

May 2019, Issue 86

M&A activity in the U.S. and globally generally fell in the month of April. The number of U.S. deals decreased by 15.6%, to 622, and the number of global deals decreased by 10.3%, to 2,530. However, the total value of U.S. deals¹ increased by 58.1%, to \$186.69 billion, largely due to the announcement of a few megadeals. Similarly, the total value of global deals decreased by 7.0%, to \$317.15 billion. In terms of the average value of announced public mergers, it increased in the U.S. by 87.4%, to \$300.15 million, and globally by 3.6%, to \$125.35 million. [Figure 4](#).

Strategic vs. Sponsor Activity

Reflecting the foregoing trends, the number of strategic deals decreased in the U.S. by 9.3% to 529 and globally by 8.1% to 2,276, while strategic deal volume as measured by dollar value increased in the U.S. by 72.7% to \$158.34 billion, and decreased globally by 11.3% to \$246.17 billion. [Figure 1](#) and Annex [Figures 1A–4A](#). Sponsor-related volume by dollar value increased by 7.4% to \$28.36 billion in the U.S. and by 11.7% to \$70.98 billion globally. However, the number of sponsor-related deals decreased in April 2019 by 39.6% to 93 in the U.S. and by 26.4% to 254 globally, representing the lowest number of sponsor-related deals in the U.S. and globally in the past 12 months. [Figure 1](#) and Annex [Figures 1A–4A](#).

Crossborder Activity

Crossborder deal volume by dollar value decreased by 40.5% to \$62.82 billion, and the number of crossborder deals decreased globally by 19.4% to 528, the lowest number of crossborder deals in the past 12-month period. In the U.S., both inbound and outbound activity as measured by dollar value decreased by 23.2% to \$16.75 billion and by 81.0% to \$4.49 billion, respectively. Similarly, the number of U.S. inbound and outbound crossborder deals decreased in April by 11.9% to 89 and 26.3% to 84, respectively, each of which were the lowest number of deals for such activity in the last 12-month period. [Figure 1](#) and Annex [Figures 5A–7A](#).

France was the leading country for U.S. inbound activity by total dollar value (\$4.40 billion) in April, while Canada remained the leading country for U.S. inbound activity by total dollar value (\$85.35 billion) over the last 12-month period. In both April and over the last 12-month period, Canada was the leading country for U.S. inbound activity by number of deals (19 and 319, respectively). The U.K. remained the leading country of destination for U.S. outbound activity in both April and over the last 12 months by both activity as measured by dollar value (\$1.10 billion and \$33.12 billion, respectively) and by number of deals (21 and 292, respectively). [Figure 3](#).

U.S. Deals by Industry

Oil and Gas was the most active target industry by dollar value in April (\$111.93 billion), driven primarily by the bids for Anadarko Petroleum from Chevron and Occidental Petroleum, but Computer and Electronics remained the most active target industry over the last 12 months by dollar value (\$377.24 billion) and number of deals (2,326). Computers and Electronics was also the most active target industry by number of deals in April (260). [Figure 2](#).

U.S. Public Mergers

As for U.S. public merger deal terms in April 2019, average target break fees were below their 12-month levels (at 3.4% compared to 3.7%), and reverse break fees were below their 12-month levels (at 5.5% compared to 5.8%). Two deals were announced with a go-shop provision. [Figures 6, 7 and 8](#). Cash transactions comprised 70.0% of U.S. public mergers, well above the 51.4% 12-month average, and 10% of deals were choice-election transactions. [Figure 9](#). Further, hostile and unsolicited transactions represented 20.0% of announced U.S. public mergers, above the 14.2% 12-month average. [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.

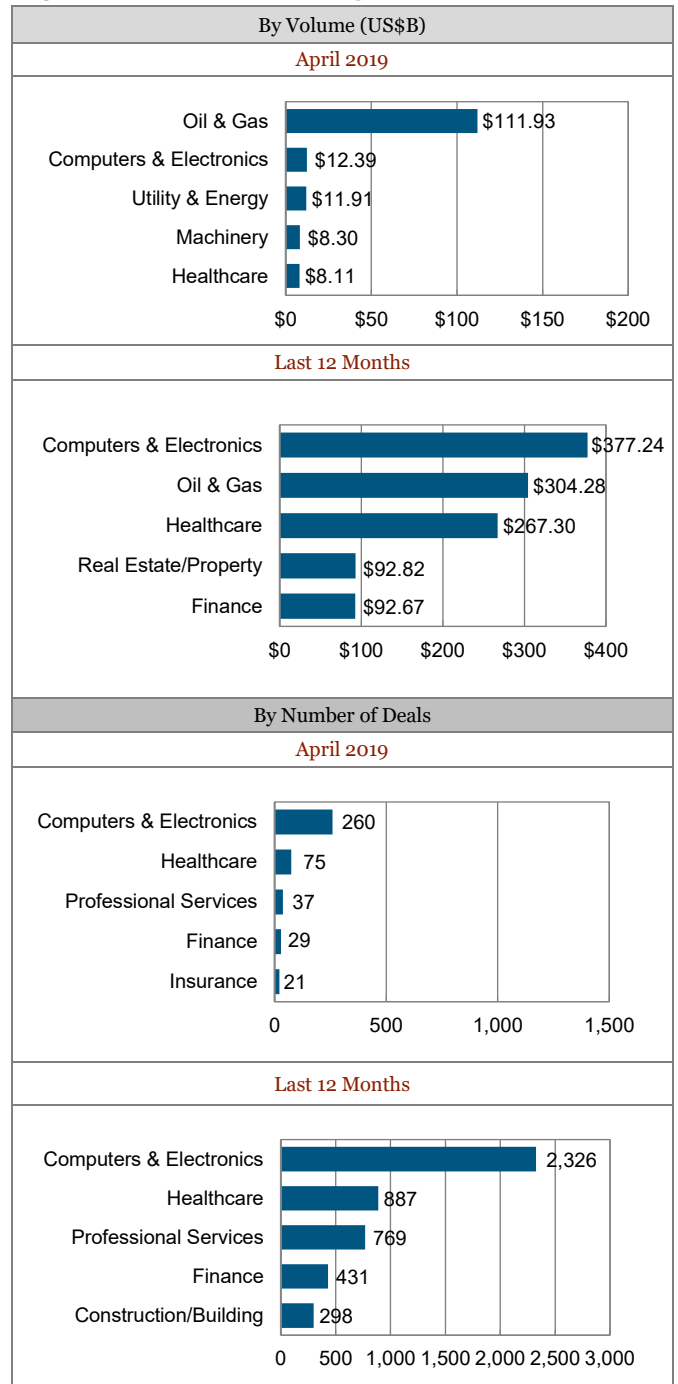
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M&A Activity

