

M&A AT A GLANCE

FEBRUARY 2022 | ISSUE 119

Key Takeaways

- U.S. M&A made a strong showing last month, even as global activity declined. After three months of declines, U.S. deal count and total deal value increased 27% and 5.4%, respectively. U.S. strategic deals made a particularly strong showing, up 54% by deal count and 7% by total deal value. The average value of U.S. public company mergers in particular saw a notable increase of 118% relative to December. Meanwhile, global deal count and total deal value decreased 7% and 29%, respectively, with both strategic and sponsor-related sectors down compared to the prior month.
- U.S. cross-border activity was also down in January, decreasing 64% for inbound flow and 53% for outbound flow. Japan led in total deal value for inbound transactions at \$4.8 billion, while Switzerland led in total deal value for outbound transactions at \$9.1 billion. By number of deals, Canada and the U.K. led for inbound and outbound U.S. deals, respectively.
- Computers & Electronics remained the most active industry by both deal value and number of deals over the past month and the last twelve months (LTM), with its total deal value of \$140 billion reflecting a 129% increase from December. This was driven in part by Vista Equity Partners LLC's acquisition of Citrix Systems, Inc. for \$13.6 billion. Oil & Gas saw a significant 493.6% increase in deal value, driven largely by Chesapeake Energy Corp's acquisition of Chief E&D Holdings LP for \$2.6 billion.
- U.S. SPAC acquisitions reversed their previous upward trend in January, with an 88% decrease in deal value and 76% decrease in the number of deals. Global SPAC acquisitions similarly declined, with a decrease of 61% in deal volume and 63% in number of deals.
- U.S. public merger highlights in December include the following:
 - Average reverse break fees reached 9%, the highest rate in over 12 months. This jump was led by an increase to 9% for average reverse break fee for strategic mergers (though such fees were observed in only two transactions), up from a 5% average LTM.
 - Cash-Only deals accounted for 78% of all U.S. deals in January (as compared to 55% LTM), while stock-only deals accounted for only 11% of the same (as compared to 28% LTM).
 - Tender offers accounted for 33% of all deals in January, outpacing the 25% high in November and significantly outpacing the LTM average of 13%. Hostile and unsolicited offers saw a similar increase 31% of deals compared to 16% LTM.
 - 11% of U.S. deals contained go-shops provisions in January, compared to the LTM average of 8%, including a significant 17% of strategic deals compared to the LTM average of only 1.5%. Conversely, there were no U.S. deals with financial buyers in January with go-shop provisions, compared to the LTM average of 30%.

Strategic vs. Sponsor Activity

U.S.
Total
\$204.8 billion – ▲5.4%
623 deals – ▲27.1%
Strategic
\$146.2 billion – ▲6.5%
453 deals – ▲54.1%
Sponsor
\$58.6 billion – ▲2.5%
170 deals – ▼13.3%

Global
Total
\$344.8 billion – ▼28.7%
1,956 deals – ▼7.3%
Strategic
\$236.8 billion – ▼28.3%
1,609 deals – ▼5.0%
Sponsor
\$108.0 billion – ▼29.7%
347 deals – ▼16.8%

Crossborder Activity

U.S. Inbound	U.S. Outbound
\$17.5 billion	\$22.1 billion
▼64.1%	▼53.4%
77 deals	91 deals
▼11.5%	▼13.3%
leading country Japan – \$4.8 billion	leading country Switzerland – \$9.1 billion
Canada – 17 deals	U.K. – 18 deals
leading country last 12 months Canada – \$109.7 billion	leading country last 12 months U.K. – \$96.9 billion
Canada – 289 deals	U.K. – 312 deals

Industry Activity

 most deals 236 deals Computers & Electronics	 last 12 months 3,787 deals Computers & Electronics
 most dollar value \$134.9 billion Computers & Electronics	 last 12 months \$845.9 billion Computers & Electronics

