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When the Acquirer Becomes the Controlled Firm: Equity-Financed Consolidation, Synergy Realization, Minority Shareholder Protection, and Competition in Indonesia's Dairy Industry

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ABSTRACT

Equity-financed acquisitions become particularly complex when the legal acquirer obtains the target company while the target's parent simultaneously acquires control of the listed acquirer. This qualitative literature review examines this structure through contemporary research on mergers and acquisitions, equity issuance, ownership dilution, corporate control, post-merger integration, competition, and stakeholder governance, using the proposed Ultrajaya-Frisian Flag Indonesia transaction as an analytical setting. Peer-reviewed literature published primarily between 2020 and 2026 is synthesized thematically rather than through a systematic-review protocol. The analysis develops an integrated Synergy-Control-Governance-Competition framework. The literature indicates that equity consideration may conserve cash and borrowing capacity while simultaneously redistributing voting rights and economic claims. Strategic complementarity can create procurement, manufacturing, distribution, marketing, innovation, and portfolio synergies, but these gains remain conditional on valuation discipline, integration sequencing, absorptive capacity, human-resource management, and governance quality. Consolidation can also produce firm-level efficiencies while increasing bargaining power or market concentration, requiring a distinct competition assessment. Sustainable value creation is therefore proposed to depend on four simultaneous tests: financing fairness, synergy realizability, governance integrity, and competitive/stakeholder outcomes. The framework provides an analytical basis for evaluating complex share-financed consolidation without conflating transaction completion, accounting growth, or announced synergy with realized economic value.

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Introduction

Mergers and acquisitions (M&A) remain among the most important mechanisms through which firms reshape industrial boundaries, accelerate scale, acquire capabilities, extend distribution networks, and reposition portfolios. Contemporary M&A research, however, increasingly challenges the assumption that completing a transaction is synonymous with creating value. A merger or acquisition is better understood as the beginning of a value-realization process in which the acquisition price, financing method, governance architecture, integration design, industry structure, and organizational response interact over time. Reviews of the M&A literature show that no single disciplinary perspective adequately explains acquisition performance, because financial, strategic, organizational, institutional, and stakeholder mechanisms operate simultaneously [1-5].

This multidimensional perspective becomes particularly important when acquisition consideration consists primarily of

newly issued equity. A cash acquisition creates an immediate financing requirement that can generally be assessed in terms of cash reserves, additional debt, liquidity, and leverage. An equity-financed acquisition adds a second and potentially more consequential dimension: every new share transfers a portion of the combined company's future cash-flow rights and voting power. Method of payment is consequently both a financing decision and a governance decision. Empirical research shows that financing constraints are an important determinant of the use of equity in M&A, but ownership dilution constitutes an explicit countervailing cost [6]. Rights offerings and other equity-issuance structures can additionally produce wealth transfers depending on who can subscribe, at what price, under what information environment, and how subscription rights are allocated or transferred [7-9].

The choice between cash and stock is also shaped by information asymmetry and bargaining between acquirer and target. Targets do not passively accept whatever payment structure is proposed; they evaluate the expected value, uncertainty, and upside participation embedded in different consideration packages [10]. Better disclosure environments can improve the market reception of stock-financed acquisitions because investors face less uncertainty about the quality of the equity used as currency [11]. ESG characteristics and access to finance may likewise influence whether takeover consideration is paid in cash or securities, further

demonstrating that payment method reflects information, financing capacity, and strategic incentives rather than merely transaction mechanics [12].

The proposed transaction between PT Ultrajaya Milk Industry & Trading Company Tbk (ULTJ) and PT Frisian Flag Indonesia (FFI) creates an unusually useful setting for examining these issues. According to information released in September 2026, ULTJ proposes a rights issue of up to approximately 7.88 billion shares at Rp2,150 per share. The proposed acquisition of all shares in FFI is valued at approximately Rp14.57 trillion and would principally be settled through inbreng, or a non-cash contribution of FFI shares, into ULTJ. Public reporting based on the disclosure indicates that FrieslandCampina International Holding B.V. (FCIH), Blue Waves Group Ventures Pte. Ltd. and PT Bahtera Wiraniaga Internusa would receive rights and subscribe through contributions representing 100% of FFI [13].

The structural peculiarity is that ULTJ would legally acquire and own FFI, while FCIH is expected to become the new controlling shareholder of ULTJ after the transaction. In other words, the formal direction of operating-company acquisition and the economic direction of corporate control are not identical. That characteristic makes simplistic language about who is “buying” whom potentially misleading. The more analytically precise formulation is that ULTJ proposes to acquire FFI while the associated equity issuance simultaneously reallocates control in ULTJ. The transaction therefore combines an operating acquisition, a material equity issuance, and a change in corporate control [14].

This distinction is important because control itself has economic value. A shareholder with effective control influences board composition, strategic priorities, capital allocation, dividend policy, related-party arrangements, and subsequent restructuring. Research on corporate governance in acquisition settings demonstrates that governance mechanisms can materially affect acquisition quality and shareholder outcome [15,16]. Principal-principal conflicts are particularly relevant where controlling shareholders and minority shareholders have different economic incentives or access to control benefits [17]. Political and institutional environments can further influence acquisition incentives, premiums, completion, and shareholder wealth [18-20].

A second reason the proposed combination warrants academic attention is strategic complementarity. ULTJ and FFI operate in overlapping and adjacent dairy and nutrition markets and possess long-established brands, production facilities, distribution systems, supplier relationships, and market knowledge. Potential value could therefore emerge through procurement, capacity utilization, route-to-market efficiencies, cross-selling, innovation, and knowledge transfer. Research indicates that merger value can derive from technological complementarity and related-market characteristics as well as conventional cost savings [21]. Related acquisitions may generate more favorable value responses where resources and capabilities can be transferred across similar businesses, although rival-firm effects must also be considered [22]. Bidder-specific synergies are particularly important because value should be attributed to the party whose unique resources actually create the incremental benefit [23].

Strategic complementarity, however, is not equivalent to realized synergy. Post-merger integration research repeatedly shows that acquisition value depends on the ability to transfer knowledge, sequence integration, maintain key personnel, reconstruct networks, and adapt organizational routines [24-28]. Integration

is therefore the mechanism through which an announced strategic rationale either becomes economic cash flow or fails to materialize. More recent evidence further indicates that cost-dominant and revenue-dominant synergy strategies require different degrees of integration, while acquisition-integration capability depends on organizational design and the way integration knowledge is accumulated and deployed [29,30].

A third consideration concerns competition. Firm-level efficiency and social welfare are related but distinct. Mergers can reduce costs while also increasing concentration or bargaining power. Empirical evidence indicates that non-merging rivals can raise mark-ups following mergers, particularly when pre-merger concentration is high [31]. Retail-merger research similarly finds that prices may rise where concentration increases substantially, while cost efficiencies can dominate in locations where concentration does not materially increase [32]. In the food sector, dominant manufacturers employ multiple strategies to consolidate bargaining and market power across suppliers, retailers, competitors, and consumers [33].