Figure 1

April 2019	Global	+/- From Prior Month	U.S.	+/- From Prior Month
Total				
Volume (US\$B)	317.15	(24.02)	186.69	68.62
No. of deals	2,530	(291)	622	(115)
Avg. value of deals (US\$mil)	125.4	4.4	300.2	140.0
Strategic Transactions				
Volume (US\$B)	246.17	(31.47)	158.34	66.67
No. of deals	2,276	(200)	529	(54)
Avg. value of deals (US\$mil)	108.2	(4.0)	299.3	142.1
Sponsor-Related Transactions				
Volume (US\$B)	70.98	7.45	28.36	1.95
No. of deals	254	(91)	93	(61)
Avg. value of deals (US\$mil)	279.5	95.3	304.9	133.4
Crossborder Transactions¹				
Volume (US\$B)	62.82	(42.69)	Inbound 16.75 Outbound 4.49	Inbound (5.07) Outbound (19.12)
No. of deals	528	(127)	Inbound 89 Outbound 84	Inbound (12) Outbound (30)
Avg. value of deals (US\$mil)	119.0	(42.1)	Inbound 188.2 Outbound 53.4	Inbound (27.8) Outbound (153.6)

Figure 2 – Most Active U.S. Target Industries²



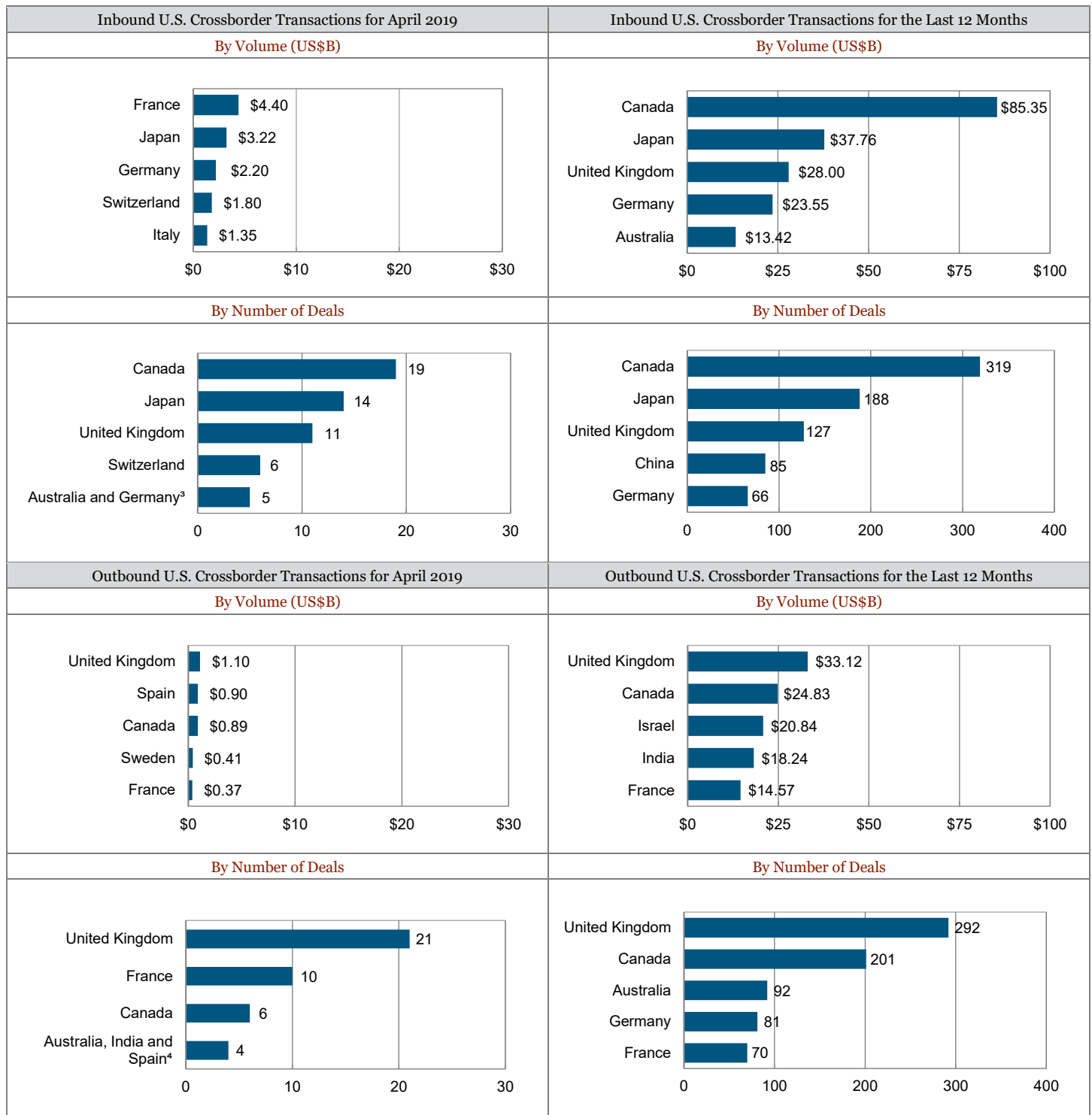
Figures 1-3 were compiled using data from Dealogic, and are for the broader M&A market, including mergers of any value involving public and/or private entities. Deal volume by dollar value and average value of deals are calculated from the subset of the total number of deals that include a disclosed 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 May 10, 2019 unless otherwise specified. "Last 12 Months" data is for the period from May 2018 to April 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 Cortex.