SPAC Acquisitions

 \$3.9 billion ▼ 87.3%	6 deals ▼ 76.0%	 \$17.8 billion ▼ 61.0%	13 deals ▼ 62.9%
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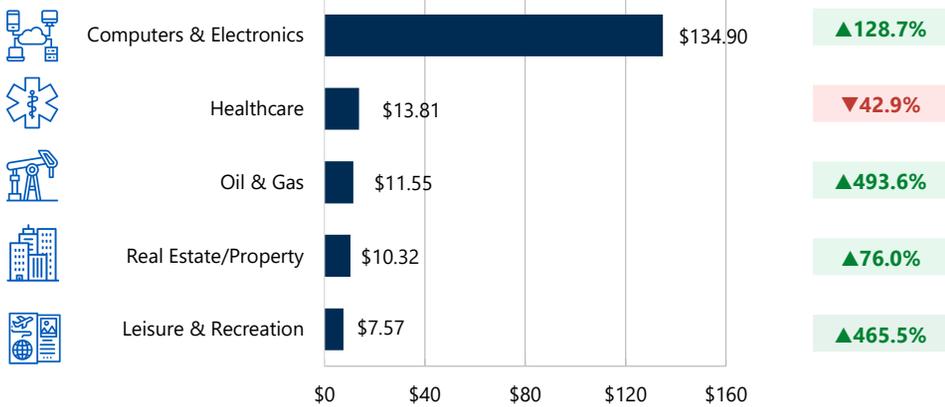
All data is for January 2022, and is as of February 10, 2022 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

Most Active U.S. Target Industries¹

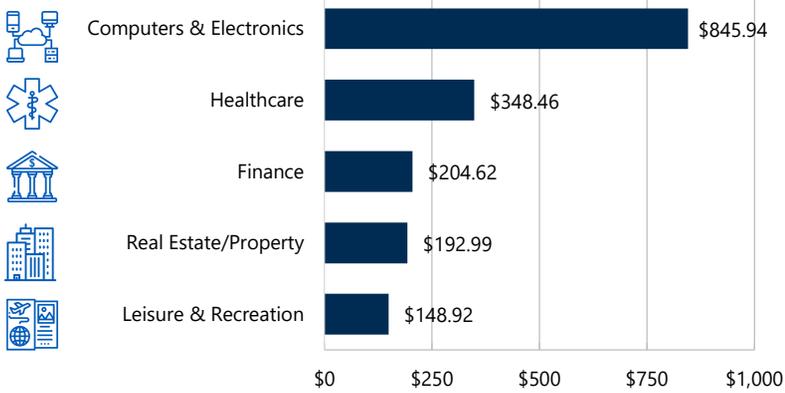
Deal Value (US\$B)

