

# M&A AT A GLANCE

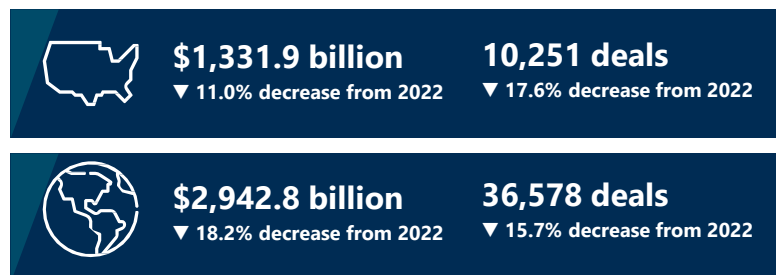
## Key Takeaways

- ▶ The M&A market was markedly slower in 2023. U.S. and global total deal value fell 11% and 18%, respectively, compared to 2022, and 49% and 48%, respectively, compared to 2021. While 2021 was a record year for M&A, the drop in 2023 activity was still stark.
- ▶ Similarly, the number of U.S. and global deals fell 18% and 16%, respectively, from 2022 and 29% and 25%, respectively, from 2021. While many forecast that M&A activity will improve in 2024 in light of the stabilization of interest rates and declining inflation, the market continues to face challenges, including increased regulatory scrutiny of deals, geopolitical tensions and upcoming U.S. elections.
- ▶ Sector-wise, strategic M&A performed better than sponsor-related M&A. In the United States, total strategic deal value increased in 2023 (up 18% from 2022, but down 40% from 2021). Globally, total strategic deal value fell a modest 3% from 2022, but again down 40% from 2021. Unfortunately, the number of strategic deals was down across the board. In the United States, the number of strategic deals fell 14% from 2022 and 31% from 2021. Globally, the number of strategic deals fell 13% compared to 2022 and 24% compared to 2021.
- ▶ Sponsor-related M&A was down by all measures, and more significantly so than strategic M&A, in 2023. In the United States, sponsor-related total deal value fell 41% from 2022 and 61% from 2021. Similarly, global sponsor-related total deal values fell 40% from 2022 and 60% from 2021. The number of U.S. sponsor-related deals was 26% below each of 2022 and 2021 levels, and the number of global sponsor-related deals was down 26% from 2022 and 27% from 2021.
- ▶ In 2023, Healthcare unseated Computer & Electronics as the most active target industry in the United States by total deal value, with the latter having held the top spot in both 2022 and 2021. Computers & Electronics, Oil & Gas, Finance and Utility & Energy rounded out the top five most active target industries by total deal value. Real Estate/Property, which was among the top five industries by total deal value in both 2022 and 2021, fell out of the top five in 2023. By number of deals, the top five target industries for U.S. M&A in 2023 were Computers & Electronics, Professional Services, Healthcare, Construction/Building and Finance, which echoed 2022 and 2021.
- ▶ After peaking in 2021, the total deal value of U.S. SPAC acquisitions in 2023 continues to fall. The total deal value of U.S. SPAC acquisitions decreased 28% from 2022 and a whopping 93% from 2021. The total deal value of global SPAC acquisitions was up slightly from 2022 (increasing a modest 3%), but was still well below the peak seen in 2021 (down 84%). The number of U.S. SPAC acquisitions also fell compared to 2022 and 2021 (down 14% and 63%, respectively). The number of global SPAC acquisitions in 2023 increased slightly from 2022 (up 6%), but was still well below 2021 numbers (down 40%). It is unclear whether SPACs will return to any significant market share in the near future.
- ▶ On the U.S. public merger front, there are a few noteworthy observations for 2023:
  - The percentage of U.S. public mergers that were hostile or unsolicited fell slightly to 17% in 2023, but within the range of 18% in 2022 and 15% in 2021.
  - The percentage of U.S. public mergers that were tender offers was flat compared to 2022 (at 16%), but is notably higher than the 12% seen in 2021.
  - Average reverse break fees (RBFs) as a percentage of equity value fell to 5.6% in 2023 from 6.5% in 2022. The decline was driven by strategic deals, for which RBFs fell to 5.0% in 2023 from 6.0% in 2022, while RBFs in sponsor-related deals increased to 7.2% in 2023 from 6.9% in 2022. Target break fees remained consistent, decreasing slightly to 3.4% in 2023 from 3.5% in 2022.
  - The percentage of U.S. public mergers with go-shop provisions decreased to 9% in 2023 from 13% in 2022. However, this was still above the 7% seen in 2021. The decrease from 2022 was a result of a decline in the number of strategic mergers with go-shop provisions, which fell to 2% in 2023 from 5% in 2022. The percentage of sponsor-related mergers with go-shop provisions was flat between 2022 and 2023 at 29%.
  - The average unaffected premium of 48.2% seen in 2023 was slightly lower than that seen in 2022 (49.0%), but significantly higher than that seen in 2021 (38.8%).

