

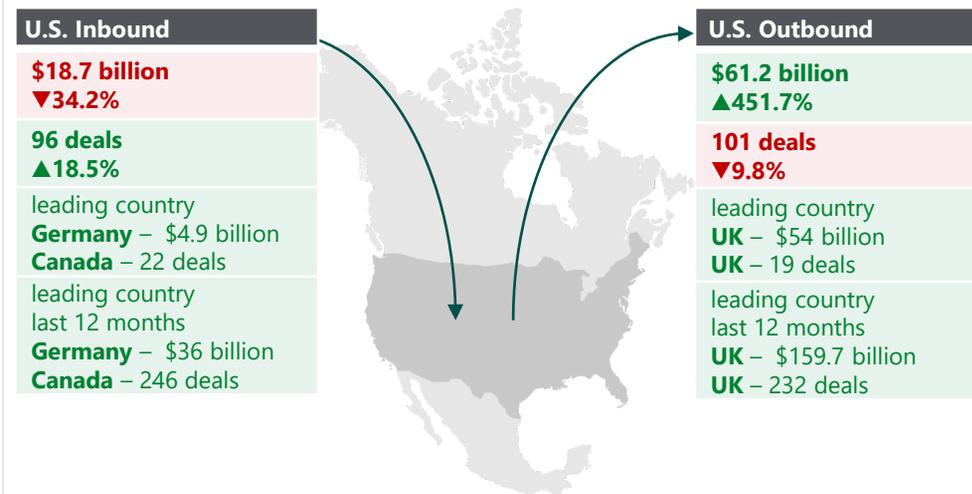
Key Takeaways

- ▶ After steady increases in US M&A deal values since May, November saw a decline in aggregate US deal value of 30%, led primarily by declines in strategic deal value, as well as in the number of transactions, which decreased by 19%. Global declines were less marked; in fact, sponsor deal values increased by 14%.
- ▶ Crossborder activity was mixed, with a 9% increase in the number of inbound US deals and a whopping 452% increase in US outbound deal value (largely driven by S&P Global's \$43.2 billion acquisition of HIS Markit Ltd). Total inbound US deal values decreased by 34% however and outbound US deal counts decreased by 10%.
- ▶ The UK and Germany were the top countries for outbound US and inbound US transactions by deal value, respectively, and the UK and Canada were the top for outbound and inbound transactions by deal count, in each case consistent with their positions over the last 12 months (LTM).
- ▶ Computer & Electronics remained the top industry by dollar value and deal count for November and LTM. Construction/Building saw an increase of 2,881% in deal value, driven by Home Depot Inc.'s \$11.1 billion acquisition of HD Supply Holdings Inc.
- ▶ US public merger highlights include the following:
 - The frequency of all-cash deals was considerably higher than in the LTM, constituting 86% of all deals in November compared with 55% LTM.
 - 43% of deals involved a tender offer, an increase over the 31% LTM.
 - Reverse break fees averaged 7% compared to 5% LTM.
 - Unaffected premium percentage rose to 39%, more in line with the 41% average seen LTM than the 31% seen in October.
 - Average deal value dropped from \$7.1 million in October to \$1.8 million in November, the lowest monthly average since May 2020 and the largest month-over-month drop of the year.

