

# M&A AT A GLANCE

JUNE 2021 | ISSUE 111

## Key Takeaways

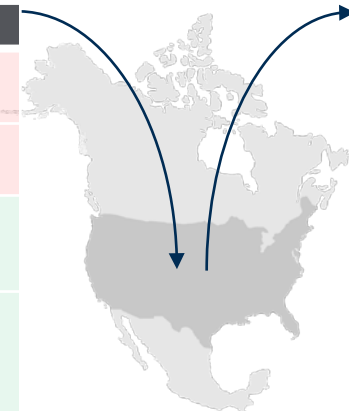
- M&A activity in May increased in terms of total deal value by 9% globally and 3% in the U.S., driven largely by global and U.S. increases of 46% and 31%, respectively, in strategic deal activity. However, the total number of M&A deals decreased in May across all sectors.
- U.S. crossborder activity decreased by almost all measures, except for U.S. outbound deal count, which increased 4%. Inbound deal value, outbound deal value and inbound deal count decreased by 64%, 69% and 20%, respectively.
- The U.K. and Canada dominated U.S. inbound activity for both May and the last 12 months (LTM). The U.K. also topped U.S. outbound transactions across all categories.
- Leisure & Recreation was the most active industry by dollar value for the first time since October 2016, while Computer & Electronics led by deal count. Notably, Leisure & Recreation saw an 18,290% increase in deal value, driven by Discovery Inc.'s \$96.14 billion acquisition of Warner Media LLC and Amazon.com Inc.'s acquisition of MGM Holdings Inc. for \$8.45 billion.
- SPAC activity was generally up in May with 18 U.S. SPAC acquisitions announced; this was the same number as last month but with a 227% increase in deal value. Globally, SPAC acquisitions was flat by total value and increased 8% by deal count.
- U.S. public merger highlights in May include the following:
  - Cash only consideration decreased to 42% of deals from 56% LTM; while stock only consideration increased to 50% of deals from 27% LTM.
  - No deals relied on tender offers in May – significantly below the 18% LTM. Hostile/unsolicited offers similarly decreased to 8% compared to 18% LTM.
  - Unaffected premiums decreased to 18% compared to 38% LTM.

## Strategic vs. Sponsor Activity

U.S.	
<b>Total</b>	<b>\$266.3 billion – ▲2.9%</b>
	<b>571 deals – ▼14.8%</b>
<b>Strategic</b>	<b>\$194.1 billion – ▲30.9%</b>
	<b>438 deals – ▼13.6%</b>
<b>Sponsor</b>	<b>\$72.2 billion – ▼34.8%</b>
	<b>133 deals – ▼18.4%</b>
Global	
<b>Total</b>	<b>\$534.3 billion – ▲9.0%</b>
	<b>2,243 deals – ▼11.9%</b>
<b>Strategic</b>	<b>\$406.4 billion – ▲45.8%</b>
	<b>1,920 deals – ▼11.9%</b>
<b>Sponsor</b>	<b>\$127.9 billion – ▼39.6%</b>
	<b>323 deals – ▼12.0%</b>

## Crossborder Activity

U.S. Inbound		U.S. Outbound	
<b>\$24.5 billion</b>	<b>▼63.5%</b>	<b>\$18.6 billion</b>	<b>▼69.1%</b>
<b>84 deals</b>	<b>▼20.0%</b>	<b>105 deals</b>	<b>▲4.0%</b>
leading country		leading country	
<b>U.K. – \$8.4 billion</b>		<b>U.K. – \$7.6 billion</b>	
<b>Canada – 12 deals</b>		<b>U.K. – 17 deals</b>	
leading country		leading country	
last 12 months		last 12 months	
<b>U.K. – \$72.1 billion</b>		<b>U.K. – \$178.1 billion</b>	
<b>Canada – 242 deals</b>		<b>U.K. – 302 deals</b>	



## Industry Activity

 most deals <b>254 deals</b> Computers & Electronics	 last 12 months <b>3,241 deals</b> Computers & Electronics
 most dollar value <b>\$107.6 billion</b> Leisure & Recreation	 last 12 months <b>\$717.4 billion</b> Computers & Electronics

## SPAC Acquisitions

 <b>\$48.3 billion</b> ▲ 226.9%	<b>18 deals</b> 0.0%	 <b>\$61.4 billion</b> ▲ 0.1%	<b>28 deals</b> ▲ 7.7%
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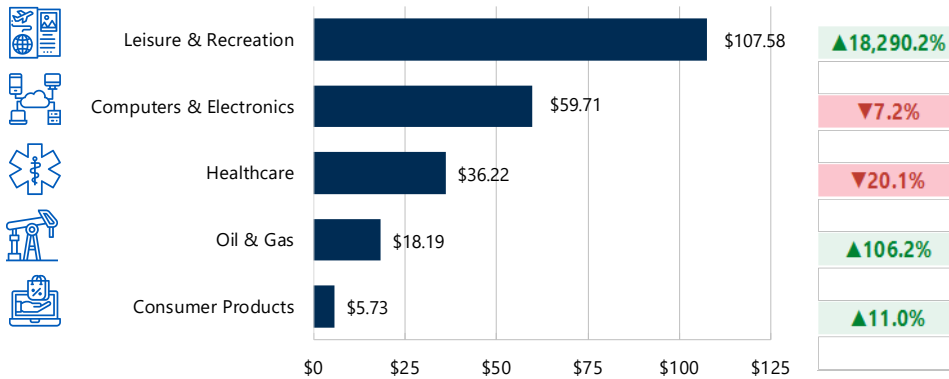
All data is for May 2021 and is as of June 10, 2021 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

