

# M&A AT A GLANCE

NOVEMBER 2021 | ISSUE 116

## Key Takeaways

- ▶ U.S. and global M&A activity decreased across almost all measures in October as compared to September. The number of U.S. deals decreased by 47% and total U.S. deal value was down by 27%. Globally, deal count declined by 30%, and total deal value decreased by 35%. Even with these declines, M&A activity in 2021 is still poised to significantly outperform activity in 2020.
- ▶ U.S. cross-border activity also decreased as compared to September, with U.S. outbound activity falling significantly by deal value (78%) and deal count (26%). U.S. inbound deal count decreased by 42%, while total deal value dropped by 38%. Similar to the above, LTM activity in 2021 continues to compare favorably to the same period in 2020.
- ▶ Computers & Electronics was again the most active industry in October and LTM. Utility and Energy was the second most active industry in October by deal value, with a significant 1681% increase over September, primarily driven by Icahn Enterprises LP's acquisition of Southwest Gas Holdings, Inc. for approximately \$7.5 billion, Altus Midstream Company's acquisition of EagleClaw Midstream Services LLC for approximately \$4.3 billion and Phillips 66's acquisition of the remainder of Phillips 66 Partners LP for \$3.5 billion.
- ▶ SPAC acquisitions rebounded in the U.S. after a two-month low, with a 32% increase in total deal value and a 17% increase in deal count as compared to September. Globally, however, total SPAC activity decreased significantly, by 69% and 7% by deal value and number of deals, respectively.
- ▶ U.S. public merger highlights in October include the following:
  - Cash & Stock mixed consideration was up significantly compared to September at 27% of all deals, compared to the LTM average at 15%. Only 46% of U.S. deals involved cash only consideration, compared to the 56% of deals LTM.
  - Unsolicited and hostile offers accounted for 15% of all deals, compared to an average of 18% LTM.
  - Tender offers were up to 18% of all deals compared to 12% LTM.
  - Unaffected premiums were lower in October at 30%, compared to the 36% LTM average.
  - After a month of no go-shop provisions in September, the percentage of deals containing a go-shop provision spiked to 18% in October compared to 8% LTM, due to the increase in go-shop provisions in deals with, surprisingly, strategic buyers (at 18%, compared to 2% LTM).

## Strategic vs. Sponsor Activity

U.S.	
<b>Total</b>	<b>\$134.1 billion – ▼27.2%</b>
	<b>530 deals – ▼46.6%</b>
<b>Strategic</b>	<b>\$94.8 billion – ▼30.9%</b>
	<b>359 deals – ▼53.1%</b>
<b>Sponsor</b>	<b>\$39.3 billion – ▼16.3%</b>
	<b>171 deals – ▼24.7%</b>
Global	
<b>Total</b>	<b>\$311.0 billion – ▼34.6%</b>
	<b>1,968 deals – ▼30.4%</b>
<b>Strategic</b>	<b>\$231.8 billion – ▼32.4%</b>
	<b>1,611 deals – ▼32.7%</b>
<b>Sponsor</b>	<b>\$79.2 billion – ▼40.3%</b>
	<b>357 deals – ▼17.6%</b>

## Crossborder Activity

U.S. Inbound	U.S. Outbound
<b>\$25.8 billion</b> ▼37.6%	<b>\$13.4 billion</b> ▼77.9%
<b>81 deals</b> ▼42.1%	<b>88 deals</b> ▼26.1%
leading country <b>Canada – \$13.2 billion</b> <b>Canada – 21 deals</b>	leading country <b>Hong Kong (China) – \$5.8 billion</b> <b>U.K. – 14 deals</b>
leading country last 12 months <b>Canada – \$95.2 billion</b> <b>Canada – 298 deals</b>	leading country last 12 months <b>U.K. – \$157.8 billion</b> <b>U.K. – 311 deals</b>

