



Successful M&A processes

Our top ten tips for listed company directors

1 Understand your role

Your role is one of stewardship and ultimate decision making, rather than working the deal day to day – understand your basic duties as a director, be sensible and thoughtful, and apply your own skills and experience in steering and assessing a deal

2 Build a trusted team

An experienced deal team, led by management and supported by quality advisers, should run the deal process day to day – fix milestone decision points to help the board monitor progress and be clear on reporting requirements (beware of data clutter on M&A transactions, and push for concise summaries)

3 Know the regulatory environment

Listed companies have ongoing compliance obligations under a wide range of rules – seek training on what rules are particularly relevant to M&A processes, and know your obligations in relation to the identification and control of inside information (as distinct from confidential information)

4 Be rigorous with due diligence

You do not want to buy a problem case or experience a “diligence fail” – make sure the deal team have rigorous due diligence processes in place to identify key risks and a clear plan on how any identified risks will be mitigated either through the deal terms or practically

5 Assess the ESG risks

The direction of travel on ESG is clear: businesses are being held to higher standards of corporate responsibility by a diverse collection of stakeholders. This cannot be ignored in M&A, and every transaction will have ESG considerations – ensure these are assessed and addressed as part of the deal team’s processes

6 Maintain objectivity

Is the company the “best owner” of the target business – ask difficult questions, test value, challenge management if a deal does not fit with the company’s strategy or is not value creative, be aware of potential biases and don’t be swayed by perceived rather than actual benefits

7 Plan for the unexpected

Merger control and FDI regulators have never been more numerous and proactive, blowing out deal timetables and increasing parties’ focus on completion risk – take time to understand the impact of any negative developments (in the market or the business) between signing and closing and how these are addressed in the deal documents

8 Take care over public documents

As directors, you are ultimately responsible for ensuring all public documents (including announcements) are accurate, fairly presented and not misleading – read them and check that they have been prepared with the highest standards of care and accuracy, and appropriately verified

9 Proactively engage with shareholders

Intervention in M&A is no longer limited to formal activist campaigns with many more investors making their views on deals publicly heard – understand your register and ensure there is a proactive and effective strategy in place to convince shareholders of the merits of a deal

10 Look beyond closing

Deals don’t stop on closing, and successful transactions depend on proper post-deal integration – test that management have a detailed action plan in place and the resources to deliver it effectively in order to capture value/synergies fully

Remember: public M&A is different and has additional rules – be prepared, know when it starts (on active consideration or approach) and get briefed on your specific responsibilities under the UK Takeover Code

Our selected M&A experience

Private M&A for PLCs

National Grid on its acquisition of the UK's biggest electricity distribution company, Western Power Distribution, for an enterprise value of £14 billion, and on the US\$3.8 billion sale of its Rhode Island utility business

Hammerson on the €300 million disposal of its 50% interests in VIA Outlets

Johnson Matthey on a variety of transactions including the sale of its health division to Altaris Capital and the sale of its food packaging business, StePac, to Nili Capital Partners

Synthomer on its US\$824 million acquisition of OMNOVA Solutions Inc, and on its US\$1 billion acquisition of the Adhesives Technologies business of Eastman Chemical Company

Ecora Resources (formerly Anglo Pacific) on its acquisition of a 70% interest in a stream on cobalt production from the Voisey's Bay mine in Canada for US\$205 million

British Land on a variety of transactions including its sale of 50% of its share in the Canada Water Development Masterplan to AustralianSuper and on a range of other acquisitions, disposals and investments

WH Smith on its \$400 million acquisition of Marshall Retail Group and related £155 million equity placing

Pearson on the sale of its local K12 Courseware businesses in Italy and Germany to Sanoma Corporation and on a range of other acquisitions, disposals and investments

BP on the disposal of its interest in the Tengiz Field and associated interest in the CPC Pipeline to LUKOIL for US\$1.6 billion and on the disposal of a CPC pipeline interest to KazMunaiGaz for US\$250 million

BHP on various matters, including on divestments of significant mining assets

Public M&A for PLCs

Capital & Counties Properties on its recommended all-share merger with Shaftesbury Plc resulting in a combined portfolio worth £5 billion

Go-Ahead Group on its £647.7 million recommended cash offer by Gerrard Investment Bidco, owned by Kinetic TCo Pty Ltd and Globalvia Inversiones S.A.U

Arris International on the US\$7.4bn public takeover by CommScope Inc, and on Arris' £1.4bn public takeover of Pace plc

Workspace Group on its £272 million recommended cash and share offer for McKay Securities

Stagecoach Group on competing takeover offers – a recommended £2 billion all share combination of NEX and Stagecoach, and an all cash offer by Pan-European Infrastructure III (after which the recommendation of the NEX Offer was withdrawn)

Sky on the £27.4 billion pre-conditional cash offer by Twenty-First Century Fox, and on the £30.6 billion recommended cash offer by Comcast

TSB on the £1.7 billion recommended cash offer by Banco de Sabadell

Tullow Oil in connection with the recommended £657 million all-share combination of Tullow and Capricorn Energy

Elementis on its successful defence against the approaches made by Mineral Technologies Inc regarding a possible cash offer

Severn Trent on its £84 million recommended cash bid for Dee Valley Group



The best in the business. Expertise, responsiveness, good client communication and explanation, and can hold their own with anyone on the other side.

Legal 500 UK, 2023



We wouldn't think twice about engaging the team on anything of a particularly complex, multi-jurisdictional or sophisticated nature.

Chambers UK, 2023



I have been impressed by the quality and breadth of responses as we have navigated new issues.

Chambers UK, 2023



#1 legal adviser for total UK stock market clients for over two years

127

Listed clients (FTSE 100, FTSE 250 and AIM) Advisor Rankings Limited February 2023

Contacts



Gavin Davies
Global Head of M&A
T +44 20 7466 2170
gavin.davies@hsf.com



Mark Bardell
Partner, London
T +44 20 7466 2575
mark.bardell@hsf.com



Laura Ackroyd
Senior Associate, London
T +44 20 7466 2520
laura.ackroyd@hsf.com