

# M&A AT A GLANCE

NOVEMBER 2020 | ISSUE 104

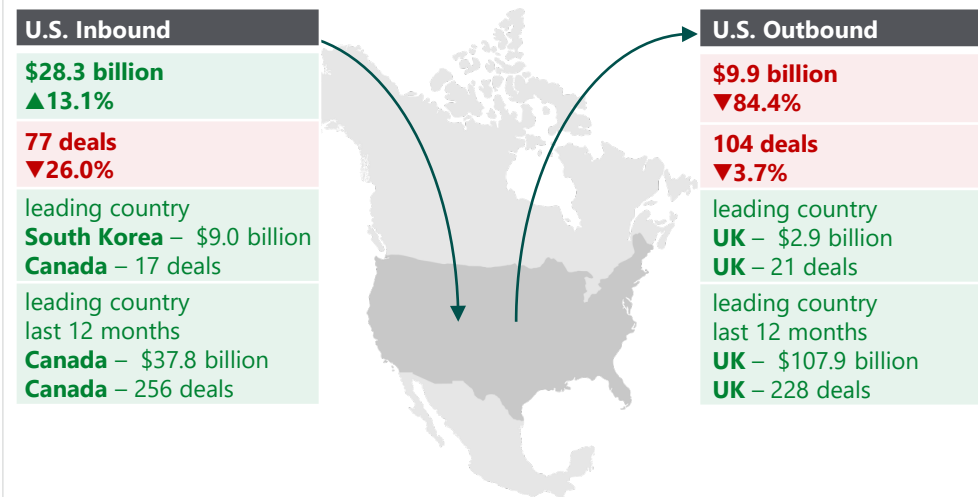
## Key Takeaways

- ▶ Global M&A activity declined in October, while US activity, despite a 6% decline in the number of announced transactions, saw a 22% increase in total deal value.
- ▶ Similarly, crossborder activity generally decreased across the board, except that inbound investment into the US increased by 13% relative to September.
- ▶ South Korea was the top country for inbound US transactions by deal value, driven by the \$9 billion acquisition of Intel Corp.'s NAND memory business by SK Hynix Inc. South Korea has not hit this top spot since December of 2016.
- ▶ Dining and Lodging made it into the top five industries for deal value, largely propelled by the \$11.6 billion acquisition of Dunkin' Brands Group Inc. by Inspire Brands Inc. The last time this happened was May 2017.
- ▶ US public merger highlights include the following:
  - Average break and reverse break fee levels were slightly lower than compared to the last twelve months (LTM).
  - The frequency of all-cash deals reverted to a relatively norm, constituting 46% of all deals in October (in line with the LTM average of 58%) after September, when 80% of deals were all-cash.
  - Hostile/unsolicited offers represented 25% of all US mergers, ending a five-month stretch of no hostile/unsolicited offers.
  - Unaffected premium dipped to 31%, compared to 41% over the LTM.

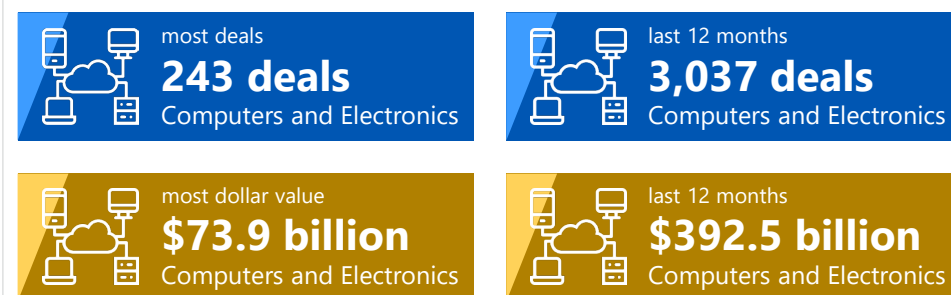
## Strategic vs. Sponsor Activity

Global	
<b>Total</b>	
<b>\$428.0 billion</b>	▼8.6%
<b>2,319 deals</b>	▼16.1%
<b>Strategic</b>	
<b>\$331.7 billion</b>	▼0.7%
<b>2,011 deals</b>	▼16.7%
<b>Sponsor</b>	
<b>\$96.3 billion</b>	▼28.1%
<b>308 deals</b>	▼12.0%
U.S.	
<b>Total</b>	
<b>\$210.3 billion</b>	▲22.2%
<b>562 deals</b>	▼5.7%
<b>Strategic</b>	
<b>\$159.4 billion</b>	▲67.0%
<b>434 deals</b>	▼6.1%
<b>Sponsor</b>	
<b>\$50.9 billion</b>	▼33.6%
<b>128 deals</b>	▼4.5%

