

M&A AT A GLANCE

JULY 2020 | ISSUE 100

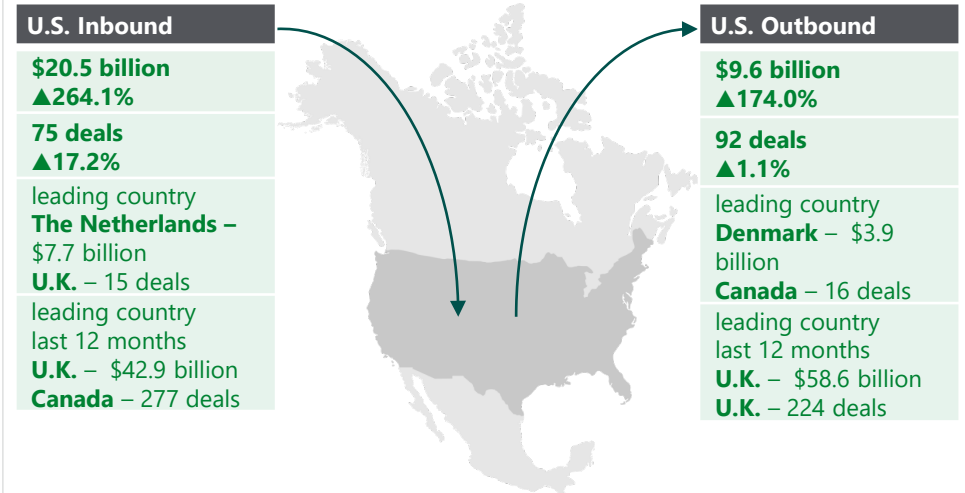
Key Takeaways

- ▶ Did we hit bottom? In a much needed departure from the trends of the last few months, global and U.S. M&A increased across all measures in June.
- ▶ Total deal values increased by 165% to \$63 billion in the U.S. and 74% to \$203 billion globally. In contrast to the general decline in strategic activity in May, June saw U.S. strategic deal value increase 206% to \$53.7 billion and deal numbers increase 10% to 429 deals.
- ▶ Computers and Electronics was the most active sector for June and the last 12-months (LTM). Insurance entered the top-5 by number of deals and by deal value in June.
- ▶ For U.S. mergers in June:
 - ▶ Stock was used as consideration in all deals.
 - ▶ Target and reverse break fees decreased, though sample size was small. Average target and reverse break fees were both 2.1% of equity value in June, compared to 3.6% and 5.5% LTM, respectively.
 - ▶ Unaffected premiums decreased from 91% in May to 42%, though higher than the 37% LTM average.¹

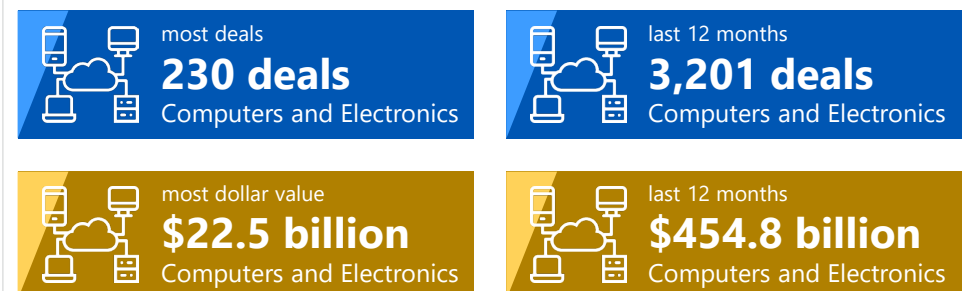
Strategic vs. Sponsor Activity

Global
Total
\$202.5 billion – ▲73.9%
2,462 deals – ▲72.6%
Strategic
\$154.9 billion – ▲72.6%
2,196 deals – ▲12.6%
Sponsor
\$47.7 billion – ▲78.4%
273 deals – ▲20.3%
U.S.
Total
\$63.1 billion – ▲164.6%
535 deals – ▲15.1%
Strategic
\$53.7 billion – ▲205.8%
429 deals – ▲10.0%
Sponsor
\$9.4 billion – ▲49.7%
106 deals – ▲41.3%

