

M&A AT A GLANCE

AUGUST 2020 | ISSUE 101

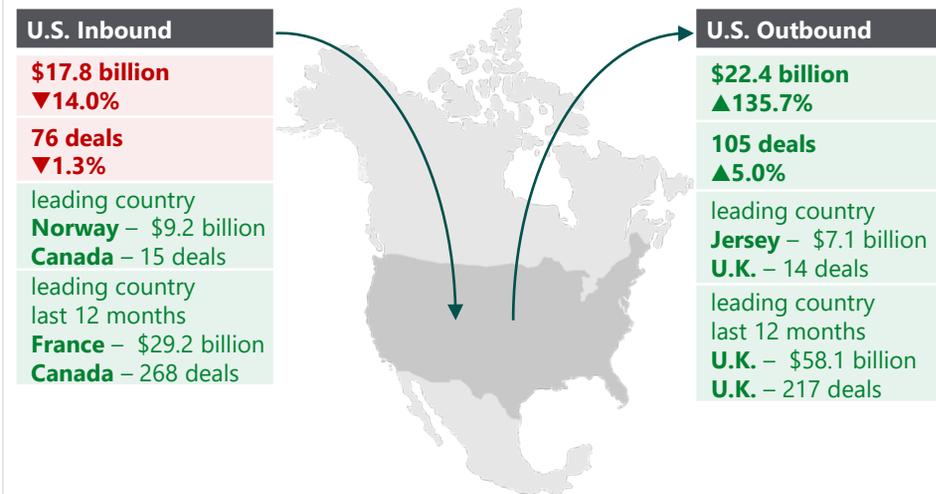
Key Takeaways

- ▶ Following a resurgent June, July saw more mixed performance. While deal numbers generally decreased, there was a marked increase in deal size, both globally (increase of 80.2%) and in the U.S. (increase of 98.0%).
- ▶ Crossborder activity increased globally, but U.S. inbound activity decreased by 14% in deal value to \$17.8 billion and by 1.3% in number of deals to 76 deals. U.S. outbound activity increased.
- ▶ Jersey ranked first for outbound deals by deal value for the first time in the last decade, due exclusively to the \$7 billion acquisition of CPA Global Ltd, a software company, by Clarivate plc.
- ▶ Computers and Electronics was the most active sector for July and the last 12-months (LTM). Continuing consolidation in the Oil & Gas industry led to the sector being the second most active in July, with the largest deal being the \$13 billion acquisition of Noble Energy Inc. by Chevron Corporation.
- ▶ Following a decrease in target and reverse break fees in June, average target and reverse break fees for U.S. mergers returned to more normative levels at 3.6% and 6.5% in July, compared to 3.6% and 5.5% LTM, respectively.

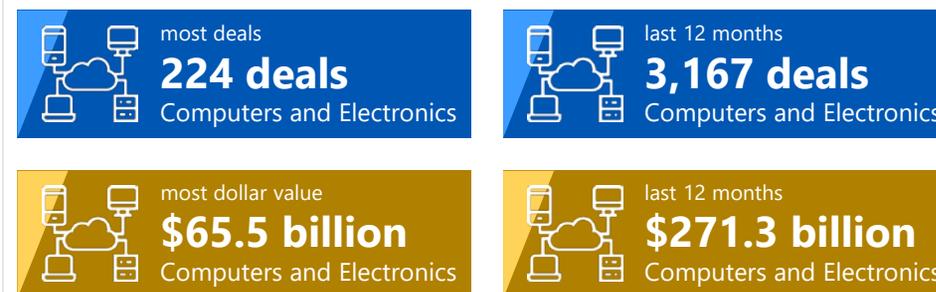
Strategic vs. Sponsor Activity

Global
Total
\$373.5 billion – ▲80.2%
2,535 deals – ▼3.0%
Strategic
\$273.6 billion – ▲73.0%
2,225 deals – ▼4.8%
Sponsor
\$99.8 billion – ▲103.5%
310 deals – ▲11.5%
U.S.
Total
\$129.9 billion – ▲98.0%
522 deals – ▼7.8%
Strategic
\$94.4 billion – ▲72.7%
416 deals – ▼8.8%
Sponsor
\$35.5 billion – ▲224.1%
106 deals – ▼3.6%

