

M&A AT A GLANCE

NOVEMBER 2022 | ISSUE 128

Key Takeaways

- ▶ U.S. M&A activity rose in October, though global activity generally declined. U.S. total deal value and deal count were up 11% and 15% over September levels, respectively. Global total deal value fell by 5%, but increased a modest 0.2% by deal count. U.S. strategic activity increased 6% and 9% by deal value and deal count, respectively, but was down 8% by deal value and flat by deal count globally. U.S. sponsor activity was up 16% and 28% by deal value and deal count, respectively, while global sponsor activity was virtually flat.
- ▶ Both U.S. inbound and outbound activity increased in October. Inbound activity was up 14% and 11% by total deal value and deal count, respectively, and outbound activity was up 2% and 31% by total deal value and deal count, respectively. As with the last twelve months (LTM), Canada led inbound activity by deal value (\$11.8 billion), but tied the U.K. by deal count with 21 deals each. The U.K. led outbound activity by deal value (\$3.2 billion) and deal count (20 deals), reflecting the LTM trend.
- ▶ Retail replaced Computers & Electronics as the most active industry by total deal value in the U.S. (\$25.1 billion), increasing a substantial 1,409% over September, due primarily to the \$24.8 billion acquisition of Albertsons Companies Inc. by Kroger Co. Computer & Electronics remained the most active industry by deal count in the U.S. for October (215 deals) and continues to lead LTM by total deal value and deal count.
- ▶ SPAC acquisitions reverted to a downward trend in the U.S., falling 4% and 7% by deal value and deal count, respectively. Globally, SPAC acquisitions were up, increasing 16% and 14% by deal value and deal count, respectively.
- ▶ U.S. public merger highlights in October include the following:
 - Average reverse break fees were 5.2%, below the LTM average of 6.3%.
 - Cash was again the dominant form of consideration, comprising 73% of deals. There were no mixed consideration deals.
 - The rate of tender offers (9%) remained well below the LTM average (17%).

Strategic vs. Sponsor Activity

U.S.
Total
\$114.8 billion – ▲10.6%
710 deals – ▲15.3%
Strategic
\$56.9 billion – ▲5.7%
459 deals – ▲9.3%
Sponsor
\$57.8 billion – ▲15.8%
251 deals – ▲28.1%

Global
Total
\$218.8 billion – ▼5.2%
2,297 deals – ▲0.2%
Strategic
\$139.3 billion – ▼7.6%
1,810 deals – ▼0.1%
Sponsor
\$79.6 billion – ▼0.7%
487 deals – ▲1.5%

Crossborder Activity

U.S. Inbound	U.S. Outbound
\$30.0 billion ▲13.5%	\$11.5 billion ▲2.3%
103 deals ▲10.8%	126 deals ▲31.3%
leading country Canada – \$11.8 billion Canada & U.K. – 21 deals	leading country U.K. – \$3.2 billion U.K. – 20 deals
leading country last 12 months Canada – \$93.2 billion Canada – 328 deals	leading country last 12 months U.K. – \$41.1 billion U.K. – 366 deals

Industry Activity

 most deals 215 deals Computers & Electronics	 last 12 months 3,813 deals Computers & Electronics
 most dollar value \$25.1 billion Retail	 last 12 months \$674.5 billion Computers & Electronics

