

# M&A AT A GLANCE

FEBRUARY 2021 | ISSUE 107

## Key Takeaways

- ▶ Coming off a strong December, M&A began 2021 down by most measures. In the U.S., total deal value and deal count were down 36% and 4%, respectively, with strategic deals accounting for a larger portion of the declines. Sponsor deals were more mixed, with a 14% decrease in deal value but a 15% increase in deal count. Globally, total deal value and deal count were similarly down 34% and 18%, respectively, again with strategic deals accounting for more of the slowdown than sponsor deals.
- ▶ U.S. cross-border activity declined both for inbound and outbound activity by dollar value (76% and 15%, respectively). The drop in inbound deal value was largely due to a return to more normal activity levels following AstraZeneca plc's \$40 billion acquisition of Alexion Pharmaceuticals, Inc. in December. Deal counts also decreased for inbound transactions by 19%, but increased by 2% for outbound transactions.
- ▶ Canada was the top country for U.S. inbound transactions by deal count both in January and over the last 12 months (LTM). Similarly, the U.K. was the target country of choice for U.S. outbound deals, maintaining its LTM position.
- ▶ Computer & Electronics remained the top industry by dollar value and deal count for January and LTM. Despite declining by 15% in deal value in January, the industry gained 5% in deal count over December.
- ▶ In January, there were 16 U.S. SPAC acquisitions announced (totaling \$36 billion in deal value), down 6% by deal count but up 42% by deal value over December. Globally, SPAC acquisitions were similarly mixed, with deal count down 10% but total value up 10%.
- ▶ U.S. public merger highlights include the following:
  - No U.S. public mergers in January used stock only as consideration, compared to 25% LTM. Instead, 44% of deals used a mix of cash and stock, compared to 11% of such deals LTM.
  - No deals involved a tender offer, compared to 25% LTM, and hostile/unsolicited offers declined to 10% of deals announced in January compared to 17% LTM.
  - Unaffected premium percentages remained at similar levels to those seen in December, at 31% as compared to 40% LTM.
  - No deals had a go-shop compared to 9% LTM.

## Strategic vs. Sponsor Activity

U.S.
<b>Total</b>
<b>\$153.4 billion – ▼35.8%</b>
<b>725 deals – ▼3.5%</b>
<b>Strategic</b>
<b>\$89.6 billion – ▼45.6%</b>
<b>522 deals – ▼9.2%</b>
<b>Sponsor</b>
<b>\$63.8 billion – ▼14.0%</b>
<b>203 deals – ▲15.3%</b>

Global
<b>Total</b>
<b>\$311.2 billion – ▼33.6%</b>
<b>2,497 deals – ▼17.6%</b>
<b>Strategic</b>
<b>\$181.9 billion – ▼42.3%</b>
<b>2,091 deals – ▼20.2%</b>
<b>Sponsor</b>
<b>\$129.4 billion – ▼15.8%</b>
<b>406 deals – ▼1.2%</b>

## Crossborder Activity

U.S. Inbound	U.S. Outbound
<b>\$18.3 billion</b>	<b>\$28.7 billion</b>
<b>▼76.0%</b>	<b>▼15.2%</b>
<b>96 deals</b>	<b>120 deals</b>
<b>▼19.3%</b>	<b>▲1.7%</b>
leading country <b>Switzerland – \$4.1 billion</b>	leading country <b>U.K. – \$12.3 billion</b>
<b>Canada – 21 deals</b>	<b>U.K. – 26 deals</b>
leading country last 12 months <b>U.K. – \$61.4 billion</b>	leading country last 12 months <b>U.K. – \$175.5 billion</b>
<b>Canada – 248 deals</b>	<b>U.K. – 253 deals</b>

## Industry Activity

 most deals <b>277 deals</b> Computers & Electronics	 last 12 months <b>3,038 deals</b> Computers & Electronics
 most dollar value <b>\$67.6 billion</b> Computers & Electronics	 last 12 months <b>\$494.8 billion</b> Computers & Electronics

## SPAC Acquisitions

 <b>\$35.7 billion</b> <b>16 deals</b> ▲ 42.0%    ▼ 5.9%	 <b>\$36.0 billion</b> <b>18 deals</b> ▲ 10.1%    ▼ 10.0%
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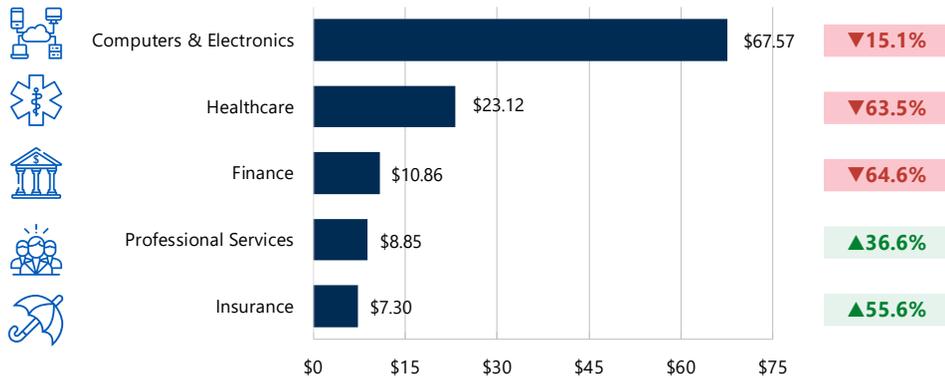
All data is for January 2021 and is as of February 10, 2021 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

