

M&A AT A GLANCE

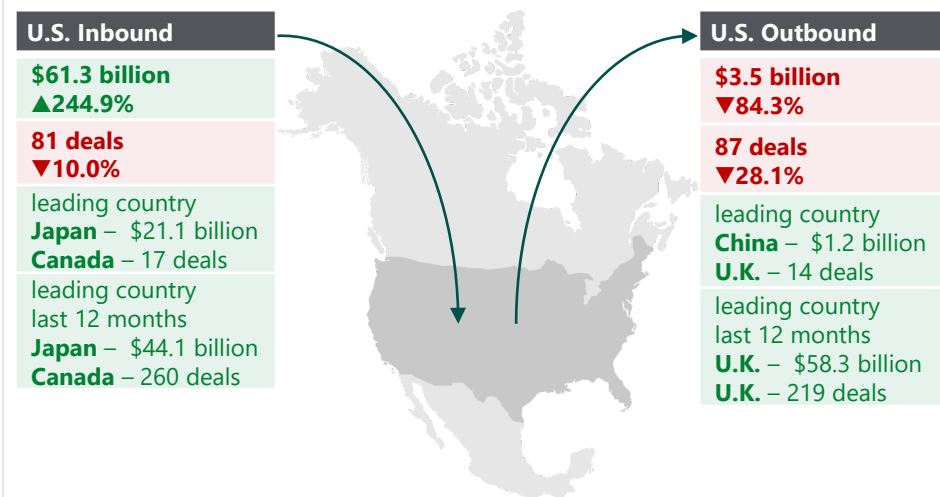
Key Takeaways

- Following a mixed July, August saw deal activity for both strategic and sponsor transactions improve in the U.S., but decline globally. U.S. total deal value and deal count increased 29% and 17%, respectively, while global total deal value and deal count decreased 24% and 13%, respectively. While both U.S. and global activity remain higher than the low levels of April and May, the discrepancy between the U.S. and global activity may reflect the ongoing uncertainty associated with the COVID-19 pandemic as well as political and socio-economic developments.
- Crossborder activity was mixed in August. U.S. inbound activity increased markedly by 245% in deal value to \$61.3 billion, but decreased by 10% in deal number to 81 deals. U.S. outbound activity decreased by 84% in deal value to \$3.5 billion and by 28% in number of deals to 87 deals.
- Computers and Electronics was the most active sector for August and the last 12-months (LTM).
- In U.S. public mergers, most statistics were in line with LTM averages, however, August marks the fourth month in 2020 during which there were no hostile or unsolicited deals, which represents the greatest number of months as of the YTD where there were no hostile or unsolicited deals than any of the previous years since inception of this publication.

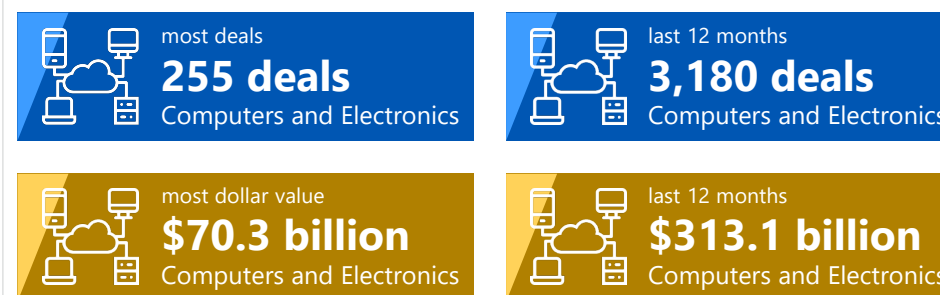
Strategic vs. Sponsor Activity

Global	
Total	
\$285.3 billion – ▼ 23.7%	
2,414 deals – ▼ 13.3%	
Strategic	
\$210.8 billion – ▼ 22.9%	
2,123 deals – ▼ 13.7%	
Sponsor	
\$74.5 billion – ▼ 25.9%	
291 deals – ▼ 10.2%	
U.S.	
Total	
\$167.7 billion – ▲ 28.9%	
672 deals – ▲ 17.1%	
Strategic	
\$112.7 billion – ▲ 20.1%	
531 deals – ▲ 15.2%	
Sponsor	
\$55.0 billion – ▲ 51.9%	
141 deals – ▲ 24.8%	

