
SYNERGISTIC GAINS IN MERGERS AND ACQUISITIONS: CASE STUDY**GANHOS SINÉRGICOS EM FUSÕES E AQUISIÇÕES: ESTUDO DE CASO**[10.29073/e3.v10i1.928](https://doi.org/10.29073/e3.v10i1.928)

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ABSTRACT

The impact of mergers and acquisitions on organizational restructuring processes is particularly clear in the contemporary economy. Mergers and acquisitions can be seen as one of the main ways of generating profits for participating companies, as well as accessing new market opportunities. The objective of this article is to study of synergistic gains resulting from mergers and acquisitions activities. The selected research method is based on a case study that involves the analysis of two merger processes by incorporation. The first merger process takes place in 2016 between the companies Sonae – Specialized, SGPS, SA and Sonae MC – Modelo Continente, SGPS, SA The second process takes place in 2019 between Modelo Continente, SGPS, SA and Sonae MC, SGPS, SA For this purpose, we opted for the company valuation method using the quantitative discounted cash flow model, where the cash flow is updated by the weighted average cost of capital. However, we also determine economic and financial indicators, in order to better analyze the behavior of entities. Finally, the market value recorded by each company before and after the merger processes was determined.

Keywords: Mergers, Acquisitions, Business Valuation, Synergistic Gains

RESUMO

O impacto das fusões e aquisições nos processos de reestruturação organizacional é particularmente claro na economia contemporânea. As fusões e aquisições podem ser vistas como uma das principais formas de gerar lucros para as empresas participantes, bem como de aceder a novas oportunidades de mercado. O objetivo deste artigo é estudar os ganhos sinérgicos resultantes das atividades de fusões e aquisições. O método de pesquisa selecionado baseia-se num estudo de caso que envolve a análise de dois processos de fusão por incorporação. O primeiro processo de fusão ocorre em 2016 entre as empresas Sonae – Specialized, SGPS, SA e Sonae MC – Modelo Continente, SGPS, SA. O segundo processo ocorre em 2019 entre Modelo Continente, SGPS, SA e Sonae MC, SGPS, SA. Para este efeito, optámos pelo método de avaliação da empresa utilizando o modelo quantitativo de fluxo de caixa descontado, onde o fluxo de caixa é atualizado pelo custo médio ponderado de capital. No entanto, também determinamos indicadores económicos e financeiros, a fim de melhor analisar o comportamento das entidades. Finalmente, foi determinado o valor de mercado registado por cada empresa antes e depois dos processos de fusão. Os resultados alcançados permitiram identificar um ganho extraordinário após as fusões, resultando na redução de custos, em particular através da otimização de processos e da melhoria da eficiência organizacional.

Palavras-chave: Fusões, Aquisições, Avaliação de Empresas, Ganhos Sinérgicos

1. INTRODUCTION

Currently, to ensure optimization in the management of organizations, it is increasingly necessary for companies to adjust to face the advances felt in the business world, in order to achieve competitive advantages and the resources necessary to achieve success. Malik et al. (2014) and Karim and Mitchell (2000) stated that to maximize efficiency in organizations, there is a need to develop strategic plans, in order to add value and contribute to obtaining synergistic gains. Organizational restructuring stands as one of the main contributions to achieving success, making entities ready to face the various changes felt in the markets.

This highlights the significant phenomenon surrounding mergers and acquisitions (M&A), which have progressively become more frequent, starting to be seen as a business strategy widely used in different sectors, providing growth and competitiveness. In this sense, they assume enormous weight in the field of management strategies, since joining forces during one of these operations can result in the formation of synergistic gains.

Synergistic gains can be determined by the additional benefits that a company obtains when concentrating its operations with another entity, exceeding the sum of the individual values of the parties involved. Thus, the search for synergies has become a fundamental part of companies' strategic behavior, driving continued interest in M&A as a means of stimulating growth and strengthening competitiveness.

This article proposes an in-depth analysis of synergistic gains in M&A, exploring the main motivations, challenges and strategies to optimize these benefits. Two success cases are studied in detail, addressing emerging trends in the business scenario, providing valuable insights that can contribute to the understanding of practices related to M&A operations, thus strengthening strategic decision-making in organizations.