Most Active U.S. Target Industries<sup>1</sup>

Deal Value (US\$B)

January 2021

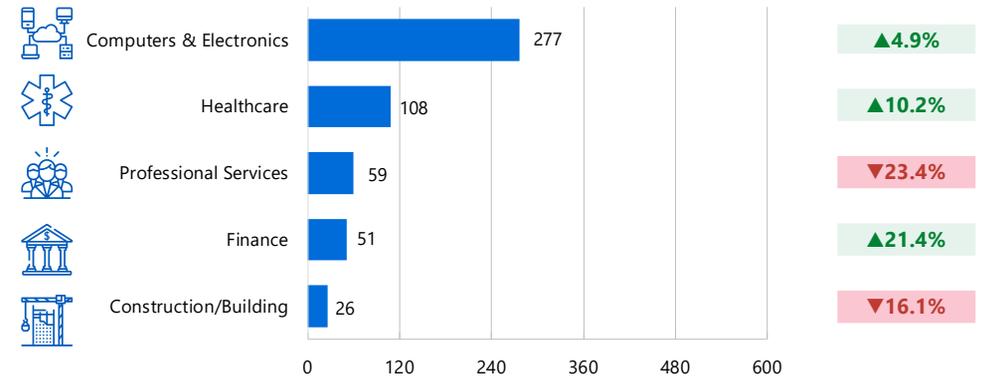
+/- from last month



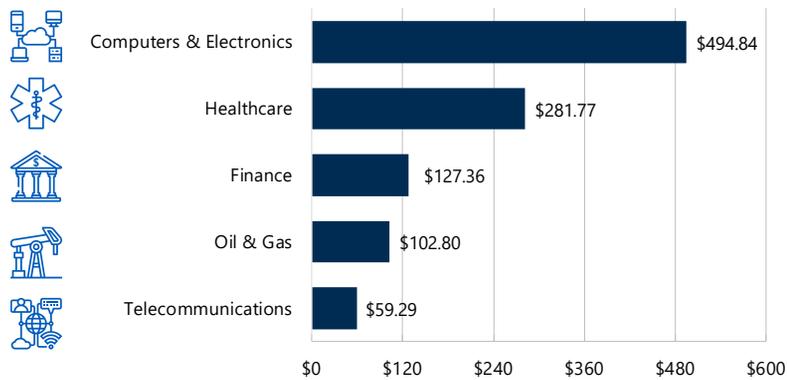
Number of Deals

January 2021

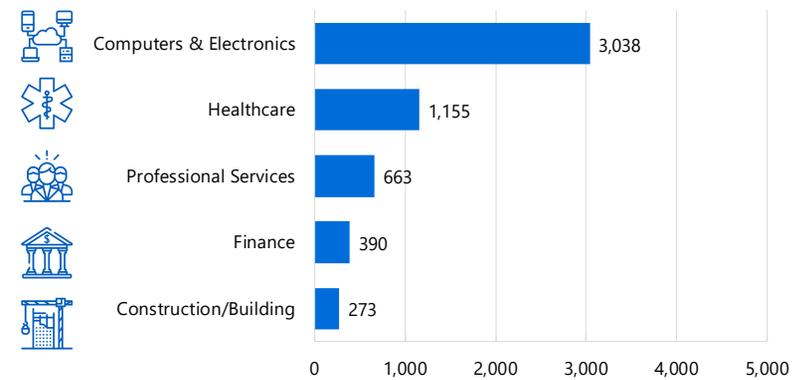
+/- from last month



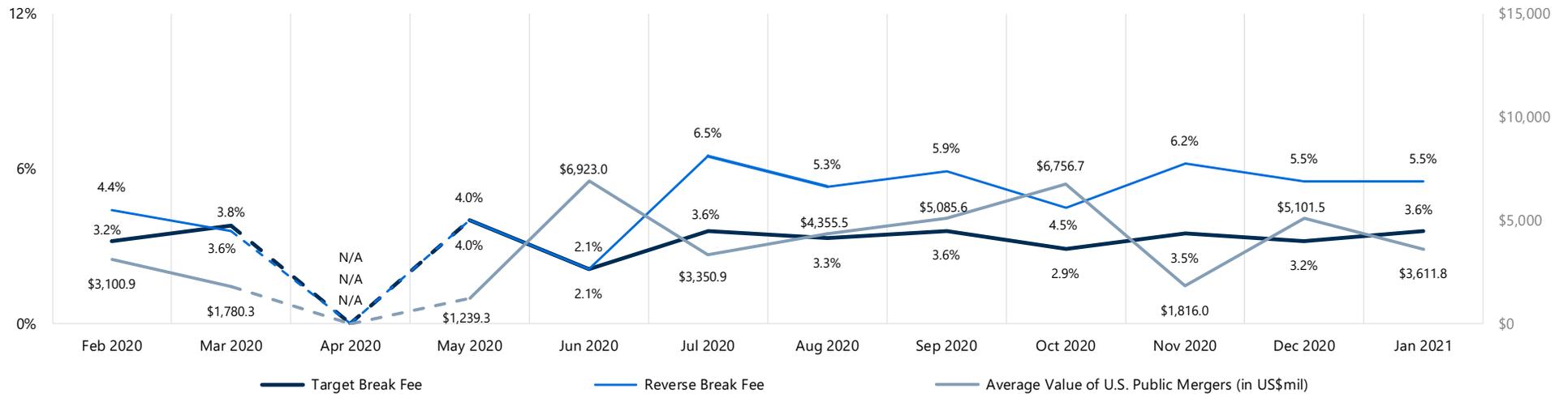
Last 12 Months



Last 12 Months



Average Break Fees as % of Equity Value<sup>2</sup>



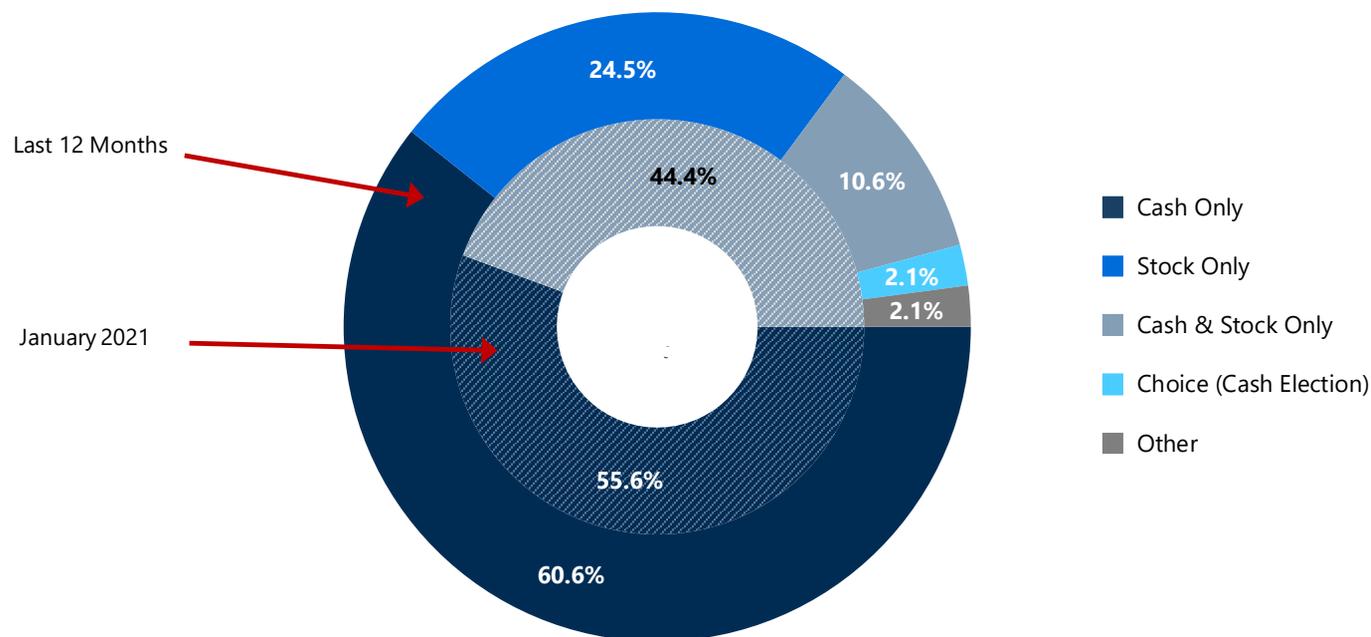
Average Break Fees as % of Equity Value<sup>3,4</sup>

	January 2021	Last 12 Months
Target Break Fee for All Mergers	3.6	3.3
Reverse Break Fee for All Mergers <sup>5</sup>	5.5	5.3
Reverse Break Fee for Mergers Involving Financial Buyers <sup>6</sup>	6.0	6.1
Reverse Break Fee for Mergers Involving Strategic Buyers <sup>7</sup>	4.8	4.7

U.S. Public Merger Go-Shop Provisions<sup>4</sup>

	January 2021	Last 12 Months
% of Mergers with Go-Shops	0.0	8.5
% of Mergers Involving Financial Buyers with Go-Shops <sup>8</sup>	0.0	19.2
% of Mergers Involving Strategic Buyers with Go-Shops <sup>9</sup>	0.0	4.4
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops <sup>10</sup>	N/A	37.6
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops <sup>11</sup>	N/A	36.0
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops <sup>12</sup>	N/A	40.3

