

M&A AT A GLANCE

JANUARY 2021 | ISSUE 106

Key Takeaways

- M&A ended 2020 in the green, as activity increased by most measures in December. In the U.S., total deal value and deal count were up 59% and 22%, respectively, with both strategic and sponsor deals growing across both metrics for December. Globally, total deal value and deal count were up a more modest 15% and 5%, respectively, with sponsor deals making a stronger showing than strategic deals.
- U.S. inbound deal activity increased significantly by 310% (driven largely by AstraZeneca plc's \$40 billion acquisition of Alexion Pharmaceuticals, Inc.) while U.S. outbound deal activity declined by 40%.
- The U.K. and Canada tied as the top country for U.S. inbound transactions by deal count. The U.K. was also the target country of choice for U.S. outbound deals, reflecting its pole position so far over the last 12 months (LTM).
- Computer & Electronics remained the top industry by dollar value and deal count for December and LTM, increasing by 202% and 17%, respectively in December over November. These gains were headlined by a trio of acquisitions: Salesforce.com, Inc.'s \$28 billion acquisition of Slack Technologies, Inc., Thoma Bravo, LLC's \$10 billion acquisition of RealPage Inc. and Platinum Equity, LLC's \$7 billion acquisition of Ingram Micro Inc. Healthcare also showed strong performance in December with a 232% gain in deal value, largely driven by the AstraZeneca/Alexion transaction noted above.
- U.S. public merger highlights include the following:
 - Only 16% of U.S. public mergers in December utilized stock only, compared to 28% LTM.
 - Tender offers and hostile/unsolicited offers both declined in December (to 16% and 19%) but those levels are more in line with LTM figures (26.6% and 17.8%, respectively).
 - Unaffected premium percentages decreased in December to 31% as compared to 40% LTM.
- Finally, in light of the popularity that special purpose acquisition companies (SPACs) have recently achieved, we will be tracking acquisitions by SPACs starting this month. In December, there were 16 U.S. targets for which a deal agreement has been announced by a SPAC (totaling \$24 billion in deal value), up 60% and 100% over November. Globally, SPAC acquisitions were up as well, though largely dominated by U.S. deals.

Strategic vs. Sponsor Activity

U.S.
Total
\$236.7 billion – ▲59.2%
671 deals – ▲21.6%
Strategic
\$162.9 billion – ▲66.5%
508 deals – ▲18.4%
Sponsor
\$73.7 billion – ▲45.2%
163 deals – ▲32.5%

Global
Total
\$461.2 billion – ▲15.2%
2,720 deals – ▲5.0%
Strategic
\$308.5 billion – ▲9.0%
2,332 deals – ▲4.5%
Sponsor
\$152.8 billion – ▲29.9%
388 deals – ▲7.8%

Crossborder Activity

U.S. Inbound	U.S. Outbound
\$76.1 billion ▲309.9%	\$36.1 billion ▼39.9%
112 deals ▲8.7%	112 deals ▲0.9%
leading country U.K. – \$43.8 billion Canada & U.K. – 23 deals	leading country U.K. – \$12.1 billion U.K. – 18 deals
leading country last 12 months U.K. – \$63.2 billion Canada – 256 deals	leading country last 12 months U.K. – \$166.9 billion U.K. – 235 deals

Industry Activity

 most deals 247 deals Computers & Electronics	 last 12 months 3,029 deals Computers & Electronics
 most dollar value \$79.3 billion Computers & Electronics	 last 12 months \$445.5 billion Computers & Electronics

SPAC Acquisitions

 \$24.1 billion ▲ 99.5%	16 deals ▲ 60.0%	 \$31.7 billion ▲ 64.9%	19 deals ▲ 35.7%
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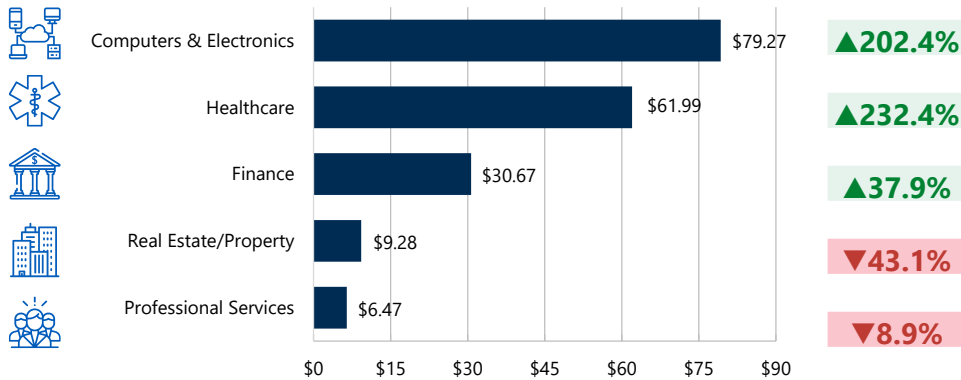
All data is for December 2020 and is as of January 11, 2021 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

Most Active U.S. Target Industries¹

Deal Value (US\$B)