## Crossborder Activity



## Industry Activity



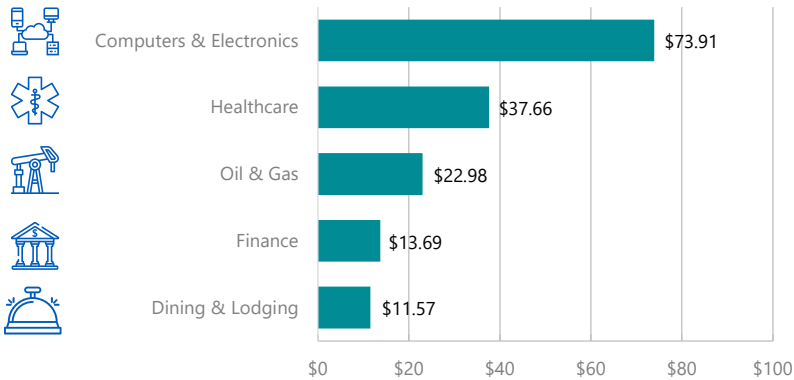
All data is as of November 10, 2020 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

Most Active U.S. Target Industries<sup>1</sup>

Deal Value (US\$B)

October 2020

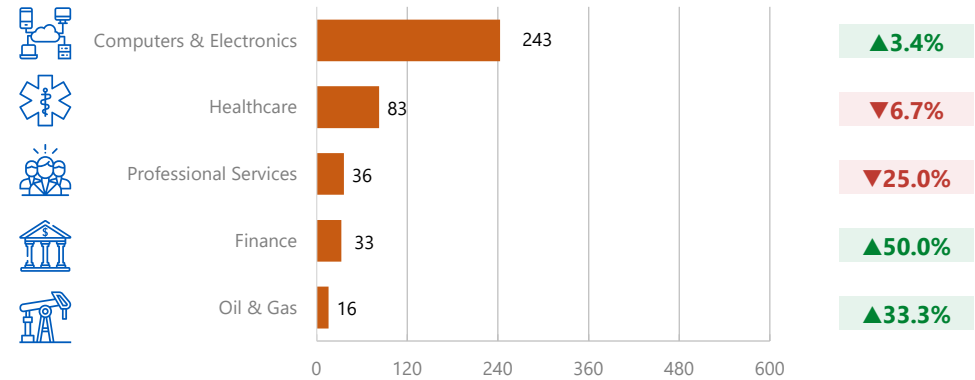
+/- from last month



