

M&A AT A GLANCE

JANUARY 2022 | ISSUE 118

Key Takeaways

- ▶ Despite being a record-breaking year overall, 2021 ended on a bit of a down note. Both U.S. and global sponsor-related M&A deal value dropped significantly in December, with total deal value down 51% in the U.S. and 33% globally compared to November. Offsetting those losses, strategic M&A deal value surged 45% in the U.S. and 20% globally, resulting in only slight declines in overall deal value of 8% in the U.S. and 5% globally. Continuing the trend over the last three months, deal count was down across all sectors.
- ▶ U.S. crossborder deal value was up in December, increasing 43% for inbound flow and 31% for outbound flow. Saudi Arabia took the top spot by U.S. outbound deal value, with BlackRock's \$15.5 billion investment in Aramco Gas Pipelines Co. accounting for the entirety of that activity.
- ▶ Computers & Electronics continued its reign as the most active industry by both deal value and number of deals over the past month and the last twelve months (LTM). Professional Services took second place by deal count and, sporting a 745% increase in deal value, third place by deal value. That massive increase in deal value was largely driven by Rentokil Initial plc's acquisition of Terminix Global Holdings Inc. for \$7.5 billion and Neogen Corporation's \$5.3 billion acquisition of 3M Company's food safety business.
- ▶ U.S. SPAC acquisitions continued its three month upward trend in December, up 90% by deal value and 79% by number of deals. Global SPAC acquisitions grew at similar rates, increasing 101% by deal volume and 84% by number of deals.
- ▶ U.S. public merger highlights in December include the following:
 - Cash-Only deals accounted for 69% of all U.S. deals in December (as compared to 55% LTM), while stock-only deals accounted for only 8% of the same (as compared to 27% LTM).
 - There were no hostile/unsolicited offers in the month of December.
 - Tender offers accounted for only 8% of all deals in December, off of the 25% high in November and closer to the LTM average of 11%.
 - Unaffected premiums were up significantly in December (51%) as compared to the LTM average of 39%.
 - After go-shop provisions appeared at above-average rates in October and November, December saw a glut. No deals included a go-shop provision in December.

Strategic vs. Sponsor Activity

U.S.
Total
\$190.2 billion – ▼8.2%
397 deals – ▼32.0%
Strategic
\$134.1 billion – ▲45.2%
219 deals – ▼41.3%
Sponsor
\$56.0 billion – ▼51.2%
178 deals – ▼15.6%

Global
Total
\$460.7 billion – ▼4.8%
1,767 deals – ▼15.3%
Strategic
\$307.5 billion – ▲20.0%
1,394 deals – ▼16.3%
Sponsor
\$153.2 billion – ▼32.7%
373 deals – ▼11.6%

Crossborder Activity

U.S. Inbound	U.S. Outbound
\$47.9 billion	\$45.2 billion
▲43.4%	▲31.2%
68 deals	84 deals
▼21.8%	▲3.7%
leading country Canada – \$16.8 billion	leading country Saudi Arabia – \$15.5 billion
U.K. – 12 deals	U.K. – 17 deals
leading country last 12 months Canada – \$108.5 billion	leading country last 12 months U.K. – \$105.6 billion
Canada – 288 deals	U.K. – 309 deals

Industry Activity

 most deals 115 deals Computers & Electronics	 last 12 months 3,806 deals Computers & Electronics
 most dollar value \$57.5 billion Computers & Electronics	 last 12 months \$776.5 billion Computers & Electronics

SPAC Acquisitions

 \$30.3 billion ▲ 90.4%	25 deals ▲ 78.6%	 \$45.5 billion ▲ 100.9%	35 deals ▲ 84.2%
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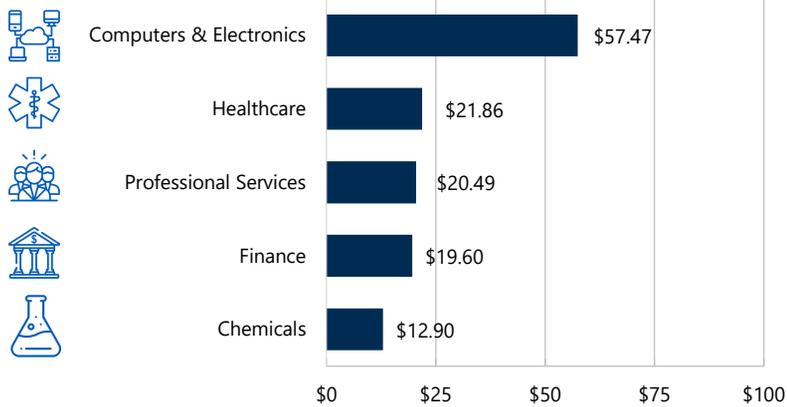
All data is for December 2021. Cortex data is as of January 10, 2022 and data from Deal Point data is as of January 12, 2022 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

