

M&A AT A GLANCE

SEPTEMBER 2021 | ISSUE 114

Key Takeaways

- ▶ The number of U.S. M&A deals increased by 43% in August compared to July, while remaining relatively flat globally. This was offset by a decrease in average deal size, as U.S. and global M&A activity measured by total deal value decreased by 27% and 11%, driven largely by declines in sponsor-related activity.
- ▶ U.S. cross-border activity was generally up, with U.S. inbound activity increasing by 169% by deal value and 35% by deal count. U.S. outbound deals decreased by 11%, and total deal value increased by 113%.
- ▶ Computers & Electronics was the most active industry in August and for the last twelve months (LTM). Transportation was the second most active industry in August by deal value and saw a dramatic 511% jump, primarily driven by Canadian Pacific Railway Ltd's acquisition of Kansas City Southern for roughly \$30 billion.
- ▶ SPAC acquisitions decreased significantly globally, with a 78% decrease in total deal value and a 30% decrease in deal count globally. In the U.S., there were decreases of 79% in total deal value and 38% in deal count.
- ▶ U.S. public merger highlights in August include the following:
 - Cash only consideration was up compared to the LTM average, while stock only consideration was low at 15% of the deals in August compared to 27% LTM.
 - Unaffected premium percentages saw a significant increase in August to 47% as compared to 31% in July and 37% LTM.
 - The percent of deals relying on tender offers increased to 15% in August which is slightly above the 14% LTM average.
 - Reverse break fees increased to 7% compared to 6% LTM
 - Go-shops were used in 8% of deals compared to 8% LTM

Strategic vs. Sponsor Activity

U.S.
Total
\$195.9 billion – ▼27.1%
956 deals – ▲43.3%
Strategic
\$135.8 billion – ▼17.3%
742 deals – ▲46.6%
Sponsor
\$60.1 billion – ▼42.5%
214 deals – ▲32.9%

Global
Total
\$485.3 billion – ▼10.6%
2,511 deals – ▲1.2%
Strategic
\$369.9 billion – ▲12.4%
2,118 deals – ▲0.9%
Sponsor
\$115.4 billion – ▼46.0%
393 deals – ▲2.9%

Crossborder Activity

U.S. Inbound	U.S. Outbound
\$60.0 billion	\$77.3 billion
▲168.9%	▲112.8%
128 deals	123 deals
▲34.7%	▼10.9%
leading country Canada – \$39.4 billion	leading country Australia – \$26.9 billion
Canada – 32 deals	Canada – 30 deals
leading country last 12 months Canada – \$116.3 billion	leading country last 12 months U.K. – \$208.4 billion
Canada – 286 deals	U.K. – 334 deals

Industry Activity

 most deals 395 deals Computers & Electronics	 last 12 months 3,740 deals Computers & Electronics
 most dollar value \$46.3 billion Computers & Electronics	 last 12 months \$809.1 billion Computers & Electronics

SPAC Acquisitions

 \$19.6 billion ▼ 79.3%	13 deals ▼ 38.1%	 \$25.2 billion ▼ 78.0%	21 deals ▼ 30.0%
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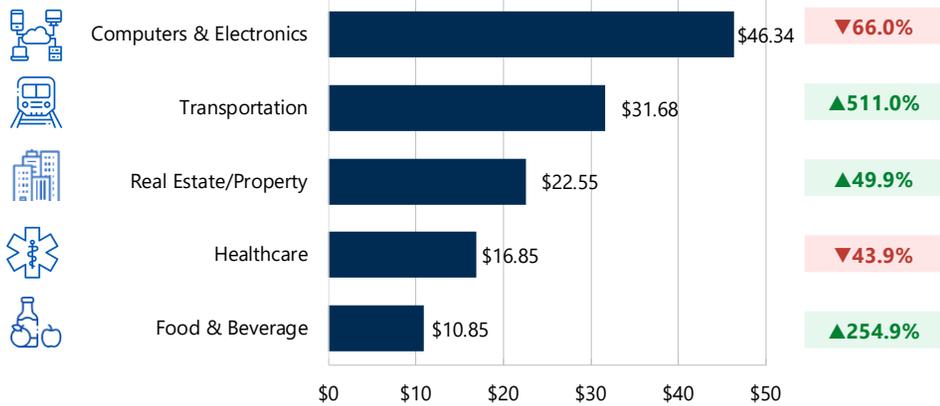
All data is for August 2021 and is as of September 10, 2021 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