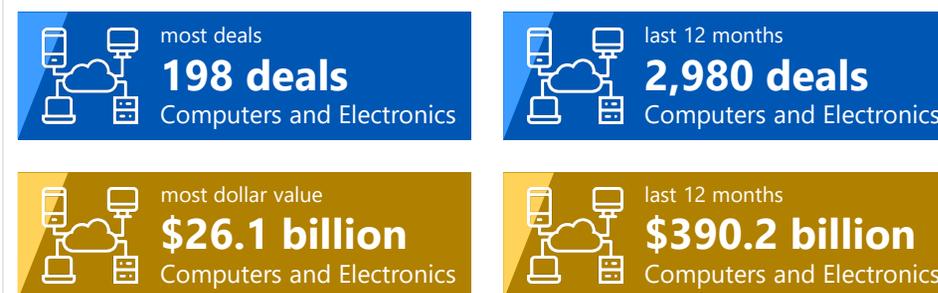
Strategic vs. Sponsor Activity

Global
Total
\$392.7 billion – ▼9.3%
2,422 deals – ▼4.8%
Strategic
\$277.4 billion – ▼16.5%
2,100 deals – ▼5.1%
Sponsor
\$115.3 billion – ▲14.4%
322 deals – ▼2.7%
U.S.
Total
\$149.0 billion – ▼29.5%
505 deals – ▼19.1%
Strategic
\$98.6 billion – ▼37.2%
401 deals – ▼17.8%
Sponsor
\$50.4 billion – ▼7.4%
104 deals – ▼23.5%

Crossborder Activity



Industry Activity

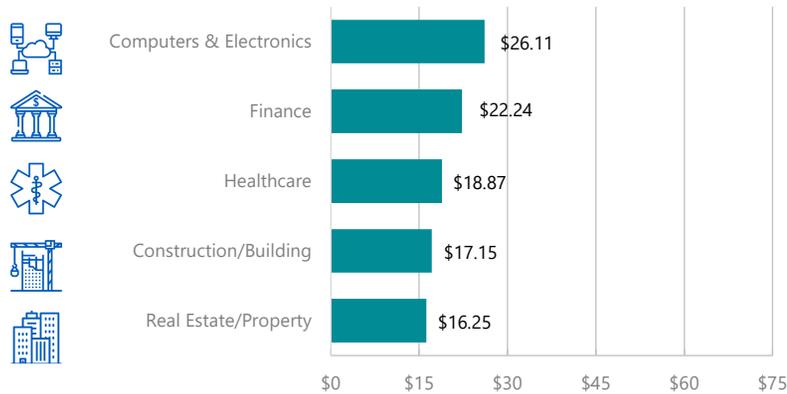


All data is as of December 10, 2020 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

