

M&A AT A GLANCE

MAY 2021 | ISSUE 110

Key Takeaways

- ▶ The bright spots for M&A in April were a 4% increase in total U.S. deal value (led by a strong 20% increase in sponsor deal value) and a 9% increase in global sponsor deal value. However, all other measures saw declines, including U.S. deal count and global deal value and deal count.
- ▶ U.S. cross-border activity also decreased by all measures, except for inbound deal count, which increased 2%. Inbound deal value, outbound deal value and outbound deal count decreased by 25%, 5% and 37%, respectively.
- ▶ Canada dominated U.S. inbound activity across the board for both April and the last 12 months (LTM). Singapore topped U.S. outbound transactions by deal value for the first time, driven by Altimiter Growth Corp.'s \$34 billion acquisition of Grab Holdings Inc., while the U.K. led in deal count and was the target country of choice for U.S. outbound deals LTM.
- ▶ Computer & Electronics remained the top industry by dollar value and deal count for April and LTM, but Healthcare saw a 190% increase in deal value over March, led by Thermo Fisher Scientific's acquisition of PPF Inc. for \$21 billion.
- ▶ SPACs continued their decline in April with 17 U.S. SPAC acquisitions announced, down 19% by deal count and 63% by deal value over March. Globally, SPAC acquisitions decreased by 17% in total value and count.
- ▶ U.S. public merger highlights in April include the following:
 - Cash only transactions decreased to 45% of deals from 58% LTM; while stock only transactions increased to 40% of deals from 26% LTM
 - Only 5% involved tender offers, significantly below the 21% seen LTM. Hostile/unsolicited offers similarly fell to 9% compared to 18% LTM.
 - Unaffected premiums increased to 33% from the 27% in March, but remained below the 40% LTM.
 - 67% of deals with financial buyers in April had a go-shop compared to 23% LTM.
 - Average target financial advisor fees decreased to 0.6% from 1.6% of equity value.

Strategic vs. Sponsor Activity

U.S.	
Total	\$256.6 billion – ▲3.8%
	615 deals – ▼6.7%
Strategic	\$150.0 billion – ▼5.1%
	460 deals – ▼7.6%
Sponsor	\$106.6 billion – ▲19.7%
	155 deals – ▼3.7%
Global	
Total	\$481.1 billion – ▼21.1%
	2,336 deals – ▼19.1%
Strategic	\$274.4 billion – ▼34.6%
	1,983 deals – ▼19.0%
Sponsor	\$206.6 billion – ▲8.9%
	353 deals – ▼19.8%

Crossborder Activity

U.S. Inbound		U.S. Outbound	
\$63.1 billion	▼24.7%	\$60.1 billion	▼4.5%
97 deals	▲2.1%	102 deals	▼36.6%
leading country	Canada – \$35.5 billion	leading country	Singapore – \$35.0 billion
	Canada – 17 deals		U.K. – 12 deals
leading country	Canada – \$101.7 billion	leading country	U.K. – \$170.6 billion
last 12 months	Canada – 252 deals	last 12 months	U.K. – 287 deals

Industry Activity

 most deals 256 deals Computers & Electronics	 last 12 months 3,181 deals Computers & Electronics
 most dollar value \$64.3 billion Computers & Electronics	 last 12 months \$662.0 billion Computers & Electronics

SPAC Acquisitions

 \$14.6 billion ▼ 62.7%	17 deals ▼ 19.0%	 \$61.2 billion ▼ 17.0%	25 deals ▼ 16.7%
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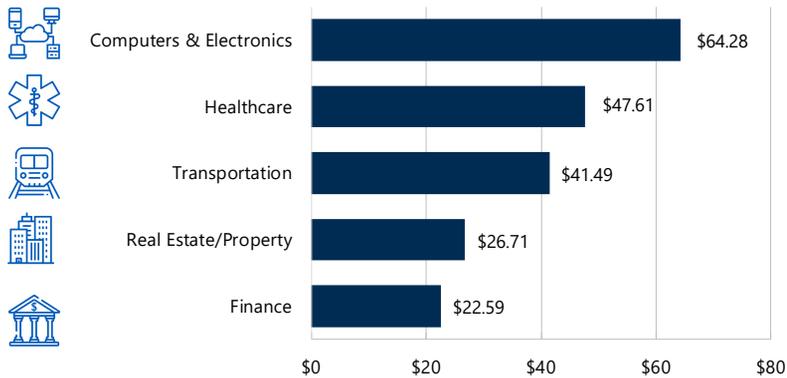
All data is for April 2021 and is as of May 10, 2021 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