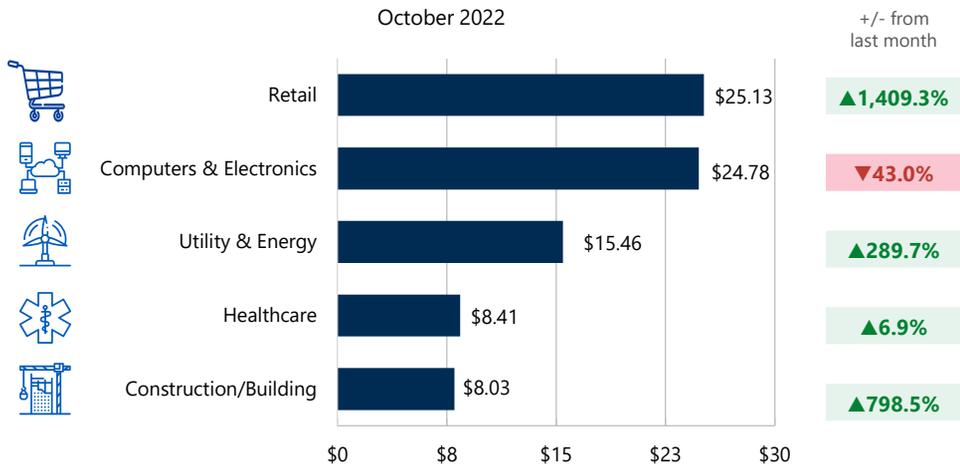
SPAC Acquisitions

 \$7.8 billion ▼ 3.6%	13 deals ▼ 7.1%	 \$13.4 billion ▲ 15.6%	25 deals ▲ 13.6%
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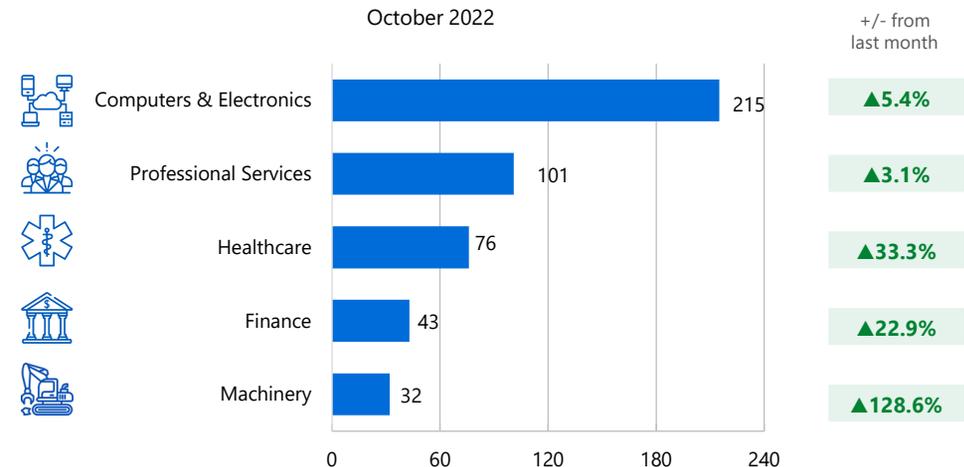
All data is for October 2022, and is as of November 10, 2022 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

Most Active U.S. Target Industries¹

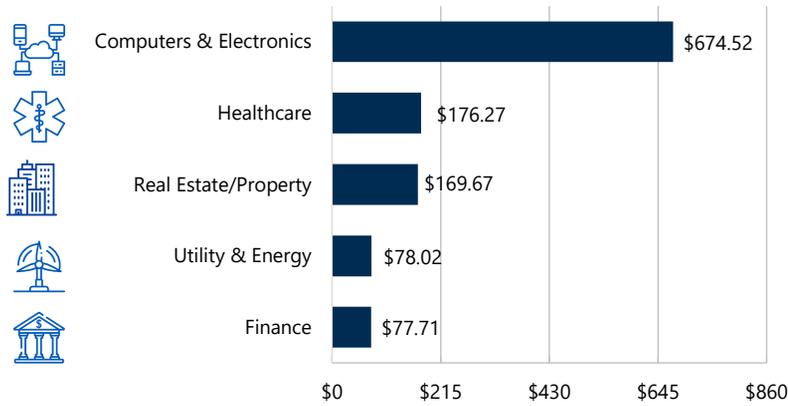
Deal Value (US\$B)



