

M&A AT A GLANCE

APRIL 2022 | ISSUE 121

Key Takeaways

- ▶ March continued February's slowdown, with U.S. deal count and total deal value decreasing 29% and 34%, respectively, and global deal count and total deal value decreasing 19% and 7%, respectively. U.S. strategic deals followed the broader U.S. trend, decreasing 28% by deal count and 48% by total deal value. U.S. sponsor deals were also down by both deal count and deal value, decreasing by 32% and 6%, respectively. Globally, total strategic deal count and deal value decreased by 18% and 14%, respectively. Total global sponsor-related deal count followed the trend, decreasing by 22%. Global sponsor-related deal value increased, however, by a modest 5%.
- ▶ U.S. crossborder activity as measured by total deal value was mixed in February, increasing 9% for outbound flow and decreasing 18% for inbound flow. Canada led in total deal value for inbound transactions at \$16.4 billion, while Israel led in total deal value for outbound transactions at \$3.4 billion. By number of deals, Canada and Japan led jointly for inbound U.S. deals, and the U.K. led for outbound U.S. deals.
- ▶ Computers & Electronics remained the most active industry by number of deals in February and the last twelve months (LTM). That sector also saw the largest total deal value in March after February where Real Estate/Property topped that category. However, Professional Services saw the largest increase from February, with \$18.4 billion in deal value, reflecting a 1,473.6% increase over February, driven primarily by Brookfield Business Partners LP and Evergreen Coast Capital Corp's \$15.3 billion acquisition of Nielsen Holdings plc. Both Insurance and Metal & Steel also saw large increases, with Insurance appearing in the top five industries by deal value for the first time since July 2021, and Metal & Steel appearing for the first time since December 2020.
- ▶ U.S. SPAC acquisitions were down in March, with a 24% decrease in total deal value and a 57% decrease in the number of deals. Globally, SPAC acquisitions reversed their downward trend from February, with an increase of 184% in total deal value and 33% in number of deals.
- ▶ Additional U.S. public merger highlights in February include the following:
 - Average reverse break fees fell from 7% in February to 5%.
 - Similar to February, cash-only deals dominated consideration type, accounting for 56% of all U.S. deals in March (which was a return towards the last twelve months (LTM) average of 58%), while stock-only deals accounted for 25% of the same (the same as compared to LTM).
 - Target adviser fees in March were 2%, double the LTM average of 1%.
 - Unaffected premiums in March were similar to LTM averages.
 - 19% of U.S. deals contained go-shops provisions in March, compared to the LTM average of 11%, including a significant 14% of strategic deals compared to the LTM average of only 4%. Similarly, 50% of U.S. deals with financial buyers in March contained go-shop provisions, compared to the LTM average of 33%.

Strategic vs. Sponsor Activity

U.S.	
Total	\$114.1 billion – ▼33.8%
	523 deals – ▼29.2%
Strategic	\$58.4 billion – ▼48.3%
	383 deals – ▼28.0%
Sponsor	\$55.7 billion – ▼6.4%
	140 deals – ▼32.4%

Global	
Total	\$300.6 billion – ▼7.0%
	2,029 deals – ▼18.6%
Strategic	\$183.5 billion – ▼13.5%
	1,644 deals – ▼17.7%
Sponsor	\$117.1 billion – ▲5.3%
	385 deals – ▼22.2%

Crossborder Activity

U.S. Inbound	U.S. Outbound
\$22.3 billion	\$16.7 billion
▼17.8%	▲9.2%
72 deals	107 deals
▼28.0%	▼10.8%
leading country Canada – \$16.4 billion	leading country Israel – \$3.4 billion
Canada & Japan – 12 deals	U.K. – 21 deals
leading country last 12 months Canada – \$133.9 billion	leading country last 12 months U.K. – \$73.2 billion
Canada – 284 deals	U.K. – 278 deals

Industry Activity

 most deals 234 deals Computers & Electronics	 last 12 months 3,745 deals Computers & Electronics
 most dollar value \$35.0 billion Computers & Electronics	 last 12 months \$756.7 billion Computers & Electronics

