

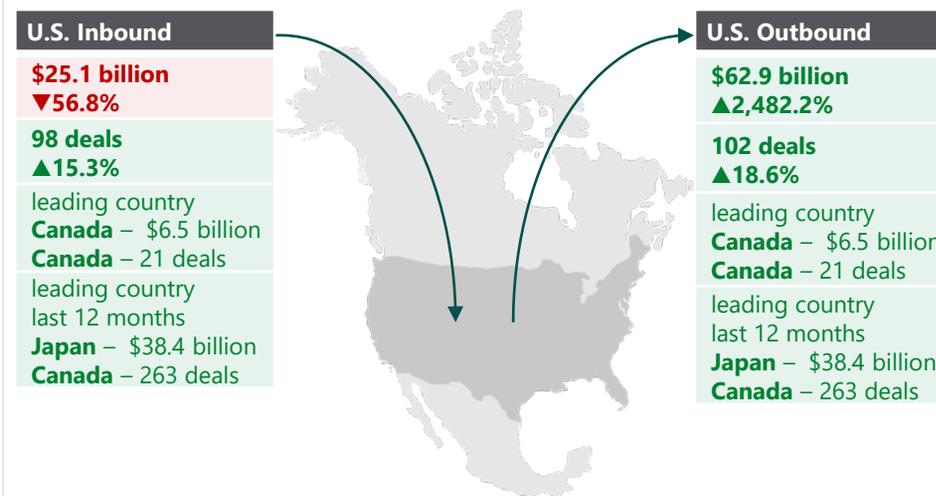
Key Takeaways

- ▶ Consistent with the trend observed in August, U.S. deal value again increased in September, by 3% to \$171.5 billion, driven largely by a rise in the value of sponsor transactions. However, U.S. deal count decreased by 18% to 571 deals.
- ▶ Global activity rebounded after a lackluster August, with increases of 63% in deal value and 3% in deal count. The rise in global deal value was similarly driven by sponsor deals.
- ▶ Notably, both U.S. and global deal value in Q3 2020 exceeded Q3 2019 deal value figures by 47% and 45%, respectively, indicating a resurgent M&A market that is partially making up for the reduced activity at the outset of the pandemic.
- ▶ Crossborder activity generally increased across the board except that inbound investment into the U.S. declined by almost 60% relative to August, but the decline was in line with a normalized level of inbound investment.
- ▶ Finance, telecommunications and auto/truck industries saw substantial increases in deal value, albeit concentrated in a few deals in each sector.
- ▶ In U.S. public mergers:
 - ▶ Average break fee levels were in line with those of the last twelve months (LTM).
 - ▶ No deals contained a go-shop provision.
 - ▶ All cash deals represented 80% of all deals in September, compared to 58% LTM.
 - ▶ There have been no hostile or unsolicited offers since April.

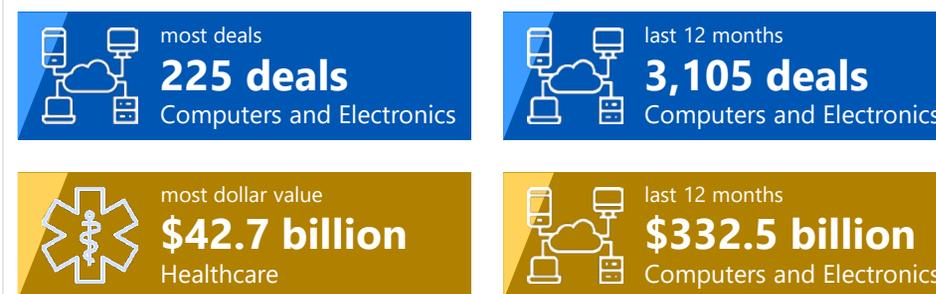
Strategic vs. Sponsor Activity

Global
Total
\$468.9 billion – ▲63.2%
2,636 deals – ▲2.8%
Strategic
\$334.8 billion – ▲57.2%
2,290 deals – ▲1.5%
Sponsor
\$134.0 billion – ▲80.3%
346 deals – ▲12.3%
U.S.
Total
\$171.5 billion – ▲3.1%
571 deals – ▼18.3%
Strategic
\$94.9 billion – ▼17.6%
441 deals – ▼20.3%
Sponsor
\$76.7 billion – ▲49.5%
130 deals – ▼11.0%