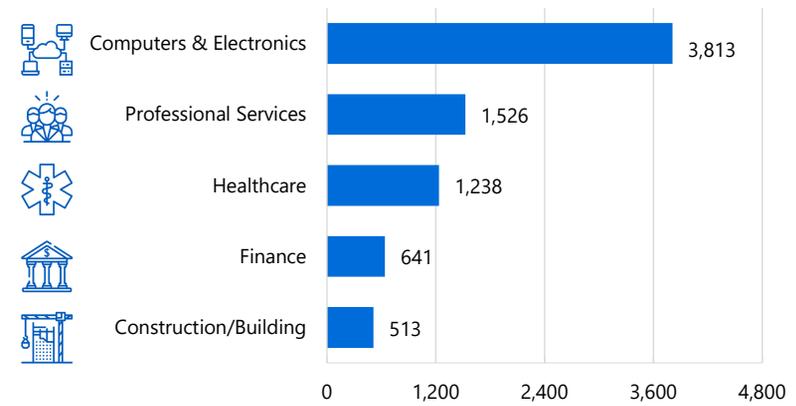
Number of Deals



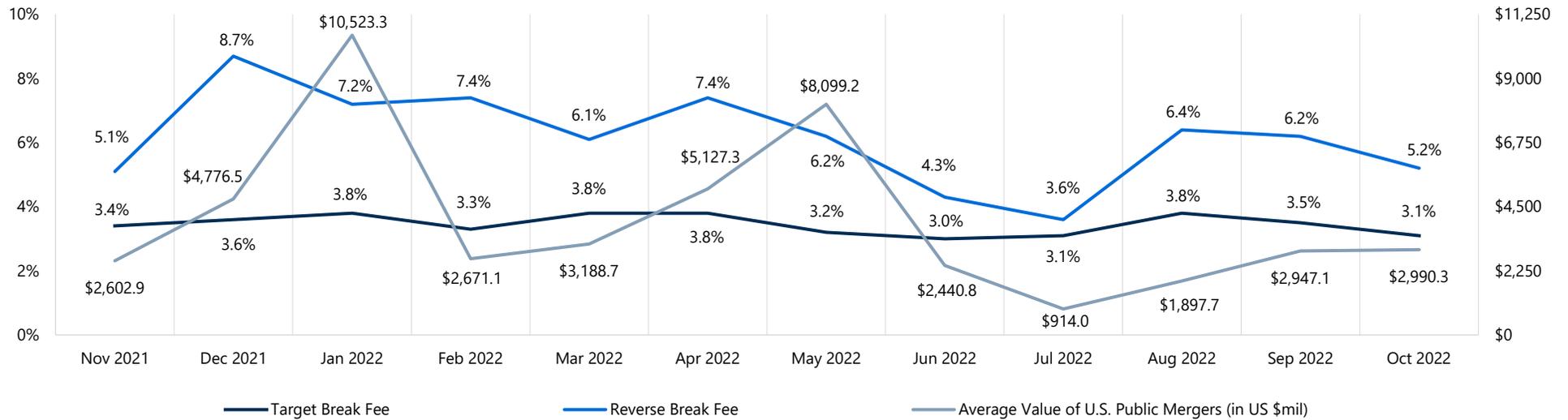
Last 12 Months



Last 12 Months



Average Break Fees as % of Equity Value²



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

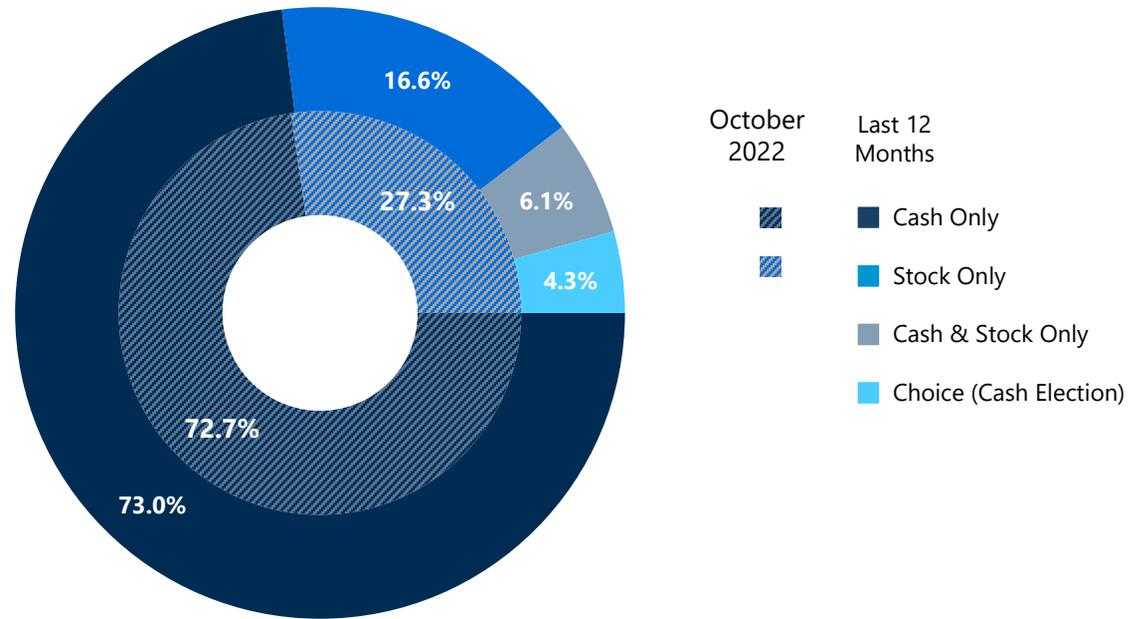
	October 2022	Last 12 Months
Target Break Fee for All Mergers	3.1	3.5

	October 2022	Last 12 Months
Reverse Break Fee for All Mergers ⁵	5.2	6.3
Reverse Break Fee for Mergers Involving Financial Buyers ⁶	6.3	7.4
Reverse Break Fee for Mergers Involving Strategic Buyers ⁷	5.1	5.4

U.S. Public Merger Go-Shop Provisions⁴

	October 2022	Last 12 Months
% of Mergers with Go-Shops	9.1	12.9
% of Mergers Involving Financial Buyers with Go-Shops ⁸	50.0	29.1
% of Mergers Involving Strategic Buyers with Go-Shops ⁹	0.0	4.6
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops ¹⁰	45.0	35.3
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops ¹¹	45.0	35.7
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops ¹²	N/A	14.0