Form of Consideration as % of U.S. Public Mergers<sup>13</sup>



Tender Offers as % of U.S. Public Mergers

January 2021	0.0
Last 12 Months	24.5

Unaffected Premium %<sup>15</sup>

January 2021	30.8
Last 12 Months	40.3

Hostile/Unsolicited Offers as % of U.S. Public Mergers<sup>14</sup>

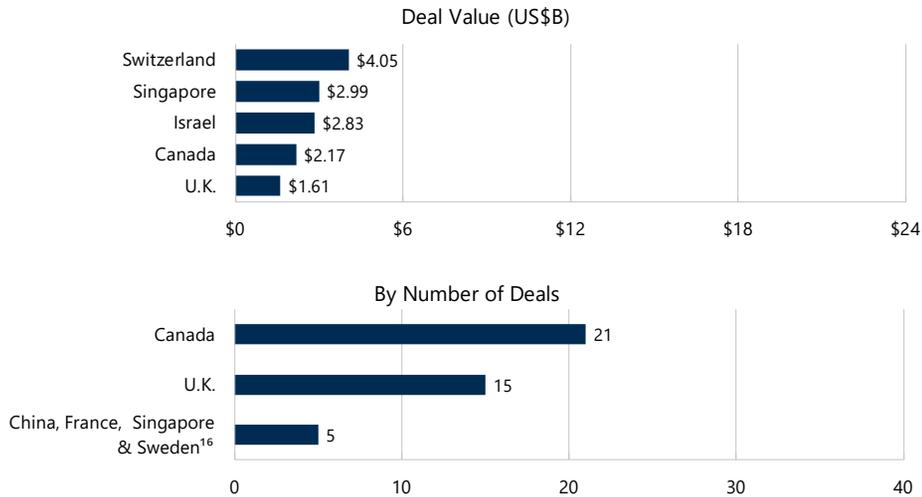
January 2021	10.0
Last 12 Months	16.7

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

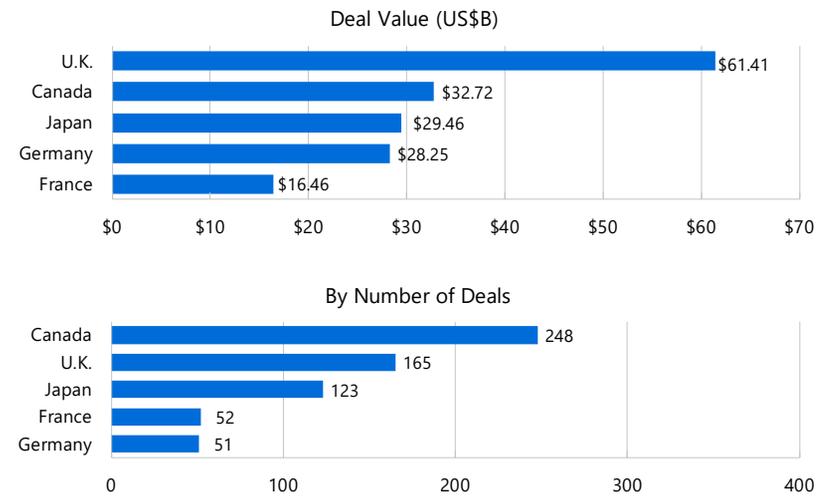
January 2021	N/A
Last 12 Months	1.3

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

