

# M&A AT A GLANCE

AUGUST 2021 | ISSUE 113

## Key Takeaways

- U.S. and global M&A activity by total deal value increased by 34.8% and 35.8%, respectively, in July compared to June, despite a decline in deal count of 28.7% and 15.8%, respectively. The increase in deal value was driven primarily by strategic deals, with total strategic deal value increasing 111.0% in the U.S. and 60.1% globally. Sponsor-related deal value increased 11.4% globally, but decreased by 13.4% in the U.S.
- U.S. crossborder activity was mixed in July. U.S. outbound activity was robust, with deal counts up by 2.4% and deal value by 35.8%. However, U.S. inbound activity was down 27.9% by deal count and 13% by deal value.
- Computers & Electronics was the most active industry in July and for the last twelve months (LTM), with a notable increase of 130.3% in deal value, driven by several large deals, including (i) Lionheart Acquisition Corp II's \$44.3 billion acquisition of MSP Recovery LLC, (ii) Zoom Video Communications Inc.'s \$15.9 billion acquisition of Five9 Inc., and (iii) Reinvent Technology Partners Y's \$11 billion acquisition of Aurora Innovation Inc. Insurance M&A activity increased substantially in July by deal value, driven by Blackstone Group Inc. and Blackstone Real Estate Income Trust Inc.'s acquisition of American International Group Inc.'s affordable housing portfolio and Great-West Lifeco Inc. and Employer Retirement LLC's acquisition of Prudential Retirement Insurance & Annuity Co.
- Global SPAC acquisitions rebounded significantly in July, with a 232.5% rise in total deal value and a 20% increase in deal count globally. In the U.S., there were increases of 282.2% in total deal value and 10.5% in deal count.
- U.S. public merger highlights in July include the following:
  - Cash only consideration was down compared to the LTM average, while stock only consideration was high at 50% of the deals in July compared to 27.7% LTM.
  - Hostile deal activity increased in July with 30.4% of deals including hostile/unsolicited offers, up from 0% in June and 18.1% LTM.
  - No deals relied on tender offers in July, which is significantly below the 15.7% LTM average.
  - Go-shops were used in 12.5% of deals compared to 8.4% LTM.

## Strategic vs. Sponsor Activity

U.S.	
<b>Total</b>	<b>\$257.9 billion – ▲34.8%</b>
	<b>575 deals – ▼28.7%</b>
<b>Strategic</b>	<b>\$156.5 billion – ▲111.0%</b>
	<b>420 deals – ▼34.5%</b>
<b>Sponsor</b>	<b>\$101.5 billion – ▼13.4%</b>
	<b>155 deals – ▼6.1%</b>
Global	
<b>Total</b>	<b>\$532.0 billion – ▲35.8%</b>
	<b>2,225 deals – ▼15.8%</b>
<b>Strategic</b>	<b>\$314.6 billion – ▲60.1%</b>
	<b>1,850 deals – ▼17.7%</b>
<b>Sponsor</b>	<b>\$217.4 billion – ▲11.4%</b>
	<b>375 deals – ▼5.3%</b>

## Crossborder Activity

U.S. Inbound	U.S. Outbound
<b>\$21.7 billion</b> ▼13.0%	<b>\$36.5 billion</b> ▲35.8%
<b>88 deals</b> ▼27.9%	<b>126 deals</b> ▲2.4%
leading country <b>Canada – \$7.0 billion</b> <b>Japan – 13 deals</b>	leading country <b>U.K. – \$13.6 billion</b> <b>Canada – 29 deals</b>
leading country last 12 months <b>Canada – \$81.6 billion</b> <b>Canada – 261 deals</b>	leading country last 12 months <b>U.K. – \$193.8 billion</b> <b>U.K. – 319 deals</b>



## Industry Activity

 most deals <b>209 deals</b> Computers & Electronics	 last 12 months <b>3,491 deals</b> Computers & Electronics
 most dollar value <b>\$133.6 billion</b> Computers & Electronics	 last 12 months <b>\$827.8 billion</b> Computers & Electronics