Most Active U.S. Target Industries¹

Deal Value (US\$B)

April 2021

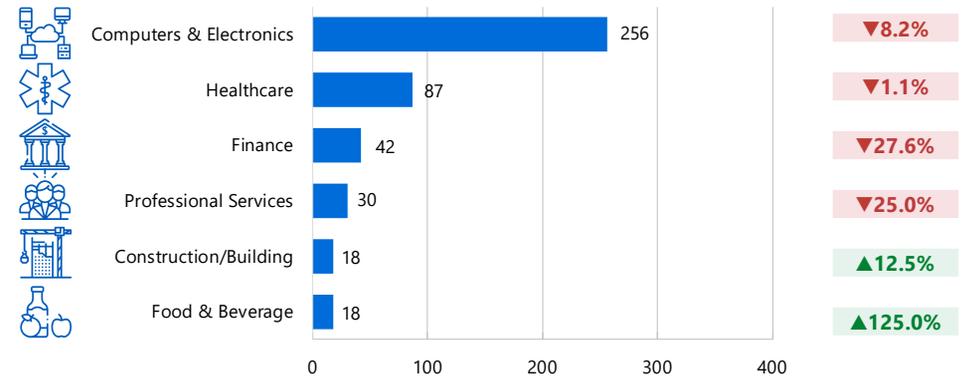
+/- from last month



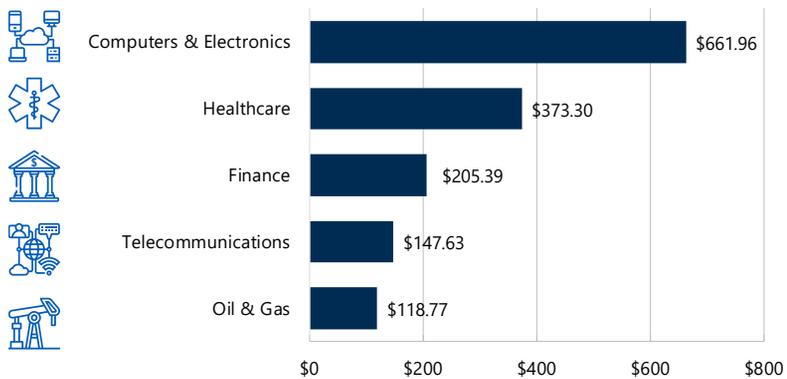
Number of Deals

April 2021

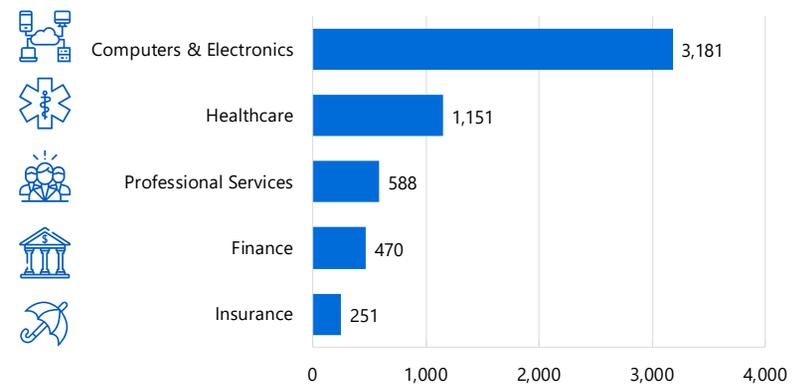
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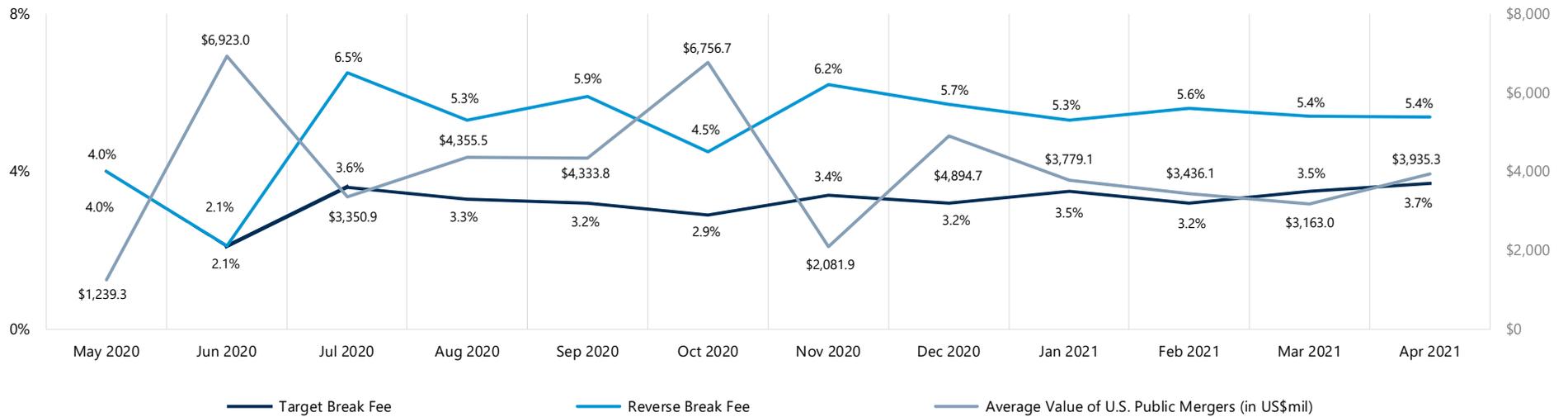
Last 12 Months



