

April 2019, Issue 85

In March, M&A activity remained generally slow in the U.S., but showed strong signs of recovery globally. The total value of U.S. deals¹ decreased by 14.3%, to \$116.21 billion, while the total value of global deals increased by 43.2%, to \$336.77 billion. The number of U.S. deals grew by 9.4%, to 723, while the number of global deals grew by 10.3%, to 2,605 globally. The average value of announced public mergers in the U.S. declined by 21.6%, to \$160.73 million, but increased globally by 29.8%, to \$129.28 million. [Figure 4](#).

Strategic vs. Sponsor Activity

Strategic deal volume as measured by dollar value decreased in the U.S. by 8.3% to \$90.68 billion, but increased globally by 57.3% to \$275.62 billion. The number of strategic deals increased in the U.S. by 1.9% to 578 and globally by 8.5% to 2,271. [Figure 1](#) and Annex [Figures 1A–4A](#). Sponsor-related volume by dollar value decreased by 30.4% to \$25.53 billion in the U.S. while increasing by a modest 2.1% to \$61.15 billion globally. However, the number of sponsor-related deals increased in March 2019 by 54.3% to 145 in the U.S. and by 24.2% to 334 globally. [Figure 1](#) and Annex [Figures 1A–4A](#).

Crossborder Activity

Crossborder deal volume by dollar value increased significantly by 102.1% to \$104.68 billion, and the number of crossborder deals increased globally by 4.8% to 592. In the U.S., U.S. inbound activity as measured by dollar value decreased by 15.8% to \$21.23 billion, but U.S. outbound volume by dollar value significantly increased by a whopping 482.1% to \$23.41 billion, largely because there were four billion dollar plus announced outbound deals in March whereas there were no announced billion dollar outbound deals in February. The number of U.S. inbound crossborder deals decreased in March 2019 by 7.8% to 95 and U.S. outbound transactions decreased by 13.82% to 106. [Figure 1](#) and Annex [Figures 5A–7A](#).

In both March and over the last 12-month period, Canada was the leading country for U.S. inbound activity by total dollar value (\$13.48 billion and \$85.82 billion, respectively) and by number of deals (31 and 322, respectively). Israel was the leading destination country for U.S. outbound activity by dollar value in March (\$7.57 billion), driven by NVIDIA Corporation's acquisition of Mellanox Technologies Ltd. for \$6.86 billion. Canada was also the leading destination country for U.S. outbound transactions by number of deals in March (19). The U.K. retained its lead for U.S. outbound activity by dollar value over the last 12-month period (\$33.43 billion). The U.K. retained its lead for U.S. outbound transactions by number of deals over the last 12-month period (299). [Figure 3](#).

U.S. Deals by Industry

Computers and Electronics was the most active target industry by dollar value in March (\$52.39 billion) and over the last 12 months (\$376.24 billion). Computers & Electronics also remained the most active target industry by number of deals in March (231) and over the last 12 months (2,242). [Figure 2](#).

U.S. Public Mergers

As for U.S. public merger deal terms in March 2019, average target break fees were below their 12-month levels (at 3.1% compared to 3.7%) and reverse break fees were below their 12-month levels (at 4.3% compared to 5.8%). There were no deals announced with a go-shop provision. [Figures 6, 7 and 8](#). Cash transactions comprised only 33.3% of U.S. public mergers, well below the 49.3% 12-month average, and there were no choice-election transactions. [Figure 9](#). Further, there were no hostile and unsolicited transactions announced. [Figure 12](#).

¹ 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.

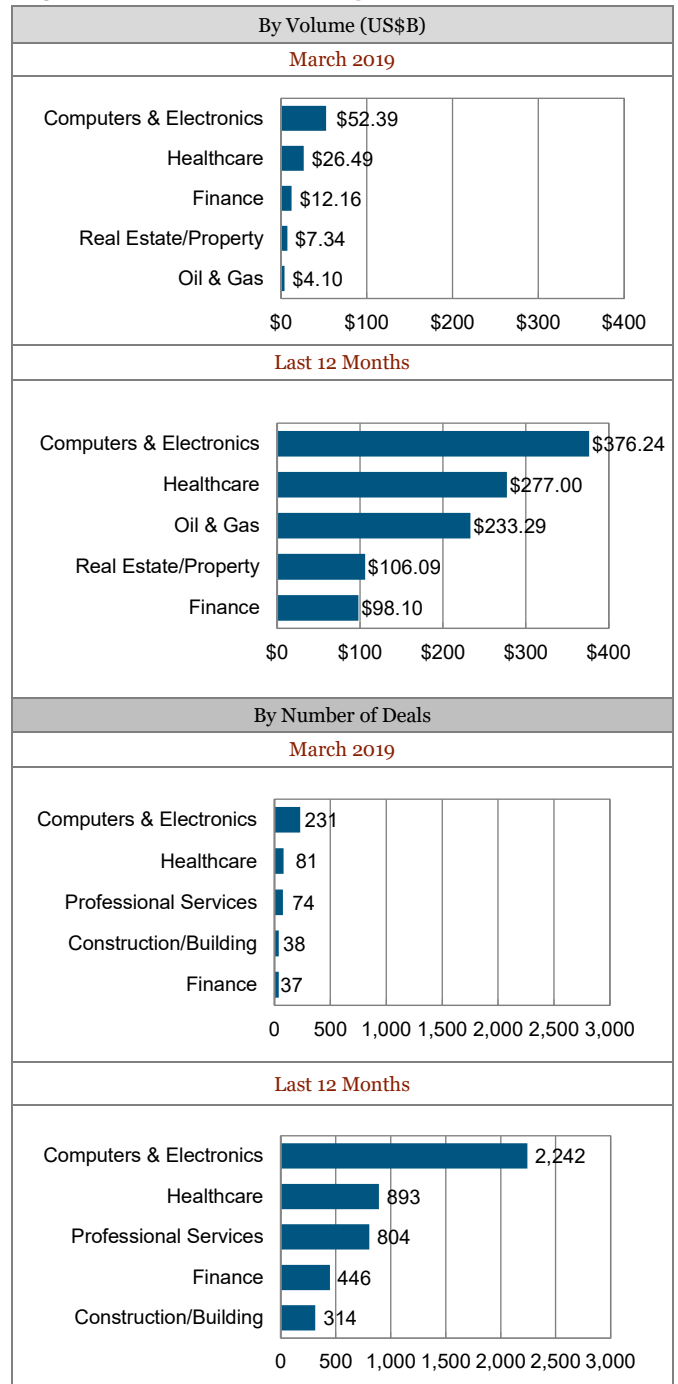
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M&A Activity

