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# UK M&A activity

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28 November 2022

# Executive summary

An investigation into M&A activity trends throughout the UK has been performed using the Zephyr database. For the years 2016-2022YTD, 110 Cities were examined in the UK and Northern Ireland. For this investigation M&A activity covers the following deal activities that have been confirmed or assumed to be completed;

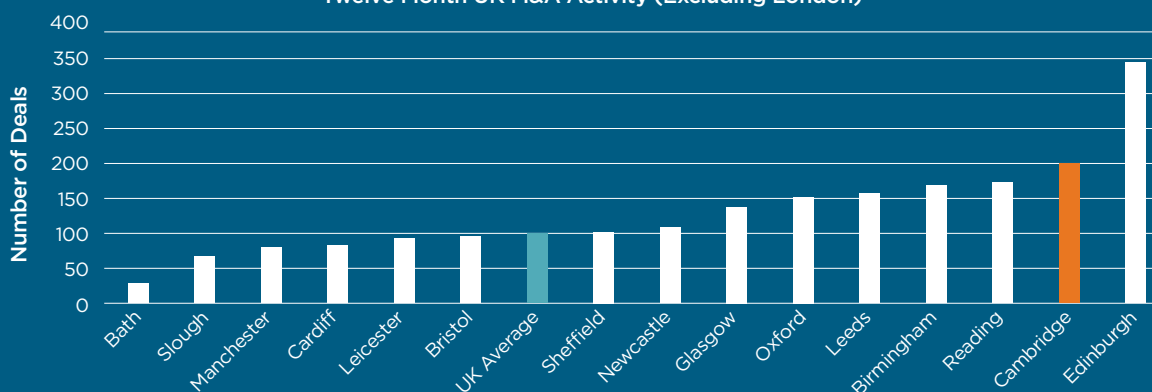
- Acquisitions
- Institution Buy-Outs
- Capital Increase
- MBIs / MBOs
- Minority Stake Transactions

Data for London has been included in the study. However, London has been omitted from the results due to a lack of comparability to the testing sample (~50% of UK M&A Activity occurs in London).

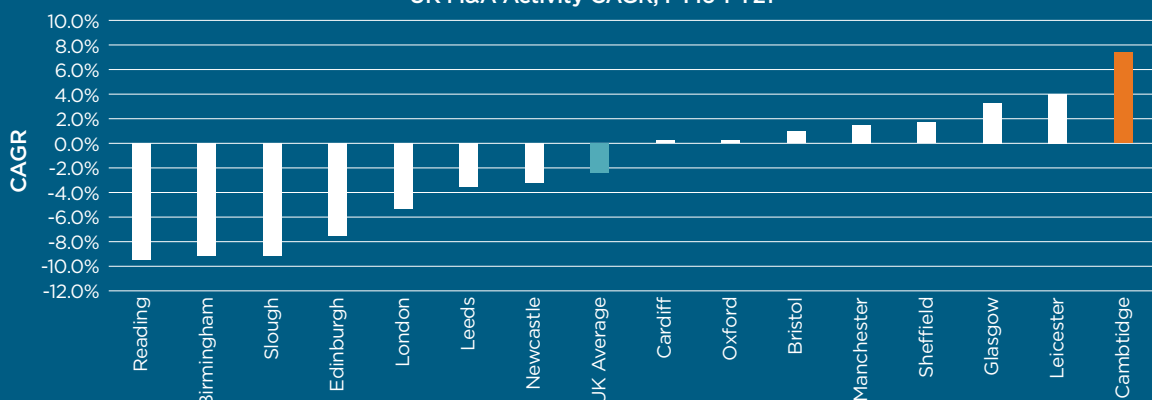
Below are key findings from the study;