The Indonesian regulatory context makes these issues more than theoretical. KPPU states that qualifying mergers, consolidations, and acquisitions that result in a transfer of control are subject to post-transaction notification, normally within 30 working days after legal effectiveness. The current framework also examines relevant markets, market shares, economic purpose, and potential competitive effects. The assessment is therefore not a referendum on whether a transaction is “large”; the substantive question is whether it is likely to produce monopolistic practices or unfair competition and whether efficiencies alter that assessment [34].

Against this background, the article asks how contemporary literature explains equity-financed acquisitions that reallocate control; how dilution should be distinguished from economic value destruction; under what conditions strategic complementarity becomes realized synergy; how governance mechanisms affect minority-shareholder outcomes; and how firm-level efficiencies should be reconciled with competition and wider stakeholder effects. Its principal contribution is the development of a **Synergy-Control-Governance-Competition Framework** for analyzing complex acquisitions in which transaction financing, corporate control, integration, and market structure cannot be separated.

Literature Review

From Acquisition Activity to Economic Value Creation

M&A scholarship has historically examined announcement returns, post-acquisition operating performance, strategic fit, governance, organizational integration, and institutional determinants, but the evidence remains heterogeneous. Golubov and Xiong for example, find that private acquirers can exhibit superior post-acquisition operating improvements under governance structures that reduce agency costs [35]. Tunyi demonstrates that conventional assessments of acquirer returns can be distorted when acquisitions are anticipated before announcement [36]. Serial-acquirer research further shows that declining announcement returns are not universal but may depend on the temporal pattern and concentration of acquisition activity [37]. These findings warn against evaluating an acquisition through a single short-window market reaction or through generic assumptions that acquirers necessarily destroy or create value.

Macroeconomic information conditions can further influence how investors evaluate acquisitions. Barbopoulos et al. show that investor alertness around macroeconomic announcements

affects observed acquirer wealth effects [38]. This reinforces an important methodological point: announcement returns capture market expectations under a specific information environment, not realized synergy. Longer-run performance depends on valuation, execution, organizational adaptation, and industry conditions.

Governance also influences acquisition quality. Chang et al. identify a channel through which informed trading can discipline managers and improve acquisition decisions, while Drobetz and Momtaz show that antitakeover provisions do not have a uniform value effect but depend on internal governance conditions. Nguyen et al. find that corruption environments can influence acquisition propensity, bid premiums, completion probability, and acquirer wealth. Such evidence demonstrates that acquisition decisions are embedded in institutions and governance rather than being purely technological combinations of assets.

Contemporary literature also increasingly recognizes that total synergy and the division of synergy are separate questions. Dessaint et al. show that acquirer returns are associated with the degree to which synergies are unique to a particular bidder. If multiple bidders can generate similar benefits, competitive bidding allows the target to capture more of the expected synergy through the acquisition premium. If a bidder contributes unique assets or capabilities, that bidder may retain a larger share of the incremental value. This insight is especially relevant for related-party or strategically negotiated combinations because fairness requires determining whether the target price includes benefits created by the buyer's own existing resources.

Method of Payment, Rights Issues and Dilution

Stock consideration addresses a genuine financial problem: large acquisitions can exceed the prudent debt capacity or available cash of the acquirer. By issuing equity, a firm can preserve liquidity, reduce refinancing pressure, and make the seller share post-completion risk. De Bodt et al. provide strong evidence that financial constraints remain an important driver of stock inclusion in acquisition consideration. This mechanism is economically rational because it permits asset combinations that might be infeasible through cash financing alone.

Yet stock financing transfers ownership. This makes it inappropriate to describe an equity-funded acquisition as “free” merely because cash expenditure is limited. Burkart and Zhong demonstrate theoretically and empirically that equity-offering design can affect dilution and wealth transfers. Rights issues can protect pre-emptive ownership, but their effectiveness depends on participation, offer pricing, transferability, information, and strategic subscription. A shareholder who fails to exercise a proportional entitlement can experience voting and economic dilution even if the company itself receives valuable assets in exchange.

Seasoned equity issuance research reinforces the relevance of information asymmetry. Evans et al. show that institutional ownership structures can influence equity-issuance behavior, while García-Feijóo et al. link media relationships and information conditions to offering decisions and subsequent performance. Loureiro and Silva find that stronger securities regulation and information quality can improve market responses to stock-financed acquisitions. Together, these studies suggest that investors need sufficiently detailed information about valuation assumptions, use of proceeds, post-issue ownership, and risk allocation to assess an equity-funded transaction.

Payment choice is also negotiated. Klitzka et al. emphasize target rationality in method-of-payment decisions, while Hussaini et al. show that ESG performance and information transparency can influence the probability of cash payment. Accordingly, when a seller accepts equity, it may be expressing a preference to retain exposure to the combined company rather than fully exiting. In a transaction where the seller subsequently becomes the controlling shareholder, that preference is especially significant because the seller is effectively exchanging an operating subsidiary for an ownership and governance position in a larger listed group.

The analytical distinction between percentage dilution and economic dilution is therefore essential. Percentage dilution is arithmetic: the ownership percentage of a shareholder declines as the share count increases. Economic dilution requires a value judgment: the shareholder is economically worse off only if the value received by the company does not adequately compensate for the additional claims created. A shareholder can own a smaller percentage of a substantially more valuable enterprise and become wealthier; equally, a shareholder can retain a high percentage of an overpaying enterprise and lose value. This distinction implies that post-money ownership percentages must be analyzed together with acquisition valuation, expected incremental cash flows, return on invested capital, and control rights. Evidence from Asia-Pacific acquisitions further shows that financial constraints and institutional conditions influence whether bidders pursue minority or majority ownership positions, reinforcing the connection between financing capacity and control choice.

Corporate Control and Principal-Principal Governance

Control is not identical to legal ownership percentage in every circumstance, but concentrated shareholding can confer substantial influence over strategy and governance. Principal-principal agency theory is therefore particularly relevant to emerging-market listed companies, where a dominant shareholder may coexist with dispersed public investors. Pinelli et al. demonstrate that strong target controllers and minority-shareholder protection can materially affect the profitability of minority acquisitions. More broadly, the institutional review by Ahsan et al. shows that investor protection and corporate-governance institutions strongly influence cross-border M&A throughout the transaction life cycle.

The transfer of control can generate benefits. A strategic controller may supply patient capital, technical knowledge, global procurement capabilities, R&D networks, category-management expertise, and stronger monitoring. He and Fukuchi show conceptually how ownership transfer across institutional contexts can alter the resources and strategies available to the acquired organization. Bazel-Shoham et al. similarly demonstrate the importance of ownership structures in protecting and exploiting intellectual property in cross-border acquisitions [39,40].

However, controller and minority interests need not always coincide. The relevant governance issue is not to assume opportunistic motives, but to recognize the structural possibility of divergent incentives. Independent boards, transparent related-party policies, high-quality disclosure, independent valuation, conflict-management procedures, and exit mechanisms can reduce that risk. Institutional differences also influence approval and legitimacy. Brown et al. demonstrate that political distance can affect cross-border acquisition approval, while Wiedemann et al. identify institutions, learning, and value creation as central themes in recent cross-border M&A research. Recent evidence also suggests that governance quality can be transferred through M&A,

with post-acquisition improvements in board independence, audit-committee independence, and minority-shareholder protection when the stronger-governance firm shapes the combined entity.