**Inbound U.S. Crossborder Transactions for January 2021**

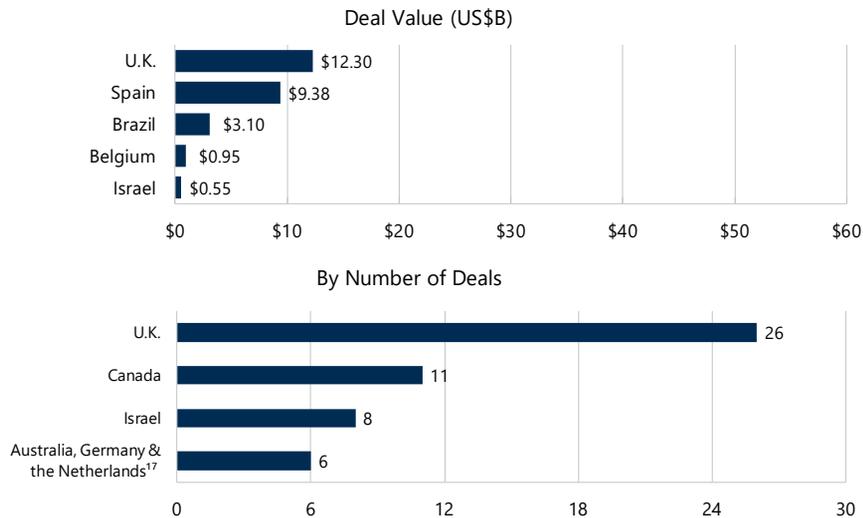


**Inbound U.S. Crossborder Transactions for the Last 12 Months**

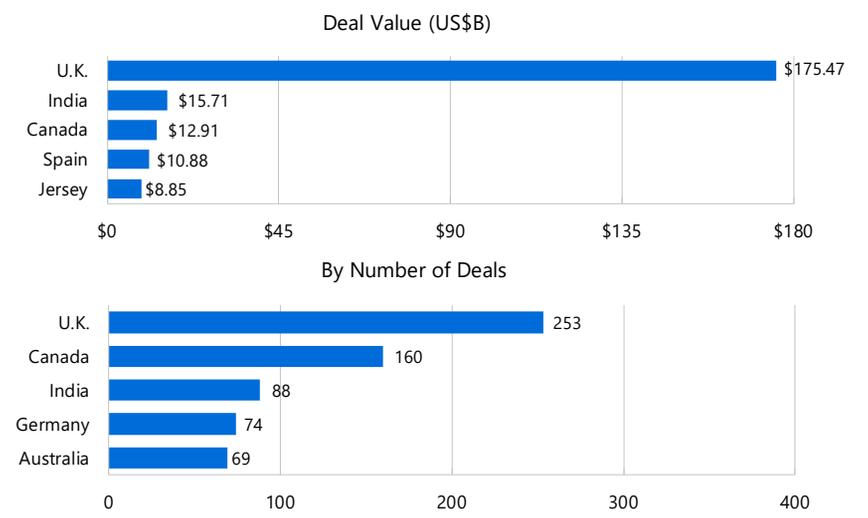


**Top 5 Countries of Origin or Destination for Outbound U.S. Crossborder Transactions**

**Outbound U.S. Crossborder Transactions for January 2021**

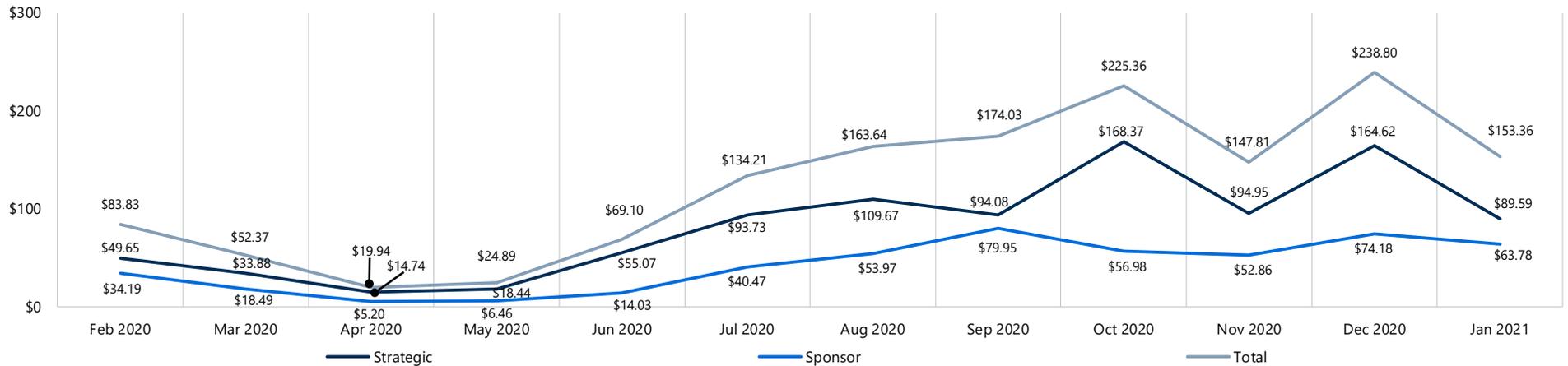


**Outbound U.S. Crossborder Transactions for the Last 12 Months**



## Appendix: M&A Activity – 12 Month Trends

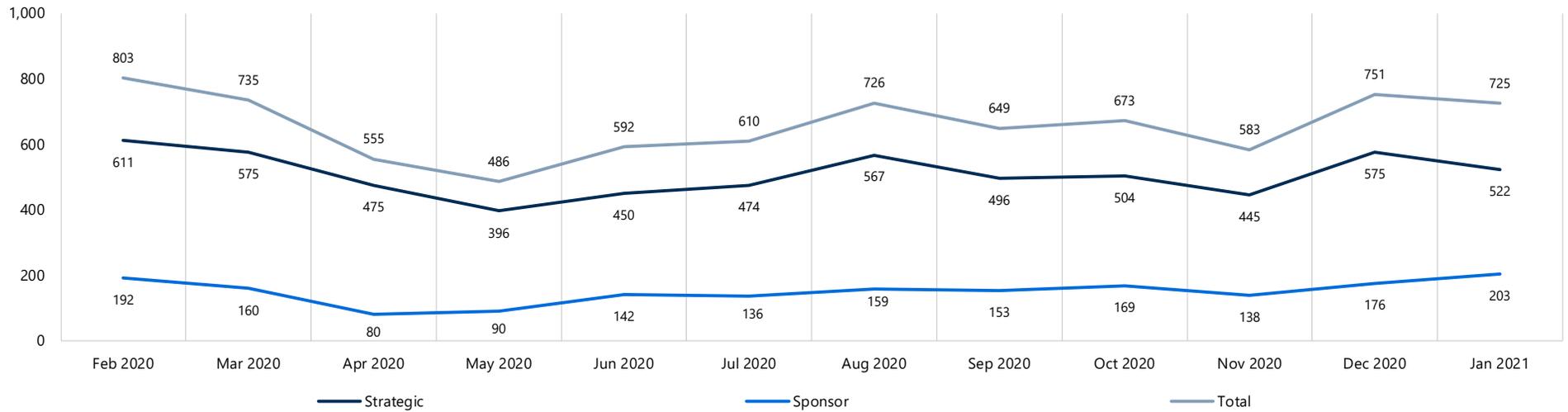
U.S. Deal Value (US\$B)