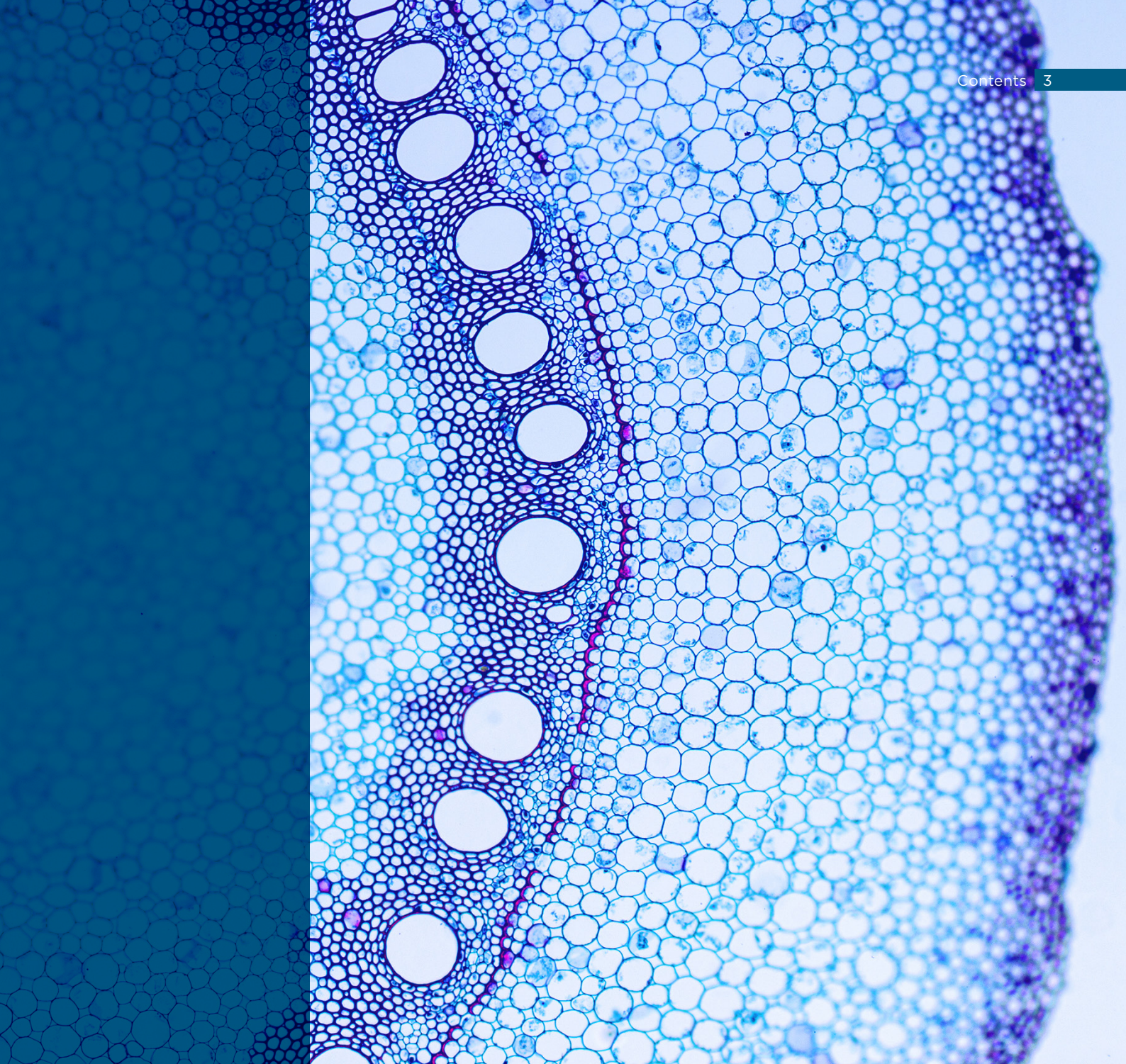
- For volume of deals completed in the last twelve months, FY21, and FY20, Cambridge ranked second
- For FY16-FY21 Cambridge ranked highest with a deal volume CAGR of 11.2%
- For FY17-FY22YTD Cambridge ranked highest with a deal volume CAGR of 7.5%
- Edinburgh consistently ranks first each year due to c.200 minority stake deals (totalling c.£350m) in a recurring group of listed Investment firms.