December 2020

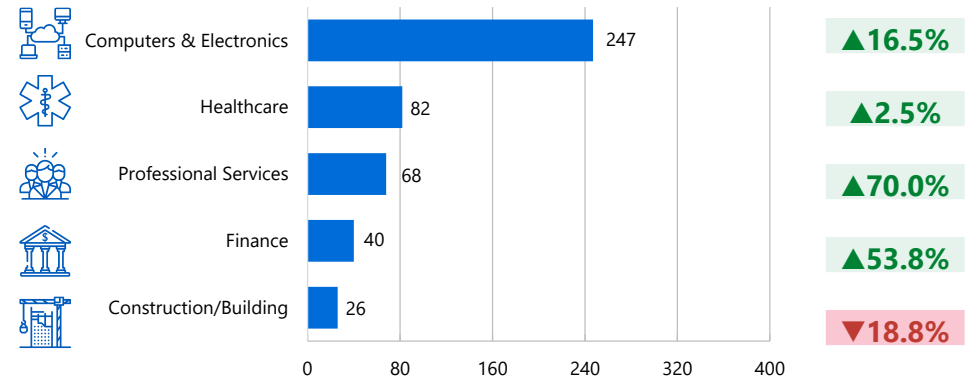
+/- from last month



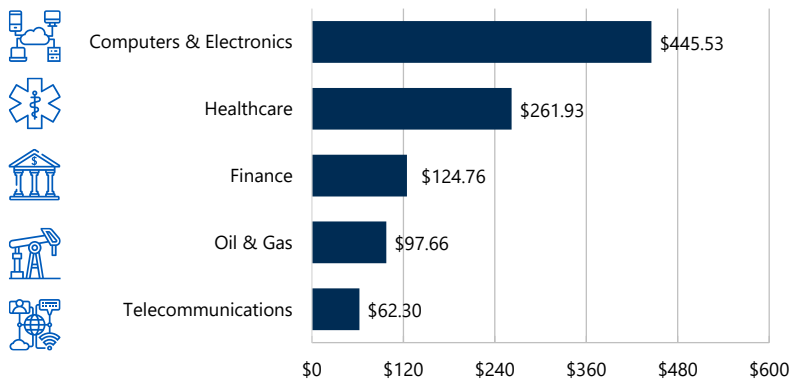
Number of Deals

December 2020

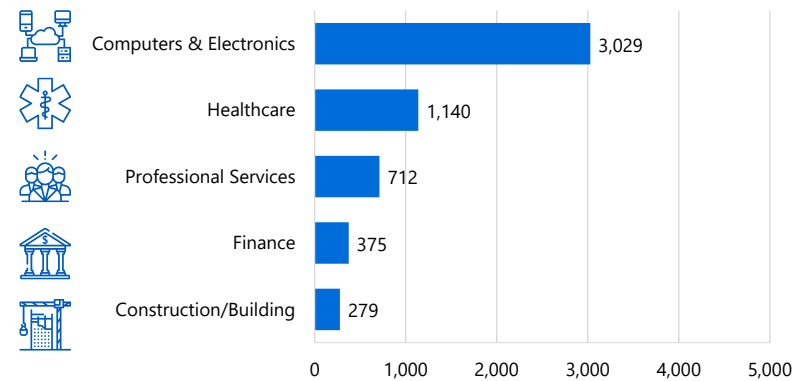
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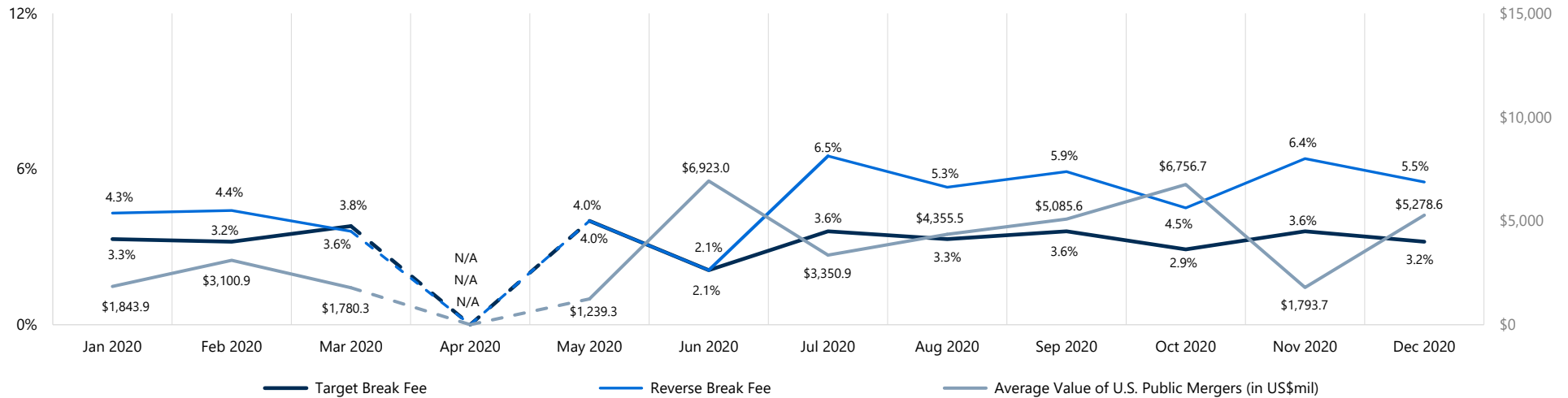
Last 12 Months