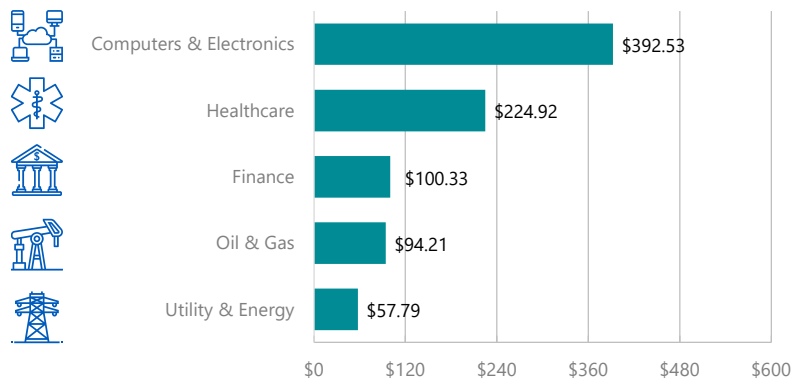
Number of Deals

October 2020

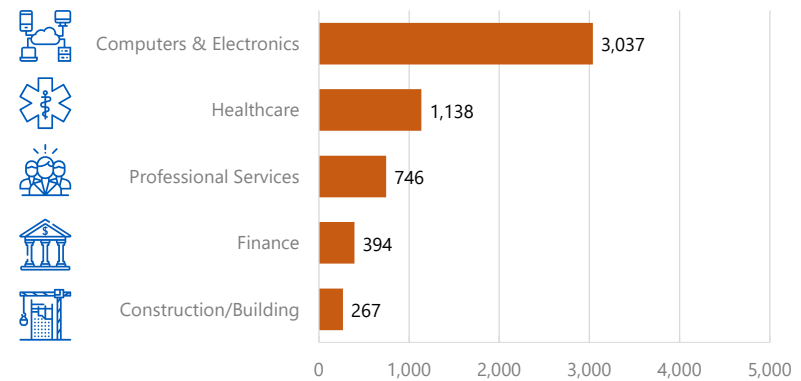
+/- from last month



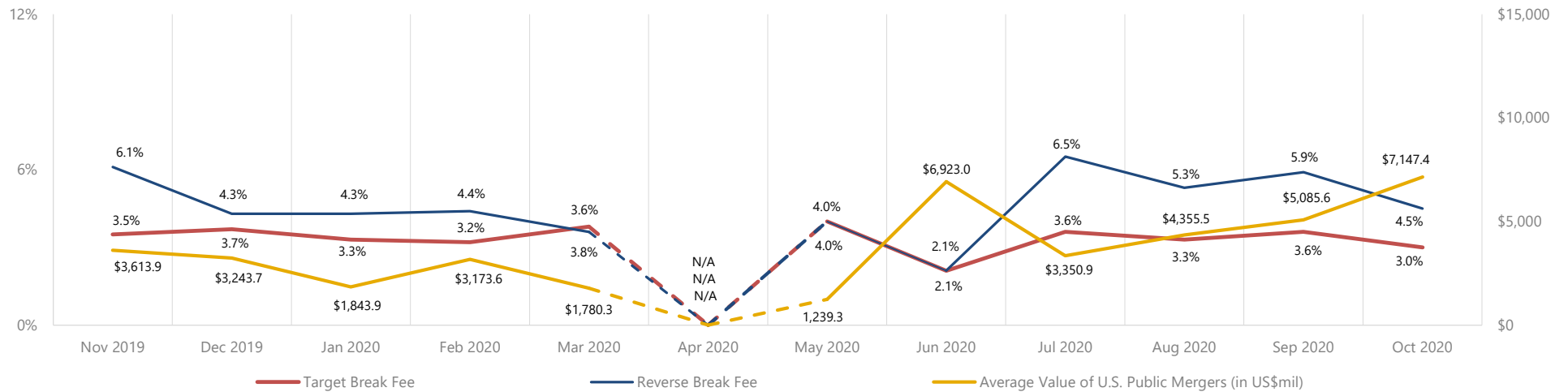
Last 12 Months



Last 12 Months



Average Break Fees as % of Equity Value<sup>2</sup>



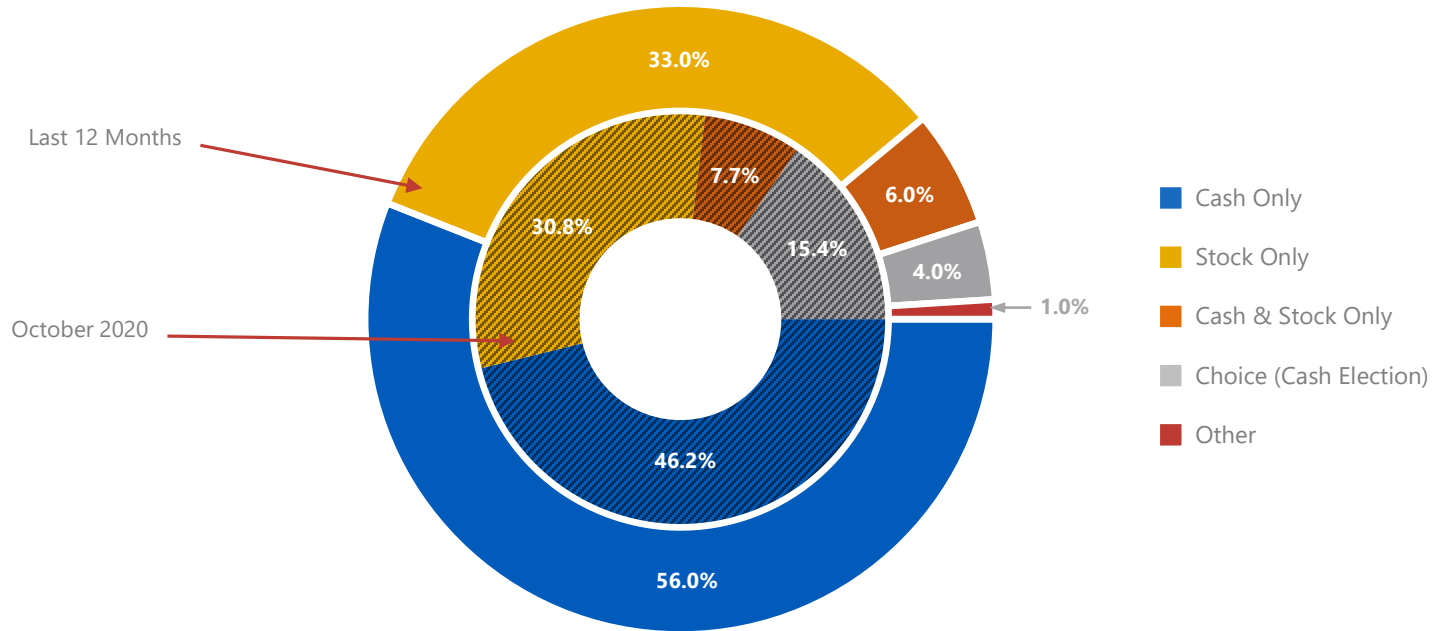
Average Break Fees as % of Equity Value<sup>3,4</sup>