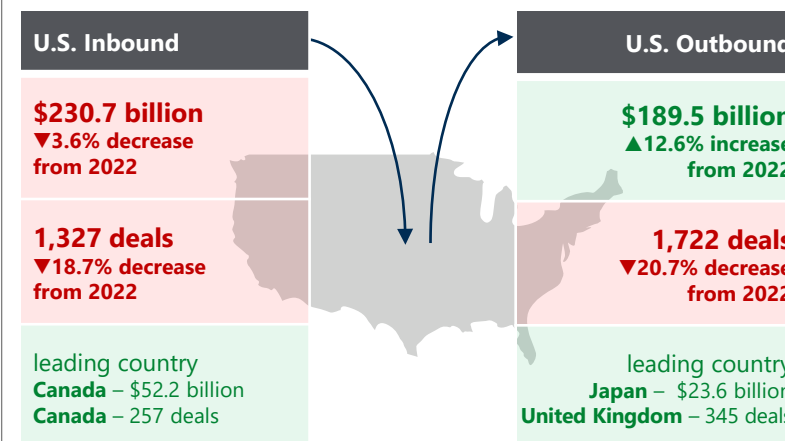
All data is as of January 10, 2024 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

## 2023 YEAR-END ROUNDUP

### U.S. and Global Activity



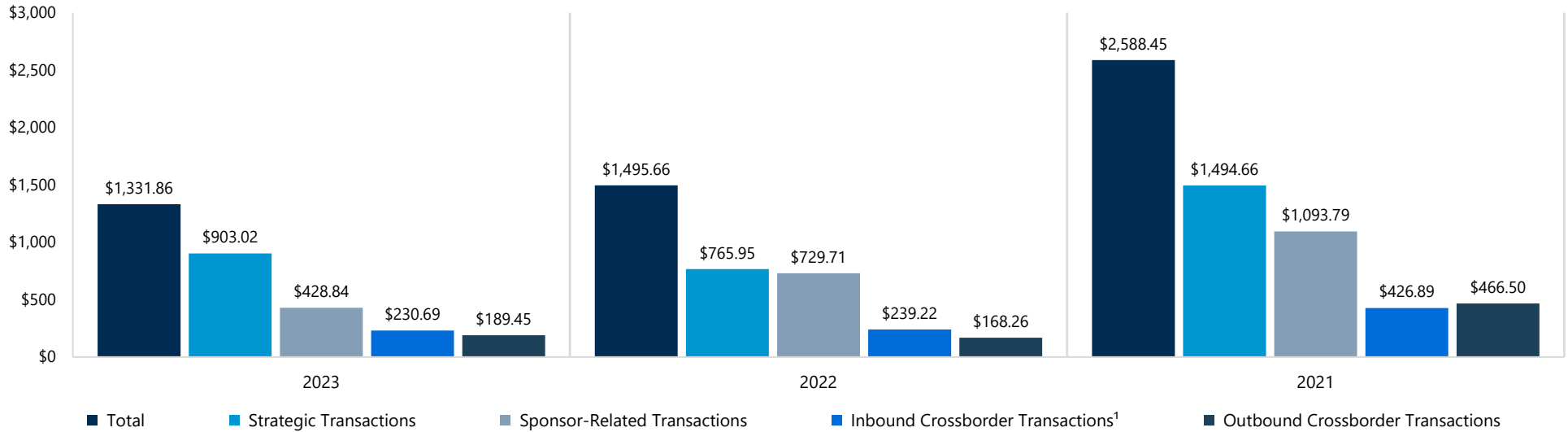