## SPAC Acquisitions

 <b>\$94.5 billion</b> ▲282.2%	<b>21 deals</b> ▲10.5%	 <b>\$114.4 billion</b> ▲232.5%	<b>30 deals</b> ▲20.0%
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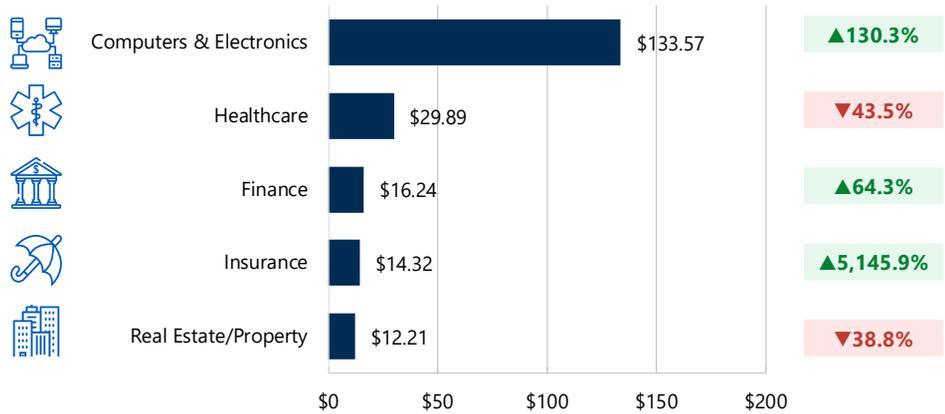
All data is for July 2021. Deal Point Data information is as of August 10, 2021, and Cortex data is as of August 12, 2021, unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

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

Deal Value (US\$B)

