

M&A AT A GLANCE

JULY 2021 | ISSUE 112

Key Takeaways

- ▶ While U.S. and global M&A activity declined in June relative to May, sponsor-related activity experienced a significant increase in deal value in June as compared to May, increasing by 57% in the U.S. and 40% globally, even as the number of sponsor-related deals remained relatively flat.
- ▶ U.S. crossborder activity increased by almost all measures, except for U.S. outbound deal count, which decreased by 8%. Inbound deal value, outbound deal value and inbound deal count increased by 5%, 40% and 9%, respectively.
- ▶ Canada dominated U.S. inbound activity for both June and the last 12 months (LTM), while the U.K. topped U.S. outbound activity.
- ▶ Computers & Electronics was the most active industry in June and LTM. Publishing saw a big 2,020% jump in deal value, primarily due to Platinum Equity LLC's acquisition of McGraw-Hill Education Inc. and Pershing Square Tontine Holdings Ltd's acquisition of Universal Music Group, Inc. Real estate also saw a significant increase of 257% in deal value, driven by several large deals, most notably Blackstone Infrastructure Partners LP's acquisition of QTS Realty Trust Inc. and Blackstone Real Estate Income Trust Inc.'s acquisition of Home Partners of America Inc.
- ▶ SPAC acquisitions declined globally, with a 44% decrease in total deal value and 11% decline in deal count. In the U.S., total SPAC deal value dropped by 49%, while the number of deals increased by a modest 6%.
- ▶ U.S. public merger highlights in June include the following:
 - Cash only and stock only consideration were consistent with LTM levels, but cash election consideration was up to 12% of deals in June from 2.5% LTM.
 - No deals had hostile/unsolicited offers in June, down from 8% in May and 15% LTM.
 - Average reverse break fees increased, to 7% of equity value compared with 6% LTM, driven by an increase in reverse break fees in deals with financial buyers, which increased to 8% from 5% in May and 7% LTM.
 - The percentage of deals with tender offers increased to 6% from 0% in May, though this was still considerably below the LTM average of 18%.

Strategic vs. Sponsor Activity

U.S.	
Total	\$195.7 billion – ▼27.0%
	650 deals – ▼5.1%
Strategic	\$79.9 billion – ▼58.8%
	495 deals – ▼7.0%
Sponsor	\$115.8 billion – ▲56.7%
	155 deals – ▲1.3%
Global	
Total	\$402.9 billion – ▼26.2%
	2,344 deals – ▼8.5%
Strategic	\$209.2 billion – ▼48.7%
	1,970 deals – ▼9.8%
Sponsor	\$193.7 billion – ▲39.7%
	374 deals – ▼0.8%

Crossborder Activity

U.S. Inbound		U.S. Outbound	
\$26.2 billion	▲4.5%	\$26.8 billion	▲39.7%
106 deals	▲9.3%	113 deals	▼8.1%
leading country	Canada – \$5.2 billion	leading country	U.K. – \$8.7 billion
	Canada – 24 deals		U.K. – 24 deals
leading country	Canada – \$74.8 billion	leading country	U.K. – \$184.4 billion
last 12 months	Canada – 256 deals	last 12 months	U.K. – 318 deals

Industry Activity

	most deals	282 deals	last 12 months	3,344 deals
		Computers & Electronics		Computers & Electronics
	most dollar value	\$59.7 billion	last 12 months	\$769.3 billion
		Computers & Electronics		Computers & Electronics

SPAC Acquisitions

	\$24.7 billion	19 deals		\$34.4 billion	24 deals
	▼ 48.8%	▲ 5.6%		▼ 43.9%	▼ 11.1%

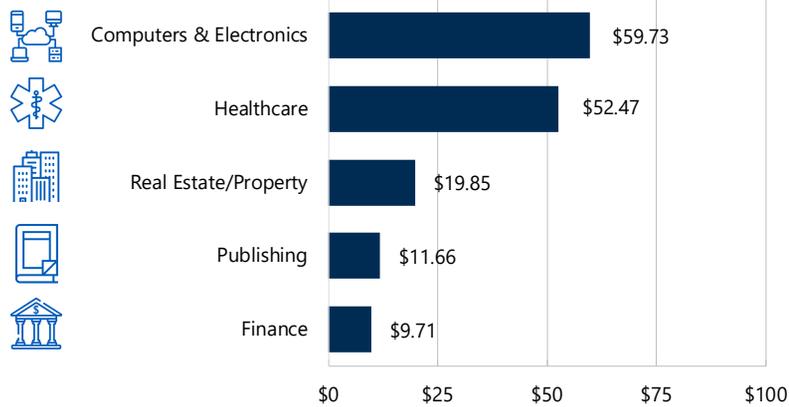
All data is for June 2021 and is as of July 12, 2021 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