January 2022

+/- from last month



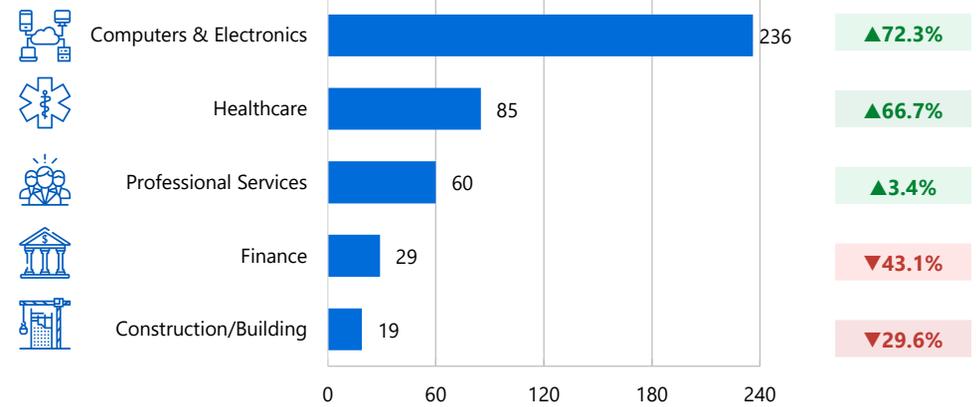
Last 12 Months



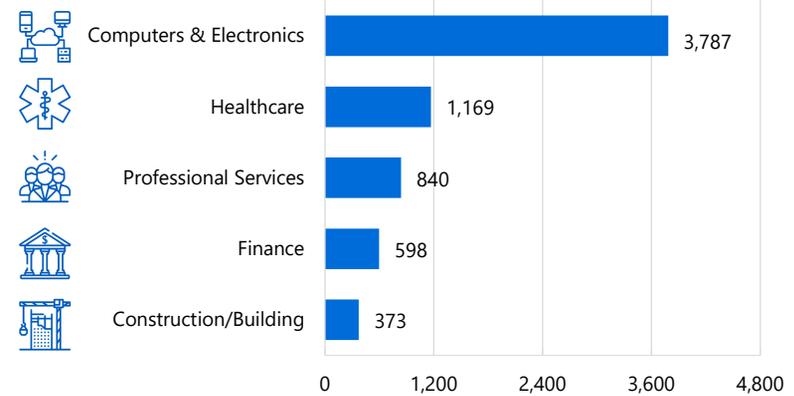
Number of Deals

January 2022

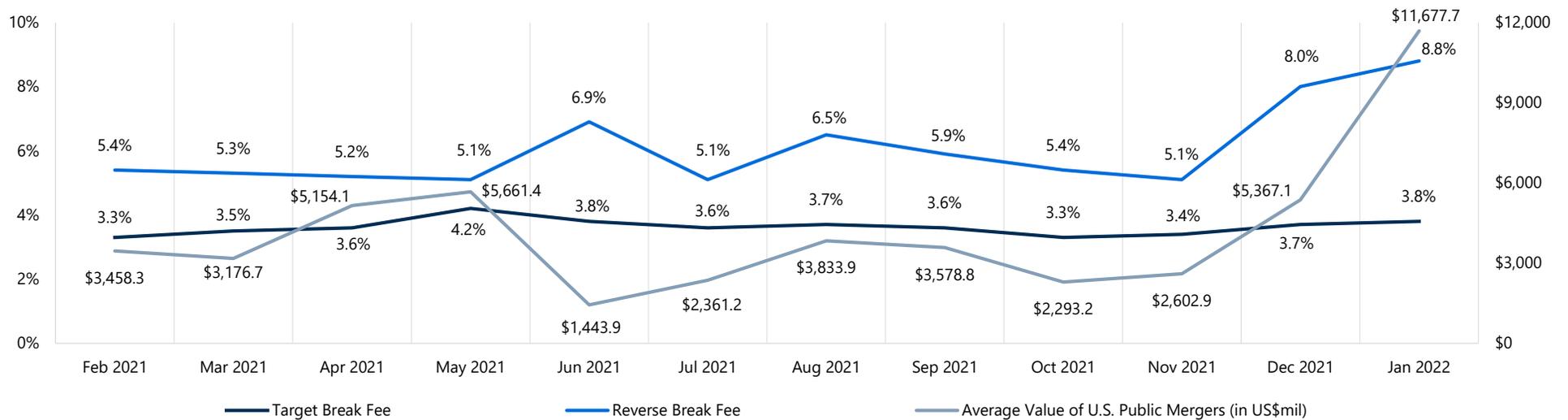
+/- from last month



Last 12 Months



Average Break Fees as % of Equity Value²



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

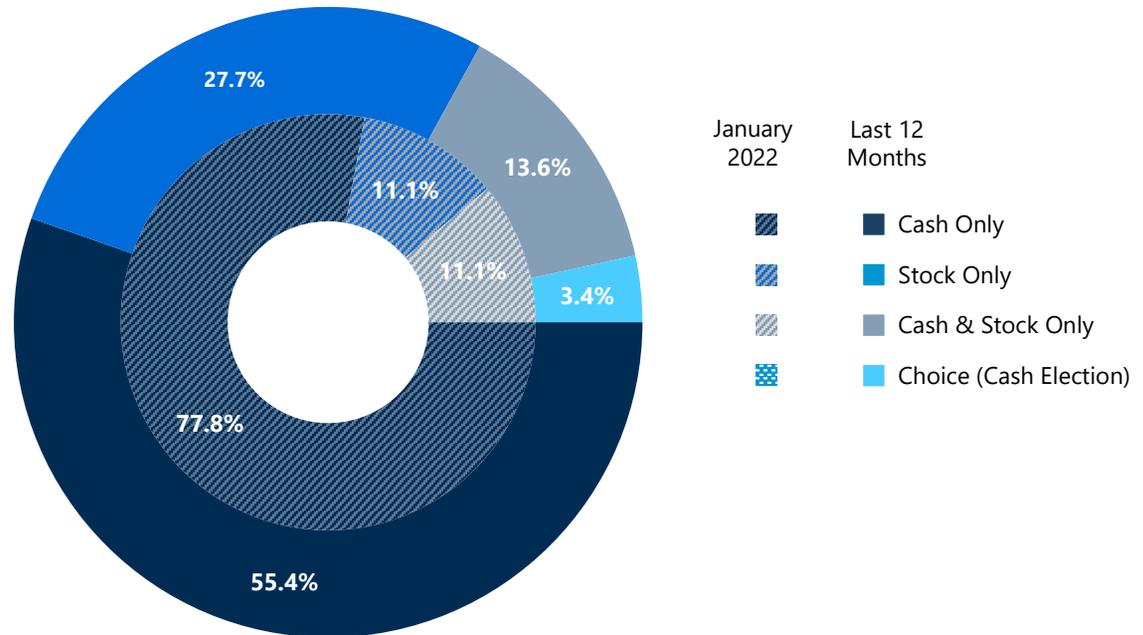
	January 2022	Last 12 Months
Target Break Fee for All Mergers	3.8	3.6

	January 2022	Last 12 Months
Reverse Break Fee for All Mergers ⁵	8.8	5.9
Reverse Break Fee for Mergers Involving Financial Buyers ⁶	8.5	7.8
Reverse Break Fee for Mergers Involving Strategic Buyers ⁷	9.1	4.9

U.S. Public Merger Go-Shop Provisions⁴

	January 2022	Last 12 Months
% of Mergers with Go-Shops	11.1	7.9
% of Mergers Involving Financial Buyers with Go-Shops ⁸	0.0	30.8