Figure 1

March 2019	Global	+/- From Prior Month	U.S.	+/- From Prior Month
Total				
Volume (US\$B)	336.77	101.59	116.21	(19.38)
No. of deals	2,605	243	723	62
Avg. value of deals (US\$mil)	129.3	29.7	160.7	(44.4)
Strategic Transactions				
Volume (US\$B)	275.62	100.35	90.68	(8.23)
No. of deals	2,271	178	578	11
Avg. value of deals (US\$mil)	121.4	37.6	156.9	(17.6)
Sponsor-Related Transactions				
Volume (US\$B)	61.15	1.25	25.53	(11.15)
No. of deals	334	65	145	51
Avg. value of deals (US\$mil)	183.1	(39.6)	176.1	(214.1)
Crossborder Transactions¹				
Volume (US\$B)	104.68	52.87	Inbound 21.23 Outbound 23.41	Inbound (3.99) Outbound 19.39
No. of deals	592	27	Inbound 95 Outbound 106	Inbound (8) Outbound (17)
Avg. value of deals (US\$mil)	176.8	85.1	Inbound 223.5 Outbound 220.8	Inbound (21.4) Outbound 188.1

Figure 2 – Most Active U.S. Target Industries²



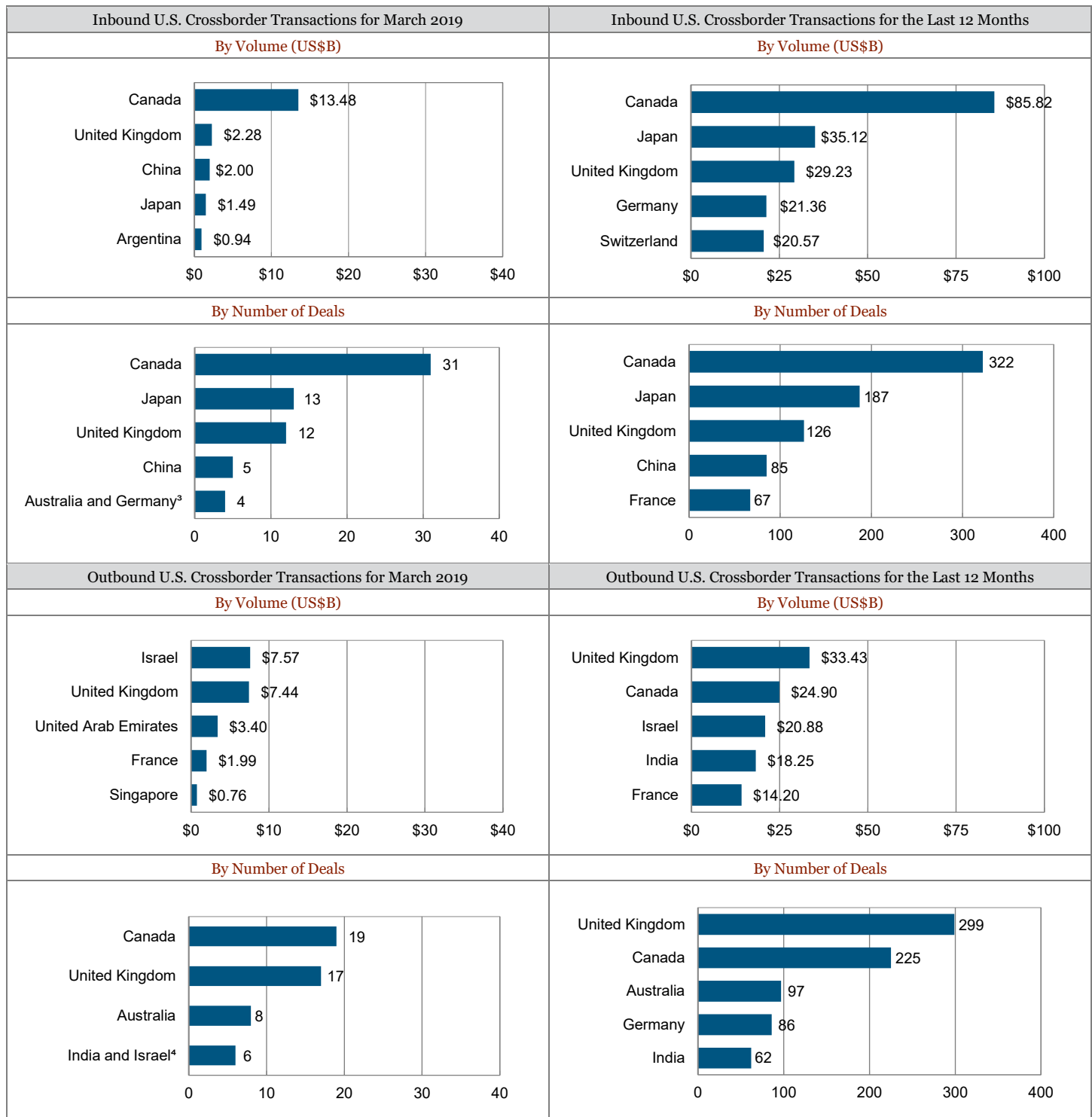
Figures 1-3 were compiled using data from Dealogic, and are for the broader M&A market, including mergers of any value involving public and/or private entities. Deal volume by dollar value and average value of deals are calculated from the subset of the total number of deals that include a disclosed deal value. Figures 4 and 5 were compiled using data from FactSet MergerMetrics, and are limited to mergers involving public U.S. targets announced during the period indicated and valued at \$100 million or higher regardless of whether a definitive merger agreement was reached and filed or withdrawn. All data is as of April 10, 2019 unless otherwise specified. "Last 12 Months" data is for the period from April 2018 to March 2019 inclusive. Data obtained from Dealogic and FactSet MergerMetrics has not been reviewed for accuracy by Paul, Weiss.