July 2021

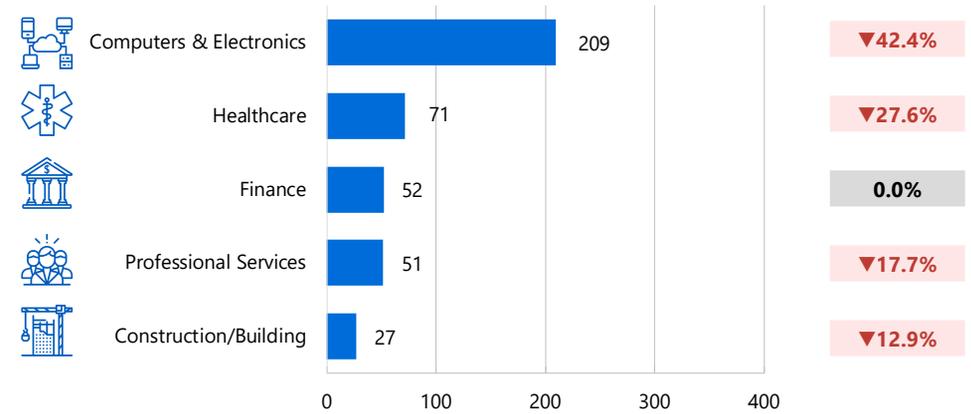
+/- from last month



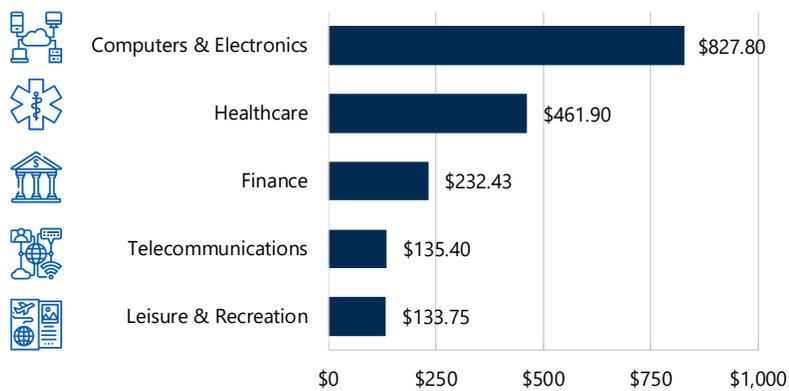
Number of Deals

July 2021

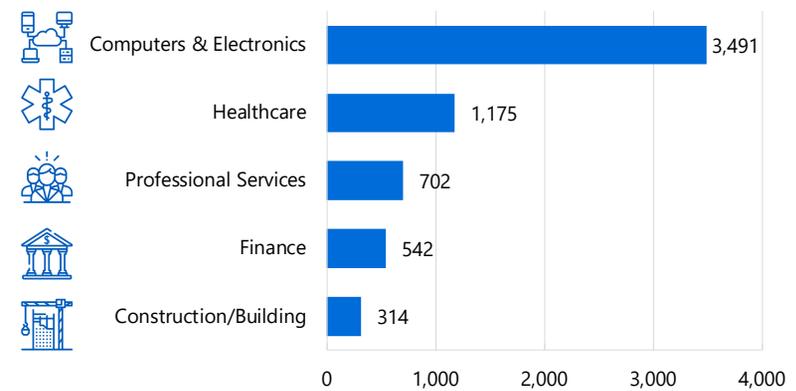
+/- from last month



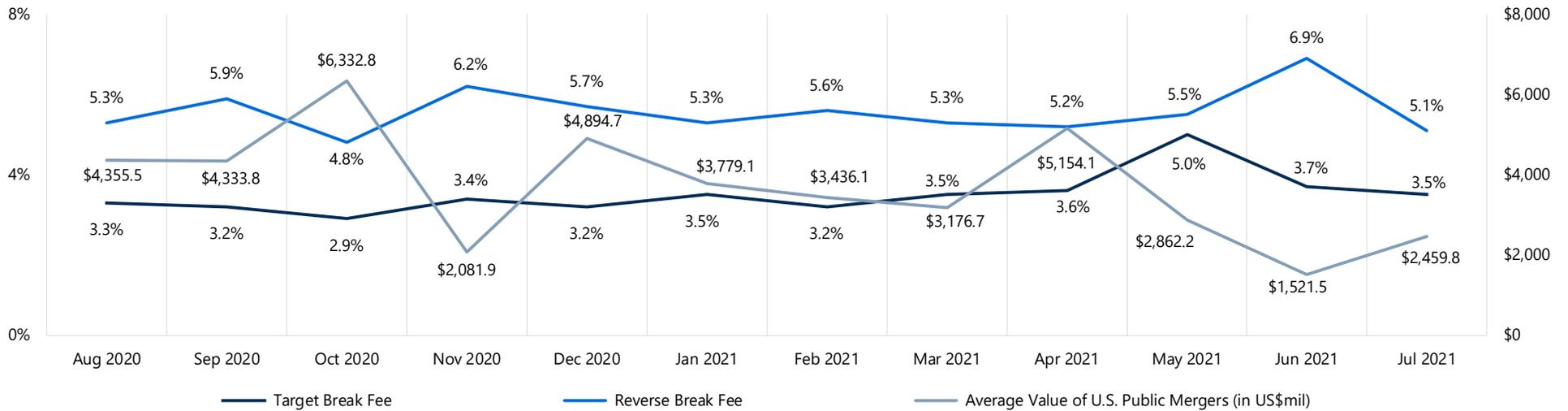
Last 12 Months



Last 12 Months



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



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

	July 2021	Last 12 Months
Target Break Fee for All Mergers	3.5	3.5

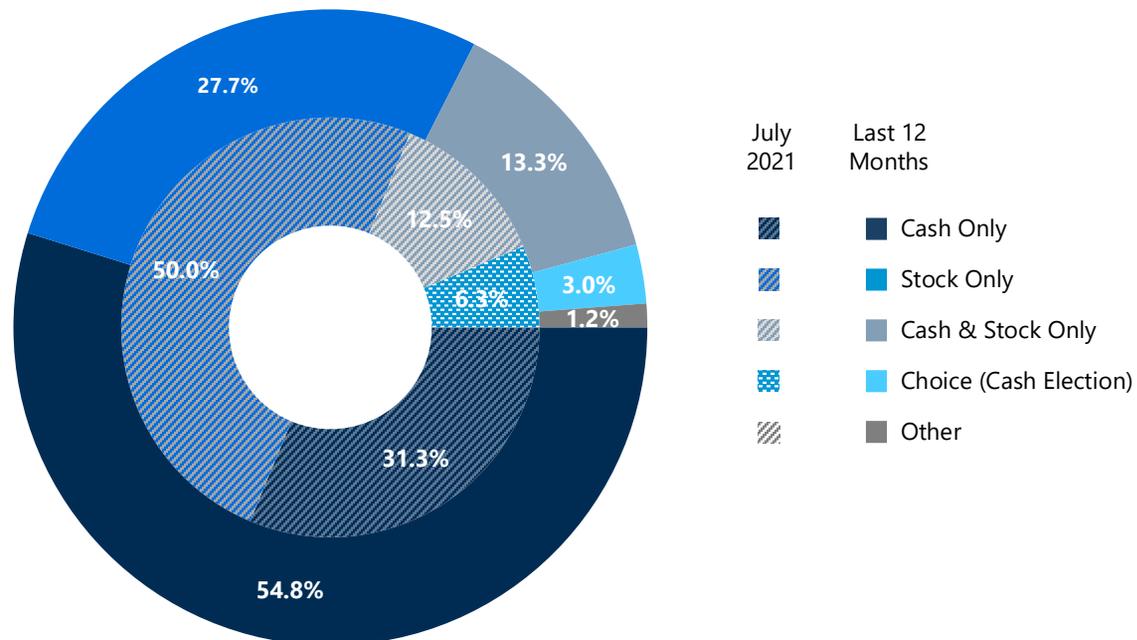
  

	July 2021	Last 12 Months
Reverse Break Fee for All Mergers <sup>5</sup>	5.1	5.5
Reverse Break Fee for Mergers Involving Financial Buyers <sup>6</sup>	6.8	6.5
Reverse Break Fee for Mergers Involving Strategic Buyers <sup>7</sup>	4.1	4.7

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

	July 2021	Last 12 Months
% of Mergers with Go-Shops	12.5	8.4
% of Mergers Involving Financial Buyers with Go-Shops <sup>8</sup>	66.7	29.5
% of Mergers Involving Strategic Buyers with Go-Shops <sup>9</sup>	0.0	0.8
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops <sup>10</sup>	40.0	36.9
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops <sup>11</sup>	40.0	36.5
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops <sup>12</sup>	N/A	41.0