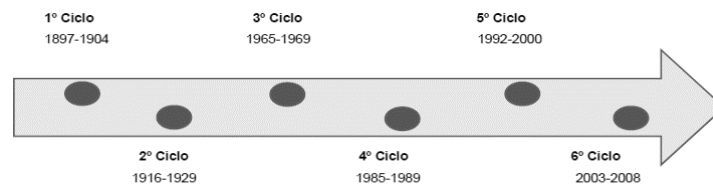
2. LITERATURE REVIEW

Since the mid-1950s, numerous authors have been drawn to a vast field of study regarding the complex phenomenon of M&A (Chatterjee, 1986). These activities can be seen as an immediate means of external innovation, which despite both differing completely, both promote the progress of entities (Katz et al., 1997).

Over the last few years, M&A has become an intensely accepted business plan, in which entities try to achieve improvement in performance and promote competitive advantages (Kongpichayanond, 2009), presenting a significant weight, especially in the areas of finance (Murthy et al., 2020).

For more than a century, mergers, merger waves and the factors that drive them have been the subject of strong interest in the business world (Lipton, 2006). At the end of the 18th century, the first waves of M&A appeared in the United States of America, while in Europe it began in the 19th century, in which several authors, namely Martynova and Renneboog (2008), McNamara (2008) and Vancea (2012) defend the course of remarkable eras throughout the longitudinal history of M&A (Gugler et al., 2003; Malik et al., 2014). Economists have long noticed that merger operations take place in short phases of very intense merger activity (Town, 1992). Camara, Guerra and Rodrigues (2013) point out that most studies reveal six cycles in the occurrence of M&A:

Figure 1 - Mergers and Acquisitions Cycles



Source: Camara, Guerra and Rodrigues (2013)

Specifically, the 1st cycle is characterized by horizontal merger operations and the 2nd cycle vertical merger operations prevail. The 3rd cycle is marked by the creation of conglomerates. The 4th cycle is defined by the entry of hostile acquisitions and the 5th cycle manifests itself as a response to flourishing economic globalization. Finally, the 6th cycle begins with the return of economic reconstruction in a phase of expansion of financial markets.

Describing each of the operations under study, Ross, Westerfield and Jaffe (2002), Anant and Raghuvanshi (2020), and Hampton (1989; cited by Piesse et al., 2013) state that a fusion operation results from the aggregation of two or more businesses between two distinct pre-existing entities, in which legally only one will remain and the other can be extinguished, causing the participants to come together and build a single company, maintaining the identity of the acquiring organization and obtaining all liabilities and assets of the acquired entity. On the other hand, an acquisition operation is marked by the transfer of shares or assets of the entities, in which the acquiring company obtains either a share of the capital or the entire assets of the acquired company acting as the new owner (Ross et al., 2002). According to Thelisson (2022), in acquisitions one of the entities seeks to guarantee the power to exercise a position of self-control by conquering part or all of the share capital, leading to the dissolution of the selling entity and thus losing its identification to the acquiring company.

There are many incentives and motivations that can force organizations to carry out M&A, which can occur for different reasons, depending on the characteristics of each company (Hromei, 2013). When economic profitability is compromised due to market decline or strong competition from competitors, there is a constant and continuous need for new investments to improve company performance (Bastardo & Gomes, 1990). And then these Operations can be seen as a continuous mechanism, which is duly planned and realigned to the revival of organizations, thus contributing to entities choosing to merge (Angwin et al., 2022).

Gammelgaard (1999), Brealey et al. (2011), Matos and Rodrigues (2000) and Silva (2015) present different motivations for the emergence of M&A, as can be seen in the following table.

Table 1 - The most common types of motivations in Mergers and Acquisitions

Scale economy	<ul style="list-style-type: none"> ◦ Set of benefits related to the cost per unit, as organizations are able to increase production or the scale of their operations; ◦ The larger the production scale, the greater the efficiency in terms of costs per unit produced.
Growth	<ul style="list-style-type: none"> ◦ Companies are more present in the market, which can help attract more customers and enter new regions.