¹ Global crossborder transactions are those where the acquirer and the target have different nationalities. Nationality is based on where a company has either its headquarters or a majority of its operations. 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.

² Industries categories are determined and named by Dealogic.

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Figure 3 – Top 5 Countries of Origin or Destination for U.S. Crossborder Transactions



³ Each of Australia and Germany was the country of origin for four transactions in March 2019.

⁴ Each of India and Israel was the country of destination for six transactions in March 2019.

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Figure 4 – Average Value of Announced U.S. Public Mergers (in US\$mil)

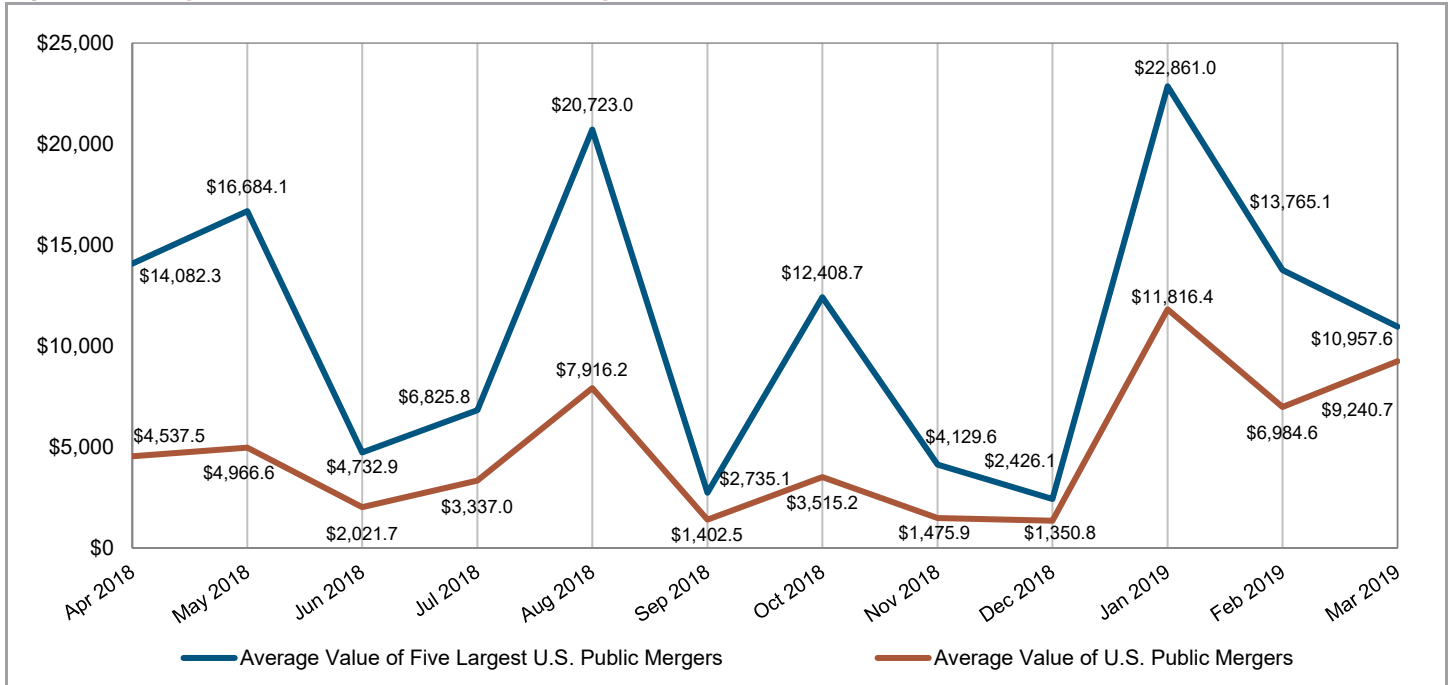
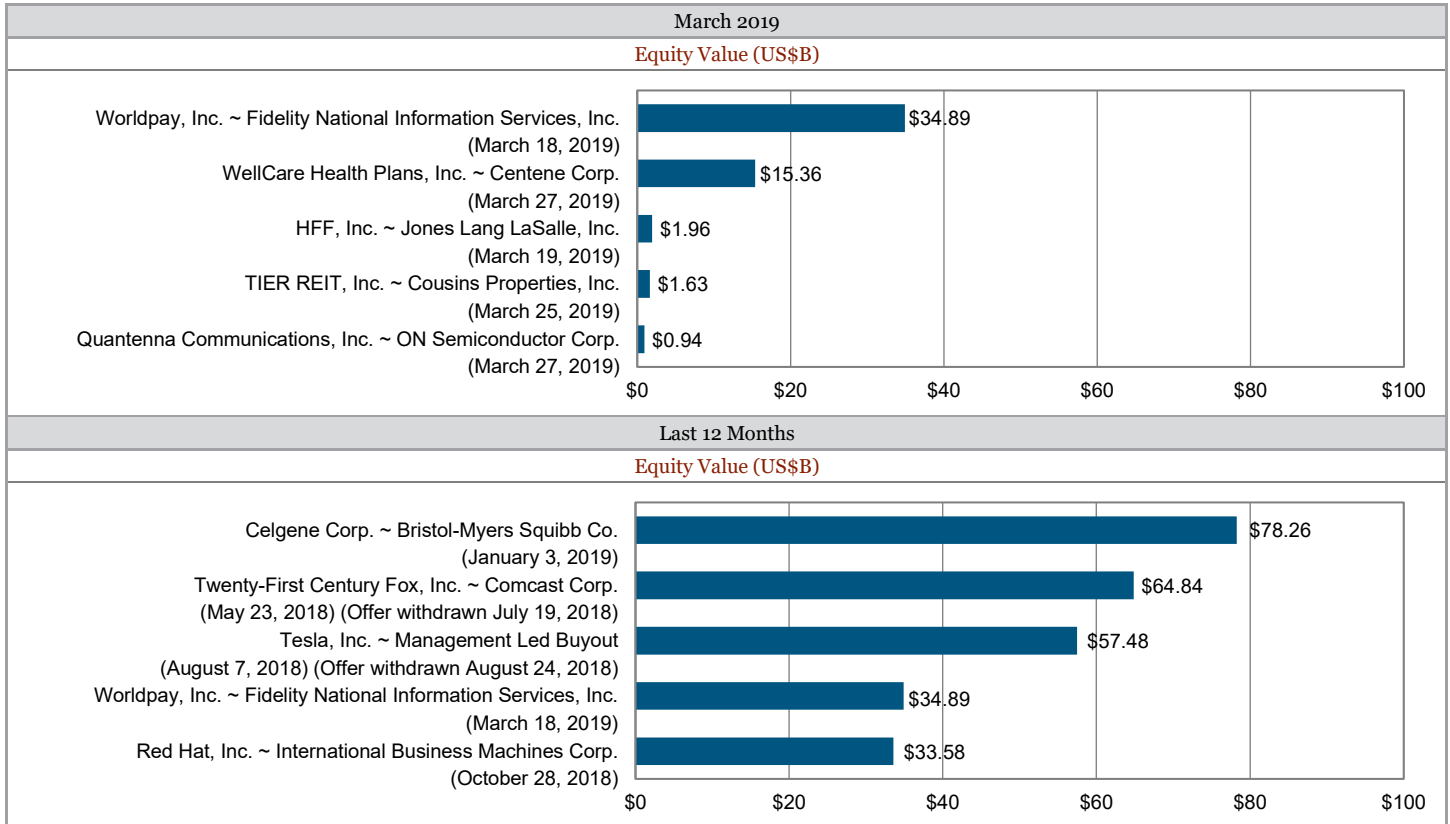