Most Active U.S. Target Industries¹

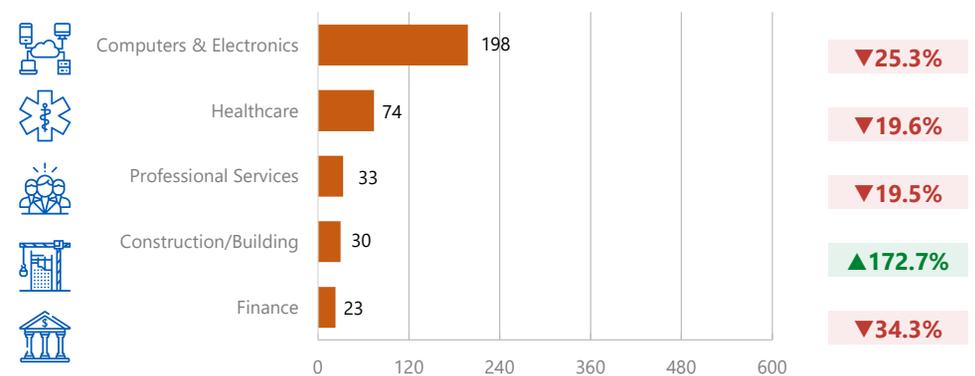
Deal Value (US\$B)
November 2020

+/- from last month

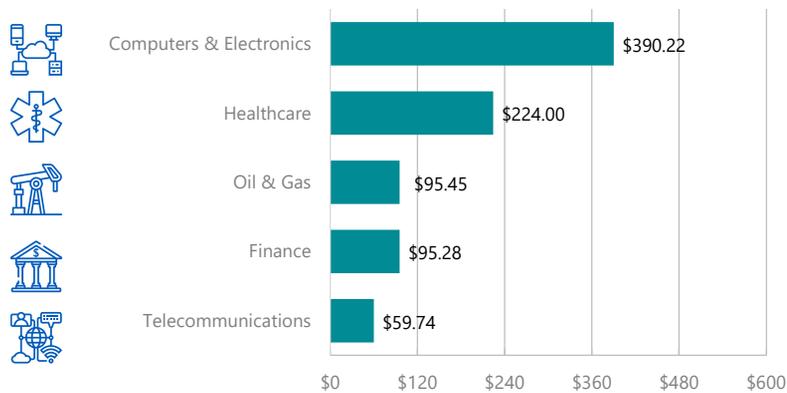


Number of Deals
November 2020

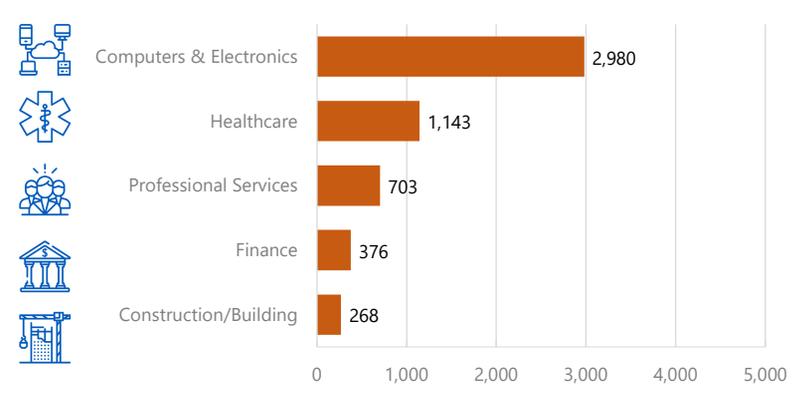
+/- from last month



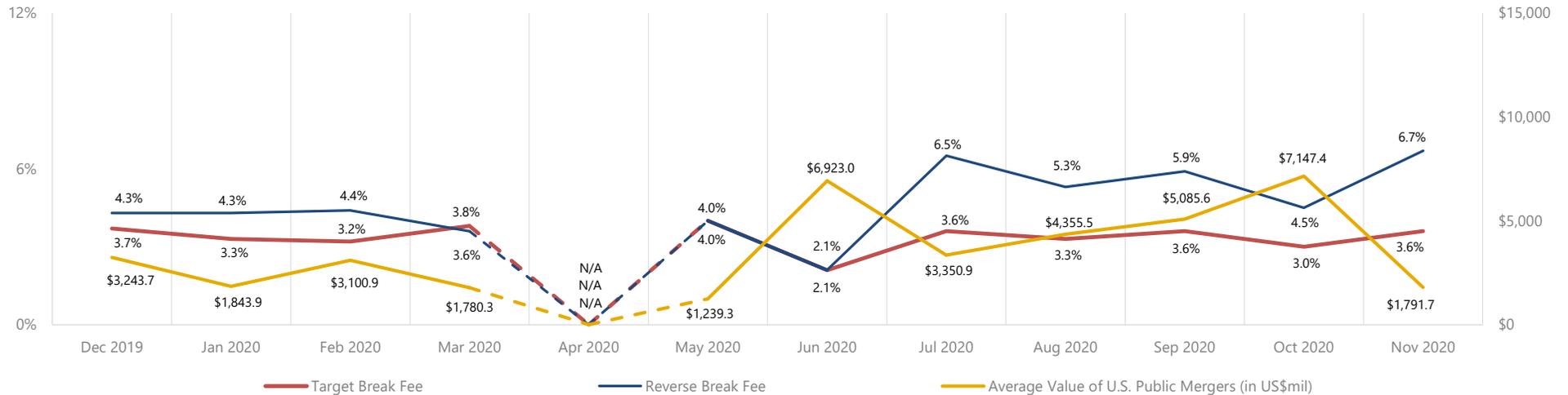
Last 12 Months



Last 12 Months



Average Break Fees as % of Equity Value²



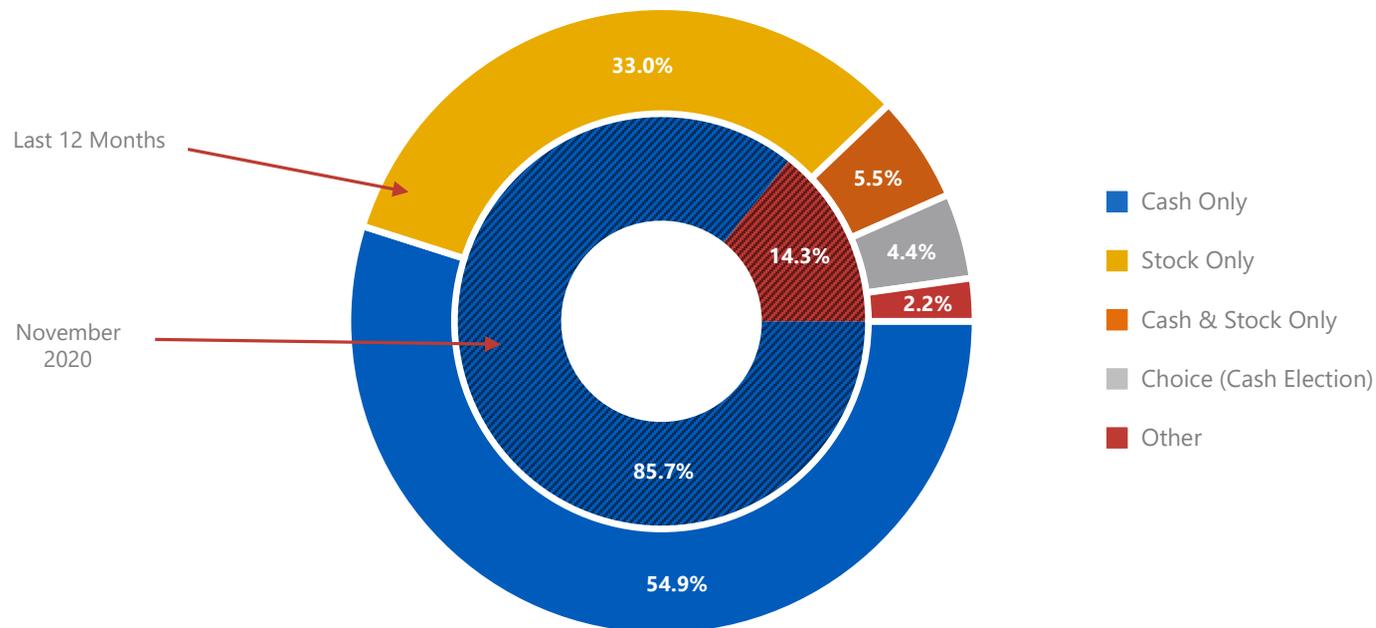
Average Break Fees as % of Equity Value^{3,4}

	November 2020	Last 12 Months
Target Break Fee for All Mergers	3.6	3.4
Reverse Break Fee for All Mergers ⁵	6.7	5.0
Reverse Break Fee for Mergers Involving Financial Buyers ⁶	6.9	6.6
Reverse Break Fee for Mergers Involving Strategic Buyers ⁷	5.8	4.3

U.S. Public Merger Go-Shop Provisions⁸

	November 2020	Last 12 Months
% of Mergers with Go-Shops	14.3	8.8
% of Mergers Involving Financial Buyers with Go-Shops ⁹	20.0	31.6
% of Mergers Involving Strategic Buyers with Go-Shops ¹⁰	0.0	2.8
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops ¹¹	30.0	36.9
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops ¹²	30.0	35.8
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops ¹³	N/A	40.0