Last 12 Months



Average Break Fees as % of Equity Value²



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

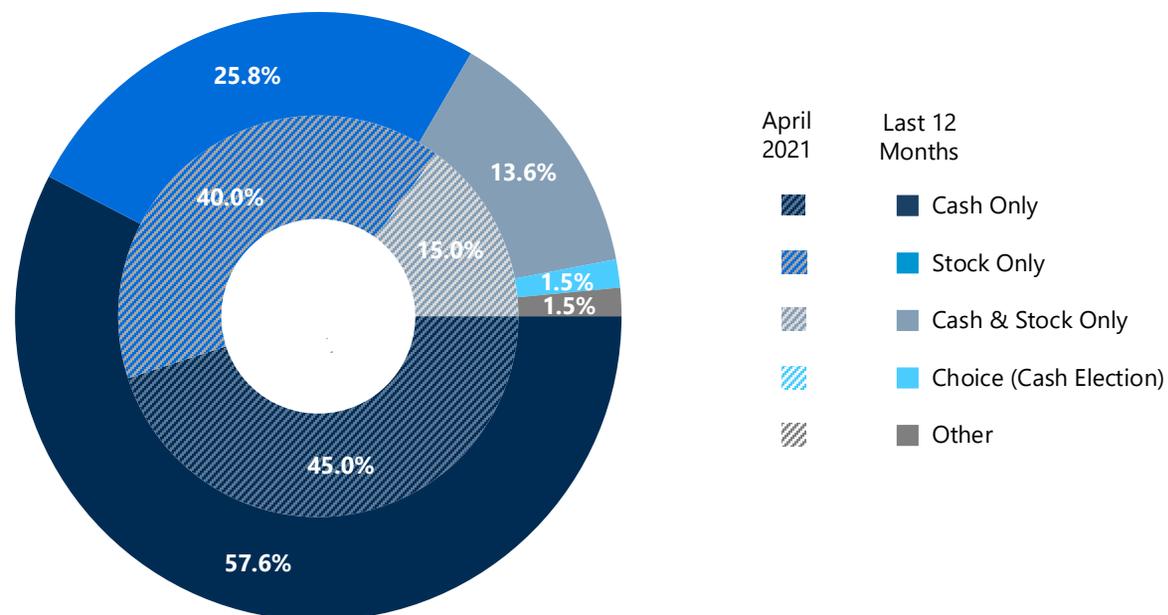
	April 2021	Last 12 Months
Target Break Fee for All Mergers	3.7	3.3

	April 2021	Last 12 Months
Reverse Break Fee for All Mergers ⁵	5.4	5.4
Reverse Break Fee for Mergers Involving Financial Buyers ⁶	6.6	6.4
Reverse Break Fee for Mergers Involving Strategic Buyers ⁷	4.9	4.7

U.S. Public Merger Go-Shop Provisions⁴

	April 2021	Last 12 Months
% of Mergers with Go-Shops	10.0	7.6
% of Mergers Involving Financial Buyers with Go-Shops ⁸	66.7	22.9
% of Mergers Involving Strategic Buyers with Go-Shops ⁹	0.0	2.1
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops ¹⁰	37.5	36.1
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops ¹¹	37.5	35.6
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops ¹²	N/A	38.0