Figure 5 – Five Largest U.S. Public Mergers



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M&A Terms

Figure 6 – Average Break Fees as % of Equity Value⁵

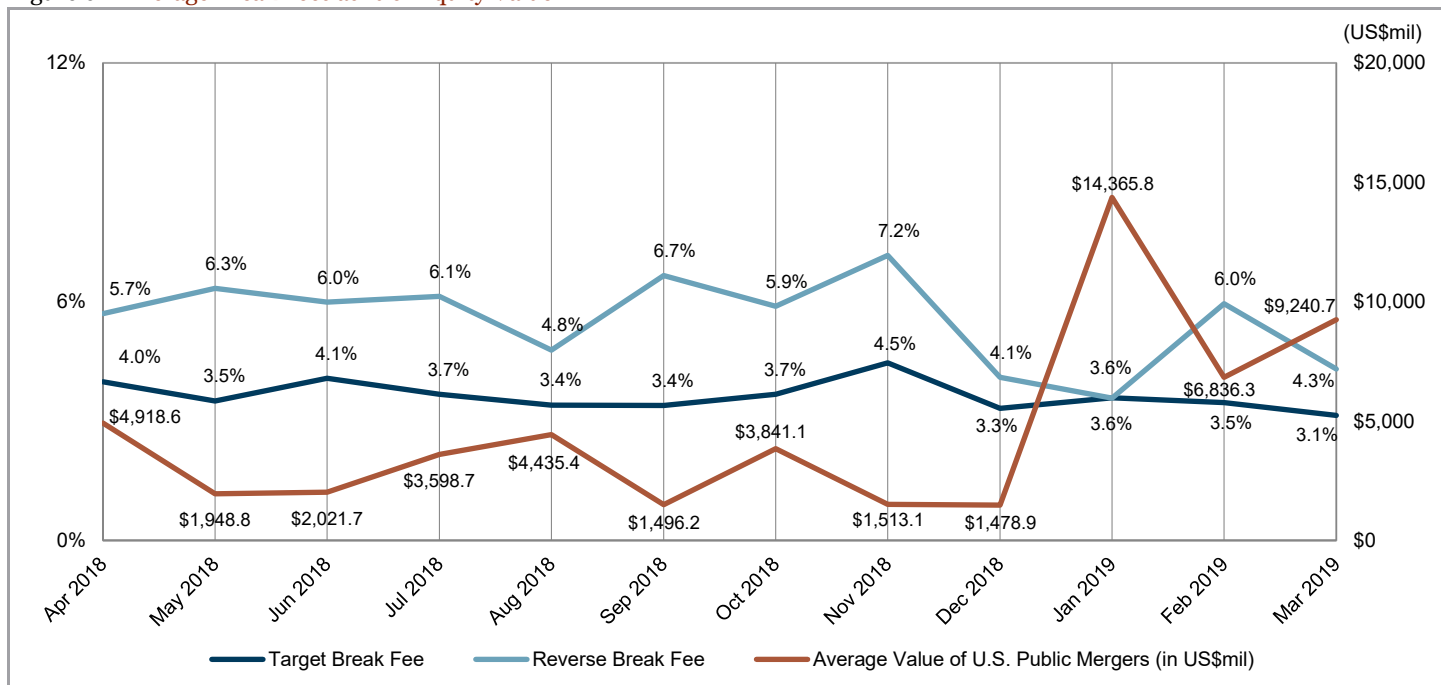


Figure 7 – Average Break Fees as % of Equity Value⁶

	March 2019	Last 12 Months
Target Break Fee for All Mergers ⁷	3.1	3.7

	March 2019	Last 12 Months
Reverse Break Fee for All Mergers ⁸	4.3	5.8
Reverse Break Fee for Mergers Involving Financial Buyers ⁹	N/A	7.2
Reverse Break Fee for Mergers Involving Strategic Buyers ¹⁰	4.3	5.3

Figures 6-12 were compiled using data from FactSet MergerMetrics, and are limited to select mergers involving public U.S. targets announced during the period indicated, valued at \$100 million or higher and for which a definitive merger agreement was reached and filed (unless otherwise indicated). Data obtained from FactSet MergerMetrics has not been reviewed for accuracy by Paul, Weiss.

Figure 8 – U.S. Public Merger Go-Shop Provisions¹¹

	March 2019	Last 12 Months
% of Mergers with Go-Shops	0.0	10.7
% of Mergers Involving Financial Buyers with Go-Shops ¹²	N/A	30.4
% of Mergers Involving Strategic Buyers with Go-Shops	0.0	7.1
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops ¹³	N/A	40.0
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops ¹⁴	N/A	40.1
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops ¹⁵	N/A	39.9

⁵ Based on the highest target break fees and reverse break fees payable in a particular deal.