Crossborder Activity



Industry Activity

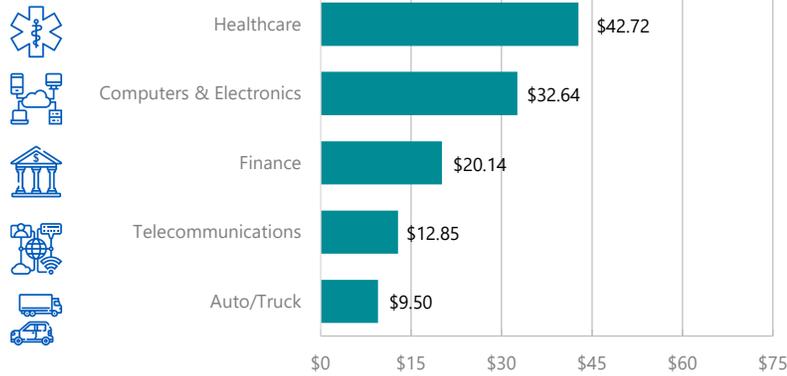


All data is as of October 10, 2020 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

Most Active U.S. Target Industries¹

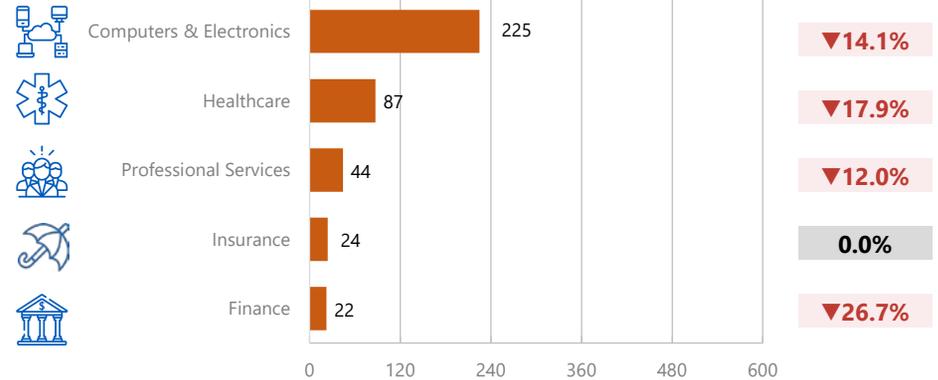
Deal Value (US\$B)
September 2020

+/- from last month

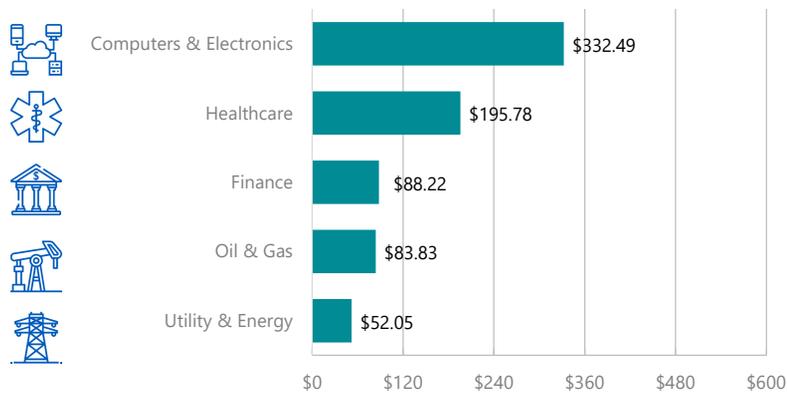


Number of Deals
September 2020

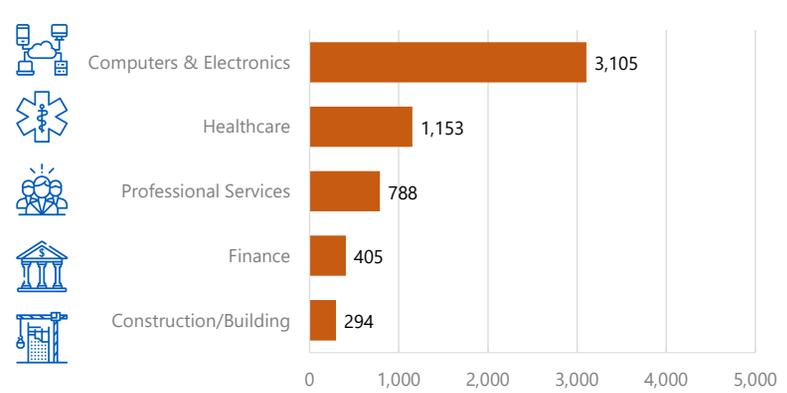
+/- from last month