Crossborder Activity

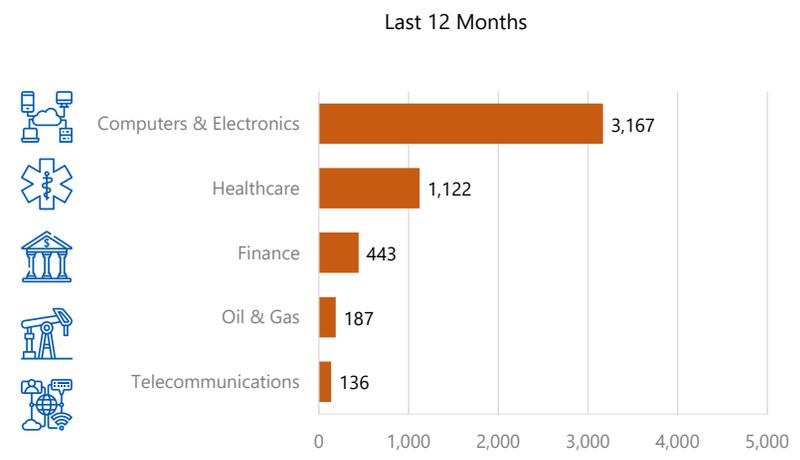
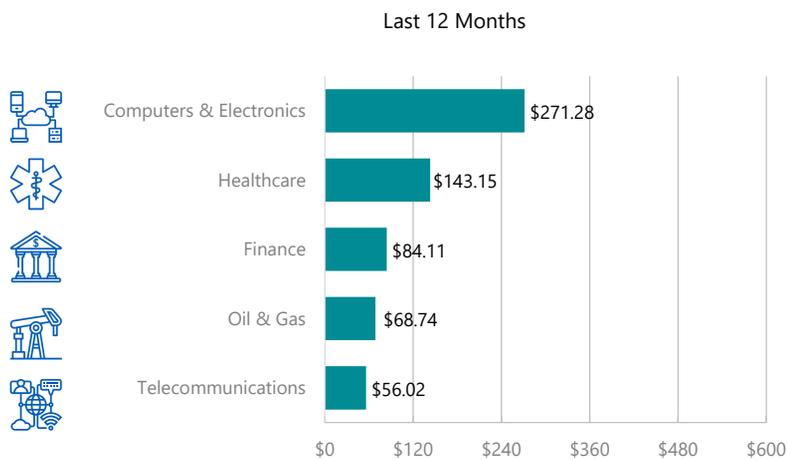
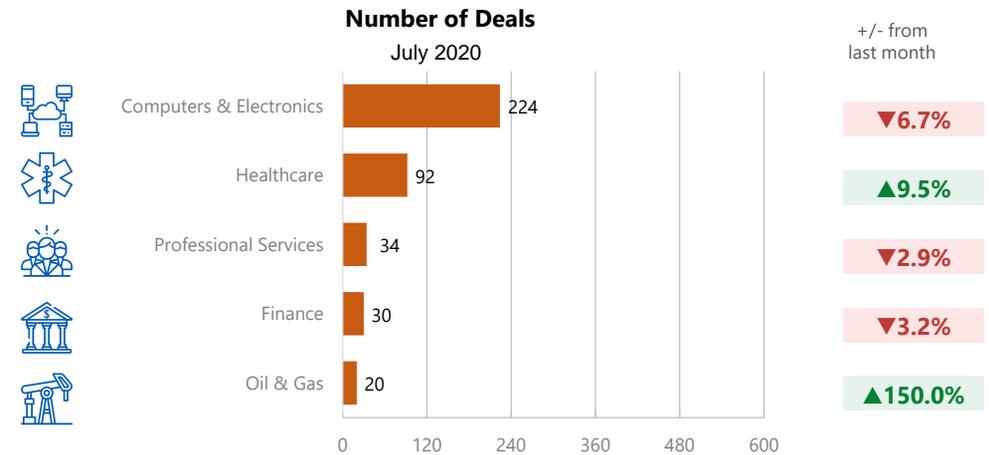
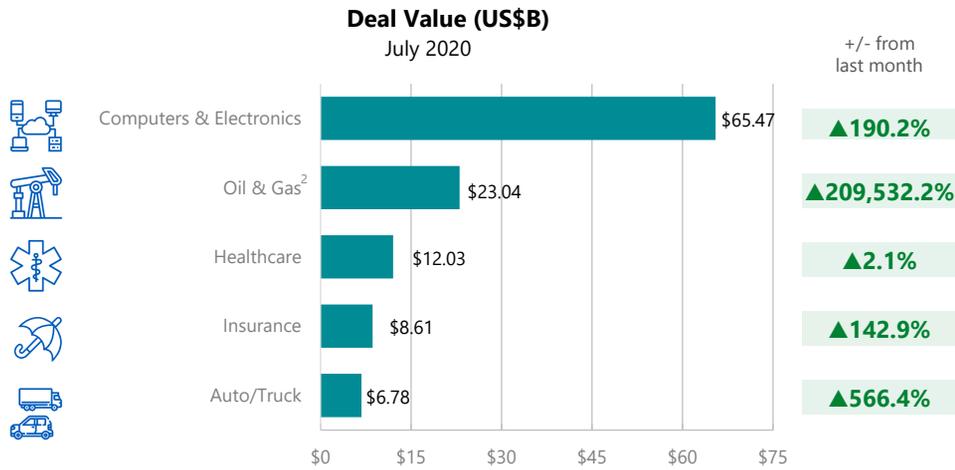