Most Active U.S. Target Industries¹

Deal Value (US\$B)

June 2021

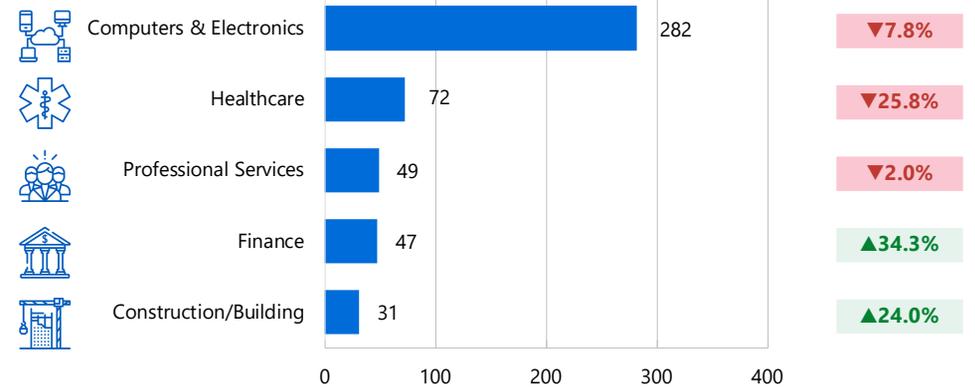
+/- from last month



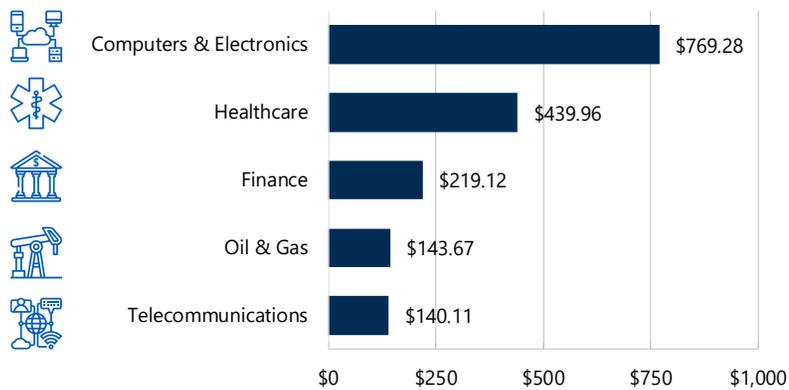
Number of Deals

June 2021

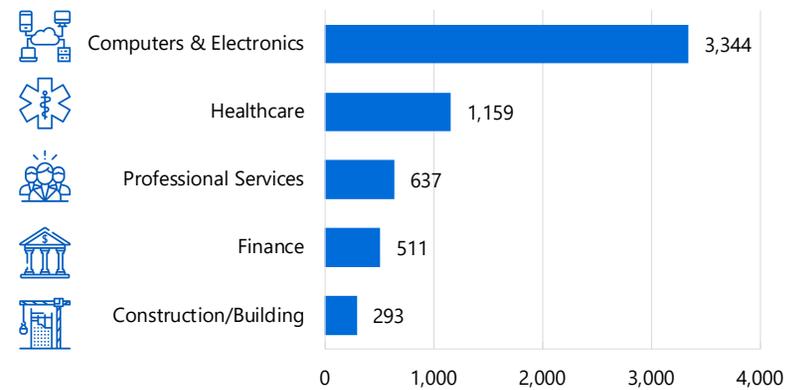
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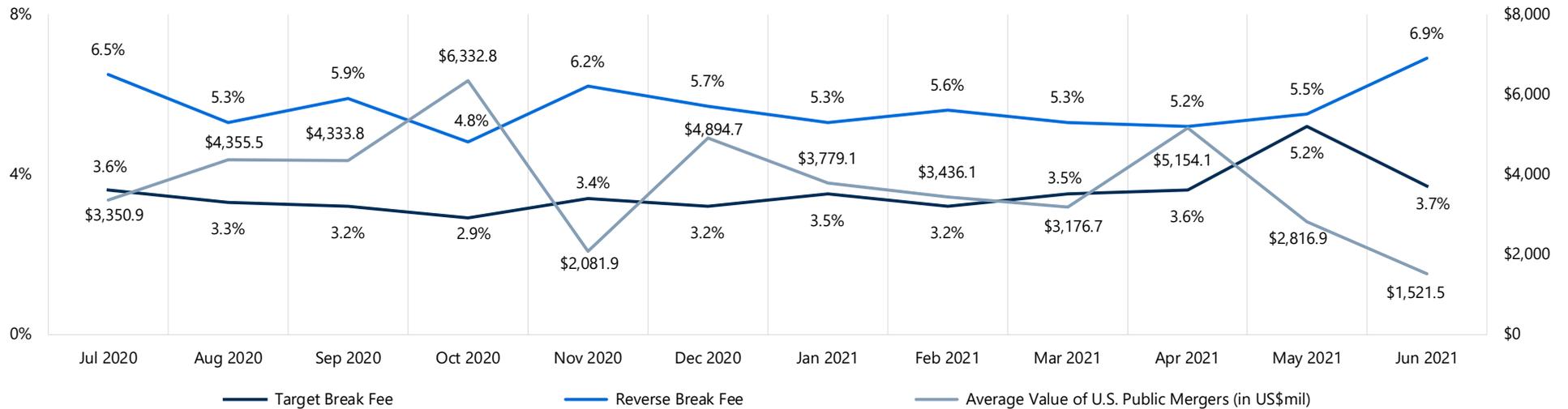
Last 12 Months