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

Deal Value (US\$B)

May 2021

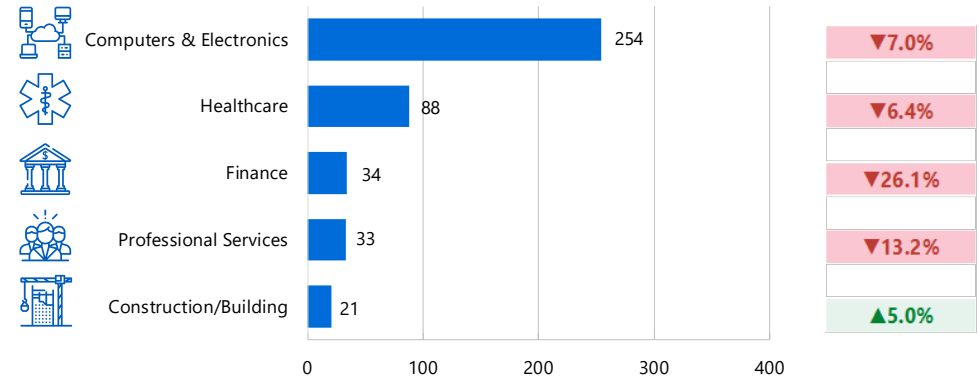
+/- from last month



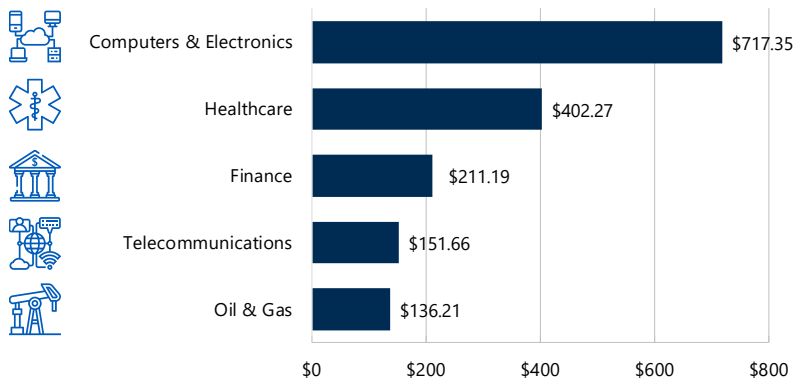
Number of Deals

May 2021

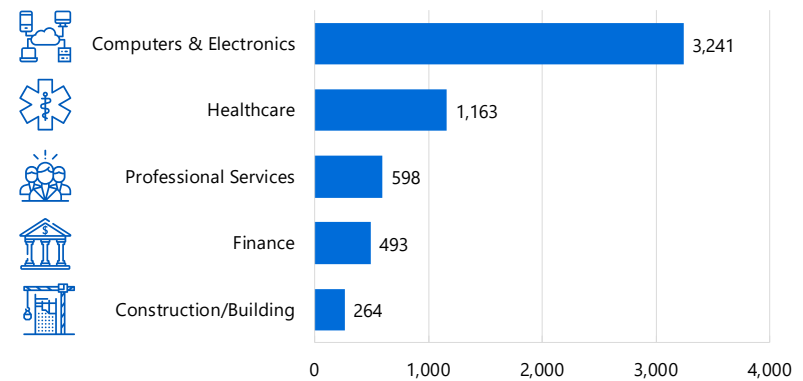
+/- from last month



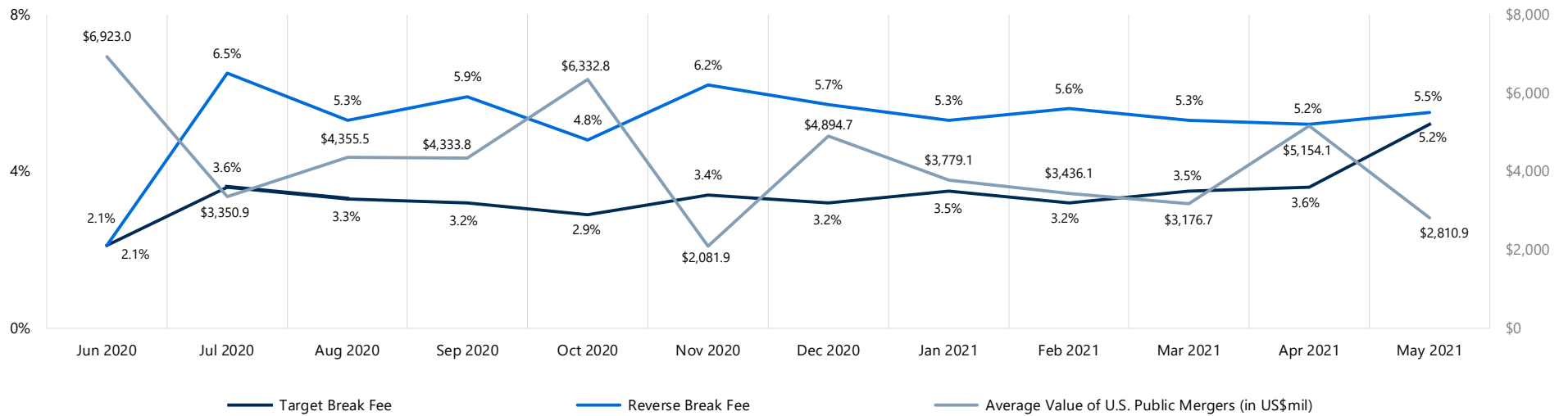
Last 12 Months



Last 12 Months



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



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

	May 2021	Last 12 Months
Target Break Fee for All Mergers	5.2	3.5

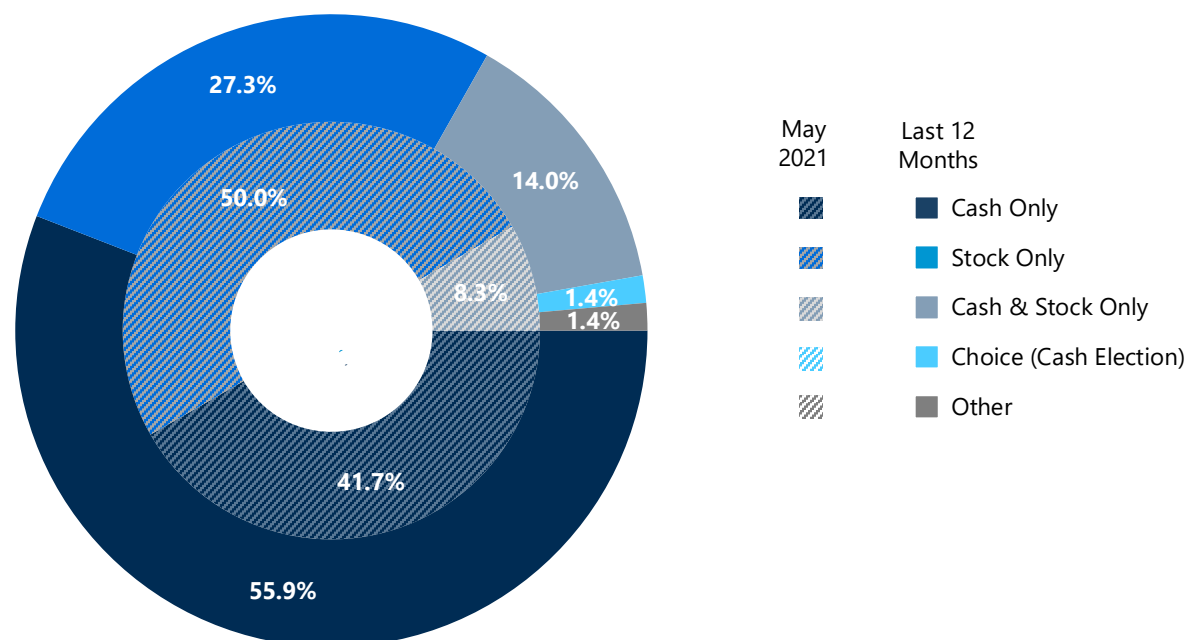
  

	May 2021	Last 12 Months
Reverse Break Fee for All Mergers <sup>5</sup>	5.5	5.5
Reverse Break Fee for Mergers Involving Financial Buyers <sup>6</sup>	5.3	6.3
Reverse Break Fee for Mergers Involving Strategic Buyers <sup>7</sup>	5.6	4.8

U.S. Public Merger Go-Shop Provisions<sup>4</sup>

	May 2021	Last 12 Months
% of Mergers with Go-Shops	8.3	8.4
% of Mergers Involving Financial Buyers with Go-Shops <sup>8</sup>	50.0	26.3
% of Mergers Involving Strategic Buyers with Go-Shops <sup>9</sup>	0.0	1.9
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops <sup>10</sup>	40.0	36.8
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops <sup>11</sup>	40.0	36.5
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops <sup>12</sup>	N/A	38.0