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



Tender Offers as % of U.S. Public Mergers

October 2022	9.1
Last 12 Months	17.2

Unaffected Premium %^{14,15}

October 2022	46.6
Last 12 Months	48.5

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

October 2022	15.4
Last 12 Months	15.3

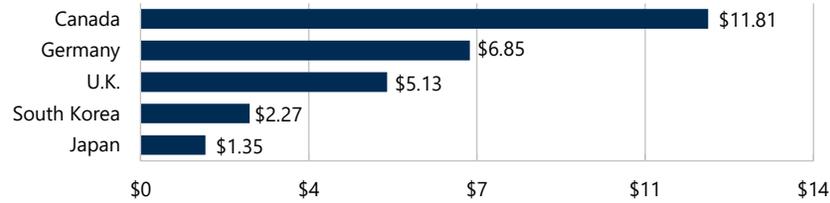
Total Target Adviser Fee(s) as % of Equity Value

October 2022	1.7
Last 12 Months	1.5

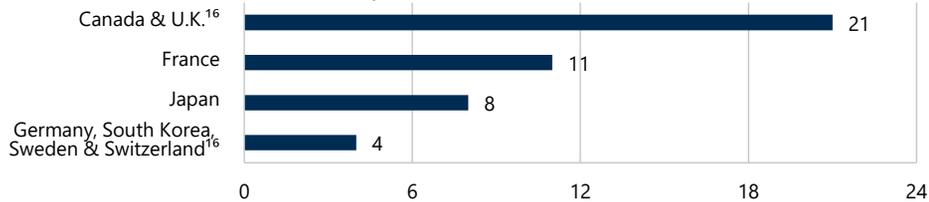
Top 5 Countries of Origin for Inbound U.S. Crossborder Transactions

Inbound U.S. Crossborder Transactions for October 2022

Deal Value (US\$B)

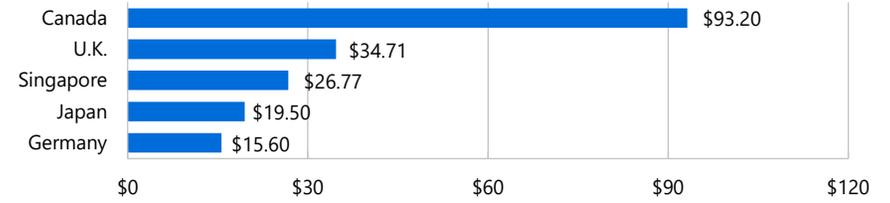


By Number of Deals

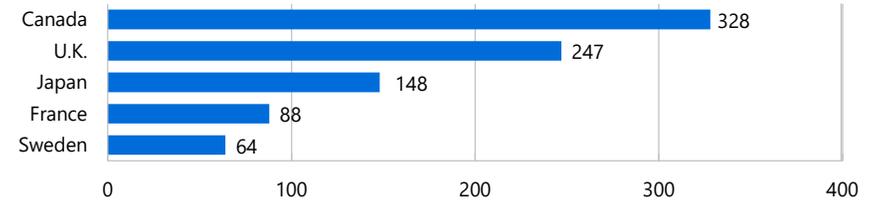


Inbound U.S. Crossborder Transactions for the Last 12 Months

Deal Value (US\$B)



By Number of Deals



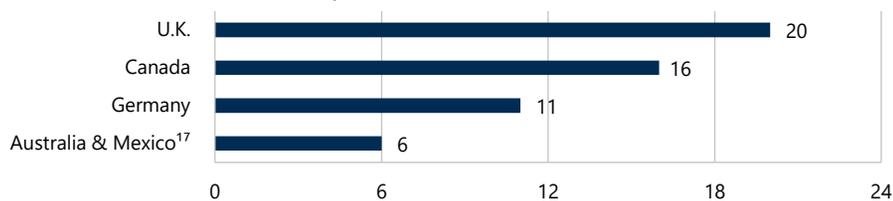
Top 5 Countries of Destination for Outbound U.S. Crossborder Transactions

Outbound U.S. Crossborder Transactions for October 2022

Deal Value (US\$B)

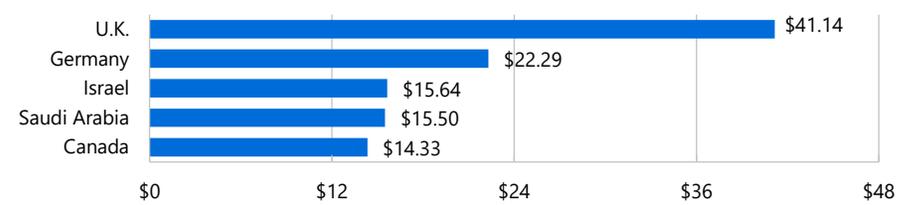


By Number of Deals

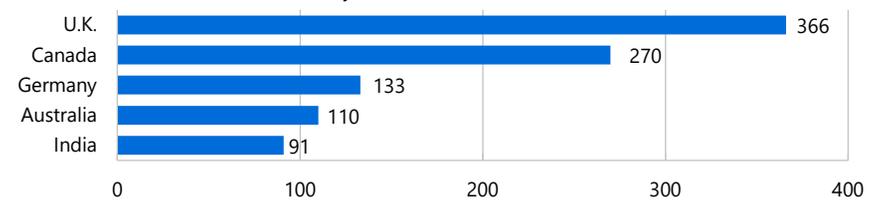


Outbound U.S. Crossborder Transactions for the Last 12 Months

Deal Value (US\$B)