(Gammelgaard (1999), Brealey et al. (2011) and Silva (2015))

(Gammelgaard (1999))

Additional Resources	◦	When assets, capabilities and resources are combined with those of another organization, value creation is identified.	(Brealey et al. (2011) and Silva (2015))
Diversification	◦	Organizations can diversify their businesses, reducing the risks associated with being dependent on a single product.	(Gammelgaard (1999))
Efficiency Management	in ◦	The objective is to increase productivity, reduce waste and unnecessary costs, and create a more agile and adjusted organizational structure.	(Matos & Rodrigues (2000))
Acquisition of Undervalued Assets	◦	Recognizes opportunities to acquire another organization or assets at a price below their true value, offering potential for future profit.	(Matos & Rodrigues (2000))

In addition to the motivations previously presented, reasons related to synergies also persist, being seen as a crucial component of the financial success of M&A (Coyle, 2000). According to Feldman and Hernandez (2022), when the value that a buyer is willing to give after a merger or acquisition transaction is higher than that of the entities when they registered individual activity, this additional value generated through a merger or acquisition transaction, This is called synergy.

The literature on the gains resulting from M&A processes has been widely debated. Therefore, it is extremely important to highlight the advantages and disadvantages for those involved in merger operations.

In general, in mergers, sellers have a greater capacity to achieve a higher gain than buyers, which means that those who obtain greater value from this operation are the integrated companies. This assumption can be explained by the fact that acquiring entities are typically larger in comparison to the entities resulting from the sale (Brealey et al., 2011). Another relevant basis that supports this hypothesis is the competition present among possible opponents. It is common that every time an entity makes an offer, it is normal for one or more buyers to appear. Thus, whenever one buyer outperforms another, the target entity's profits increase (Brealey et al., 2011).

Loughran and Vijh (1997) observed that in the income from wealth arising from acquisitions it is evident that the beneficiaries of the merged entity are able to extract substantially favorable gains. At the same time, the beneficiaries of the acquiring organizations earn very little or, in the worst case, no income at all from the offerings of the acquiring activity. In the set of acquisition operations, it is plausible to generate value, however, the beneficiaries of the selling entities tend to have greater capacity and in this sense, they can capture the bulk, which means that any distribution of value that may generate will be led to imbalance. In fact, many of the acquiring organizations lose value to the benefit of the beneficiaries. This is due to the fact that all the benefits arising from the acquisition are sent to the sellers themselves (Koller et al., 2010).

Given the increasing affluence in the course of acquisition, in the long term, mergers carried out by buyers are considered the most desired, since buyers effectively limit the ends of suppliers and thus generate advantages in their directions. Potential sellers in M&A transactions have behavior appropriate to the consumer domain, in which buyers are expected to be able to exert significant influence post-merger. In the end, whatever the merger activity, it will automatically restrict the ability of acquirers to practice against other traders, since after the merger a seller is excluded and there will be less in the market (Kirkwood, 2012).

In this logic of thought, it is identified that in the short term the acquiring entity is harmed while the selling entity gains, but in the long term, the acquiring entity gains and the selling entity is harmed.

3. METHODOLOGY:

The methodology applied is of a quantitative research nature, where the case study will assist as a research method. The case study will focus on the space of three organizations, having chosen to analyze two cases of mergers by incorporation. The first merger operation takes place between Sonae – Specialized Retail, SGPS, SA, and Sonae MC - Modelo Continente, SGPS, SA (later renamed Modelo Continente, SGPS, SA). The second merger operation takes place between Modelo Continente, SGPS, SA, and Sonae MC, SGPS, SA.

These entities' corporate purpose is to manage holding companies (SGPS) in other companies, as an indirect way of carrying out economic activities, and are part of the Sonae MC group. They aim to provide a structure to organizations that incorporate their peripheral holdings, where they are involved in retail trade activities, provision of services and operation of real estate assets to support this activity. The Sonae MC group is present in several complementary business areas, where they provide Portuguese families with a wide range of high-quality, high-quality products and services, as well as access to competitive prices.

As an essential tool for our study to obtain data, we used the information presented in the reports and accounts, as well as in the merger processes of each of the organizations. Now, to study the impact of behavior and evaluate the value of each participating company before and after the merger, the company valuation method based on the Discounted Cash Flows (DCF) model was chosen. Furthermore, to understand whether operations are effective and bring significant benefits to companies after mergers, an analysis of key economic and financial indicators is also carried out, such as return on equity, return on assets and solvency indicators.