Most Active U.S. Target Industries¹

Deal Value (US\$B)

August 2021

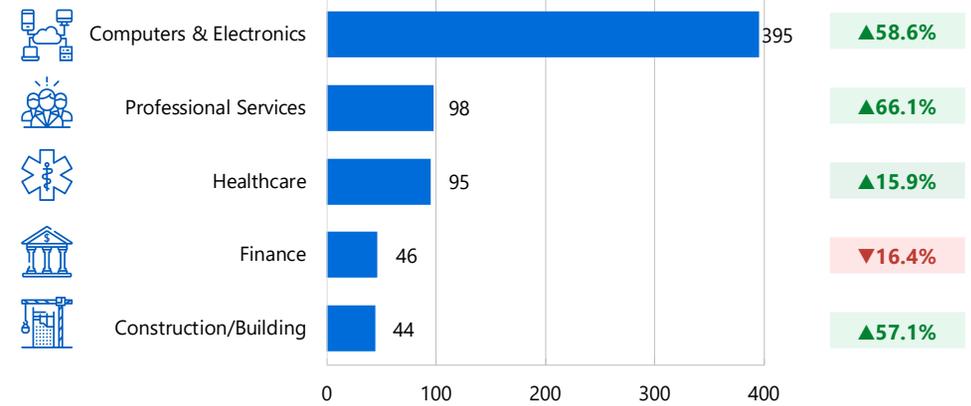
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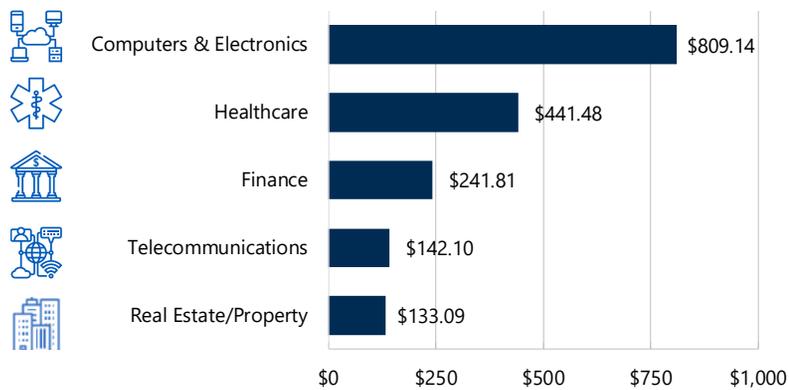
Number of Deals