### Crossborder Activity



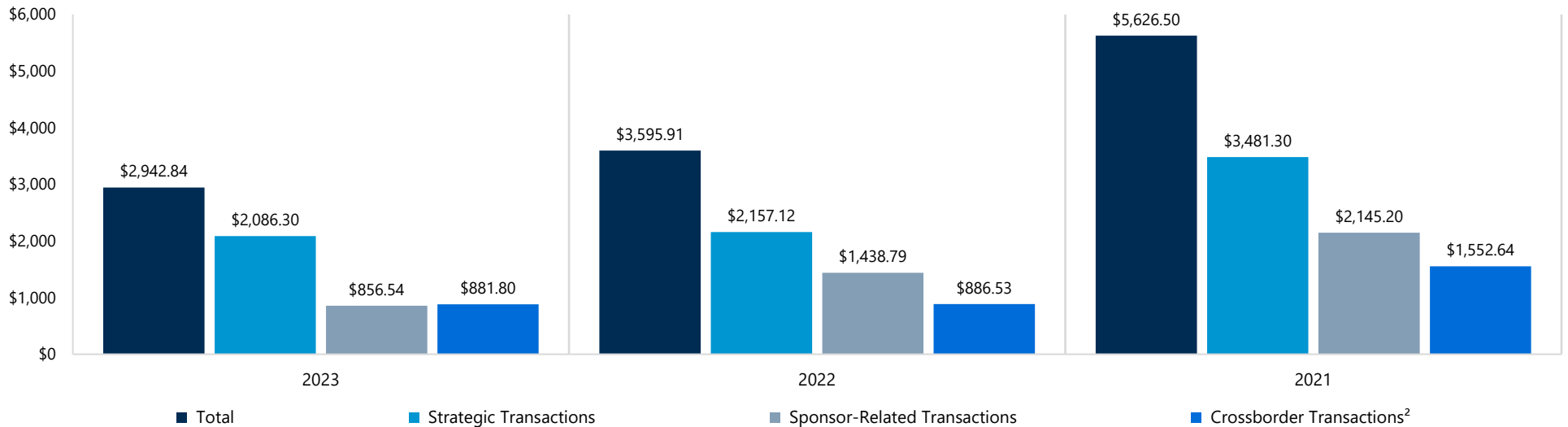
### Industry Activity



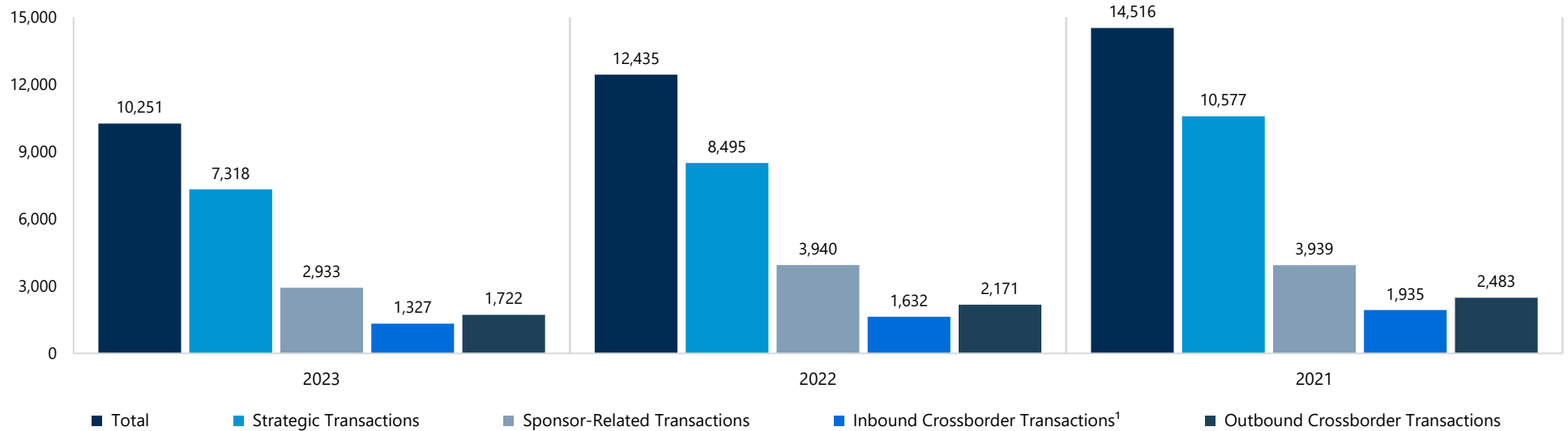
U.S. Deal Value (US\$B)<sup>1</sup>



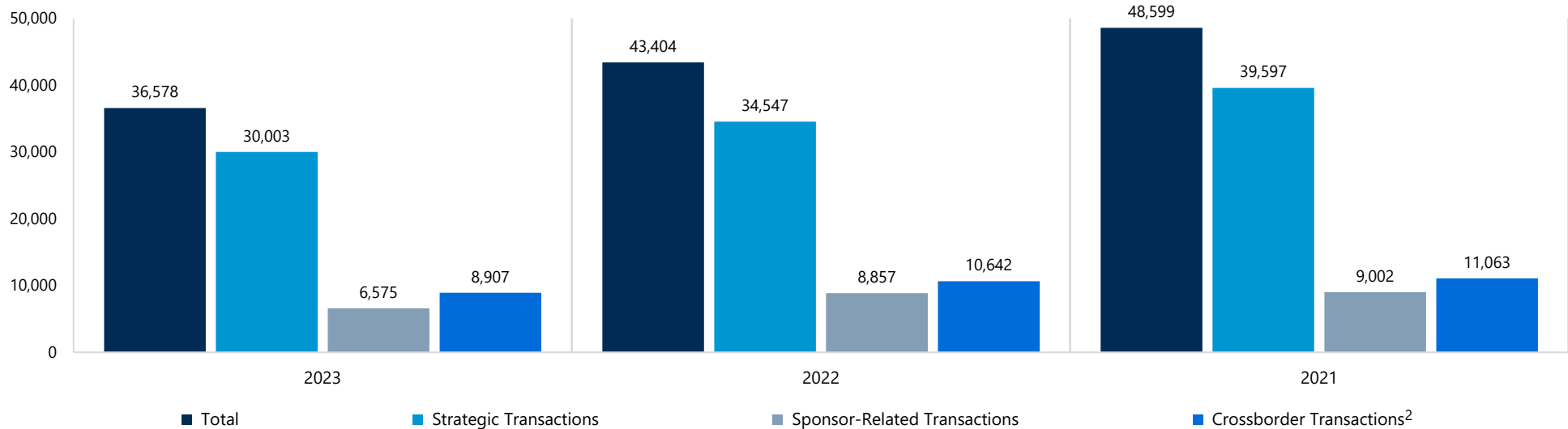
Global Deal Value (US\$B)<sup>2</sup>