	October 2020	Last 12 Months
Target Break Fee for All Mergers	3.0	3.4
Reverse Break Fee for All Mergers <sup>5</sup>	4.5	5.1
Reverse Break Fee for Mergers Involving Financial Buyers <sup>6</sup>	4.5	6.6
Reverse Break Fee for Mergers Involving Strategic Buyers <sup>7</sup>	4.5	4.5

U.S. Public Merger Go-Shop Provisions<sup>8</sup>

	October 2020	Last 12 Months
% of Mergers with Go-Shops	7.7	10.0
% of Mergers Involving Financial Buyers with Go-Shops <sup>9</sup>	33.3	44.4
% of Mergers Involving Strategic Buyers with Go-Shops <sup>10</sup>	0.0	2.4
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops <sup>11</sup>	30.0	35.7
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops <sup>12</sup>	30.0	34.6
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops <sup>13</sup>	N/A	40.0

Form of Consideration as % of U.S. Public Mergers<sup>14</sup>



Tender Offers as % of U.S. Public Mergers

October 2020	30.8
Last 12 Months	28.0

Unaffected Premium %<sup>16</sup>

October 2020	30.7
Last 12 Months	40.7

Hostile/Unsolicited Offers as % of U.S. Public Mergers<sup>15</sup>

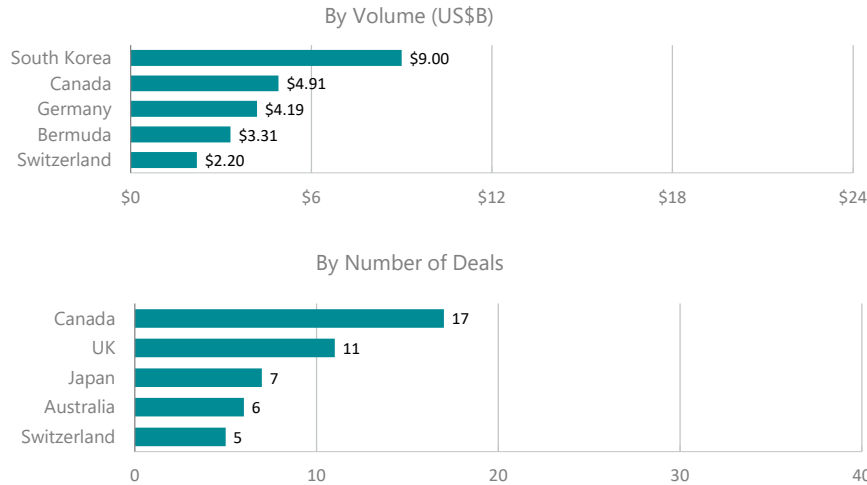
October 2020	25.0
Last 12 Months	13.6

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

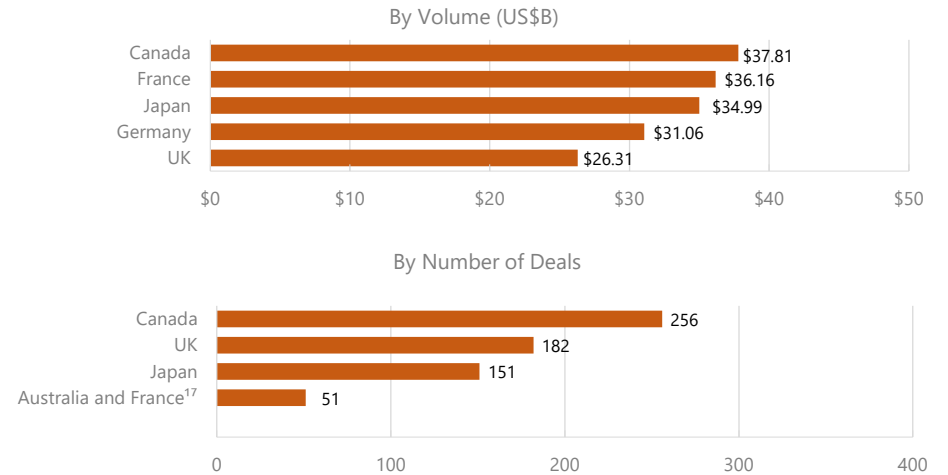
October 2020	2.6
Last 12 Months	1.6