August 2021

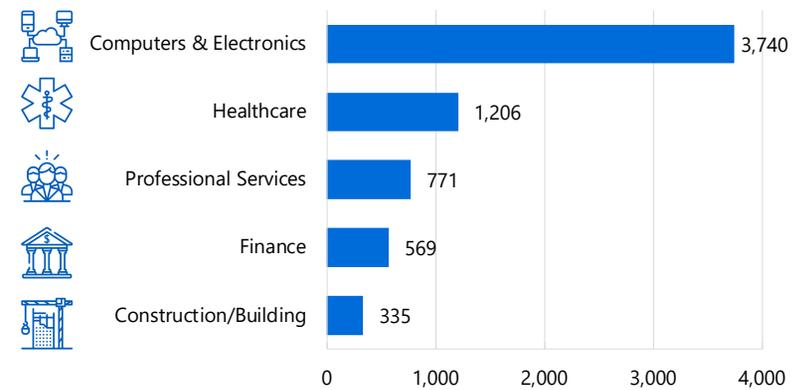
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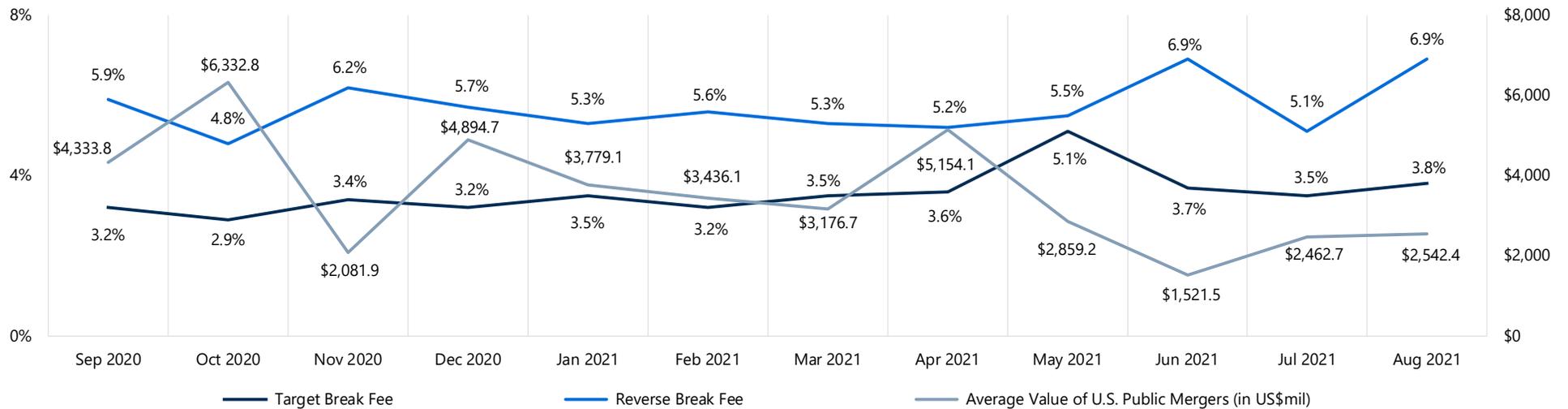
Last 12 Months



Last 12 Months



Average Break Fees as % of Equity Value²



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

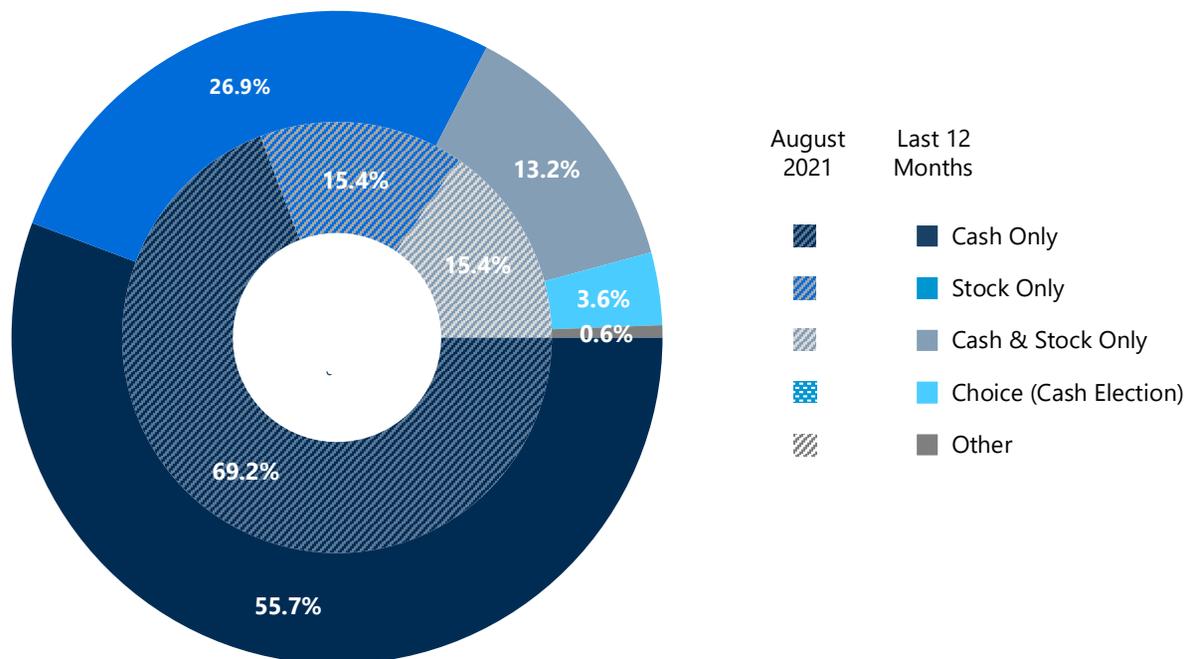
	August 2021	Last 12 Months
Target Break Fee for All Mergers	3.8	3.6

