



● **all-cash deal** (all-cash deals) N-COUNT

An **all-cash deal** is a financial transaction such as a takeover in which the payment is made entirely in money and not, for example, in shares or share options.

...an all-cash deal worth \$9 million.

Shareholders are entitled to demand a proper all-cash deal.

● **equity** N-UNCOUNT

Equity is the money a company gets from selling the shares it owns.

It may be difficult to raise equity from local private sources.

● **financing** N-UNCOUNT

The **financing** for something such as a business venture or a loan is the money that is needed for the venture or loan, and the way in which this money is provided.

Proper financing was needed to put the business on a surer footing and speed up payments.

It's not unusual, as a matter of convenience, to have salesmen arrange financing for home improvement loans.

● **management buyout** (management buyouts) N-COUNT

MBO (MBOs) ABBREVIATION

A **management buyout** is the buying of a company by its managers. The abbreviation **MBO** is also used.

It is thought that a management buyout is one option.

She joined the company full time in 1978, and following an MBO in 1989 she became joint managing director.

● **raise** (raises, raising, raised) VERB

If a person or company **raises** money that they need, they manage to get it, for example by selling their property or borrowing.

They managed to raise £50,000 to set up the company and McGregor sold his house to raise capital.

● **rights issue** (rights issues) N-COUNT

A **rights issue** is when a company offers shares at a reduced price to people who already have shares in the company.

The rights issue will depress earnings per share in the short term.

The acquisition will be financed mainly by a rights issue raising £354 million.

● **flotation** (flotations) N-VAR

share flotation (share flotations) N-COUNT

share issue (share issues) N-COUNT

share offering (share offerings) N-COUNT

public offering (public offerings) N-COUNT

The **flotation** of a company is the selling of shares in a company to the public. When there is a **share flotation**, a **share issue**, a **share offering** or a **public offering**, shares in a company are made available for people to buy.

He said letsbuyit.com was considering flotation on the London Stock Exchange.

Flotations this quarter are at their lowest level in over a decade. ...a share flotation which aims to raise £32 million.

A group called Dreamworld Ltd proposed to buy the park and float it on the stock exchange with a \$75 million share issue.

Last year the employees rejected a further share offering.

The subsequent electric-utility sale, expected to fetch \$13 billion, will mark the world's largest public offering.

● **takeover** (takeovers) N-COUNT

takeover bid (takeover bids) N-COUNT

A **takeover** is the act of gaining control of a company by buying more of its shares than anyone else. A **takeover bid** is an attempt to do this.

...the proposed £3.4 billion takeover of Midland Bank by the Hong Kong and Shanghai.

...a hostile takeover bid for NCR, America's fifth-biggest computer-maker.

● **venture capital** N-UNCOUNT

Venture capital is capital that is invested in projects that have a high risk of failure, but that will bring large profits if they are successful.

Successful venture capital investment is a lot harder than it sometimes looks.

The model isn't all that complicated: develop a good idea, raise venture capital, grow rapidly, and then go public or sell out.

● **working capital** N-UNCOUNT

Working capital is money which is available for use immediately, rather than money which is invested in land or equipment.

The cash raised will be used for working capital and to settle some bank debts.

A second problem is that, as long as land law is uncertain, banks will be unwilling to lend to farmers, and no farm can survive without access to working capital.

● **liquidity** N-UNCOUNT

A company's **liquidity** is the amount of cash or liquid assets it has easily available.

The company maintains a high degree of liquidity.

...serious liquidity problems.

➔ **backer**: Topic 2.3; **grow**: Topic 2.5; **shareholder**: Topic 7.2; **share**: Topic 7.2; **return**: Topic 7.5; **ROCE**: Topic 7.5; **cash flow**: Topic 8.1; **unit cost**: Topic 8.2; **asset**: Topic 8.3; **liability**: Topic 8.3; **loan**: Topic 8.4



PRACTISE YOUR VOCABULARY

1 Look at these newspaper headlines and decide which of the sentences which follow relates to which headline.

1 Westland Bank in takeover bid for ABC Group

4 Takeover may be an all-cash deal worth £1.5 billion

2 Eastern Brothers flotation to go ahead

5 ThinkBIG.com in rights issue

3 Xceed technology hope to raise venture capital

6 Management buyout at Clipper Co.

- a The firm, which has been in the family for 25 years, will sell shares in order to raise long-term finance.
- b The banks were unwilling to take a risk on their revolutionary new designs.
- c The hostile bid for control will be resisted by the group's board.
- d Existing shareholders will be able to buy the shares at a 15% discount on current prices.
- e Senior executives hope to resist the hostile takeover bid by raising institutional backing to take over the company themselves.
- f The proposed takeover will be paid for in cash, rather than in shares.

2 The senior executives of ABC Group hope to resist Westland's hostile takeover bid by financing a management buyout to take over the company themselves. Read the list of ways they could do this and choose a term in the box that means the same as one of the underlined terms.

raise capital by arranging a bank loan share issue/flotation participate in a rights issue

- a They will get financial support from a venture capital company.
- b They will invite existing shareholders to acquire additional shares in the company to raise new capital.
- c They will raise equity from private investors or a public offering on the stock market.
- d They will raise money through debt, from a lender.

3 Use the terms in the box to complete the paragraph.

liquidity working capital financing takeover

Most businesses increase in size through internal growth, i.e. they produce more and take on more workers. Businesses also grow in size through external growth, though, such as buying another business in a _____. Sometimes, growing the business may be the only way it can survive. Increasing production can lower unit costs, for example. In order to survive, it is necessary to have enough working capital to pay for day-to-day expenses such as wages or bills. _____ is money used to bridge the gap between the time products are planned, materials are paid for and the goods produced, and the time payment is received for them from customers when they are sold. A firm without sufficient working capital has _____ problems, and needs to find some form of _____.