Most Active U.S. Target Industries¹

Deal Value (US\$B)

December 2021

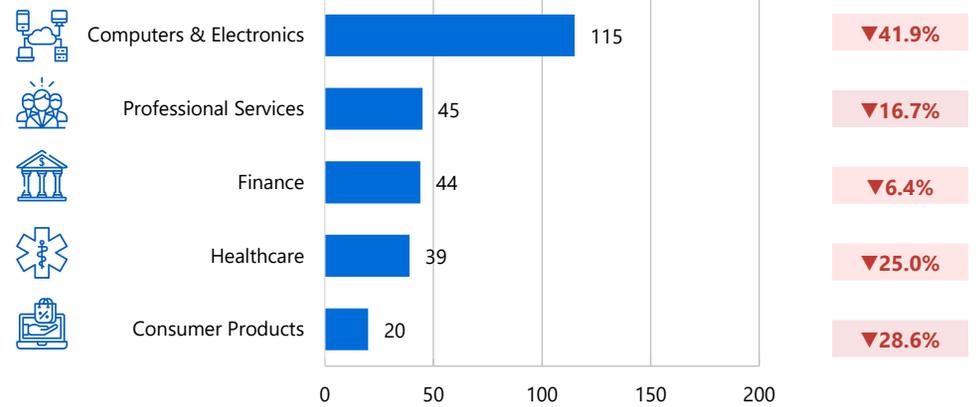
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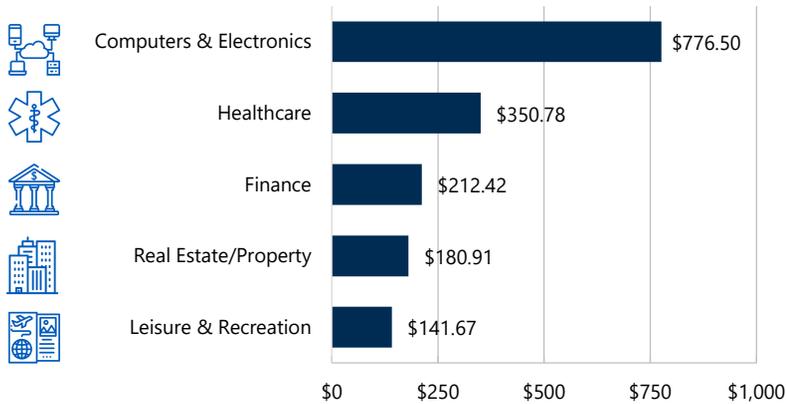
Number of Deals

December 2021

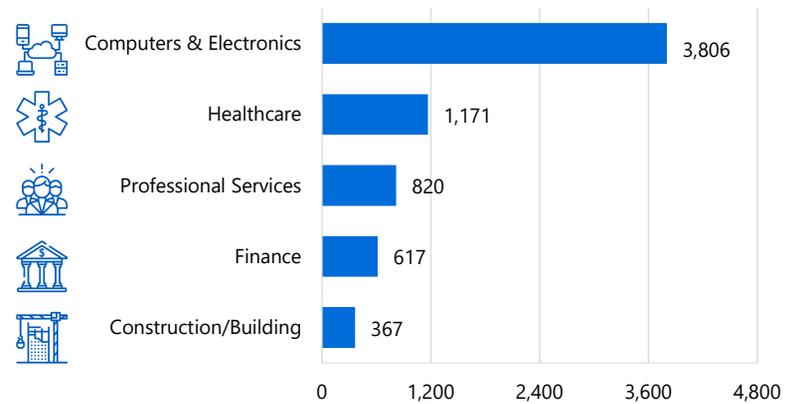
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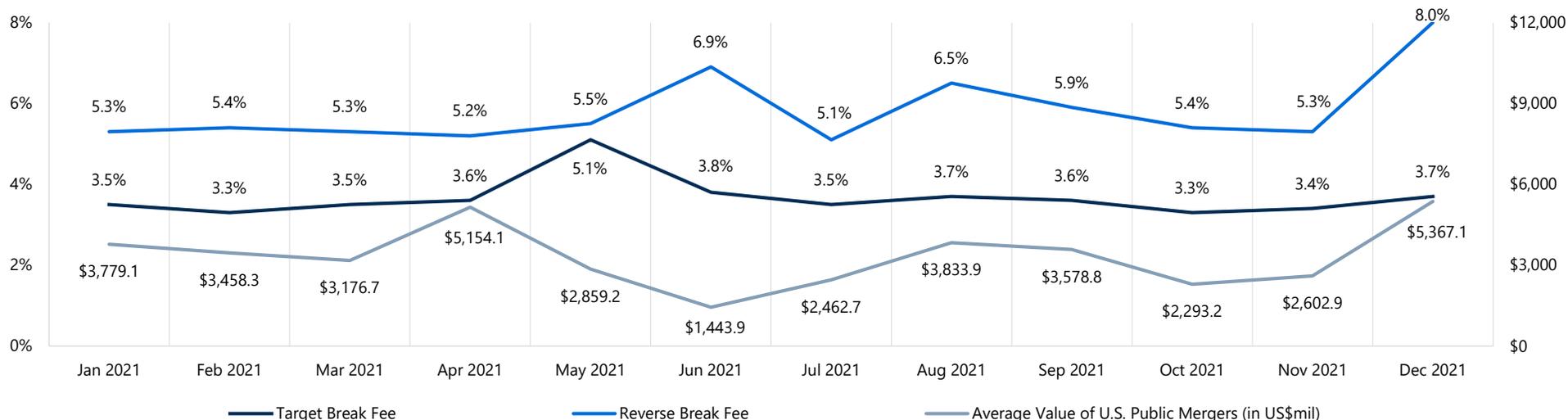
Last 12 Months



