ABSTRACT

This research aims to analyze the impact of public non-financial firm's financial performance which completed cross-border merger and acquisition in Indonesia during the period of 2005-2012 by comparing five financial ratios from five years before and after merger and acquisition. These financial ratios are current ratio (CR), return on assets (ROA), net profit margin (NPM), asset turnover (ATO), earning per share (EPS).

The samples of this research consists of 18 non-financial firms obtained from Bloomberg Terminal using purposive sampling. Wilcoxon signed ranks test and MANOVA are utilized to compare the financial ratio individually and simultaneously before and after M&A.

The results of this research showed overall negative impact of financial performance after M&A, especially on profitability and efficiency ratio in acquirer's company. As ROA and ATO decreased significantly after M&A. Other ratios which being examined showed insignificant decrement. This means that acquirer did not achieved synergy after doing M&A in Indonesia, which is main motive of executing M&A. Furthermore, target's companies showed to have insignificant impact after M&A.

Keywords: Merger and Acquisition, Financial performance, Profitability, Efficiency, Synergy.