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

**Inbound U.S. Crossborder Transactions for October 2020**

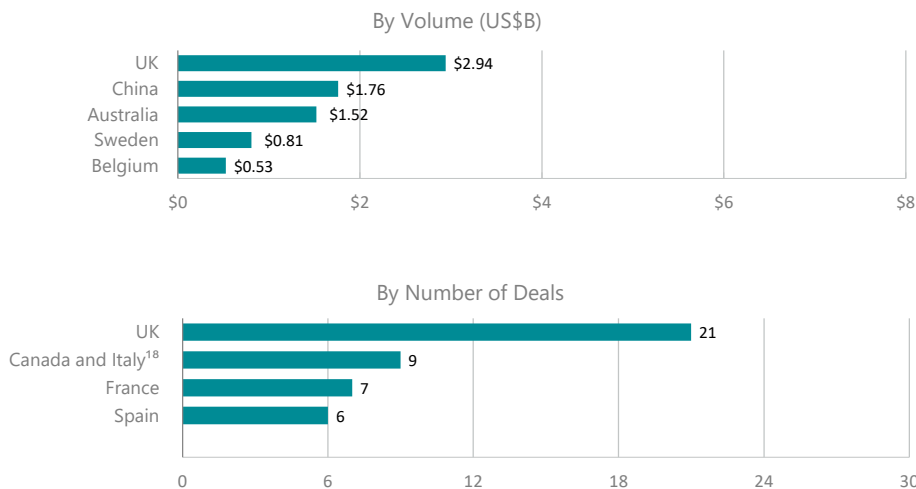


**Inbound U.S. Crossborder Transactions for the Last 12 Months**

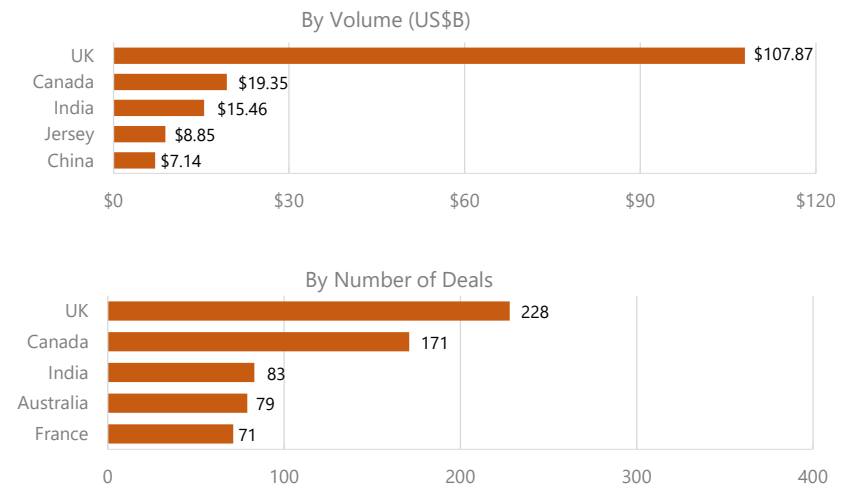


**Top 5 Countries of Origin or Destination for Outbound U.S. Crossborder Transactions**

**Outbound U.S. Crossborder Transactions for October 2020**

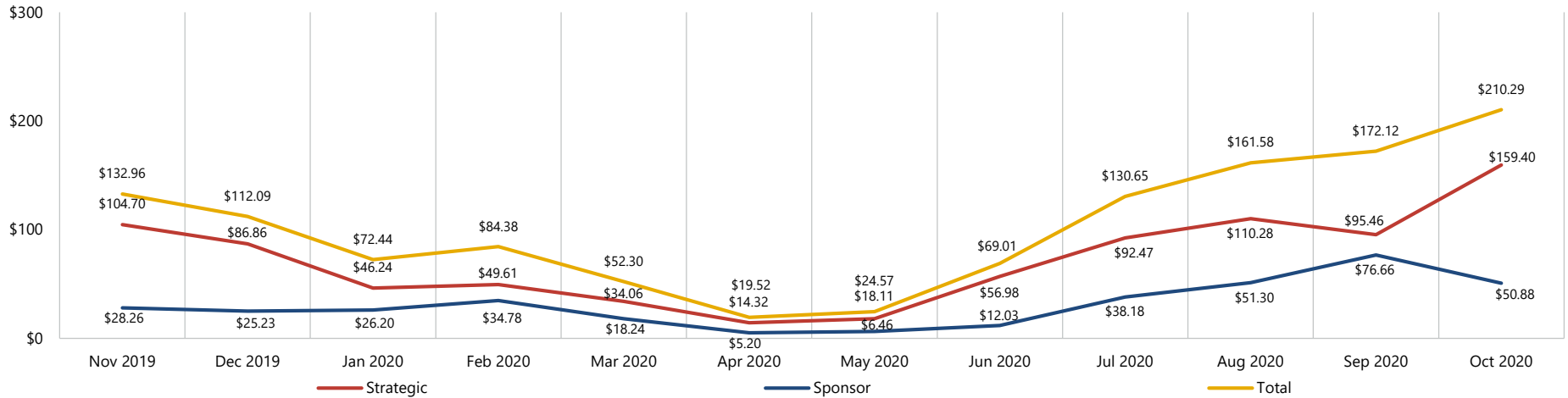


**Outbound U.S. Crossborder Transactions for the Last 12 Months**

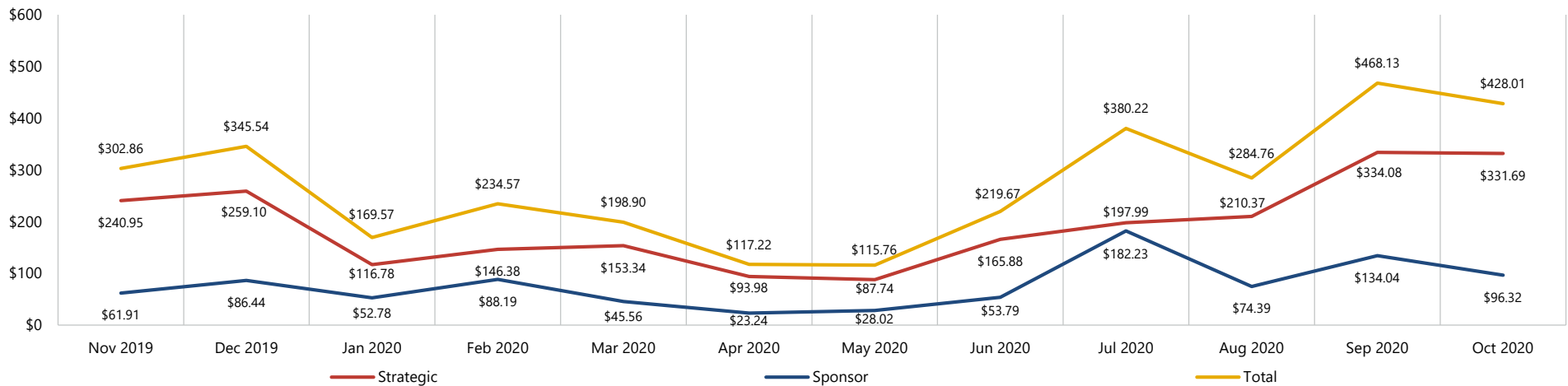


## Appendix: M&A Activity – 12 Month Trends

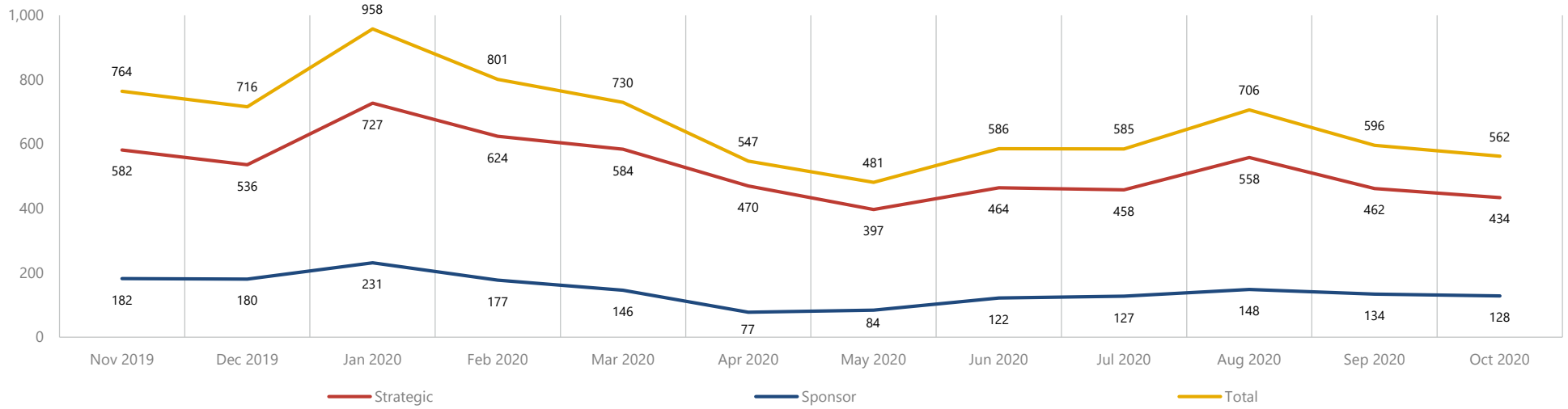
U.S. Deal Value (US\$B)