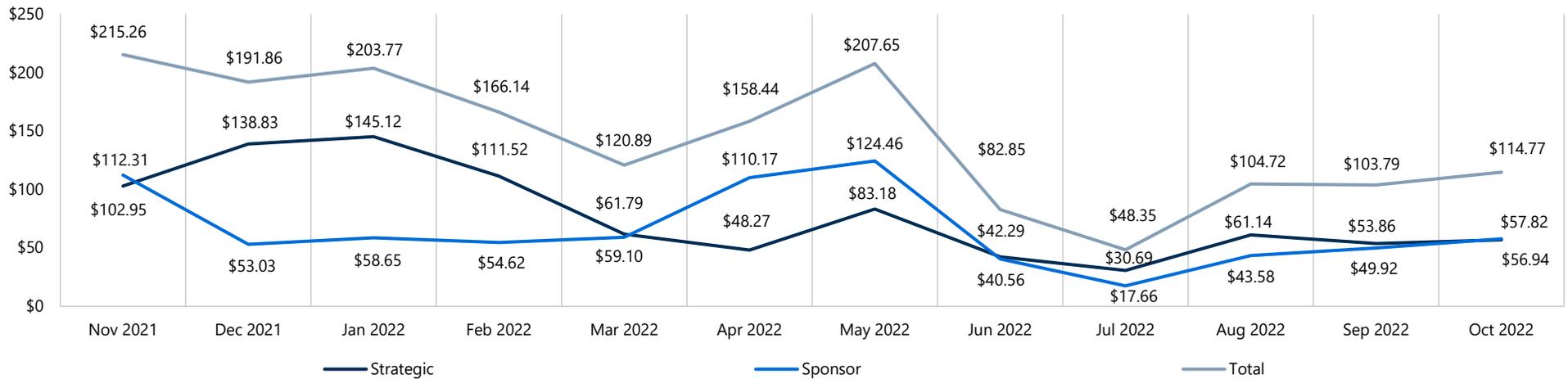


By Number of Deals



Appendix: M&A Activity – 12 Month Trends

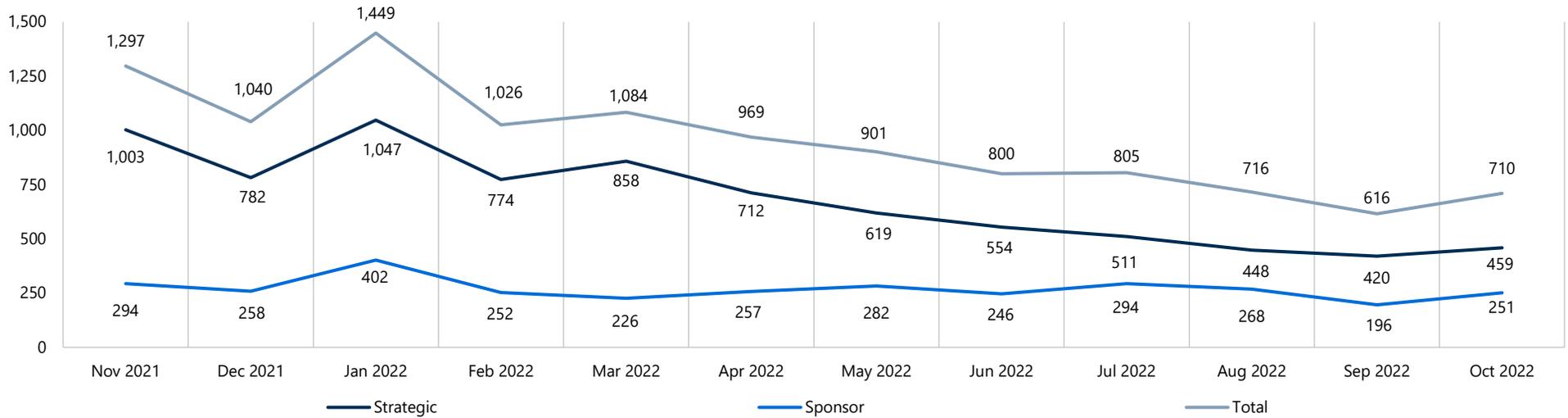
U.S. Deal Value (US\$B)



