

# M&A AT A GLANCE

OCTOBER 2021 | ISSUE 115

## Key Takeaways

- ▶ U.S. M&A decreased 6% by deal count and 12% by total deal value in September. Globally, deal count decreased 5%, and total deal value decreased 4%. Nevertheless, September still saw the second highest number of deals in the U.S. over the last 12 months (LTM).
- ▶ U.S. cross-border activity was mixed, with U.S. outbound activity falling by 14% by deal count but increasing by 12% by deal value. U.S. inbound deals increased by 2%, while total deal value dropped by 34%.
- ▶ Computers & Electronics was again the most active industry in September and LTM. Healthcare was the second most active industry in September by deal value, with a significant 126% increase, primarily driven by Baxter International Inc.'s acquisition of Hill-Rom Holdings, Inc. for approximately \$10 billion.
- ▶ SPAC acquisitions decreased significantly in the U.S. for the second month in a row, with a 74% decrease in total deal value and a 62% decrease in deal count in September. Globally, total SPAC deal value increased 54% despite a decrease of 36% in the number of deals.
- ▶ U.S. public merger highlights in September include the following:
  - Cash only transactions were up significantly compared to the LTM average at 78% of all U.S. deals, and there were no mixed Cash & Stock or Cash Election deals, which averaged a combined 17% of deals LTM.
  - There were no unsolicited or hostile offers in September, compared to an average of 19% LTM.
  - There were no go-shop provisions in September compared to 8% LTM. Particularly notable was the lack of go-shop provisions in deals with Financial Buyers, which average 30% LTM.

## Strategic vs. Sponsor Activity

| U.S.             |                                 |
|------------------|---------------------------------|
| <b>Total</b>     | <b>\$178.9 billion – ▼11.5%</b> |
|                  | <b>944 deals – ▼6.2%</b>        |
| <b>Strategic</b> | <b>\$134.0 billion – ▼3.5%</b>  |
|                  | <b>735 deals – ▼4.5%</b>        |
| <b>Sponsor</b>   | <b>\$44.9 billion – ▼29.2%</b>  |
|                  | <b>209 deals – ▼11.4%</b>       |
| Global           |                                 |
| <b>Total</b>     | <b>\$484.2 billion – ▼3.9%</b>  |
|                  | <b>2,630 deals – ▼4.4%</b>      |
| <b>Strategic</b> | <b>\$372.7 billion – ▼2.3%</b>  |
|                  | <b>2,237 deals – ▼3.3%</b>      |
| <b>Sponsor</b>   | <b>\$111.4 billion – ▼8.9%</b>  |
|                  | <b>393 deals – ▼10.3%</b>       |

## Crossborder Activity

| U.S. Inbound          |                                 | U.S. Outbound         |                               |
|-----------------------|---------------------------------|-----------------------|-------------------------------|
| <b>\$40.8 billion</b> | <b>▼34.4%</b>                   | <b>\$86.4 billion</b> | <b>▲11.7%</b>                 |
| <b>133 deals</b>      | <b>▲1.5%</b>                    | <b>113 deals</b>      | <b>▼14.4%</b>                 |
| leading country       | <b>Germany – \$11.0 billion</b> | leading country       | <b>U.K. – \$27.0 billion</b>  |
|                       | <b>Canada – 33 deals</b>        |                       | <b>Canada – 21 deals</b>      |
| leading country       | <b>last 12 months</b>           | leading country       | <b>last 12 months</b>         |
|                       | <b>Canada – \$87.5 billion</b>  |                       | <b>U.K. – \$188.9 billion</b> |
|                       | <b>Canada – 299 deals</b>       |                       | <b>U.K. – 329 deals</b>       |

## Industry Activity

|   |   |
|---|---|
|  most deals<br><b>398 deals</b><br>Computers & Electronics              |  last 12 months<br><b>3,980 deals</b><br>Computers & Electronics      |
|  most dollar value<br><b>\$39.8 billion</b><br>Computers & Electronics |  last 12 months<br><b>\$794.8 billion</b><br>Computers & Electronics |

## SPAC Acquisitions

|   |                           |  |                            |
|---|---------------------------|--|----------------------------|
|  <b>\$5.2 billion</b><br>▼ 73.6% | <b>5 deals</b><br>▼ 61.5% |  <b>\$39.2 billion</b><br>▲ 53.9% | <b>14 deals</b><br>▼ 36.4% |
|---|---------------------------|--|----------------------------|