Last 12 Months



Average Break Fees as % of Equity Value²



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

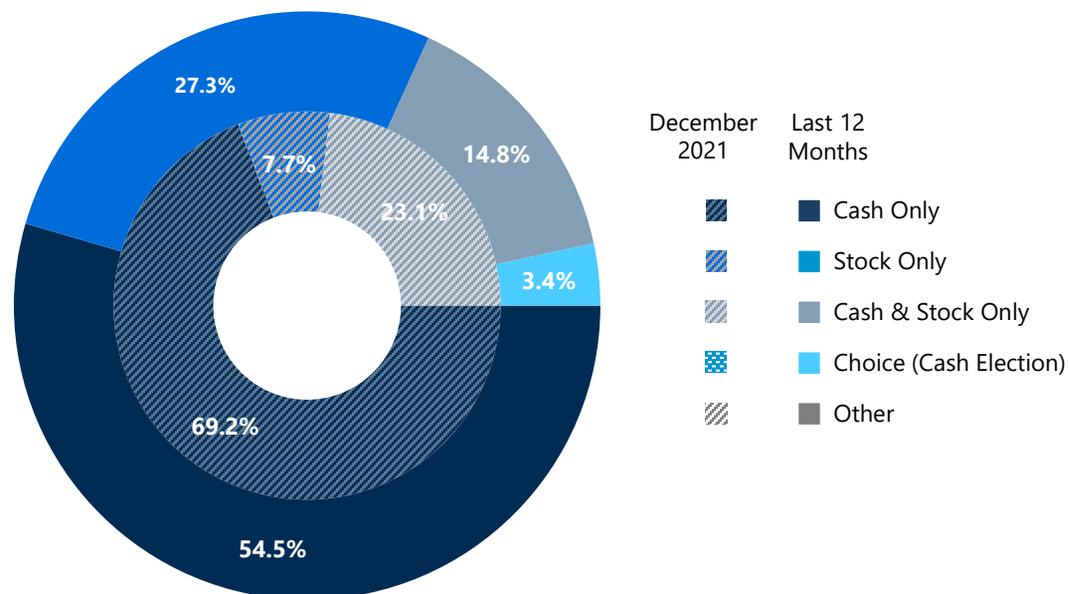
	December 2021	Last 12 Months
Target Break Fee for All Mergers	3.7	3.7

	December 2021	Last 12 Months
Reverse Break Fee for All Mergers ⁵	8.0	5.8
Reverse Break Fee for Mergers Involving Financial Buyers ⁶	14.6	7.6
Reverse Break Fee for Mergers Involving Strategic Buyers ⁷	4.1	4.8

U.S. Public Merger Go-Shop Provisions⁴

	December 2021	Last 12 Months
% of Mergers with Go-Shops	0.0	7.4
% of Mergers Involving Financial Buyers with Go-Shops ⁸	0.0	30.8
% of Mergers Involving Strategic Buyers with Go-Shops ⁹	0.0	0.7
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops ¹⁰	N/A	36.2
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops ¹¹	N/A	35.4
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops ¹²	N/A	45.0