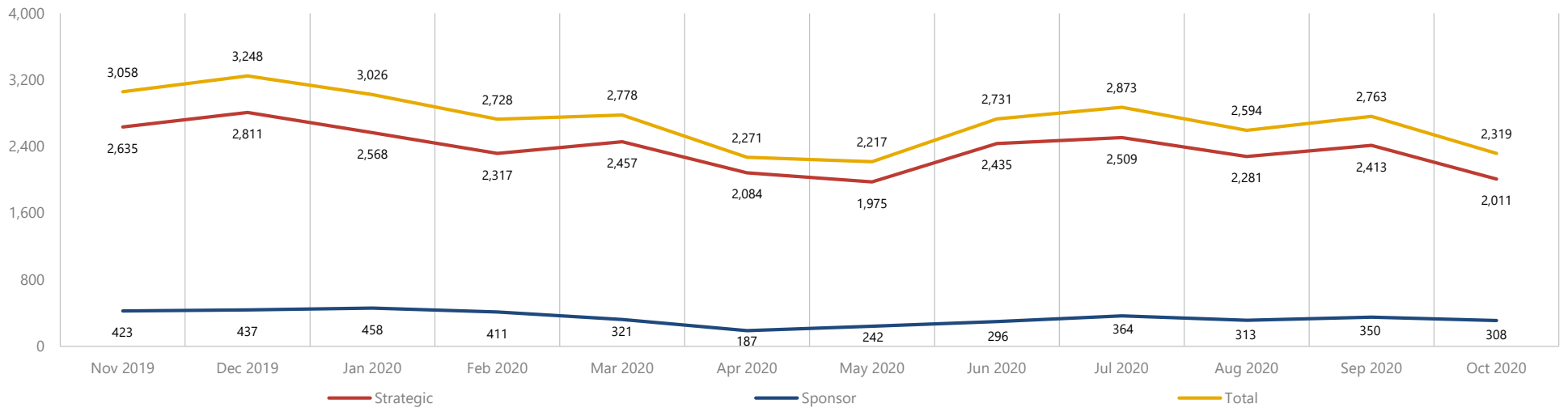
Global Deal Value (US\$B)