Twelve Month UK M&A Activity (Excluding London)



UK M&A Activity CAGR, FY16-FY21





# Contents

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|          |                          |            |
|----------|--------------------------|------------|
| <b>1</b> | <b>Executive summary</b> | <b>2</b>   |
| <b>2</b> | <b>Contents</b>          | <b>3</b>   |
| <b>3</b> | <b>Methodology</b>       | <b>4</b>   |
| <b>4</b> | <b>Results</b>           | <b>5-6</b> |
| <b>5</b> | <b>Graphs</b>            | <b>7-8</b> |

# Methodology

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## Data sources

Data has been sourced from Zephyr – M&A database published by Bureau van Dijk;

## Methodology

For this study UK M&A activity includes the following;

- Acquisitions
- Institution Buy-Outs
- Capital Increase
- MBIs / MBOs
- Minority Stake Transactions

Deals that have been included have been classified either as “Completed – Confirmed”, or “Completed – Assumed”.

The related city is classified as either that of the target, acquiror, or vendor.

Data has been pulled from 110 cities in the UK for the following years; 2016, 2017, 2018, 2019, 2020, 2021, 2022YTD.

# Results

## Descriptive statistics

|                            | Mean       | Standard deviation | Standard deviation /mean | Count    |
|----------------------------|------------|--------------------|--------------------------|----------|
| London*                    | 6330       | 660.1              | 10%                      | 7        |
| Edinburgh                  | 448        | 73.0               | 16%                      | 7        |
| Birmingham                 | 223        | 34.5               | 15%                      | 7        |
| Reading                    | 220        | 28.5               | 13%                      | 7        |
| <b>Cambridge</b>           | <b>179</b> | <b>27.5</b>        | <b>15%</b>               | <b>7</b> |
| Oxford                     | 179        | 26.5               | 15%                      | 7        |
| Leeds                      | 172        | 12.3               | 7%                       | 7        |
| Glasgow                    | 146        | 18.6               | 13%                      | 7        |
| Newcastle                  | 124        | 14.1               | 11%                      | 7        |
| Sheffield                  | 103        | 6                  | 5%                       | 7        |
| Bristol                    | 102        | 15.0               | 15%                      | 7        |
| Leicester                  | 100        | 14.0               | 14%                      | 7        |
| Slough                     | 94         | 16.4               | 17%                      | 7        |
| Cardiff                    | 87         | 7.3                | 8%                       | 7        |
| Manchester                 | 73         | 10.1               | 14%                      | 7        |
| Bath                       | 56         | 17.2               | 30%                      | 7        |
| Total                      | 12482      | 1053.7             | 8%                       | 7        |
| UK average (of 110 cities) | 113        | 9.6                | 8%                       | 7        |

\*London has been excluded from the results due to a lack of comparability.

The descriptive statistics for the examination period show that Cambridge ranked fourth in terms of the mean number of deals, and fifth in terms of standard deviation / mean. Whilst the former ranking can be taken as a positive indicator of Cambridge's position in the UK M&A market, the latter ranking is up for interpretation as it can be an indicator for inconsistent deal flow or a by-product of significant growth.