Strategic Relatedness and Synergy Architecture

Strategic relatedness matters because synergies arise from interactions between resources. Clougherty and Duso find that relatedness can be associated with more favorable acquirer value reactions while adversely affecting rival firms, suggesting that strategic fit and competitive effects may occur simultaneously. Linde and Siebert find that technological and market-power mechanisms can both contribute to incremental merger value. These findings support analysis that distinguishes value created through productive complementarities from value associated with altered competitive conditions.

For dairy companies, potential operating synergies are especially broad. Procurement may benefit from larger purchasing volumes and supplier coordination. Manufacturing can benefit from better capacity allocation, plant specialization, yield improvement, maintenance scale, and avoided duplicate capital expenditure. Distribution can benefit from warehouse rationalization, route density, information sharing, and broader outlet access. Marketing can benefit from category insights and cross-selling. R&D can benefit from combining nutrition science, packaging expertise, process technology, and consumer knowledge.

Mor et al. identify procurement, production, distribution, information systems, demand management, quality, and process flexibility as key factors in dairy supply-chain performance. Their findings reinforce the proposition that merger synergy in dairy should be translated into concrete supply-chain mechanisms rather than expressed only as broad “scale” benefits [41].

Marketing capability is also an important post-acquisition asset. Rahman et al. show that cross-border acquisitions can affect acquirers’ marketing capability and overall performance through capability transfer. This is highly relevant in branded dairy markets, where value depends not merely on production volume but on retail access, brand positioning, category management, consumer trust, and channel execution [42].

At the same time, synergy should not be double counted. If a particular synergy arises primarily because UL TJ contributes an established distribution network, for example, the value of that synergy should not automatically be treated as part of FFI’s standalone value. Dessaint et al.’s concept of bidder-specific synergy makes this point explicit: the division of gains should reflect which party contributes unique resources. An acquisition can be strategically compelling yet economically unattractive to the acquirer if the acquisition price transfers virtually all expected synergy to the seller.

Post-Merger Integration and Knowledge Transfer

The post-merger literature demonstrates that strategic fit is necessary but insufficient. Zhou et al. show that HRM practices and absorptive capacity facilitate knowledge transfer in cross-border acquisitions. Moura et al. similarly find that absorptive capacity shapes the performance consequences of knowledge exploration. These studies imply that access to another company’s expertise does not automatically mean that expertise will diffuse through the combined organization. Functional integration and shared goals have also been shown to facilitate bilateral knowledge transfer between acquirers and targets, with knowledge transfer to the target being particularly important for acquisition success [43].

Chen et al. provide a dynamic view in which post-merger integration and network reconstruction coevolve as firms upgrade innovation capabilities. Rather than mechanically absorbing a target, an acquirer may need to reconstruct supplier, technological, internal, and external networks selectively. Yang, Rhee and Pak similarly show that shifts in learning orientation can influence short- and long-term performance after cross-border acquisitions. The implication is that post-merger learning can initially impose costs before generating longer-run benefits [44].

Integration speed also requires nuance. Thomas et al. challenge the assumption that integration occurs at one constant speed. Their analysis demonstrates that effective integration can alternate between faster and slower phases depending on organizational conditions. Steigenberger and Ebers likewise show that high integration-team performance results from configurations of goals, staffing, and employee involvement rather than a universal formula.

Human and identity issues are economically relevant because integration uncertainty can reduce productivity and encourage valuable employees to leave. Al Hosani and Jabeen find that organizational justice, trust, commitment, HR initiatives, and communication affect employee alienation during post-merger integration [45]. Thelisson demonstrates that majority–minority intergroup dynamics can influence whether symbiotic integration is achieved, while Thelisson and Meier emphasize the nonlinear process through which legitimacy develops during integration [46].

These findings favor **selective integration** where brand equity, specialized expertise, or customer relationships would be damaged by rapid absorption. Shared procurement, treasury, technology infrastructure, distribution analytics, and selected R&D may be integrated while brand organizations retain meaningful autonomy. Such a model is particularly relevant to combinations involving two historically strong consumer brands.

Competition, Market Power, and Stakeholder Effects

A merger can generate productive efficiencies without necessarily generating superior consumer outcomes. Stiebale and Szücs find that rivals may increase mark-ups after mergers and that effects are stronger in concentrated markets. Rickert et al. find that local retail prices increased where a merger materially raised concentration, while some areas with limited concentration change experienced price reductions consistent with cost savings. These studies illustrate why a merger’s operating logic cannot substitute for competition analysis.

Competition authorities must also weigh remedies and evidence. Dertwinkel-Kalt and Wey examine how remedy options can affect the incentives of competition authorities to produce evidence [47]. Dissanaikie et al. from a corporate-finance perspective, show that merger control can also alter acquisition incentives and profitability. Ince finds that regulatory-cost economies themselves can motivate within-industry acquisitions. Regulation can therefore both constrain and create economic incentives for consolidation [48].

Recent debates over merger-guideline economics also emphasize that market definition, concentration, efficiencies, competitive entry, and dynamic effects need to be assessed carefully rather than mechanically. Carlton, Shapiro and Salinger disagree on elements of contemporary merger enforcement but share an emphasis on the role of economic evidence in assessing competitive effects.

These contributions are from the US policy context and therefore should not be transferred directly into Indonesian law, but they are relevant analytical literature for understanding the economic principles underlying merger review [49-51].

The issue is especially important in food systems. Wood et al. identify horizontal integration, supplier bargaining power, retailer bargaining, entry barriers, and informational advantages among strategies through which dominant food manufacturers consolidate market power. Yang, Xia and Song using global agri-food M&A data, show that food manufacturing represents a major arena of consolidation and that domestic M&A remains prominent. Narikiyo et al. additionally demonstrate the need to consider whether acquisition portfolios align with sustainability commitments in consumer-goods companies. Recent causal evidence from the agri-food sector also links large mergers to trade effects consistent with increased market power, indicating that consolidation can have consequences beyond the boundaries of the merging firms [52,53].

Dairy-market concentration can have upstream consequences. Yu et al. find that downstream concentration in China's dairy industry can generate some technical-efficiency and demand-expansion benefits while simultaneously compressing upstream margins and inhibiting technological progress; the negative mechanism dominates in their empirical setting. The results cannot simply be generalized to Indonesia, but they identify a relevant causal pathway for future Indonesian research. Ide similarly demonstrates theoretically that merger effects on negotiated upstream prices depend on the relationship between products and bargaining structure [54].

Consumer welfare also includes accessibility and nutritional implications. Haile and Headey report a robust association between increasing milk consumption and declining child stunting in cross-country panel data, although this does not imply that any particular corporate transaction will improve nutrition. The appropriate conclusion is narrower: price, availability, and access in dairy markets have consequences extending beyond shareholder returns, reinforcing the need for stakeholder monitoring [55].

Method

This article employs a **qualitative literature review (QLR)**. It is explicitly not designed as a systematic literature review, meta-analysis, or PRISMA-based review. The objective is conceptual and thematic synthesis across corporate finance, strategic management, international business, organization studies, industrial organization, supply-chain research, and food-sector research. This choice responds to the multidisciplinary nature of the research problem: no single empirical literature can fully explain a transaction that simultaneously involves equity financing, control reallocation, integration, competition, and stakeholder effects.