Last 12 Months



Average Break Fees as % of Equity Value²



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

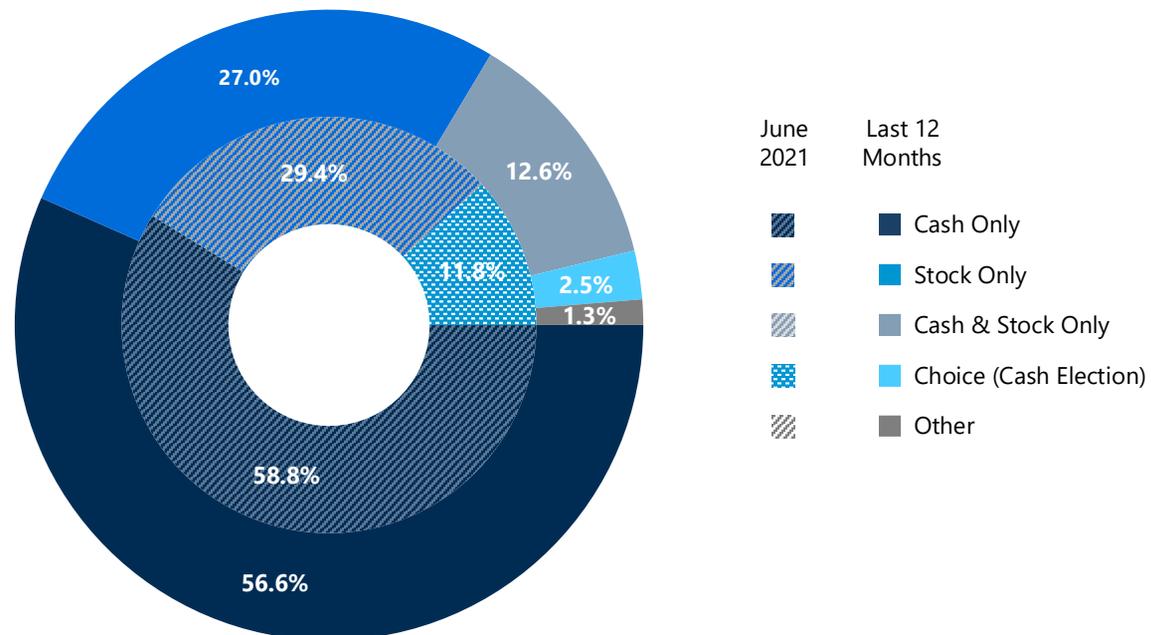
	June 2021	Last 12 Months
Target Break Fee for All Mergers	3.7	3.5

	June 2021	Last 12 Months
Reverse Break Fee for All Mergers ⁵	6.9	5.6
Reverse Break Fee for Mergers Involving Financial Buyers ⁶	8.2	6.6
Reverse Break Fee for Mergers Involving Strategic Buyers ⁷	5.3	4.9

U.S. Public Merger Go-Shop Provisions⁴

	June 2021	Last 12 Months
% of Mergers with Go-Shops	11.8	8.2
% of Mergers Involving Financial Buyers with Go-Shops ⁸	40.0	25.6
% of Mergers Involving Strategic Buyers with Go-Shops ⁹	0.0	1.7
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops ¹⁰	35.0	36.2
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops ¹¹	35.0	35.9
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