	August 2021	Last 12 Months
Reverse Break Fee for All Mergers ⁵	6.9	5.7
Reverse Break Fee for Mergers Involving Financial Buyers ⁶	6.7	6.5
Reverse Break Fee for Mergers Involving Strategic Buyers ⁷	7.0	4.9

U.S. Public Merger Go-Shop Provisions⁴

	August 2021	Last 12 Months
% of Mergers with Go-Shops	7.7	8.4
% of Mergers Involving Financial Buyers with Go-Shops ⁸	33.3	28.9
% of Mergers Involving Strategic Buyers with Go-Shops ⁹	0.0	0.8
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops ¹⁰	35.0	36.1
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops ¹¹	35.0	35.8
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops ¹²	N/A	41.0

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



Tender Offers as % of U.S. Public Mergers

August 2021	15.4
Last 12 Months	13.8

Unaffected Premium %^{14,15}

August 2021	46.6
Last 12 Months	37.2

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

August 2021	18.8
Last 12 Months	19.4

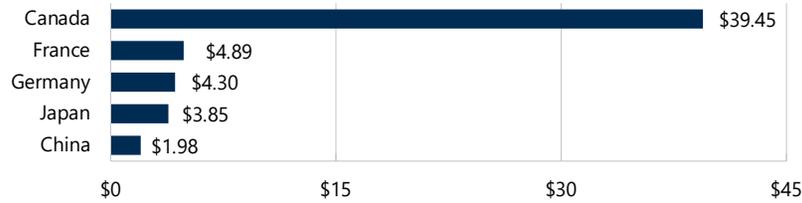
Total Target Adviser Fee(s) as % of Equity Value

August 2021	1.4
Last 12 Months	1.2

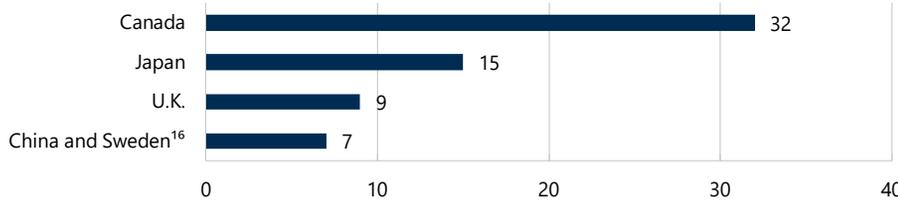
Top 5 Countries of Origin for Inbound U.S. Crossborder Transactions

Inbound U.S. Crossborder Transactions for August 2021

Deal Value (US\$B)