Crossborder Activity



Industry Activity



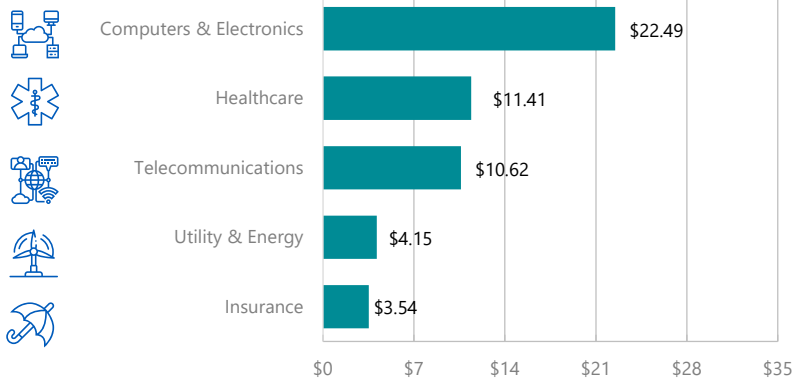
All data is as of July 10, 2020 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

Most Active U.S. Target Industries²

Deal Value (US\$B)

June 2020

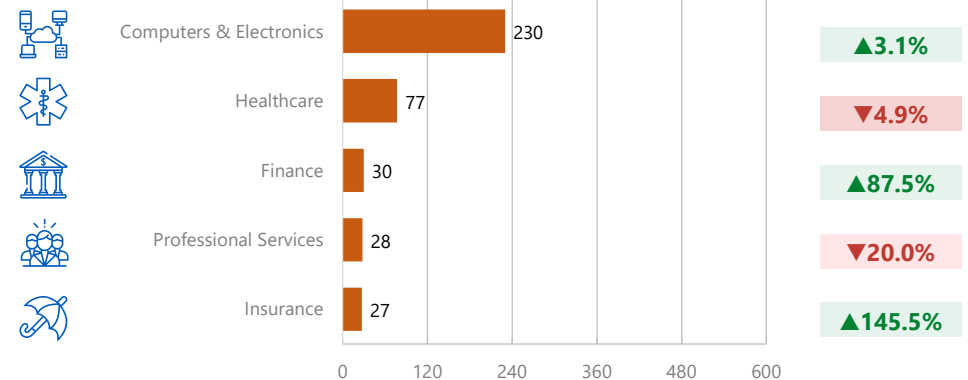
+/- from last month



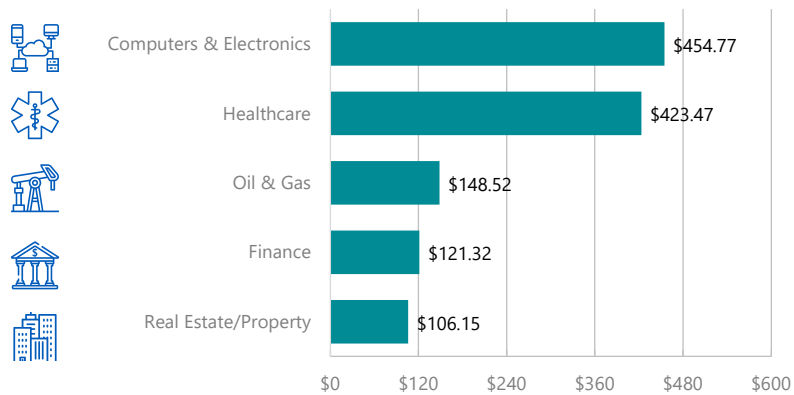
Number of Deals

June 2020

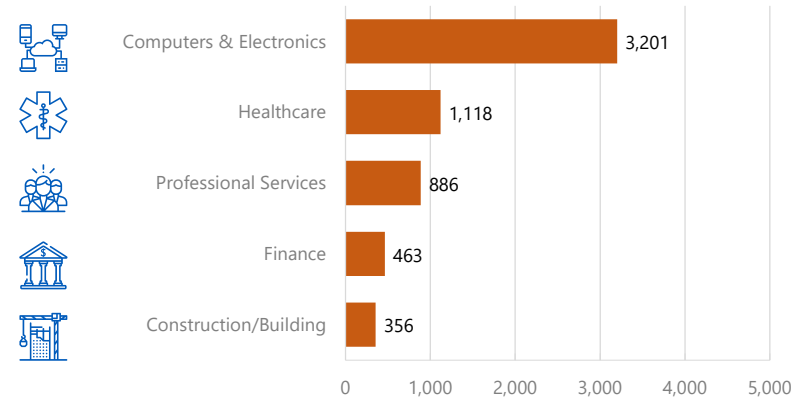
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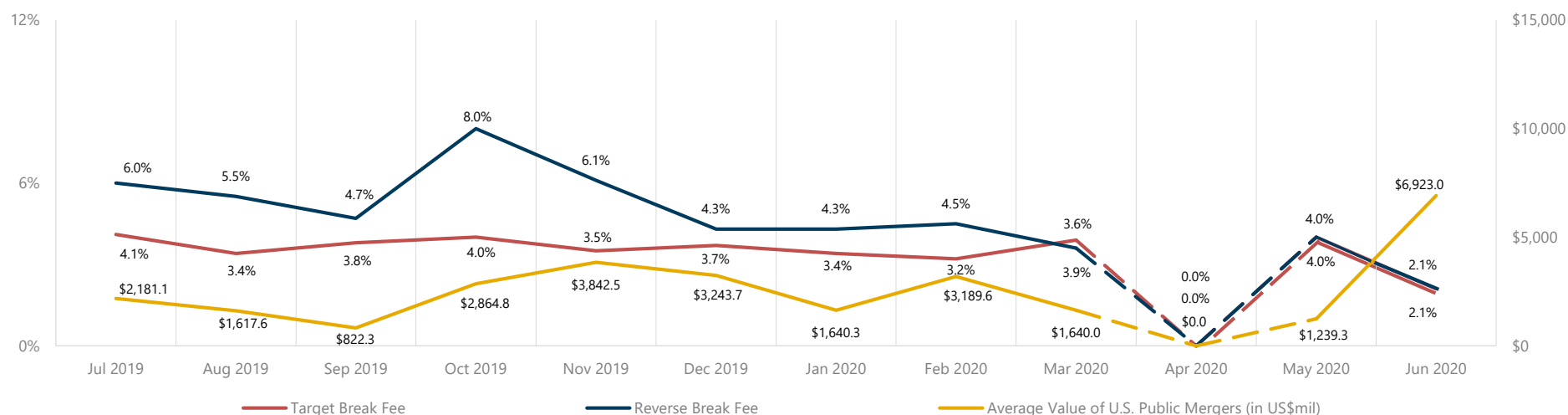
Last 12 Months