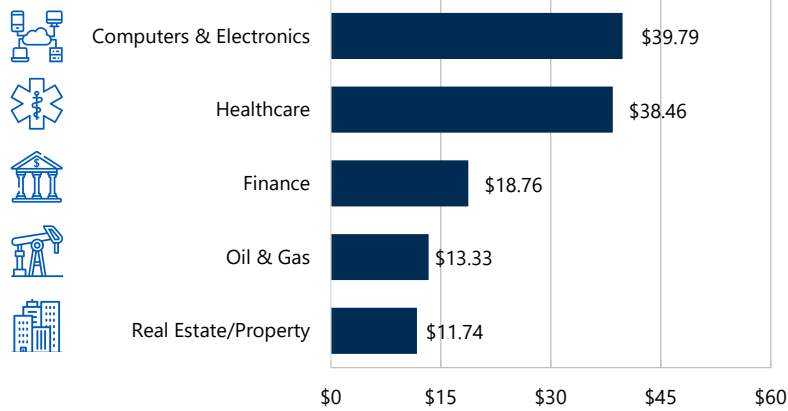
All data is for September 2021 and is as of October 11, 2021 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

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

Deal Value (US\$B)

September 2021

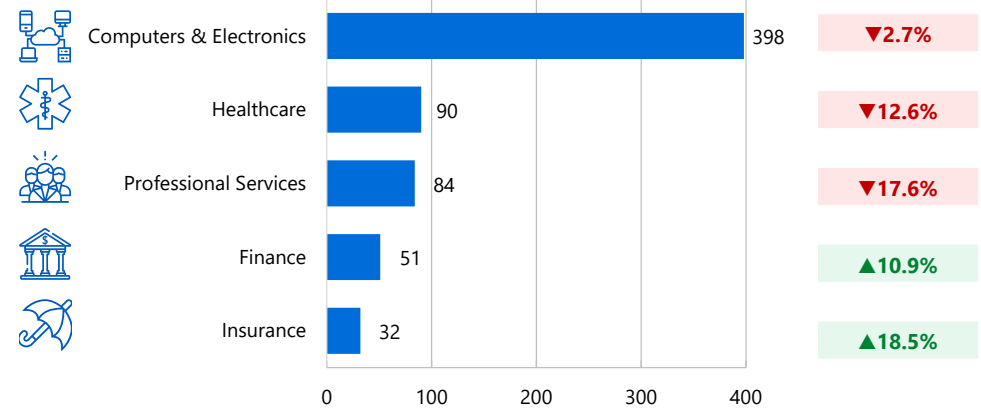
+/- from last month



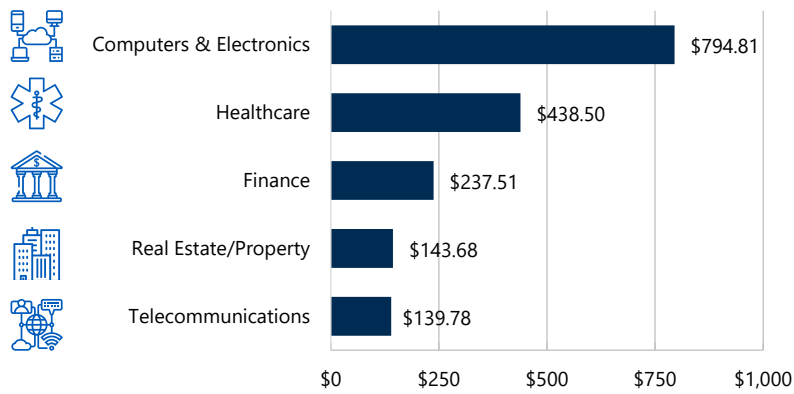
Number of Deals

September 2021

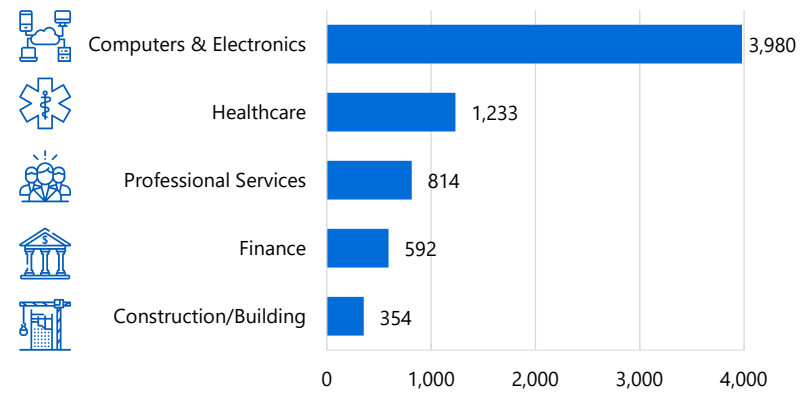
+/- from last month



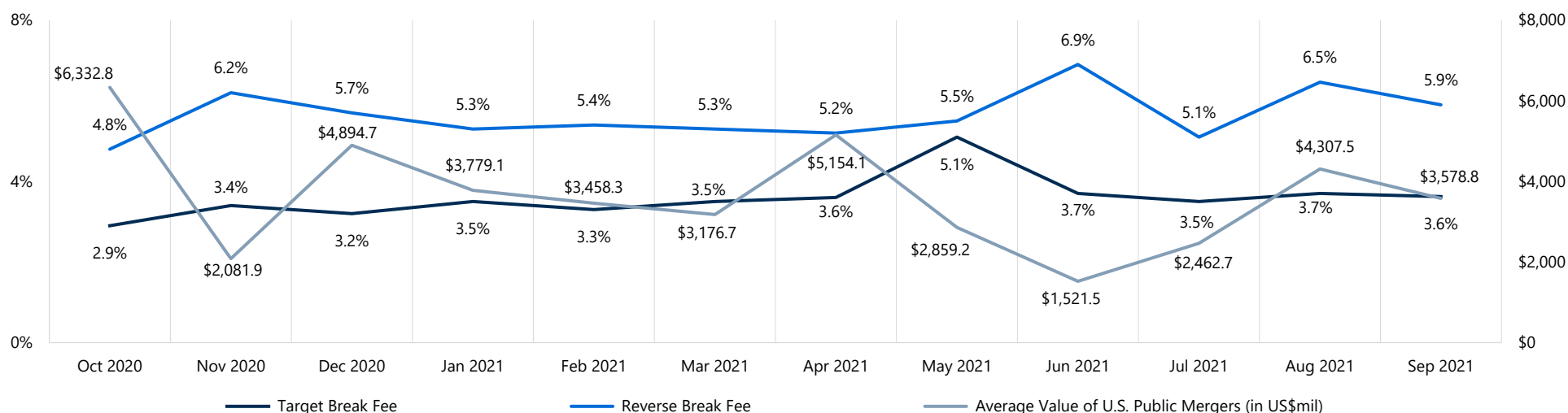
Last 12 Months



Last 12 Months



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



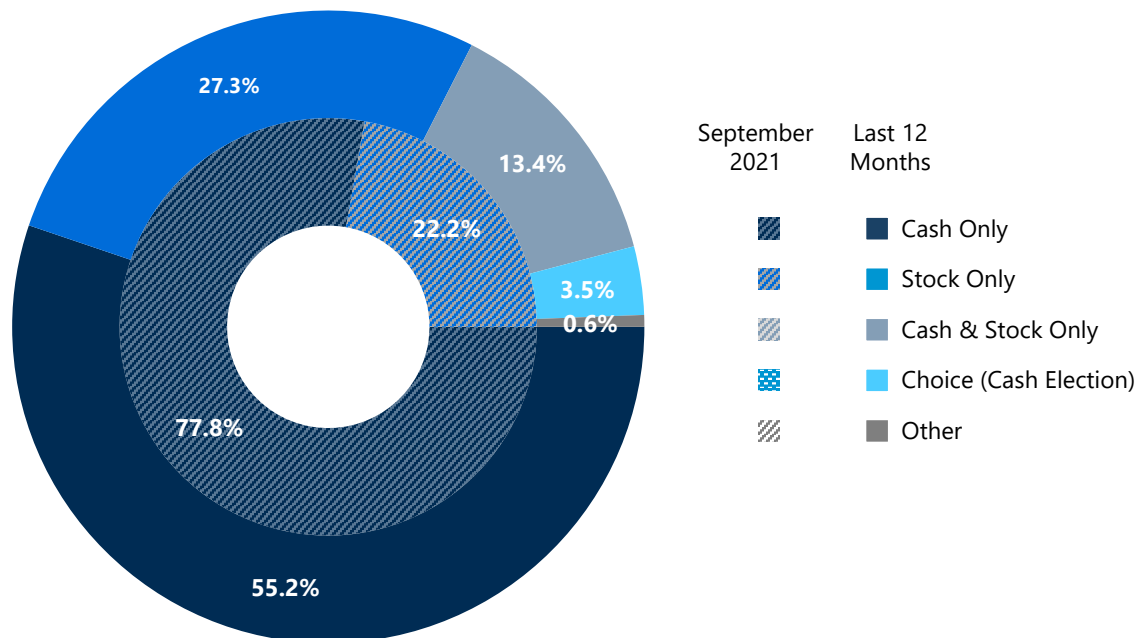
Average Break Fees as % of Equity Value<sup>3,4</sup>

|   | September 2021 | Last 12 Months |
|---|----------------|----------------|
| Target Break Fee for All Mergers                                      | 3.6            | 3.6            |
| Reverse Break Fee for All Mergers <sup>5</sup>                        | 5.9            | 5.6            |
| Reverse Break Fee for Mergers Involving Financial Buyers <sup>6</sup> | 6.2            | 6.5            |
| Reverse Break Fee for Mergers Involving Strategic Buyers <sup>7</sup> | 5.8            | 5.0            |

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

|  | September 2021 | Last 12 Months |
|--|----------------|----------------|
| % of Mergers with Go-Shops   | 0.0            | 8.1            |
| % of Mergers Involving Financial Buyers with Go-Shops <sup>8</sup>                               | 0.0            | 29.5           |
| % of Mergers Involving Strategic Buyers with Go-Shops <sup>9</sup>                               | 0.0            | 0.8            |
| Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops <sup>10</sup>                        | N/A            | 36.1           |
| Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops <sup>11</sup> | N/A            | 35.8           |
| Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops <sup>12</sup> | N/A            | 41.0           |