## Results

|                               | FY16  | FY17  | FY18  | FY19  | FY20  | FY21  | 22YTD | CAGR<br>YTD 5<br>years | CAGR<br>5 years<br>FY21 |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|------------------------|-------------------------|
| Bath                          | 50    | 54    | 70    | 81    | 48    | 64    | 28    | -20.5%                 | 4.3%                    |
| Slough                        | 89    | 116   | 98    | 86    | 91    | 111   | 67    | -9.1%                  | -1.1%                   |
| Manchester                    | 74    | 58    | 75    | 87    | 62    | 77    | 80    | 1.6%                   | 7.3%                    |
| Cardiff                       | 94    | 90    | 82    | 78    | 83    | 98    | 83    | 0.3%                   | 2.2%                    |
| Leicester                     | 118   | 98    | 80    | 101   | 89    | 117   | 94    | 4.1%                   | 4.5%                    |
| Bristol                       | 91    | 85    | 92    | 115   | 105   | 127   | 96    | 1.1%                   | 10.6%                   |
| Sheffield                     | 100   | 104   | 96    | 113   | 98    | 104   | 103   | 1.8%                   | 0.0%                    |
| Newcastle                     | 138   | 99    | 125   | 134   | 129   | 131   | 110   | -3.1%                  | 7.3%                    |
| Glasgow                       | 177   | 129   | 122   | 154   | 143   | 157   | 139   | 3.3%                   | 5.0%                    |
| Oxford                        | 229   | 181   | 152   | 176   | 167   | 193   | 154   | 0.3%                   | 1.6%                    |
| Leeds                         | 167   | 161   | 183   | 192   | 166   | 178   | 159   | -3.5%                  | 2.5%                    |
| Birmingham                    | 262   | 235   | 248   | 250   | 196   | 201   | 169   | -9.1%                  | -3.8%                   |
| Reading                       | 224   | 237   | 259   | 238   | 196   | 209   | 175   | -9.3%                  | -3.1%                   |
| Cambridge                     | 180   | 142   | 149   | 169   | 197   | 217   | 199   | 7.5%                   | 11.2%                   |
| Edinburgh                     | 411   | 396   | 473   | 450   | 571   | 490   | 346   | -7.5%                  | 5.5%                    |
| London                        | 5893  | 5901  | 6561  | 7221  | 6658  | 6783  | 5291  | -5.2%                  | 3.5%                    |
| Total                         | 11841 | 11476 | 12378 | 13630 | 12824 | 13984 | 11242 | -2.4%                  | 5.1%                    |
| UK average<br>(of 110 cities) | 108   | 104   | 113   | 124   | 117   | 127   | 102   | -2.4%                  | 5.1%                    |

\*London has been excluded from the results due to a lack of comparability.

Results from the study show that for the sample data, Cambridge has experienced the greatest CAGR for FY16-FY21 (11.2%), and FY17-FY22YTD (11.2%).

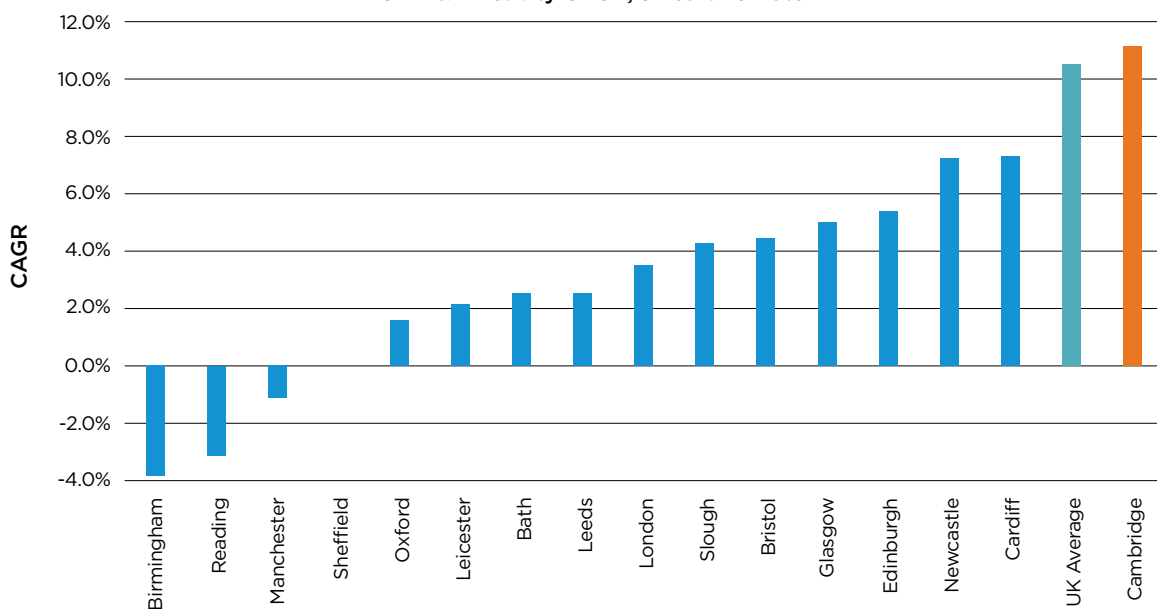
Further analysis of the raw data suggests that volatility in Cambridge's deal volume can be attributed to rapid growth as the disparity in the minimum (142) and maximum (217) volume of deals shows a growth of 52% between FY17 and FY21.