June 2021	5.9
Last 12 Months	17.6

Unaffected Premium %^{14,15}

June 2021	37.3
Last 12 Months	37.9

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

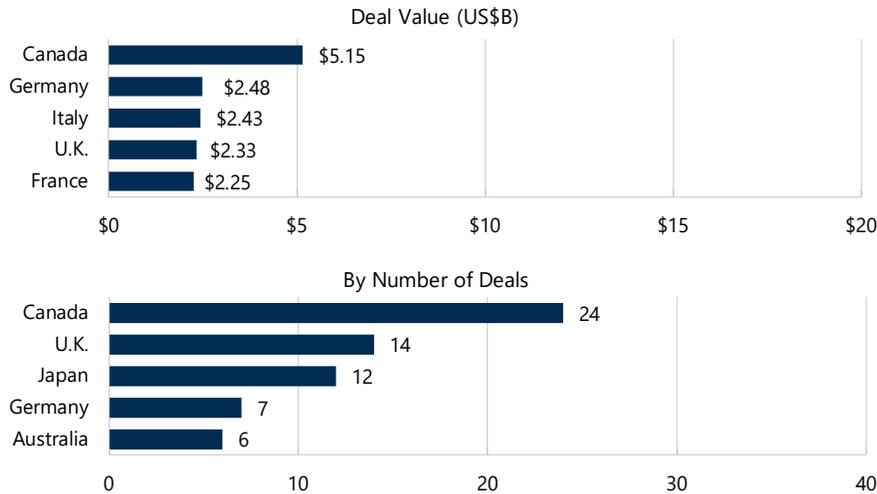
June 2021	0.0
Last 12 Months	15.4

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

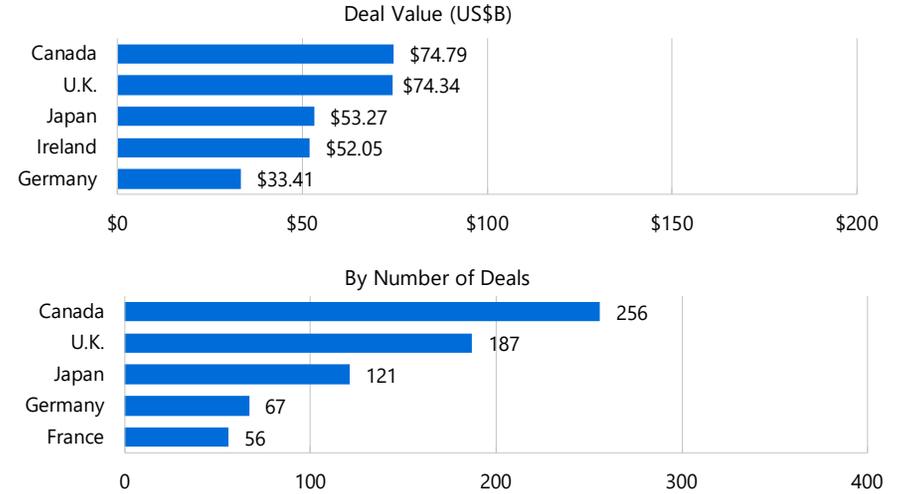
June 2021	1.1
Last 12 Months	1.2

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

Inbound U.S. Crossborder Transactions for June 2021