% of Mergers Involving Strategic Buyers with Go-Shops ⁹	16.7	1.4
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops ¹⁰	45.0	36.8
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	45.0	45.0

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



Tender Offers as % of U.S. Public Mergers

January 2022	33.3
Last 12 Months	13.0

Unaffected Premium %^{14,15}

January 2022	40.5
Last 12 Months	38.9

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

January 2022	30.8
Last 12 Months	15.9

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

January 2022	1.6
Last 12 Months	1.2

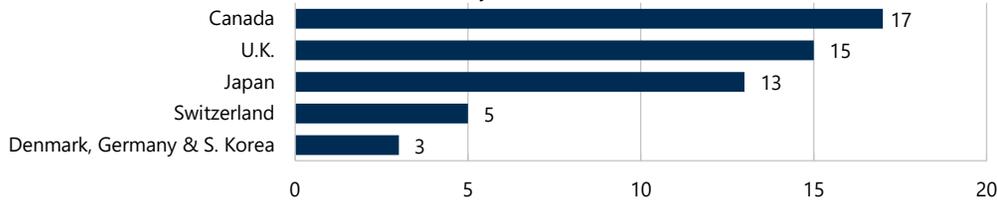
Top 5 Countries of Origin for Inbound U.S. Crossborder Transactions

Inbound U.S. Crossborder Transactions for January 2022¹⁶

Deal Value (US\$B)