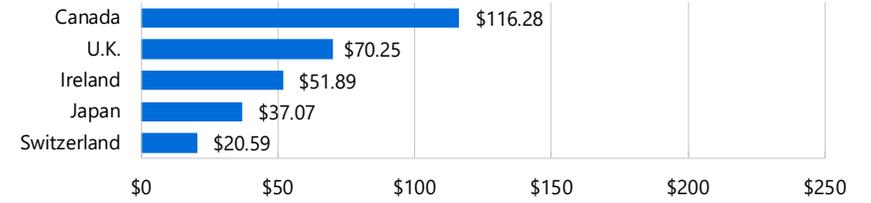


By Number of Deals

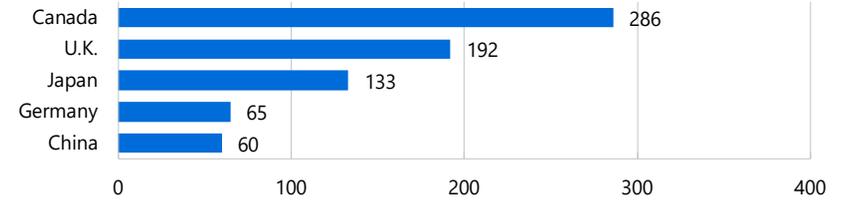


Inbound U.S. Crossborder Transactions for the Last 12 Months

Deal Value (US\$B)



By Number of Deals



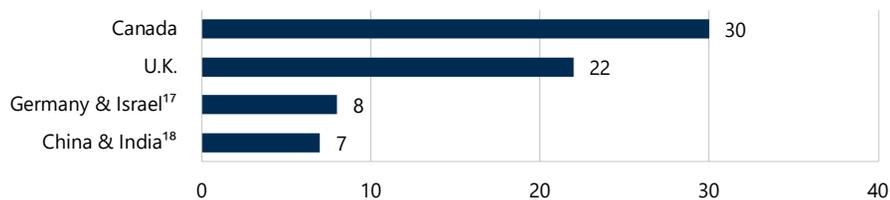
Top 5 Countries of Destination for Outbound U.S. Crossborder Transactions

Outbound U.S. Crossborder Transactions for August 2021

Deal Value (US\$B)



August 2021

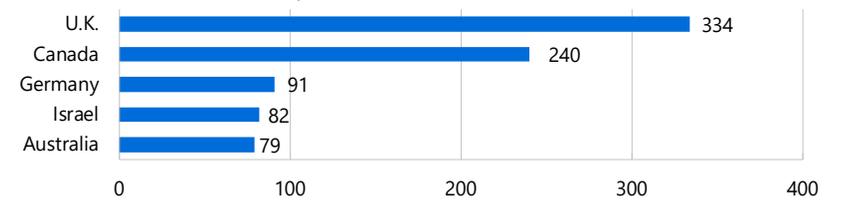


Outbound U.S. Crossborder Transactions for the Last 12 Months

Deal Value (US\$B)