Last 12 Months



Average Break Fees as % of Equity Value²



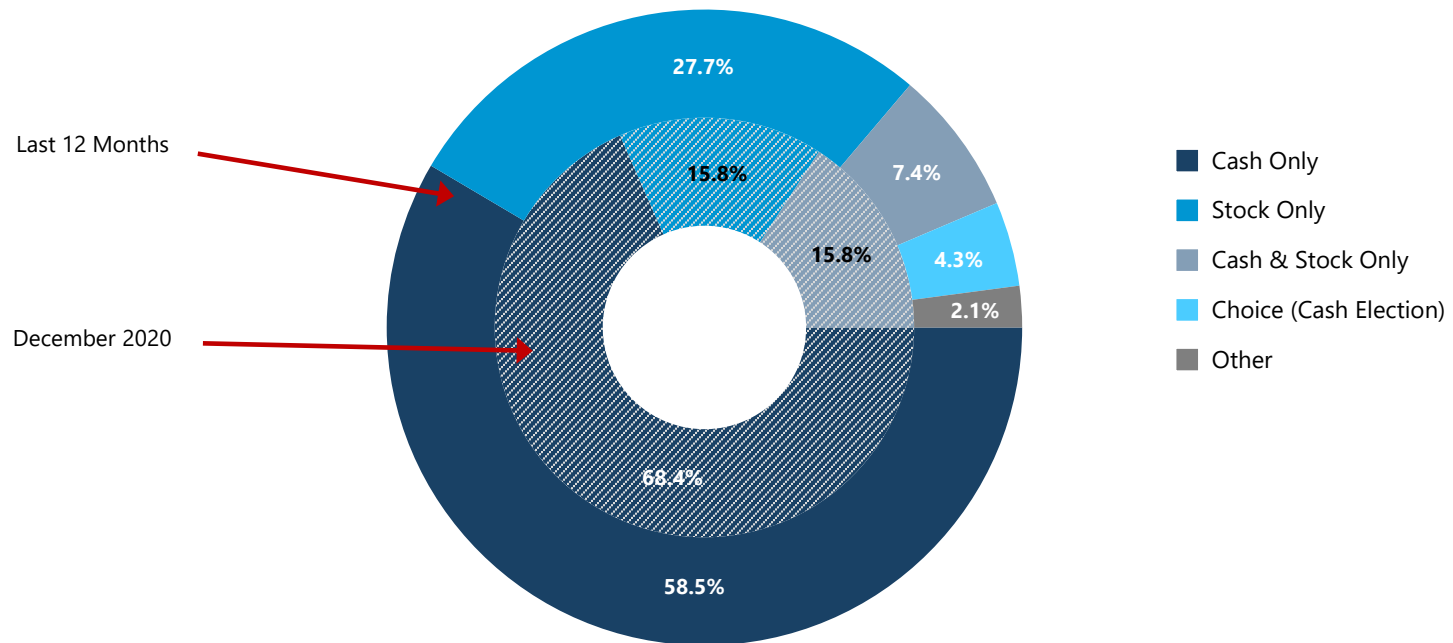
Average Break Fees as % of Equity Value^{3,4}

	December 2020	Last 12 Months
Target Break Fee for All Mergers	3.2	3.3
Reverse Break Fee for All Mergers ⁵	5.5	5.2
Reverse Break Fee for Mergers Involving Financial Buyers ⁶	5.4	6.1
Reverse Break Fee for Mergers Involving Strategic Buyers ⁷	5.6	4.6

U.S. Public Merger Go-Shop Provisions⁴

	December 2020	Last 12 Months
% of Mergers with Go-Shops	10.5	8.5
% of Mergers Involving Financial Buyers with Go-Shops ⁸	14.3	20.8
% of Mergers Involving Strategic Buyers with Go-Shops ⁹	8.3	4.3
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops ¹⁰	43.0	37.6
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops ¹¹	45.0	36.0
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops ¹²	41.0	40.3

Form of Consideration as % of U.S. Public Mergers¹³



Tender Offers as % of U.S. Public Mergers

December 2020	15.8
Last 12 Months	26.6

Unaffected Premium %¹⁵

December 2020	31.3
Last 12 Months	40.1

Hostile/Unsolicited Offers as % of U.S. Public Mergers¹⁴

December 2020	19.0
Last 12 Months	17.8

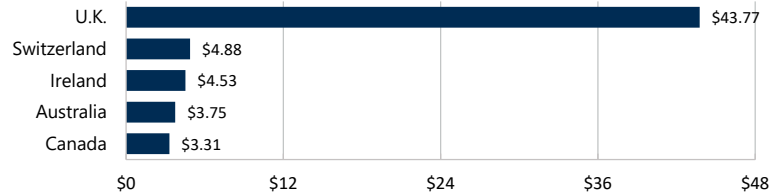
Total Target Adviser Fee(s) as % of Equity Value

December 2020	1.7
Last 12 Months	1.3

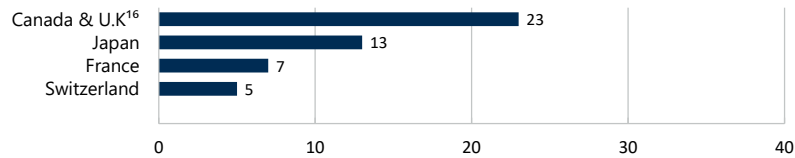
Top 5 Countries of Origin or Destination for Inbound U.S. Crossborder Transactions

Inbound U.S. Crossborder Transactions for December 2020

By Deal Value (US\$B)