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



Tender Offers as % of U.S. Public Mergers

July 2021	0.0
Last 12 Months	15.7

Unaffected Premium %<sup>14,15</sup>

July 2021	30.5
Last 12 Months	37.0

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

July 2021	30.4
Last 12 Months	18.1

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

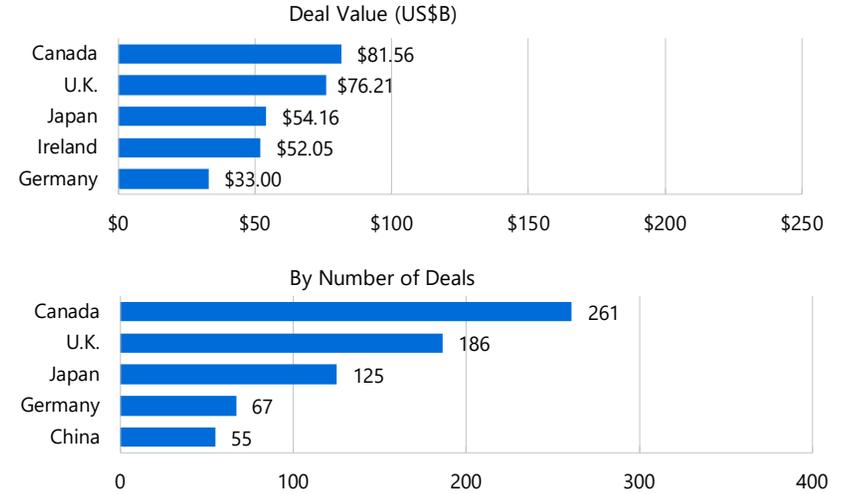
July 2021	0.9
Last 12 Months	1.2

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

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