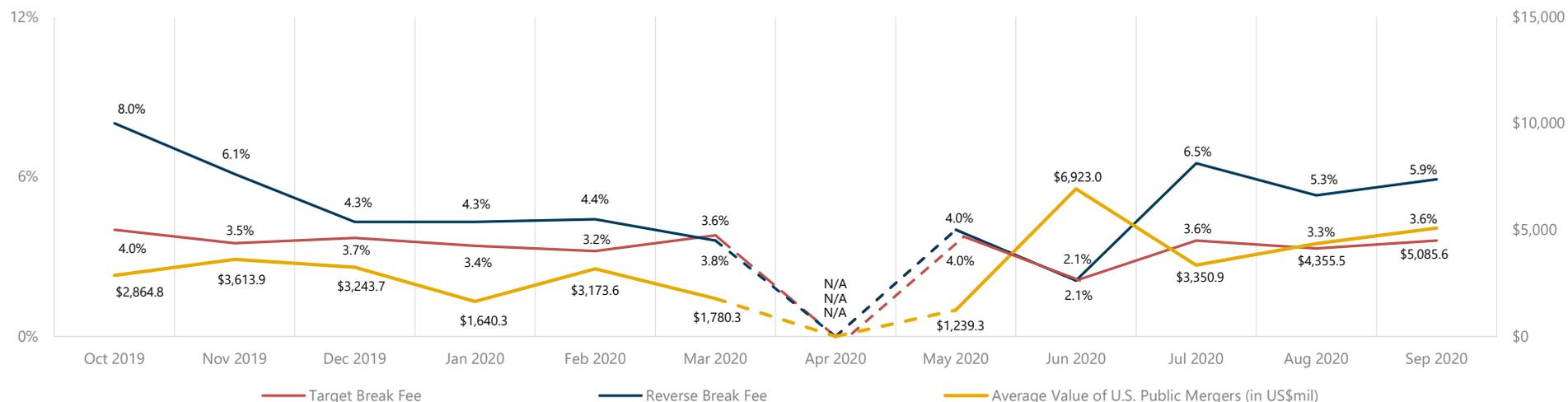
Last 12 Months



Last 12 Months



Average Break Fees as % of Equity Value²



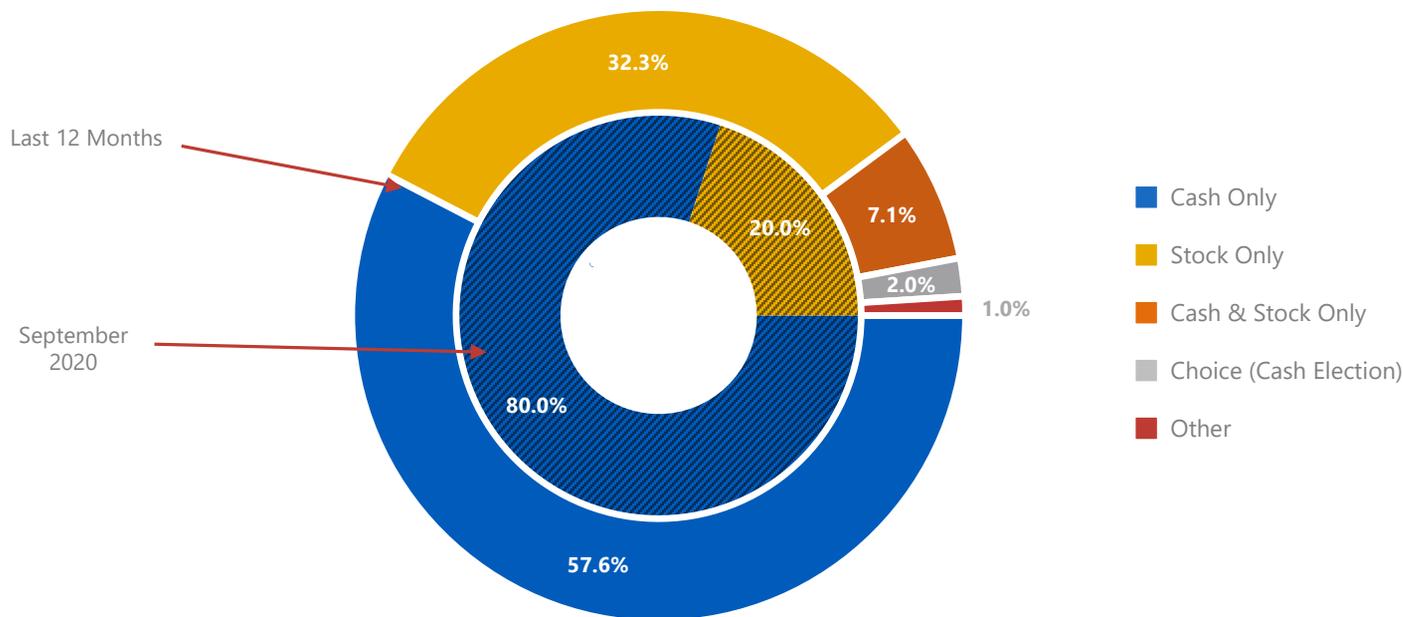
Average Break Fees as % of Equity Value^{3,4}

	September 2020	Last 12 Months
Target Break Fee for All Mergers ⁵	3.6	3.5
Reverse Break Fee for All Mergers ⁶	5.9	5.6
Reverse Break Fee for Mergers Involving Financial Buyers ⁷	7.5	7.3
Reverse Break Fee for Mergers Involving Strategic Buyers ⁸	2.9	4.7

U.S. Public Merger Go-Shop Provisions⁹

	September 2020	Last 12 Months
% of Mergers with Go-Shops	0.0	12.1
% of Mergers Involving Financial Buyers with Go-Shops ¹⁰	0.0	52.6
% of Mergers Involving Strategic Buyers with Go-Shops ¹¹	0.0	2.5
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops ¹²	N/A	33.6
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops	N/A	32.3
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops	N/A	40.0