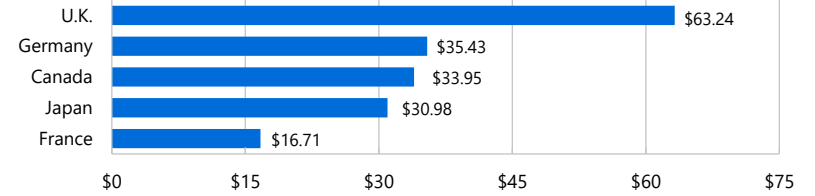


By Number of Deals

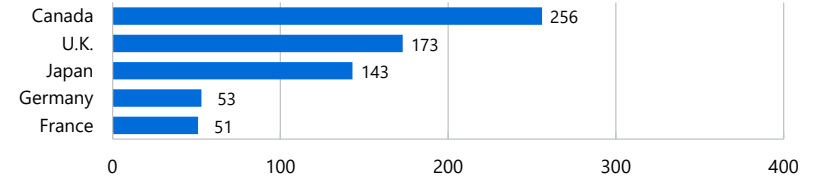


Inbound U.S. Crossborder Transactions for the Last 12 Months

By Deal Value (US\$B)



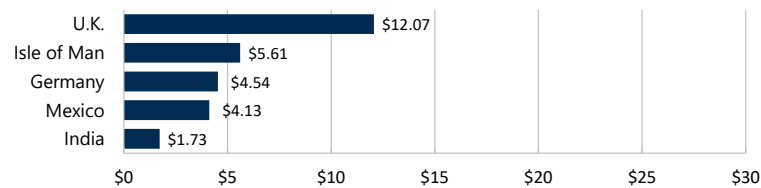
By Number of Deals



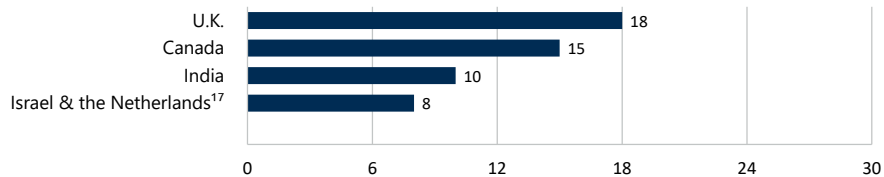
Top 5 Countries of Origin or Destination for Outbound U.S. Crossborder Transactions

Outbound U.S. Crossborder Transactions for December 2020

By Deal Value (US\$B)

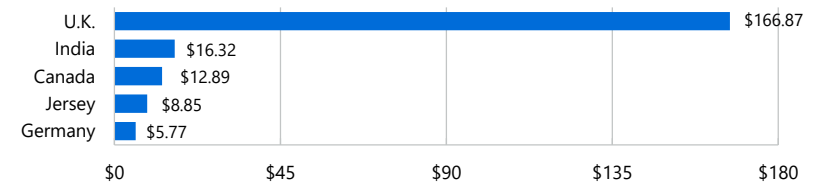


By Number of Deals

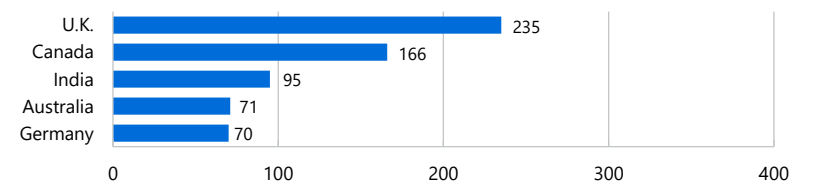


Outbound U.S. Crossborder Transactions for the Last 12 Months

By Deal Value (US\$B)