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



Tender Offers as % of U.S. Public Mergers

November 2020	42.9
Last 12 Months	30.8

Unaffected Premium %¹⁶

November 2020	39.3
Last 12 Months	40.9

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

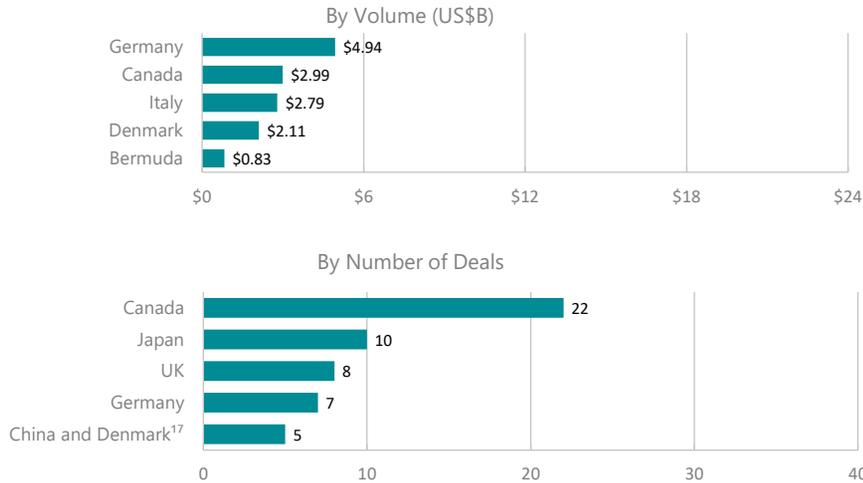
November 2020	30.0
Last 12 Months	15.4

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

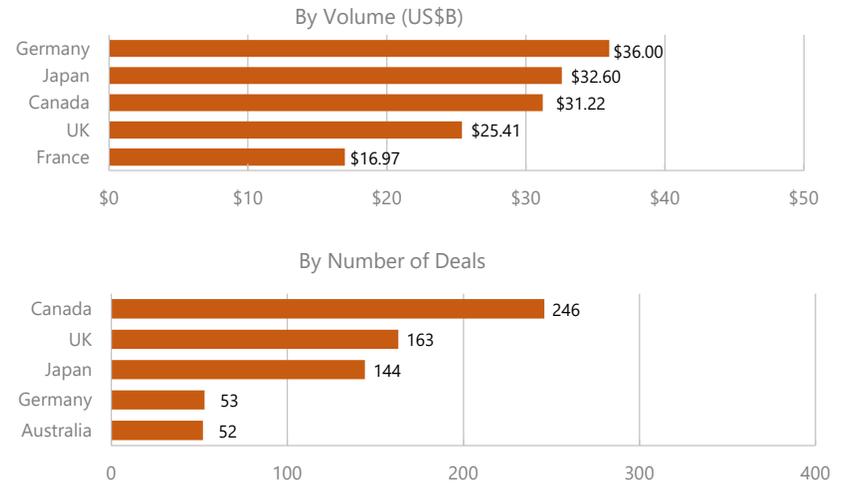
November 2020	1.4
Last 12 Months	1.4

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

Inbound U.S. Crossborder Transactions for November 2020

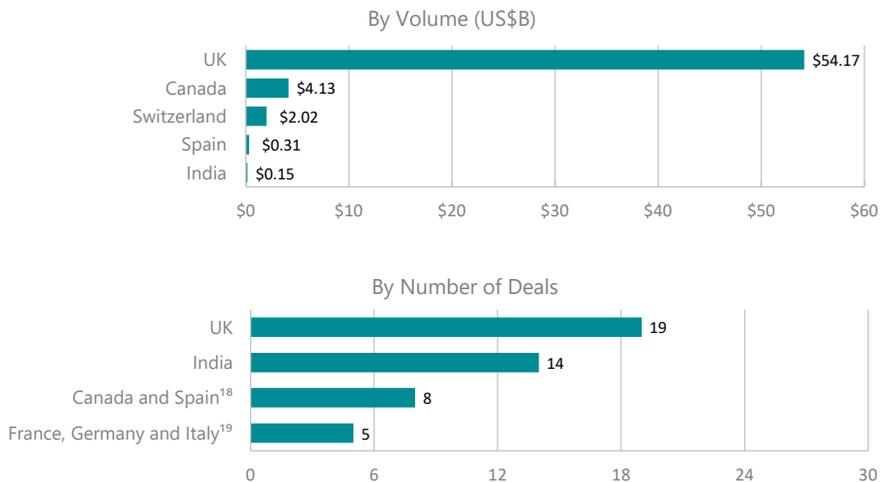


Inbound U.S. Crossborder Transactions for the Last 12 Months

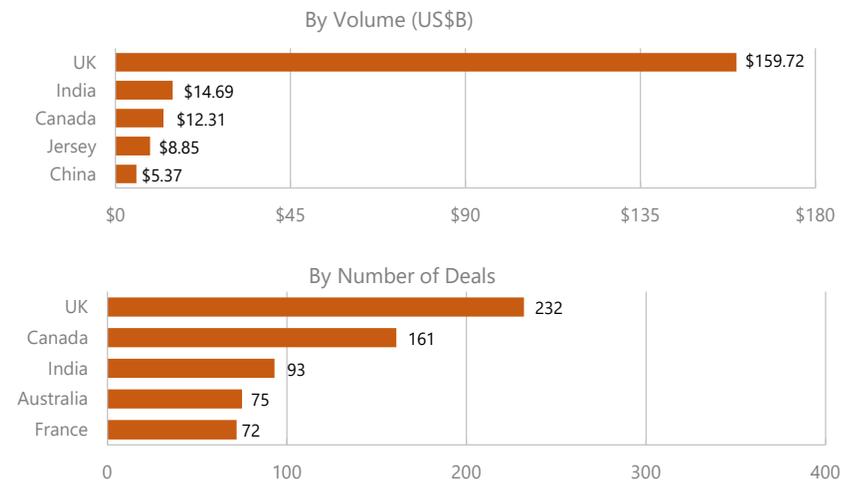


Top 5 Countries of Origin or Destination for Outbound U.S. Crossborder Transactions