U.S. Number of Deals<sup>1</sup>

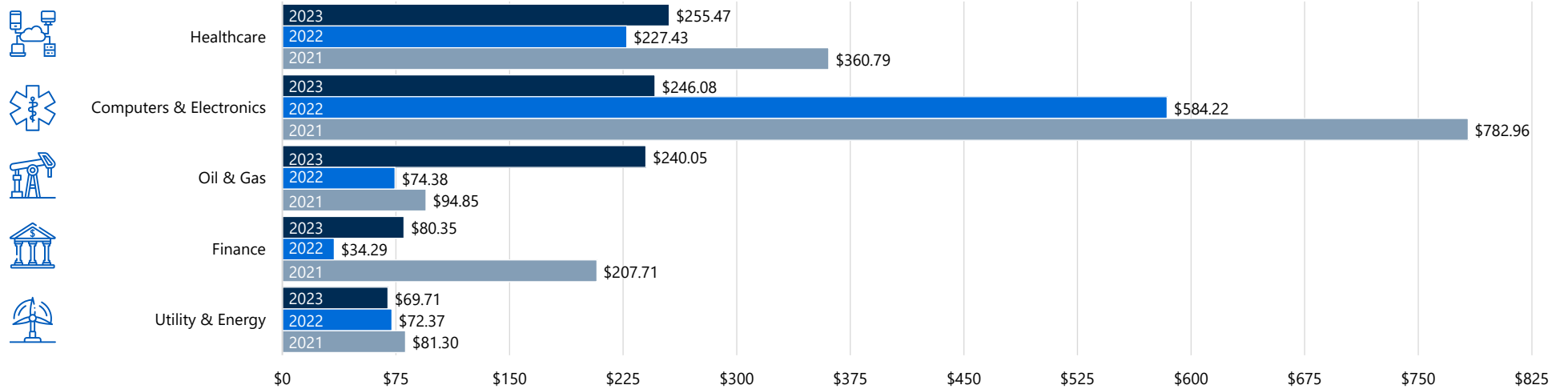


Global Number of Deals<sup>2</sup>



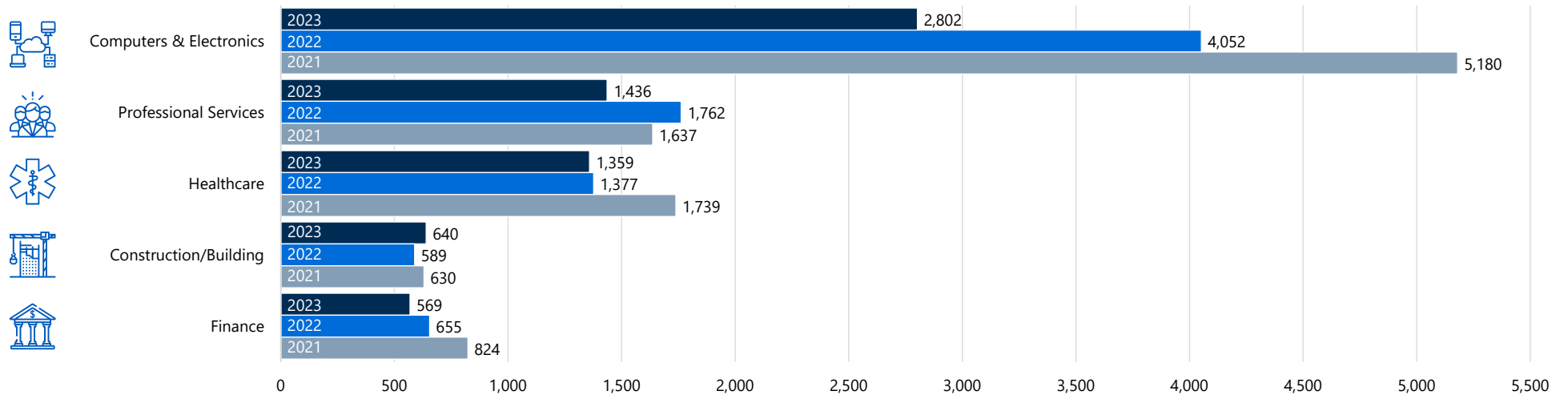
Most Active U.S. Target Industries<sup>3</sup>

By Deal Value (US\$B)