Edinburgh consistently ranked first and almost doubles the comparable companies. Upon further investigation it was found that approximately 200 minority stake deals at an approximate total value £350m were executed each year for the following investment companies;

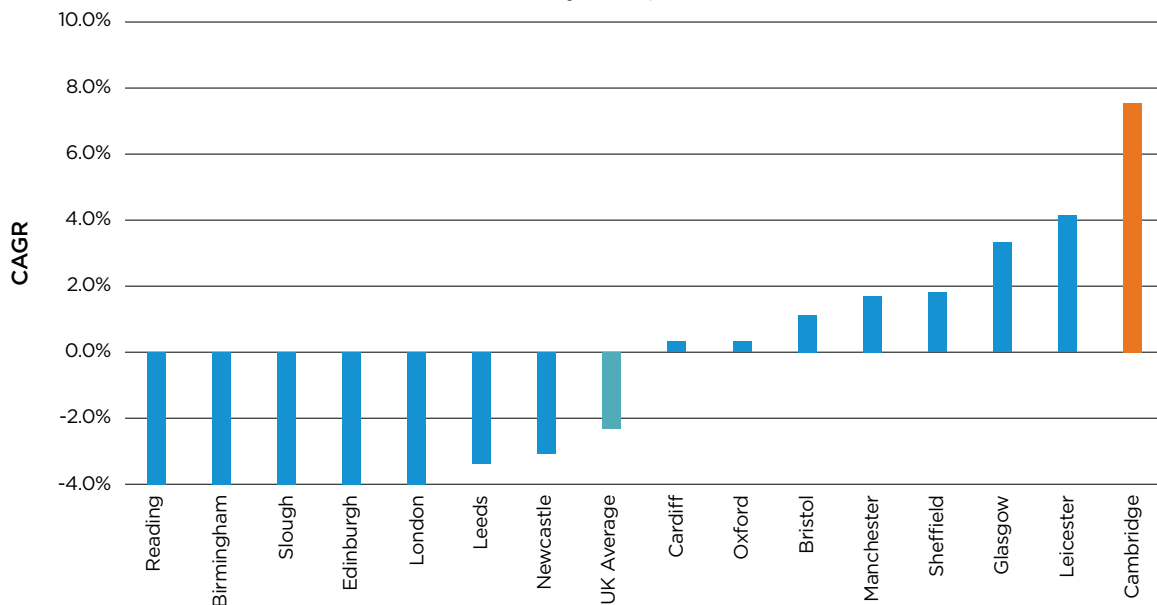
- Personal Assets Trust Plc
- Edinburgh Worldwide Investment Trust plc
- Montanaro European Smaller Companies Trust plc
- Mid Wynd International Investment Trust plc
- Scottish American Investment Company plc, The
- Baillie Gifford Shin Nippon plc
- Baillie Gifford Japan Trust plc, The