Last 12 Months



Average Break Fees as % of Equity Value⁴



Average Break Fees as % of Equity Value⁵

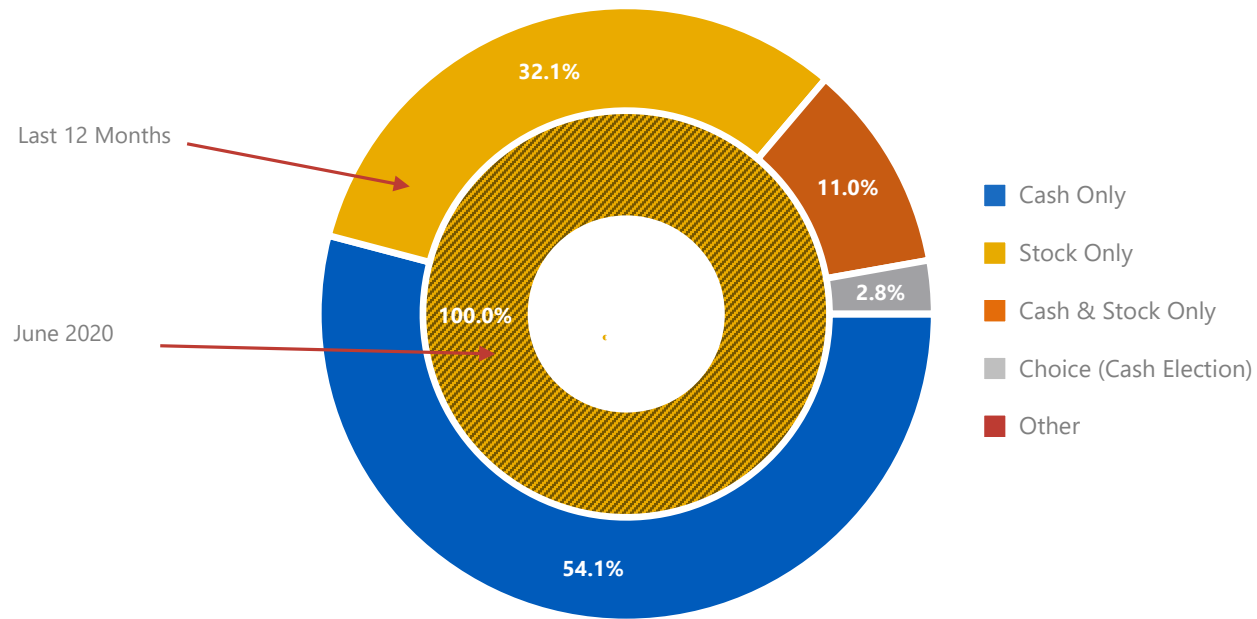
	June 2020	Last 12 Months
Target Break Fee for All Mergers ⁶	2.1	3.6

	June 2020	Last 12 Months
Reverse Break Fee for All Mergers ⁷	2.1	5.5
Reverse Break Fee for Mergers Involving Financial Buyers ⁸	N/A	6.8
Reverse Break Fee for Mergers Involving Strategic Buyers ⁹	2.1	4.8