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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 five transactions in April 2019.

⁴ Each of Australia, India and Spain was the country of destination for four transactions in April 2019.

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

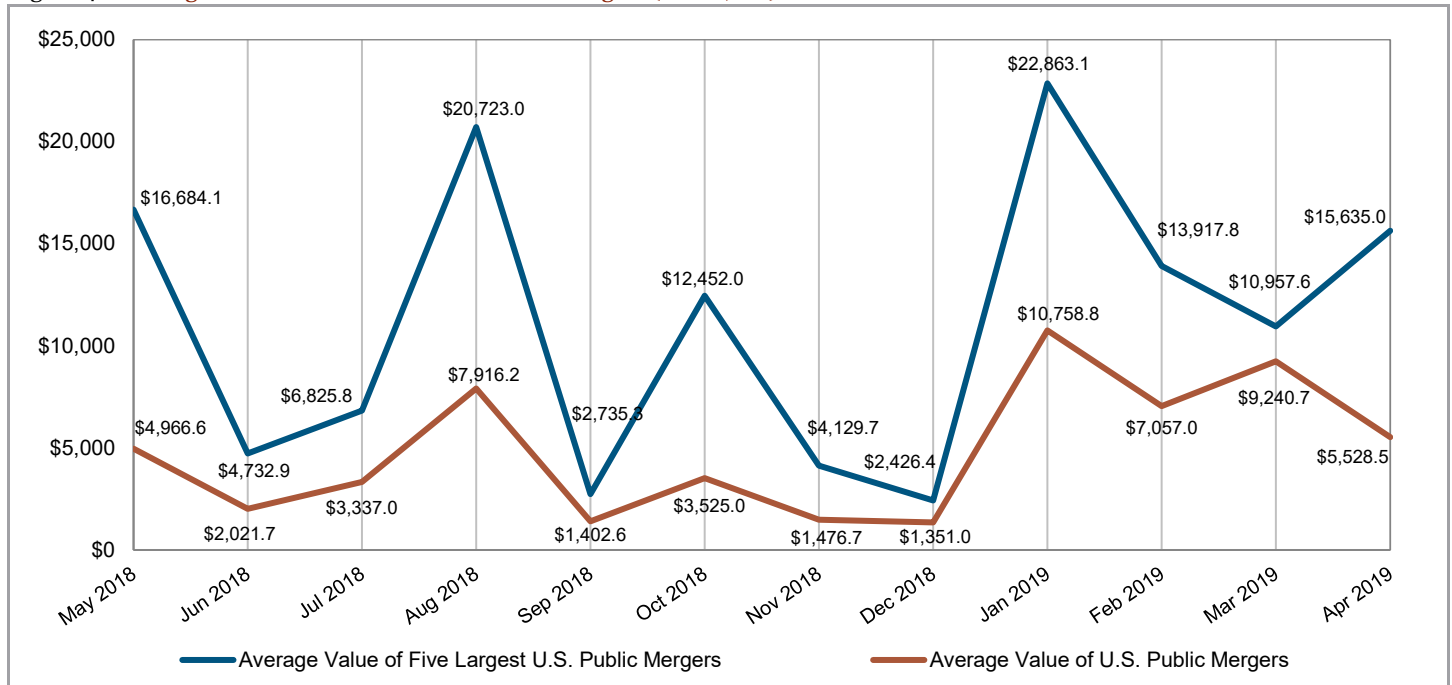
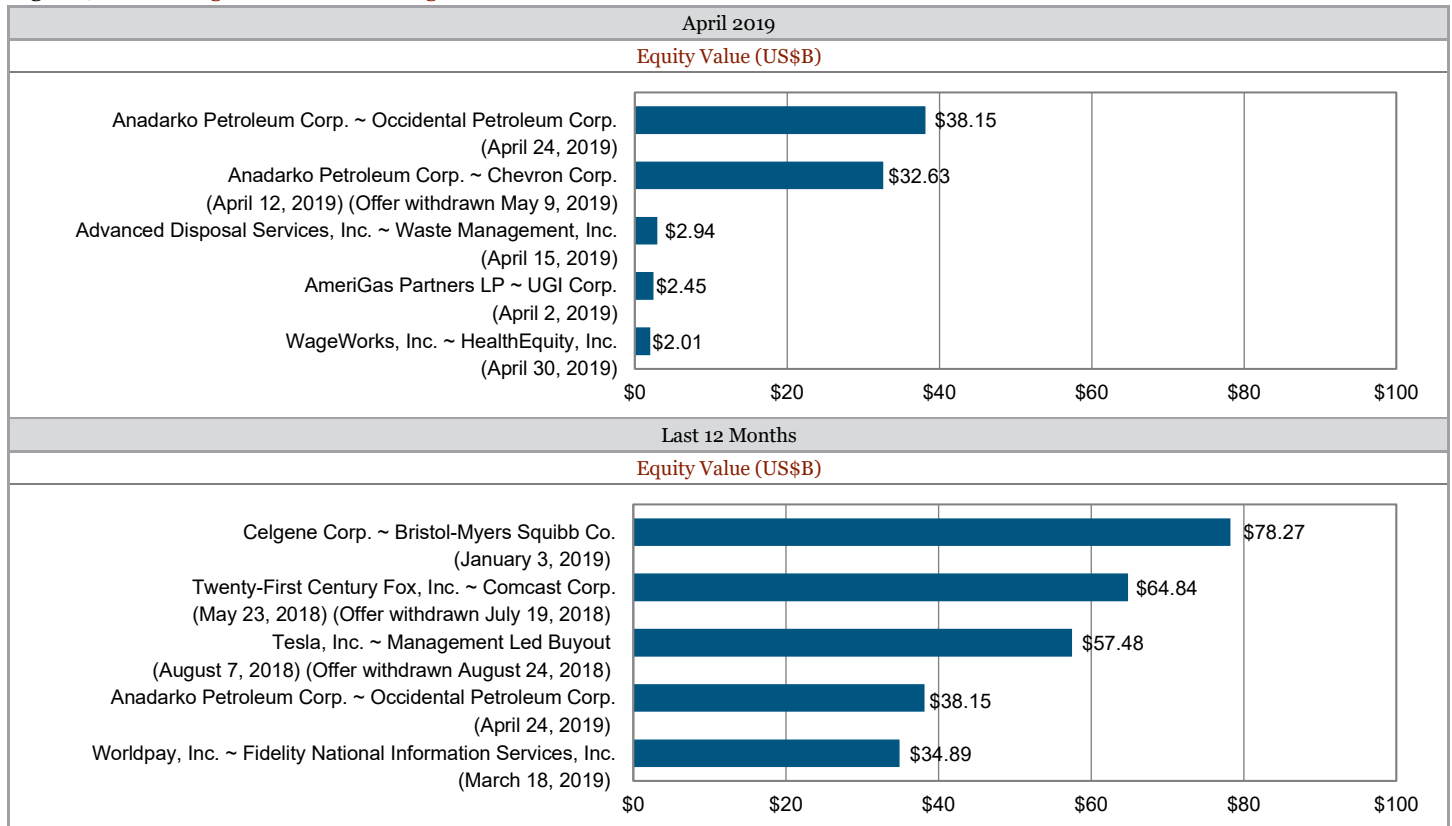