Form of Consideration as % of U.S. Public Mergers<sup>13</sup>



Tender Offers as % of U.S. Public Mergers

May 2021	0.0
Last 12 Months	18.2

Unaffected Premium %<sup>14,15</sup>

May 2021	18.4
Last 12 Months	37.9

Hostile/Unsolicited Offers as % of U.S. Public Mergers<sup>14</sup>

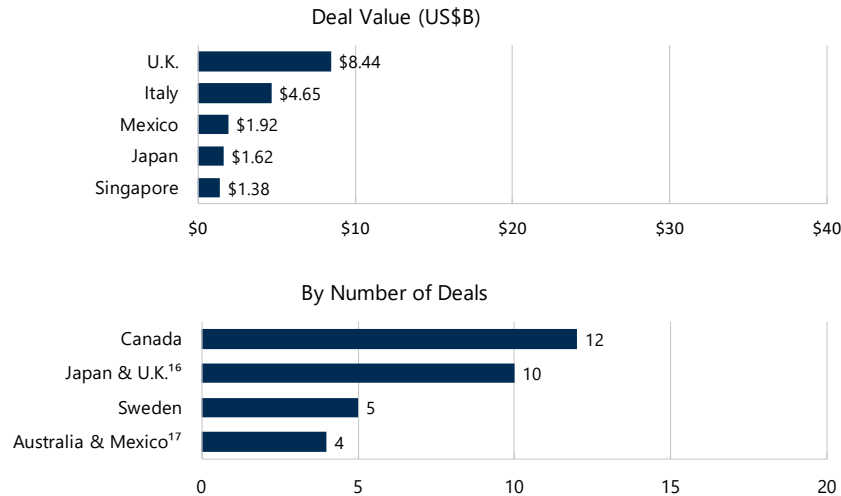
May 2021	7.7
Last 12 Months	17.5

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

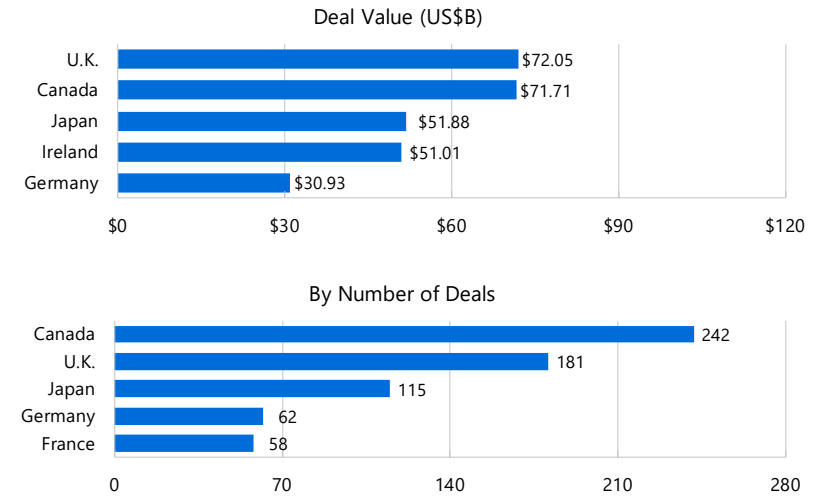
May 2021	2.1
Last 12 Months	1.2

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