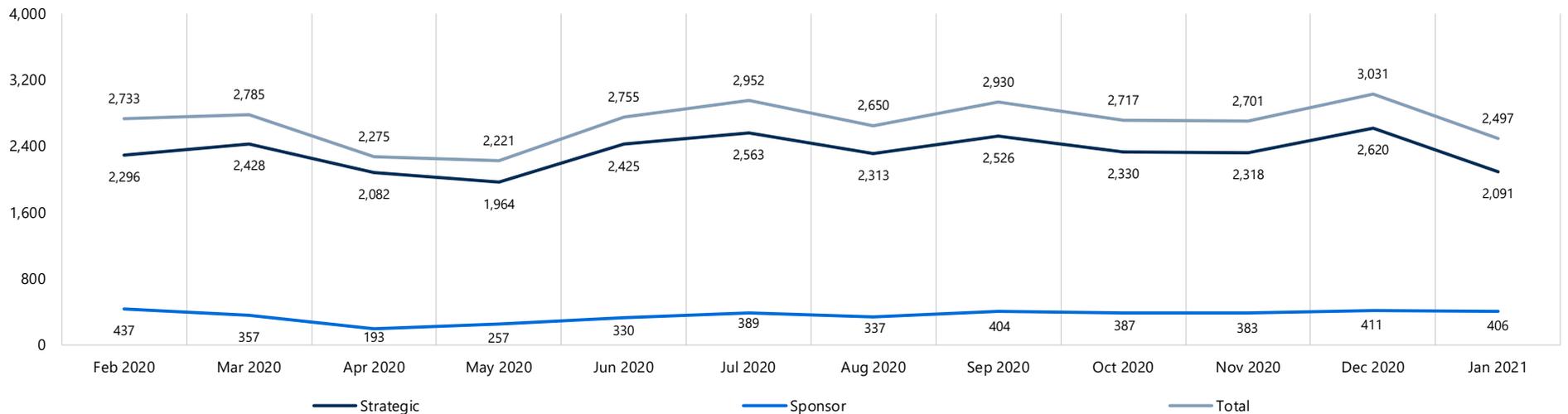
Global Deal Value (US\$B)