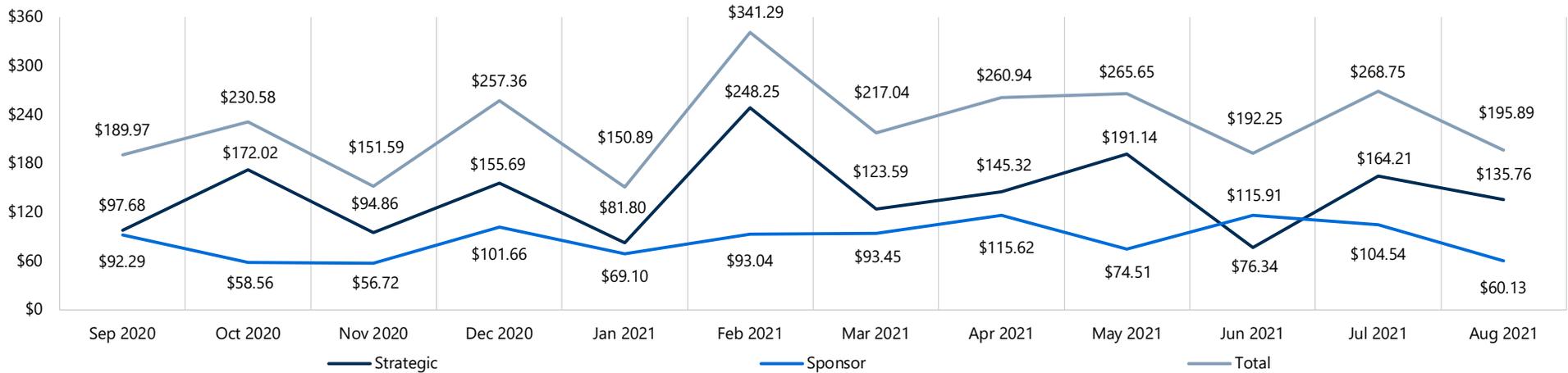


By Number of Deals

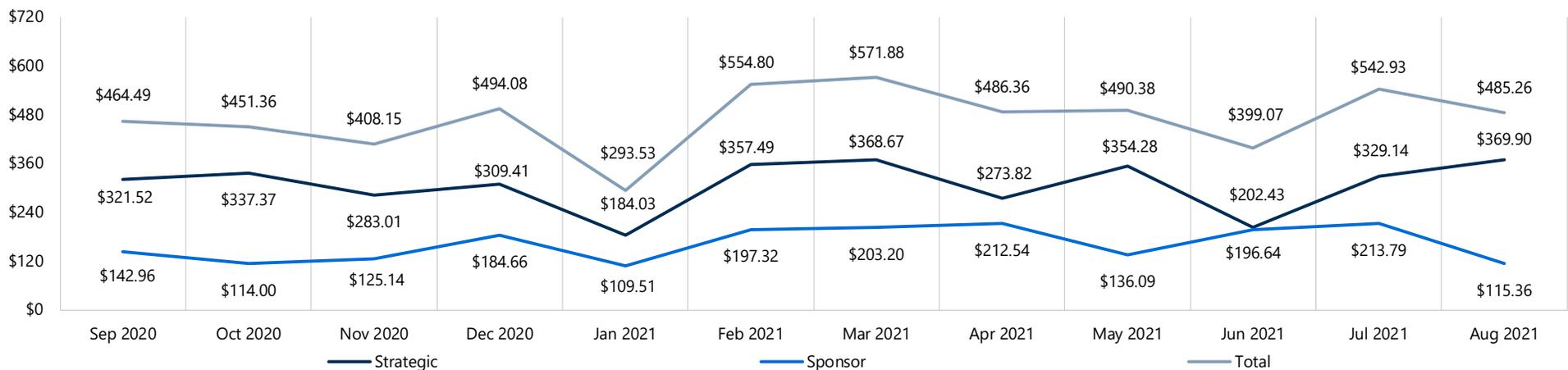


Appendix: M&A Activity – 12 Month Trends

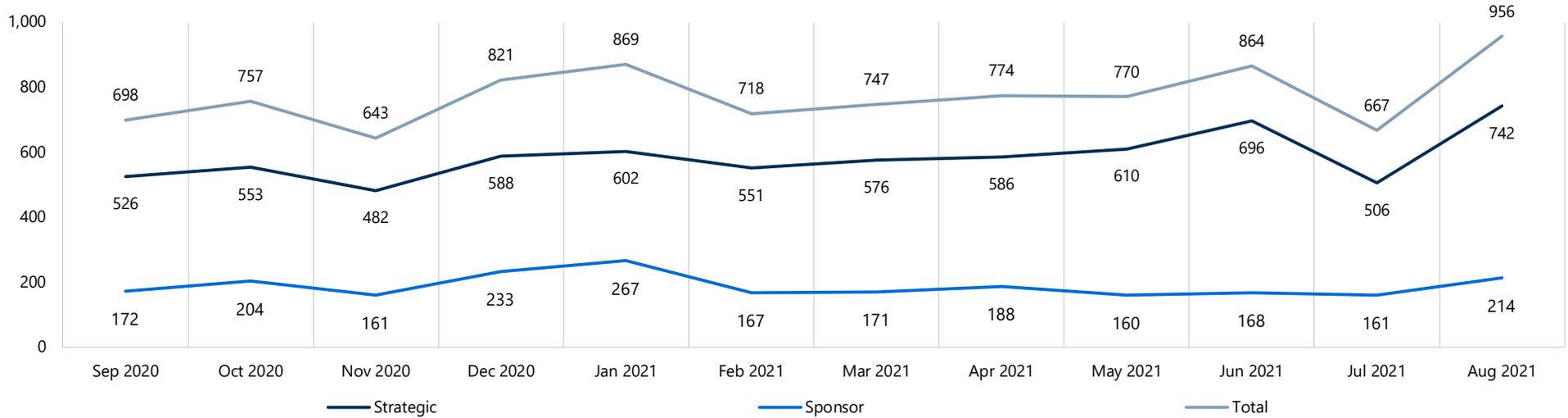
U.S. Deal Value (US\$B)