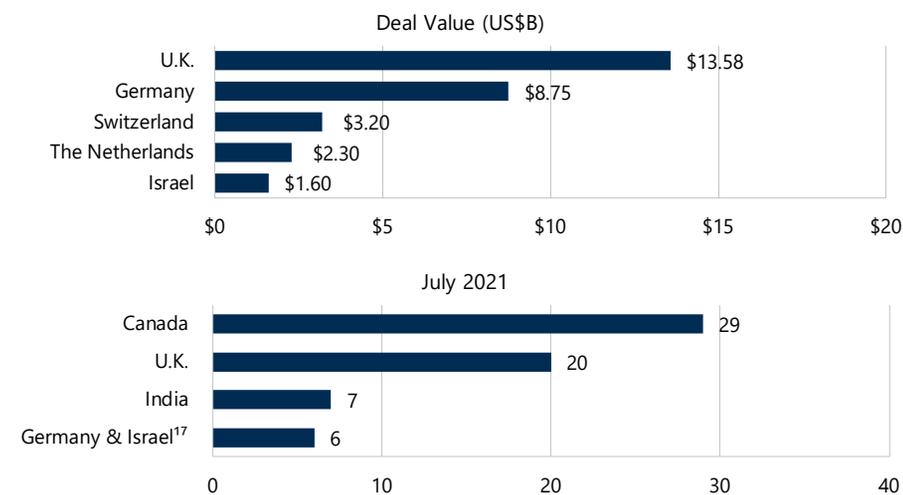


**Inbound U.S. Crossborder Transactions for the Last 12 Months**

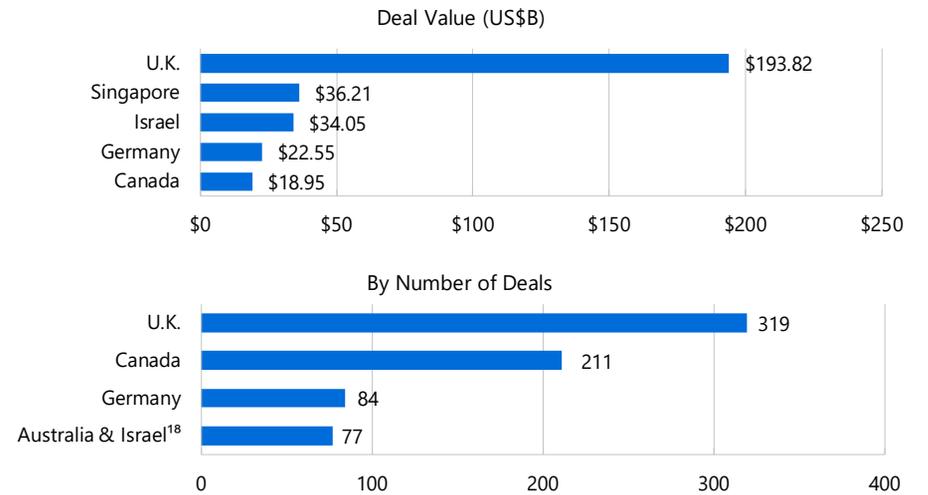


**Top 5 Countries of Destination for Outbound U.S. Crossborder Transactions**

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



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



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

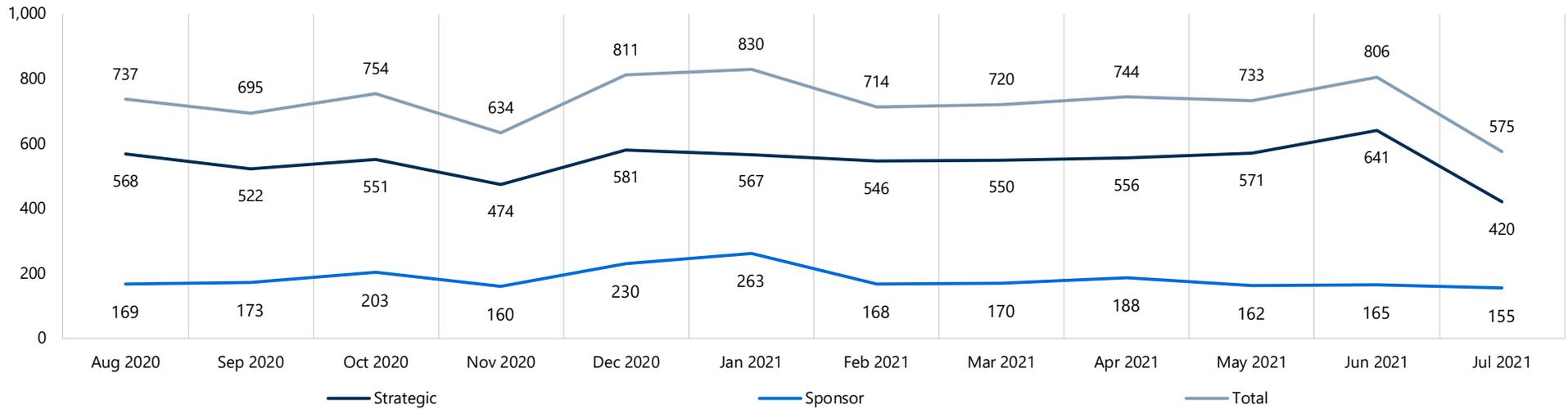
U.S. Deal Value (US\$B)



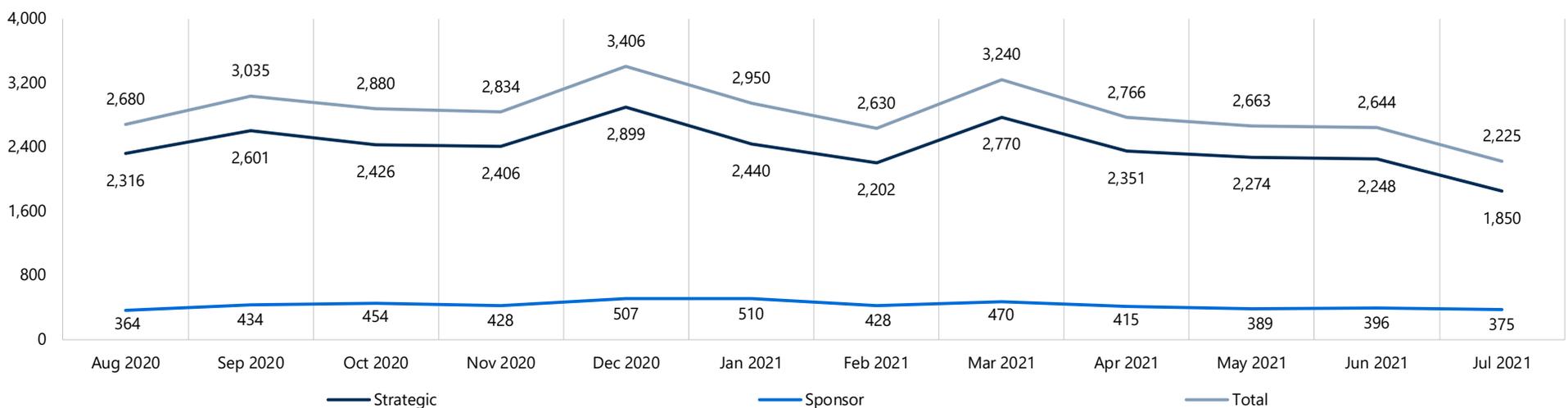
Global Deal Value (US\$B)