Crossborder Activity



Industry Activity



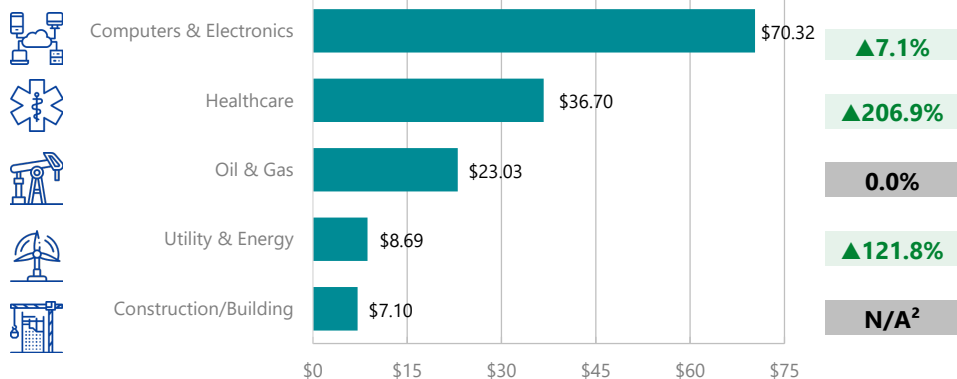
All data is as of September 10, 2020 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

Most Active U.S. Target Industries¹

Deal Value (US\$B)