# Graphs

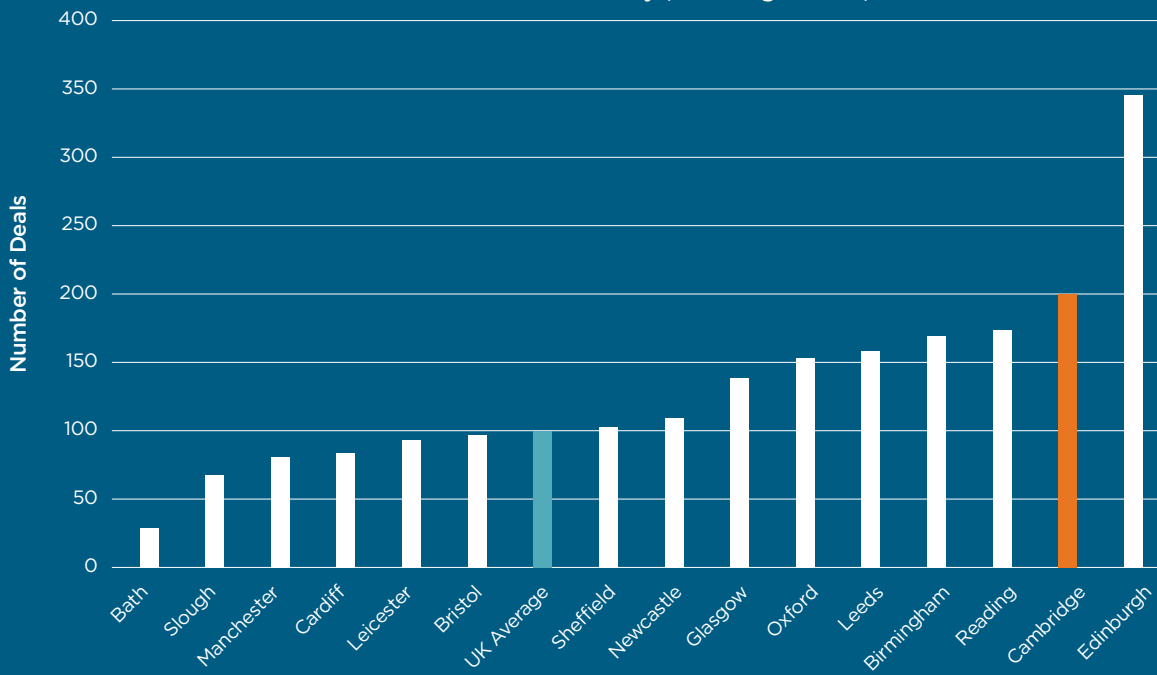
UK M&A Activity CAGR, 5-Years To Date



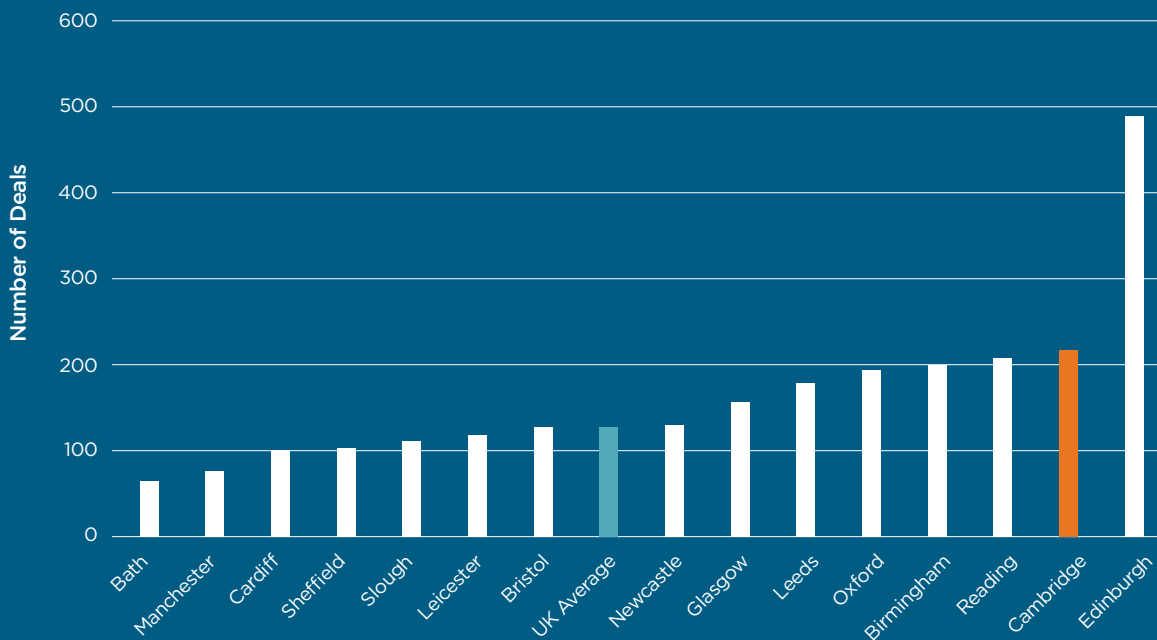
UK M&A Activity CAGR, FY16 - FY21



Twelve Month UK M&A Activity (Excluding London)



UK M&A, 2021 (Excluding London)





[pemcf.com](http://pemcf.com)

**PEM Corporate Finance**

Salisbury House  
Station Road  
Cambridge CB1 2LA

t. 01223 728222  
e. [info@pemcf.com](mailto:info@pemcf.com)