The core publication window was **2020–2026**. Literature was prioritized when it appeared in established peer-reviewed journals and directly informed at least one of six domains: M&A value creation; equity financing and dilution; ownership and governance; post-merger integration; competition; or dairy/food-system effects. Contemporary review articles were used to establish the state of the field, while empirical and theoretical studies were used to interpret mechanisms. Recent syntheses show that M&A research increasingly spans financial, institutional, strategic, and behavioral perspectives and that cross-border acquisition research remains fragmented across multiple explanatory traditions.

The literature was identified through combinations of terms including mergers and acquisitions, stock-financed acquisition, method of payment, rights issue, equity dilution, corporate control, minority shareholders, post-merger integration, knowledge transfer, merger market power, food industry consolidation, dairy concentration, supply chain, and related terms. Selection followed theoretical relevance and conceptual saturation rather than exhaustive enumeration. For that reason, the review does not report PRISMA flows, pooled effect sizes, or formal risk-of-bias scores.

The analytical process involved two cycles of coding. First-cycle codes included **financing, valuation, dilution, control, governance, strategic relatedness, operating synergy, knowledge transfer, human integration, market concentration, supplier effects, and consumer effects**. In the second cycle, these codes were organized into four higher-order analytical tests: **Financing Fairness, Synergy Realizability, Governance Integrity, and Competition and Stakeholder Outcomes**.

The proposed UL TJ–FFI transaction is used as an analytical case, not as a completed post-merger observation. That distinction is essential. Official UL TJ investor information confirms that the September 2026 disclosure concerns a proposed rights issue and material transaction, and its 2026 investor-relations page records an extraordinary shareholder meeting process rather than completion. Consequently, the article does not claim realized cost savings, market-share changes, integration outcomes, or post-merger performance. It identifies mechanisms and empirical indicators that could subsequently be tested [56].

The international dimension also requires caution. Cross-border M&A studies emphasize that institutional distance, legitimacy, ownership structure, and host-country governance materially influence acquisition processes. Accordingly, results from US, European, Chinese, Brazilian, or other settings are used to identify mechanisms rather than assumed to represent Indonesian outcomes.

Results: Thematic Synthesis

Theme One: Equity consideration solves a financing constraint by creating an ownership consequence

The most consistent finding from the corporate-finance literature is that stock can be a rational acquisition currency when cash or debt financing is costly, constrained, or strategically undesirable. De Bodt et al. identify financial constraints as an important contemporary determinant of stock consideration. Preserving balance-sheet flexibility can be particularly attractive in businesses requiring substantial working capital, production facilities, distribution infrastructure, and ongoing capital expenditure.

Applied to the proposed UL TJ–FFI structure, this logic is evident. A transaction valued at approximately Rp14.57 trillion would represent a very large cash requirement relative to the acquirer's balance sheet. By using newly issued shares and accepting FFI shares as inbreng, UL TJ can obtain the target operating company without funding the entire transaction through new debt or existing cash. The disclosed transaction value is approximately 178.24% of UL TJ's equity as of 31 July 2026, illustrating the scale of financing that a conventional all-cash structure would require [57].

The corresponding cost is dilution. Public reporting indicates that shareholders who do not exercise their rights could experience dilution of up to approximately 43.11%, depending on final subscriptions. This number is economically meaningful, but it

cannot by itself determine whether the transaction creates or destroys value. The relevant question is whether the value of the contributed FFI shares and subsequent incremental cash flows exceed the value of the new ULTJ equity issued.

The distinction can be written conceptually as Equation (1). The expression is intended as an analytical identity for organizing the sources of value rather than as a statutory accounting formula.

$$NV_{inc} = V_{received} + S_{net} - V_{equity} - C_{integration} - C_{governance/competition} \quad (1)$$

In Equation (1), the left-hand side denotes the net value accruing to incumbent shareholders. The right-hand side adds the standalone value of the assets received and net realizable synergy, then deducts the value of equity transferred, integration and transaction costs, and incremental governance and competition costs. This formulation clarifies why “ULTJ receives FFI without using cash” is incomplete: equity is an acquisition currency whose opportunity cost includes the future value and control attached to the newly issued claims.

Theme Two: Control Reallocation Changes the Economic Interpretation of the Transaction

The second theme concerns corporate control. Public information indicates that ULTJ would become the legal owner of FFI, but FCIH is expected to become ULTJ’s new controlling shareholder when the transaction becomes effective. (IDX Channel, 2026) This means that the transaction has two directions: assets move toward ULTJ, while control moves toward the FrieslandCampina side of the structure.

This should not automatically be labelled a “reverse takeover” because legal, accounting, and stock-exchange classifications depend on specific regulatory definitions and final circumstances. A more defensible academic term is **reverse-control characteristic**: the formal acquirer acquires the operating target while the target’s parent acquires control of the acquirer.

This matters economically because ownership and control are productive inputs as well as governance rights. A strategic controller can potentially enhance monitoring, provide international capability, reduce financing constraints, and facilitate innovation. Cross-border acquisition research demonstrates that ownership can serve as a channel for resource and capability transfer. Yet concentrated control can simultaneously strengthen principal–principal agency concerns, making disclosure and minority-shareholder protections more important.

The findings therefore reject a binary interpretation in which one side necessarily “wins” and the other “loses.” ULTJ would obtain 100% of FFI as an operating subsidiary; FFI’s existing shareholders would obtain large equity interests in ULTJ; FrieslandCampina would secure influence over a broader Indonesian listed dairy platform; and incumbent ULTJ shareholders would own smaller percentages of an enlarged group. Economic outcomes depend on valuation and subsequent performance rather than on the transaction label alone.

Figure 1 distinguishes the two directions that are easily conflated in ordinary acquisition terminology. The legal acquisition arrow runs from ULTJ toward FFI: after completion, FFI is intended to become wholly owned by ULTJ. The control arrow runs in the opposite economic direction because newly issued ULTJ shares are allocated to existing FFI shareholders, enabling FrieslandCampina to become ULTJ’s new controller. This distinction is fundamental for assessing both financing and corporate governance.