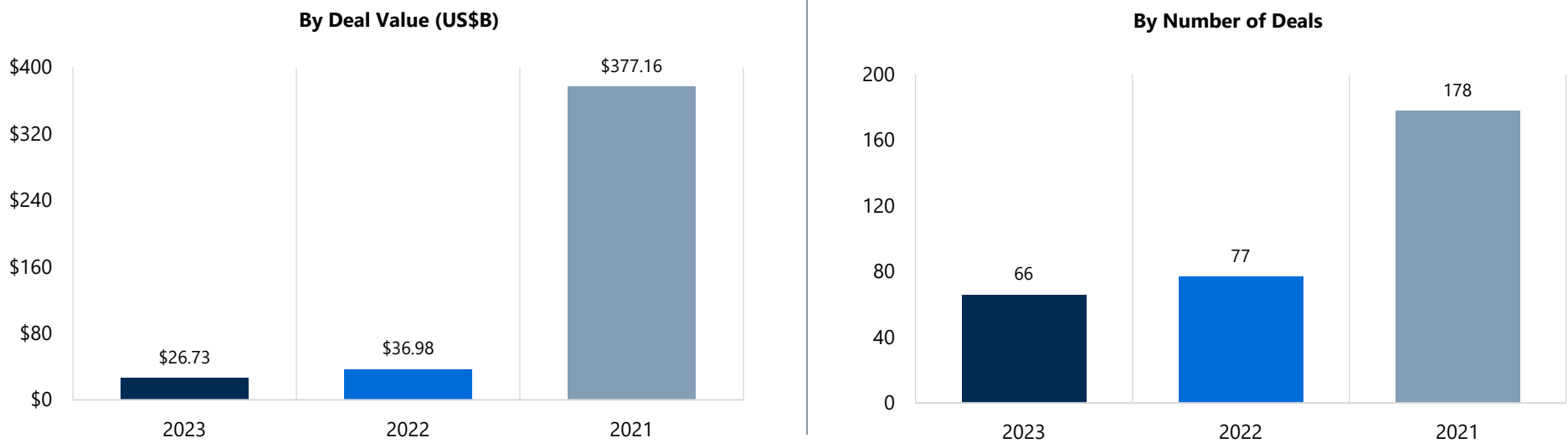


Note: In 2022 and 2021, Real Estate/Property ranked among the top five industries with total deal values of US\$B116.38 and US\$B184.52, respectively. In 2021, Telecommunications ranked among the top five industries with a total deal value of US\$B132.77.