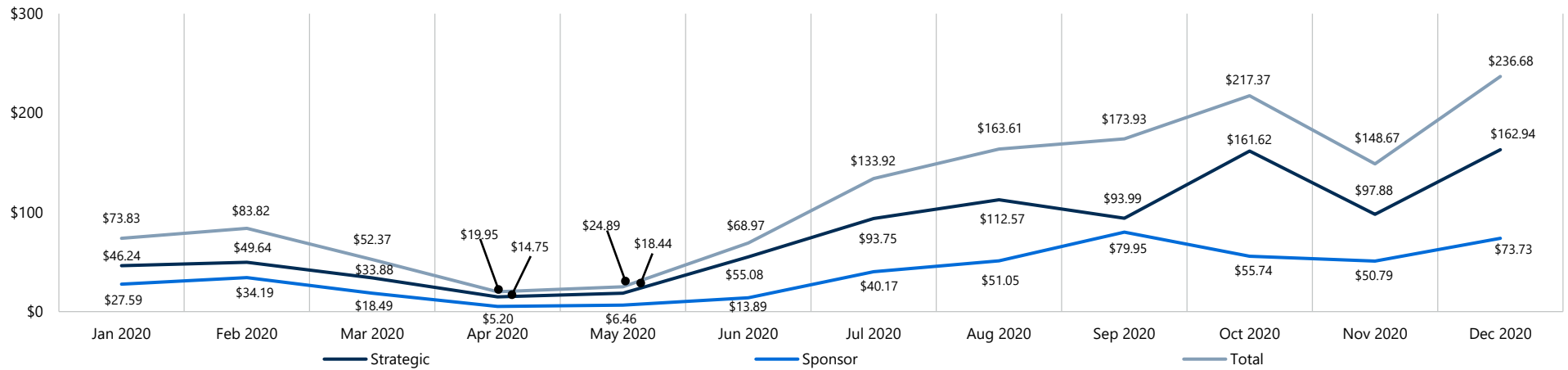


By Number of Deals

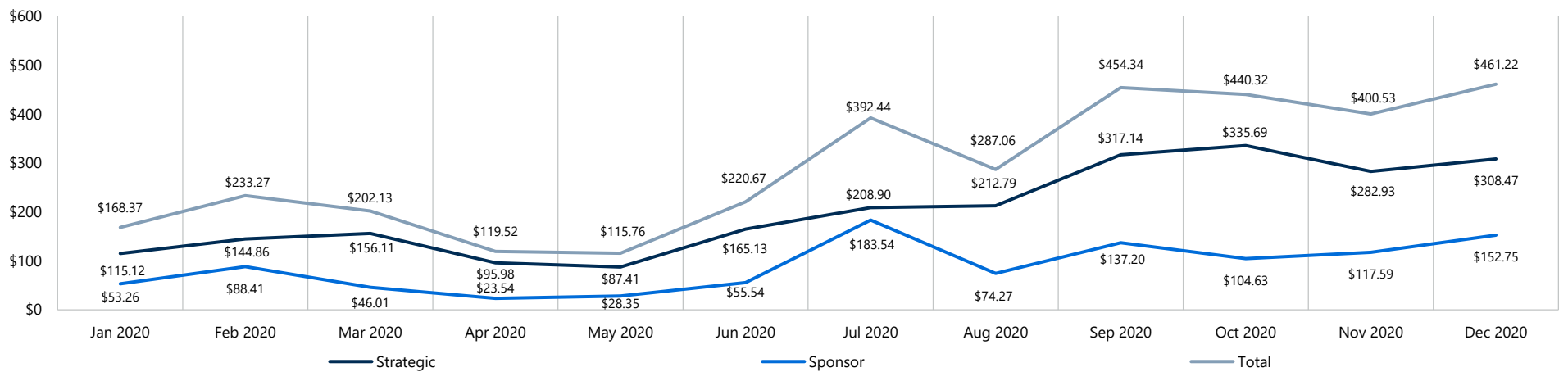


Appendix: M&A Activity – 12 Month Trends

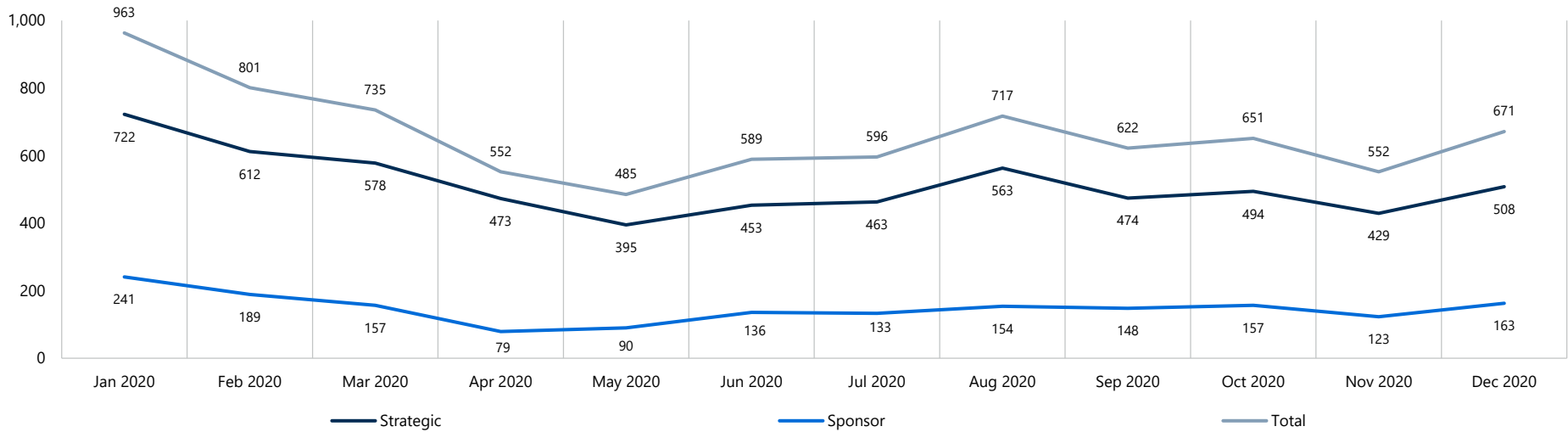
U.S. Deal Value (US\$B)