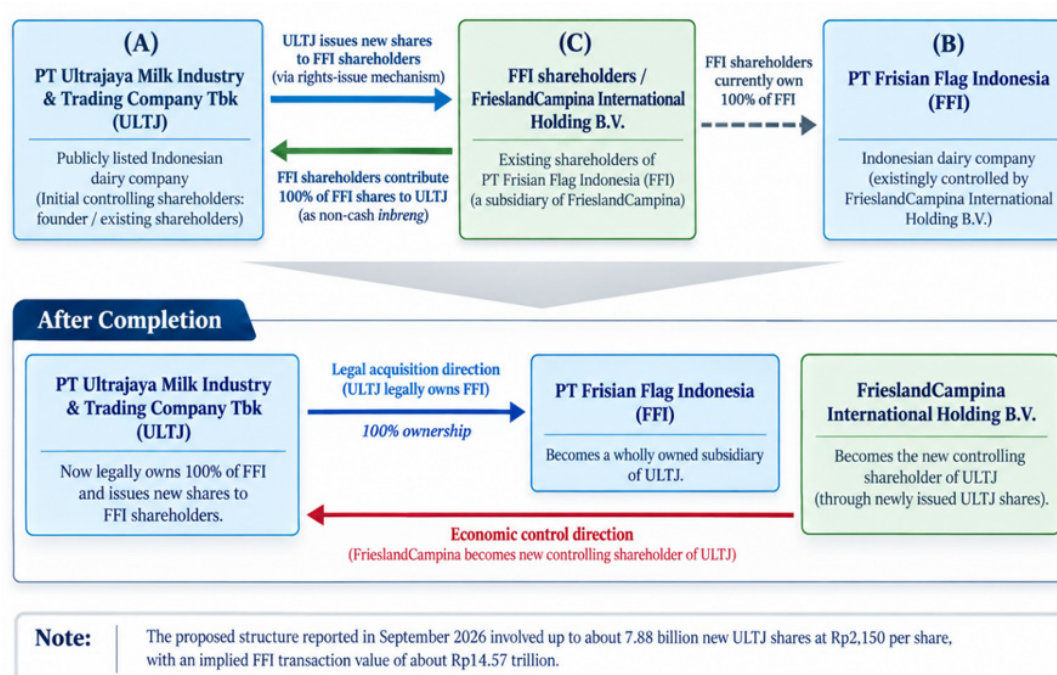


Figure 1: Transaction Architecture and Control Reallocation in an Equity-Financed Acquisition

The figure also shows why non-cash consideration is not economically costless. FFI shareholders surrender operating-company shares and receive claims on the listed acquiring company. Existing UL TJ shareholders therefore exchange a portion of their future ownership and control for the FFI business and its expected synergies. The relevant fairness question is whether the exchange ratio appropriately reflects the values and risks on both sides.

Theme Three: Strategic Complementarity Creates a Gross Synergy Pool, not Realized Value

The third theme is the difference between **gross synergy potential** and **net realized synergy**. Related dairy businesses may have substantial complementarity in milk procurement, packaging, manufacturing, distribution, brand portfolios, sales channels, consumer data, technology, and innovation. Linde and Siebert demonstrate that technological factors can explain a substantial share of incremental merger value in another industrial setting, while Clougherty and Duso find that relatedness can improve acquirer value responses.

For UL TJ and FFI, potential procurement synergy could emerge from packaging materials, dairy ingredients, logistics contracting, energy procurement, quality systems, or shared forecasting. Production synergy might involve capacity balancing, specialization, yield improvement, maintenance systems, or avoidance of duplicate capital expenditure. Distribution synergy could arise through route density, regional warehousing, data sharing, channel reach, and transport utilization. Marketing synergy could arise through cross-category knowledge, retail negotiation, promotional analytics, and customer segmentation.

Mor et al. show that the dairy supply chain is strongly affected by procurement, production, distribution, demand fluctuations, information systems, quality, and process flexibility. These dimensions provide a useful set of concrete mechanisms through which synergy claims can be tested rather than accepted rhetorically.

Revenue synergy is even more demanding because it requires incremental demand rather than merely consolidation of existing sales. Rahman et al. demonstrate that marketing capability can change after cross-border acquisitions, suggesting that capability transfer is possible. But actual revenue synergy would require observable evidence such as higher outlet penetration, successful cross-selling, increased sales per distribution point, entry into underserved regions, or faster innovation.

Dessaint et al. provide an additional discipline: synergies should be attributed according to their source. If FFI brings a technology platform unavailable to UL TJ, a larger proportion of the associated synergy can reasonably be attributed to the target. If UL TJ's established distribution network is what allows FFI products to achieve incremental national reach, that synergy partly originates from pre-existing UL TJ assets and should not be paid entirely to the seller through the acquisition price. This principle is central to preventing overpayment.

Theme Four: Integration Determines how much Gross Synergy Survives

Post-merger integration literature strongly supports the conclusion that gross synergy should be discounted for execution risk. Zhou

et al. demonstrate that absorptive capacity and HR practices influence knowledge transfer. Chen et al. show that innovation upgrading can require coevolution between integration and network reconstruction. Moura et al. find that the effectiveness of knowledge exploration depends on absorptive capacity. Accordingly, simply placing two businesses under common ownership does not integrate their productive knowledge. In particular, cost-synergy strategies appear to benefit from deeper integration, whereas revenue-synergy strategies may perform best at an intermediate degree of integration because excessive reconfiguration can disrupt market-facing capabilities.

Integration timing is likewise non-linear. Thomas et al. find that PMI speed can vary across phases and activities, undermining the assumption that "fast integration" is universally optimal. Steigenberger and Ebers show that integration performance emerges from combinations of ambitious goals, adequate team staffing, and involvement of target employees. The managerial implication is that integration should be sequenced by function rather than imposed at a single speed. Acquisition experience is most valuable when it is converted into integration capability through appropriate organizational design and the effective use of tacit and explicit knowledge.

For example, governance, financial reporting, risk control, and regulatory compliance may need rapid harmonization. Procurement can potentially be integrated relatively early when contracts permit. Manufacturing integration may require longer engineering and quality-validation periods. Customer-facing brand organizations may benefit from greater autonomy, especially where each company has distinct positioning and established consumer trust.

Human integration constitutes a further risk. Al Hosani and Jabeen demonstrate that employee alienation is influenced by perceptions of organizational justice, trust, commitment, communication, and HR interventions. Thelisson shows that majority-minority dynamics influence integration trajectories, while Thelisson and Meier demonstrate that legitimacy evolves non-linearly. These mechanisms matter because loss of technical, commercial, or managerial talent can destroy precisely the capabilities an acquisition was intended to obtain.

Yang, Rhee and Pak further show that changing learning orientation after international acquisitions can entail short-term costs but improve longer-term outcomes. Integration evaluation should therefore distinguish temporary implementation expenses from structural underperformance. Management should set time-specific targets rather than expecting all synergy categories to appear simultaneously.

Figure 2 integrates the major findings of the review into a sequential framework. Transaction architecture determines financing and valuation; equity issuance then affects dilution and control; governance structures influence the fairness and accountability of the new ownership structure; strategic complementarity and post-merger integration determine synergy realization; and the resulting firm-level outcomes interact with competitive and stakeholder effects. The framework therefore makes the causal sequence and the cross-cutting governance tensions explicit.



Figure 2: The Synergy-Control-Governance-Competition Framework

Figure 2 illustrates that four tensions cut across the framework. Cash preservation must be weighed against dilution; a strategic controlling shareholder must be assessed alongside minority-governance risk; scale and scope economies must be distinguished from market-power effects; and capability combination must be balanced against organizational disruption. The framework therefore rejects any single-variable judgment of transaction success.

Theme Five: Governance decides how acquisition gains are distributed

The literature shows that acquisition value and the distribution of acquisition value are distinct. Segal et al. emphasize that much M&A research has historically privileged shareholder outcomes while inadequately analyzing the interconnected effects on other stakeholders. Even within the shareholder category, controlling and minority investors can have different exposures.