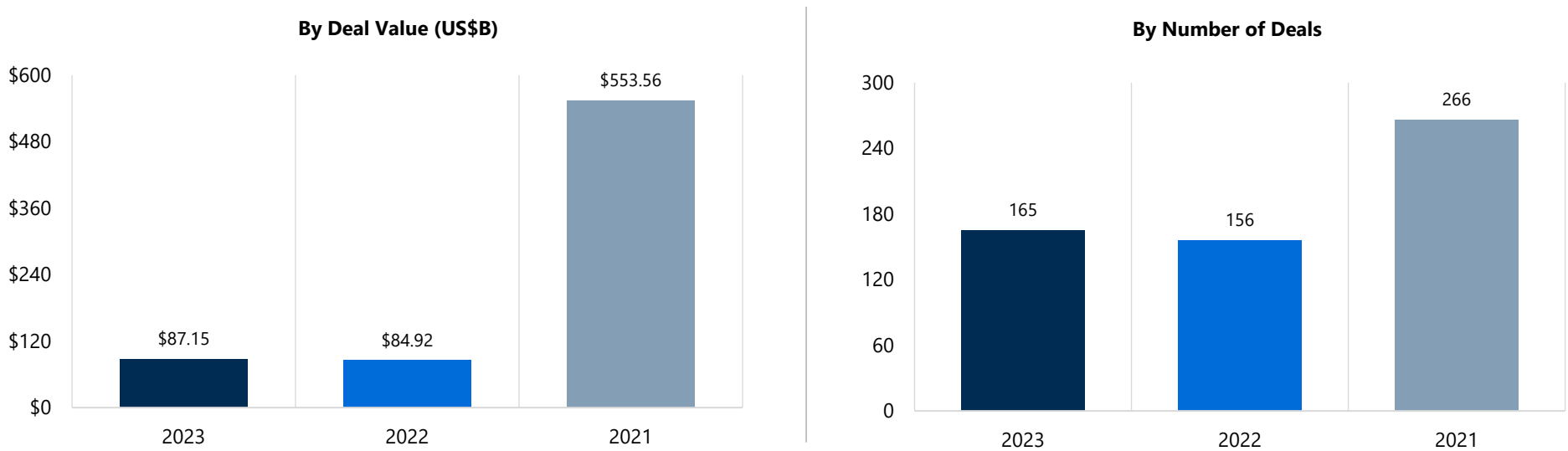
By Number of Deals



U.S. SPAC Acquisitions<sup>4,5</sup>

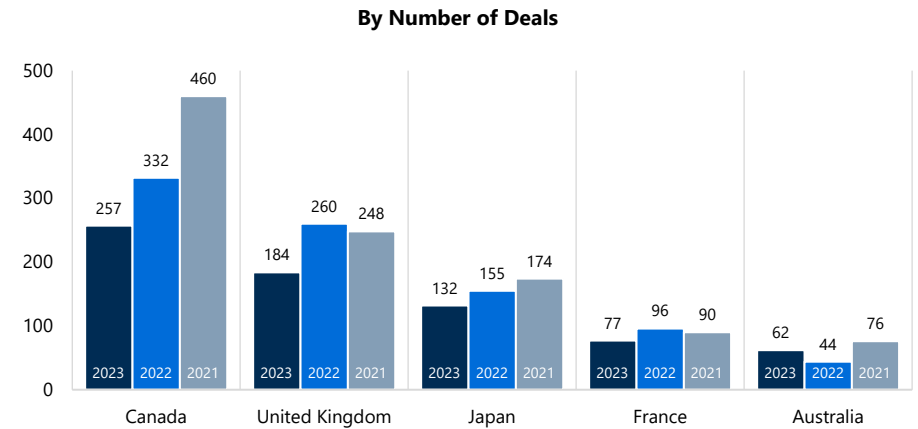
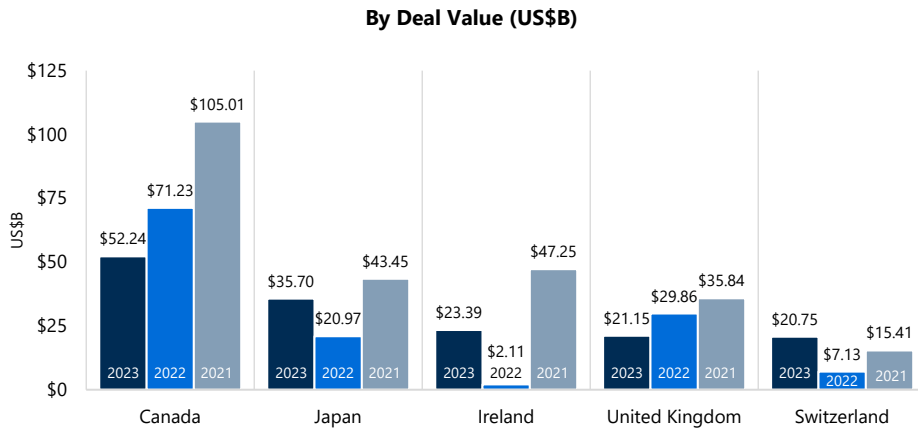


Global SPAC Acquisitions<sup>4,6</sup>



**Top 5 Countries of Origin or Destination for 2023 U.S. Crossborder Transactions and Prior Year Comparisons<sup>1</sup>**

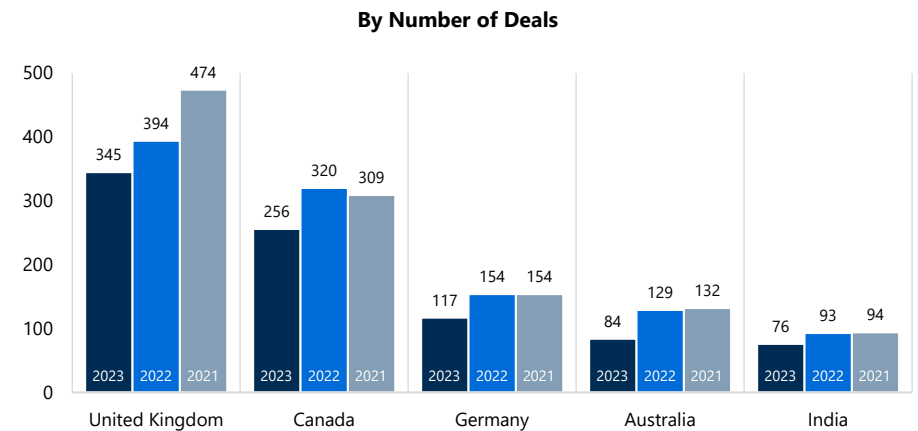
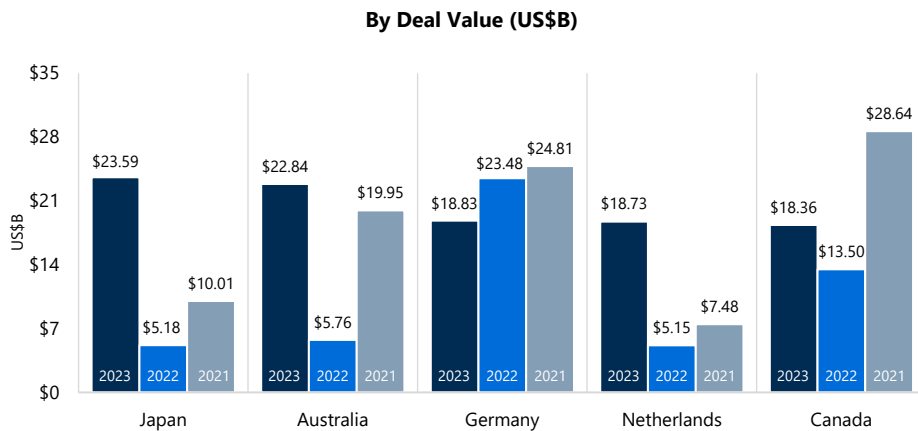
**Inbound U.S. Crossborder Transactions**



Note: In 2022, Singapore and Germany ranked among the top five countries of origin with total deal values of US\$821.94 and US\$817.57, respectively. In 2021, Singapore ranked among the top five countries of origin with a total deal value of US\$829.40.

Note: In 2022, Germany ranked among the top five countries of origin with 81 deals. In 2021, Sweden ranked among the top five countries of origin with 98 deals.