For model estimation DCF is necessary to first determine future flows. Then define the discount rate that represents the cost of capital. And finally, update the series of future flows at the discount rate. Thus, when determining future cash flow, the value of an investment is defined by the value deducted from any expected future assets and liabilities (French & Gabrielli, 2005).

The flow is carried out through the Free Cash Flow (FCF), which is defined as the amount of free flows followed by the surplus resulting from the payment of operating and tax expenses, meeting capital needs (Tálas, 2015). Furthermore, cash flows are updated using the Weighted Average Cost of Capital(WACC), so that the total value that each individual entity records before and after the merger processes can be calculated. Therefore, WACC can be expressed by the following equation.

Equation1: Weighted Average Cost of Capital

$$WACC = Ke \left(\frac{E}{E + D} \right) + Kd (1 - t) \left(\frac{D}{D + E} \right)$$

Source: Information adapted from the article “The capital asset pricing model: Theory and evidence” (Fama & French, 2004)

Ke –Cost of Equity;*E*–Equity;*Kd*Cost of Debt;*D*–debt.

In the case study, the methodology for the FCF of three historical years and two subsequent forecast years was used, in order to reduce the possible deviation. This adaptation is justified by the adjustment made according to the methodology adopted by the authors Rotkowski and Clough (2013).

From here it is possible to determine the value of companies, which can be determined by the sum of discounted cash flows over a five-year time horizon, plus the perpetuity value and the value of cash and cash equivalents.

4. PRESENTATION AND ANALYSIS OF RESULTS:

The entities chosen for the study belong to the Sonae group, where at the end of both merger operations they belong precisely to the group of the immediate parent company, which is currently called Mcretail, SGPS, SA. In the past, the company Mcretail, SGPS, could be titled by Sonae MC, SGPS, SA and Sonae Investimentos, SGPS, SA.

The first merger takes place between Sonae MC – Modelo Continente, SGPS, SA and Sonae – Specialized Retail, SGPS, SA, with the acquiring company being Sonae MC – Modelo Continente, SGPS, SA and the merged company being Sonae – Specialized, SGPS, SA. The present merger took place in 2016 and was carried out within the scope of the merger by incorporation modality, verifying the global transfer of the assets of the incorporated company to the acquiring company, as provided for in paragraph a) of paragraph 4 of article 97th of the CSC.

In the second merger operation that took place between Sonae MC, SGPS, SA and Modelo Continente, SGPS, SA, the entity that incorporated Modelo Continente, SGPS, SA (previously called Sonae MC – Modelo Continente, SGPS, SA) was company Sonae MC, SGPS. That being said, the acquiring company is Sonae MC, SGPS, SA and the incorporated company is Modelo Continente, SGPS, SA. This merger operation was completed in 2019 by the incorporation of Modelo Continente, SGPS, SA into Sonae MC, SGPS, SA, resulting in the extinction of the existence of the first company, which led to the transfer of all assets and liabilities, as well as all rights and duties that were bound by the company Modelo Continente, SGPS, SA.

Given the economic environment, the new demands led to the concentration of the companies Sonae MC – Modelo Continente, SGPS, SA and Sonae – Specialized Retail, SGPS, SA, and after three years, the concentration of the entities Sonae MC, SGPS, SA and Modelo Continente, SGPS, SA. The main objective of these two merger operations was to reorganize the following areas: Joint and strategic planning; Commercial restructuring, namely in the competitive positioning that entities occupy in the market; Optimization of the financial dimension and the information network, incorporating it into a single logic; Reduction of administrative, legal and tax costs, as well as the simplification of financial circuits and treasury management.

To understand the purpose of evaluating each of the entities under study, it is important to highlight the following fundamental aspects:

In 2015, before the merger between Sonae MC – Modelo Continente, SGPS, SA and Sonae – Specialized Retail, SGPS, SA, Sonae MC – Modelo Continente, SGPS, SA owned 100% of Sonae – Specialized Retail, SGPS, SA. Therefore, it is assumed that the result obtained at the end of the year for Sonae – Specialized Retail was already fully integrated into Sonae MC – Modelo Continente. Therefore, Sonae – Specialized Retail can be seen as a member of Sonae MC – Modelo Continente, since the merger took place and it was already held 100% of its capital by Sonae MC – Modelo Continente. For this reason it was necessary to study and evaluate the company Sonae MC – Modelo Continente, SGPS, SA before and after the merger operation, since the parent company of Sonae – Specialized Retail, SGPS, SA is Sonae MC – Modelo Continente itself.