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



Tender Offers as % of U.S. Public Mergers

September 2020	20.0
Last 12 Months	24.2

Unaffected Premium %¹⁵

September 2020	44.0
Last 12 Months	39.9

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

September 2020	0.0
Last 12 Months	11.2

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

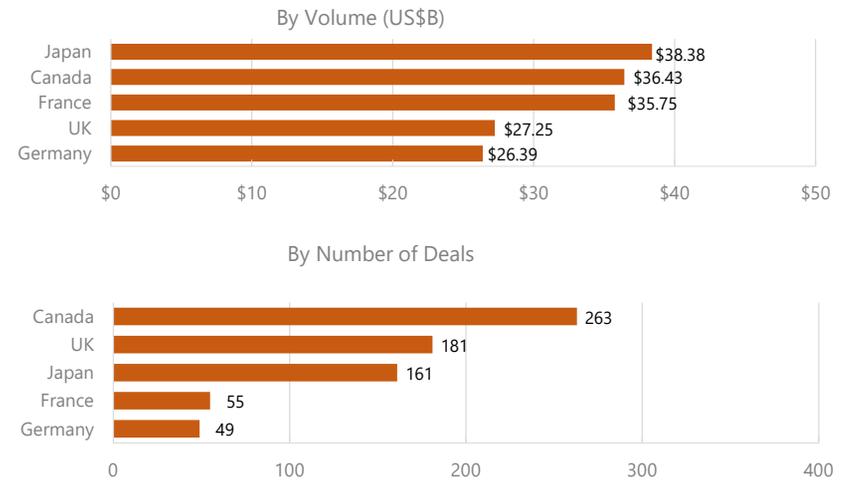
September 2020	0.7
Last 12 Months	1.5

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

Inbound U.S. Crossborder Transactions for September 2020

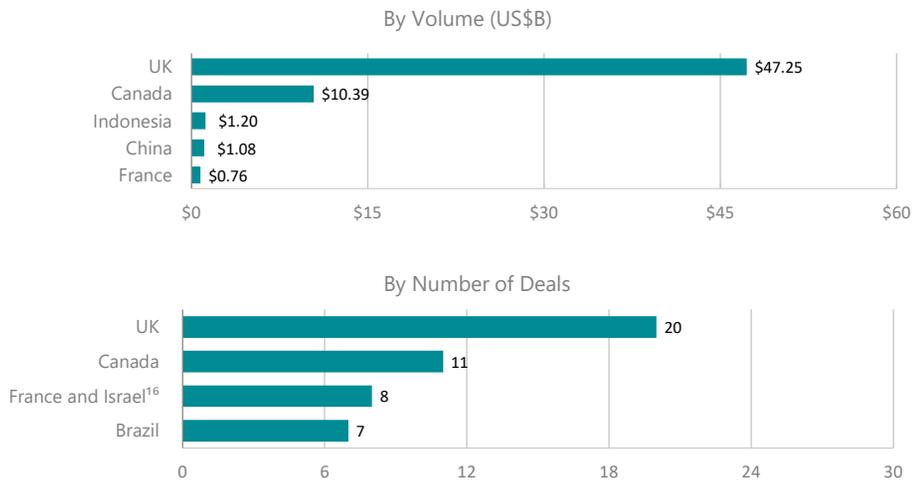


Inbound U.S. Crossborder Transactions for the Last 12 Months

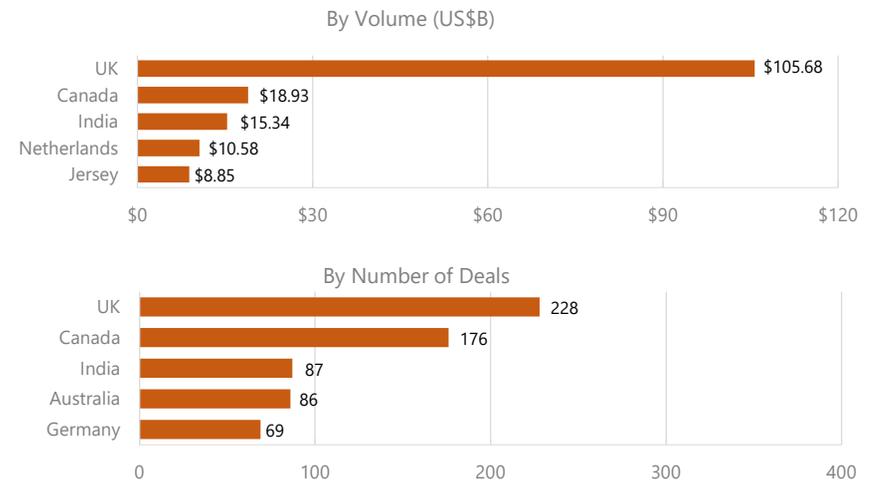


Top 5 Countries of Origin or Destination for Outbound U.S. Crossborder Transactions