## Industry Activity

 most deals <b>179 deals</b> Computers & Electronics	 last 12 months <b>3,880 deals</b> Computers & Electronics
 most dollar value <b>\$39.3 billion</b> Computers & Electronics	 last 12 months <b>\$761.1 billion</b> Computers & Electronics

## SPAC Acquisitions

 <b>\$8.4 billion</b> ▲ 32.4%	<b>7 deals</b> ▲ 16.7%	 <b>\$12.3 billion</b> ▼ 68.5%	<b>13 deals</b> ▼ 7.1%
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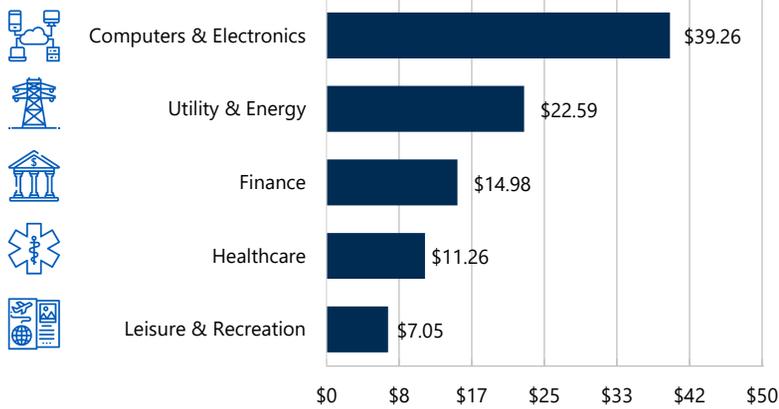
All data is for October 2021 and is as of November 10, 2021 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

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

Deal Value (US\$B)