In 2018, before the merger between Sonae MC, SGPS, SA and Modelo Continente, SGPS, SA, the merged company Modelo Continente, SGPS was 100% owned by Sonae MC, SGPS. Therefore, as the participation is total, all net results and all possible gains resulting from the activity of the entity Modelo Continente, SGPS are already incorporated into Sonae MC, SGPS. Therefore, the parent company of Modelo Continente, SGPS is Sonae MC, SGPS, and in light of this current situation, Sonae MC, SGPS, SA was analyzed and evaluated before and after the merger.

To forecast the FCF map and obtain future projection values, it was necessary to establish a set of evaluation assumptions. Although they can always be the subject of discussion, the valuation assumptions were established in order to obtain a conservative, but still retail, realistic valuation of the companies and the projections of their activities, as follows:

- Histories:

The study used financial information from three consecutive years. For the entities Sonae MC – Modelo Continente, SGPS, SA and Sonae – Specialized Retail, SGPS, SA, the years 2013, 2014 and 2015, and for the entities Sonae MC, SGPS, SA and Modelo Continente, SGPS, SA (previously designated by Sonae MC – Modelo Continente, SGPS) the years 2016, 2017 and 2018. Therefore, with regard to the explicit period for projections, a period of five years was considered, and in order to be able to determine business trends it was necessary to cancel sporadic events.

As for the expected rate at which cash flows will grow in perpetuity year after year in the future, we consider the growth rate of perpetuity cash flows estimated at 0.10% for the evaluation of the entities under study.

- Working Capital:

Working capital can be referred to as the amount that an organization has at its disposal, with the aim of guaranteeing its operations in the short term, f projections regarding the evolution of working capital needs and working capital exploration resources for each of the entities under study that incorporate the two merger operations have now been determined.

In view of the results obtained, when estimating the working capital for the companies incorporating the first merger under study throughout the periods under analysis, the working capital did not assume a homogeneous trajectory. It is identified that Sonae MC – Modelo Continente, SGPS, SA assumes a growth rate in working capital needs for its member items, but in working capital resources a growth rate is recorded from period 1 to period 4, but in period 4 to period 5 it shows a decrease. Having said this, it is possible to determine a working capital with a progressive growth rate, in which in period 5 it had a working capital of 15,402,493,211.68

euros. This means that current assets are greater than current liabilities and the company has more liquid assets than debts that mature in the short term. After the first merger operation, the acquiring entity Sonae MC – Modelo Continente, SGPS, SA does not record a homogeneous trajectory in working capital, with a decrease being felt between period 1 and period 5, with the exception of period 3 to period 4 where there was a large increase. In the last period of analysis, despite a small drop from period 4 to period 5, it reaches a high value, that is, a working capital value of 3,808,410,541 euros.

Before the second merger operation takes place, it is determined that Sonae MC, SGPS, SA, both in terms of needs and working capital resources, has identified a decreasing rate in the first periods under analysis, but in the penultimate periods it is already beginning registering an increasing rate. However, although needs increase, they increase in smaller amounts compared to working capital resources, resulting in a drop year after year in working capital, thus marking a decreasing rate with a negative value for working capital of 1,470,271,302.63 euros. After the second merger operation, the acquiring entity Sonae MC, SGPS, SA presents a working capital with a decreasing rate until period 3, although there is a large increase from period 3 to period 4, as working capital needs have increased in value, while resources continue at a decreasing rate. In period 4 to period 5, despite a decrease, working capital reached the value of 2,443,494,815.60 euros.

- WACC:

To estimate the value of the WACC, as it reflects the discount rate taken into account in the valuation models to determine the precise cost of financing the activities of each entity, it implies first taking into account the forecast of equity and debt capital, where the cost of capital is the return expected by equity investors, while the cost of debt capital is the interest rate paid by the company for the debt, as well as the ratio of debt and equity. Considering the circumstances of the variables for each of the companies under analysis, to calculate the WACC, year zero was assumed as the year under analysis. In this sense, for year zero, the first year in which merger operations began to take effect was not assumed, as due to inefficiencies in the reorganization and structuring of companies, year zero came to be considered the following year after the first year of mergers.