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



Tender Offers as % of U.S. Public Mergers

April 2021	5.0
Last 12 Months	21.2

Unaffected Premium %^{14,15}

April 2021	32.6
Last 12 Months	40.3

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

April 2021	9.1
Last 12 Months	18.1

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

April 2021	0.6
Last 12 Months	1.3

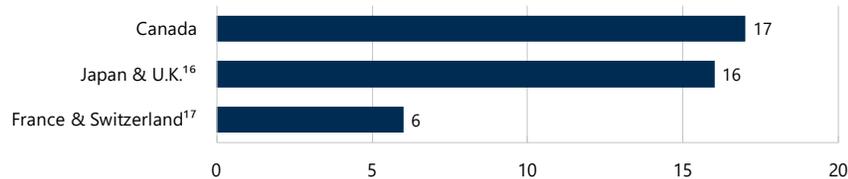
Top 5 Countries of Origin for Inbound U.S. Crossborder Transactions

Inbound U.S. Crossborder Transactions for April 2021

Deal Value (US\$B)

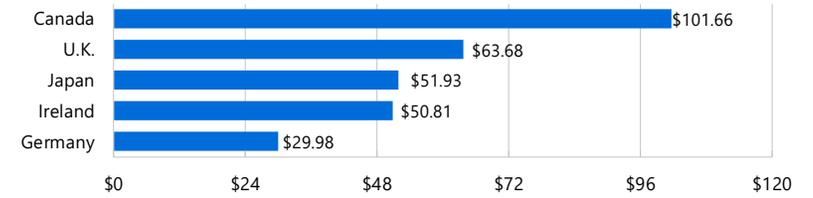


By Number of Deals

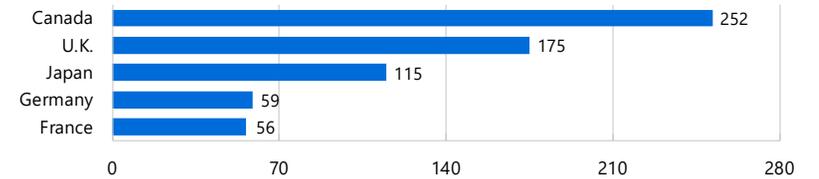


Inbound U.S. Crossborder Transactions for the Last 12 Months

Deal Value (US\$B)



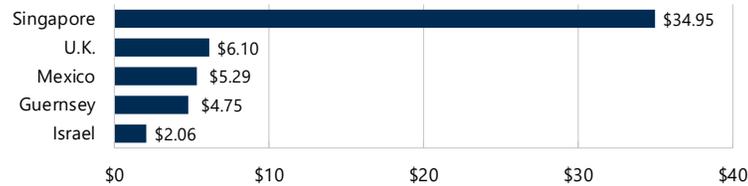
By Number of Deals



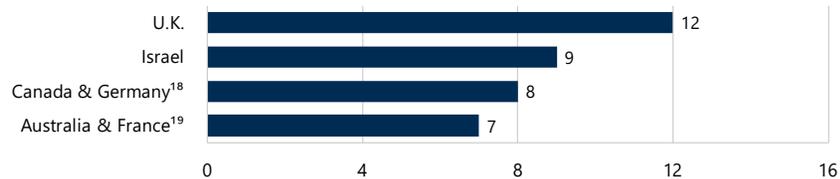
Top 5 Countries of Destination for Outbound U.S. Crossborder Transactions

Outbound U.S. Crossborder Transactions for April 2021

Deal Value (US\$B)

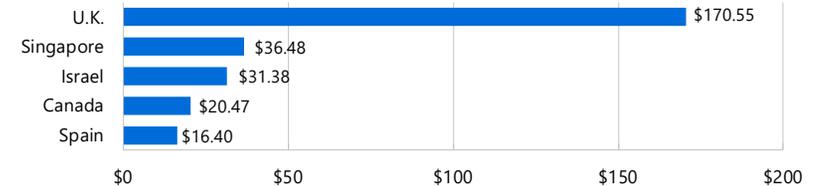


By Number of Deals

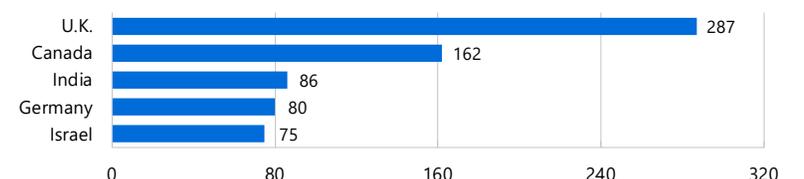


Outbound U.S. Crossborder Transactions for the Last 12 Months

Deal Value (US\$B)