U.S. Public Merger Go-Shop Provisions¹⁰

	June 2020	Last 12 Months
% of Mergers with Go-Shops	0.0	14.7
% of Mergers Involving Financial Buyers with Go-Shops ¹¹	N/A	57.1
% of Mergers Involving Strategic Buyers with Go-Shops ¹²	0.0	4.5
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops ¹³	N/A	34.3
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops	N/A	33.2
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops	N/A	37.5

Form of Consideration as % of U.S. Public Mergers¹⁴



Tender Offers as % of U.S. Public Mergers

June 2020	0.0
Last 12 Months	17.4

Unaffected Premium %¹⁶

June 2020	41.9
Last 12 Months	37.0

Hostile/Unsolicited Offers as % of U.S. Public Mergers¹⁵

June 2020	50.0
Last 12 Months	13.2

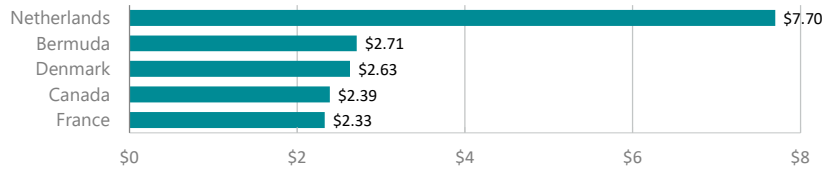
Total Target Adviser Fee(s) as % of Equity Value

June 2020	N/A
Last 12 Months	1.6

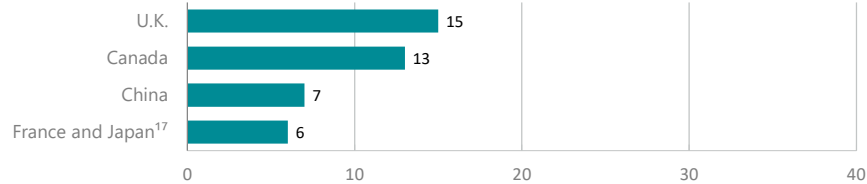
Top 5 Countries of Origin or Destination for Inbound U.S. Crossborder Transactions

Inbound U.S. Crossborder Transactions for June 2020

By Volume (US\$B)

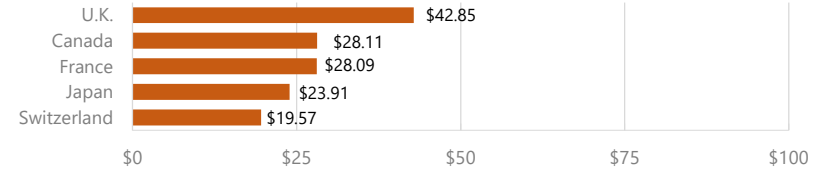


By Number of Deals

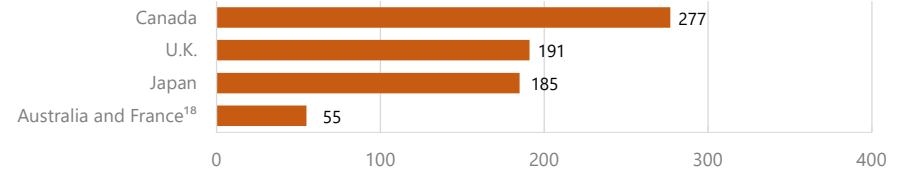


Inbound U.S. Crossborder Transactions for the Last 12 Months

By Volume (US\$B)



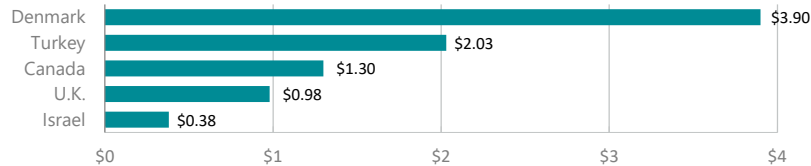
By Number of Deals



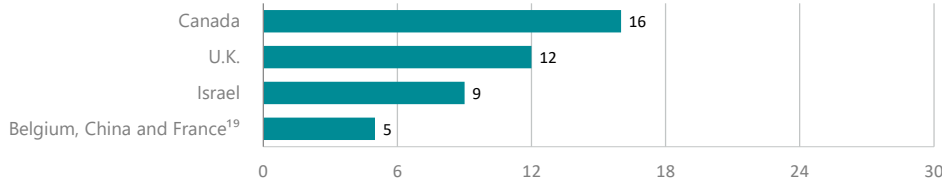
Top 5 Countries of Origin or Destination for Outbound U.S. Crossborder Transactions

Outbound U.S. Crossborder Transactions for June 2020

By Volume (US\$B)