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



Tender Offers as % of U.S. Public Mergers

December 2021	7.7
Last 12 Months	11.4

Unaffected Premium %^{14,15}

December 2021	51.1
Last 12 Months	38.7

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

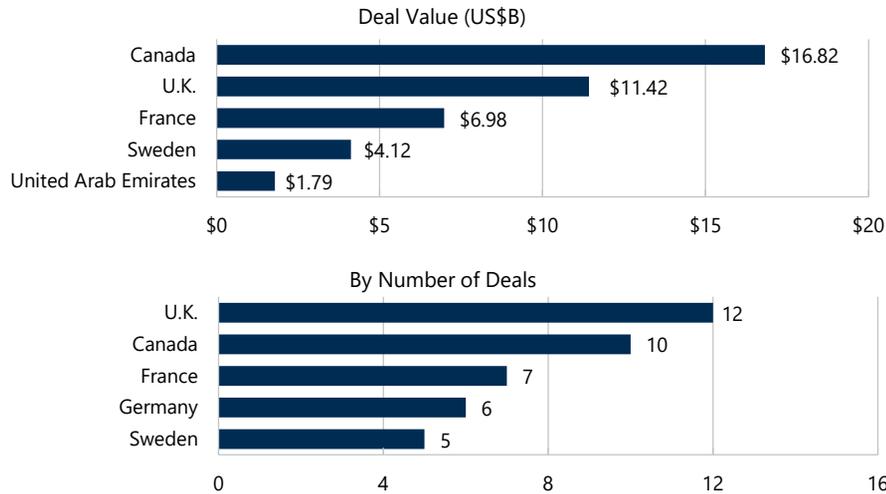
December 2021	0.0
Last 12 Months	14.7

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