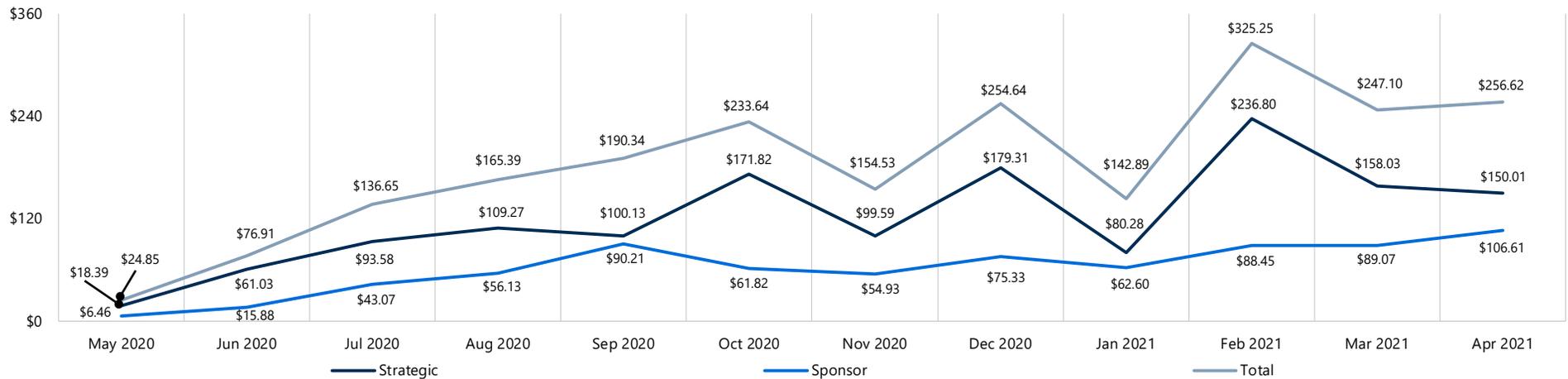


By Number of Deals

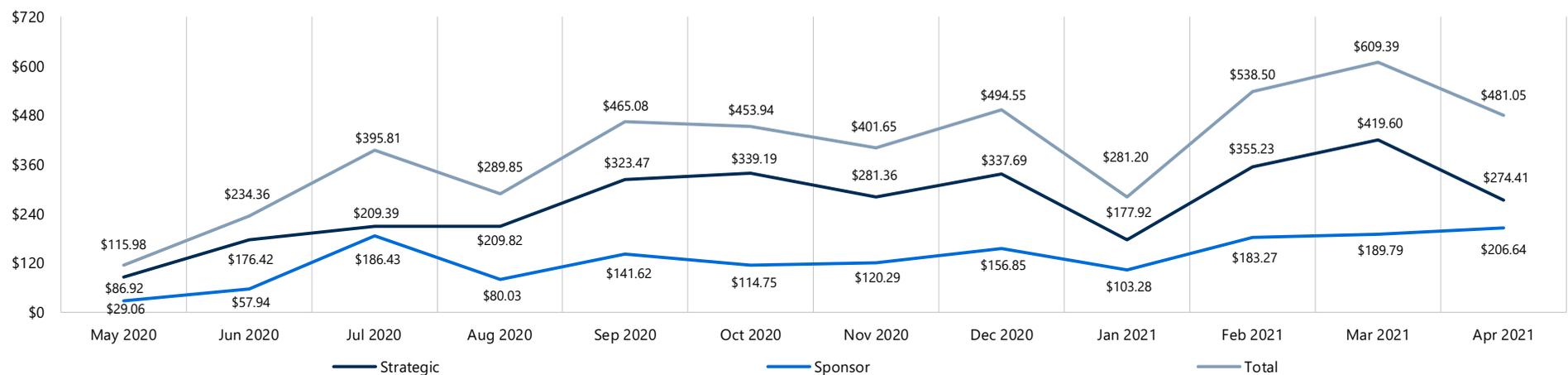


Appendix: M&A Activity – 12 Month Trends