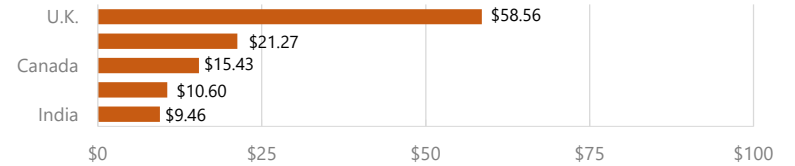


By Number of Deals

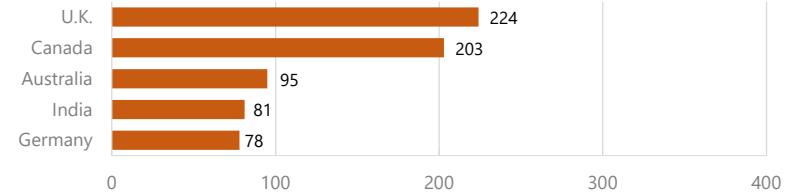


Outbound U.S. Crossborder Transactions for the Last 12 Months

By Volume (US\$B)

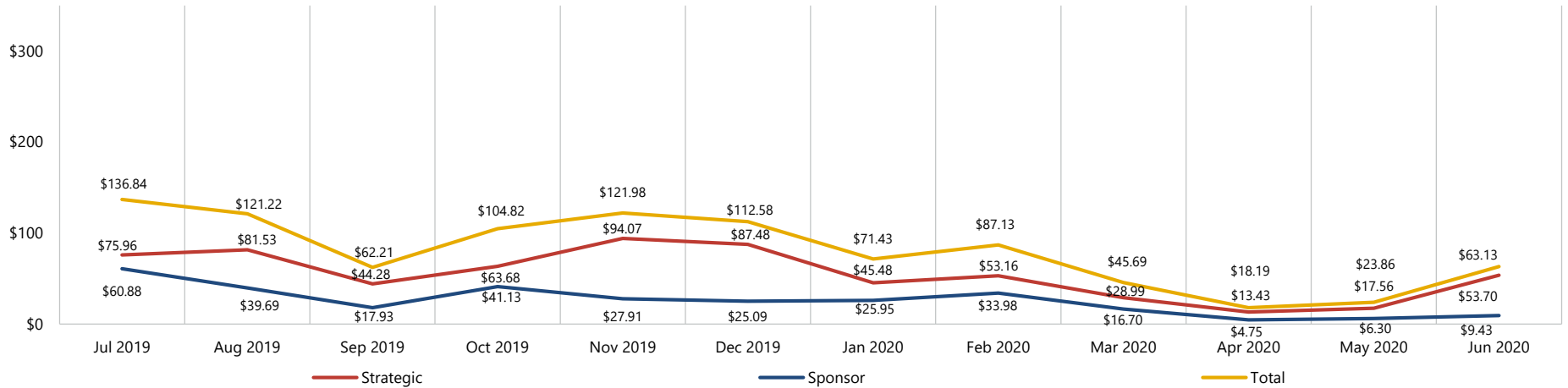