Outbound U.S. Crossborder Transactions for September 2020

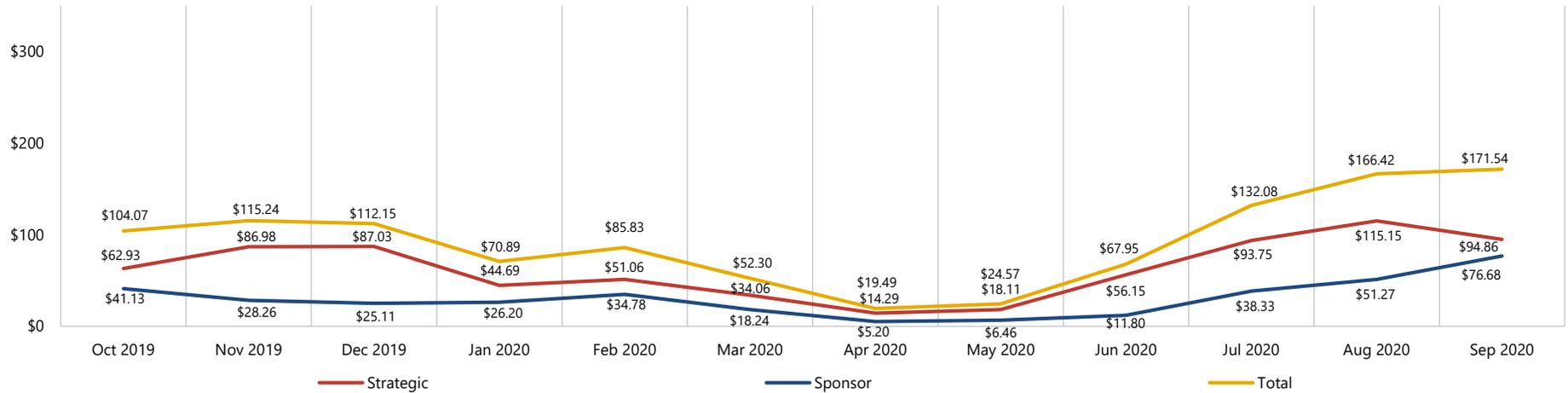


Outbound U.S. Crossborder Transactions for the Last 12 Months