August 2020

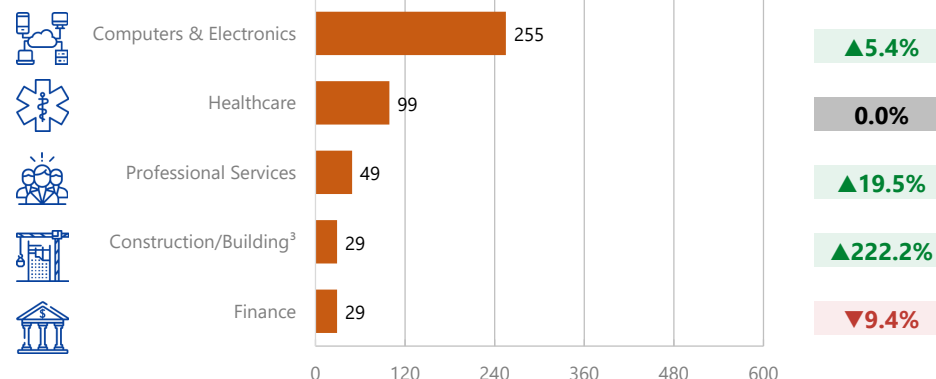
+/- from last month



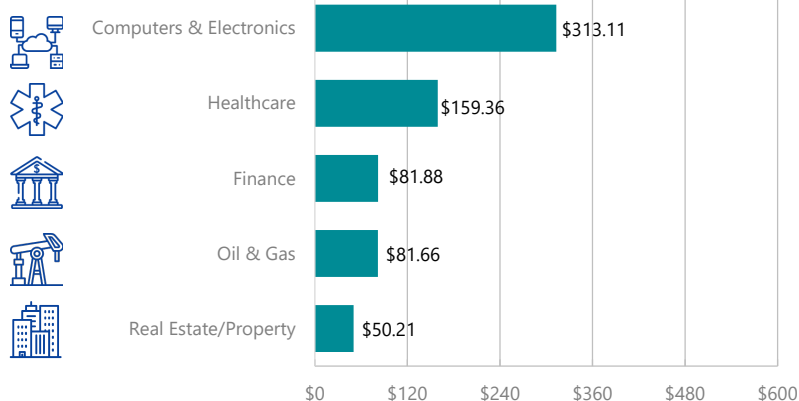
Number of Deals

August 2020

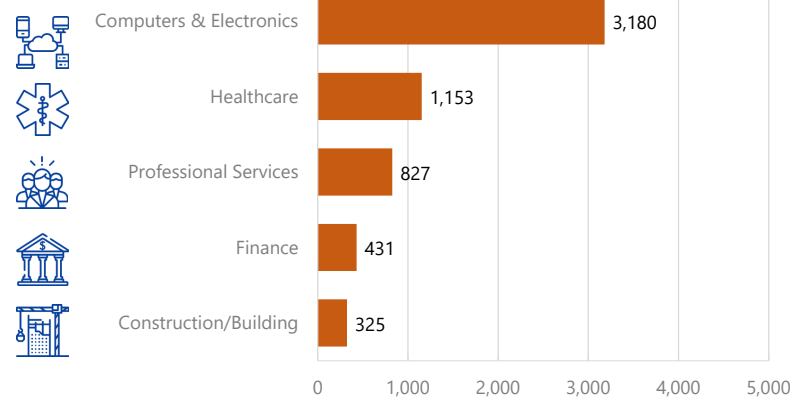
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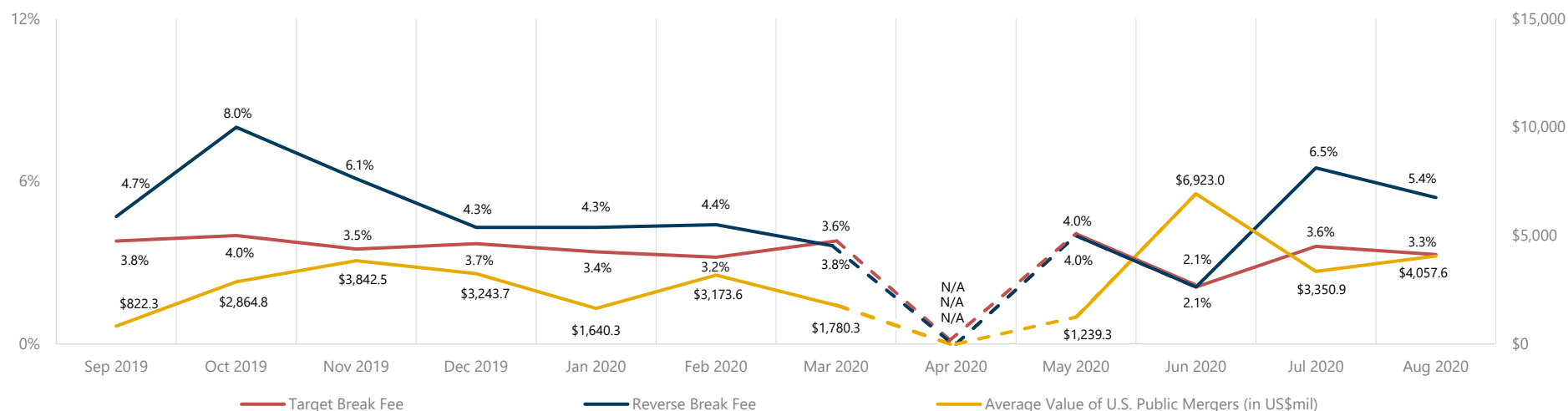


Last 12 Months



Last 12 Months



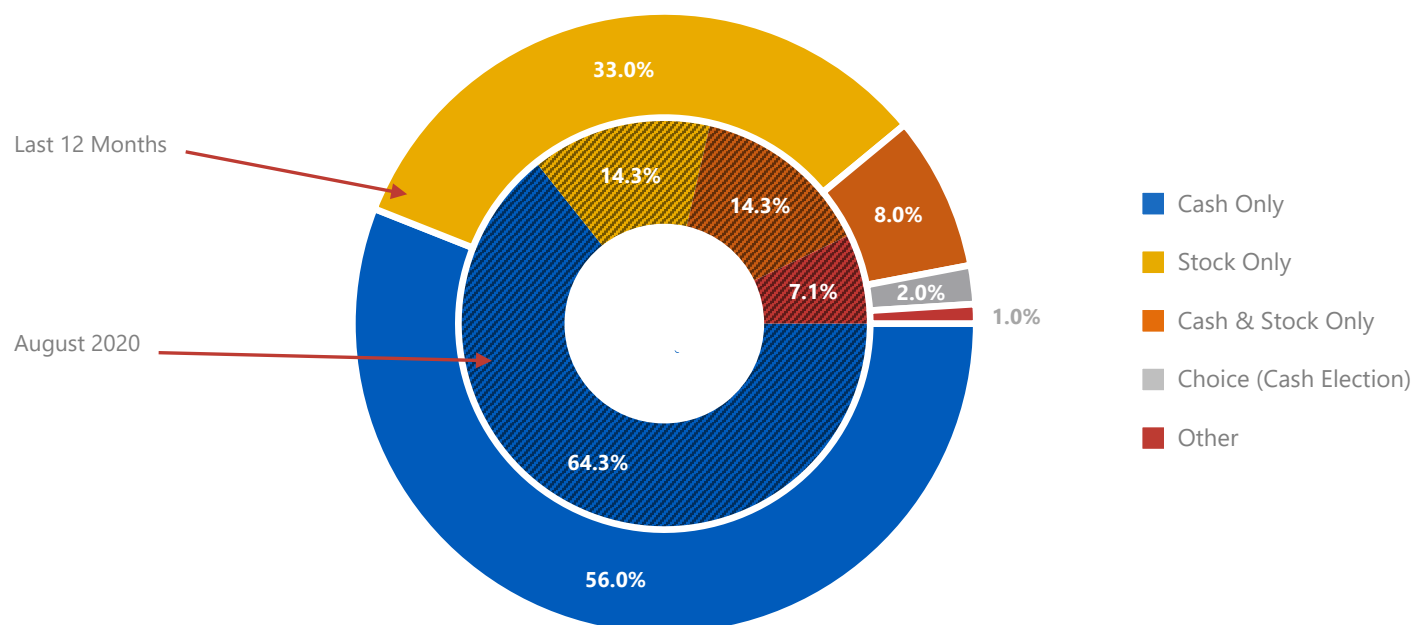
Average Break Fees as % of Equity Value^{4,5}Average Break Fees as % of Equity Value^{6,7}