In a large inbreng transaction, governance begins with valuation. Independent valuation must distinguish target standalone value from synergy, specify forecast assumptions, explain discount rates and multiples, and identify sensitivity to uncertain variables. The issue price for the new shares matters because it determines how many units of the acquirer are exchanged for the target. If either side is misvalued, the wealth transfer can be substantial.

Governance also extends beyond closing. Changes in board composition, related-party arrangements, dividend policy, transfer pricing, procurement relationships, intellectual property, financing, and intercompany services can redistribute value after completion. International business research highlights the institutional complexity of such arrangements. This emphasis is consistent with evidence that the governance characteristics of the stronger-governance party can influence the post-acquisition governance quality of the combined firm.

Transparency is therefore essential. An appropriate governance structure would disclose not only the original acquisition rationale but also subsequent integration costs and synergy realization. This allows public investors to test whether expected efficiencies are actually emerging. If projected supply-chain savings are used to justify the transaction, management should later report measurable improvements in procurement or logistics. If innovation is central to the rationale, new-product launches or R&D collaboration should become observable.

The Indonesian rights-issue regime also interacts with material-transaction requirements. OJK regulations require compliance with rules concerning material transactions when rights-issue proceeds are used for such transactions, including shareholder approval where required. The legal requirements are therefore aligned with the economic importance of a transaction that substantially changes the scale and ownership of a listed company [58].

Theme Six: Consolidation can Simultaneously Create Efficiency and Market Power

The competition literature makes clear that productive efficiency and market power are not mutually exclusive. A merged firm may simultaneously reduce costs and face less competitive pressure. Stieble and Szücs find that rival mark-ups can increase following mergers, especially when pre-merger concentration is high. Rickert et al. show that local price responses can vary with concentration and efficiency effects.

Wood et al. identify horizontal acquisition, entry barriers, supplier power, retailer power, and informational asymmetries as important component of market-power strategies in processed food manufacturing. Yang, Xia and Song show the continuing importance of consolidation across global agri-food systems. These findings make relevant-market definition essential. The broader agri-food literature likewise shows that merger-driven concentration can affect trade competitiveness and market outcomes, underscoring the need to evaluate efficiency claims alongside wider economic effects.

For dairy, “the dairy market” may be too broad a category for meaningful competition analysis. UHT liquid milk, sweetened condensed milk, powdered milk, child nutrition, ready-to-drink dairy beverages, and non-dairy beverages can have different consumer substitution patterns and competitors. A firm can have a strong position in one segment but a smaller position in another. UL TJ’s own 2023 public-expose data previously reported substantial but distinct UHT volume shares for Ultra Milk and Frisian Flag, illustrating why direct overlap may matter in at least some subsegments. Historical figures cannot establish the 2026 market position, but they show why updated segment-level evidence would be necessary.

Portfolio effects also deserve attention. Even where individual products are not close substitutes, a broad group of leading brands

can increase negotiating leverage with modern retail, distributors, or advertising channels. The relevant competition question is therefore not only whether two identical products are combined, but whether portfolio breadth changes access, bargaining, or rivals' ability to compete.

KPPU's current framework requires qualifying control-changing transactions to be notified after legal effectiveness and calls for information concerning relevant markets, market shares, competitive conditions, and the economic purpose of the transaction. The existence of a large transaction does not itself establish harm. Nor do claimed efficiencies automatically establish competitive neutrality.

Competition-policy scholarship supports such evidence-based treatment. Dertwinkel-Kalt and Wey emphasize evidence production in merger control. Carlton Shapiro and Salinger despite different perspectives on contemporary merger guidelines, underscore the importance of economic analysis rather than simple structural slogans. Dissanaïke et al. additionally show that competition policy influences the incentives and profitability of acquisition activity.

Theme Seven: Supplier and Societal Effects Belong Inside the Value Assessment

Dairy consolidation may affect upstream milk producers through demand stability, technical assistance, quality standards, procurement volumes, and bargaining conditions. Yu et al. find that downstream concentration can create technical-efficiency benefits while also reducing upstream margins and technological incentives. The net effect in that study was negative for total factor productivity growth, although effects differed by producer scale. These results do not predict what will happen in Indonesia; they instead demonstrate why upstream monitoring is necessary.

Ide adds that negotiated upstream-price effects from mergers depend on the relationship between products and the bargaining structure. Consequently, "greater buying scale" should not automatically be categorized as either beneficial efficiency or harmful monopsony. It can produce lower transaction costs, more stable sourcing, or better technical support while potentially changing suppliers' bargaining position.

Supplier relationships are relevant to the strategic context because dairy processors can influence farm-gate incentives through procurement volumes, quality standards, payment terms, and technical support. Future evaluation of the proposed consolidation should therefore monitor domestic milk procurement volumes, payment terms, quality incentives, technical-assistance programs, supplier concentration, and farmer margins, particularly because downstream concentration can alter both technical efficiency and upstream bargaining conditions.

Consumer accessibility is similarly relevant. Haile and Headey find that increasing milk consumption is associated with reductions in child stunting in cross-country data. Their study does not imply that a merger improves nutritional outcomes, but it demonstrates that dairy price and availability can have public-policy importance. If consolidation generates cost savings that support affordable products and broader distribution, this could create social benefits. If market power instead raises consumer prices without corresponding quality or innovation improvements, the direction would differ.

Narikiyo et al. also remind researchers that consumer-goods acquisition strategies can be evaluated through a sustainability lens. Value creation should therefore encompass not only margins and market capitalization but also supply-chain resilience, responsible procurement, resource efficiency, and alignment between stated sustainability commitments and post-acquisition decisions.

Discussion and Analysis

The Financing Fairness Test

The first proposed test asks whether equity financing produces a fair economic exchange. The preservation of cash is a genuine advantage, but cash savings should not be confused with acquisition savings. If Rp14.57 trillion of target equity is exchanged for a large quantity of UL TJ shares, the cost to incumbent investors is represented by the fair value of those new claims and the control rights attached to them.

The transaction should therefore be analyzed using at least four valuation lenses. The first is standalone valuation, comparing FFI and UL TJ using consistent earnings, cash-flow, and enterprise-value metrics. The second is relative valuation, examining the exchange rate between what UL TJ issues and what it receives. The third is synergy-adjusted valuation, determining which party contributes each major synergy. The fourth is post-transaction return on invested capital, testing whether the acquisition generates economic returns above the combined company's cost of capital.

The preliminary information makes these distinctions important. DealStreetAsia reports that for the seven months to 31 July 2026, FFI recorded revenue of approximately Rp7.79 trillion and net profit of approximately Rp439.5 billion, while UL TJ reported revenue around Rp6.42 trillion and net profit around Rp1.22 trillion. These figures suggest that FFI has large revenue scale relative to UL TJ but materially lower net profitability over the cited period. This does not imply that the acquisition valuation is high or low: differences in capital structure, depreciation, tax, working capital, growth prospects, brands, and long-term margins would need to be incorporated. It does, however, demonstrate why sales scale alone is an insufficient valuation justification.

Market reaction should also be interpreted cautiously. Tunyi and Barbopoulos et al. show that announcement returns depend on anticipation and information conditions. A sharp short-term price response can reveal changed expectations but cannot establish long-run synergy realization.