⁶ Financial and strategic categories are determined by FactSet MergerMetrics.
⁷ Six transactions in March 2019 had a target break fee.
⁸ Three transactions in March 2019 had a reverse break fee.
⁹ There were no public company transactions in March 2019 involving a financial buyer.
¹⁰ Three transactions in March 2019 involving a strategic buyer had a reverse break fee.
¹¹ Financial and strategic categories are determined by FactSet MergerMetrics.
¹² There were no public company transactions in March 2019 involving a financial buyer.
¹³ None of the transactions in March 2019 had a go-shop provision.
¹⁴ There were no public company transactions in March 2019 involving a financial buyer.
¹⁵ None of the transactions in March 2019 involving a strategic buyer had a go-shop provision.

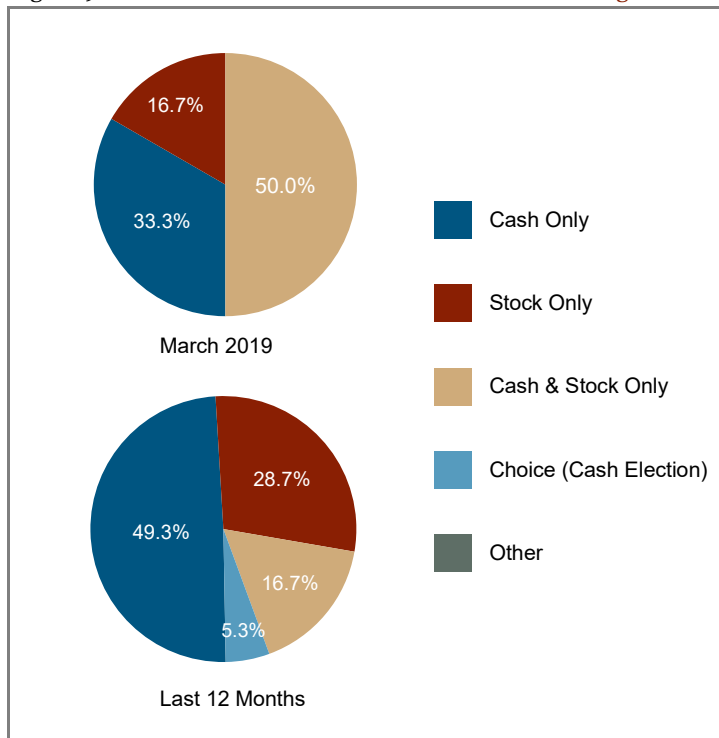
[Return to Summary](#)Figure 9 – Form of Consideration as % of U.S. Public Mergers¹⁶

Figure 10 – % of Partial and All Stock Deals That Have a Fixed Exchange Ratio

March 2019 ¹⁷	100.0
Last 12 Months	95.6

Figure 11 – Tender Offers as % of U.S. Public Mergers

March 2019	16.7
Last 12 Months	12.0

Figure 12 – Hostile/Unsolicited Offers as % of U.S. Public Mergers¹⁸

March 2019	0.0
Last 12 Months	13.3

¹⁶ Due to rounding, percentages may not add up to 100%.¹⁷ There were only four partial or all stock transactions in March 2019.¹⁸ 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).