Industry Activity

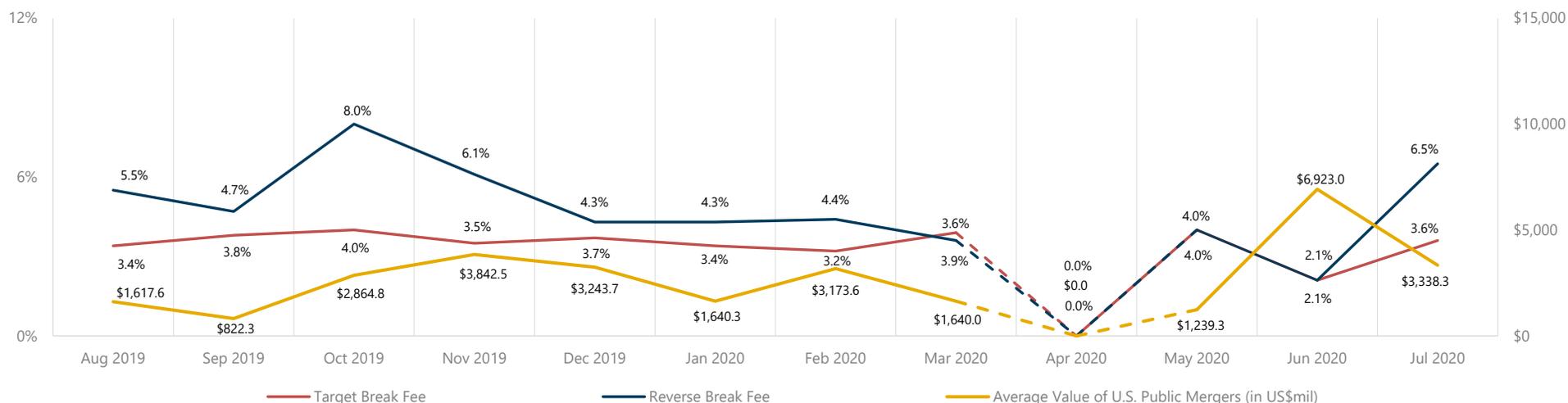


All data is as of August 10, 2020 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