Figure 5 – Five Largest U.S. Public Mergers



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M&A Terms

Figure 6 – Average Break Fees as % of Equity Value⁵

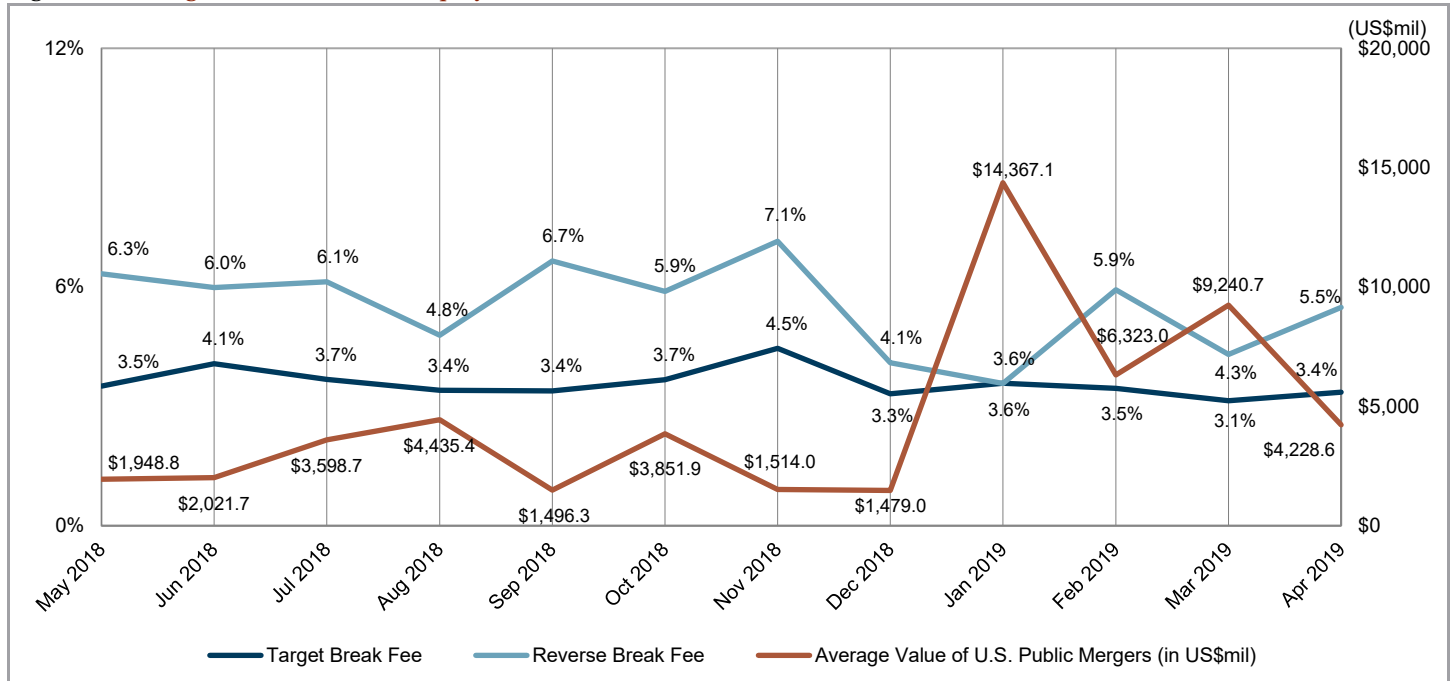


Figure 7 – Average Break Fees as % of Equity Value⁶

	April 2019	Last 12 Months
Target Break Fee for All Mergers ⁷	3.4	3.7

	April 2019	Last 12 Months
Reverse Break Fee for All Mergers ⁸	5.5	5.8
Reverse Break Fee for Mergers Involving Financial Buyers ⁹	6.3	7.2
Reverse Break Fee for Mergers Involving Strategic Buyers ¹⁰	4.7	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

	April 2019	Last 12 Months
% of Mergers with Go-Shops	20.0	11.1
% of Mergers Involving Financial Buyers with Go-Shops ¹²	50.0	31.8
% of Mergers Involving Strategic Buyers with Go-Shops	12.5	7.4
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops ¹³	37.5	39.1
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops ¹⁴	45.0	40.1
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops ¹⁵	30.0	38.2

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 10 transactions in April 2019 had a target break fee.

⁸ Four transactions in April 2019 had a reverse break fee.

⁹ Two transactions in April 2019 involving a financial buyer had a reverse break fee.

¹⁰ Two transactions in April 2019 involving a strategic buyer had a reverse break fee.

¹¹ Financial and strategic categories are determined by FactSet MergerMetrics.

¹² Two transactions in April 2019 involved a financial buyer.

¹³ Eight transactions in April 2019 involved a strategic buyer.

¹⁴ Two transactions in April 2019 had a go-shop provision.

¹⁵ One transaction in April 2019 involving a financial buyer had a go-shop provision.

¹⁶ One transaction in April 2019 involving a strategic buyer had a go-shop provision.

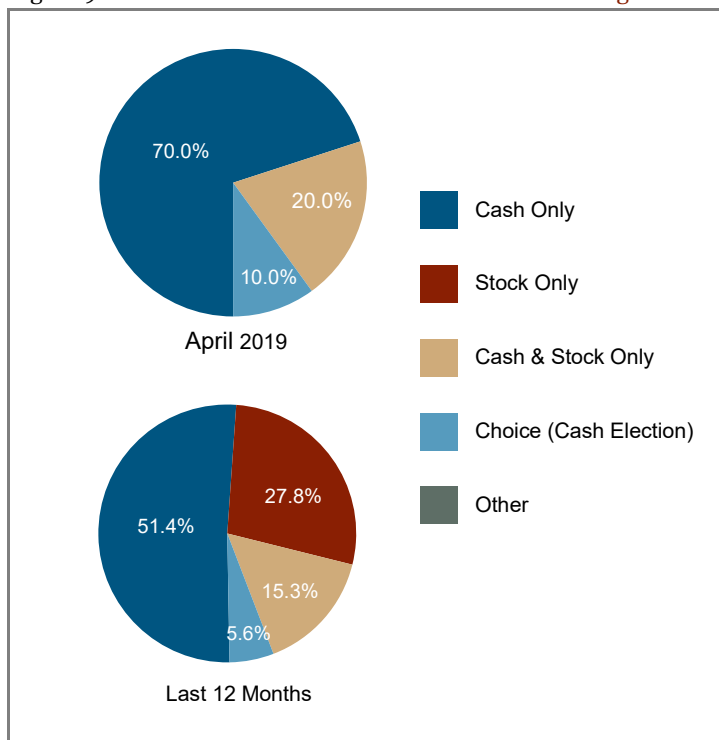
[Return to Summary](#)Figure 9 – Form of Consideration as % of U.S. Public Mergers¹⁶

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

April 2019 ¹⁷	100.0
Last 12 Months	96.8

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

April 2019	30.0
Last 12 Months	14.6

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

April 2019	20.0
Last 12 Months	14.2

¹⁷ Due to rounding, percentages may not add up to 100%.¹⁸ There were only two partial or all stock transactions in April 2019.

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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)