**Inbound U.S. Crossborder Transactions for May 2021**

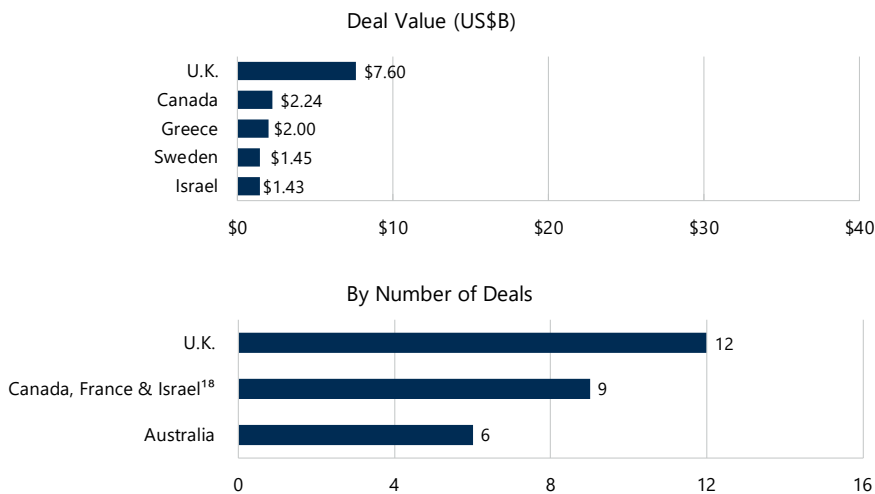


**Inbound U.S. Crossborder Transactions for the Last 12 Months**

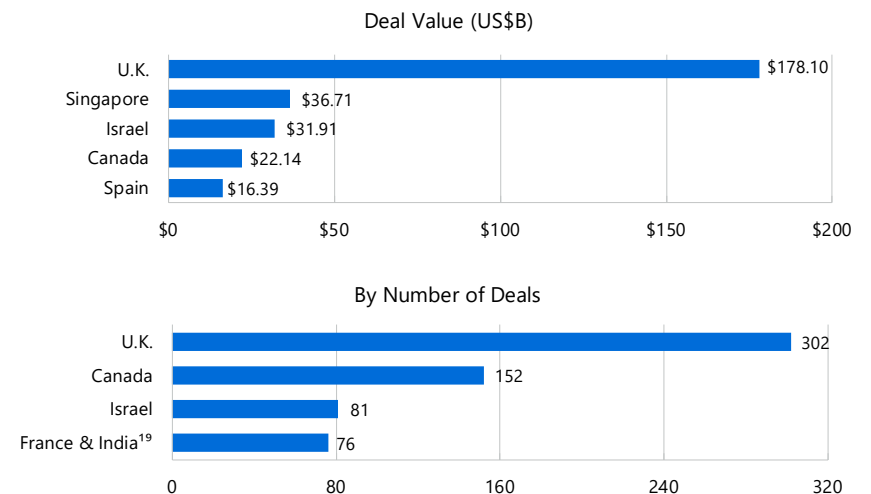


**Top 5 Countries of Destination for Outbound U.S. Crossborder Transactions**

**Outbound U.S. Crossborder Transactions for May 2021**

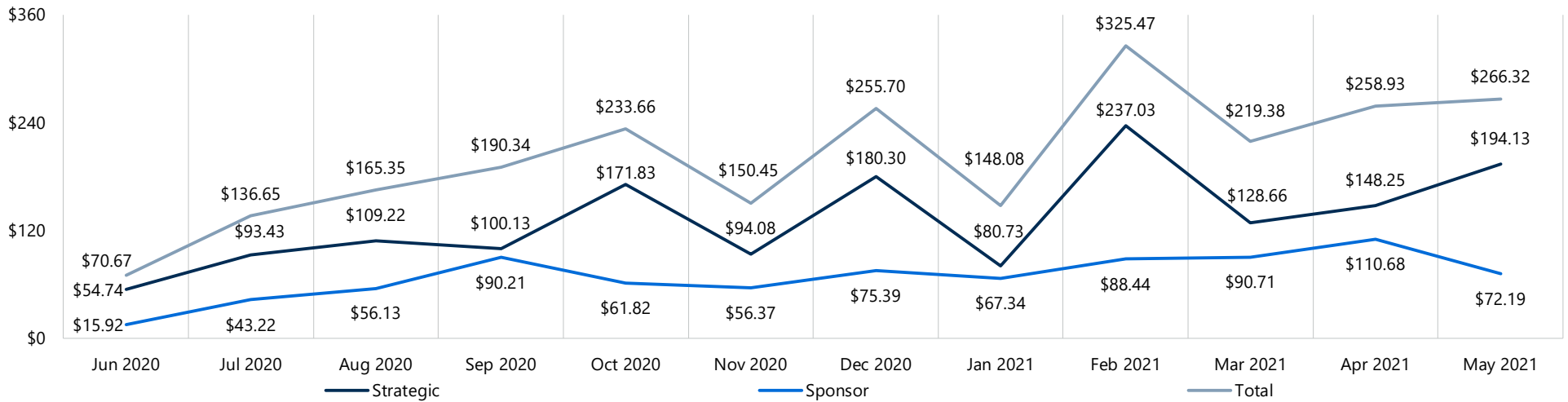


**Outbound U.S. Crossborder Transactions for the Last 12 Months**

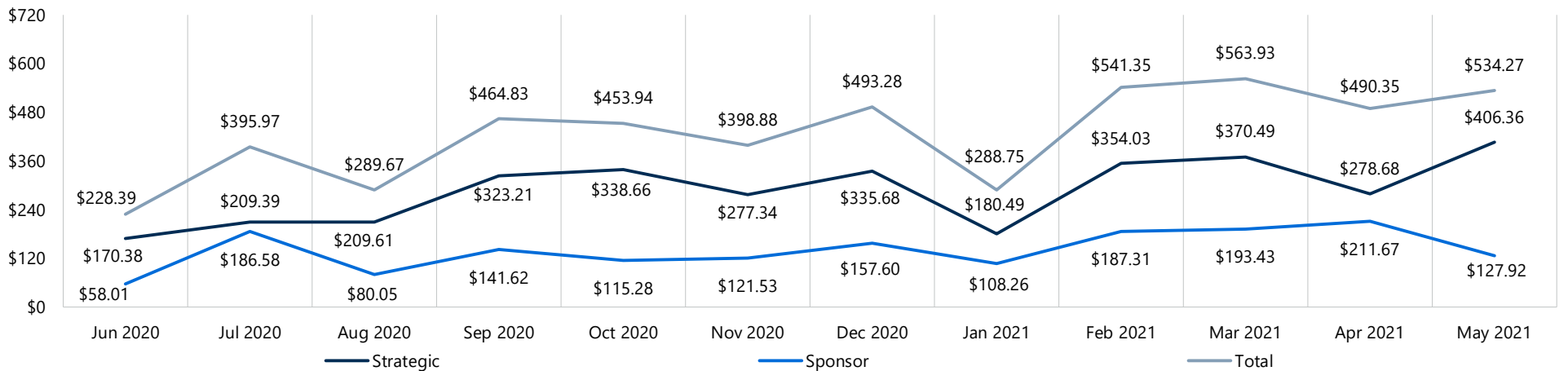


## Appendix: M&A Activity – 12 Month Trends

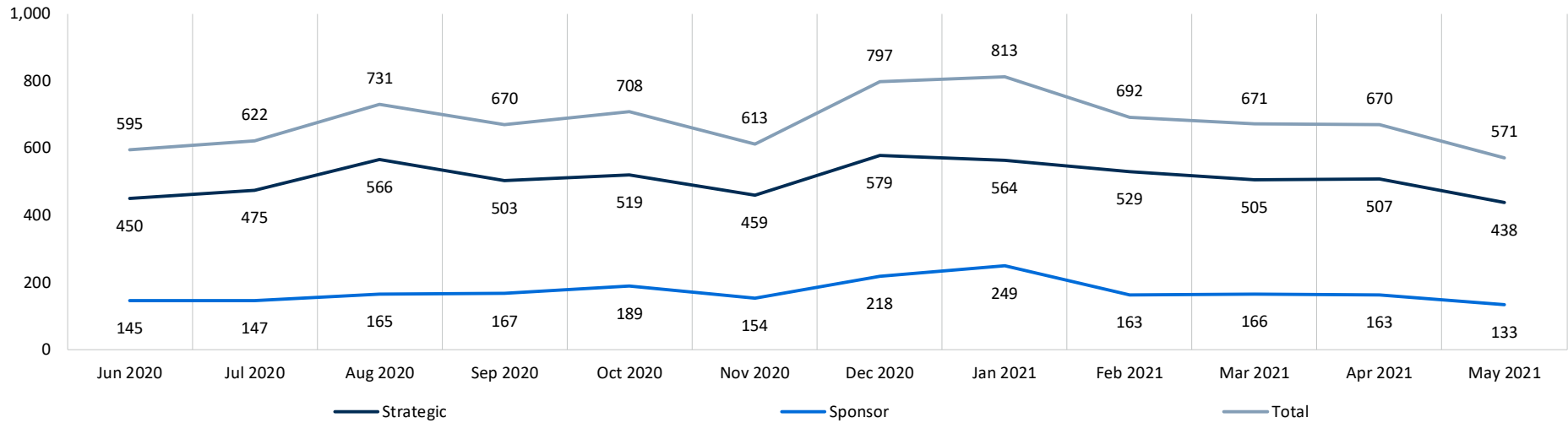
U.S. Deal Value (US\$B)



