

Mergers and acquisitions

Key vocabulary related to mergers and acquisitions

Acquisition/takeover: Gaining control of a company by buying over 50 % of its shares.

To bid: To make an offer at a certain price for something. To make an effort or attempt to achieve something.

Cash flow: The amount of cash flowing into and out of a business. The liquidity of the business, (the amount of available money) depends on the cash flow.

Conglomerate: A, typically large, corporation that operates businesses in a number of significantly different areas of activity.

Group: The legal structure of most larger businesses, in which the parent company owns a controlling stake in subsidiary companies.

Incentive: A payment or concession to encourage an individual or team to achieve their target or goals.

Joint venture: A commercial enterprise undertaken jointly by two or more parties who otherwise retain their distinct identities.

Management buyout: The purchase of a controlling stake in a company by a group of managers.

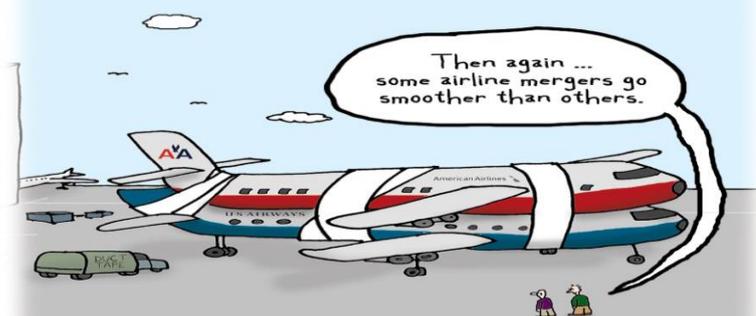
Merger: Two or more companies joining to form a larger company; strictly used when this is by mutual agreement, in contrast to a 'hostile acquisition'.

Shareholder: An owner of equity in a company.

Stake: A share or a financial involvement in a business.

Subsidiary: A subsidiary is a legally registered company, which is owned by a parent company.

Target company: A company that is the subject of a potential acquisition.



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The Modal Perfect

The modal perfect is formed using the **modal verb + have + past participle**

Two uses of the modal perfect are:

- **Criticising or commenting on past actions**
Example: You should have done your report.
Example: They didn't need to participate in the event.
- **Speculating about the past or present**
Example: I suppose the session may have started.
Example: He is late for the meeting he must have been delayed in traffic.

Types of mergers and acquisitions

Amalgamation, business combination: Other words for joining businesses together and pooling resources, by merger or acquisition.

Backward integration: The creation or acquisition of a business that produces the raw material used by the acquirer.

Horizontal integration: The acquisition of additional companies that are at the same point in the 'value chain' in the same industry.

Forward integration: The creation or acquisition of 'downstream' businesses, that is, businesses involved in the distribution of a company's products.

Vertical integration: Generally, expanding into businesses into areas that are at different points on the value chain, 'upstream' or 'downstream'.

Idioms related to mergers and acquisitions

Economists describe the process of producing goods and services as the discrete series of stages or steps, all the way from the production of the raw material, through to the delivery to the customer. They use the phrase '**value chain**' to describe this, emphasising that some activities may be more profitable places to operate than others. The idiom '**upstream**' describes an activity that is at the supply end of the value chain from where the company is operating, while '**downstream**' is at the distribution end of the value chain.