October 2021

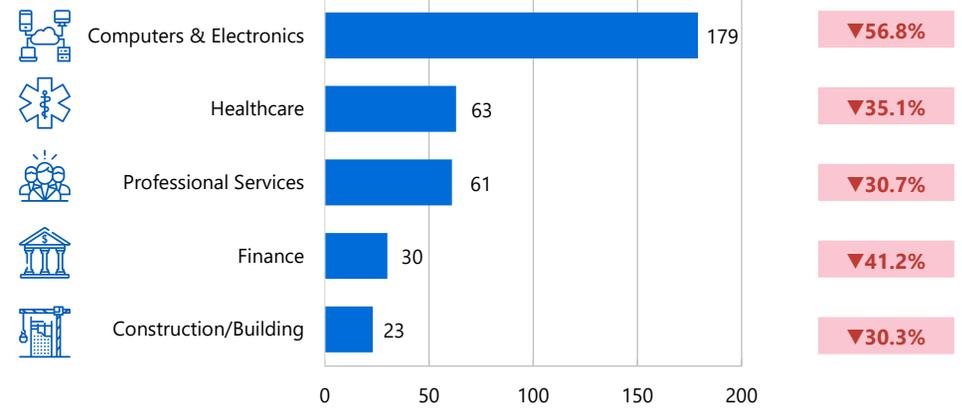
+/- from last month



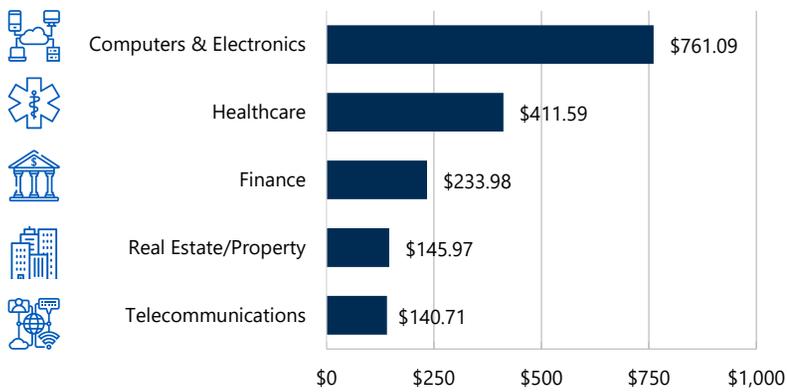
Number of Deals

October 2021

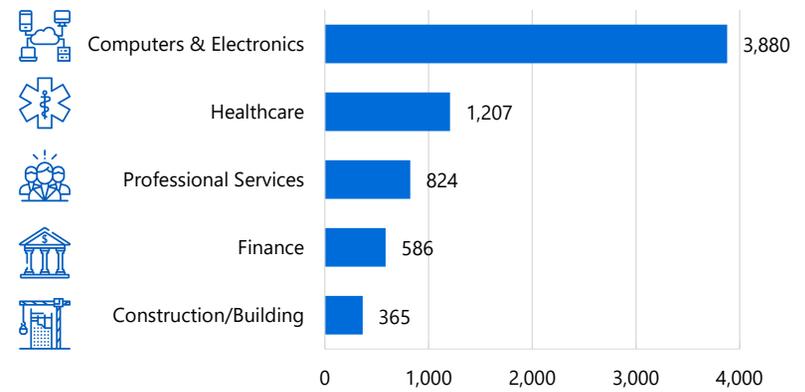
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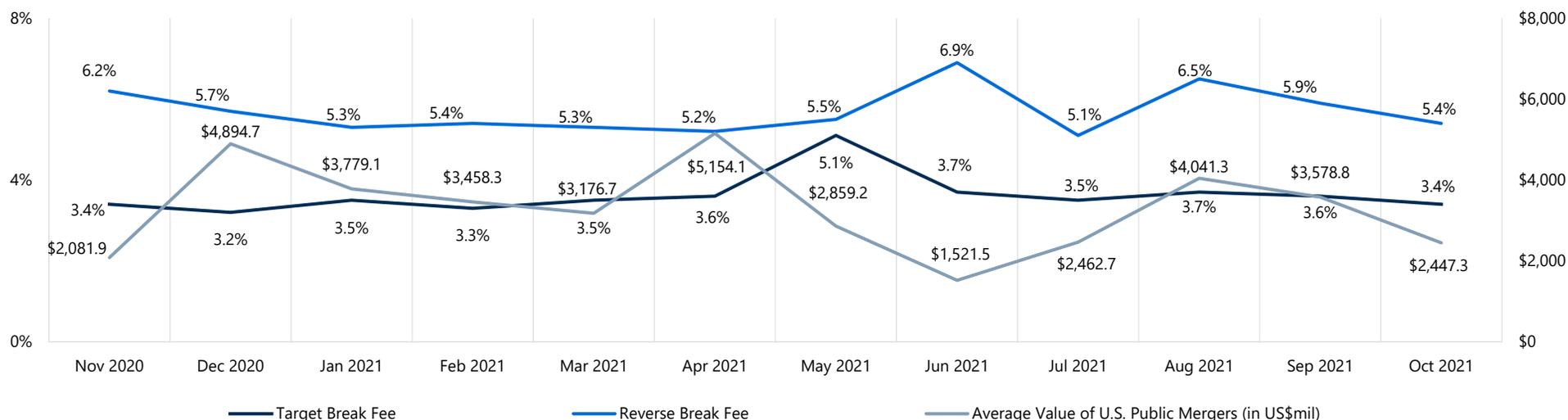
Last 12 Months