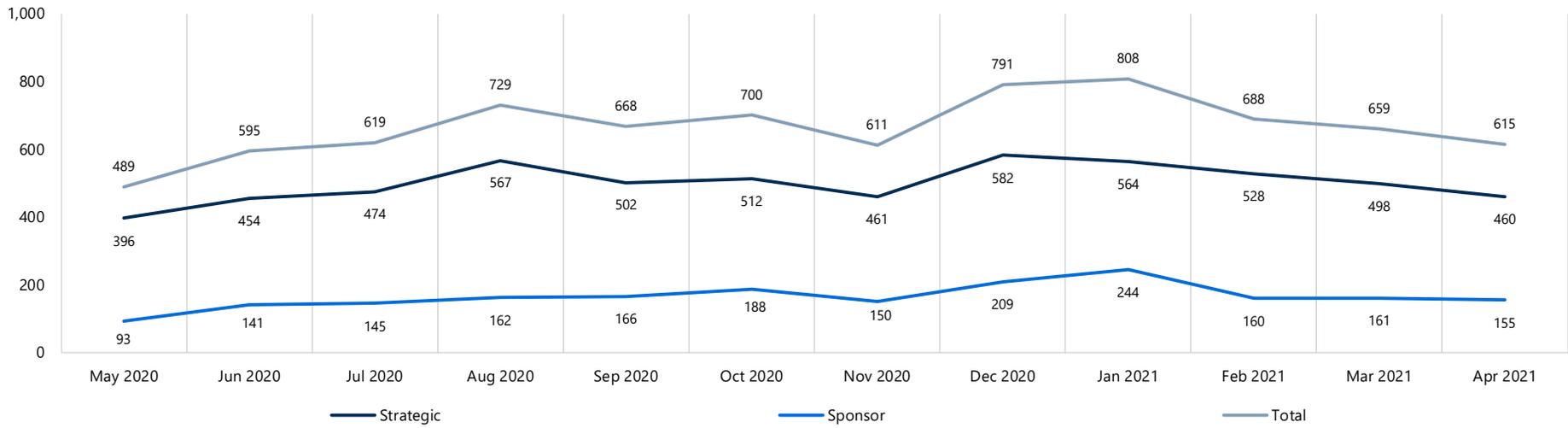
U.S. Deal Value (US\$B)



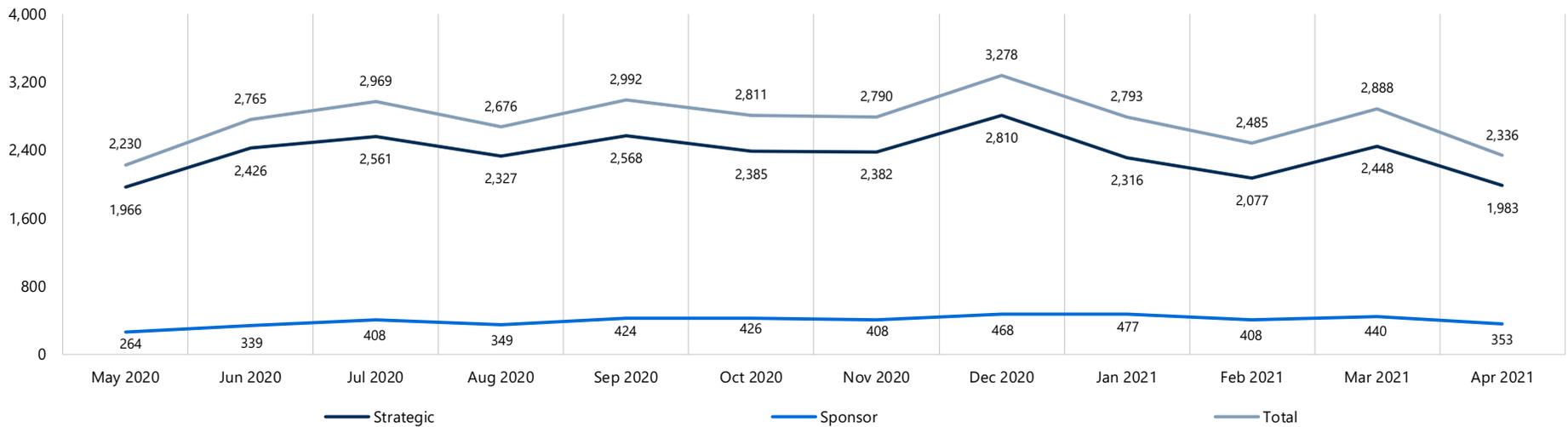
Global Deal Value (US\$B)