	August 2020	Last 12 Months
Target Break Fee for All Mergers ⁸	3.3	3.6

	August 2020	Last 12 Months
Reverse Break Fee for All Mergers ⁹	5.4	5.5
Reverse Break Fee for Mergers Involving Financial Buyers ¹⁰	7.2	7.2
Reverse Break Fee for Mergers Involving Strategic Buyers ¹¹	4.3	4.7

U.S. Public Merger Go-Shop Provisions¹²

	August 2020	Last 12 Months
% of Mergers with Go-Shops	14.3	12.0
% of Mergers Involving Financial Buyers with Go-Shops ¹³	66.7	55.6
% of Mergers Involving Strategic Buyers with Go-Shops	0.0	2.4
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops ¹⁴	37.5	33.6
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops ¹⁵	37.5	32.3
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops ¹⁶	N/A	40.0

Form of Consideration as % of U.S. Public Mergers¹⁷

Tender Offers as % of U.S. Public Mergers

August 2020	42.9
Last 12 Months	25.0

Unaffected Premium %¹⁹

August 2020	45.1
Last 12 Months	39.5

Hostile/Unsolicited Offers as % of U.S. Public Mergers¹⁸

August 2020	0.0
Last 12 Months	10.2

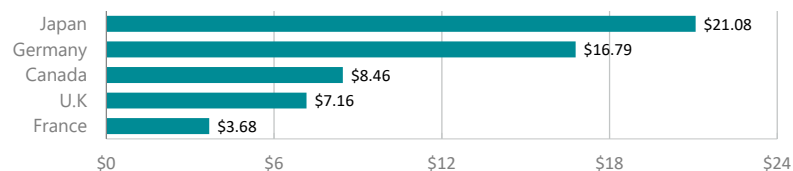
Total Target Adviser Fee(s) as % of Equity Value

August 2020	1.0
Last 12 Months	1.5

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

Inbound U.S. Crossborder Transactions for August 2020

By Volume (US\$B)

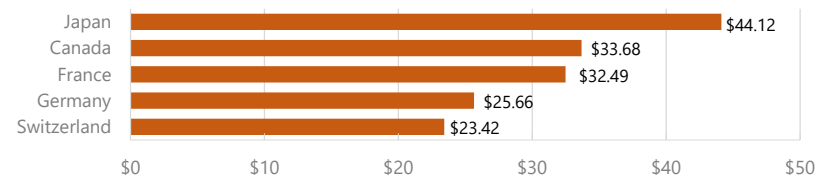


By Number of Deals

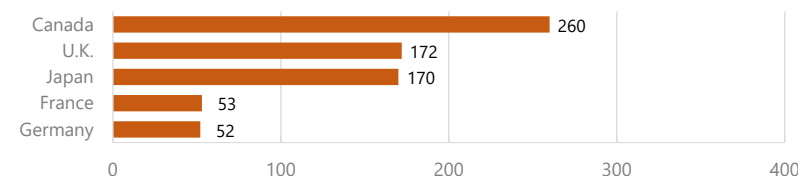


Inbound U.S. Crossborder Transactions for the Last 12 Months

By Volume (US\$B)



By Number of Deals



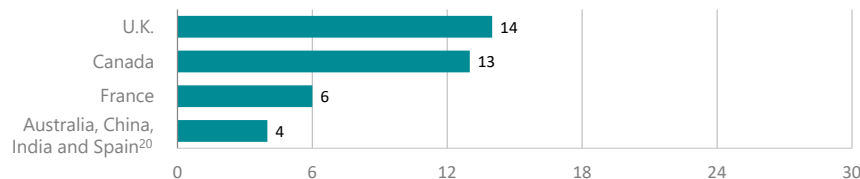
Top 5 Countries of Origin or Destination for Outbound U.S. Crossborder Transactions