By Number of Deals

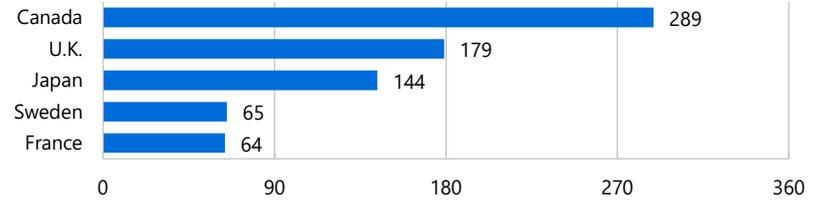


Inbound U.S. Crossborder Transactions for the Last 12 Months

Deal Value (US\$B)



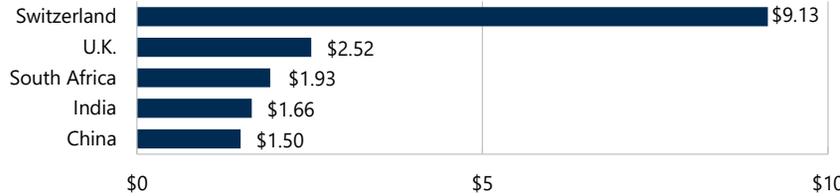
By Number of Deals



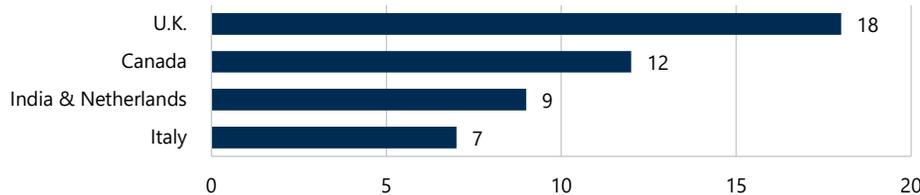
Top 5 Countries of Destination for Outbound U.S. Crossborder Transactions

Outbound U.S. Crossborder Transactions for January 2022¹⁷

Deal Value (US\$B)



By Number of Deals

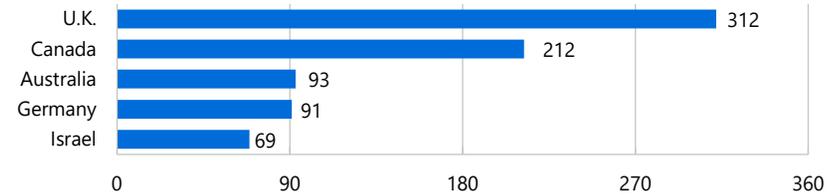


Outbound U.S. Crossborder Transactions for the Last 12 Months

Deal Value (US\$B)