Outbound U.S. Crossborder Transactions for November 2020

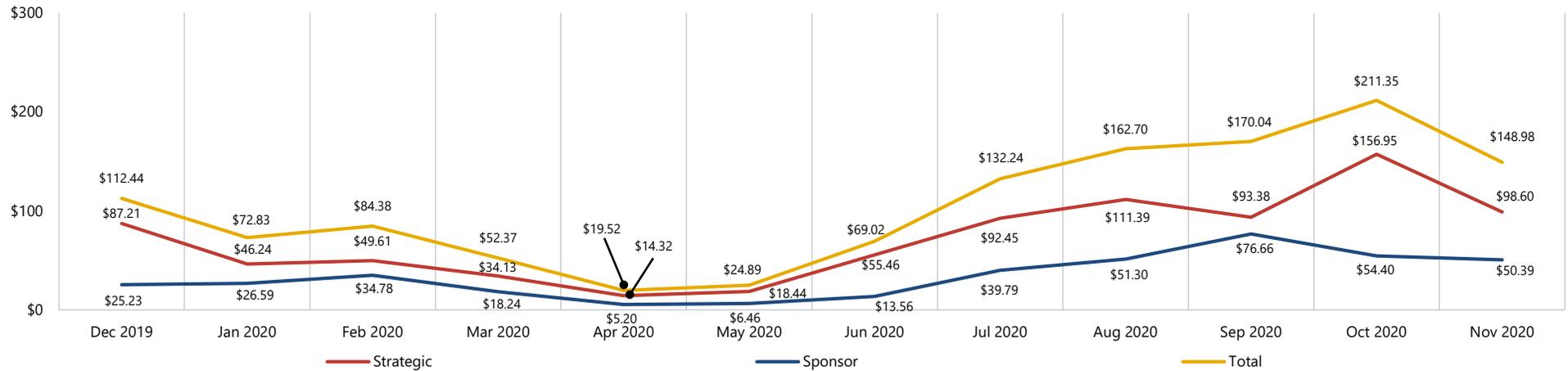


Outbound U.S. Crossborder Transactions for the Last 12 Months