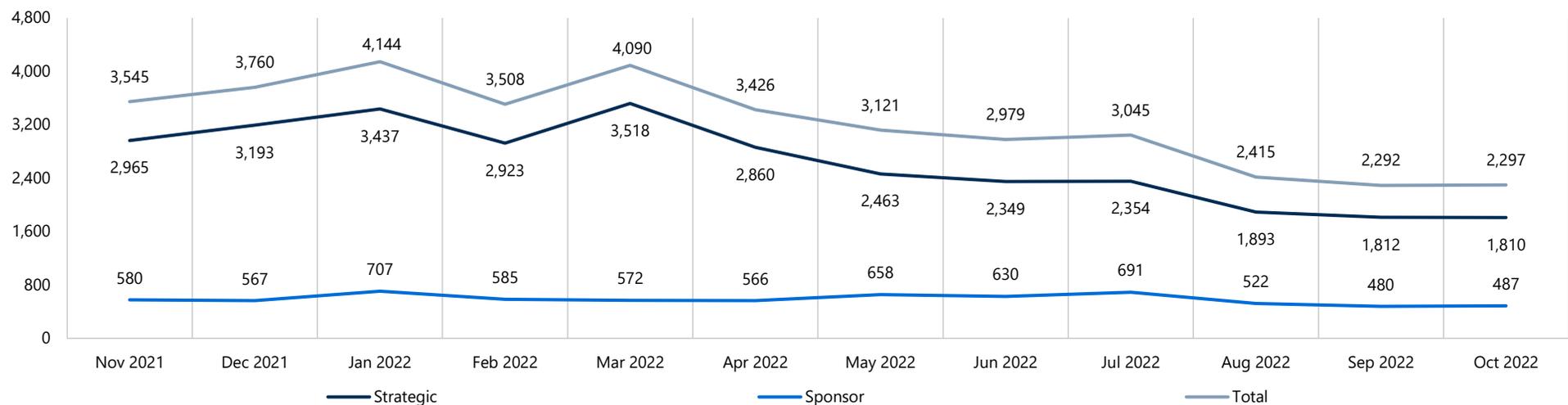
Global Deal Value (US\$B)