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



Tender Offers as % of U.S. Public Mergers

|                |      |
|----------------|------|
| September 2021 | 11.1 |
| Last 12 Months | 13.4 |

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

|                |      |
|----------------|------|
| September 2021 | 32.7 |
| Last 12 Months | 36.7 |

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

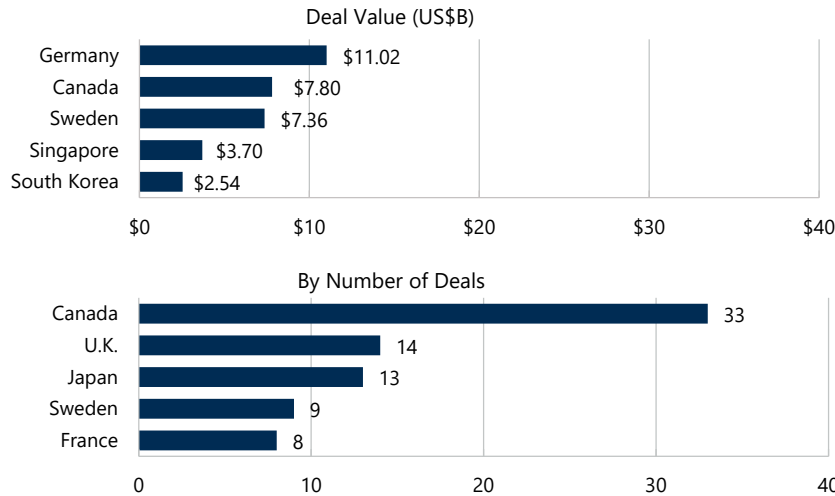
|                |      |
|----------------|------|
| September 2021 | 0.0  |
| Last 12 Months | 18.9 |

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

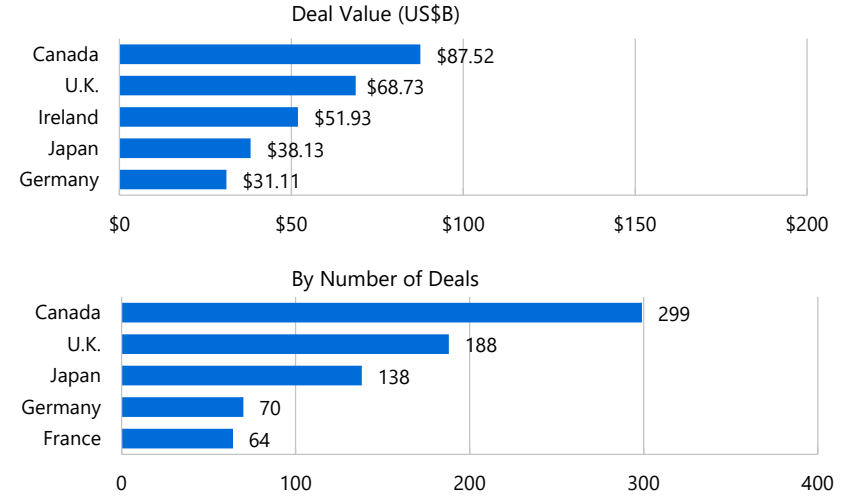
|                |     |
|----------------|-----|
| September 2021 | 1.3 |
| Last 12 Months | 1.2 |