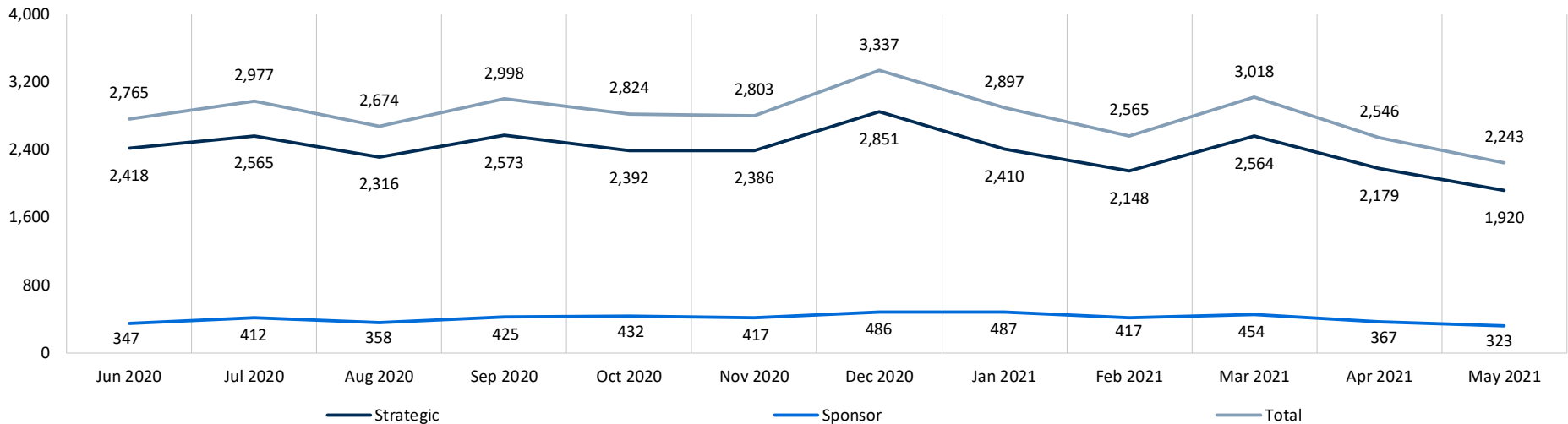
Global Deal Value (US\$B)