Outbound U.S. Crossborder Transactions for August 2020

By Volume (US\$B)

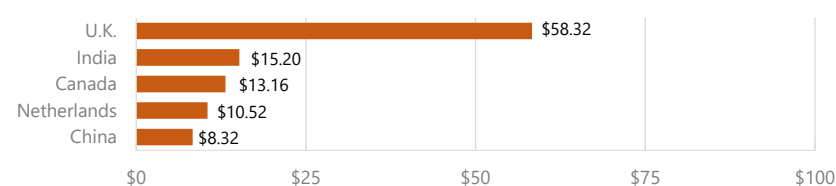


By Number of Deals

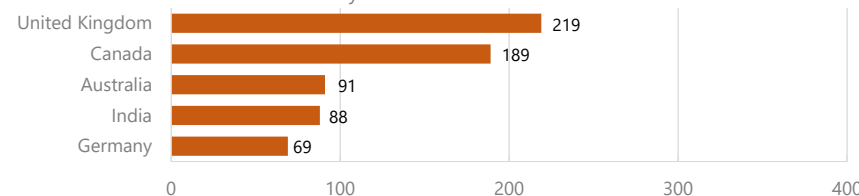


Outbound U.S. Crossborder Transactions for the Last 12 Months

By Volume (US\$B)