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

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



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

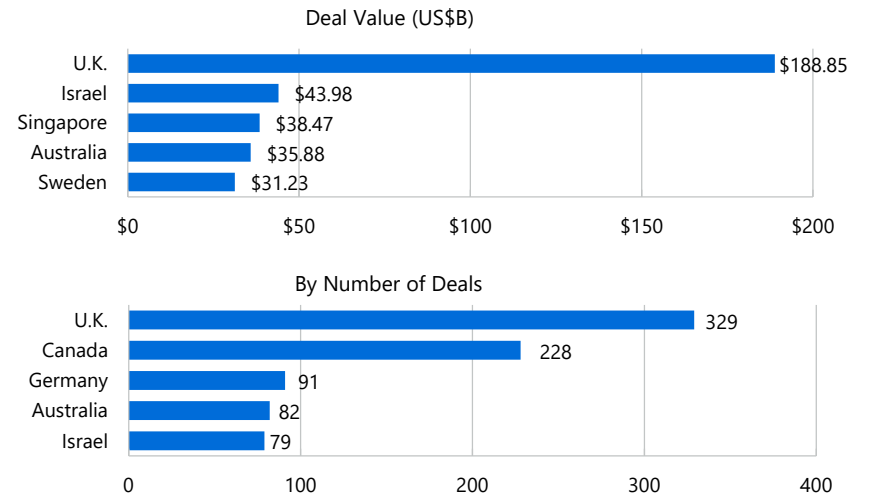


**Top 5 Countries of Destination for Outbound U.S. Crossborder Transactions**

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