Most Active U.S. Target Industries¹



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



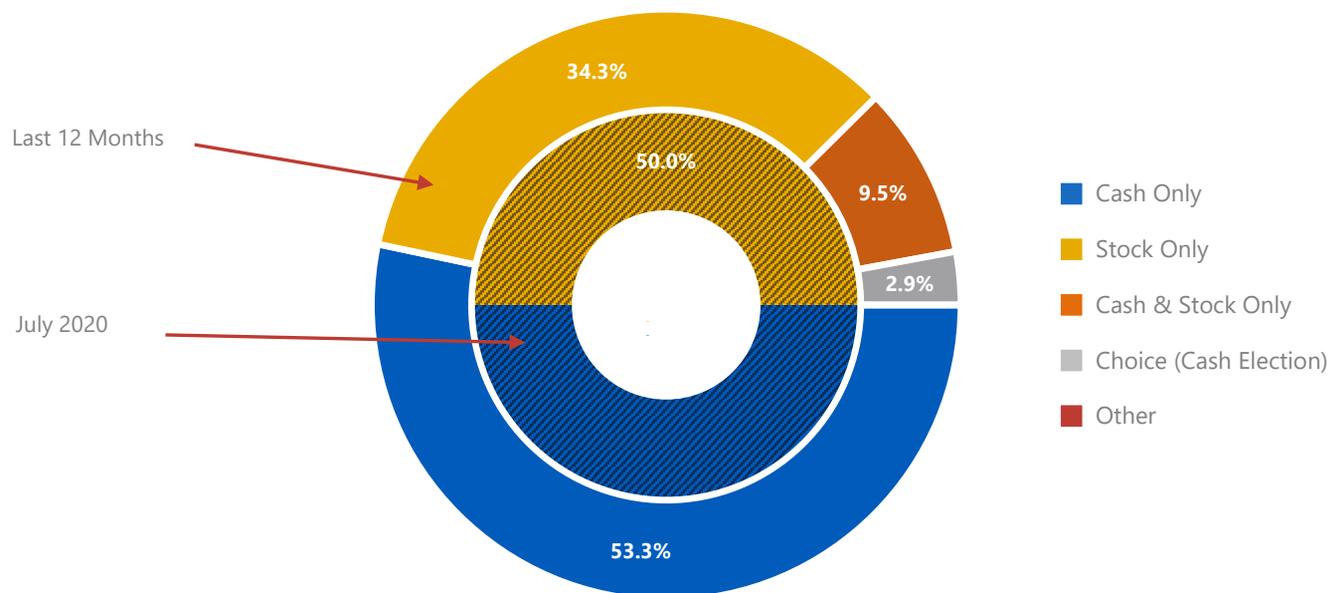
Average Break Fees as % of Equity Value⁵

	July 2020	Last 12 Months
Target Break Fee for All Mergers ⁶	3.6	3.6
Reverse Break Fee for All Mergers ⁷	6.5	5.5
Reverse Break Fee for Mergers Involving Financial Buyers ⁸	7.0	6.9
Reverse Break Fee for Mergers Involving Strategic Buyers ⁹	6.2	4.8

U.S. Public Merger Go-Shop Provisions¹⁰

	July 2020	Last 12 Months
% of Mergers with Go-Shops	10.0	14.3
% of Mergers Involving Financial Buyers with Go-Shops ¹¹	0.0	50.0
% of Mergers Involving Strategic Buyers with Go-Shops ¹²	12.5	5.9
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops	35.0	34.5
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops ¹³	N/A	33.3
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops ¹⁴	35.0	37.0

Form of Consideration as % of U.S. Public Mergers¹⁵



Tender Offers as % of U.S. Public Mergers

July 2020	20.0
Last 12 Months	20.0

Unaffected Premium %¹⁷

July 2020	41.3
Last 12 Months	37.9

Hostile/Unsolicited Offers as % of U.S. Public Mergers¹⁶

July 2020	0.0
Last 12 Months	12.2

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

July 2020	1.6
Last 12 Months	1.6

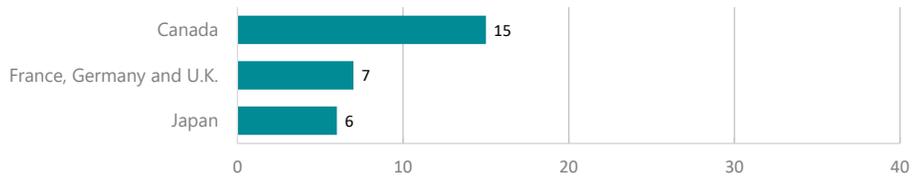
Top 5 Countries of Origin or Destination for Inbound U.S. Crossborder Transactions

Inbound U.S. Crossborder Transactions for July 2020

By Volume (US\$B)