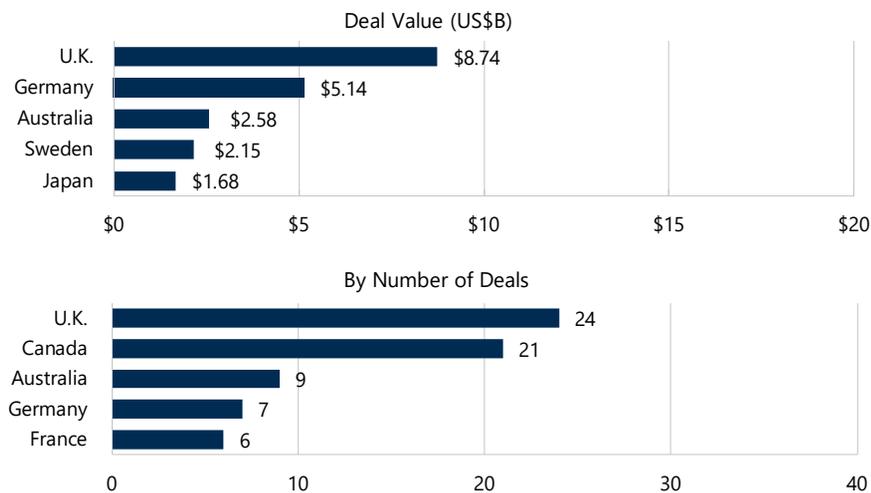


Inbound U.S. Crossborder Transactions for the Last 12 Months

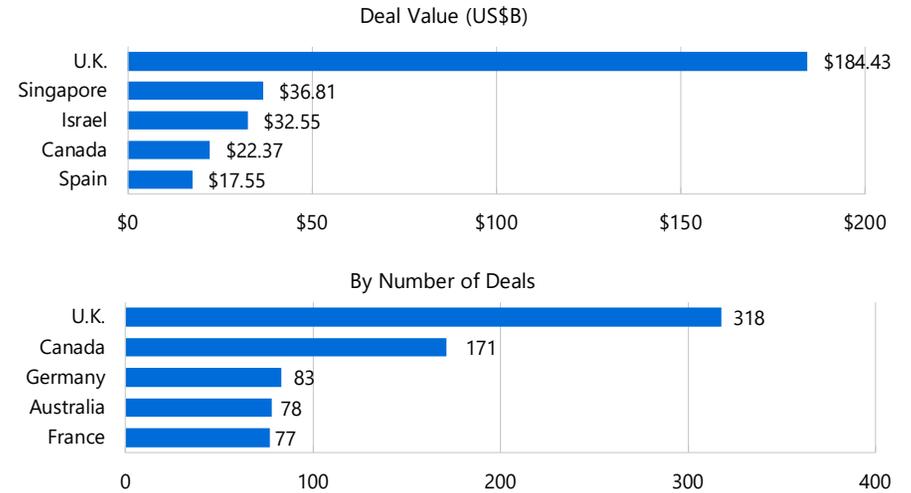


Top 5 Countries of Destination for Outbound U.S. Crossborder Transactions

Outbound U.S. Crossborder Transactions for June 2021



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

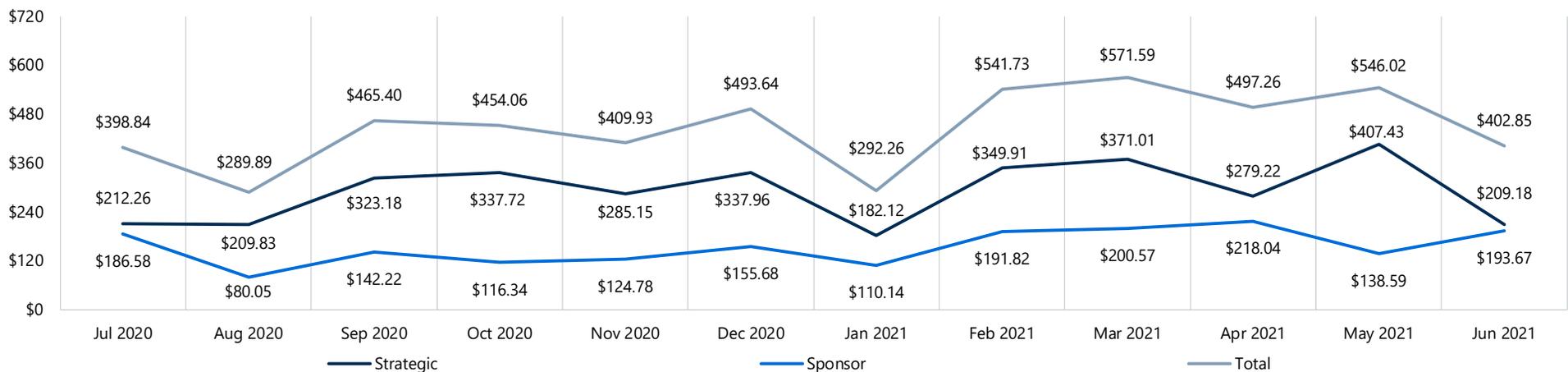


Appendix: M&A Activity – 12 Month Trends

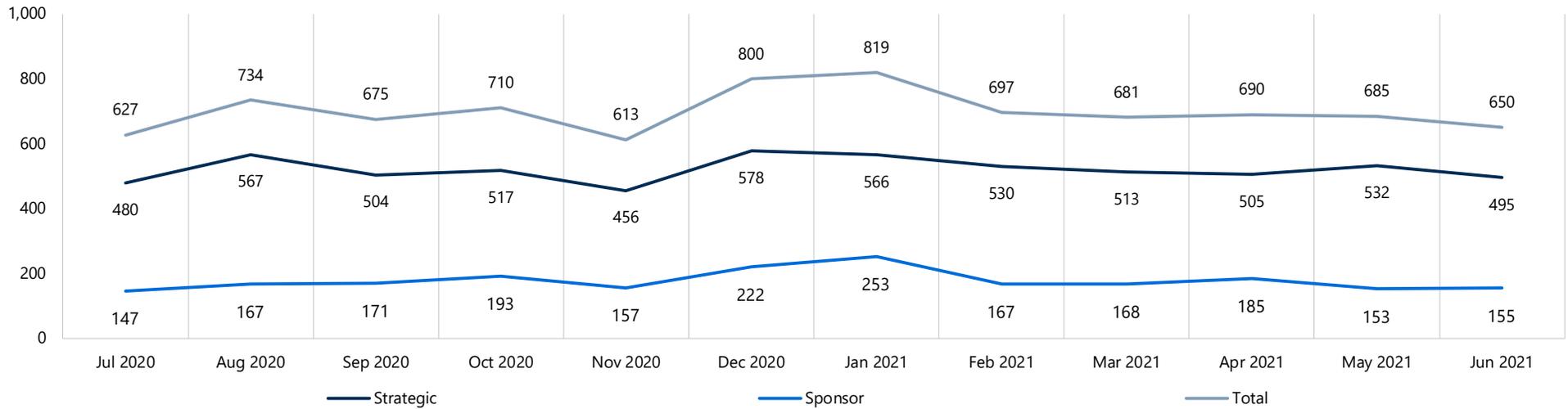
U.S. Deal Value (US\$B)