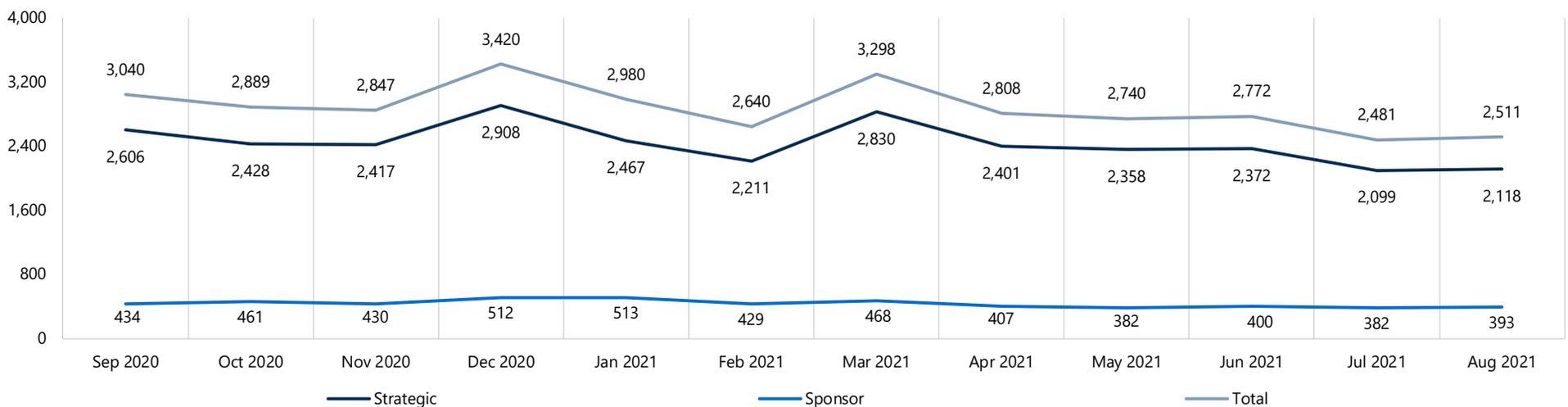
Global Deal Value (US\$B)