After the records were verified, the WACC was determined to The Sonae MC – Modelo Continente, SGPS, SA is 4.52%. After the merger operation took place, the WACC of the acquiring company increased, assuming a value of 4.97%.

From another perspective, according to the results obtained, in the merger between Sonae MC, SGPS, SA and Modelo Continente, SGPS, SA, the WACC for Sonae MC, SGPS, SA is 3.27%. After the merger operation, a small drop was felt, with the WACC value now being 3.19%.

When estimating the calculation for financial evaluation according to the FCF method, the indicators are determined taking into account the value of perpetuity with the growth of cash flows at the established annual rate, taking into account all assumptions made. Therefore, estimating historical and forecast values for a total of N+5, it is expected that it will increase year after year.

Based on the information gathered, it is highlighted that before the completion of the merger between Sonae MC – Modelo Continente, SGPS, SA and Sonae Specialized Retail, SGPS, SA, it is possible to identify that over the years it was admitted a decreasing trajectory, even reaching

negative values. In period N+2 (period 5) it recorded a negative FCF of 2,827,046,332 euros. As soon as the merger operation takes place, it is possible to notice significant growth, recording increasingly higher values, excluding the period of N+1 (period 4), in which negative values were recorded, and in the last year in analysis reaches a very significant value of 22,070,040,606 euros.

On the other hand, it is noteworthy that prior to the merger between Sonae MC, SGPS, SA and Modelo Continente, SGPS, SA, FCF values have been increasing, with the exception of the small drop felt in N+1 (period 4). In period N+2 (period 5) the FCF is 11,758,986,530 euros. After the merger, as before, FCF values have increased over time, with the exception of the drop felt in N+1, followed by a large increase in the last year in the value of 28,739,888,824 euros.

As the FCF method seeks to estimate the value of a company for a defined period through future cash flows updated at an appropriate discount rate, taking into account the risk inherent to these same flows, the model exposes the following equation for calculating the value of a company.

Equation 2: Company Value

$$Company\ Value = \sum_{t=1}^n \frac{FCF_n}{(1+r)^t} + \frac{RV_n}{(1+r)^n}$$

Source: Information adapted from the article "Value versus Growth: The International Evidence" (Fama & French, 1998)

FCFn –Free Cash Flow n; **RVn**–Residual Value; **r** –Weighted Average Cost Rate of Capital; n–Last year of the planning period.

Depending on the criteria defined for this evaluation model, cash flows (FCFn) result from the projection of companies' activity, as well as their results. Thus, company values result from the sum of discounted cash flows over a five-year time horizon, plus the perpetuity value and adding the amount of cash available.

After the results achieved and taking into account all the assumptions made, we were able to identify that with regard to the merger between the companies Sonae MC – Modelo Continente, SGPS, SA and Sonae – Specialized Retail, SGPS, SA before the merger to Sonae MC – Modelo Continente, SGPS recorded a negative company value of 3,394,673,546 euros. After the merger, the large increase obtained is notable, with the company now accepting a value of 17,904,379,327 euros.

Likewise, regarding the merger operation that incorporates the companies Sonae MC, SGPS, SA and Modelo Continente, SGPG, SA, before this operation the entity Sonae MC, SGPS recorded an enterprise value of 13,647,862,197 euros. After the merger, Sonae MC, SGPS recorded a company value of 24,958,933,370 euros.

5. DISCUSSION:

The results obtained in this study reveal that an extraordinary synergistic post-merger gain is identified after the first and second merger, thus leading to the creation of value. The second merger had a smaller gain, but it may be associated with other variables and externalities, since

those who studied these operations made this decision with the best expectations. Furthermore, it is important to highlight that in these two merger operations the impacts of the participating entities are present, which is, in fact, the essence of any SGPS.

However, although we can demonstrate mathematically that the values generated by the formulas are higher when merger operations are carried out, we do not have the guarantee that these values result exclusively from the effect of mergers, since there are many variables that it was not possible to evaluate with the maximum precision, such as the movements of shares that contribute to these assessments. Furthermore, other situations, such as the company's own policies and underlying culture, may have resulted in effects that cannot be quantified from the data collected.