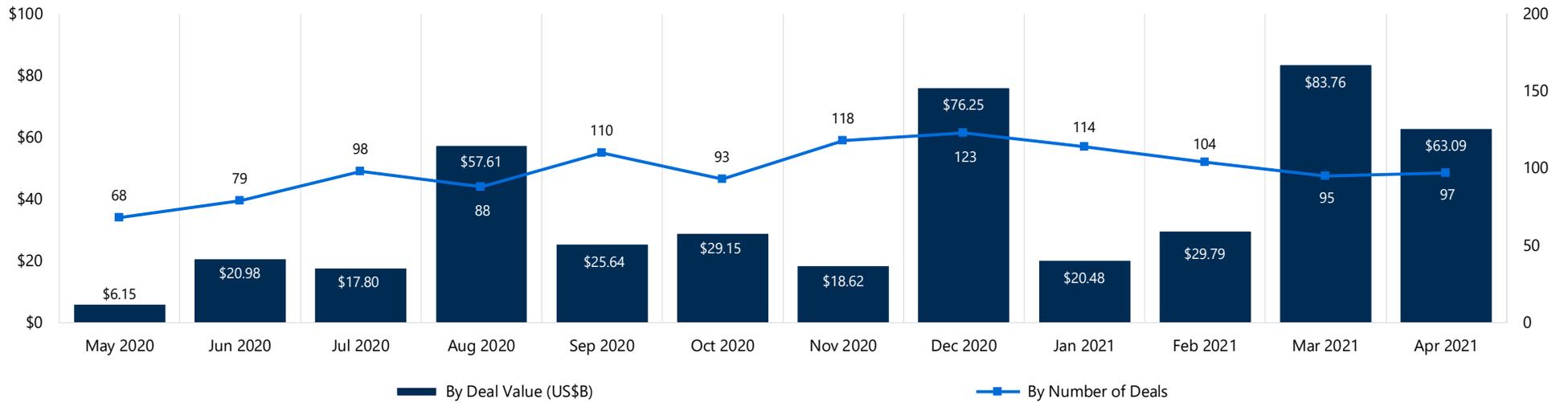
U.S. Number of Deals



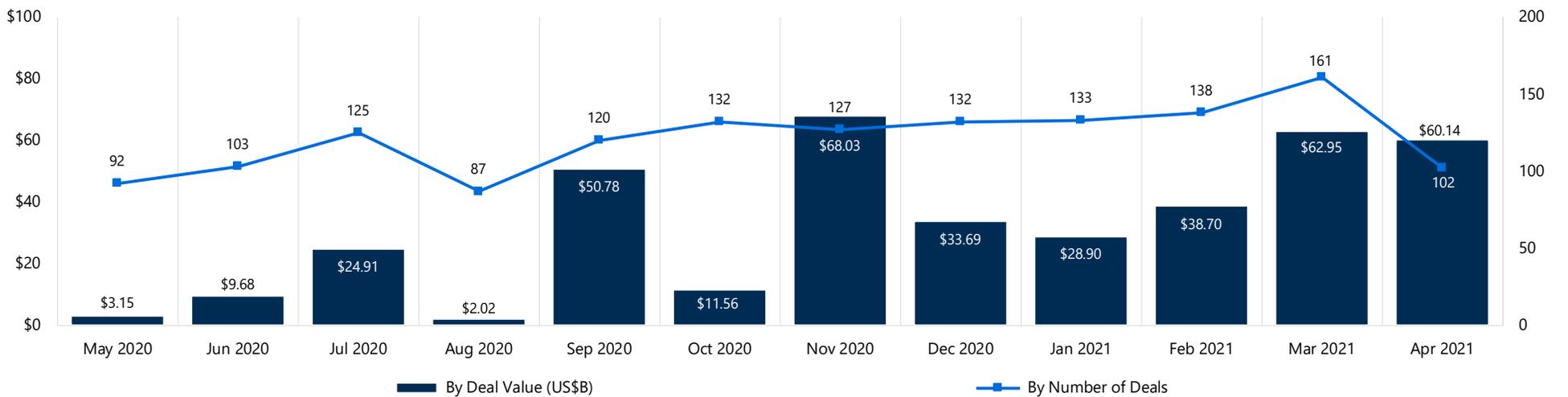
Global Number of Deals



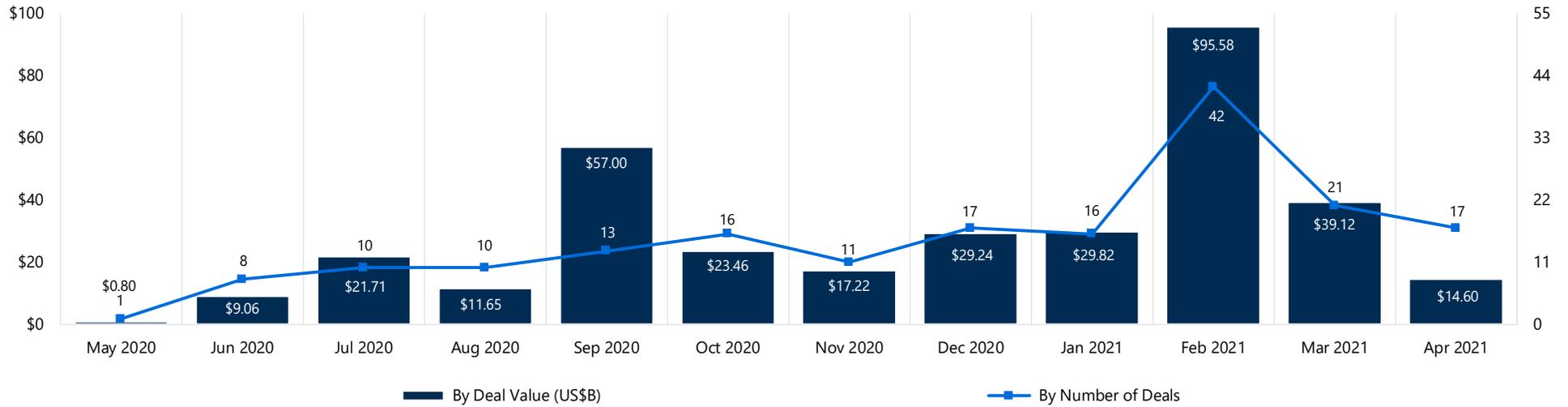
Inbound U.S. Crossborder Transactions



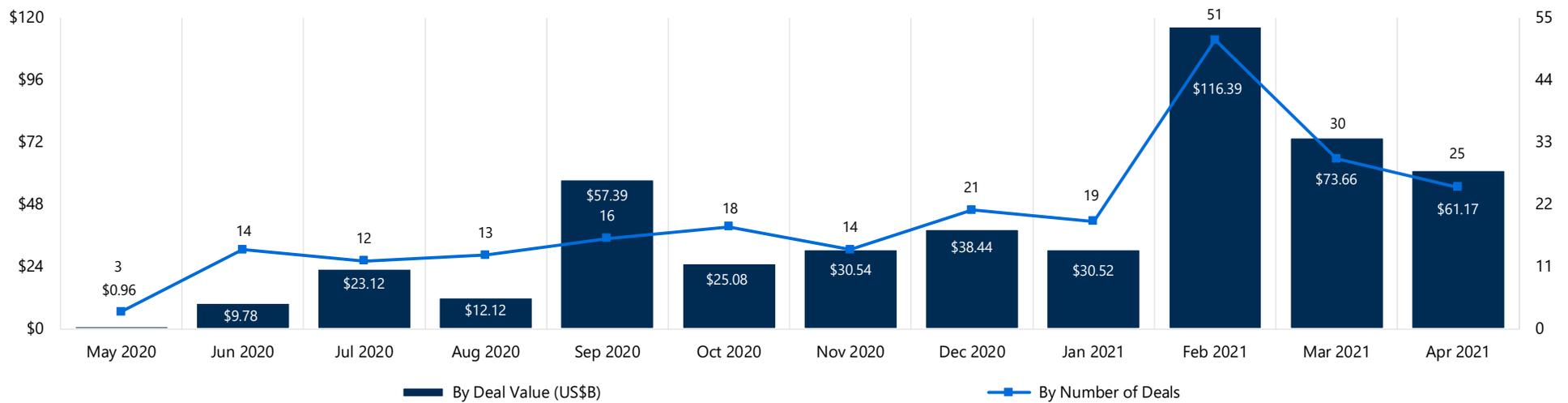
Outbound U.S. Crossborder Transactions



U.S. SPAC Acquisitions²⁰



Global SPAC Acquisitions²¹



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.
- There were 20 transactions in April 2021.
- Financial and strategic categories are determined by Deal Point Data.
- 10 transactions in April 2021 had a reverse break fee.
- Three transactions in April 2021 involving a financial buyer had a reverse break fee.
- Seven transactions in April 2021 involving a strategic buyer had a reverse break fee.
- Three transactions in April 2021 involved a financial buyer.
- 17 transactions in April 2021 involved a strategic buyer.
- Two transactions in April 2021 had a go-shop provision.
- Two transactions in April 2021 involving a financial buyer had a go-shop provision.
- Zero transactions in April 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 Japan and the U.K. was the country of origin for 16 transactions in April 2021.
- Each of France and Switzerland was the country of origin for six transactions in April 2021.
- Each of Canada and Germany was the country of destination for eight transactions in April 2021.
- Each of Australia and France was the country of destination for seven transactions in April 2021.
- This data reflects U.S. targets that have been acquired by a SPAC of any nationality.
- 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 May 2020 to April 2021 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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