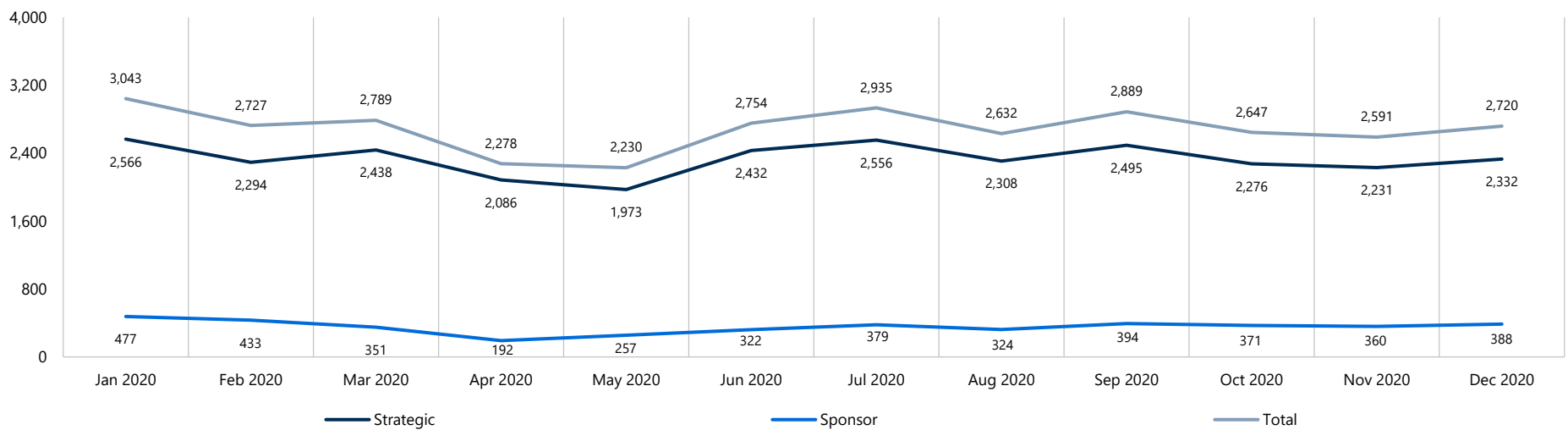
Global Deal Value (US\$B)