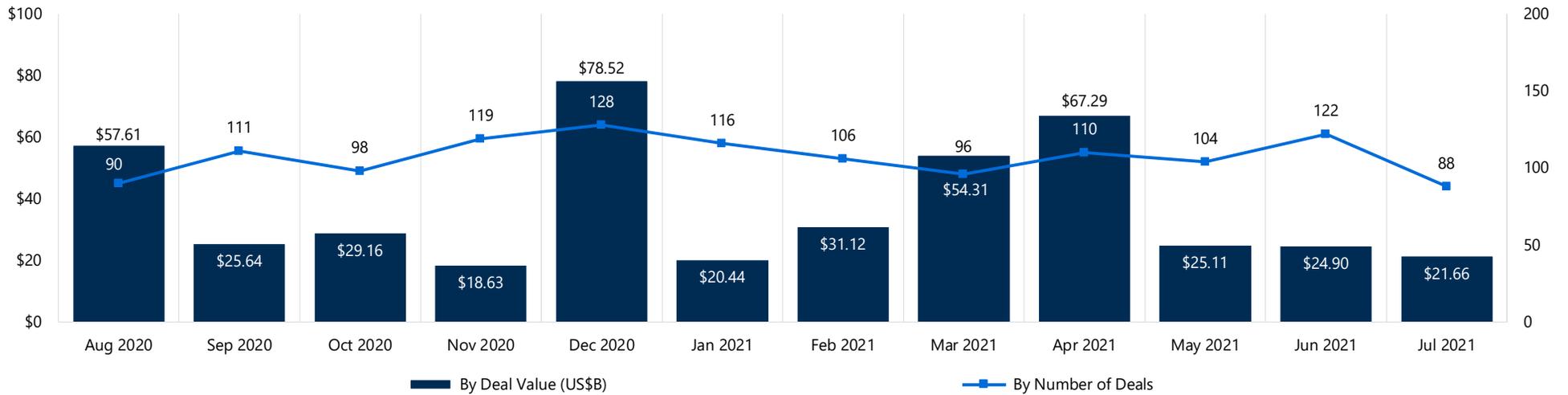
**U.S. Number of Deals**



**Global Number of Deals**



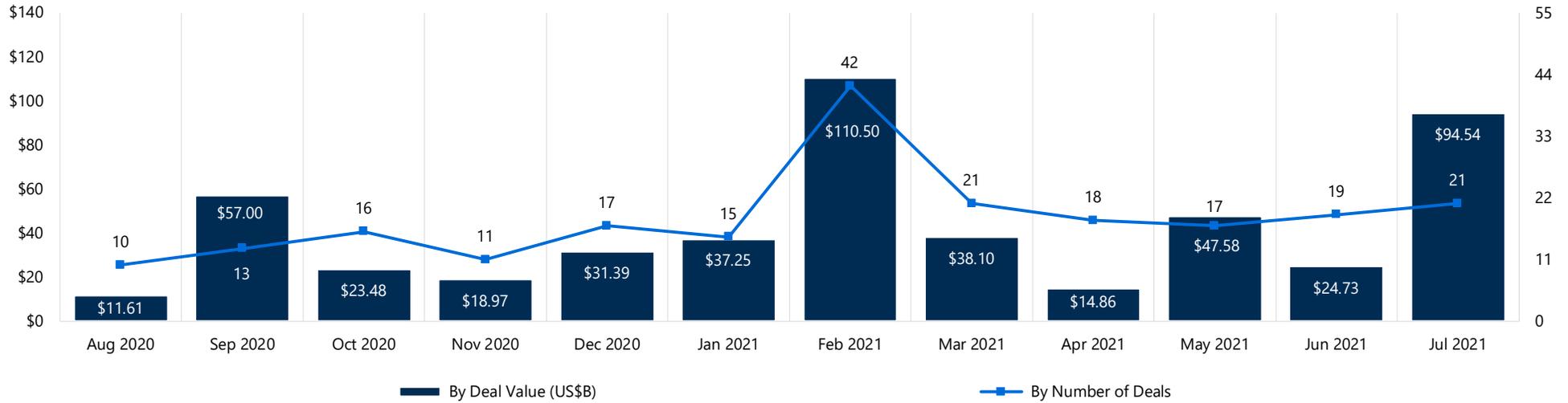
**Inbound U.S. Crossborder Transactions**