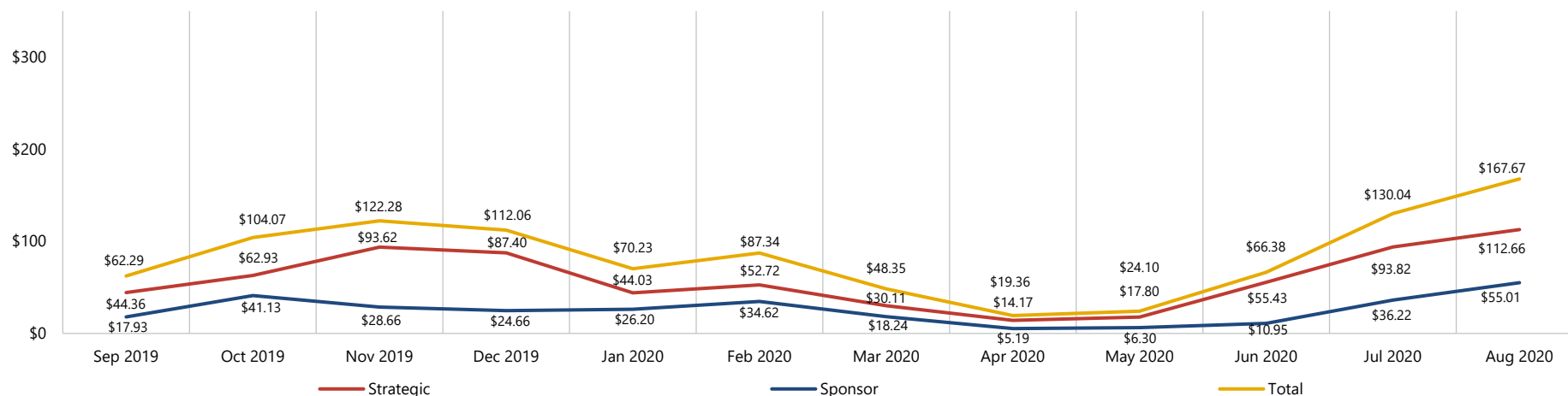


By Number of Deals

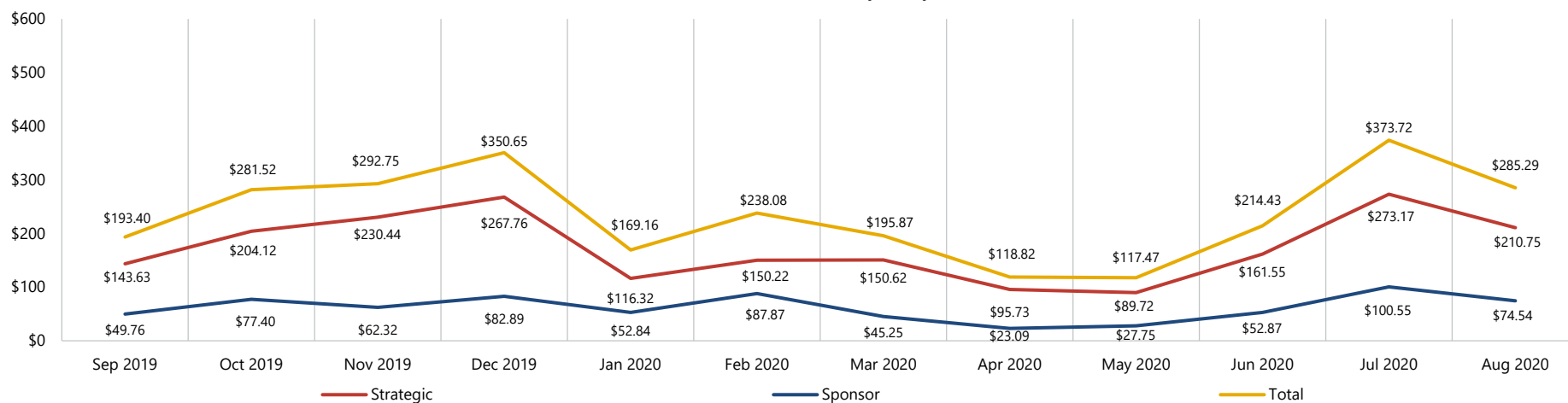


Appendix: M&A Activity – 12 Month Trends