**Outbound U.S. Crossborder Transactions**

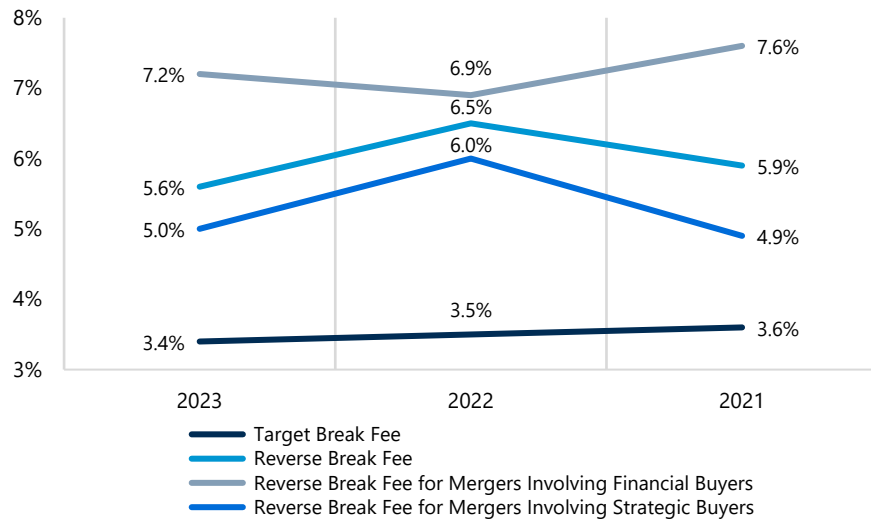


Note: In 2022, the United Kingdom, China and Israel ranked among the top five countries of destination with total deal values of US\$831.94, US\$812.73 and US\$88.59, respectively. In 2021, the United Kingdom, Singapore, Sweden and Israel ranked among the top five countries of destination with total deal values of US\$895.73, US\$841.73, US\$833.88 and US\$830.47, respectively.

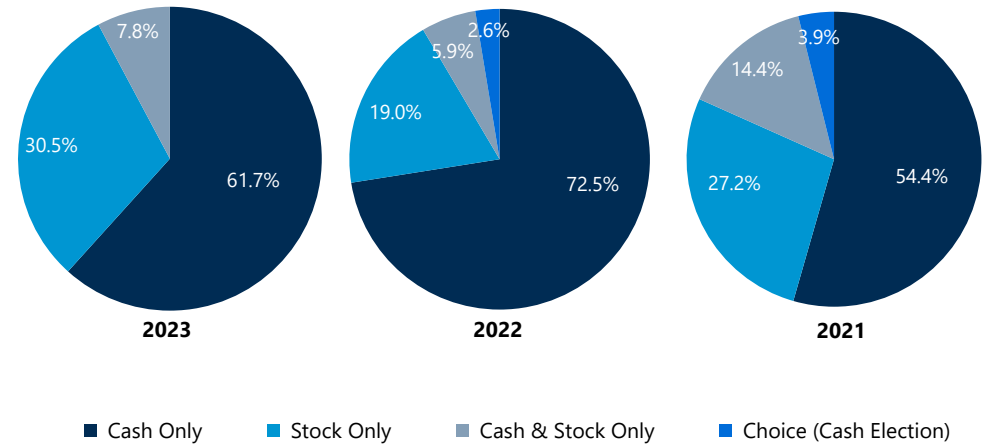
Note: In 2021, China ranked among the top five countries of destination with 159 deals.

2023 YEAR-END ROUNDUP

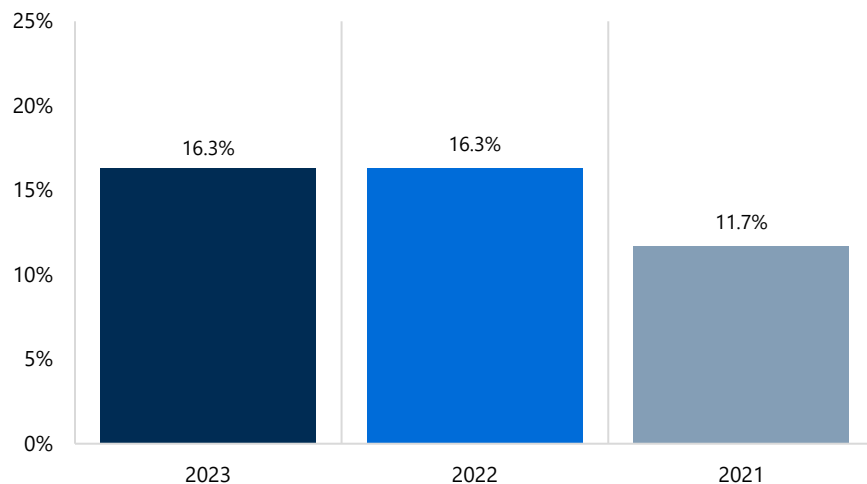
Average Break Fees as % of Equity Value<sup>7,8</sup>



Form of Consideration as % of U.S. Public Mergers<sup>9</sup>



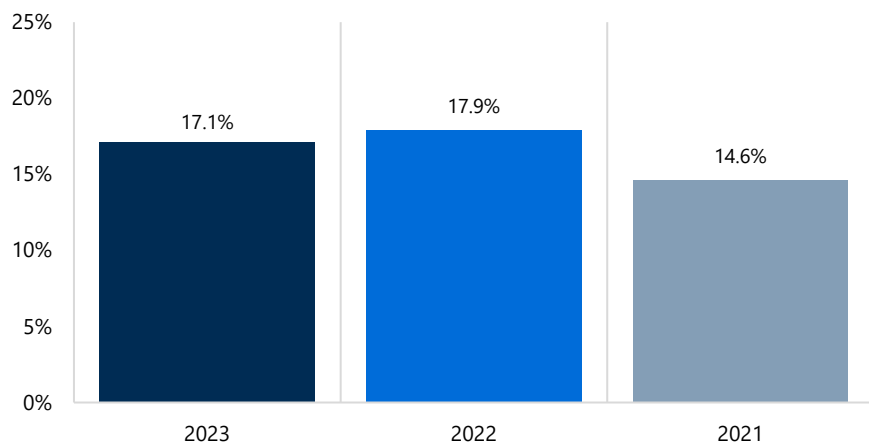
Tender Offers as % of U.S. Public Mergers