Last 12 Months



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



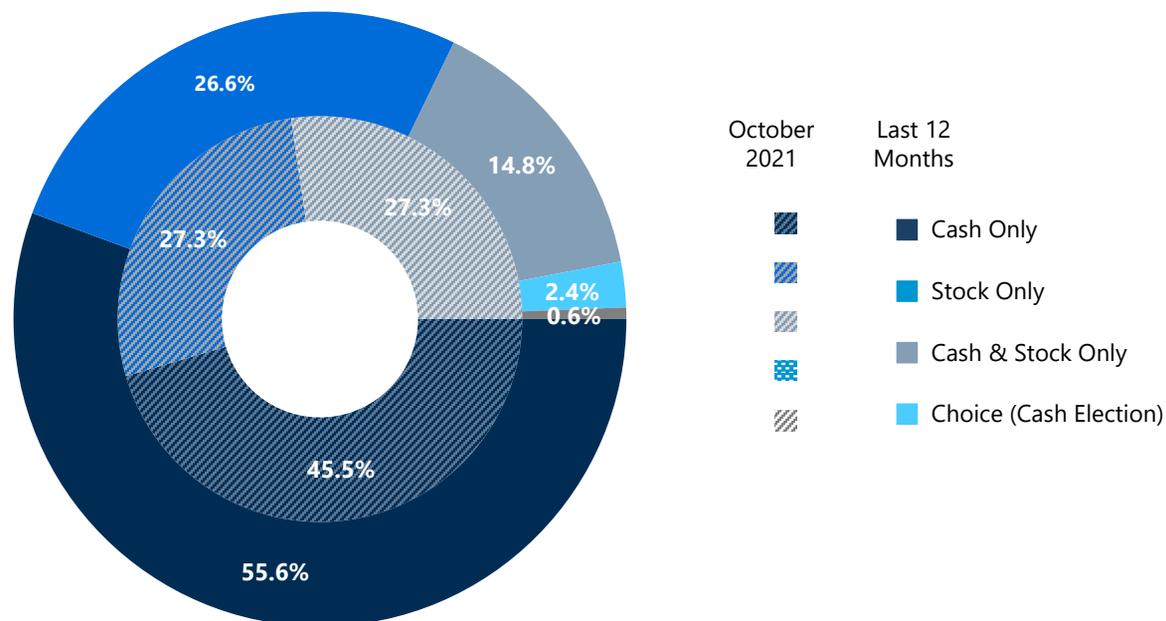
Average Break Fees as % of Equity Value<sup>3,4</sup>

	October 2021	Last 12 Months
Target Break Fee for All Mergers	3.4	3.6
Reverse Break Fee for All Mergers <sup>5</sup>	5.4	5.7
Reverse Break Fee for Mergers Involving Financial Buyers <sup>6</sup>	N/A	6.6
Reverse Break Fee for Mergers Involving Strategic Buyers <sup>7</sup>	5.4	5.1

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

	October 2021	Last 12 Months
% of Mergers with Go-Shops	18.2	8.3
% of Mergers Involving Financial Buyers with Go-Shops <sup>8</sup>	N/A	26.8
% of Mergers Involving Strategic Buyers with Go-Shops <sup>9</sup>	18.2	2.3
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>	N/A	35.9
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops <sup>12</sup>	40.0	40.3