By Number of Deals

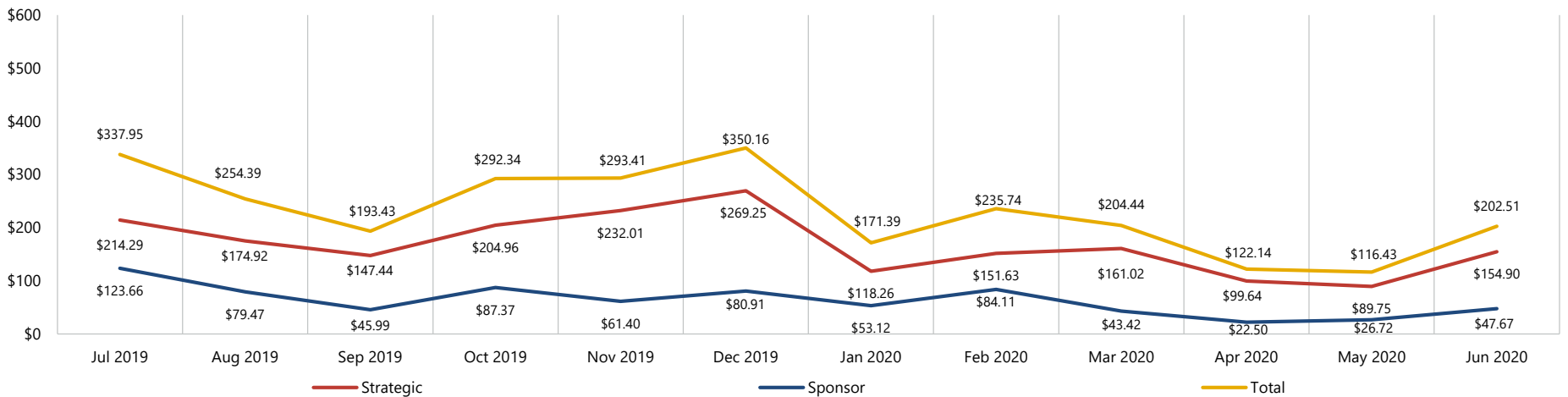


Appendix: M&A Activity – 12 Month Trends

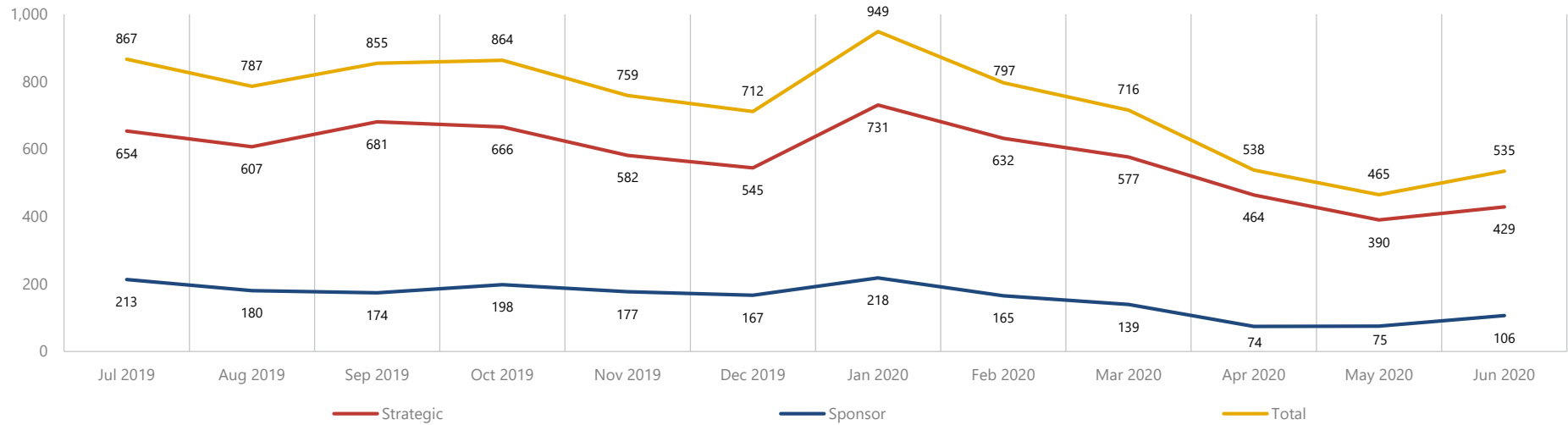
U.S. Deal Value (US\$B)



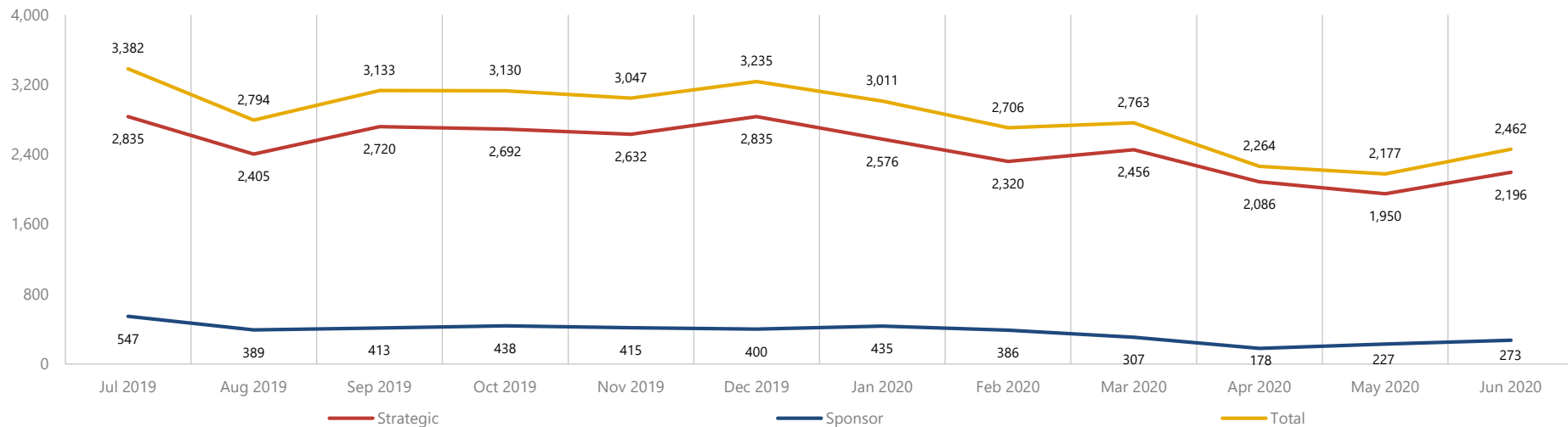
Global Deal Value (US\$B)