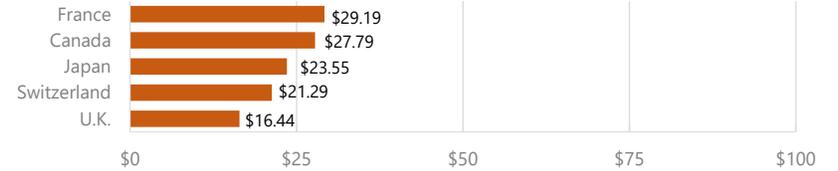


By Number of Deals

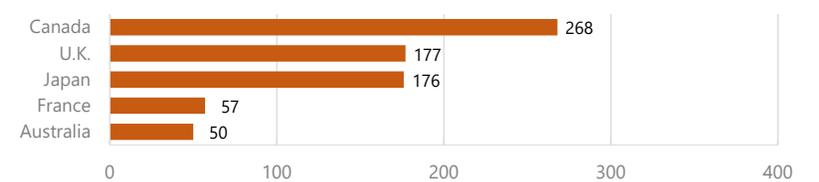


Inbound U.S. Crossborder Transactions for the Last 12 Months

By Volume (US\$B)



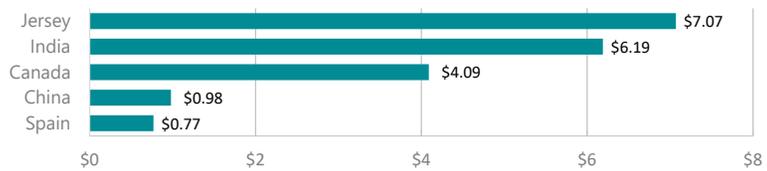
By Number of Deals



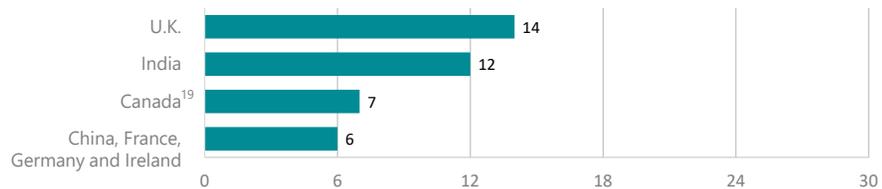
Top 5 Countries of Origin or Destination for Outbound U.S. Crossborder Transactions

Outbound U.S. Crossborder Transactions for July 2020

By Volume (US\$B)



By Number of Deals

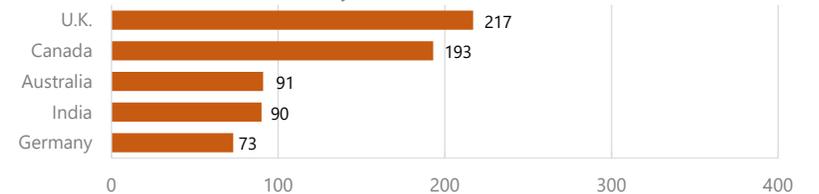


Outbound U.S. Crossborder Transactions for the Last 12 Months

By Volume (US\$B)