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



Tender Offers as % of U.S. Public Mergers

October 2021	18.2
Last 12 Months	12.4

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

October 2021	29.9
Last 12 Months	36.3

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

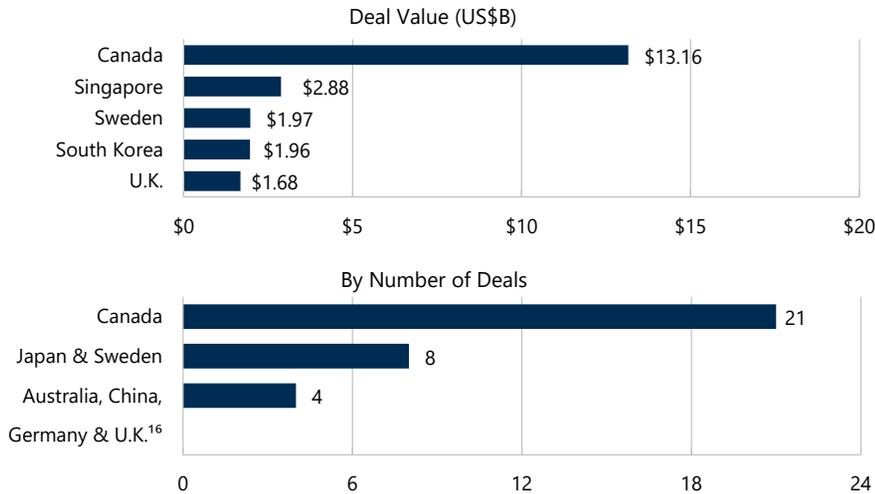
October 2021	15.4
Last 12 Months	17.8

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

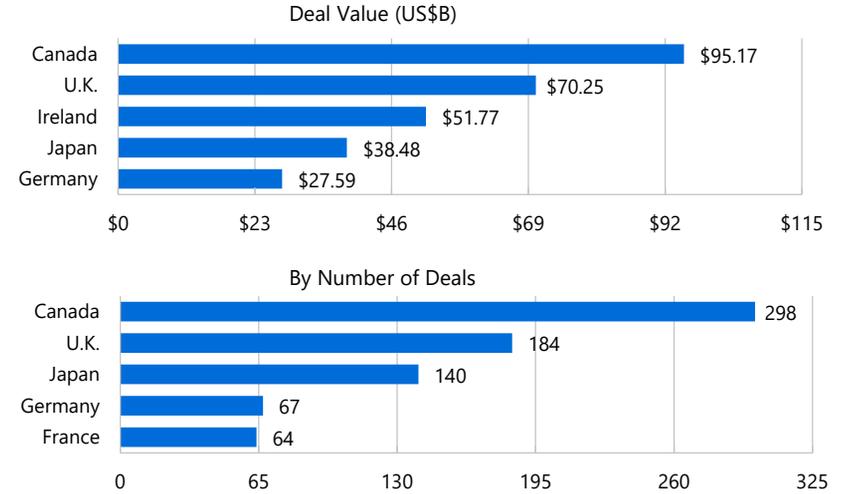