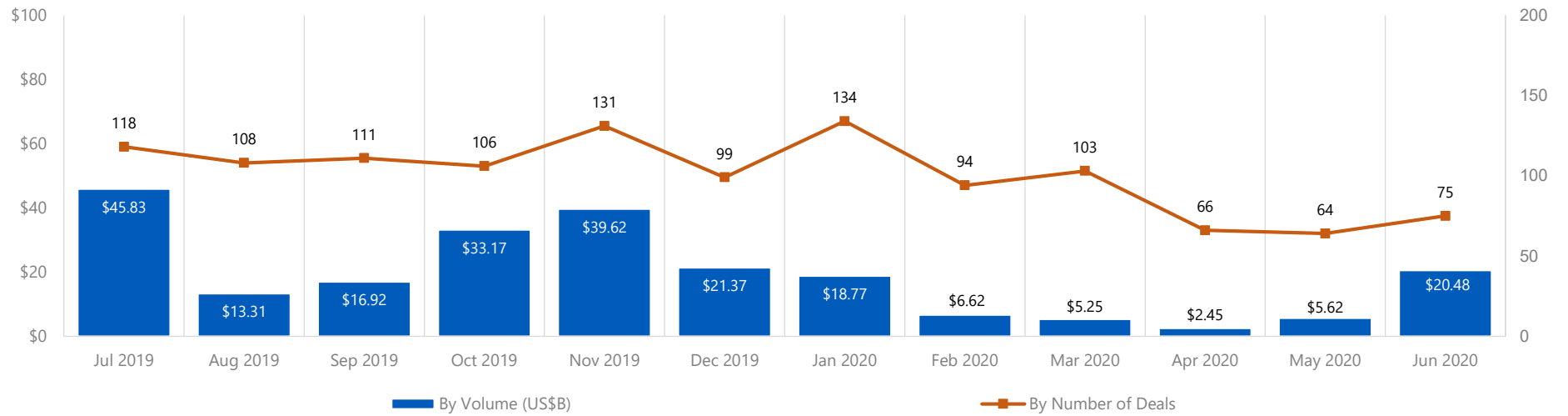
U.S. Number of Deals



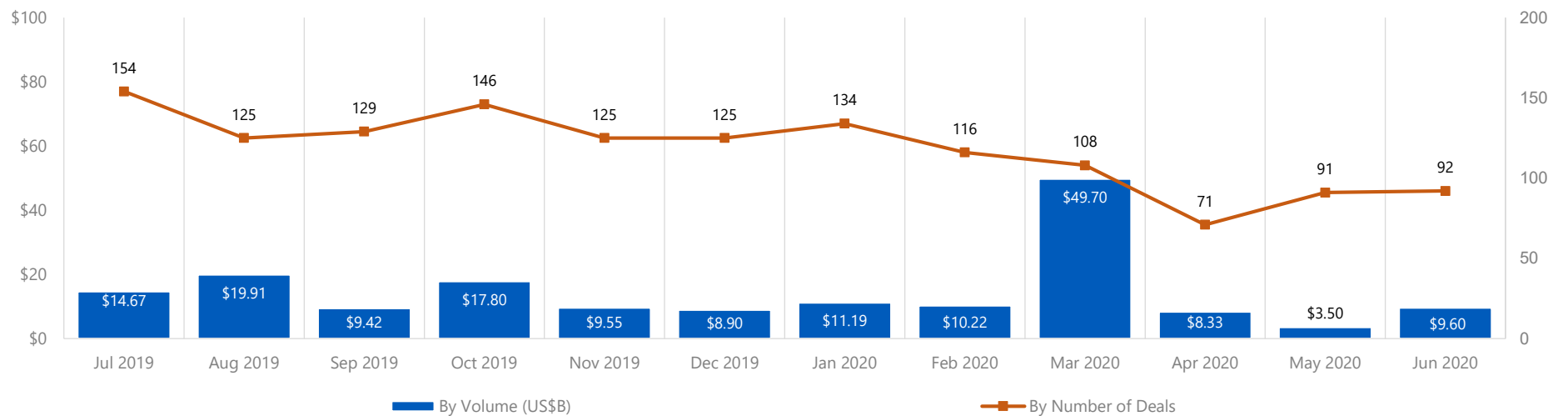
Global Number of Deals



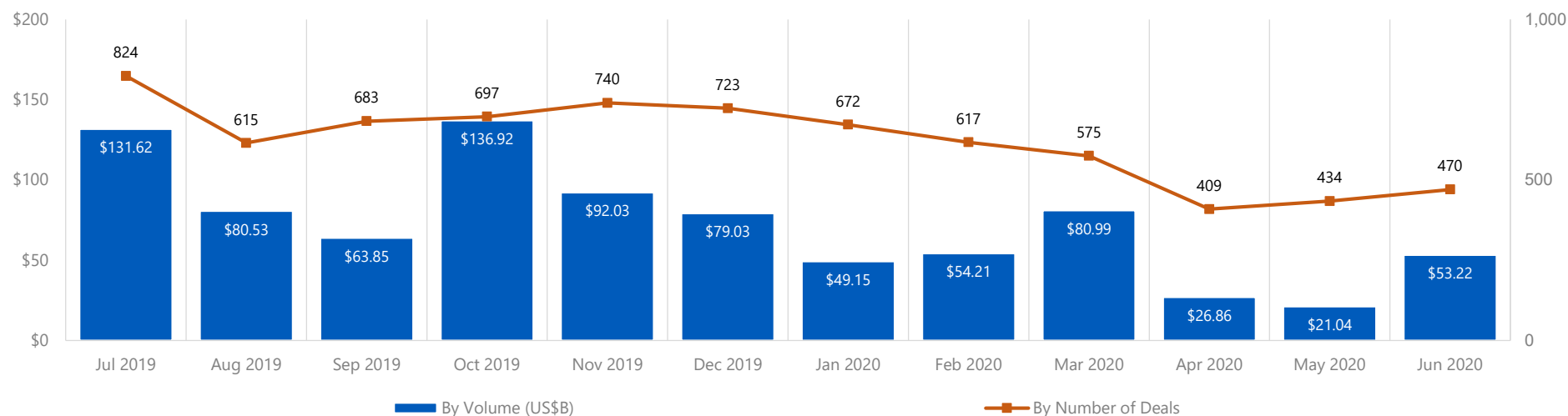
Inbound U.S. Crossborder Transactions



Outbound U.S. Crossborder Transactions



Global Crossborder Transactions



Endnotes

- 1 June U.S. merger data, also displayed on p. 3-4, is based on two announced deals.
- 2 Industries categories are determined and named by Cortex.
- 3 There were 11 deals targeting the insurance industry in May 2020. All 11 deals involved private investors and the deal values were not disclosed.
- 4 Based on the highest target break fees and reverse break fees payable in a particular deal.
- 5 Financial and strategic categories are determined by Deal Point Data.
- 6 One transaction in June 2020 had a target break fee.
- 7 One transaction in June 2020 had a reverse break fee.
- 8 Zero transactions in June 2020 involving a financial buyer had a reverse break fee.
- 9 One transaction in June 2020 involving a strategic buyer had a reverse break fee.
- 10 Financial and strategic categories are determined by Deal Point Data.
- 11 Zero transactions in June 2020 involved a financial buyer.
- 12 One transaction in June 2020 involved a strategic buyer.
- 13 Zero transactions in June 2020 had a go-shop provision.
- 14 Due to rounding, percentages may not add up to 100%.
- 15 This data includes both announced transactions for which a definitive merger agreement was reached and filed and those for which a definitive merger agreement was never reached and filed (including withdrawn transactions).