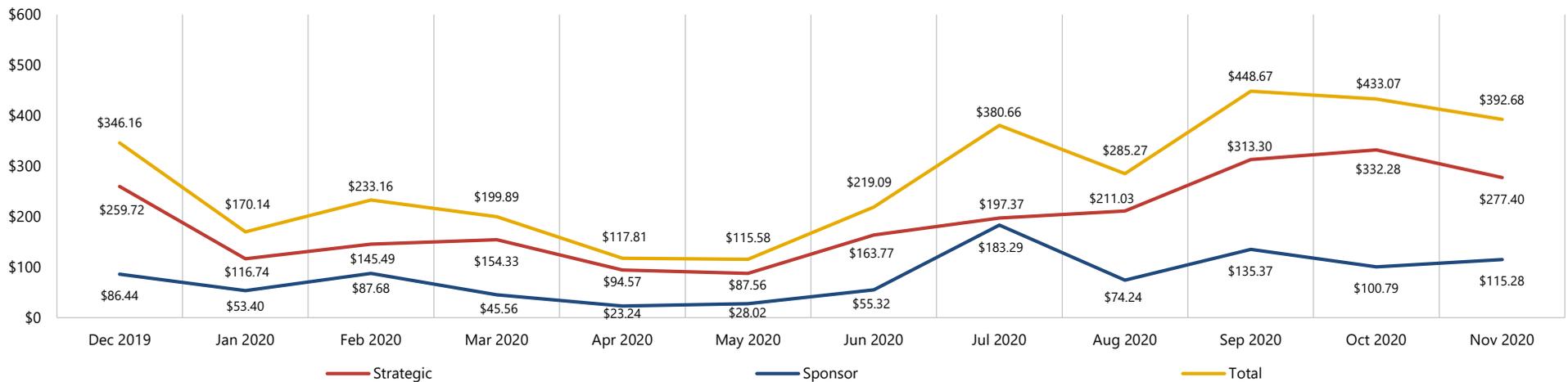


Appendix: M&A Activity – 12 Month Trends

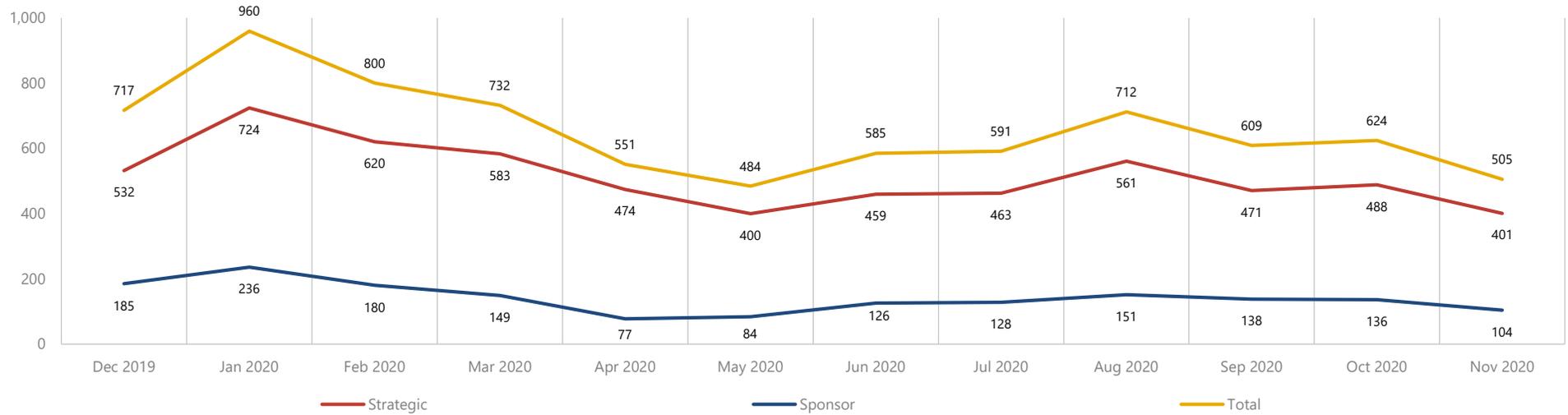
U.S. Deal Value (US\$B)