The Synergy Realizability Test

The second test asks whether expected synergies have operational pathways. Every material synergy claim should answer four questions: What activity changes? Who is responsible? What investment is required? When will the effect become measurable?

Procurement synergy, for example, should identify which inputs are suitable for joint sourcing, the baseline expenditure, supplier constraints, expected savings, and quality implications. Distribution synergy should specify warehouse and route overlap, service-level requirements, distribution-point expansion, and transport economics. Manufacturing synergy should distinguish capacity utilization from plant closure or capital-expenditure avoidance. Revenue synergy should identify specific products and channels rather than relying on a generic assumption that a larger portfolio automatically sells more.

This approach is consistent with Steigenberger and Ebers whose research emphasizes specific integration goals and team design, and Thomas et al. who demonstrate that integration timing is activity-specific. It also reflects Zhou et al. and Moura et al. whose findings show that knowledge transfer depends on absorptive capacity.

The proposed ULTJ–FFI combination may have an advantage precisely because the firms can potentially preserve strong consumer-facing identities while selectively integrating back-end functions. Selective integration reduces the probability that cost-saving initiatives damage brand equity. However, it creates a coordination problem: without clear governance, two preserved organizations can remain parallel rather than synergistic. The challenge is therefore to integrate enough to capture complementarities but not so aggressively that organizational disruption exceeds the synergy.

Figure 3 formalizes the distinction between announced and realized synergy. Procurement, manufacturing, distribution, marketing, innovation, and portfolio complementarity create a gross theoretical synergy pool. That pool is progressively reduced by integration friction, one-off implementation costs, capability loss, additional systems and capital expenditure, regulatory restrictions, and the acquisition premium.

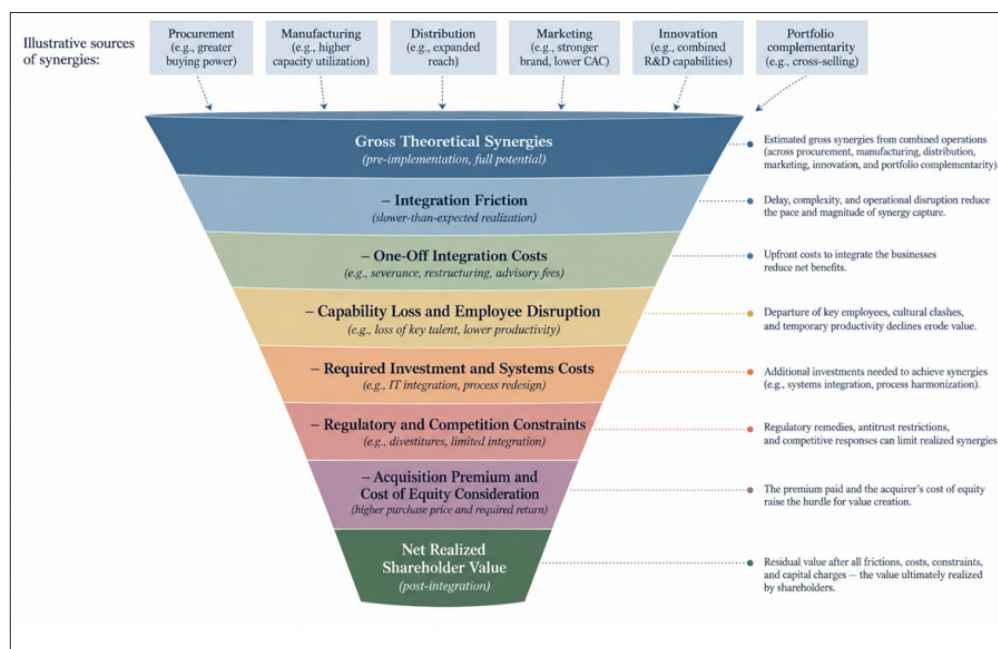


Figure 3: From Announced Synergy to Realized Shareholder Value: The Value-Realization Funnel

Figure 3 illustrates that the economically relevant number is the residual net value after all deductions. This means that a management estimate of, for example, RpX of gross cost and revenue synergy should never be capitalized at full value without considering timing, implementation expenditure, taxes, organizational disruption, investment requirements, and the cost of equity consideration. The funnel also explains how a strategically logical merger can fail financially despite achieving some operating synergies.

The Governance Integrity Test

The third test concerns whether the governance architecture protects all shareholders after control changes. Corporate control should be assessed as a long-duration economic asset. FrieslandCampina may contribute global dairy experience, product-development capabilities, nutrition knowledge, international networks, and long-term sector commitment. Such resources can improve ULTJ's strategic possibilities. The risk is structural rather than personal: once a new shareholder controls the listed company, group-wide priorities may not always coincide perfectly with those of dispersed minority investors.

This is where transparent governance mechanisms matter. Related-party transactions should be disclosed and priced on defensible terms. Intellectual-property arrangements should be transparent. Intercompany procurement, royalties, service charges, financing, and technology agreements should not become channels through which economic value is difficult for public investors to evaluate. Independent directors and committees have particular importance after a control transition.

Disclosure quality is similarly important. Loureiro and Silva show that stronger information environments can improve investor assessment of stock-financed acquisitions. García-Feijóo et al. demonstrate that information management around equity issuance can have longer-run implications. The practical implication is that post-deal reporting should go beyond statutory consolidation and explicitly identify integration expenditure, material synergies, and major related-party flows.

A mandatory tender mechanism, if triggered under applicable Indonesian takeover rules after the control transition, provides a further protection by creating an exit mechanism for qualifying public shareholders. Recent reporting states that such an obligation is expected following the planned change in controller. (OJK, 2018) The final legal treatment, however, should be based on the effective transaction structure and applicable OJK requirements at completion.

The Competition and Stakeholder Test

The fourth test asks whether the combined firm's private benefits correspond with acceptable market outcomes. Scale itself is not anticompetitive. Economies of scale can lower costs, support investment, and increase innovation. Ince shows that economies in regulatory costs can be a rational source of acquisition value, while Linde and Siebert show that technology-related factors can generate significant merger value.

Nevertheless, concentration can change rivalry. Stiebale and Szücs document increases in rival mark-ups after mergers in concentrated environments, and Rickert et al. identify local consumer-price increases where retail concentration rose. These results imply that the proper competition question is counterfactual: what prices, quality, innovation, and market entry would occur with and without the transaction?

For ULTJ–FFI, this requires updated market data rather than historical impressions. The relevant analysis should identify each major product market, the pre-transaction shares of ULTJ and FFI, major competitors, entry conditions, spare capacity, retailer bargaining power, import competition, product differentiation, and potential buyer or supplier effects. A large transaction value or famous brands alone cannot answer the competition question.

KPPU's notification framework makes this distinction explicit. Qualifying transactions that transfer control must disclose relevant-market and competitive information, and the authority evaluates potential monopoly or unfair-competition effects. Pre-transaction consultation is also available on a voluntary basis, allowing potential competition issues to be identified earlier.

At the stakeholder level, supplier effects should be monitored separately from consumer effects. Farmer procurement volume, payment terms, raw-milk prices, extension services, rejection rates, and quality premiums can indicate whether greater buyer scale supports or weakens the domestic dairy supply base. Retail and distributor terms can reveal whether portfolio power is materially increasing. Consumer-price movements should be compared with changes in milk, packaging, energy, labor, and logistics costs to distinguish market-power effects from normal cost pass-through.