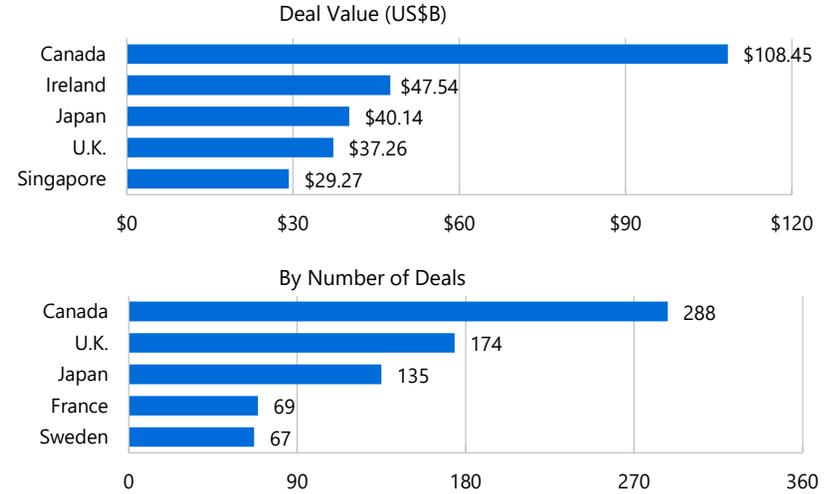
December 2021	1.1
Last 12 Months	1.2

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

Inbound U.S. Crossborder Transactions for December 2021

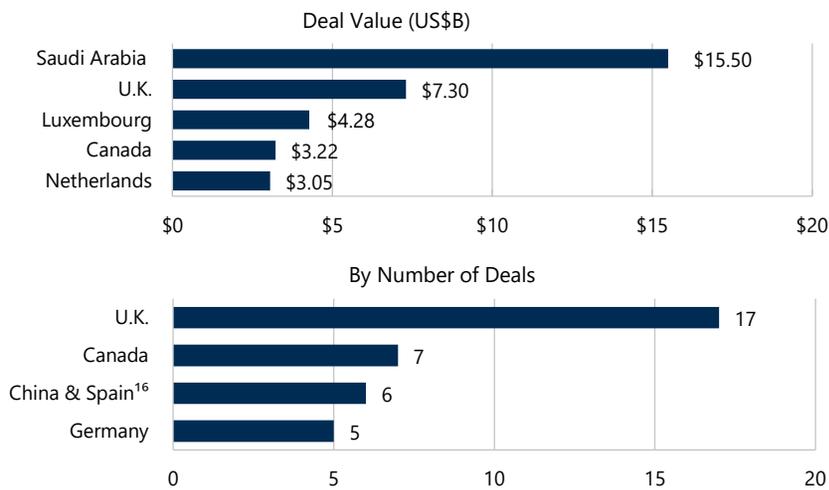


Inbound U.S. Crossborder Transactions for the Last 12 Months

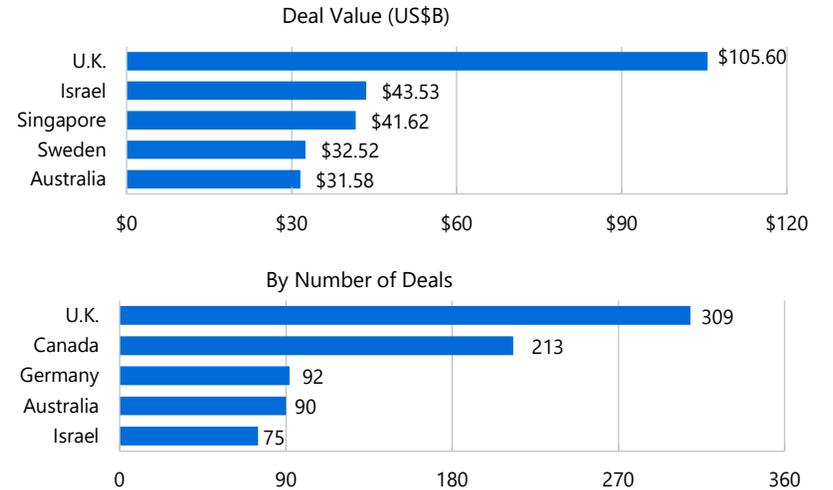


Top 5 Countries of Destination for Outbound U.S. Crossborder Transactions