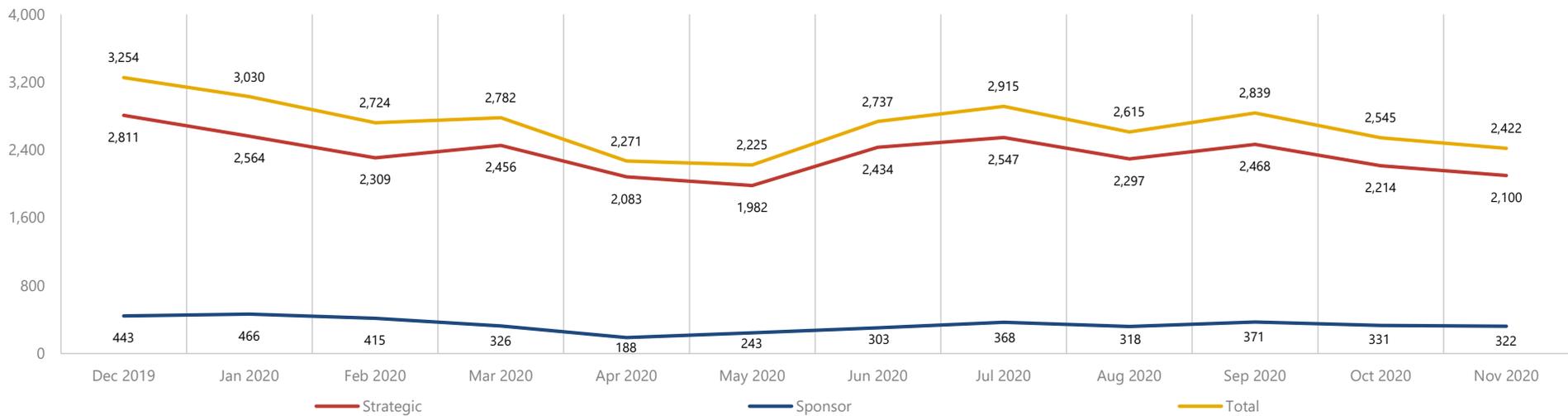
Global Deal Value (US\$B)



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 seven deals for which a merger agreement was reached and filed in November 2020.
- Financial and strategic categories are determined by Deal Point Data.
- Five transactions in November 2020 had a reverse break fee.
- Four transactions in November 2020 involving a financial buyer had a reverse break fee.
- One transaction in November 2020 involving a strategic buyer had a reverse break fee.
- Financial and strategic categories are determined by Deal Point Data.
- Five transactions in November 2020 involved a financial buyer.
- Two transactions in November 2020 involved a strategic buyer.
- One transaction in November 2020 had a go-shop provision.
- One transaction in November 2020 involving a financial buyer had a go-shop provision.
- Zero transactions in November 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 China and Denmark was the country of origin for five transactions in November 2020.
- Each of Canada and Spain was the country of destination for eight transactions in November 2020.
- Each of France, Germany and Italy was the country of destination for five transactions in November 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 December 2019 to November 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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