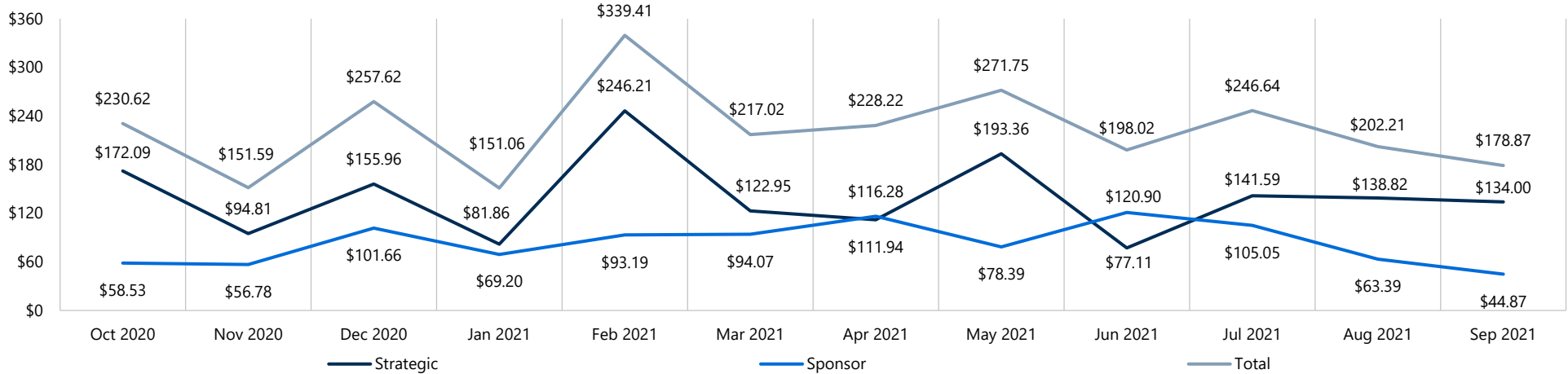


**Outbound U.S. Crossborder Transactions for the Last 12 Months**

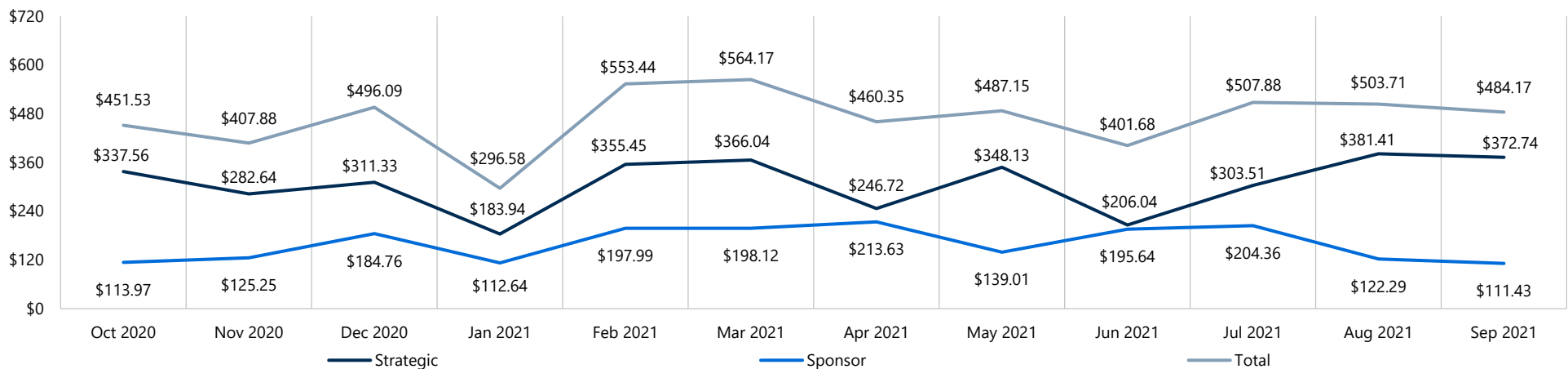


## Appendix: M&A Activity – 12 Month Trends

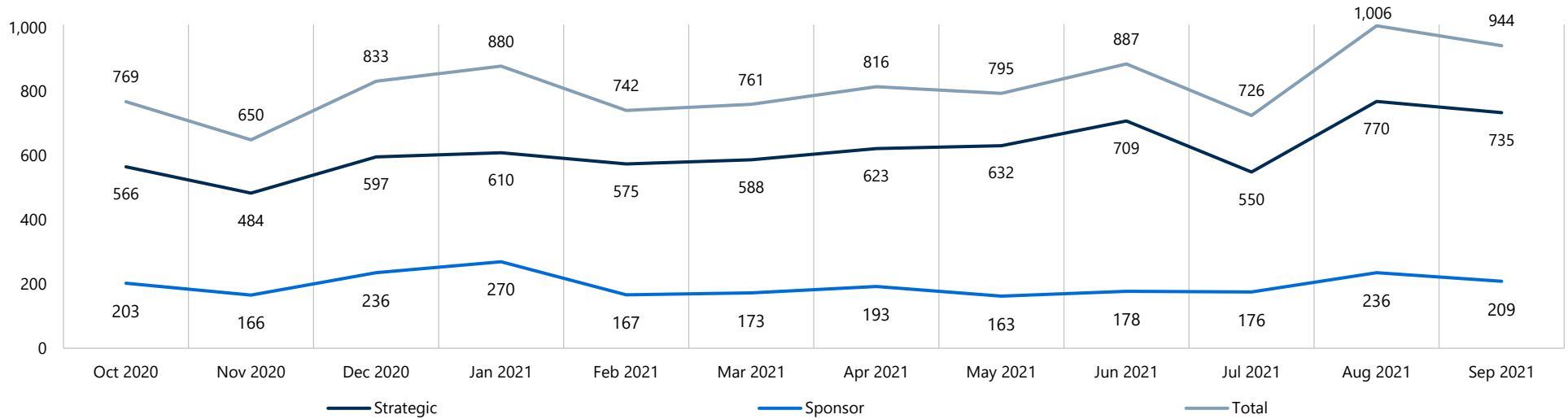
U.S. Deal Value (US\$B)



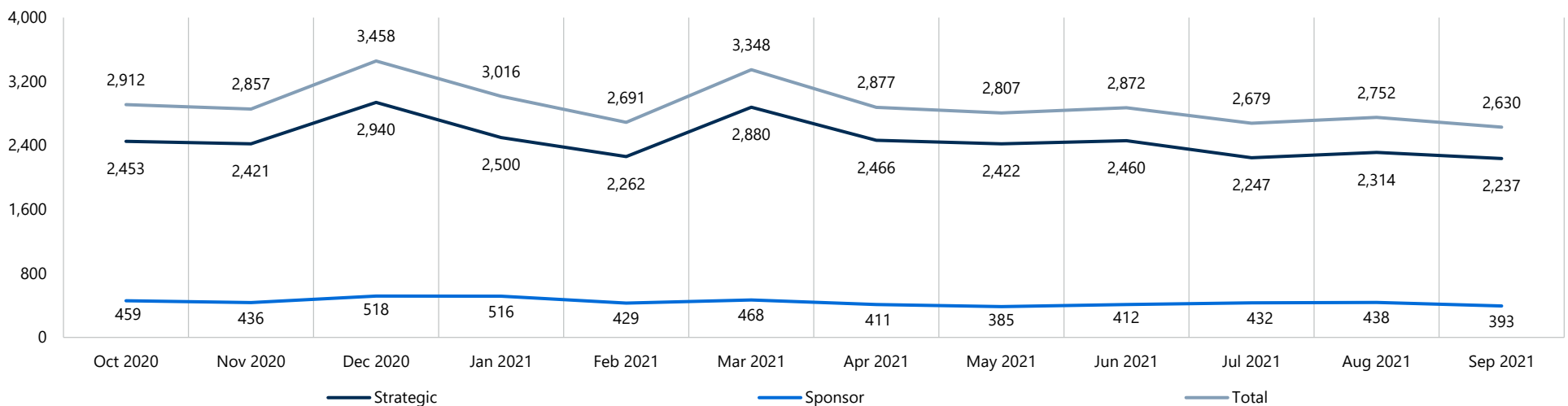
Global Deal Value (US\$B)