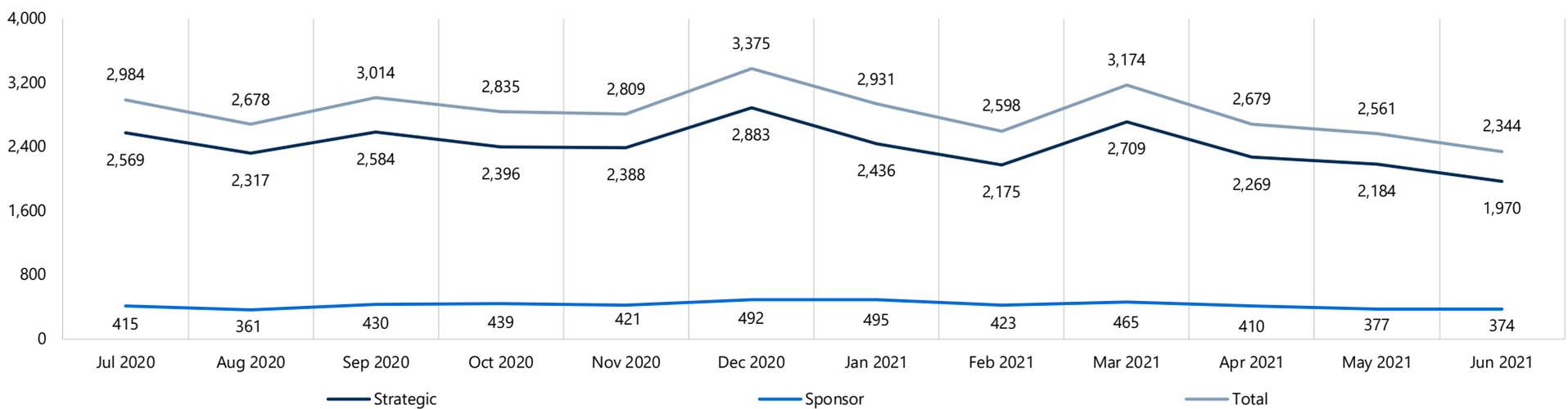
Global Deal Value (US\$B)