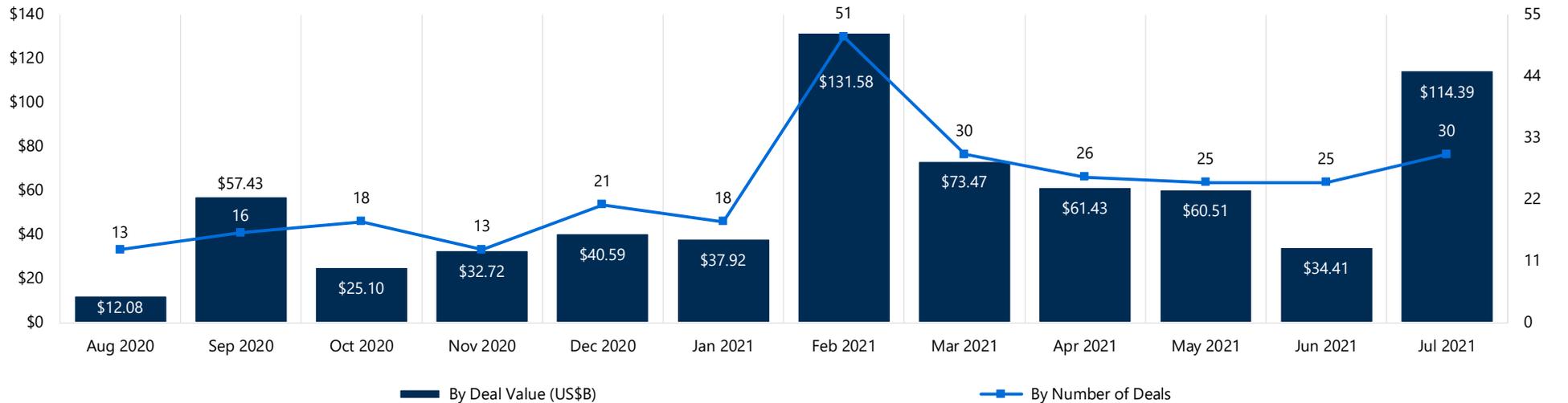
**Outbound U.S. Crossborder Transactions**



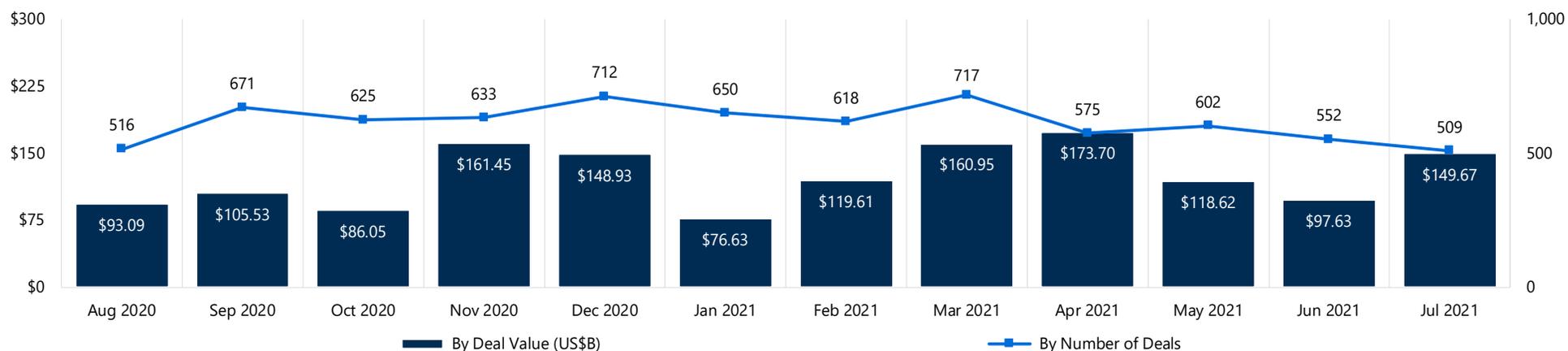
U.S. SPAC Acquisitions<sup>19</sup>



Global SPAC Acquisitions<sup>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.
- There were 16 transactions in July 2021.
- Financial and strategic categories are determined by Deal Point Data.
- Eight transactions in July 2021 had a reverse break fee.
- Three transactions in July 2021 involving a financial buyer had a reverse break fee.
- Five transactions in July 2021 involving a strategic buyer had a reverse break fee.
- Three transactions in July 2021 involved a financial buyer.
- 13 transactions in July 2021 involved a strategic buyer.
- Two transactions in July 2021 had a go-shop provision.
- Two transactions in July 2021 involving a financial buyer had a go-shop provision.
- Zero transactions in July 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 France, Israel and the U.K. was the country of origin for five transactions in July 2021.
- Each of Germany and Israel was the country of destination for six transactions in July 2021.
- Each of Australia and Israel was the country of destination for 77 transactions in the last 12 months.
- 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 August 2020 to July 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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Our M&A Group is among the most experienced and active in the world. We represent publicly traded and privately held companies, leading private equity firms, financial advisors, and other financial institutions and investors in their most important mergers and acquisitions, joint ventures and other strategic transactions. Our expertise advising corporations and private investors in a broad range of sophisticated transactions enables us to identify new opportunities for our clients to realize value. We have particular experience in guiding clients as they engage in proxy battles, company-altering and market consolidating transactions or capital markets transactions.