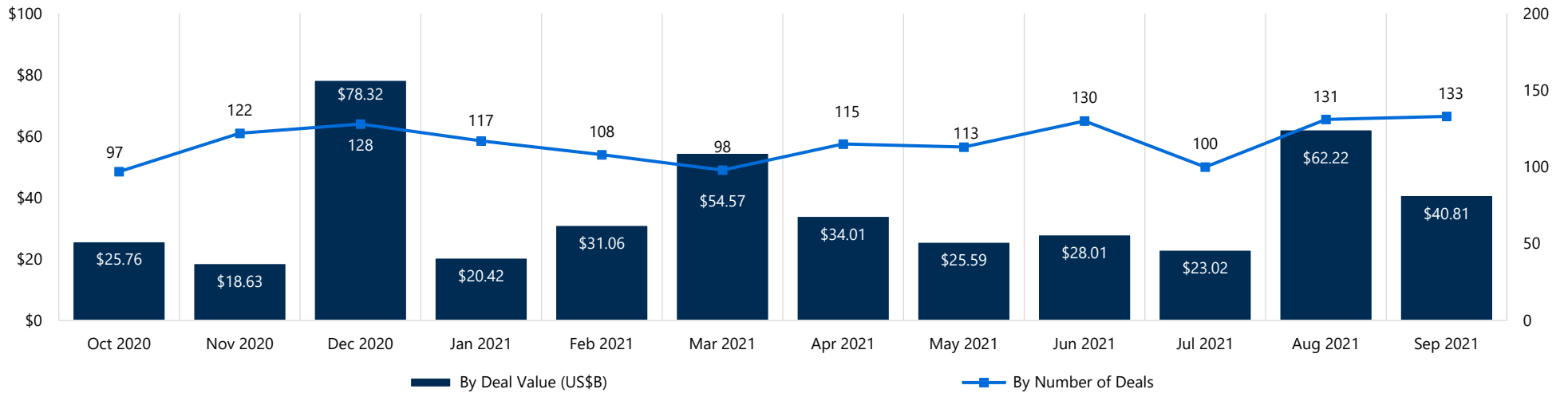
U.S. Number of Deals



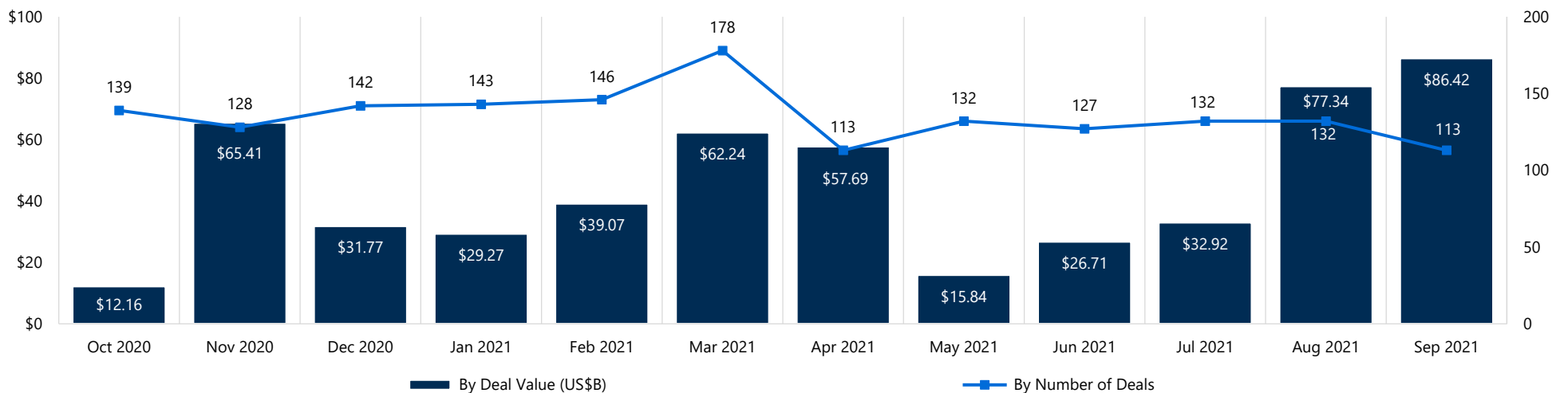
Global Number of Deals



**Inbound U.S. Crossborder Transactions**

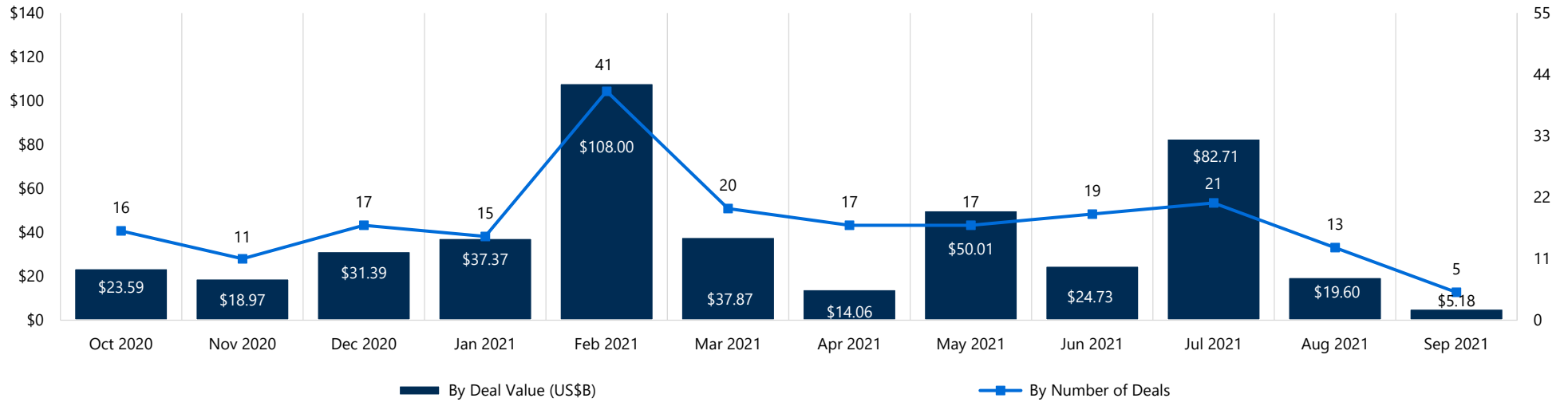


**Outbound U.S. Crossborder Transactions**

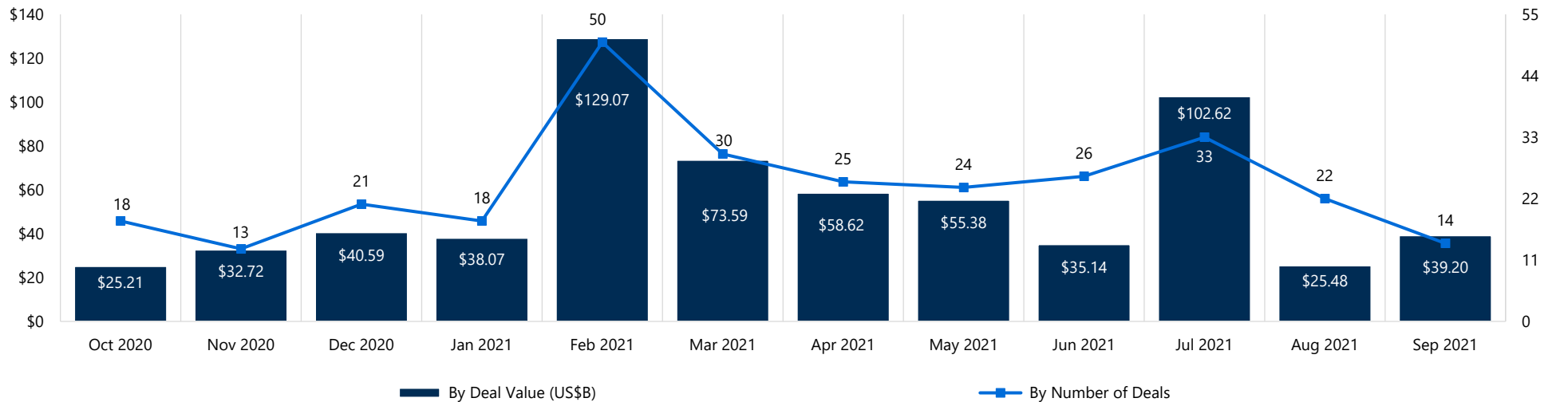




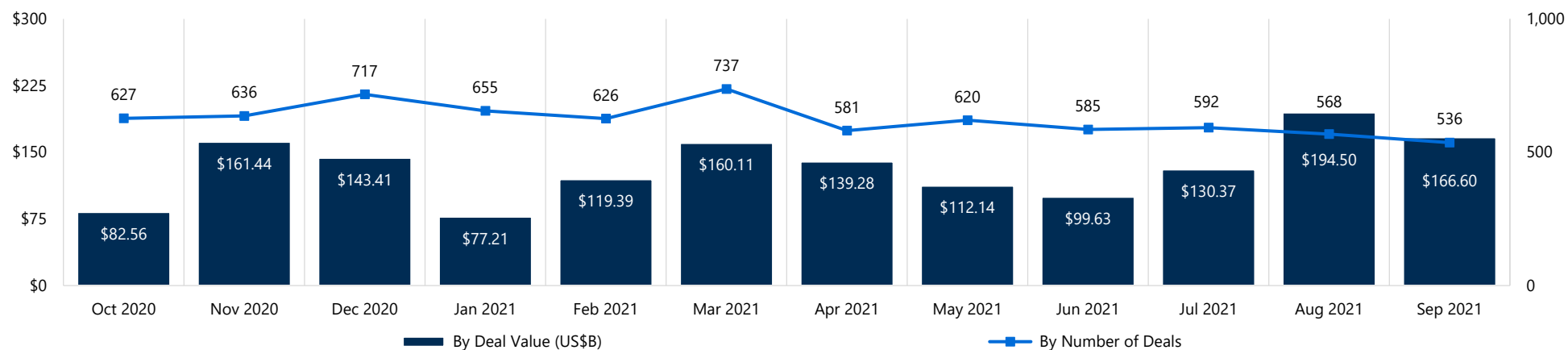
U.S. SPAC Acquisitions<sup>19</sup>



Global SPAC Acquisitions<sup>20</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 nine transactions in September 2021.
- Financial and strategic categories are determined by Deal Point Data.
- Six transactions in September 2021 had a reverse break fee.
- One transaction in September 2021 involving a financial buyer had a reverse break fee.
- Five transactions in September 2021 involving a strategic buyer had a reverse break fee.
- One transaction in September 2021 involved a financial buyer.
- Eight transactions in September 2021 involved a strategic buyer.
- Zero transactions in September 2021 had a go-shop provision.
- Zero transactions in September 2021 involving a financial buyer had a go-shop provision.
- Zero transactions in September 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 Brazil, France & Israel was the country of origin for five transactions in September 2021.
- 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 October 2020 to September 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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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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