October 2021	1.3
Last 12 Months	1.2

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

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

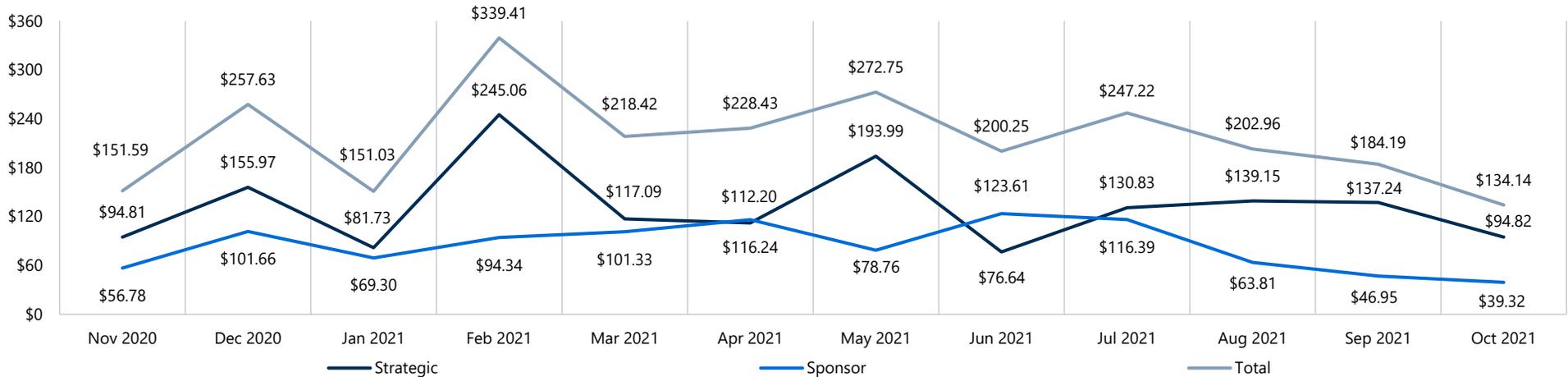


**Outbound U.S. Crossborder Transactions for the Last 12 Months**



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

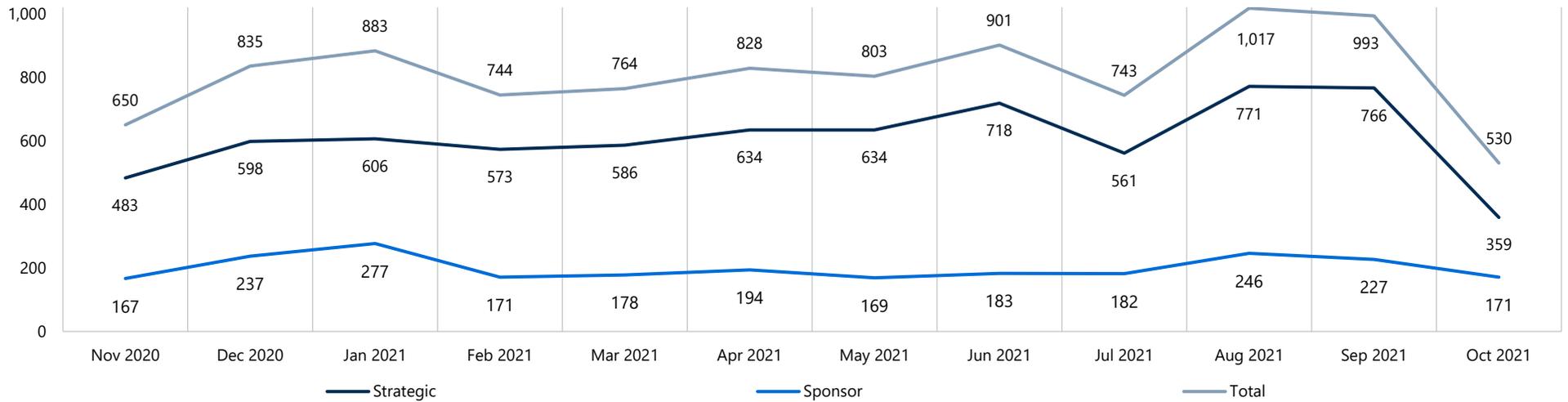
U.S. Deal Value (US\$B)



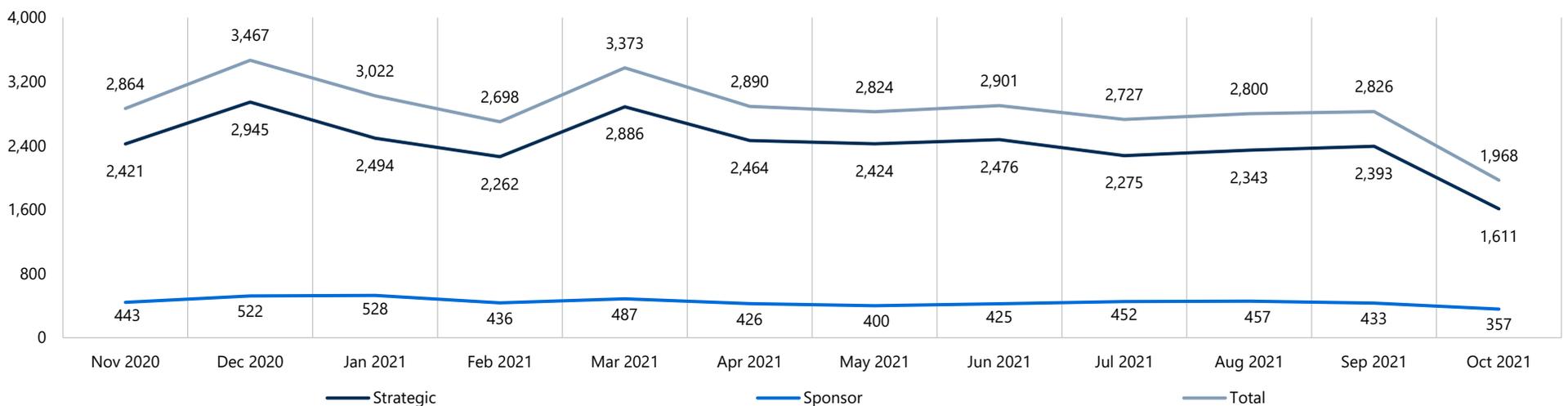
Global Deal Value (US\$B)