U.S. Number of Deals



Global Number of Deals



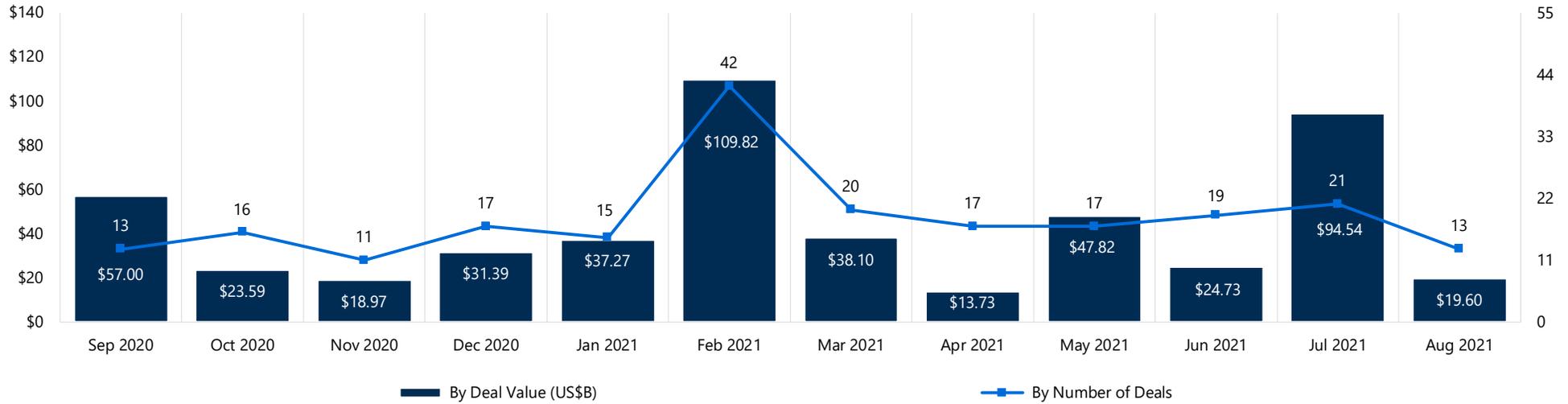
Inbound U.S. Crossborder Transactions



Outbound U.S. Crossborder Transactions



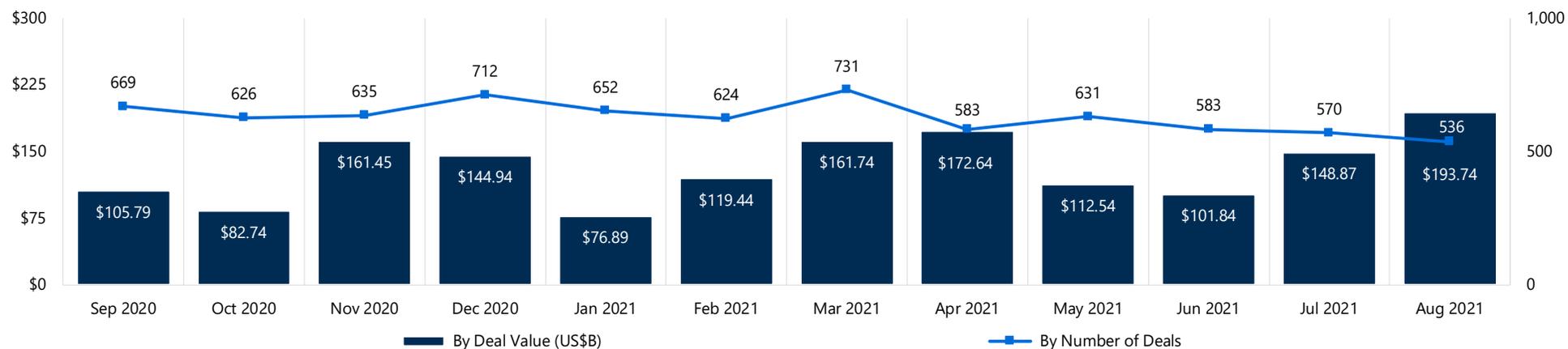
U.S. SPAC Acquisitions¹⁹



Global SPAC Acquisitions²⁰



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 13 transactions in August 2021.
- Financial and strategic categories are determined by Deal Point Data.
- Seven transactions in August 2021 had a reverse break fee.
- Three transactions in August 2021 involving a financial buyer had a reverse break fee.
- Four transactions in August 2021 involving a strategic buyer had a reverse break fee.
- Three transactions in August 2021 involved a financial buyer.
- Ten transactions in August 2021 involved a strategic buyer.
- One transaction in August 2021 had a go-shop provision.
- One transaction in August 2021 involving a financial buyer had a go-shop provision.
- Zero transactions in August 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 and Sweden was the country of origin for seven transactions in August 2021.
- Each of Germany and Israel was the country of destination for eight transactions in August 2021.
- Each of China and India was the country of destination for seven transactions in August 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 September 2020 to August 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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Recent highlights include advising: Neustar in its proposed \$3.1 billion sale, by a private investment group led by Golden Gate Capital and with minority participation from GIC, to TransUnion; 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 \$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 \$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 Orintiv) 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:

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