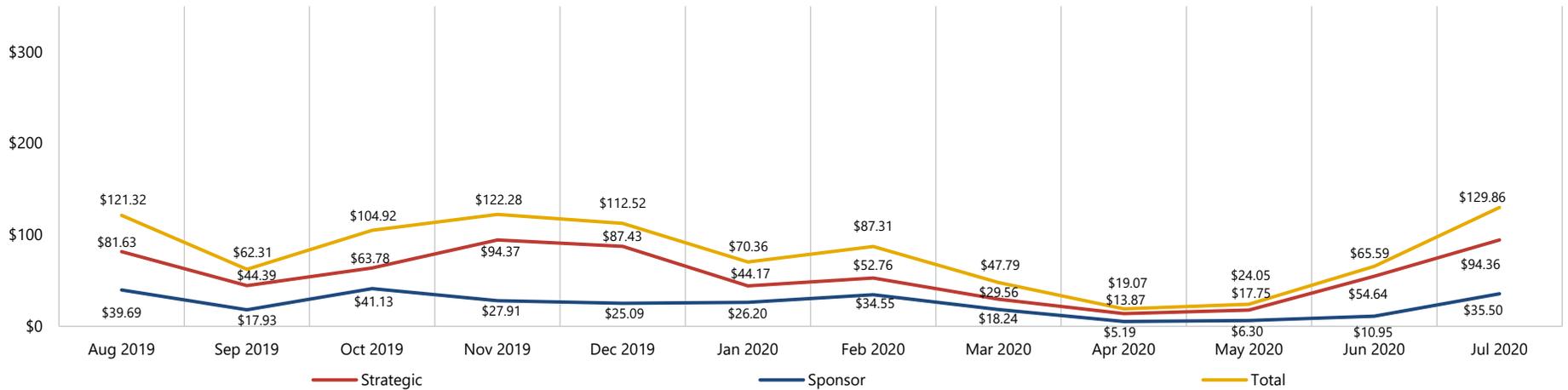


By Number of Deals

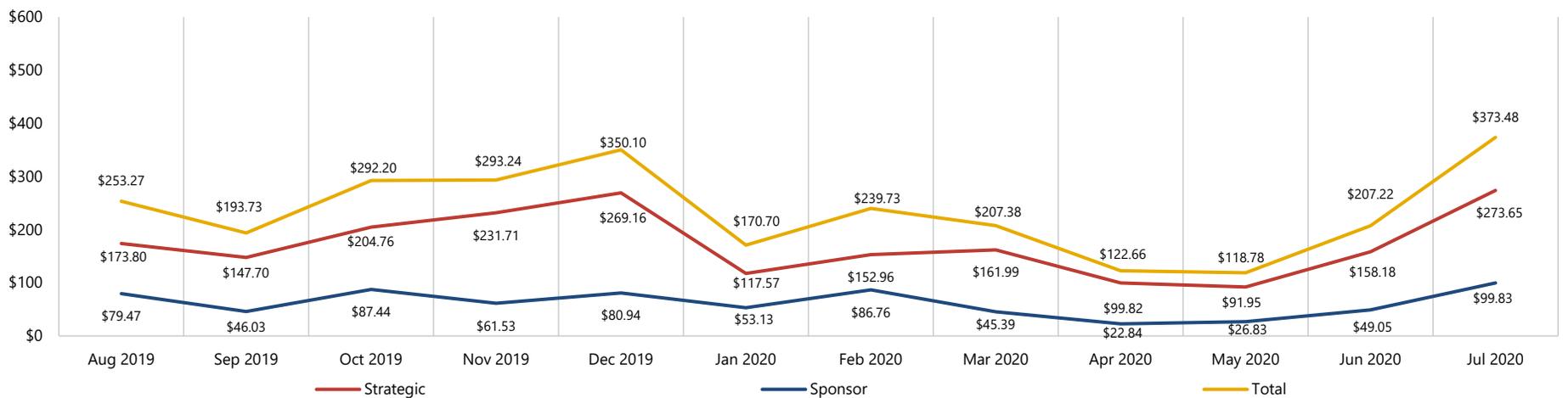


Appendix: M&A Activity – 12 Month Trends

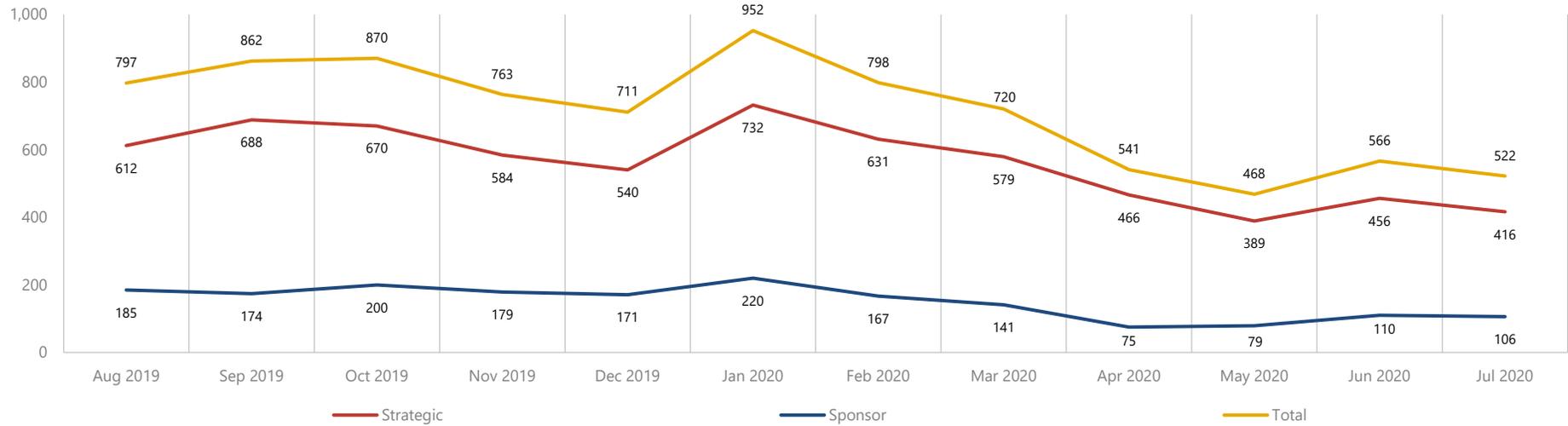
U.S. Deal Value (US\$B)