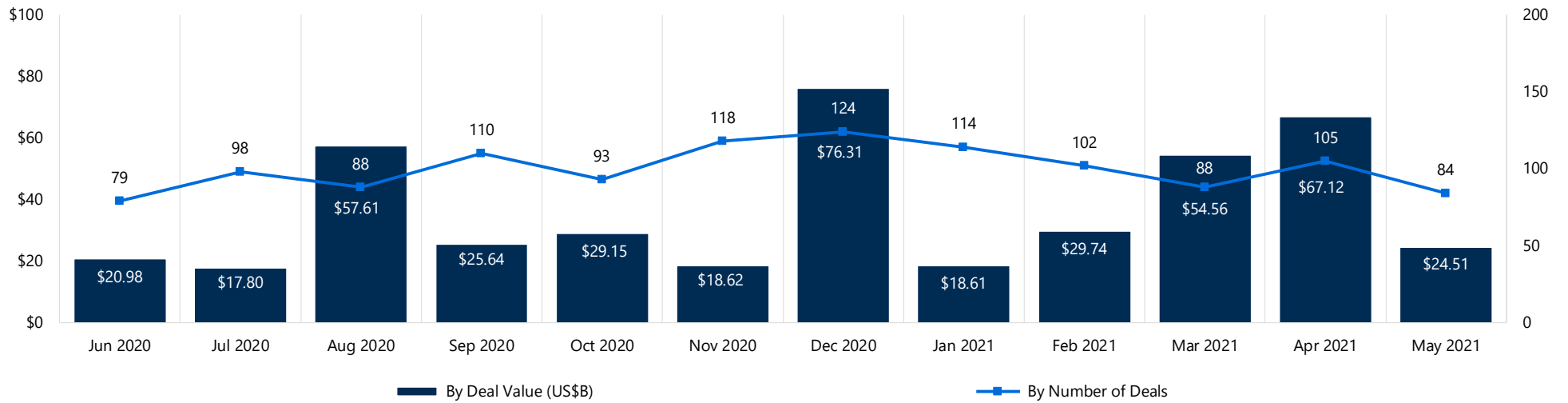
U.S. Number of Deals



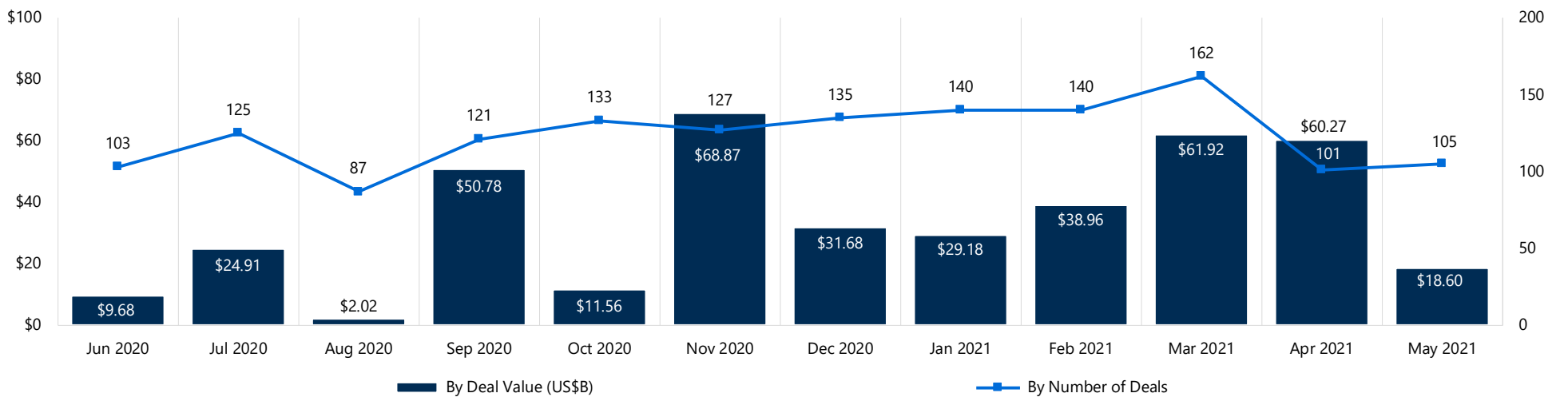
Global Number of Deals



**Inbound U.S. Crossborder Transactions**

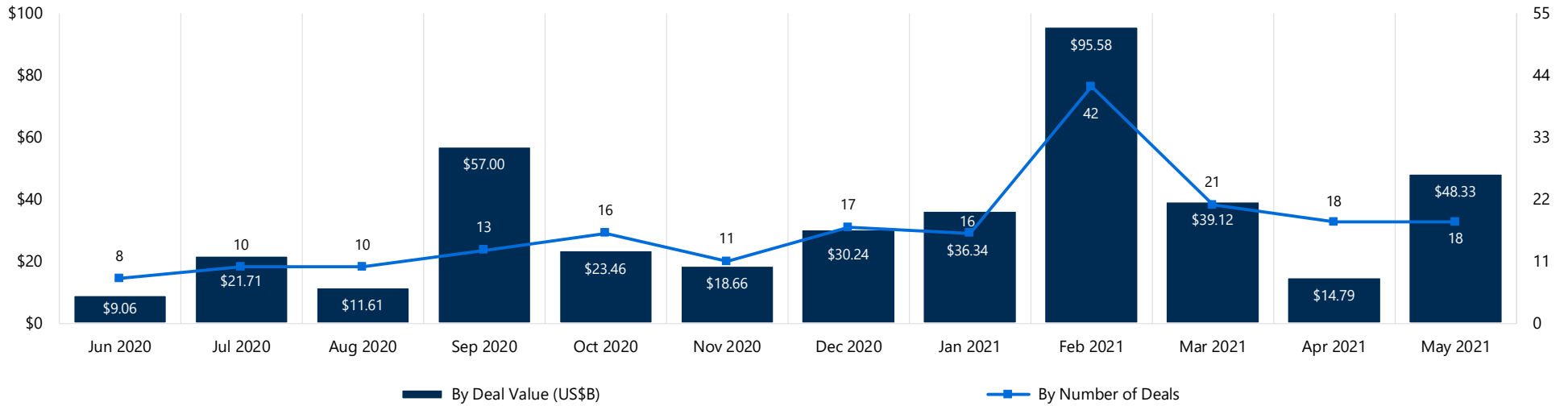


**Outbound U.S. Crossborder Transactions**

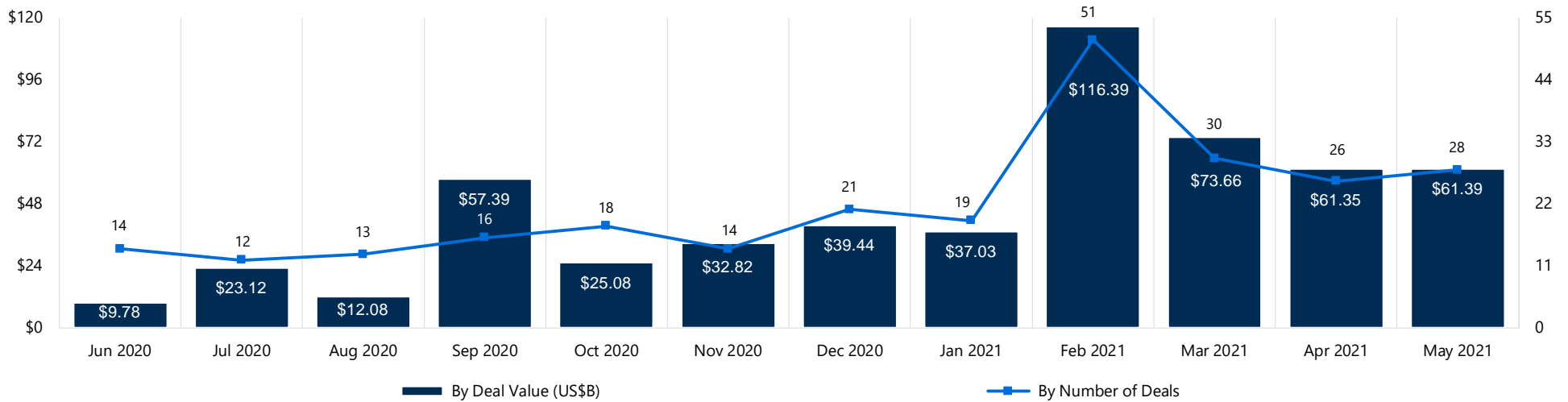




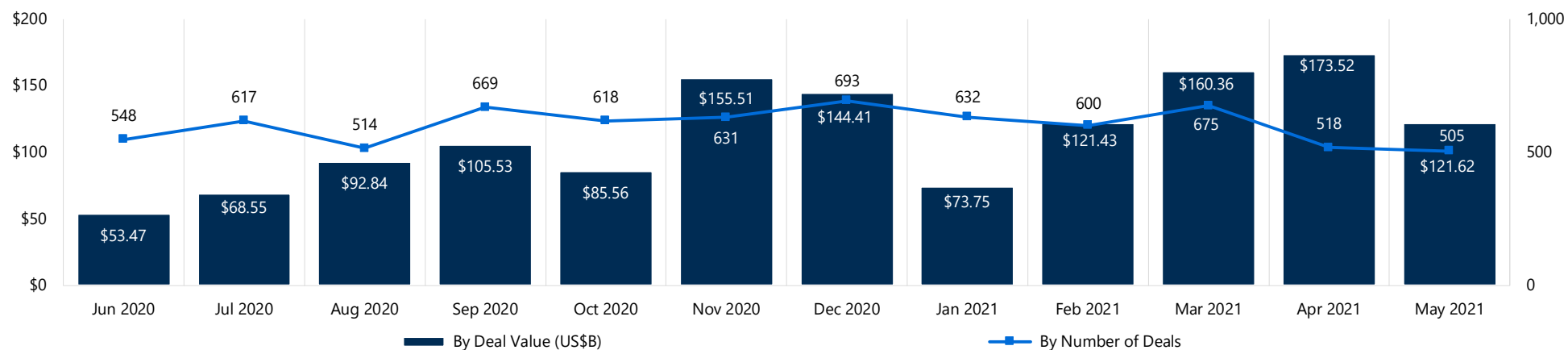
U.S. SPAC Acquisitions<sup>20</sup>



Global SPAC Acquisitions<sup>21</sup>



## 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 12 transactions in May 2021.
- Financial and strategic categories are determined by Deal Point Data.
- 10 transactions in May 2021 had a reverse break fee.
- Two transactions in May 2021 involving a financial buyer had a reverse break fee.
- Eight transactions in May 2021 involving a strategic buyer had a reverse break fee.
- Two transactions in May 2021 involved a financial buyer.
- 10 transactions in May 2021 involved a strategic buyer.
- One transaction in May 2021 had a go-shop provision.
- One transaction in May 2021 involving a financial buyer had a go-shop provision.
- Zero transactions in May 2021 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 Japan and the U.K. was the country of origin for 10 transactions in May 2021.
- Each of Australia and Mexico was the country of origin for four transactions in May 2021. There was a total of four inbound U.S. cross border transactions involving private individual acquirers with "unknown" origin in May 2021.
- Each of Canada, France and Israel was the country of destination for nine transactions in May 2021.
- Each of France and India was the country of destination for 76 transactions over the last 12 months.
- 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 June 2020 to May 2021 inclusive. Data obtained from Cortex and Deal Point Data has not been reviewed for accuracy by Paul, Weiss.

## Our Mergers & Acquisitions Practice

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Recent highlights include advising: QTS Realty Trust in its proposed \$10 billion sale to Blackstone; MGM in its proposed \$8.45 billion sale to Amazon; Advance in the \$150 billion Reverse Morris Trust transaction that will combine AT&T's WarnerMedia