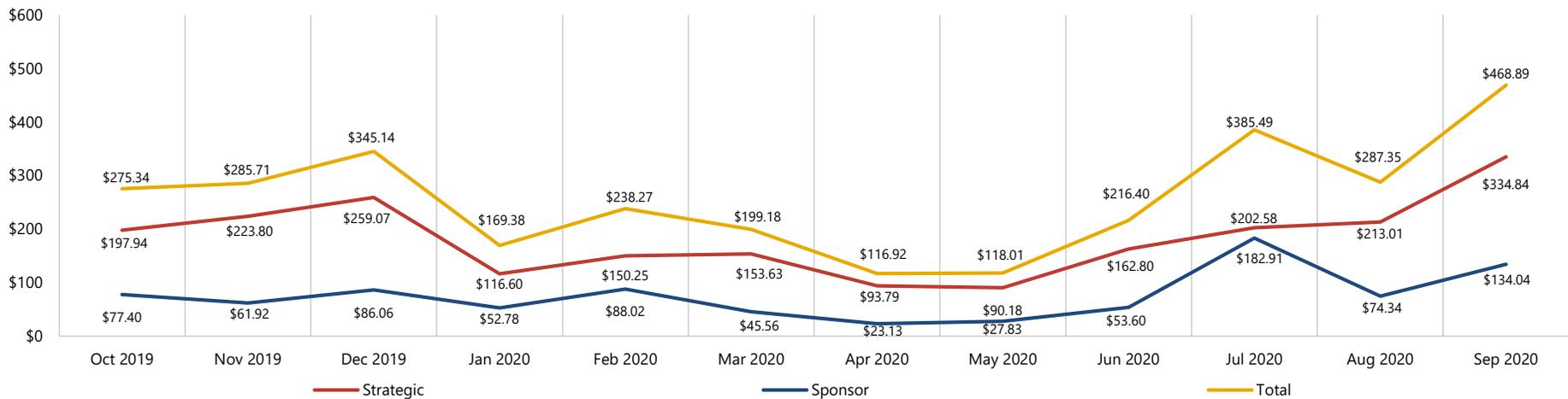


Appendix: M&A Activity – 12 Month Trends

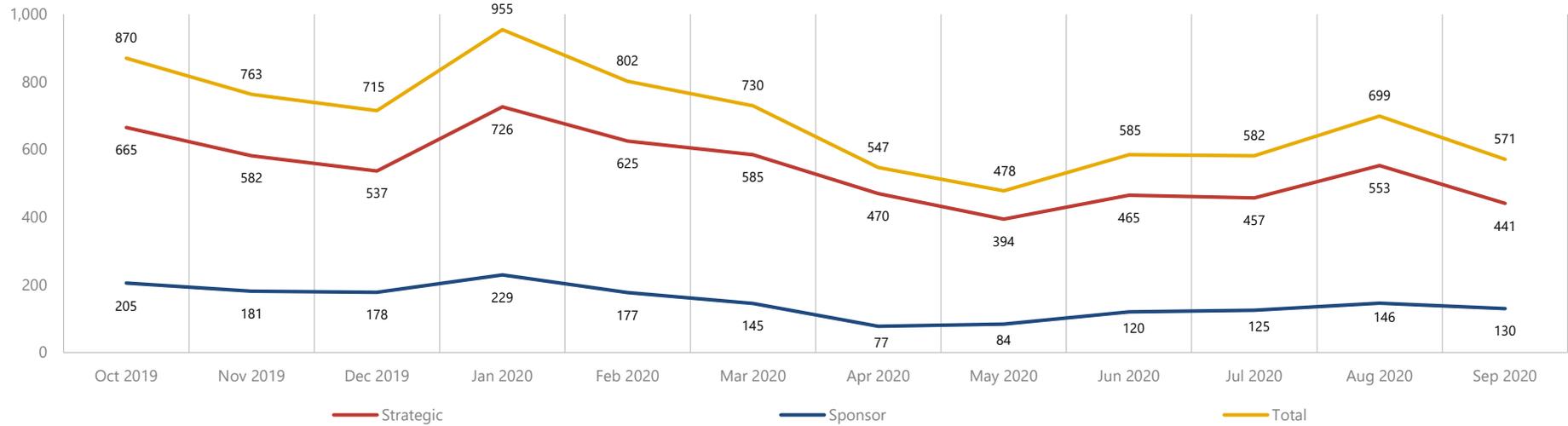
U.S. Deal Value (US\$B)