Outbound U.S. Crossborder Transactions for December 2021

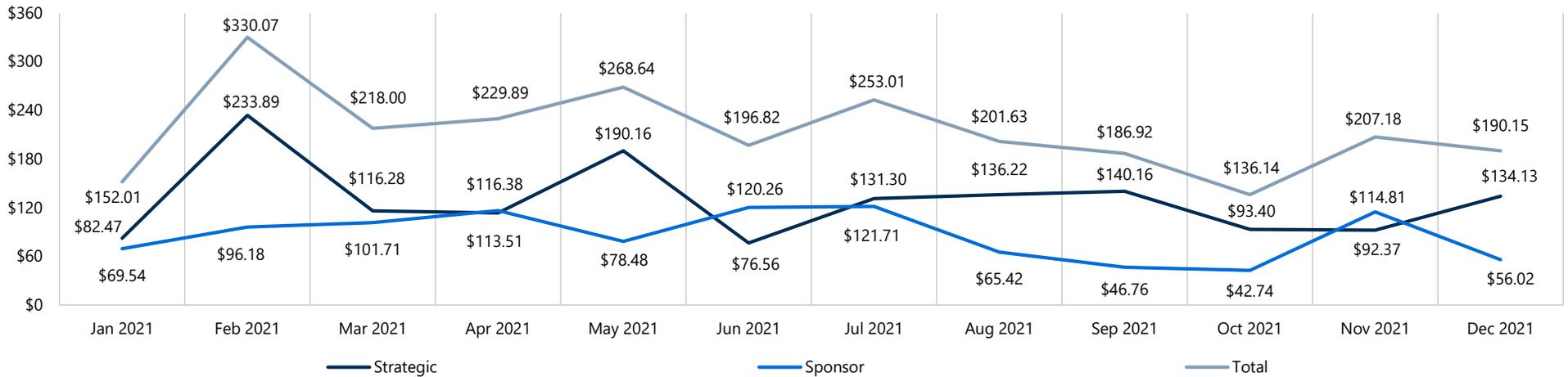


Outbound U.S. Crossborder Transactions for the Last 12 Months

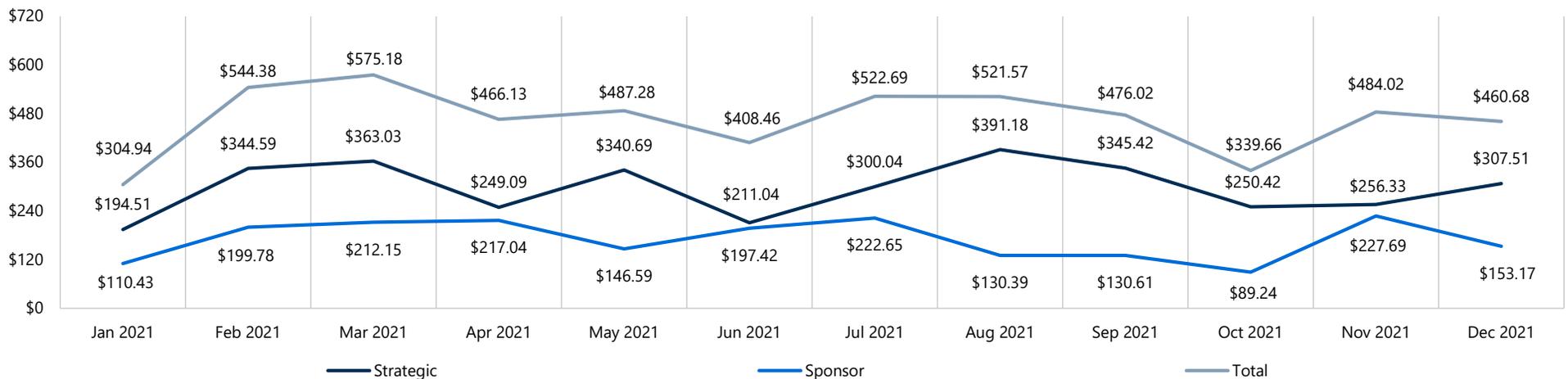


Appendix: M&A Activity – 12 Month Trends

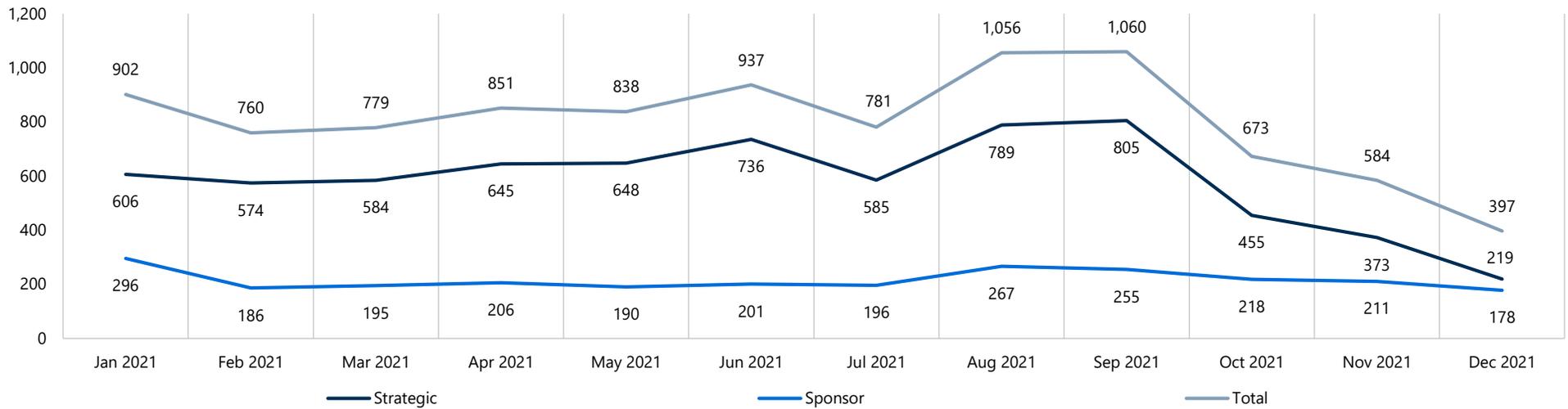
U.S. Deal Value (US\$B)



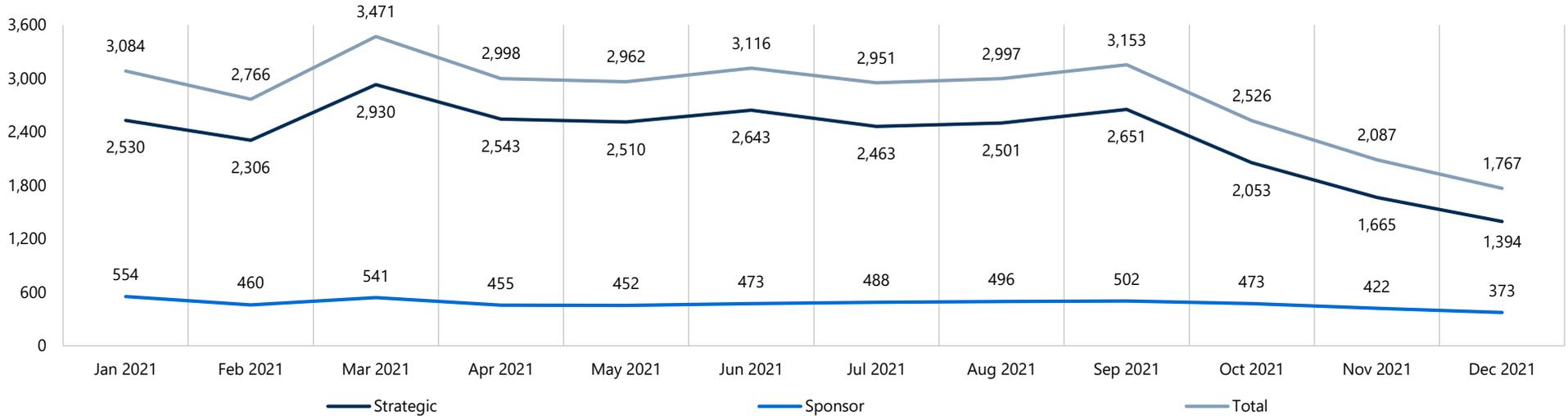
Global Deal Value (US\$B)