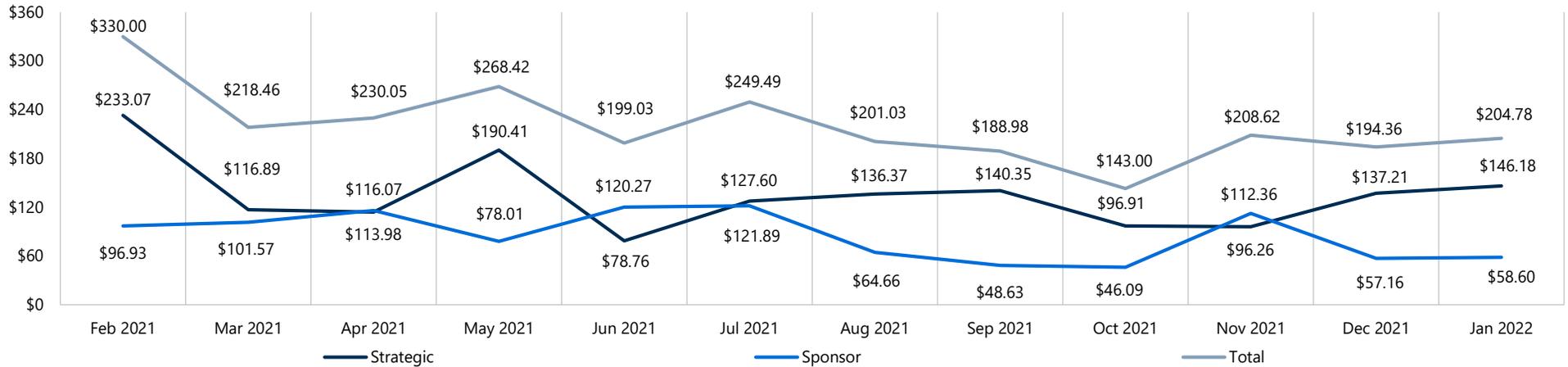


By Number of Deals

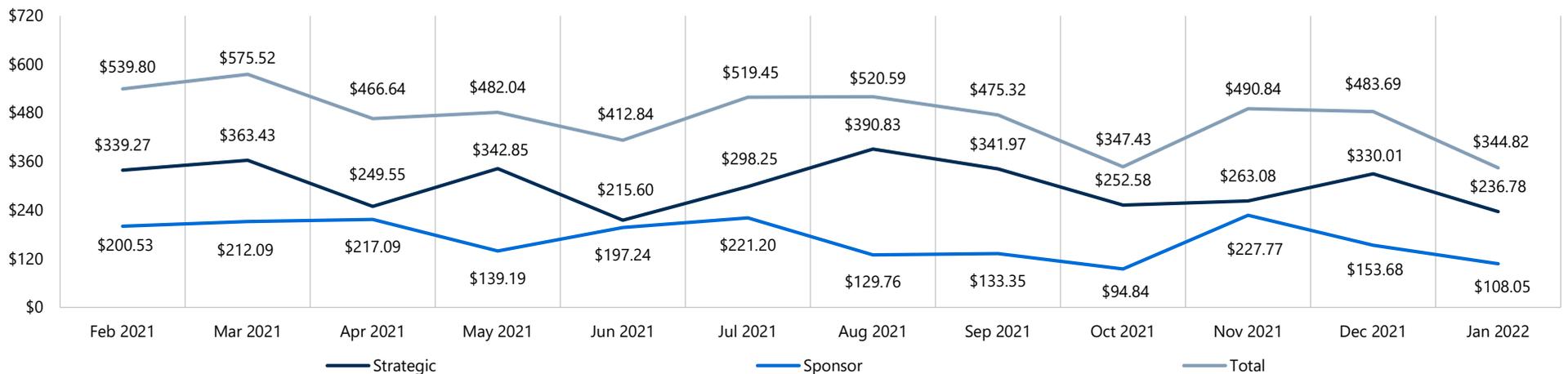


Appendix: M&A Activity – 12 Month Trends

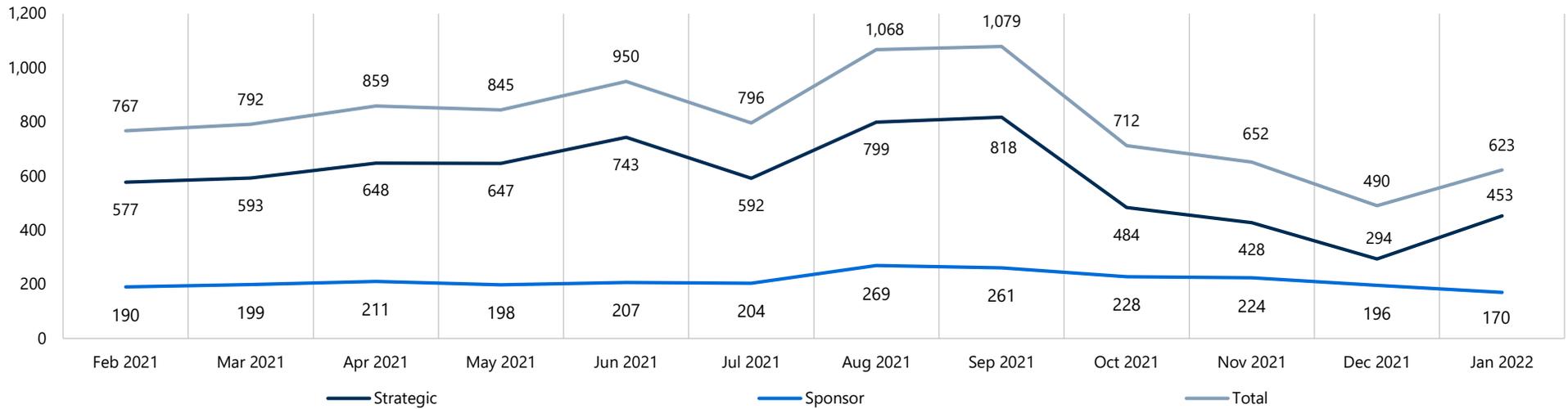
U.S. Deal Value (US\$B)