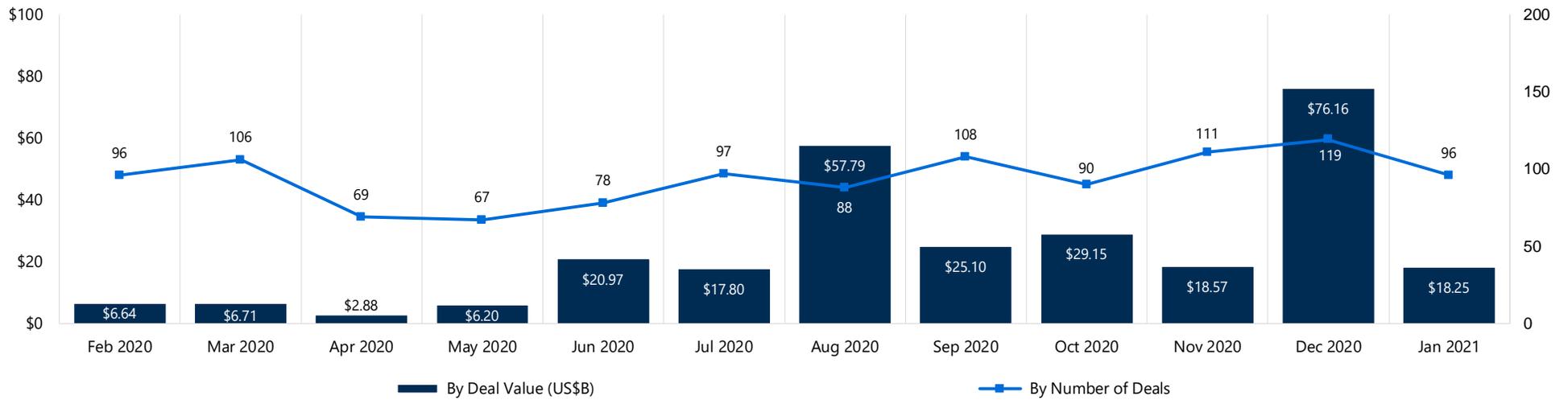
U.S. Number of Deals



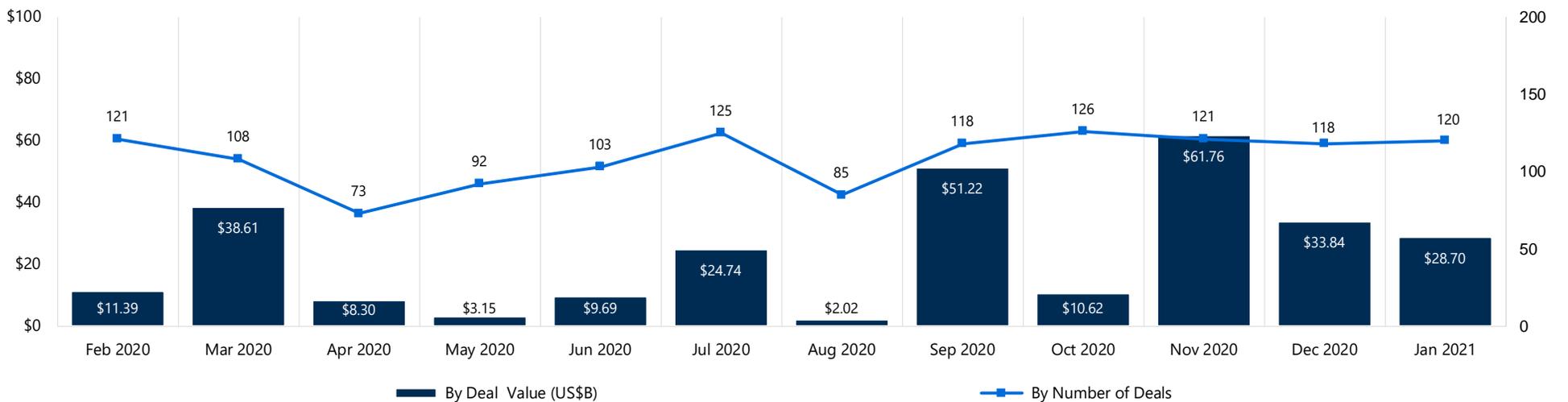
Global Number of Deals



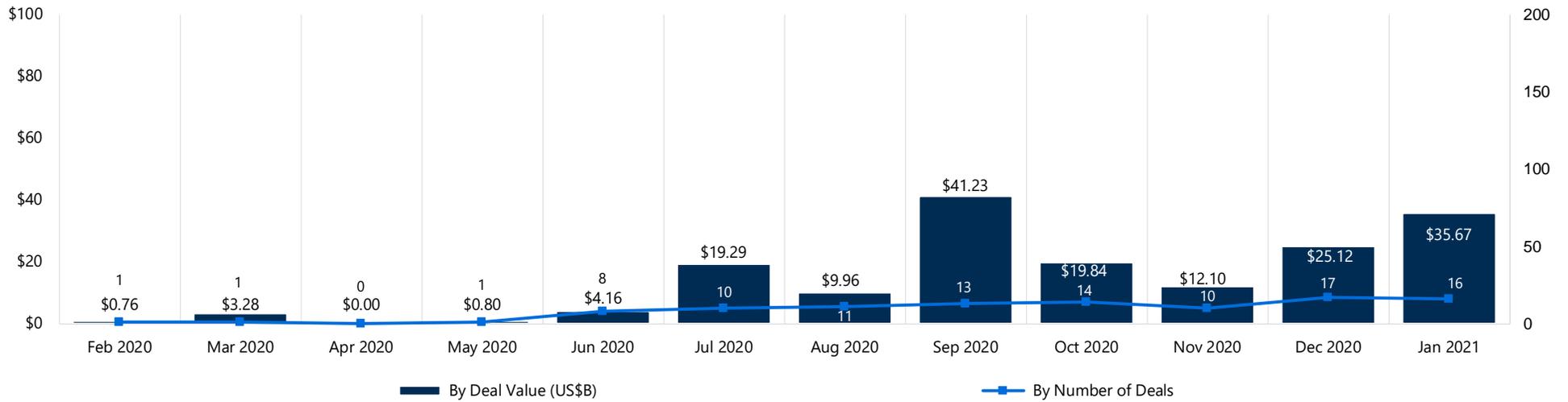
**Inbound U.S. Crossborder Transactions**



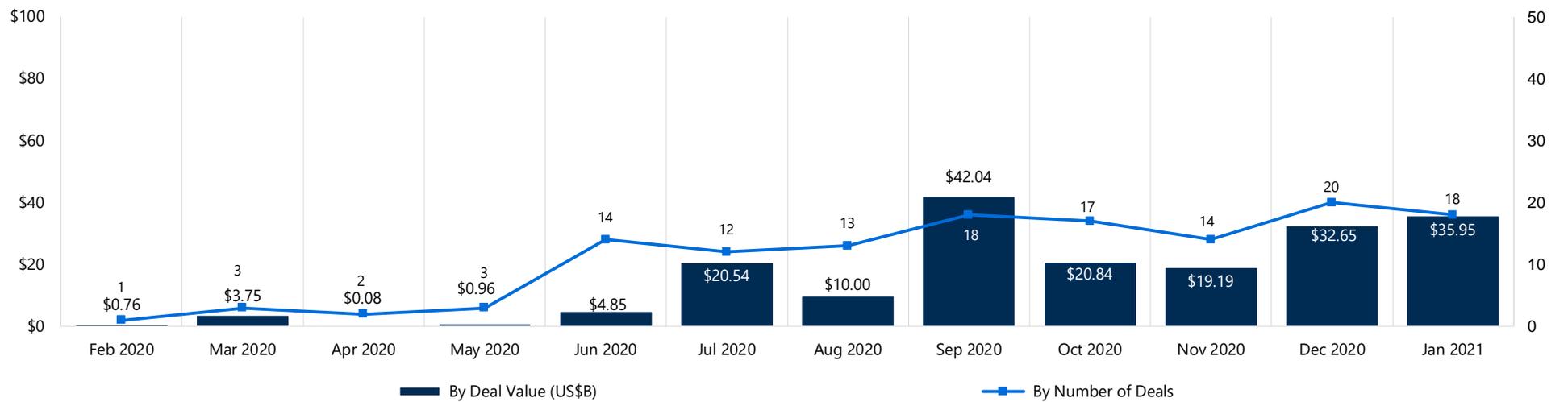
**Outbound U.S. Crossborder Transactions**