- 16 Unaffected Premium % indicates the difference between the current price per share offered as consideration in the transaction and the "unaffected price", reflected as a percentage. The "unaffected price" is the target's closing stock price on the date that is one calendar day prior to the first public disclosure regarding a potential deal involving the target and on which the target's stock price was unaffected by the news of the deal.
- 17 Each of France and Japan was the country of origin for six transactions in June 2020.
- 18 Each of Australia and France was the country of origin for 55 transactions over the last 12 months.
- 19 Each of Belgium, China and France was the country of destination for 5 transactions in June 2020.

The charts on p. 1-2 and 5-9 were compiled using Cortex, and are for the broader M&A market, including public and private transactions of any value. Deal volume by dollar value and average value of deals are calculated from the subset of deals that include a disclosed deal value. The charts on p. 3-4 were compiled using Deal Point Data, and include acquisitions seeking majority or higher control of U.S. targets valued at \$100 million or higher announced during the period indicated and for which a definitive merger agreement was reached and filed (except with respect to data regarding premiums and hostile/unsolicited offers, which is for all announced deals). "Last 12 Months" data is for the period from July 2019 to June 2020 inclusive. Data obtained from Cortex and Deal Point Data has not been reviewed for accuracy by Paul, Weiss.

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This publication is not intended to provide legal advice, and no legal or business decision should be based on its content. Questions concerning issues addressed in this memorandum should be directed to:

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