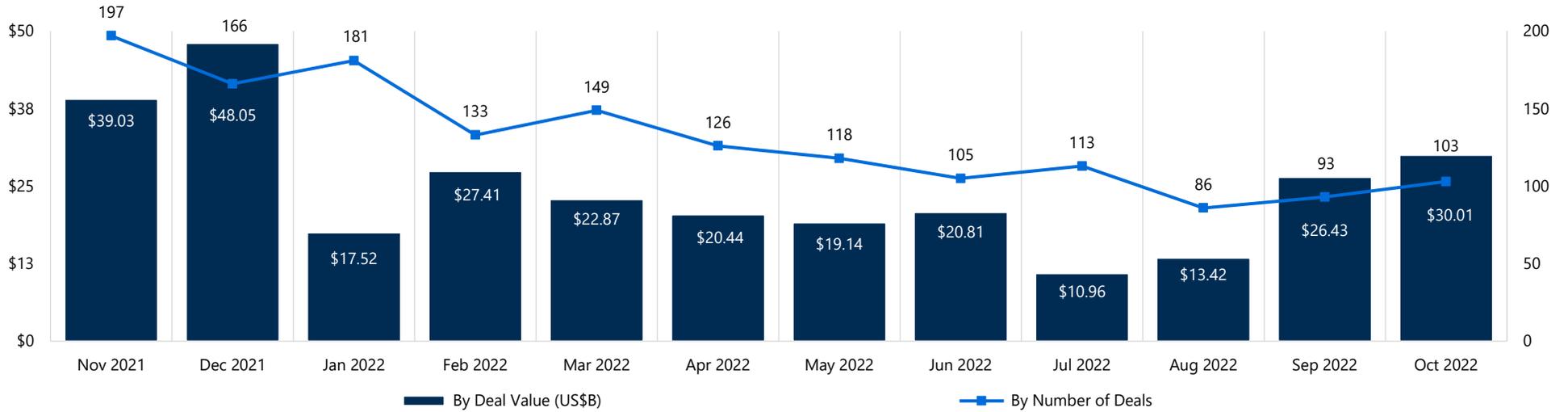
U.S. Number of Deals



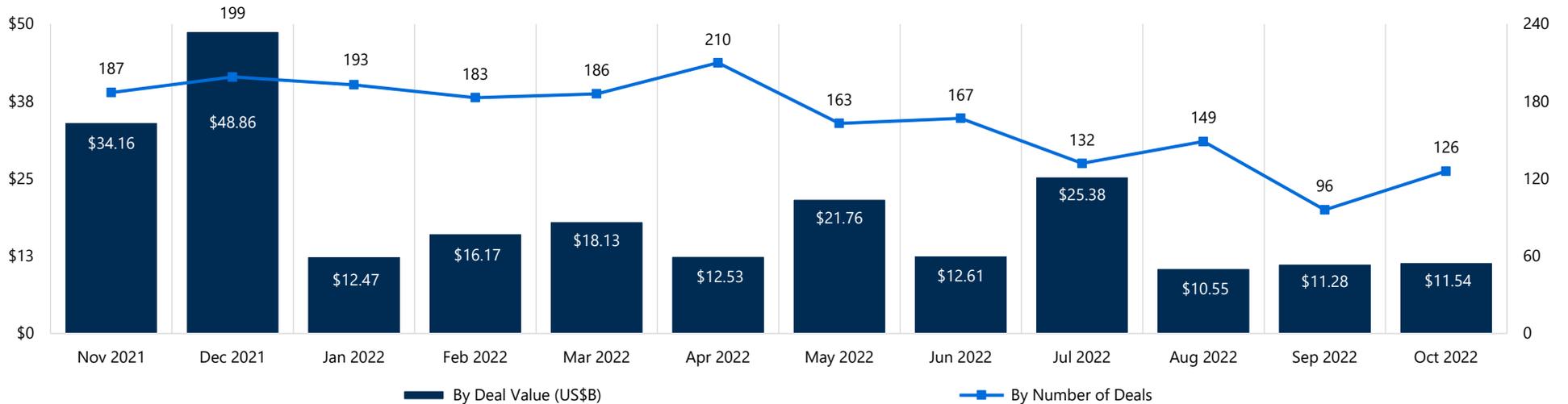
Global Number of Deals

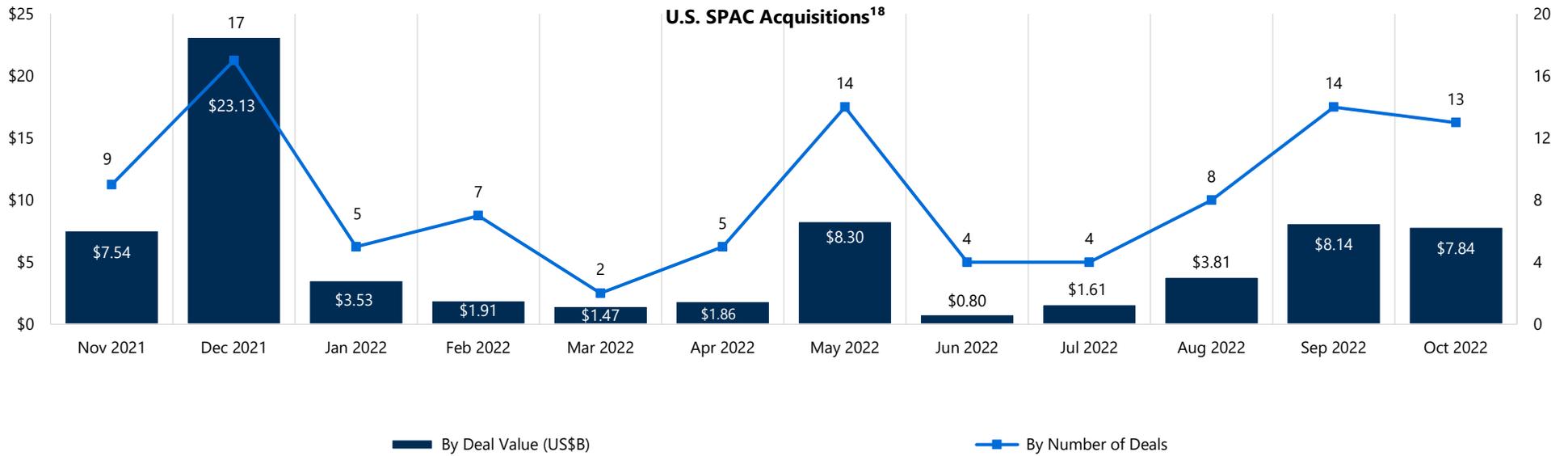


Inbound U.S. Crossborder Transactions



Outbound U.S. Crossborder Transactions

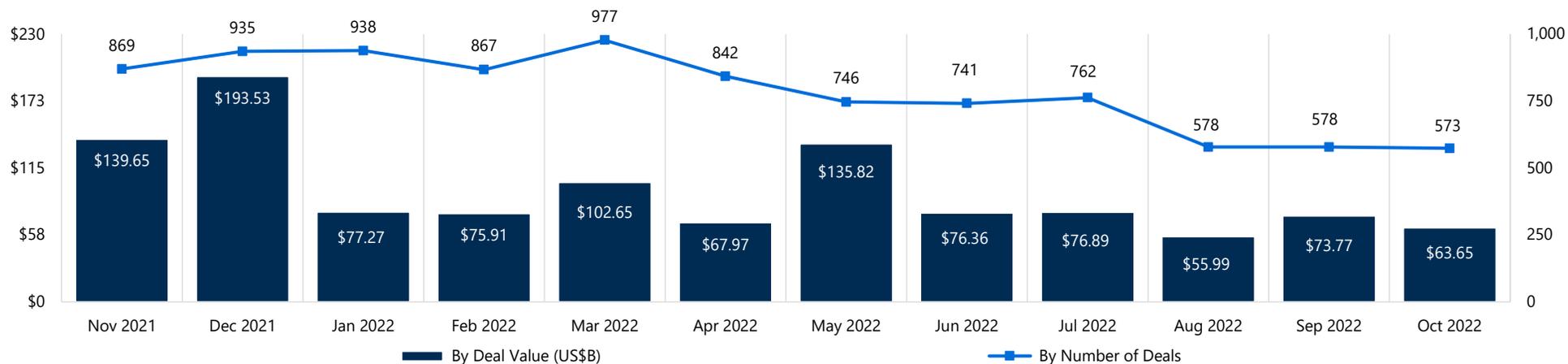




Global SPAC Acquisitions¹⁹



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 11 transactions in October 2022.
- Financial and strategic categories are determined by Deal Point Data.
- Six transactions in October 2022 had a reverse break fee.
- One transaction in October 2022 involving a financial buyer had a reverse break fee.
- Five transactions in October 2022 involving a strategic buyer had a reverse break fee.
- Two transactions in October 2022 involved a financial buyer.
- Nine transactions in October 2022 involved a strategic buyer.
- One transaction in October 2022 had a go-shop provision.
- One transaction in October 2022 involving a financial buyer had a go-shop provision.
- No transactions in October 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.
- In October 2022, each of Canada and the U.K. was the country of origin for 21 transactions, and each of Germany, South Korea, Sweden and Switzerland was the country of origin for four transactions.
- In October 2022, each of Australia and Mexico was the country of destination for six transactions.
- 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 2021 to October 2022 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.

The Paul, Weiss M&A Group consists of approximately 40 partners and 125 counsel and associates based in New York, Washington, Wilmington, London, San Francisco, Toronto, Tokyo, Hong Kong and Beijing. The firm's Corporate Department consists of more than 75 partners and roughly 300 counsel and associates.

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.

Strategic M&A

Recent highlights include advising: Yamana Gold in its \$4.8 billion sale to Pan American Silver and Agnico Eagle Mines; Amazon in its \$3.9 billion acquisition of One Medical and in its \$1.7 billion acquisition of iRobot; Resolute Forest Products in its \$2.7 billion sale to The Paper Excellence Group through the Group's wholly-owned subsidiary, Domtar Corporation; Yamana Gold in its proposed \$6.7 billion sale to Gold