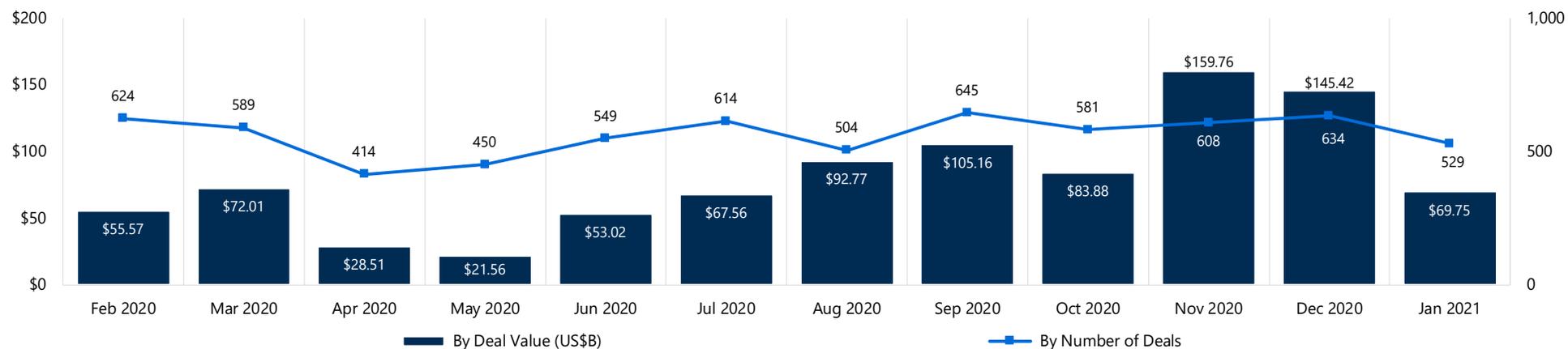
**U.S. SPAC Acquisitions<sup>18, 19</sup>**



**Global SPAC Acquisitions<sup>18, 20</sup>**



## 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 nine transactions in January 2021.
- Financial and strategic categories are determined by Deal Point Data.
- Five transactions in January 2021 had a reverse break fee.
- Three transactions in January 2021 involving a financial buyer had a reverse break fee.
- Two transactions in January 2021 involving a strategic buyer had a reverse break fee.
- Three transactions in January 2021 involved a financial buyer.
- Six transactions in January 2021 involved a strategic buyer.
- Zero transactions in January 2021 had a go-shop provision.
- Zero transactions in January 2021 involving a financial buyer had a go-shop provision.
- Zero transactions in January 2021 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, France, Singapore and Sweden was the country of origin for five transactions in January 2021.
- Each of Australia, Germany and the Netherlands was the country of destination for six transactions in January 2021.
- 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 February 2020 to January 2021 inclusive. Data obtained from Cortex and Deal Point Data has not been reviewed for accuracy by Paul, Weiss.

## Our Mergers & Acquisitions Practice

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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:

Matthew W. Abbott  
+1-212-373-3402  
[Email](#)

Scott A. Barshay  
+1-212-373-3040  
[Email](#)

Angelo Bonvino  
+1-212-373-3570  
[Email](#)

Ariel J. Deckelbaum  
+1-212-373-3546  
[Email](#)

Jeffrey D. Marell  
+1-212-373-3105  
[Email](#)

Robert B. Schumer  
+1-212-373-3097  
[Email](#)

Taurie M. Zeitzer  
+1-212-373-3353  
[Email](#)

*Counsel Frances F. Mi, associates Feiran Felicia Chen, Stacy Hwang, Allyson N. Kaleita, Eliana Wasser and Ceecee Q. Yao, law clerks Joseph Krmpotich and Evan Yoo, and staff attorney Akiva Reich contributed to this publication.*

## Our M&A Partners

[Matthew W. Abbott](#)

[Neil Goldman](#)

[Kenneth M. Schneider](#)

[Jeremy M. Veit](#)

[Edward T. Ackerman](#)

[Bruce A. Gutenplan](#)

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