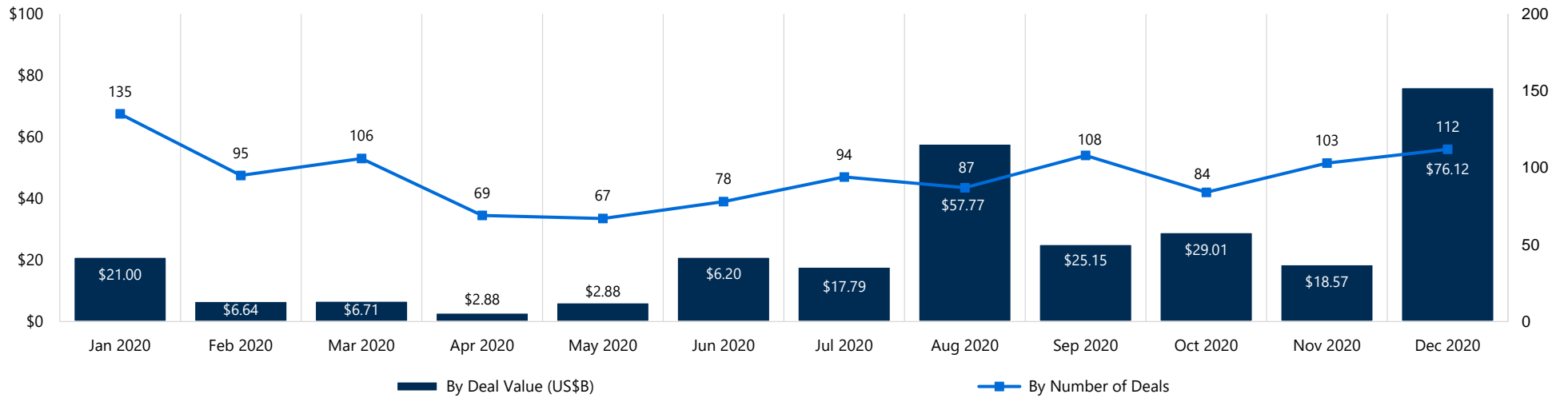
U.S. Number of Deals



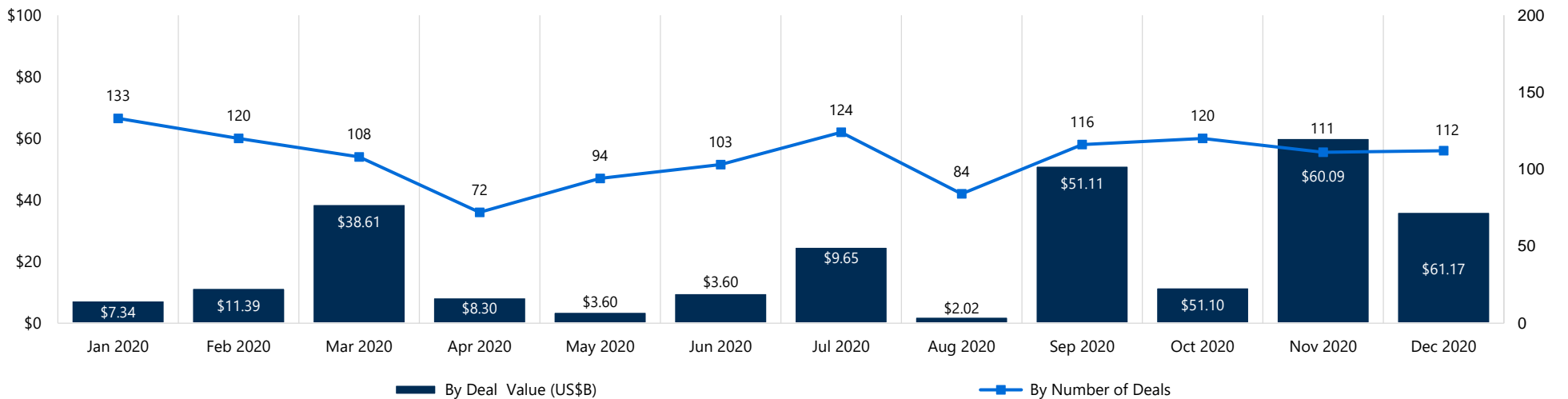
Global Number of Deals



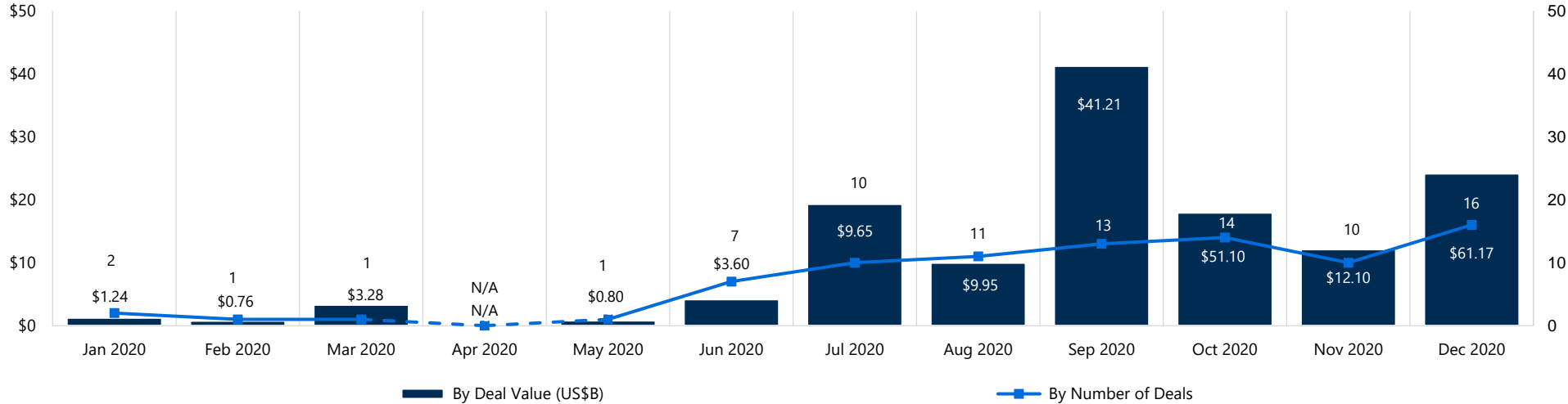
Inbound U.S. Crossborder Transactions



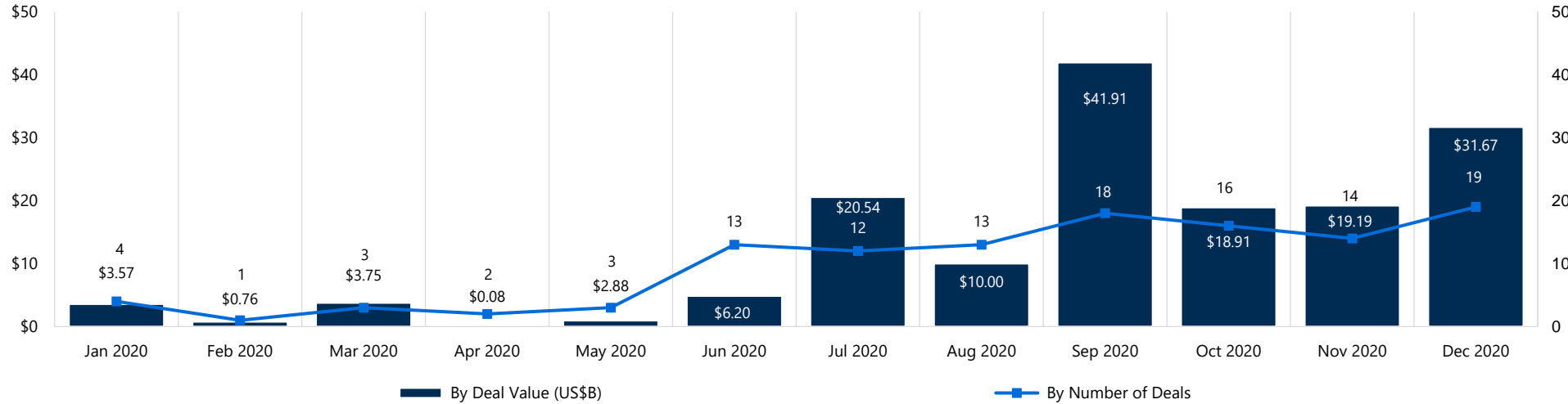
Outbound U.S. Crossborder Transactions



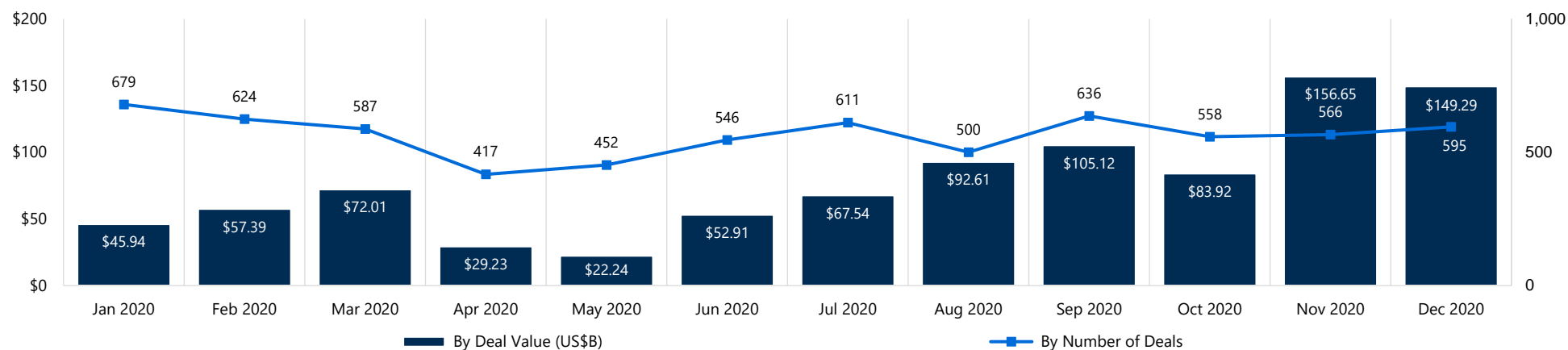
U.S. SPAC Acquisitions^{18,19}



Global SPAC Acquisitions^{18,20}



Global Crossborder Transactions



Endnotes

- Industries categories are determined and named by Cortex.
- Based on the highest target break fees and reverse break fees payable in a particular deal. Dashed lines indicate that there are no data points for the month of April 2020, as there were no applicable deals in April 2020.
- There were 21 transactions in December 2020.
- Financial and strategic categories are determined by Deal Point Data.
- 11 transactions in December 2020 had a reverse break fee.
- Six transactions in December 2020 involving a financial buyer had a reverse break fee.
- Five transactions in December 2020 involving a strategic buyer had a reverse break fee.
- Seven transactions in December 2020 involved a financial buyer.
- 12 transactions in December 2020 involved a strategic buyer.
- Two transactions in December 2020 had a go-shop provision.
- One transaction in December 2020 involving a financial buyer had a go-shop provision.
- One transaction in December 2020 involving a strategic buyer had a go-shop provision.
- Due to rounding, percentages may not add up to 100%.
- 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).
- 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.
- Each of Canada and the U.K. was the country of origin for 23 transactions in December 2020.
- Each of Israel and the Netherlands was the country of destination for eight transactions in December 2020.
- This data includes all SPAC acquisitions for which a deal agreement has been announced.
- This data reflects U.S. targets that have been acquired by a SPAC of any nationality. Dashed lines indicate that there were no applicable deals in April 2020 with a U.S. target.
- This data reflects both U.S. and non-U.S. targets that have been acquired by a SPAC of any nationality.

The charts on p. 1–2 and 5–10 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 January 2020 to December 2020 inclusive. Data obtained from Cortex and Deal Point Data has not been reviewed for accuracy by Paul, Weiss.