Fields; Shopify in its \$2.1 billion acquisition of Deliverr; CDK Global in its \$8.3 billion sale to Brookfield Business Partners; General Motors Co. in its \$3.45 billion acquisition of SoftBank Vision Fund's equity ownership stake and assumption of Softbank's investment obligation in the autonomous vehicle joint venture Cruise; Chevron Corporation in its \$3.15 billion acquisition of Renewable Energy Group; 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 three separately traded public 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 \$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 \$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: KPS Capital Partners in the \$4.4 billion sale of its portfolio company Howden to Chart Industries; Brookfield Asset Management in its acquisition of a significant minority stake in Primary Wave Music as part of a new strategic partnership valued at over \$2 billion, and its additional \$1.7 billion capital funding commitment; funds affiliated with Apollo Global Management in a \$1.2 billion equity investment by State Farm in ADT a portfolio company of Apollo; Kohlberg & Company in its acquisition of iStockphoto; and its 50% stake in United States Infrastructure Corporation from Partners Group for an enterprise value of \$4.1 billion; funds managed by affiliates of Apollo Global Management and an investor group led by the Apollo funds, and including investment affiliates of J.F. Lehman & Company and Hill City Capital, in their take-private acquisition of Atlas Air Worldwide for an enterprise value of \$5.2 billion; Searchlight Capital Partners, alongside Rêv Worldwide, in their \$1 billion acquisition of the consumer business of Netspend from Global Payments; entities affiliated with Ares Capital Management in connection with Infrastructure and Energy Alternatives \$1.1 billion sale to MasTec; Clearlake Capital Group, L.P. in a consortium deal to acquire Chelsea Football Club; Baring Private Equity Asia in its €6.8 billion sale to EQT; KPS Capital Partners in its \$3.45 billion acquisition of Oldcastle BuildingEnvelope from CRH; 3G Capital in its \$7.1 billion acquisition of Hunter Douglas; Global Infrastructure Partners in its \$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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