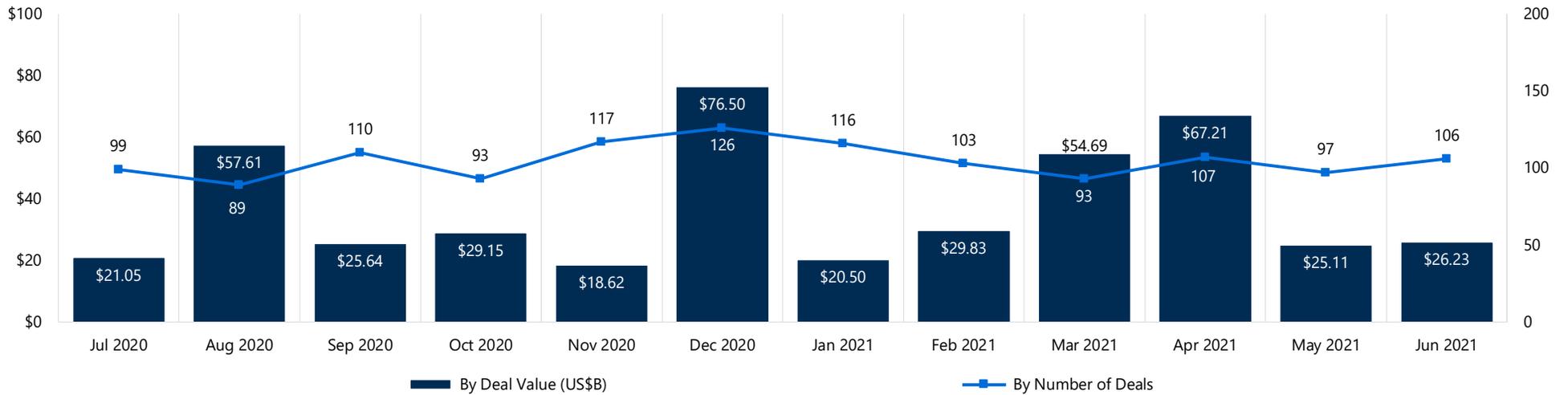
U.S. Number of Deals



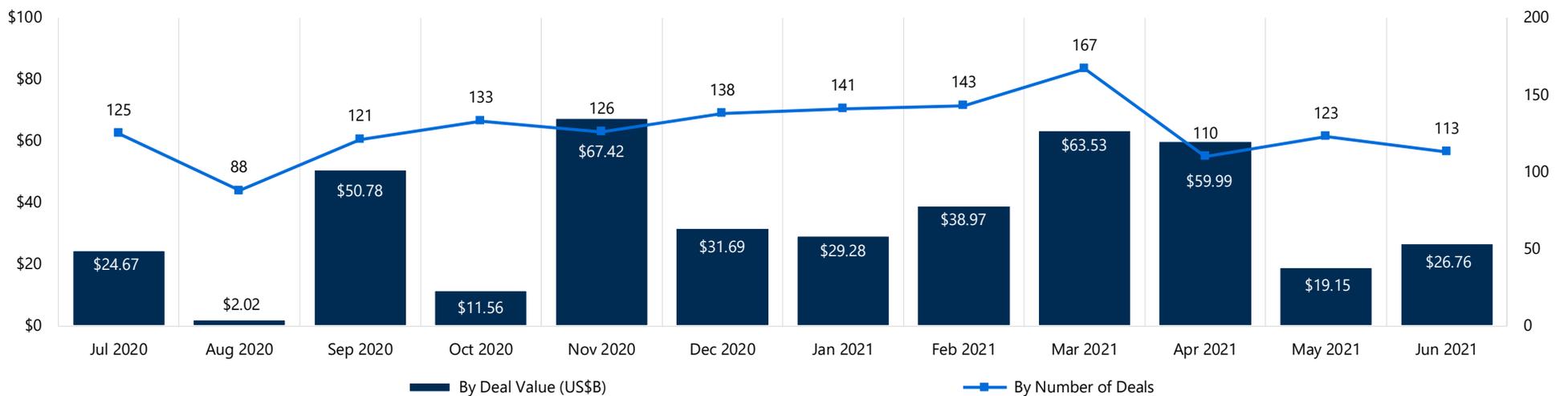
Global Number of Deals



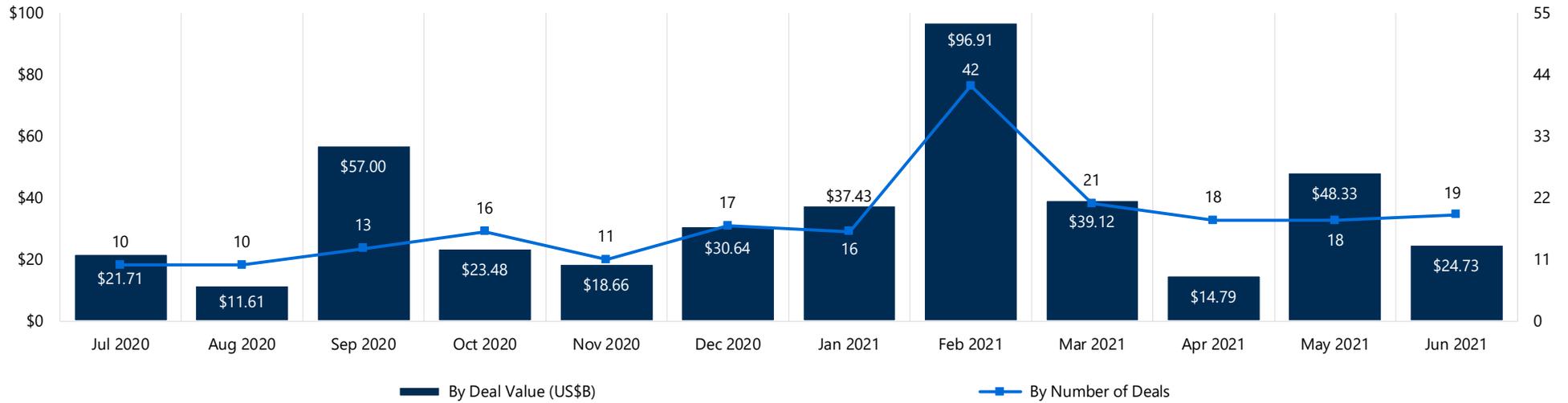
Inbound U.S. Crossborder Transactions



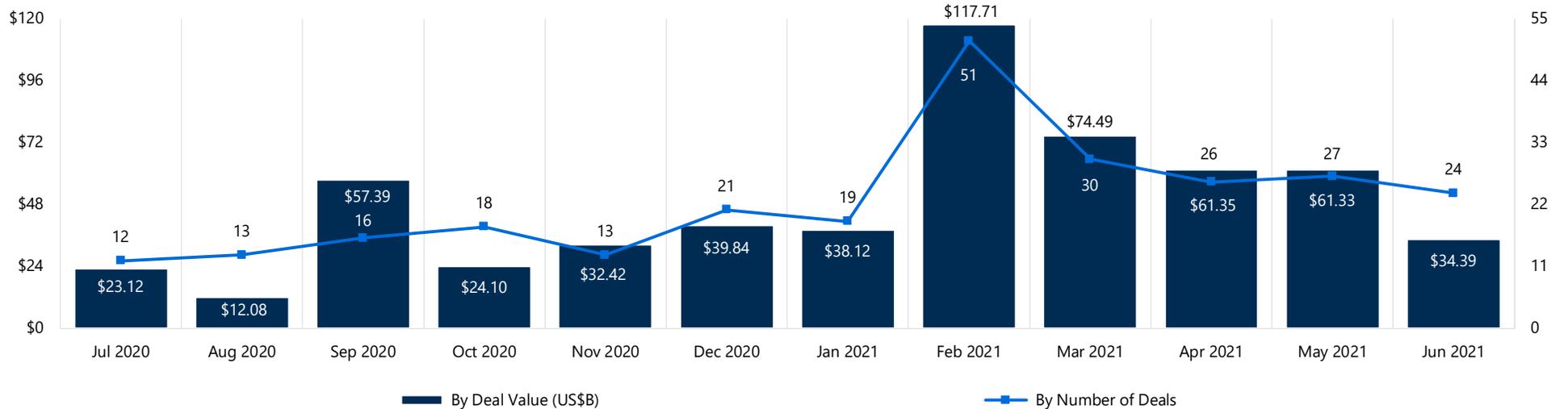
Outbound U.S. Crossborder Transactions



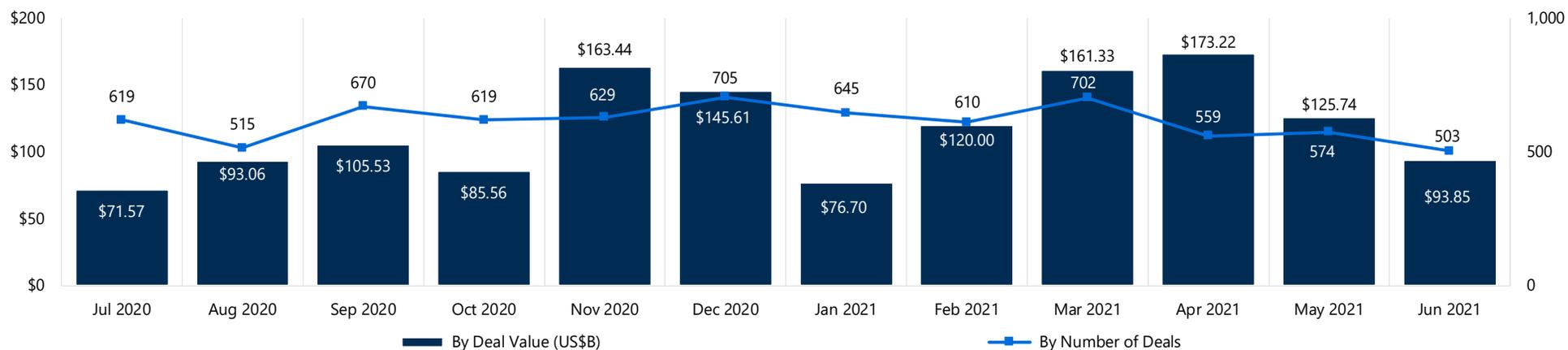
U.S. SPAC Acquisitions¹⁶



Global SPAC Acquisitions¹⁷



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 17 transactions in June 2021.
- Financial and strategic categories are determined by Deal Point Data.
- Nine transactions in June 2021 had a reverse break fee.
- Five transactions in June 2021 involving a financial buyer had a reverse break fee.
- Four transactions in June 2021 involving a strategic buyer had a reverse break fee.
- Five transactions in June 2021 involved a financial buyer.
- 12 transactions in June 2021 involved a strategic buyer.
- Two transactions in June 2021 had a go-shop provision.
- Two transactions in June 2021 involving a financial buyer had a go-shop provision.
- Zero transactions in June 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.
- 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 July 2020 to June 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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