006. Mergers and Acquisitions from A-Z. 2nd ed. s.l.:Amacom

69. Walter, G. A. & Barney, J. B., 1990. Management Objectives in mergers and acquisitions. *Strategic Management Journal*, Issue 11, pp. 79-86.

70. Nahavandi, A. & Malekzadeh, A. R., 1988. Acculturation in Mergers and Acquisitions. *Academy of Management Review*, Volume 13, pp. 79-90.



# APPLICATIONS

## SUMMARY

Zorin O. Management of mergers and acquisitions in the international market. - Qualification work. Sumy State University, Sumy, 2023.

Qualification work is devoted to the study of the theoretical foundations of mergers and acquisitions, their features of application. The main types of mergers and acquisitions, as well as methods of their financing are described. A review of the experience of concluding M&A agreements among international companies, an analysis of the problems and prospects of the merger and acquisition market in Ukraine. The key factors of M&A development among Ukrainian companies have been identified, as well as the basis for action to intensify business relations in the field of mergers and acquisitions of Ukrainian companies.

Keywords: MERGERS AND ACQUISITIONS, M&A, INTERNATIONAL MARKET, ASSOCIATIONS, COMPANIES, COMPETITIVENESS.

## АНОТАЦІЯ

Зорін О. О. Управління процесами злиття та поглинання на міжнародному ринку. – Кваліфікаційна робота. Сумський державний університет, Суми, 2023.

Кваліфікаційна робота присвячена дослідженню теоретичних основ злиття та поглинання, їх особливостей застосування. Охарактеризовано основні види злиття та поглинання, а також методи їх фінансування. Здійснено огляд досвіду укладання угод М&А серед міжнародних компаній, проведено аналіз проблем та перспектив ринку злиття та поглинання в Україні. Визначено ключові фактори розвитку М&А серед українських компаній, а також визначено основні напрямки дій щодо активізації ділових відносин в сфері злиття та поглинання українських компаній.

Ключові слова: ЗЛИТТЯ ТА ПОГЛИНАННЯ, М&А, МІЖНАРОДНИЙ РИНОК, ОБ'ЄДНАННЯ, КОМПАНІЇ, КОНКУРЕНТОСПРОМОЖНІСТЬ.