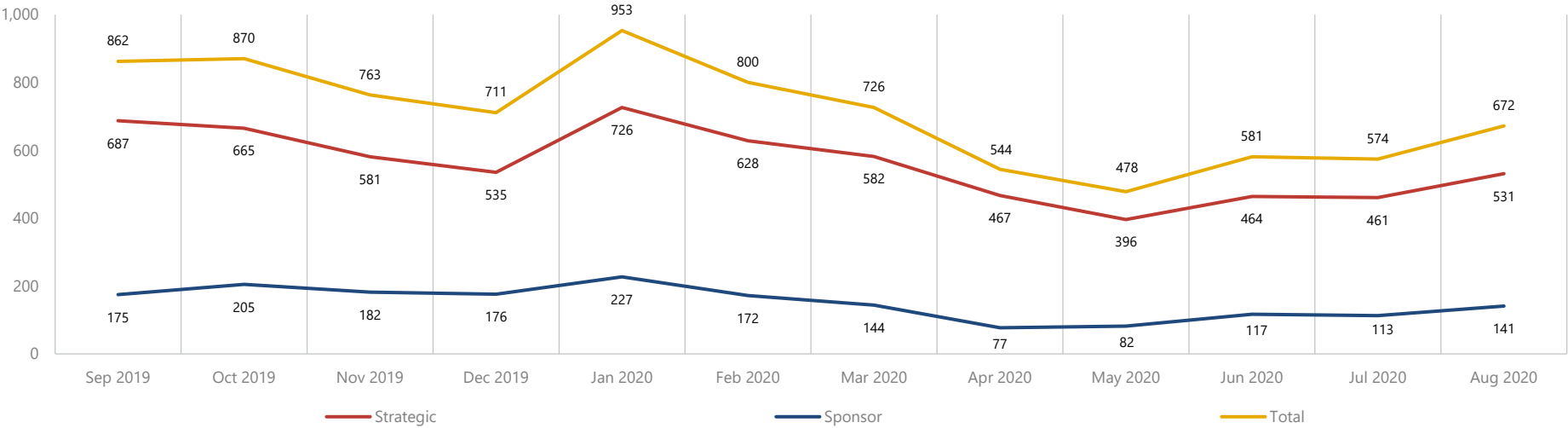
U.S. Deal Value (US\$B)



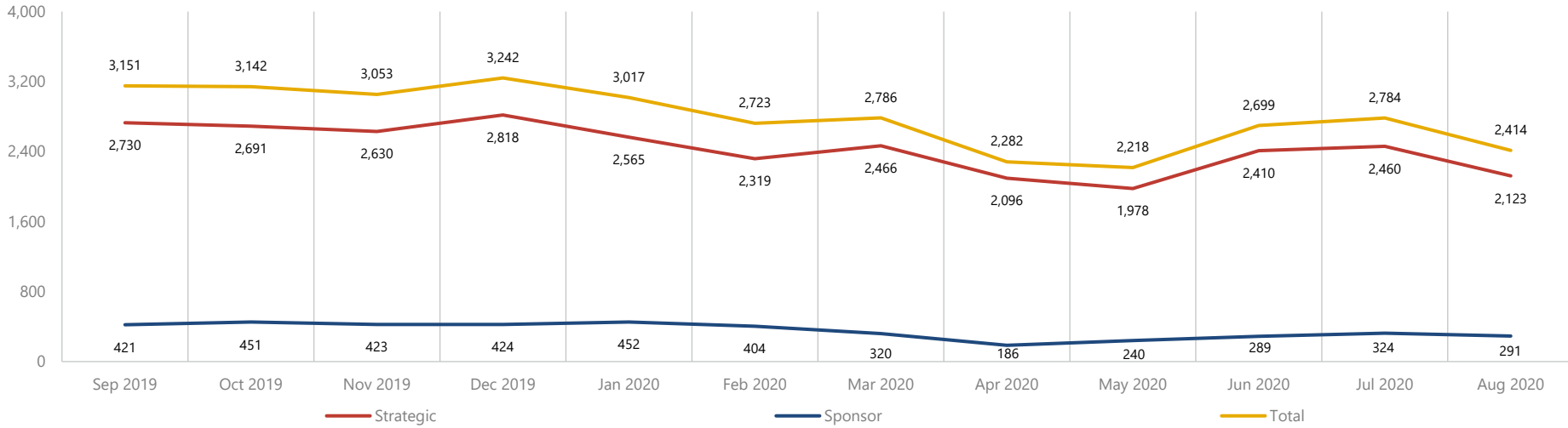
Global Deal Value (US\$B)