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Recent highlights include advising: Inspire Brands in its \$11.3 billion acquisition of Dunkin' Brands Group; Cenovus Energy in its Cdn. \$23.6 billion combination with Husky Energy; The Kraft Heinz Company in the proposed \$3.2 billion sale of its cheese business to Groupe Lactalis; an affiliate of Roark Capital Group in its approximately \$1.5 billion acquisition of the ServiceMaster Brands businesses of ServiceMaster Global Holdings; Teladoc Health in its \$18.5 billion acquisition of Livongo Health; Chevron in its \$13 billion acquisition of Noble Energy; National General Holdings in its \$4 billion sale to The Allstate Corporation; affiliates of Roark Capital in its \$200 million investment in The Cheesecake Factory; General Atlantic, as lead investor in a consortium, in its \$8.7 billion acquisition of 58.com; The Medicines Company in its \$9.7 billion sale to Novartis; the Special Committee of the Board of Directors of Pattern Energy Group in its approximately \$6.1 billion sale to Canada Pension Plan Investment Board; Aptiv in its \$4 billion autonomous driving joint venture with Hyundai Motor Group; the Special Committee of the Board of Directors of CBS Corp. in its merger with Viacom to form ViacomCBS, a combined company with an enterprise value of more than \$40 billion; Elanco Animal Health in its \$7.6 billion acquisition of the animal health business of Bayer AG; funds managed by affiliates of Apollo Global Management in their \$2.7 billion acquisition of Shutterfly; the independent directors of Avon in its \$3.7 billion sale to Natura & Co.; KPS Capital Partners in its \$1.8 billion acquisition of Howden from Colfax; Trane Technologies in the \$15 billion Reverse Morris Trust spin-off and merger of its industrial business with Gardner Denver Holdings; Chevron in its proposed \$50 billion acquisition of Anadarko Petroleum; General Electric in the \$21.4 billion sale of its BioPharma business to Danaher Corporation; Encana Corp. in its \$7.7 billion acquisition of Newfield Exploration Company; IBM in its \$34 billion acquisition of Red Hat; the board of directors of Harris Corporation in its \$37 billion merger of equals with L3 Technologies to form L3Harris Technologies; CSRA in its \$9.7 billion sale to General Dynamics; Bioverativ in its \$11.6 billion sale to Sanofi; ADP in its successful proxy contest against Pershing Square; and Agrium in its \$36 billion merger of equals with Potash Corp. of Saskatchewan.

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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