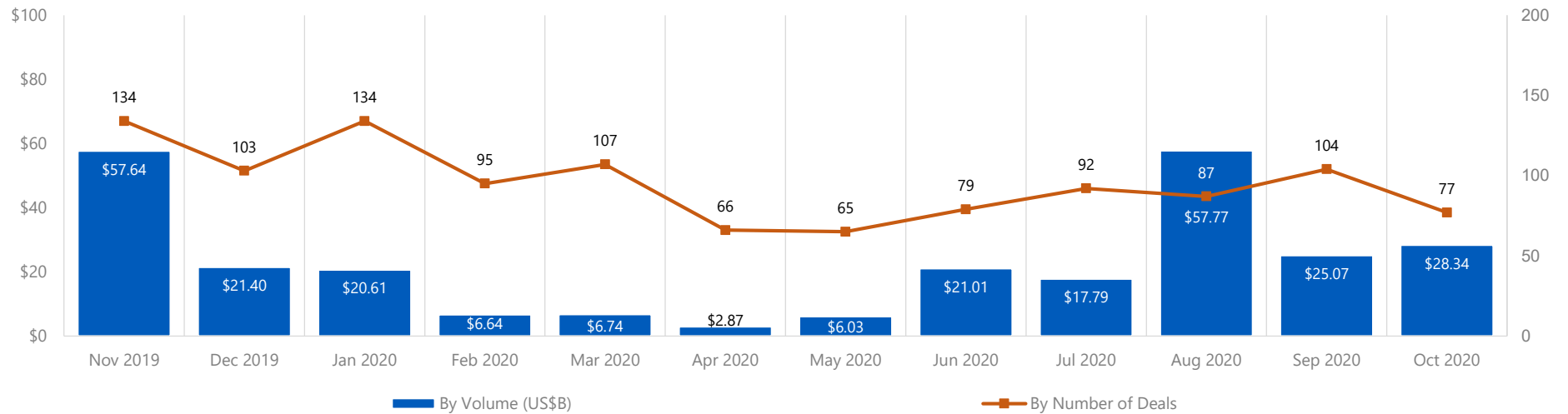
U.S. Number of Deals



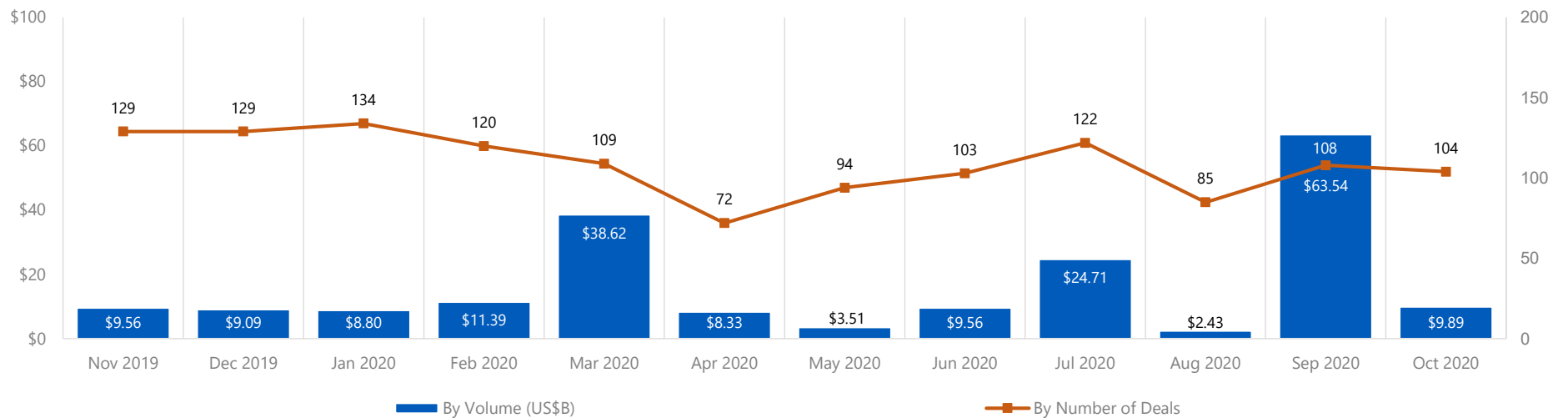
Global Number of Deals



**Inbound U.S. Crossborder Transactions**

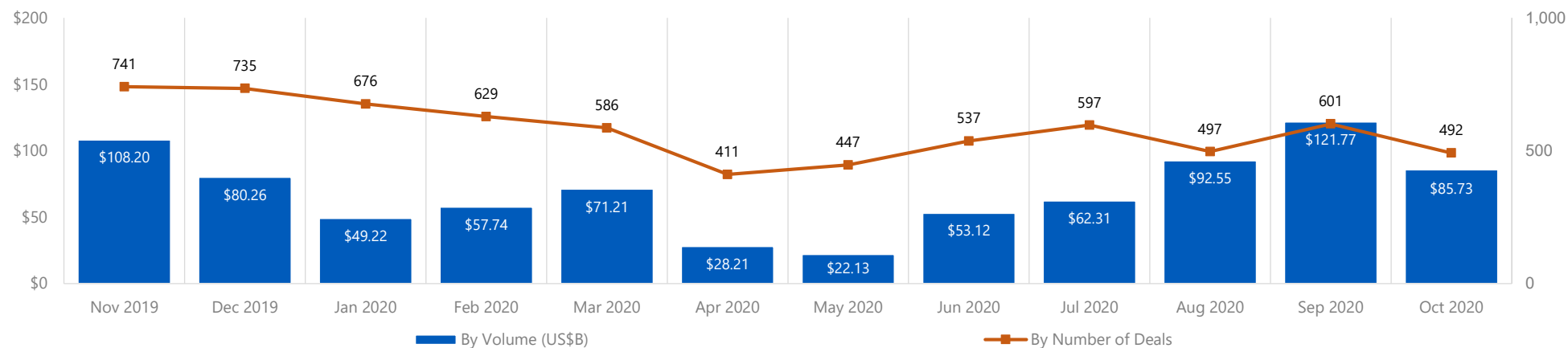


**Outbound U.S. Crossborder Transactions**





## Global 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. Dashed lines indicate that there are no data points for the month of April 2020, as there were no applicable deals in April 2020.
- There were 16 transactions in October 2020.
- Financial and strategic categories are determined by Deal Point Data.
- 10 transactions in October 2020 had a reverse break fee.
- Three transactions in October 2020 involving a financial buyer had a reverse break fee.
- Seven transactions in October 2020 involving a strategic buyer had a reverse break fee.
- Financial and strategic categories are determined by Deal Point Data.
- Four transactions in October 2020 involved a financial buyer.
- 12 transactions in October 2020 involved a strategic buyer.
- One transaction in October 2020 had a go-shop provision.
- One transaction in October 2020 involving a financial buyer had a go-shop provision.
- Zero transactions in October 2020 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 Australia and France was the country of origin for 51 transactions over the last 12 months.
- Each of Canada and Italy was the country of destination for nine transactions in October 2020.

The charts on p. 1–2 and 5–9 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 2019 to October 2020 inclusive. Data obtained from Cortex and Deal Point Data has not been reviewed for accuracy by Paul, Weiss.

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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:

Matthew W. Abbott  
+1-212-373-3402  
[Email](#)

Scott A. Barshay  
+1-212-373-3040  
[Email](#)

Angelo Bonvino  
+1-212-373-3570  
[Email](#)

Ariel J. Deckelbaum  
+1-212-373-3546  
[Email](#)

Jeffrey D. Marell  
+1-212-373-3105  
[Email](#)

Robert B. Schumer  
+1-212-373-3097  
[Email](#)

Taurie M. Zeitzer  
+1-212-373-3353  
[Email](#)

*Counsel Frances F. Mi, associates Feiran Felicia Chen, Logan DeSouza, Stacy Hwang, Allyson N. Kaleita, Jade Magalhaes, Eliana Wasser and Ceecee Q. Yao contributed to this publication.*

## Our M&A Partners

[Matthew W. Abbott](#)

[Neil Goldman](#)

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