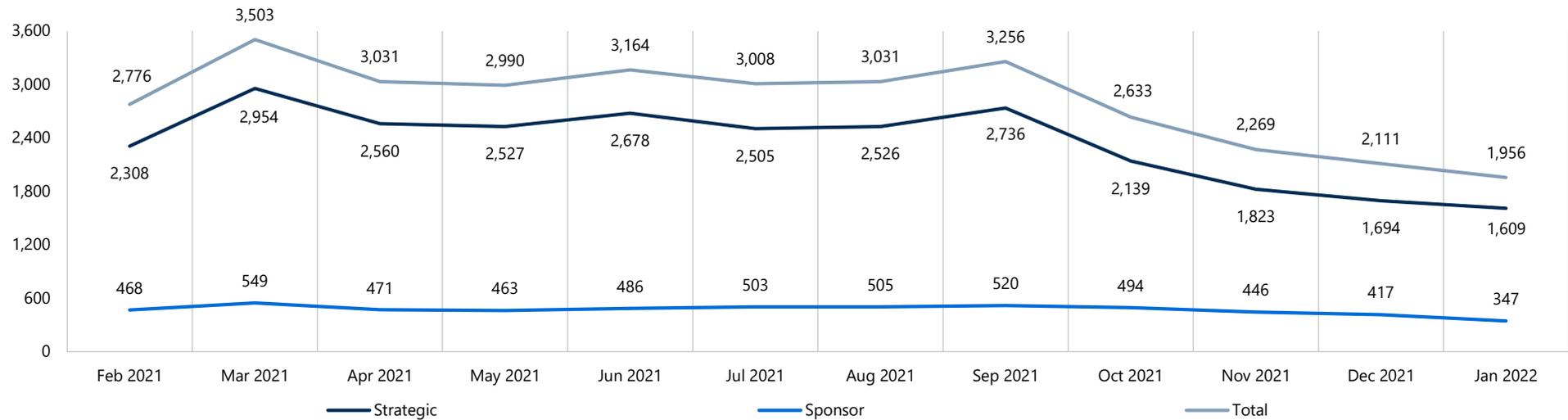
Global Deal Value (US\$B)