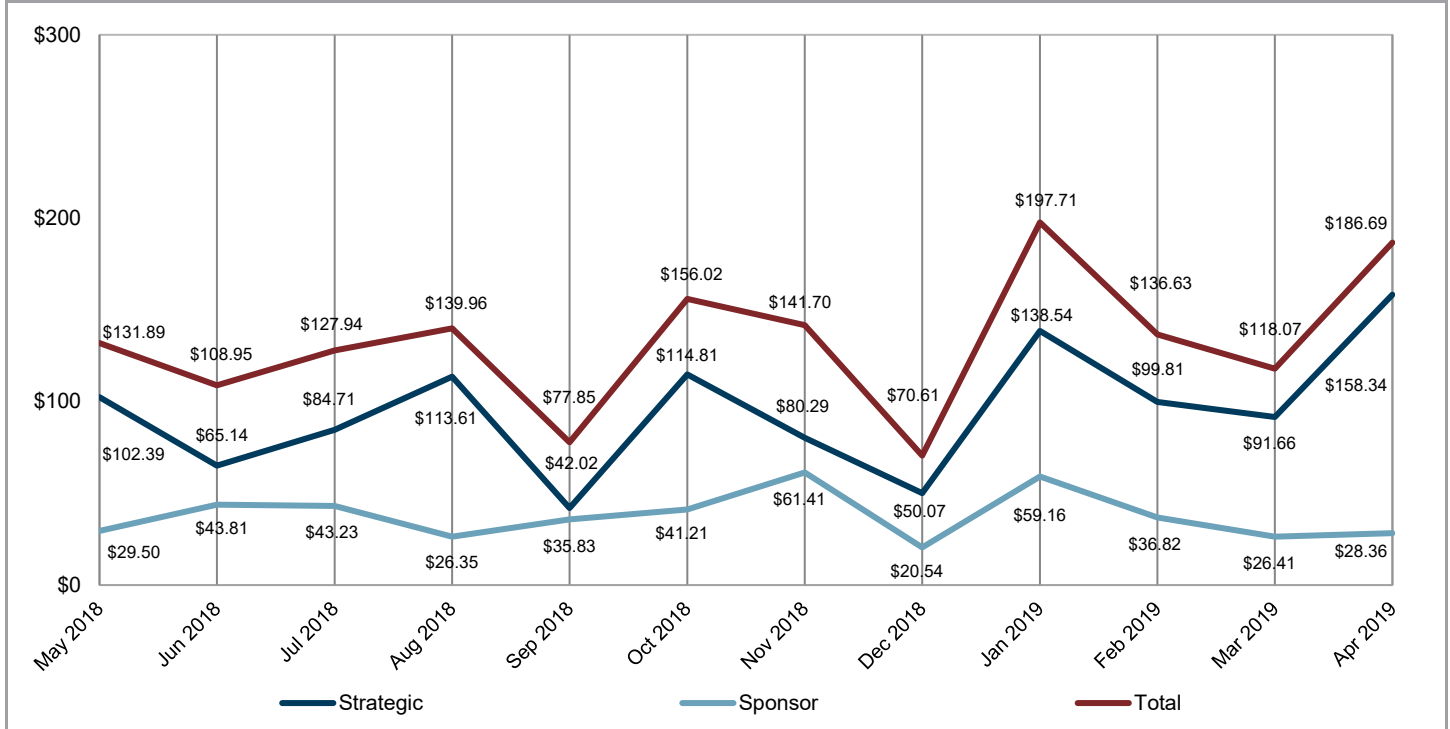
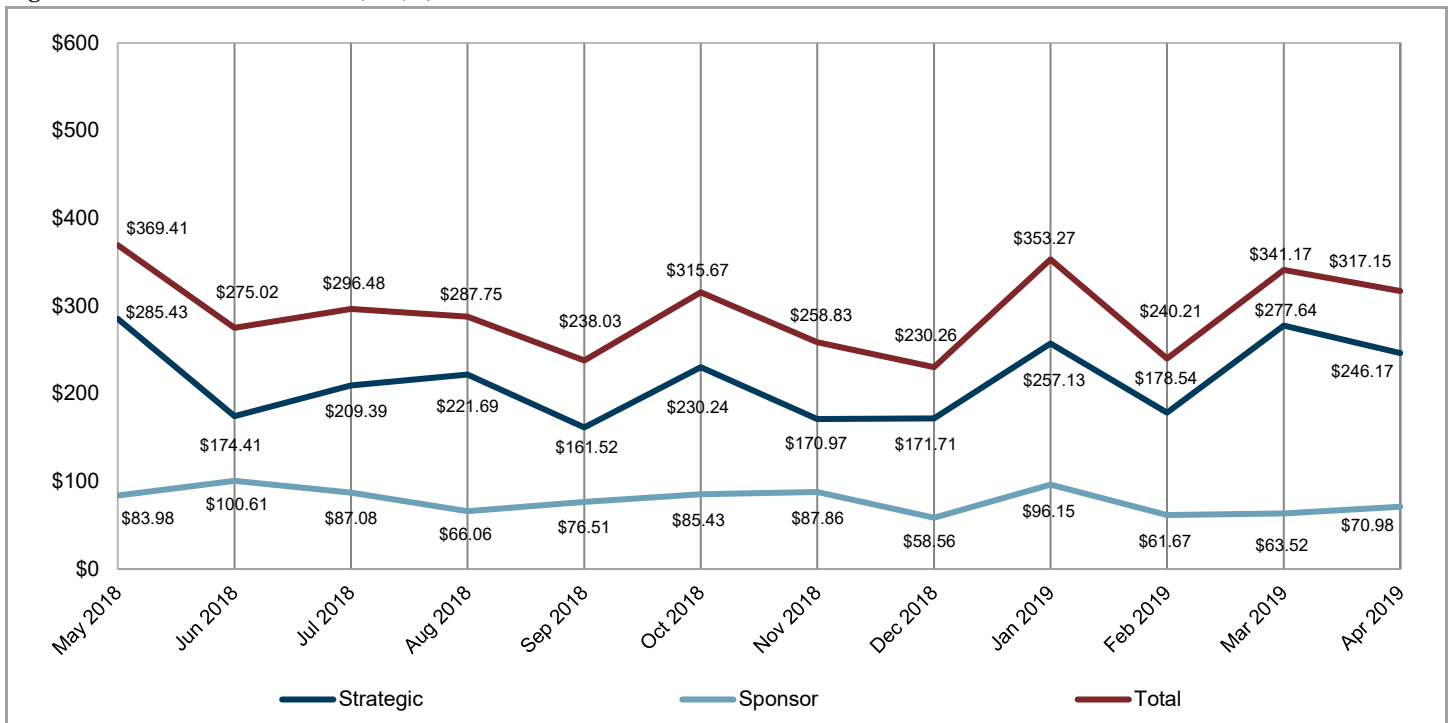


Figure 2A – Global Deal Volume (US\$B)