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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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M&A Activity – 12-Month Trends

Figure 1A – U.S. Deal Volume (US\$B)

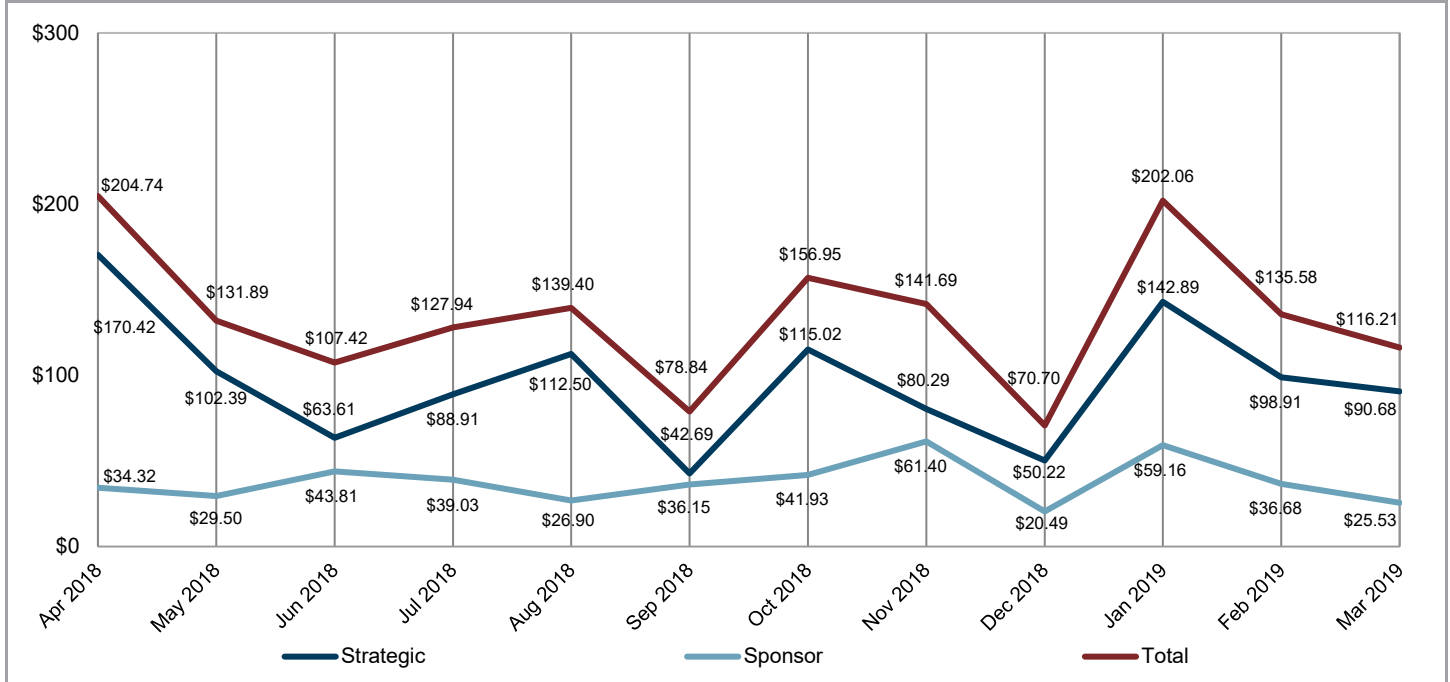
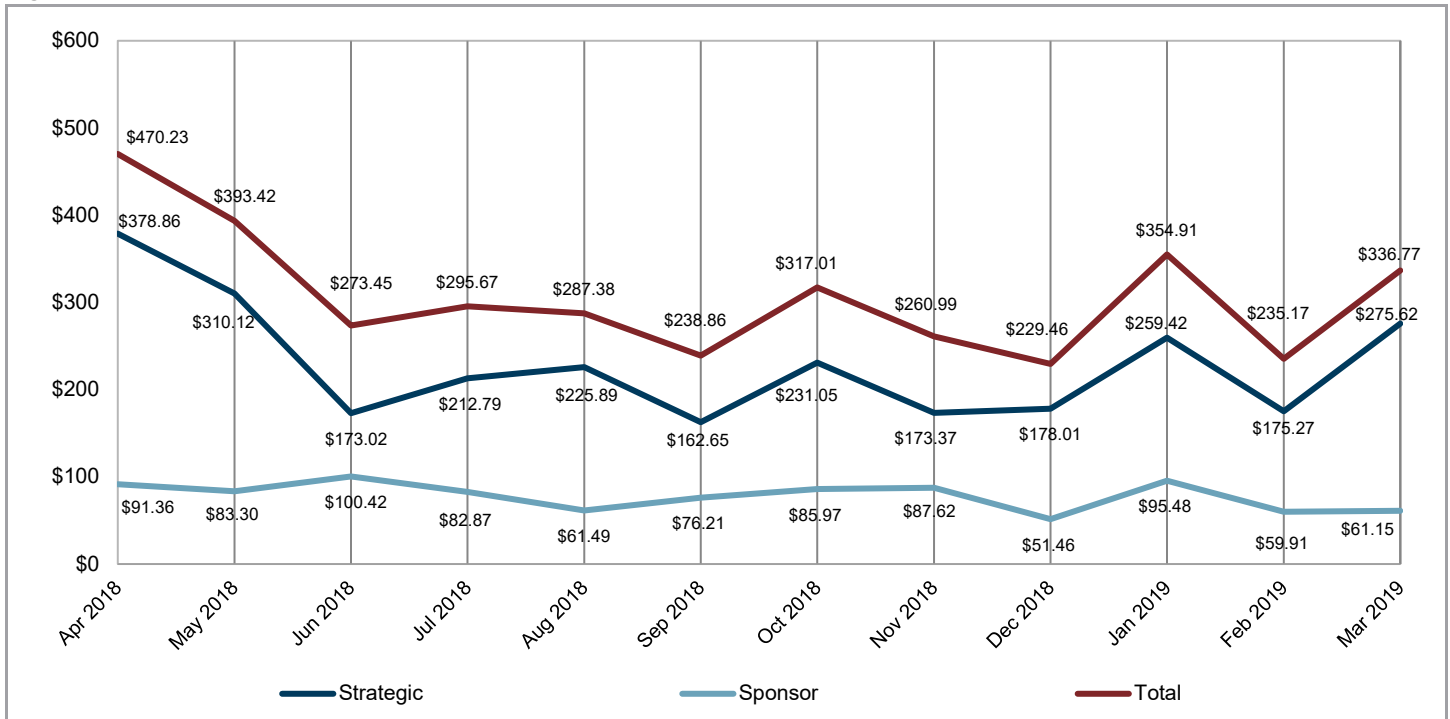