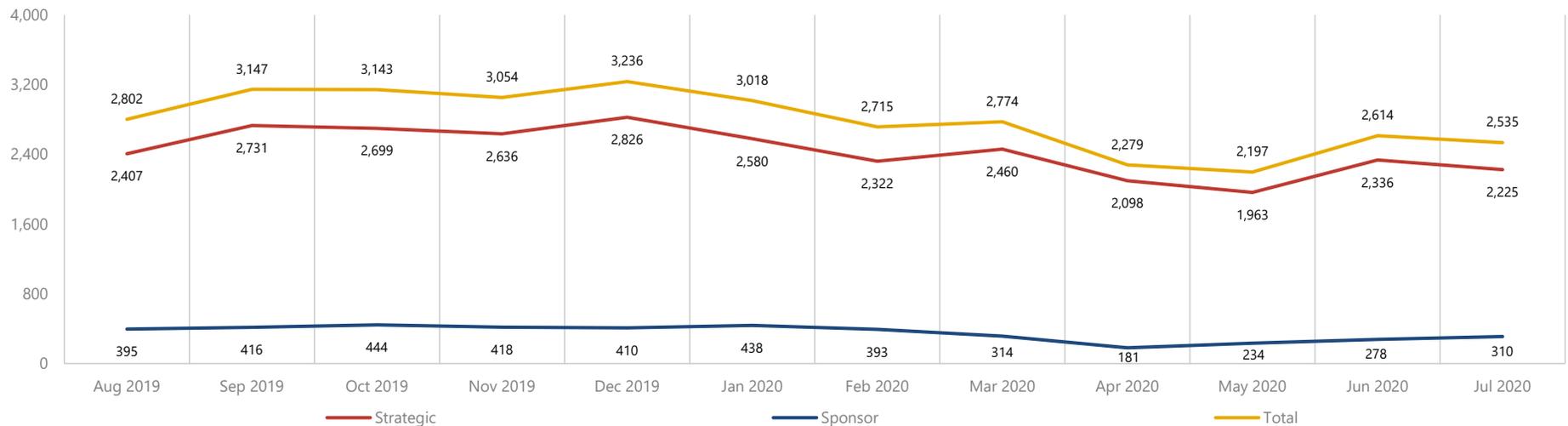
Global Deal Value (US\$B)