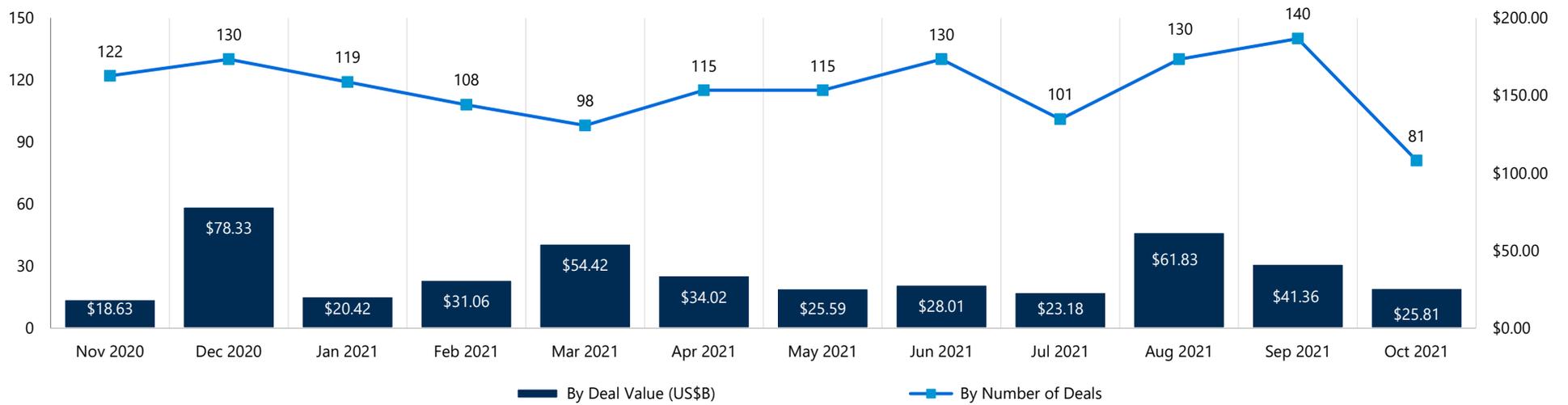
U.S. Number of Deals



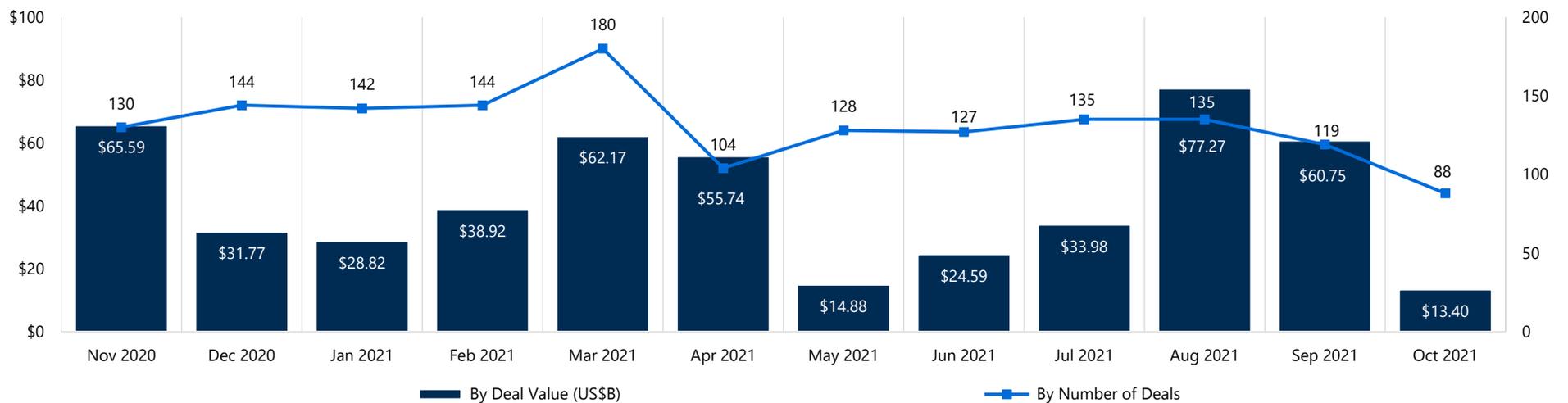
Global Number of Deals



**Inbound U.S. Crossborder Transactions**



**Outbound U.S. Crossborder Transactions**



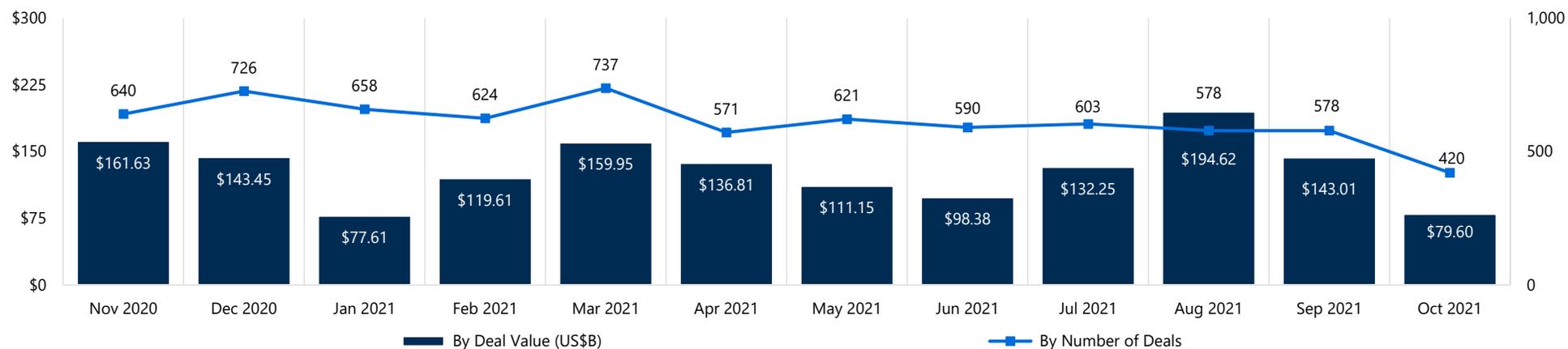
U.S. SPAC Acquisitions<sup>18</sup>



Global SPAC Acquisitions<sup>19</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 11 transactions in October 2021.
- Financial and strategic categories are determined by Deal Point Data.
- Four transactions in October 2021 had a reverse break fee.
- Zero transactions in October 2021 involving a financial buyer had a reverse break fee.
- Four transactions in October 2021 involving a strategic buyer had a reverse break fee.
- Zero transactions in October 2021 involved a financial buyer.
- 11 transactions in October 2021 involved a strategic buyer.
- Two transactions in October 2021 had a go-shop provision.
- Zero transactions in October 2021 involving a financial buyer had a go-shop provision.
- Two transactions in October 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 Australia, China, Germany & U.K. was the country of origin for four transactions in October 2021.
- Each of Australia, France, India, Israel & the Netherlands was the country of destination for four transactions in October 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 November 2020 to October 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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