business with Discovery; funds managed by affiliates of Apollo Global Management in their proposed \$5 billion acquisition of Verizon Media; Univision Holdings in its proposed \$4.8 billion combination with the content and media assets of Grupo Televisa, S.A.B.; Nuance Communications in its proposed \$19.7 billion sale to Microsoft Corp.; KPS Capital Partners in its proposed \$2.7 billion acquisition of the EMEA food, aerosol and promotional packaging business from Crown Holding; 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; Inspire Brands in its \$11.3 billion acquisition of Dunkin' Brands Group; Cenovus Energy in its Cdn. \$23.6 billion combination with Husky Energy; The Kraft Heinz Company in the proposed \$3.2 billion sale of its cheese business to Groupe Lactalis; an affiliate of Roark Capital Group in its approximately \$1.5 billion acquisition of the ServiceMaster Brands businesses of ServiceMaster Global Holdings; 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; 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; 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; Aptiv in its \$4 billion autonomous driving joint venture with Hyundai Motor Group; 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; funds managed by affiliates of Apollo Global Management in their \$2.7 billion acquisition of Shutterfly; the Independent Directors of Avon in its \$3.7 billion sale to Natura & Co.; KPS Capital Partners in its \$1.8 billion acquisition of Howden from Colfax; 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; Encana Corp. (now known as Ovintiv) in its \$7.7 billion acquisition of Newfield Exploration Company; IBM in its \$34 billion acquisition of Red Hat; the Board of Directors of Harris Corporation in its \$37 billion merger of equals with L3 Technologies to form L3Harris Technologies; CSRA in its \$9.7 billion sale to General Dynamics; Bioverativ in its \$11.6 billion sale to Sanofi; ADP in its successful proxy contest against Pershing Square; and Agrium in its \$36 billion merger of equals with Potash Corp. of Saskatchewan.

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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