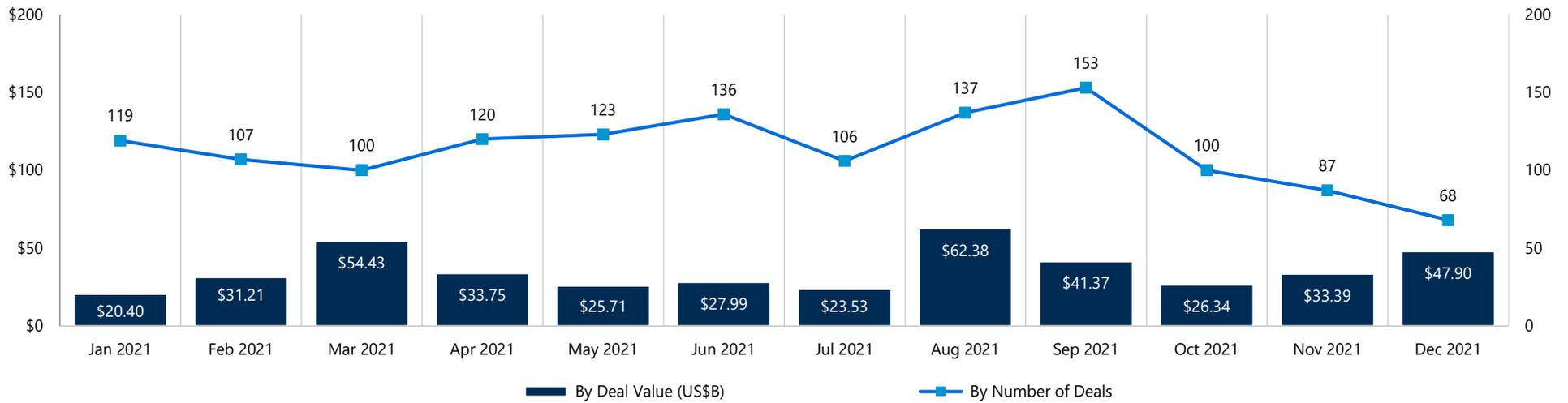
U.S. Number of Deals



Global Number of Deals



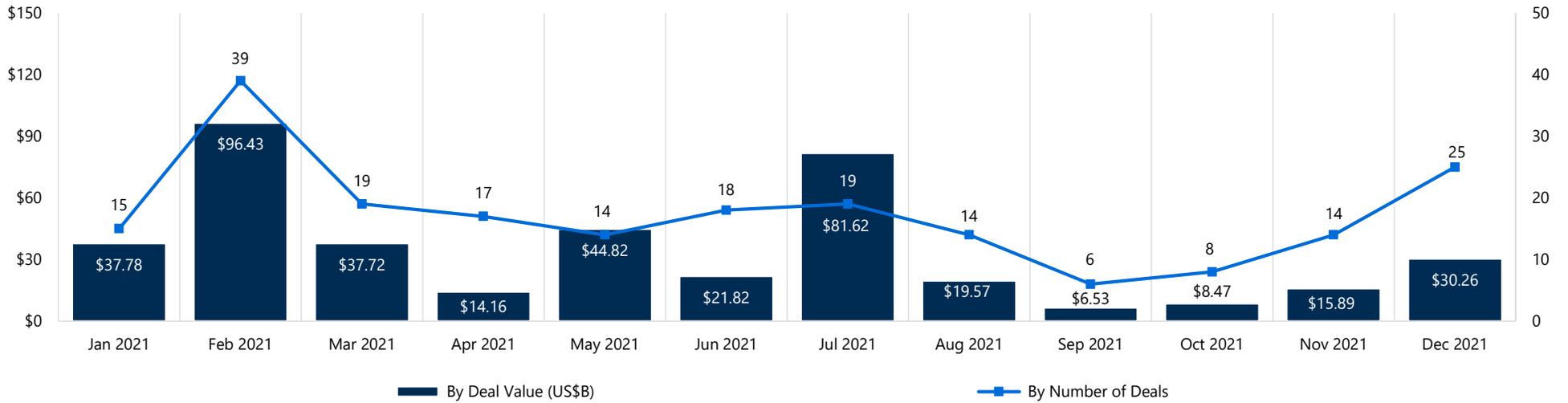
Inbound U.S. Crossborder Transactions



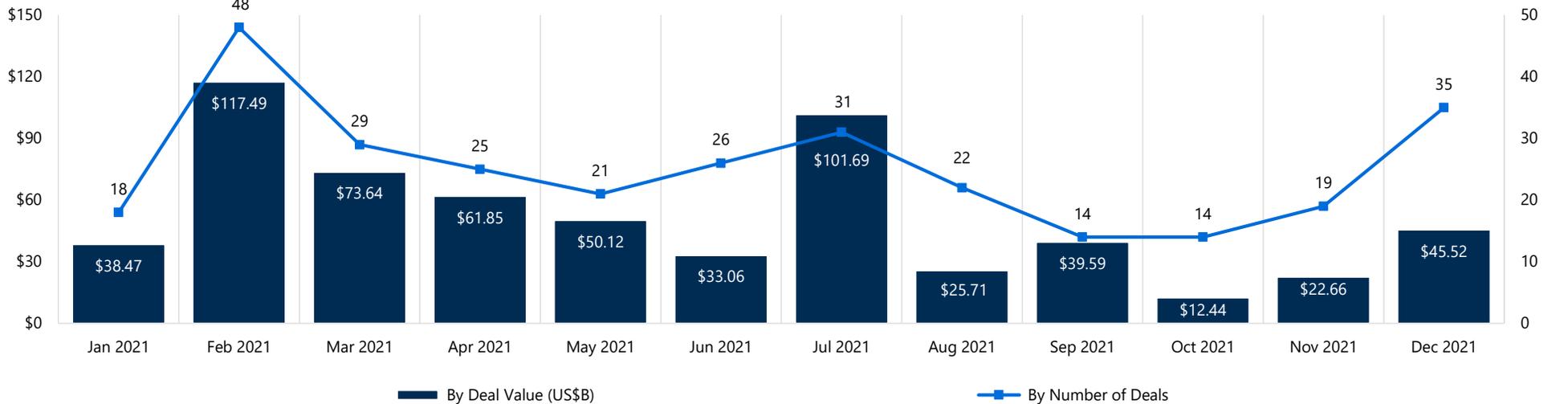
Outbound U.S. Crossborder Transactions



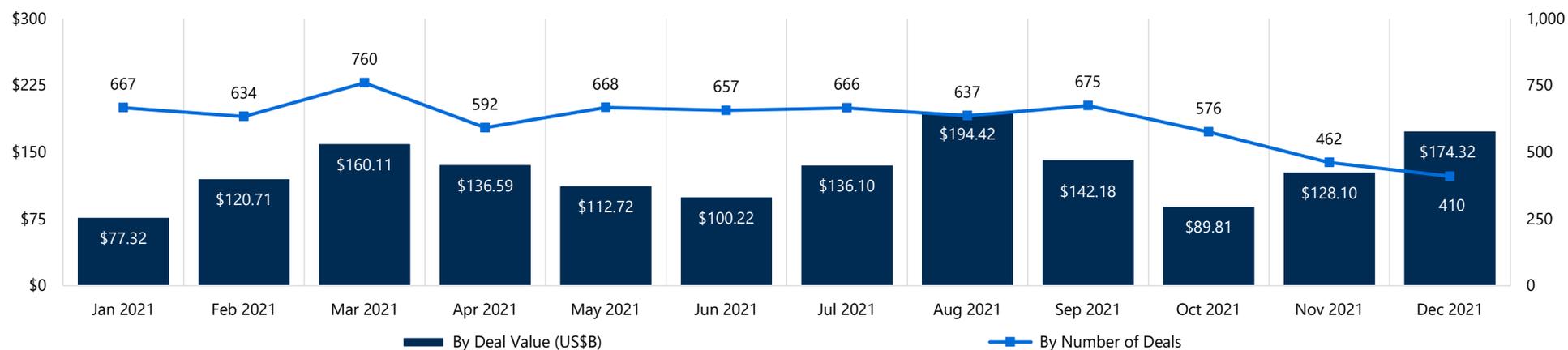
U.S. SPAC Acquisitions¹⁷



Global SPAC Acquisitions¹⁸



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 December 2021.
- Financial and strategic categories are determined by Deal Point Data.
- Eight transactions in December 2021 had a reverse break fee.
- Three transactions in December 2021 involving a financial buyer had a reverse break fee.
- Five transactions in December 2021 involving a strategic buyer had a reverse break fee.
- Four transactions in December 2021 involved a financial buyer.
- Nine transactions in December 2021 involved a strategic buyer.
- Zero transactions in December 2021 had a go-shop provision.
- Zero transactions in December 2021 involving a financial buyer had a go-shop provision.
- Zero transactions in December 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 Spain was the country of destination for six transactions in December 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 January 2021 to December 2021 inclusive. Data obtained from Cortex and Deal Point Data has not been reviewed for accuracy by Paul, Weiss.

Our Mergers & Acquisitions Practice

Paul, Weiss is a leading law firm serving the largest publicly and privately held corporations and financial institutions in the United States and throughout the world. Our firm is widely recognized for achieving an unparalleled record of success for our clients, both in their bet-the-company litigations and their most critical strategic transactions. We are keenly aware of the extraordinary challenges and opportunities facing national and global economies and are committed to serving our clients' short- and long-term goals.

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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: 3G Capital in its proposed \$7.1 billion acquisition of the controlling interest of Hunter Douglas; Rocket Companies in its \$1.275 billion acquisition of Truebill; Global Infrastructure Partners in its proposed \$15 billion acquisition (together with KKR) of CyrusOne; General Electric in the spin-offs of its healthcare and power businesses into separately traded public companies; Oak Hill Advisors in its \$4.2 billion sale to T. Rowe Price Group; Qualcomm, alongside SSW Partners, in its \$4.5 billion topping bid for Veoneer; Neustar in its \$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 \$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 \$2.6 billion business combination with Isos Acquisition Corporation; the Special Committee of the Board of Directors of QAD in its \$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; Lehigh Hanson in the \$2.3 billion sale of its U.S. West region business to Martin Marietta Material; 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 \$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 \$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; Bioerativ 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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