

Two recent merger and acquisition cases



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of the of the Submitted Two Recent Merger and Acquisition Cases The decade that will be remembered in the history of corporate finance as the decade of mergers and acquisitions will undoubtedly be the 1980s, as this was the period in which the most prolific mergers and acquisitions were made both in the USA and the UK. Mergers and acquisitions (or M&As as they were colloquially known) were so profitable that many of the best firms on Wall Street had opened up their own M&A Divisions to take full advantage of this phenomenon. Mergers and acquisitions are corporate deals that have established their worth in the social and financial landscape. A merger occurs when two firms integrate their skills and acumen with each other to take advantage of business opportunities or sidestep threats. Sometimes the decision to merge can be to increase size due to legal e. g. capital requirements, or to acquire efficiencies, talents or market access in a totally different but complementary field of business endeavor. In an acquisition, however, one firm is bought outright by another for a price that may be made public or disclosed to only the stakeholders and the relevant Government authorities. It is clear that both firms should get something out of the corporate deal or the effects are not long lasting. Indeed it has been noticed that many participant workers and managers are found ruing the past when things were much simpler and better- however they are forced to deal with the situation ‘ as is now’ and have put in too much effort to unwind the deal again. One acquisition that took place in the healthcare industry between September-October 2010 was that of ZymoGenetics, Inc. being bought by Bristol Myers Squibb (BMS) for US\$885 Million. With this acquisition, BMS hoped that it would gain inroads into the fight against cancer, hepatitis C, and other diseases for which ZymoGenetics already had

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some research products in the pipeline. Squibb offered Zymo a purchase price of \$9.75 per share. The advantage for Zymo would be the added marketability of its products under the BMS umbrella and the financial stability and support it hopes to get as a result of the takeover. The second instance in the food sector was the acquisition of Kettle Foods by Diamond Foods for US\$615 Million, of which US \$600 million was arranged via a credit line and \$15 million through issue of shares (Calvey, 1). This is what can be regarded as a product line extension for Diamond Foods because Kettle Foods was known for its Kettle Chips brand consisting of no less than 28 different flavors. Diamond Foods markets the brand as Kettle Brand in the USA and Kettle Chips in the UK. After the acquisition, the product offerings of Diamond Foods now include snack nuts (from where it started) under the Emerald brand, popcorn marketed under the Pop Secret brand, Kettle potato chips as described above, and in-shell and culinary nuts sold under the Diamond of California name (www.diamondfoods.com/about). Mini special varieties also exist, such as Homestyle and Jumbo Pop brands in the popcorn variety. Diamond's CEO Michael Mendes is banking on acquiring established brands to expand the reach of the business and its markets. Works Cited Calvey, M. 'Diamond Chews on Acquisitions'. The San Francisco Business Times, September 2, 2010. The Diamond Food Website, About Section. Accessed on 17 April 2011 at <http://www.diamondfoods.com/about>.