

Important Mergers and Acquisitions Formulas PDF



Formulas Examples with Units

List of 10 Important Mergers and Acquisitions Formulas

1) Accretion Amount Formula

Formula

$$AA = \left((PB) \cdot \left(\frac{YTM}{APPY} \right) \right) - CI$$

Example

$$394500 = \left((2000) \cdot \left(\frac{1200}{6} \right) \right) - 5500$$

Evaluate Formula 

2) Control Premium Formula

Formula

$$CLP = \frac{TPR - MP}{EP}$$

Example

$$1.0029 = \frac{5005 - 1495}{3500}$$

Evaluate Formula 

3) Gain of Acquirer Formula

Formula

$$GAQ = S - (PT - VT)$$

Example

$$19990 = 25000 - (10000 - 4990)$$

Evaluate Formula 

4) Goodwill Formula

Formula

$$G = CP + FVNI + FVEI - FVNR$$

Example

$$2500 = 1300 + 1700 + 2300 - 2800$$

Evaluate Formula 

5) Merger Arbitrage Spread Formula

Formula

$$MARS = RP + RFR$$

Example

$$254.08 = 254 + 0.08$$

Evaluate Formula 

6) Post Merger EPS Formula

Formula

$$PME = \frac{TEAP}{TNSA}$$

Example

$$5.2 = \frac{520}{100}$$

Evaluate Formula 

7) Post Merger PE Formula

Formula

$$PMP = WAEA + WAET$$

Example

$$4.2 = 1.30 + 2.90$$

Evaluate Formula 



8) Post Merger Share Price of Acquirer Formula

Formula

$$\text{PMSPA} = \text{APR} \cdot \text{APE}$$

Example

$$1.995 = 1.5 \cdot 1.33$$

Evaluate Formula 

9) Post Merger Value of Merged Company Formula

Formula

$$\text{PMV} = \text{PVA} + \text{VT} + \text{S} - \text{C}$$

Example

$$40990 = 20000 + 4990 + 25000 - 9000$$

Evaluate Formula 

10) Takeover Premium Formula

Formula

$$\text{TPM} = \text{PT} - \text{VT}$$

Example

$$5010 = 10000 - 4990$$

Evaluate Formula 



Variables used in list of Mergers and Acquisitions Formulas above

- **AA** Accretion Amount
- **APE** Acquirer Post Merger Eps
- **APPY** Accrual Period Per Year
- **APR** Acquirer Pre Merger PE Ratio
- **C** Cash Paid to Shareholders
- **CI** Coupon Interest
- **CLP** Control Premium
- **CP** Consideration Paid
- **EP** Estimated Price
- **FVEI** Fair Value of Equity Previous Interest
- **FVNI** Fair Value of Non Controlling Interest
- **FVNR** Fair Value of Net Assets Recognized
- **G** Goodwill
- **GAQ** Gain of the Acquirer
- **MARS** Merger Arbitrage Spread
- **MP** Market Price
- **PB** Purchase Basis
- **PME** Post Merger Eps
- **PMP** Post Merger Pe
- **PMSPA** Post Merger Share Price of Acquirer
- **PMV** Post Merger Value of Merged Company
- **PT** Price Paid for Target Company
- **PVA** Pre Merger Value of the Acquirer
- **RFR** Risk Free Rate
- **RP** Risk Premium
- **S** Synergies Generated
- **TEAP** Total Earnings of the Acquirer Post Merger
- **TNSA** Total Number of Shares of Acquirer
- **TPM** Takeover Premium
- **TPR** Takeover Price
- **VT** Pre Merger Value of Target Company
- **WAEA** Weighted Average Eps of Acquirer
- **WAET** Weighted Average Eps of Target
- **YTM** Yield to Maturity



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