Recent highlights include advising: Continental Grain Company in its joint venture with Cargill to acquire Sanderson Farms for a total equity value of \$4.53 billion; Translate Bio in its proposed \$3.2 billion sale to Sanofi; Carrier Global Corporation in the proposed \$3.1 billion sale of its Chubb fire and security business to API Group Corporation; KPS Capital Partners in its \$1.7 billion acquisition of a controlling stake in the Primary Products Business in North America and Latin America of Tate & Lyle; KPS Capital Partners and its portfolio company DexKo Global in the \$3.4 billion sale of DexKo to Brookfield Business Partners; Bowlero Corp in its proposed \$2.6 billion business combination with Isos Acquisition Corporation; the Special Committee of the Board of Directors of QAD in its proposed \$2 billion sale to Thoma Bravo; QTS Realty Trust in its proposed \$10 billion sale to Blackstone; MGM in its proposed \$8.45 billion sale to Amazon; Advance in the \$150 billion Reverse Morris Trust transaction that will combine AT&T's WarnerMedia business with Discovery; funds managed by affiliates of Apollo Global Management in their proposed \$5 billion acquisition of Verizon Media; Univision Holdings in its proposed \$4.8 billion combination with the content and media assets of Grupo Televisa, S.A.B.; Nuance Communications in its proposed \$19.7 billion sale to Microsoft Corp.; KPS Capital Partners in its proposed \$2.7 billion acquisition of the EMEA food, aerosol and promotional packaging business from Crown Holding; General Electric in the more than \$30 billion combination of its jet leasing unit GE Capital Aviation Services (GECAS) with AerCap Holdings; PRA Health Sciences in its approximately \$12 billion sale to ICON; The Goodyear Tire & Rubber Company in its \$2.5 billion acquisition of Cooper Tire & Rubber Company; Perspecta Inc. in its \$7.1 billion sale to Peraton and Veritas Capital; Inspire Brands in its \$11.3 billion acquisition of Dunkin' Brands Group; Cenovus Energy in its Cdn. \$23.6 billion combination with Husky Energy; The Kraft Heinz Company in the proposed \$3.2 billion sale of its cheese business to Groupe Lactalis; an affiliate of Roark Capital Group in its approximately \$1.5 billion acquisition of the ServiceMaster Brands businesses of ServiceMaster Global Holdings; Teladoc Health in its \$18.5 billion acquisition of Livongo Health; Chevron in its \$13 billion acquisition of Noble Energy; National General Holdings in its \$4 billion sale to The Allstate Corporation; affiliates of Roark Capital in its \$200 million investment in The Cheesecake Factory; General Atlantic, as lead investor in a consortium, in its \$8.7 billion acquisition of 58.com; The Medicines Company in its \$9.7 billion sale to Novartis; the Special Committee of the Board of Directors of Pattern Energy Group in its approximately \$6.1 billion sale to Canada Pension Plan Investment Board; Aptiv in its \$4 billion autonomous driving joint venture with Hyundai Motor Group; the Special Committee of the Board of Directors of CBS Corp. in its merger with Viacom to form ViacomCBS, a combined company with an enterprise value of more than \$40 billion; Elanco Animal Health in its \$7.6 billion acquisition of the animal health business of Bayer AG; funds managed by affiliates of Apollo Global Management in their \$2.7 billion acquisition of Shutterfly; the Independent Directors of Avon in its \$3.7 billion sale to Natura & Co.; KPS Capital Partners in its \$1.8 billion acquisition of Howden from Colfax; Trane Technologies in the \$15 billion Reverse Morris Trust spin-off and merger of its industrial business with Gardner Denver Holdings; Chevron in its proposed \$50 billion acquisition of Anadarko Petroleum; General Electric in the \$21.4 billion sale of its BioPharma business to Danaher Corporation; Encana Corp. (now known as Ovintiv) in its \$7.7 billion acquisition of Newfield Exploration Company; IBM in its \$34 billion acquisition of Red Hat; the Board of Directors of Harris Corporation in its \$37 billion merger of equals with L3 Technologies to form L3Harris Technologies; CSRA in its \$9.7 billion sale to General Dynamics; Bioverativ in its \$11.6 billion sale to Sanofi; ADP in its successful proxy contest against Pershing Square; and Agrium in its \$36 billion merger of equals with Potash Corp. of Saskatchewan.

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](#)

Krishna Veeraraghavan  
+ 1-212-373-3661  
[Email](#)

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

*Counsel Frances F. Mi, legal consultant Cara Grisin Fay, associates Andrew Forgy, Eliana Wasser and Ceecee Q. Yao, law clerks Stephen Brady and Dylan Rogalin, and staff attorney Akiva Reich contributed to this publication.*

## Our M&A Partners

[Matthew W. Abbott](#)

[Bruce A. Gutenplan](#)

[Kenneth M. Schneider](#)

[Jeremy M. Veit](#)

[Edward T. Ackerman](#)

[David K. Lakhdir](#)

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