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Figure 3A – U.S. Number of Deals

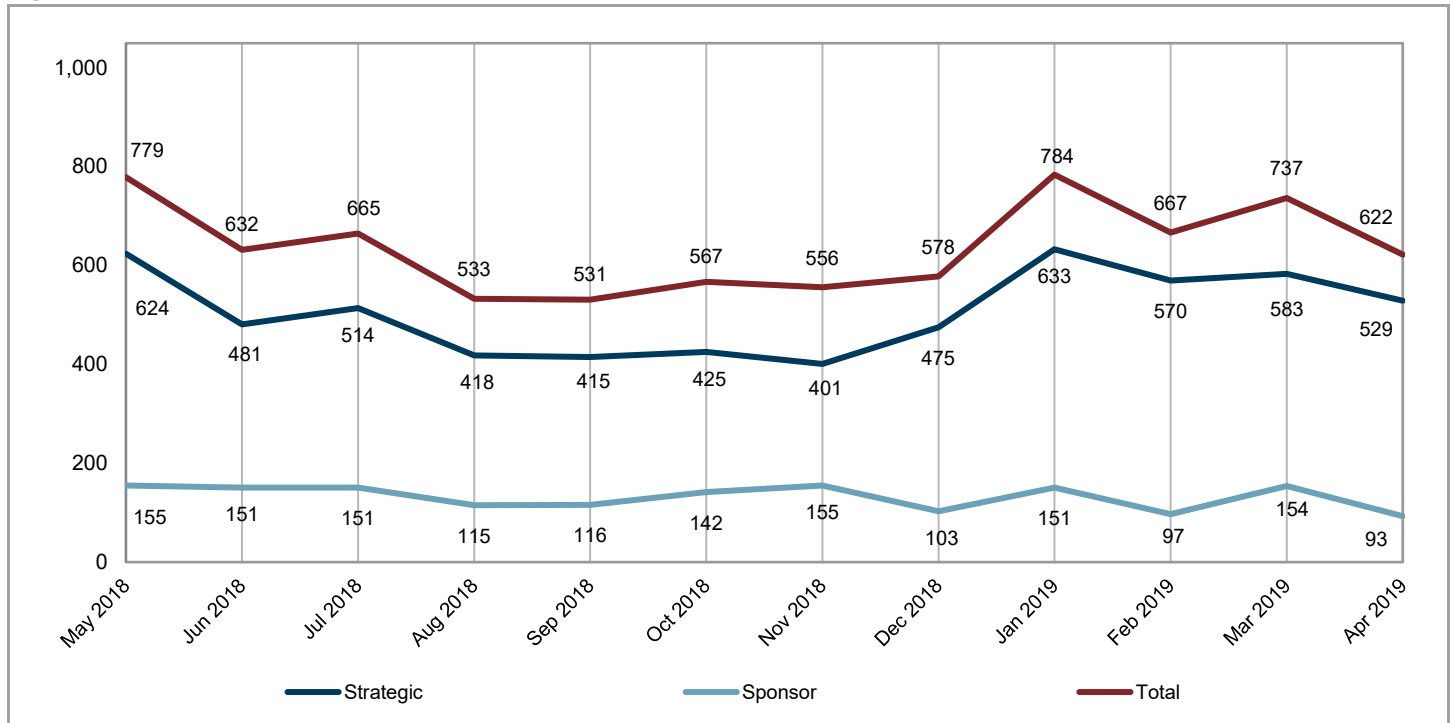
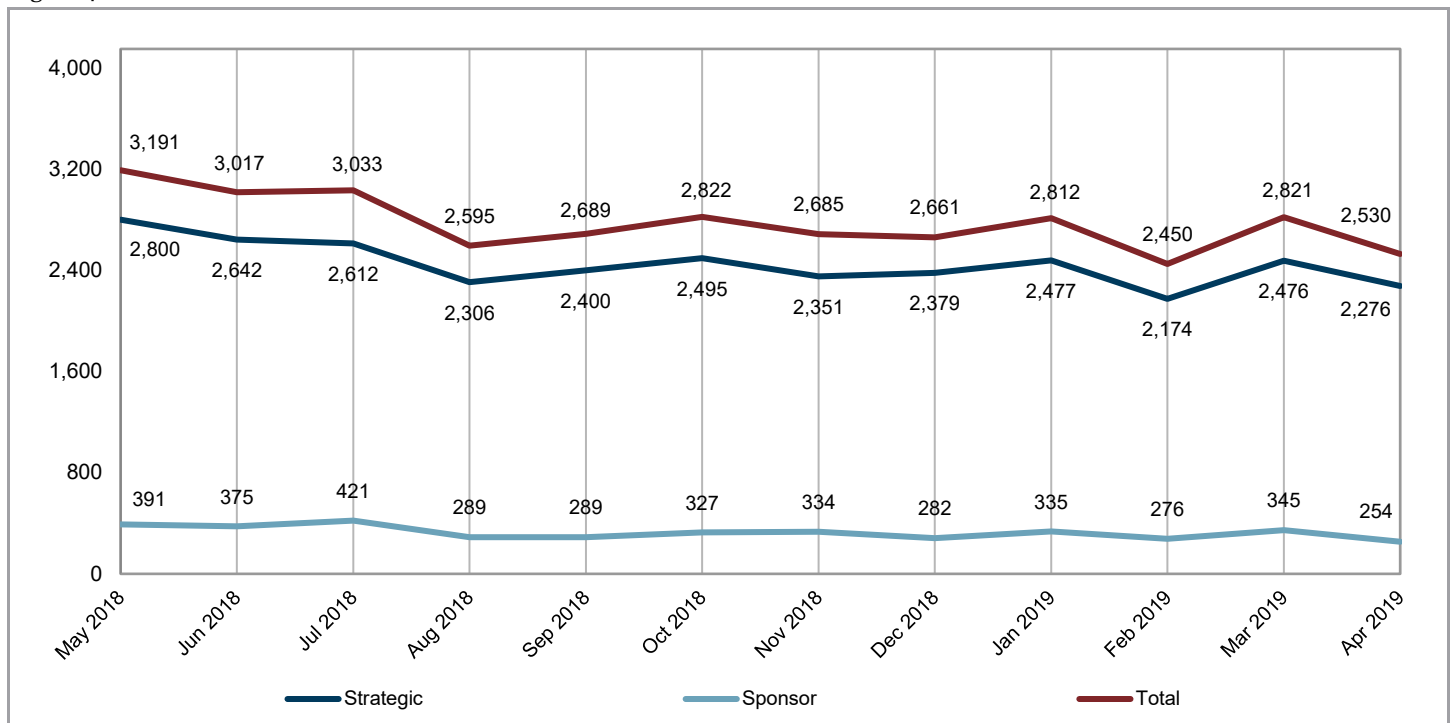