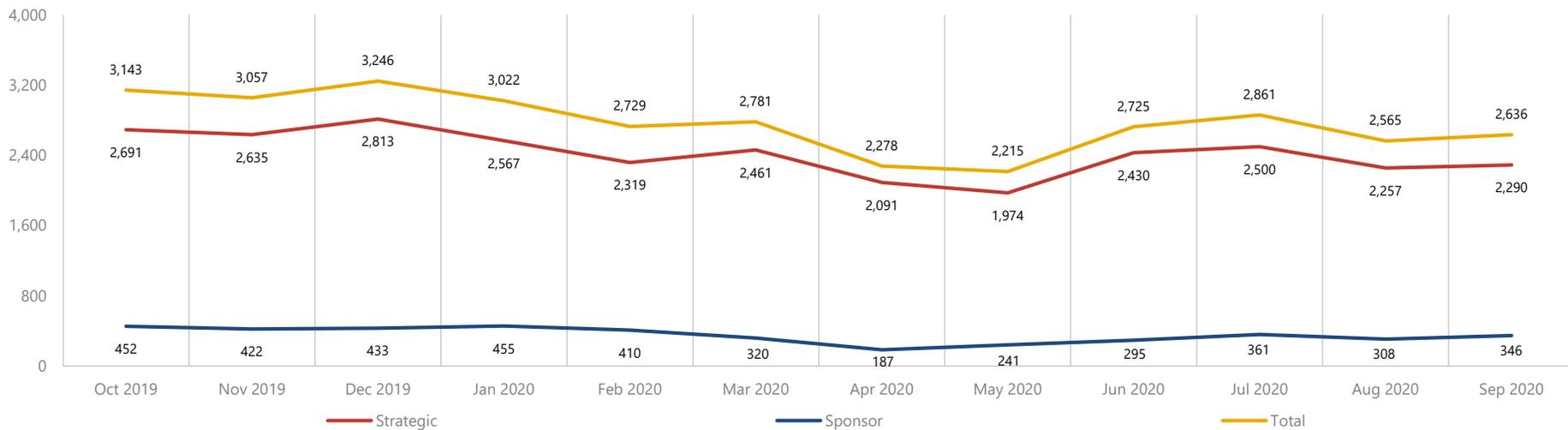
Global Deal Value (US\$B)



U.S. Number of Deals



Global Number of Deals



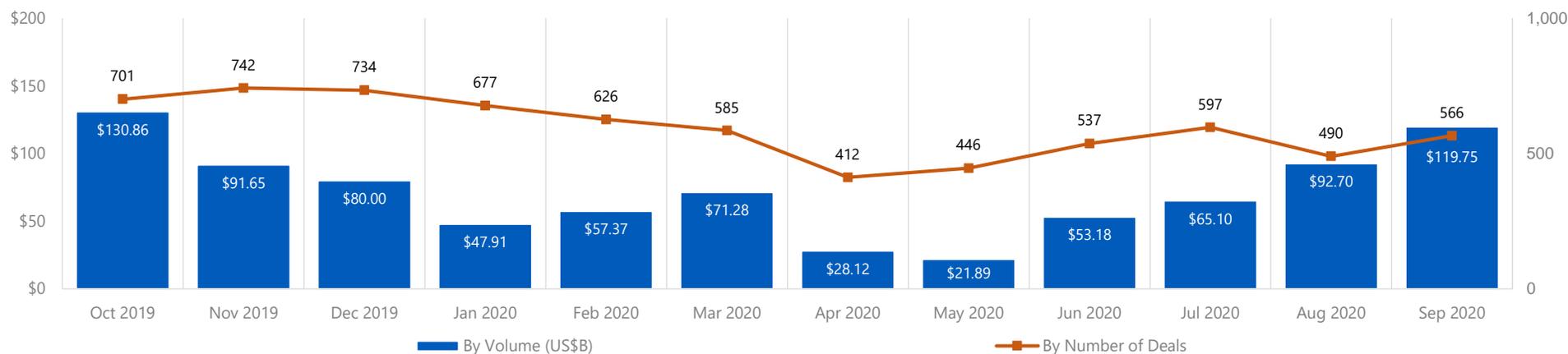
Inbound U.S. Crossborder Transactions



Outbound U.S. Crossborder Transactions



Global Crossborder Transactions



Endnotes

- 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 five transactions in September 2020.
- Financial and strategic categories are determined by Deal Point Data.
- All five transactions in September 2020 had a target break fee.
- Three transactions in September 2020 had a reverse break fee.
- Two transactions in September 2020 involving a financial buyer had a reverse break fee.
- One transaction in September 2020 involving a strategic buyer had a reverse break fee.
- Financial and strategic categories are determined by Deal Point Data.
- Two transactions in September 2020 involved a financial buyer.
- Three transactions in September 2020 involved a strategic buyer.
- Zero transactions in September 2020 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 France and Israel was the country of destination for eight transactions in September 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 October 2019 to September 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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