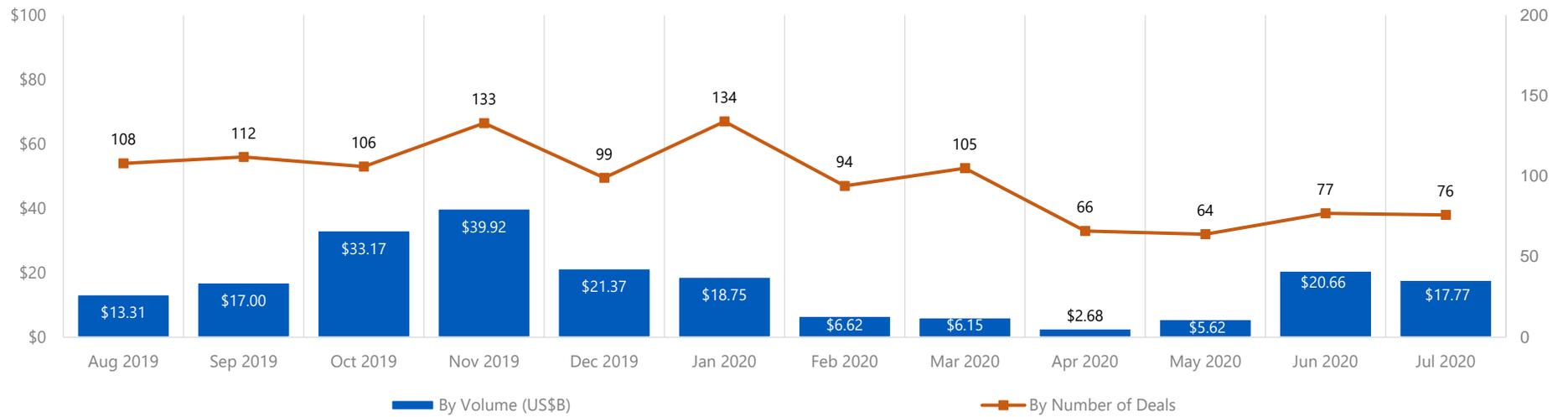
U.S. Number of Deals



Global Number of Deals



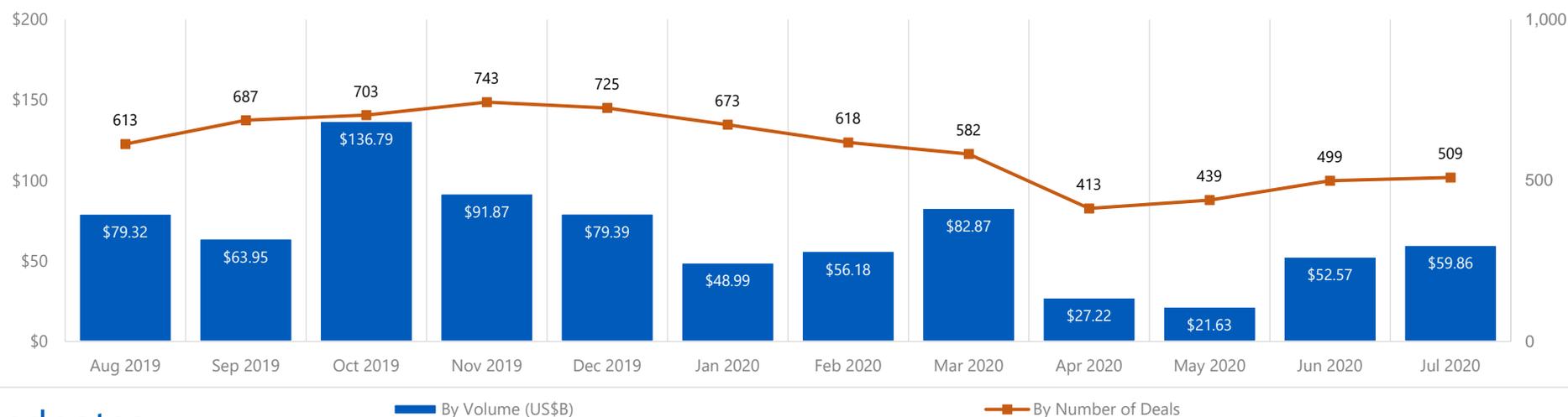
Inbound U.S. Crossborder Transactions



Outbound U.S. Crossborder Transactions



Global Crossborder Transactions



Endnotes

- 1 Industries categories are determined and named by Cortex.
- 2 In June 2020, Oil & Gas activity was reported at \$0.01(US\$B), whereas in July 2020, Oil & Gas activity was reported at \$23.04(US\$B).
- 3 Based on the highest target break fees and reverse break fees payable in a particular deal.
- 4 There were 10 transactions in July 2020.
- 5 Financial and strategic categories are determined by Deal Point Data.
- 6 Nine transactions in July 2020 had a target break fee.
- 7 Seven transactions in July 2020 had a reverse break fee.
- 8 Two transactions in July 2020 involving a financial buyer had a reverse break fee.
- 9 Five transactions in July 2020 involving a strategic buyer had a reverse break fee.
- 10 Financial and strategic categories are determined by Deal Point Data.
- 11 Two transactions in July 2020 involved a financial buyer.
- 12 Eight transactions in July 2020 involved a strategic buyer.
- 13 Zero transactions in July 2020 involving a financial buyer had a go-shop provision.
- 14 One transaction in July 2020 involving a strategic buyer had a go-shop provision.
- 15 Due to rounding, percentages may not add up to 100%.
- 16 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).
- 17 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.
- 18 Each of France, Germany and the U.K was the country of origin for seven transactions in July 2020.
- 19 Each of China, France, Germany and Ireland was the country of destination for six transactions in July 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 August 2019 to July 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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