Figure 4A – Global Number of Deals



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Figure 5A – Inbound U.S. Crossborder Transactions

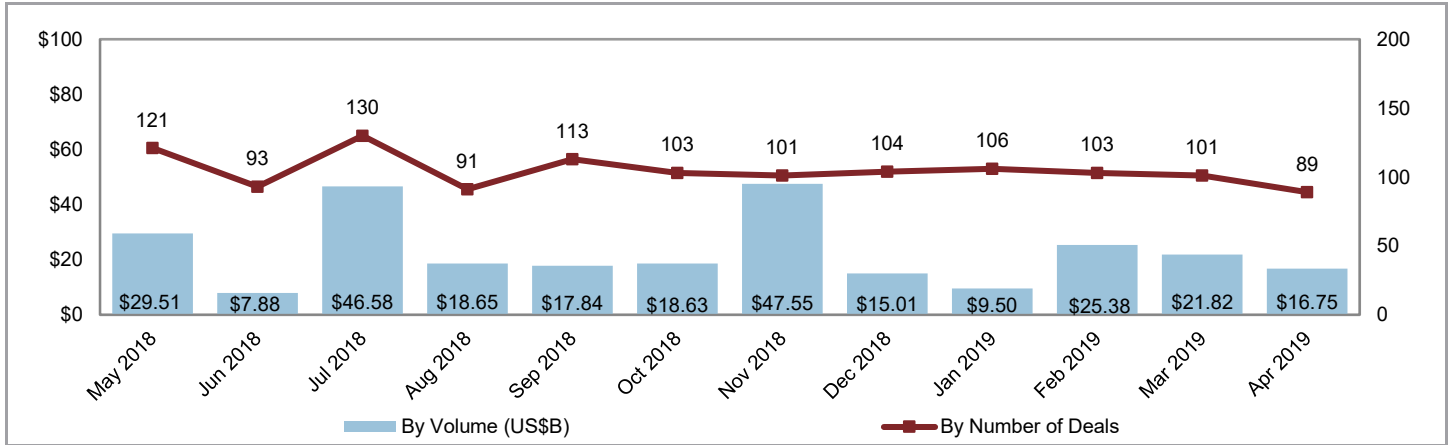


Figure 6A – Outbound U.S. Crossborder Transactions

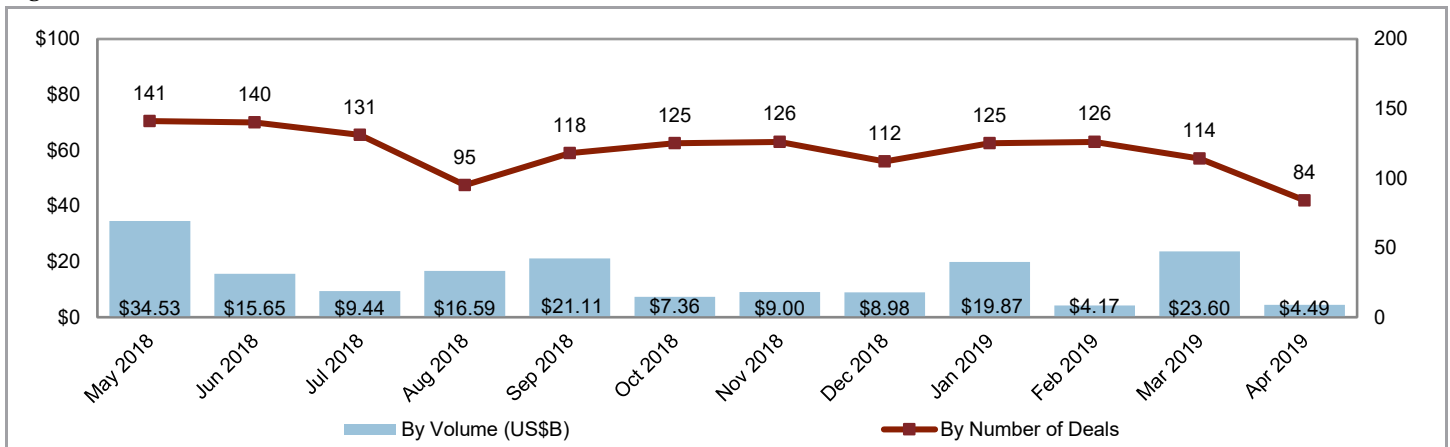


Figure 7A – Global Crossborder Transactions