However, it is undeniable to assume that there was no synergistic gain, since the companies achieved efficiency and effectiveness as envisioned in the project of each merger, given the scenario presented previously to the merger operations. Companies recognized a set of advantages when concentrating on just one company, namely they managed to strengthen their economic and financial capacity, with a set of bureaucracies, legal obligations and costs eliminated. Joint and strategic planning also began to be identified, and a restructuring of economic resources, allowing for the formation of a more competitive organizational structure. There are immense externalities in the merger processes that impact mergers, and given the data we have, it is not possible for us to observe them accurately, but simply because there is 100% direct participation, the gains exist resulting in a positive impact.

From the analysis of the indicators, it was found that after the merger between Sonae MC – Modelo Continente, SGPS, SA and Sonae – Specialized, SGPS, SA, in 2017 the return on equity indicator assumed negative values, being equal at 1.06%. This scenario reflects that, at the time, Sonae MC – Modelo Continente, SGPS was highly attractive to potential investors. On the other hand, the asset profitability indicator assumed a value of 0.29% and the solvency indicator concentrated at 25.69%. After the merger between Sonae MC – SGPS, SA and Modelo Continente, SGPS, SA, in 2020 the return on equity registered a much higher value, reaching 15.47%. With regard to asset profitability and solvency, these indicators also recorded higher values. The asset profitability indicator registered 8.07%. And the solvency indicator is 104.25%.

Through the results obtained and taking into account the need to structure the first merger operation, we can understand that this merger operation occurred to later allow the second merger operation, and therefore both operations were advantageous.

6. CONCLUSIONS

The present study explored the topic of synergistic gains in M&A, studying how these transactions have the potential to generate value for the organizations involved.

According to everything that was presented throughout the investigation, including the literature review that managed to compare different opinions of specialized authors, such as Matos & Rodrigues (2000) and Ferreira (2002), also understanding the motivations that arise from these processes, this The main purpose of the study is to expose organizations to the possible gains that can be generated by completing M&A operations, which can serve as an incentive object. The focus of the study in question sought to understand whether with the completion of the two

mergers under analysis we identified a synergistic gain, seeking to get as close as possible to the market value by evaluating the surrounding entities.

After all the results obtained in the evaluation of the companies and having as a complement the analysis carried out on economic and financial indicators, we can conclude that the expected synergistic gain was achieved, therefore identifying the creation of value. Given this scenario, M&A can be considered an efficient strategy, as they stimulate growth and improve company performance, and to achieve synergistic gains through these operations, careful planning is essential.

Given the proposed objective, one of the limitations we faced was the fact that M&A can sometimes be seen as complex processes, being influenced by a series of factors. That is, the factors and externalities that are included in the SGPS we chose, such as the values of shares between companies, can lead to different results. Another important limitation that is inherent in this study is the size of the merger operations, which led to difficulties in isolating the effect, as the value of the mergers is very high.

Throughout this work, an extensive study was carried out on M&A, and we came across certain matters that, due to their relevance, could be considered worthy themes for new developments. In this context, and as a possible suggestion for future investigations, we suggest the study of synergistic gains in M&A using the market value model as an investigation technique. In other words, instead of choosing to value companies based on accounting data, the choice is to use the market model to value companies, resulting in a market evaluation of the activity itself. From this perspective, using the market quotation relating to the price of each of the companies' shares, it is possible to determine the companies' values from this perspective. Adopting this suggestion can develop different perspectives in evaluating companies, as well as leading to the calculation of other results.

In short, this study provides convincing evidence and is expected to stimulate the fundamental role of M&A operations in business activity, recognizing the potential gains that can result from carrying out this type of operations. By covering the mechanisms that stimulate these gains, as well as facing possible related challenges, companies are able to make more informed decisions and achieve positive results. We believe that all this research carried out around this topic serves as a contribution to a better understanding of M&A processes.

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PROCEDIMENTOS ÉTICOS

Conflito de interesses: nada a declarar. **Financiamento:** nada a declarar. **Revisão por pares:** Dupla revisão anónima por pares.



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