A Post-Transaction Empirical Scorecard

Because the transaction is still proposed, its academic value is partly that it generates clear ex post hypotheses. The article

proposes a multi-year monitoring architecture rather than an immediate verdict.

Operating metrics should include procurement cost per unit, manufacturing yield, capacity utilization, inventory days, distribution expense per case, warehouse productivity, and working-capital turnover. These measures test claimed cost synergy.

Revenue metrics should include distribution points, cross-selling penetration, sales per outlet, channel-specific growth, geographic penetration, new-product revenue, and category-level market shares. These indicators separate genuine revenue synergy from the mechanical addition of FFI's existing revenue to ULTJ's consolidated accounts.

Financial metrics should include free cash flow, EBITDA margin, ROIC, economic profit, EPS, leverage, dividend capacity, and total shareholder return. ROIC is especially important because accounting earnings growth can occur even when the return on the economic resources exchanged in the acquisition is inadequate.

Organizational metrics should track key-person retention, employee turnover, employee engagement, IT integration, shared-procurement milestones, R&D collaboration, and speed of decision-making. These measures are justified by the post-merger literature showing that learning, identity, staffing, and employee participation affect eventual value realization.

Finally, governance and competition metrics should include board independence, related-party transaction volume, disclosure quality, synergy accountability, product prices relative to input costs, supplier terms, farmer procurement, innovation, and market concentration. Tracking these indicators jointly helps distinguish productivity-based value creation from outcomes that may instead reflect governance weaknesses or increased market power.

Figure 4 translates the conceptual framework into an ex-post monitoring system. Success is not defined by consolidated revenue growth because that increase will occur mechanically after the acquisition. Instead, performance is evaluated across operating synergy, revenue synergy, financial value, organizational integration, governance, and competition/stakeholder outcomes.



Figure 4: Post-Transaction Monitoring Dashboard for Equity-Financed Dairy Consolidation

Figure 4 Illustrates that the numerical values in Figure 4 are **illustrative dashboard examples rather than forecasts or reported ULTJ–FFI outcomes**. They demonstrate the types of indicators that should be collected after closing. The dashboard should ultimately be populated with verified baseline and post-transaction data so that researchers can distinguish value generated through productivity and innovation from value associated primarily with accounting consolidation or greater market power.

Theoretical implications: from “acquisition success” to conditional value creation

The integrated evidence suggests that the common phrase “successful acquisition” is too coarse. Acquisition performance should instead be conceptualized as **conditional value creation**.

The first condition is transaction fairness. A financially elegant structure can still destroy value if the exchange ratio is unfavorable. The second condition is execution. A fair price can still lead to poor outcomes when integration fails. The third is governance. A strategically and operationally successful transaction can still distribute benefits unequally if governance permits excessive private benefits of control. The fourth is competitive compatibility. A highly profitable combined firm can generate social costs if profitability derives primarily from weakened competition rather than productivity or innovation.

These four conditions also interact. Strong governance can improve integration accountability. Successful integration can make efficiency claims more credible to regulators. Competition remedies can reduce certain synergies and therefore change acquisition valuation. The payment method can determine who controls the company and thereby shape subsequent integration decisions.

This is why the ULTJ–FFI case is theoretically valuable. It cannot be analyzed adequately through an isolated P/E multiple, EPS calculation, market-share figure, or legal transaction label. It simultaneously raises questions in corporate finance, strategic management, international business, organization theory, governance, and industrial organization.

Cross-border M&A literature provides additional support for this integrated perspective. Wiedemann et al. conceptualize cross-border acquisitions as market-entry mechanisms, dynamic learning processes, and value-creation strategies. Ahsan et al. emphasize institutional determinants throughout the transaction process. Jain identifies the diversity and evolution of the cross-border M&A research field. Brown et al. demonstrate the importance of political and institutional legitimacy, while He and Fukuchi illustrate how ownership transfer can reshape strategic resources.

The sustainability dimension adds another layer. Narikiyo et al. demonstrate that acquisition and disposal decisions in consumer goods can be assessed against sustainability commitments. For dairy businesses, future research should therefore incorporate greenhouse-gas intensity, energy efficiency, packaging, food waste, domestic milk sourcing, farmer resilience, and nutrition access in addition to traditional shareholder metrics [59-65].

Conclusion

This qualitative literature review has examined the proposed ULTJ–FFI combination through an integrated lens encompassing equity financing, ownership dilution, corporate control, strategic synergy, post-merger integration, governance, competition, and stakeholders. The central structural characteristic of the proposal is unusual but economically coherent: ULTJ would become the legal owner of FFI, while the equity consideration would allow FrieslandCampina to become the new controller of ULTJ. Consequently, the transaction should be analyzed simultaneously as an operating-company acquisition, a major equity issuance, and a reallocation of corporate control.

The literature supports several substantive conclusions. Equity consideration can preserve cash and borrowing capacity, but it is not costless because it transfers future cash-flow and voting rights. Dilution is therefore not intrinsically destructive; its economic significance depends on whether the value received exceeds the value surrendered. Strategic complementarity between large dairy businesses can create substantial procurement, manufacturing, distribution, marketing, knowledge, and innovation

opportunities, but these opportunities remain contingent on post-merger execution. Integration speed, employee participation, organizational justice, absorptive capacity, network reconstruction, and learning orientation materially influence value realization.

Corporate governance is especially important when the transaction itself changes the identity of the controlling shareholder. Independent valuation, transparent exchange-ratio analysis, board oversight, related-party governance, meaningful disclosure, and post-deal synergy accountability are therefore integral components of economic fairness rather than administrative formalities.

Firm-level synergy also cannot substitute for competition analysis. Related consolidation may lower costs and increase innovation while simultaneously altering concentration, retailer bargaining, supplier bargaining, entry conditions, and rivals' behavior. Appropriate competition assessment must therefore use current product-level and market-level evidence rather than broad assertions about the attractiveness or size of the dairy industry.

The article consequently proposes four simultaneous tests for sustainable transaction value: Financing Fairness, Synergy Realizability, Governance Integrity, and Competition/Stakeholder Outcomes. A transaction that passes only one or two of these tests cannot yet be considered economically successful.

As of 20 September 2026, the proposed UL TJ transaction remained at the disclosure and approval stage, with the September 18 proposed rights issue and material-transaction disclosure preceding the extraordinary shareholder-meeting process. This means that the most important empirical research remains ahead. Once the transaction is completed and adequate time has elapsed, future studies should evaluate announcement and long-run shareholder returns, ROIC and free cash flow, category-level consumer prices, market concentration, supplier bargaining, domestic milk procurement, organizational integration, innovation, and realized synergies.

The key proposition is therefore not that large-scale consolidation is inherently beneficial or harmful. It is that **economic value emerges only when the value of assets and capabilities obtained exceeds the value of equity and control surrendered, when integration converts complementarity into cash flow, when governance distributes gains fairly, and when firm-level efficiencies remain consistent with effective competition and sustainable stakeholder outcomes.**

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