Figure 2A – Global Deal Volume (US\$B)



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Figure 3A – U.S. Number of Deals

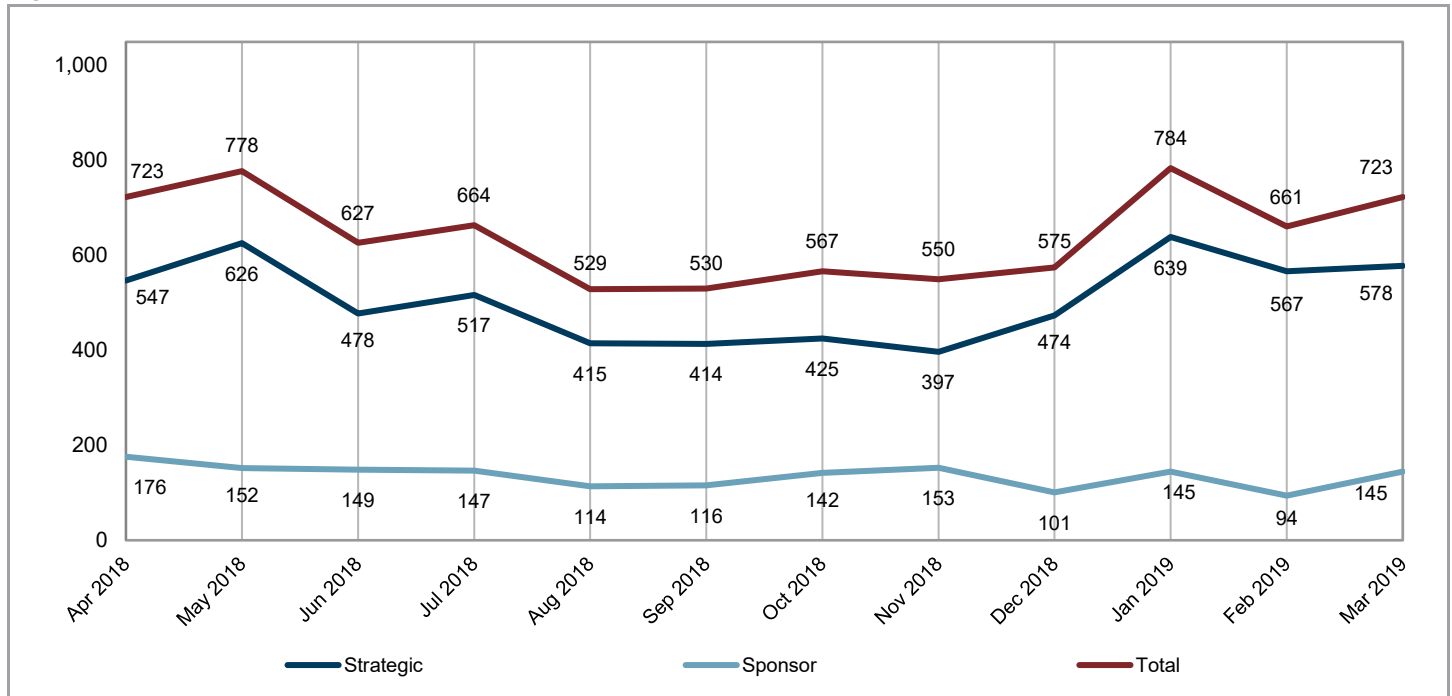
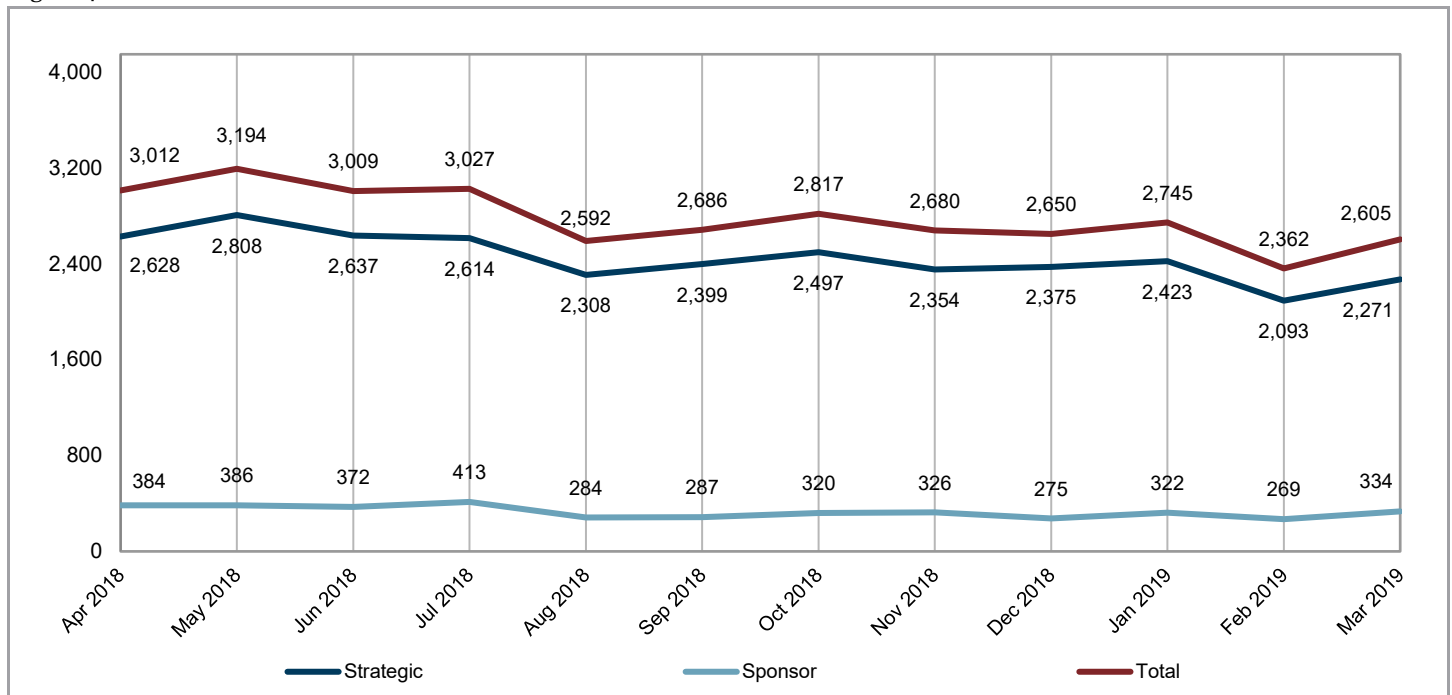