U.S. Public Merger Go-Shop Provisions<sup>7</sup>

	2023	2022	2021
% of Mergers with Go-Shops	8.5	13.1	7.2
% of Mergers Involving Financial Buyers with Go-Shops	29.4	29.4	30.0
% of Mergers Involving Strategic Buyers with Go-Shops	1.9	4.9	0.7
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops	31.7	36.6	36.2
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops	32.0	37.4	35.4
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops	30.0	34.0	45.0

**Hostile/Unsolicited Offers as % of U.S. Mergers**



**Unaffected Premium %<sup>10</sup>**

2023	48.2
2022	49.0
2021	38.8

**Total Target Adviser Fees as % of Equity Value**

2023	1.6
2022	1.6
2021	1.2

**Endnotes**

1. U.S. crossborder transactions are those transactions where the acquirer and the target have different nationalities and either the acquirer (“Outbound”) or the target (“Inbound”) has a U.S. nationality. Nationality is based on where a company has either its headquarters or a majority of its operations.
2. Global crossborder transactions are those where the acquirer and the target have different nationalities.
3. Industry categories are determined and named by Dealogic.
4. This data includes all SPAC acquisitions for which a deal agreement has been announced.
5. This data reflects U.S. targets that have been acquired by a SPAC of any nationality.
6. This data reflects both U.S. and non-U.S. targets that have been acquired by a SPAC of any nationality.
7. Financial and strategic categories are determined by Deal Point Data.
8. Based on the highest target break fees and reverse break fees payable in a particular deal.
9. Due to rounding, percentages may not add up to 100%.
10. 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.









The charts on p. 1–6 were compiled using Dealogic, and are for the broader M&A market, including public and private transactions of any value. The charts on p. 7–8 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). “2023” data is for the period from January 1, 2023 to December 31, 2023 inclusive. “2022” data is for the period from January 1, 2022 to December 31, 2022 inclusive. “2021” data is for the period from January 1, 2021 to December 31, 2021 inclusive. Data obtained from Dealogic and Deal Point Data has not been reviewed for accuracy by Paul, Weiss.



## Strategic M&amp;A Firm Highlights

	<b>\$60.0B</b>	<b>Chevron Corporation</b>	Acquisition of Hess Corporation
	<b>\$3.3B</b>	<b>Amedisys</b>	Combination with Optum
	<b>\$1.0B</b>	<b>Chico's FAS</b>	Sale to Sycamore Partners
	<b>€12.0B</b>	<b>Carrier Global Corporation</b>	Acquisition of Viessmann Climate Solutions
	<b>\$20.0B</b>	<b>WestRock</b>	Combination with Smurfit Kappa, creating Smurfit WestRock
	<b>\$10.8B</b>	<b>Merck &amp; Co.</b>	Acquisition of Prometheus Biosciences
	<b>\$21.4B</b>	<b>World Wrestling Entertainment</b>	Agreement with Endeavor to merge WWE with UFC to form a new publicly listed company
	<b>\$2.8B</b>	<b>The Estée Lauder Companies</b>	Acquisition of the Tom Ford brand
	<b>\$3.9B</b>	<b>Amazon</b>	Acquisition of One Medical
	<b>\$4.6B</b>	<b>IBM</b>	Acquisition of Apptio

## Private Equity M&amp;A Firm Highlights

	<b>\$13.4B</b>	<b>Madison Dearborn Partners and HPS Investment Partners</b>	Sale of their portfolio company NFP to Aon
	<b>\$4.0B</b>	<b>General Atlantic</b>	Sale of EngageSmart to Vista Equity Partners
	<b>\$8.1B</b>	<b>Funds managed by affiliates of Apollo Global Management, Inc.</b>	Take-private acquisition of Univar Solutions
	<b>\$10.6B</b>	<b>General Atlantic</b>	Sale of its stake in its portfolio company Oak Street Health to CVS Health
	<b>\$4.4B</b>	<b>KPS Capital Partners</b>	Sale of its portfolio company Howden to Chart Industries
	<b>\$2.0B</b>	<b>Brookfield Asset Management</b>	Acquisition of a significant minority stake in Primary Wave Music
	–	<b>Roark Capital Group</b>	Acquisition of Subway
	–	<b>Clearlake Capital Group</b>	Consortium deal to acquire Chelsea Football Club
	<b>\$7.1B</b>	<b>3G Capital</b>	Acquisition of Hunter Douglas
	<b>\$2.1B</b>	<b>Blackstone Infrastructure Partners</b>	Acquisition of a minority interest in NIPSCO

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