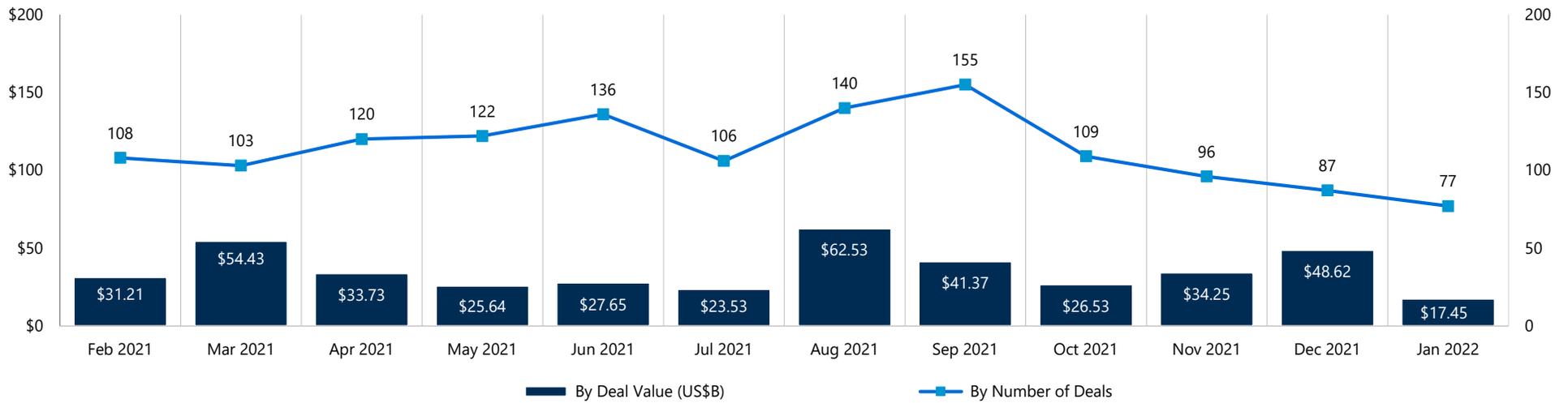
U.S. Number of Deals



Global Number of Deals



Inbound U.S. Crossborder Transactions



Outbound U.S. Crossborder Transactions



U.S. SPAC Acquisitions¹⁸



Global SPAC Acquisitions¹⁹



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 nine transactions in January 2022.
- Financial and strategic categories are determined by Deal Point Data.
- Four transactions in January 2022 had a reverse break fee.
- Two transactions in January 2022 involving a financial buyer had a reverse break fee.
- Two transactions in January 2022 involving a strategic buyer had a reverse break fee.
- Three transactions in January 2022 involved a financial buyer.
- Six transactions in January 2022 involved a strategic buyer.
- One transaction in January 2022 had a go-shop provision.
- Zero transactions in January 2022 involving a financial buyer had a go-shop provision.
- One transaction in January 2022 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 Denmark, Germany and South Korea was the country of origin for three transactions in January 2022.
- Each of India and the Netherlands was the country of destination for nine transactions in January 2022.
- 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 February 2021 to January 2022 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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Strategic M&A

Recent highlights include advising: Aptiv in its proposed \$4.3 billion acquisition of Wind River from TPG Capital; Rocket Companies in its \$1.275 billion acquisition of Truebill; General Electric in its reorganization through spin-offs into separate publicly traded aviation, healthcare and energy companies; Qualcomm, alongside SSW Partners, in its \$4.5 billion topping bid for Veoneer; 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 \$3.1 billion sale of its Chubb fire and security business to APi Group Corporation; 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; Nuance Communications in its proposed \$19.7 billion sale to Microsoft Corp.; 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; 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; 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; 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; 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; the Independent Directors of Avon in its \$3.7 billion sale to Natura & Co.; 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; and IBM in its \$34 billion acquisition of Red Hat.

Private Equity M&A

Recent highlights include advising: 3G Capital in its proposed \$7.1 billion acquisition of Hunter Douglas; Global Infrastructure Partners in its proposed \$15 billion acquisition (together with KKR) of CyrusOne; Oak Hill Advisors in its \$4.2 billion sale to T. Rowe Price Group; 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; 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; funds managed by affiliates of Apollo Global Management in their \$5 billion acquisition of Verizon Media; Univision Holdings in its \$4.8 billion combination with the content and media assets of Grupo Televisa, S.A.B.; Apollo Global Management in its \$11 billion merger with Athene; KPS Capital Partners in its \$2.7 billion acquisition of the EMEA food, aerosol and promotional packaging business from Crown Holding; Inspire Brands in its \$11.3 billion acquisition of Dunkin' Brands Group; an affiliate of Roark Capital Group in its approximately \$1.5 billion acquisition of the ServiceMaster Brands businesses of ServiceMaster Global Holdings; 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; funds managed by affiliates of Apollo Global Management in their \$2.7 billion acquisition of Shutterfly; and KPS Capital Partners in its \$1.8 billion acquisition of Howden from Colfax.

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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