Figure 4A – Global Number of Deals



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Figure 5A – Inbound U.S. Crossborder Transactions

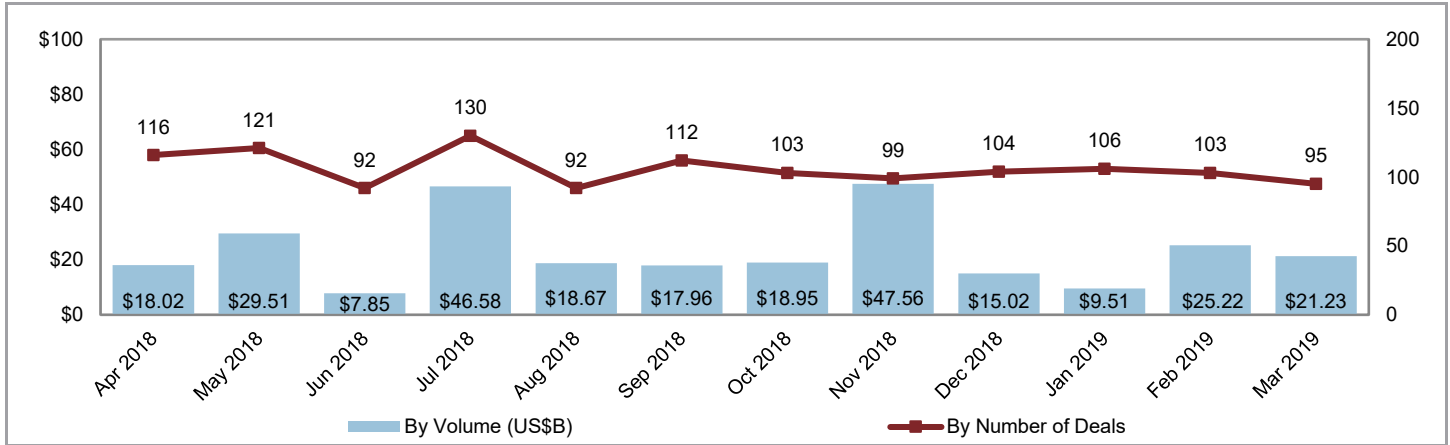


Figure 6A – Outbound U.S. Crossborder Transactions

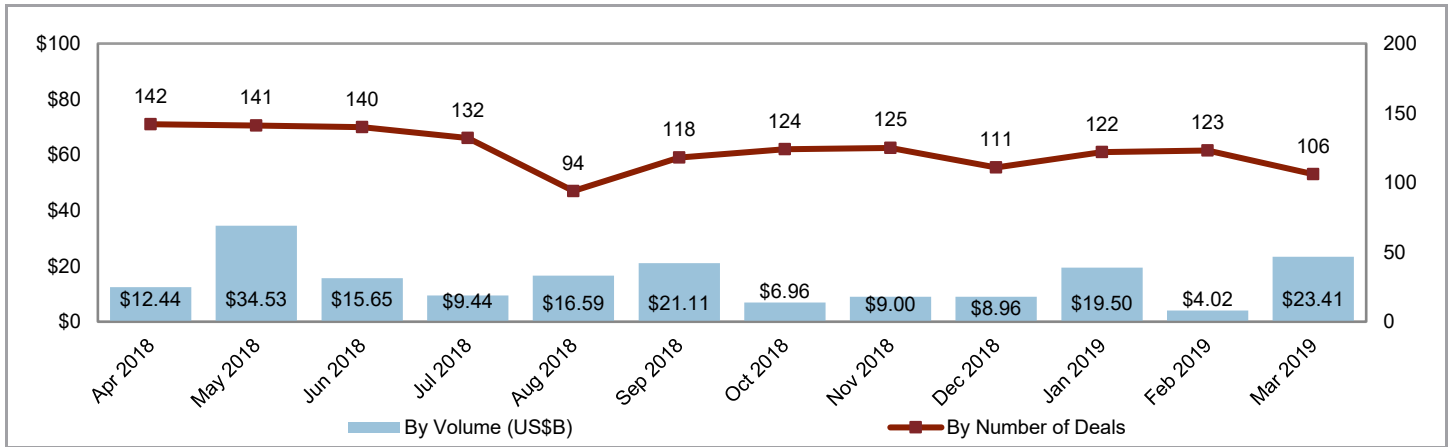


Figure 7A – Global Crossborder Transactions