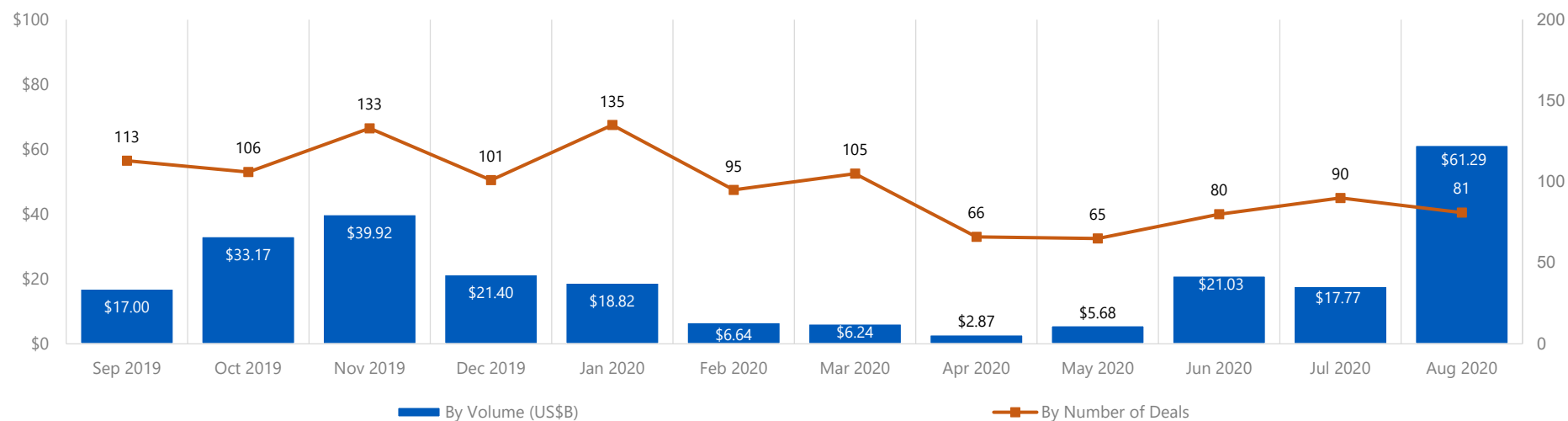
U.S. Number of Deals



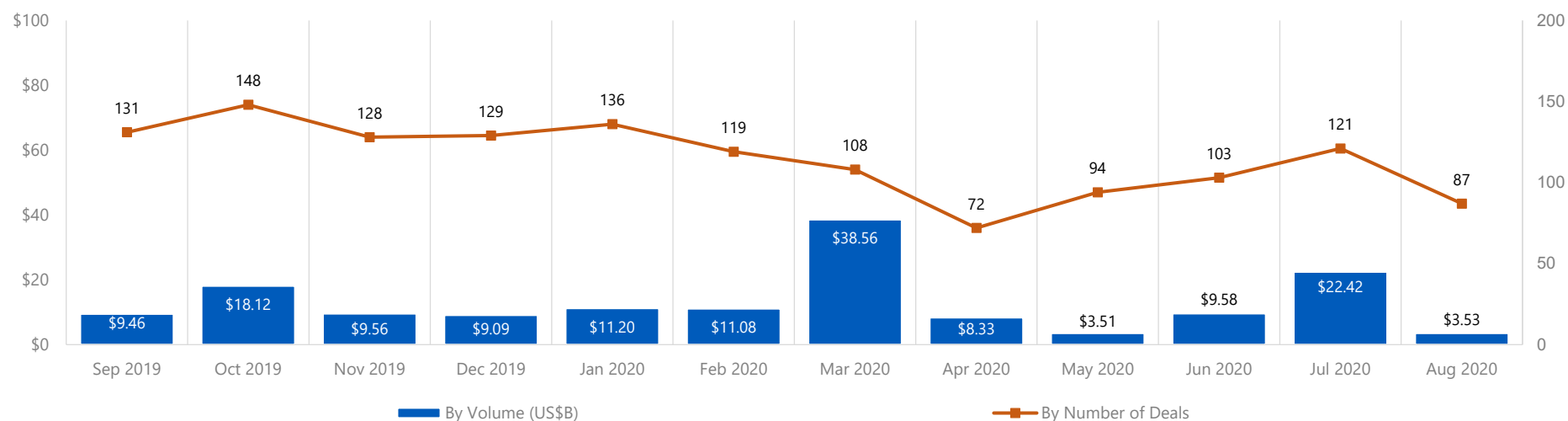
Global Number of Deals



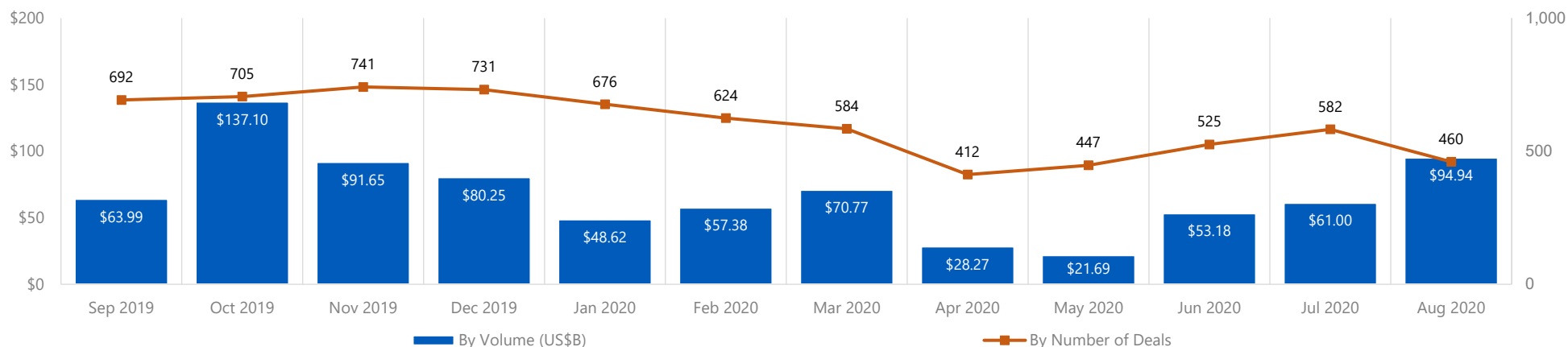
Inbound U.S. Crossborder Transactions



Outbound U.S. Crossborder Transactions



Global Crossborder Transactions



Endnotes

- 1 Industries categories are determined and named by Cortex.
- 2 The deal value for the nine private Construction/Building transactions in July 2020 were not disclosed, therefore we are unable to calculate the percentage change from July 2020 to August 2020.
- 3 Each of Construction/Building and Finance was the industry for 29 transactions in August 2020.
- 4 Based on the highest target break fees and reverse break fees payable in a particular deal.
- 5 Dashed lines indicate that there are no data points for the month of April 2020, as there were no applicable deals in April 2020.
- 6 There were 14 transactions in August 2020.
- 7 Financial and strategic categories are determined by Deal Point Data.
- 8 All 14 transactions in August 2020 had a target break fee.
- 9 Eight transactions in August 2020 had a reverse break fee.
- 10 Three transactions in August 2020 involving a financial buyer had a reverse break fee.
- 11 Five transactions in August 2020 involving a strategic buyer had a reverse break fee.
- 12 Financial and strategic categories are determined by Deal Point Data.
- 13 Three transactions in August 2020 involved a financial buyer.
- 14 Two transactions in August 2020 had a go-shop provision.
- 15 Two transactions in August 2020 involving a financial buyer had a go-shop provision.
- 16 Zero transactions in August 2020 involving a strategic buyer had a go-shop provision.
- 17 Due to rounding, percentages may not add up to 100%.
- 18 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).
- 19 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.
- 20 Each of Australia, China, India and Spain was the country of destination for four transactions in August 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 September 2019 to August 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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