SPAC Acquisitions

 \$1.6 billion ▼ 23.9%	3 deals ▼ 57.1%	 \$11.1 billion ▲ 183.5%	12 deals ▲ 33.3%
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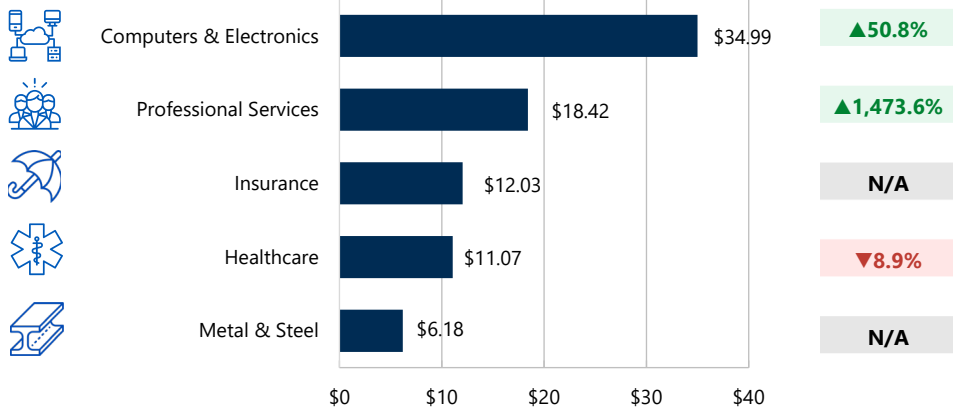
All data is for March 2022, and is as of April 11, 2022 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

Most Active U.S. Target Industries¹

Deal Value (US\$B)

March 2022

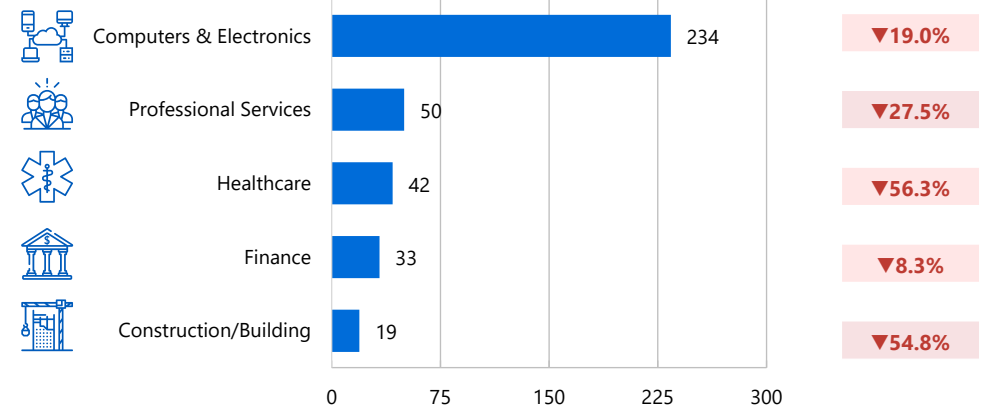
+/- from last month



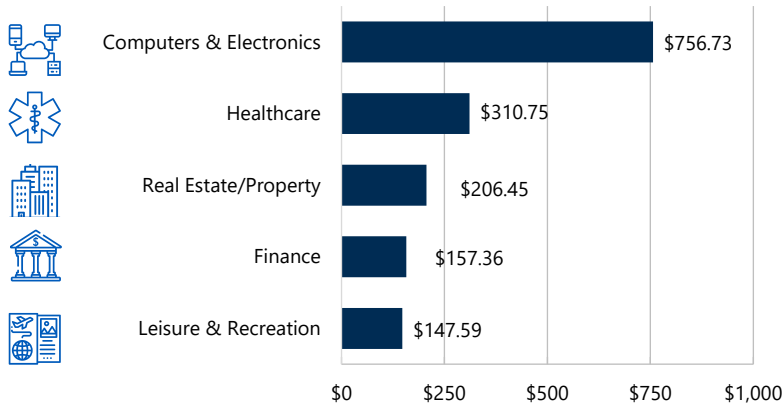
Number of Deals

March 2022

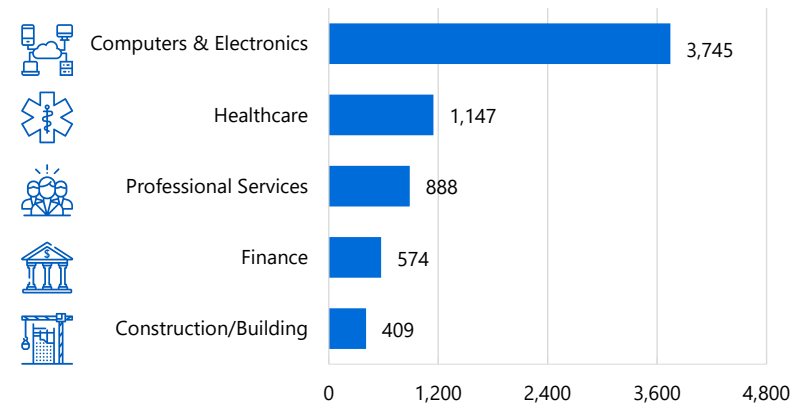
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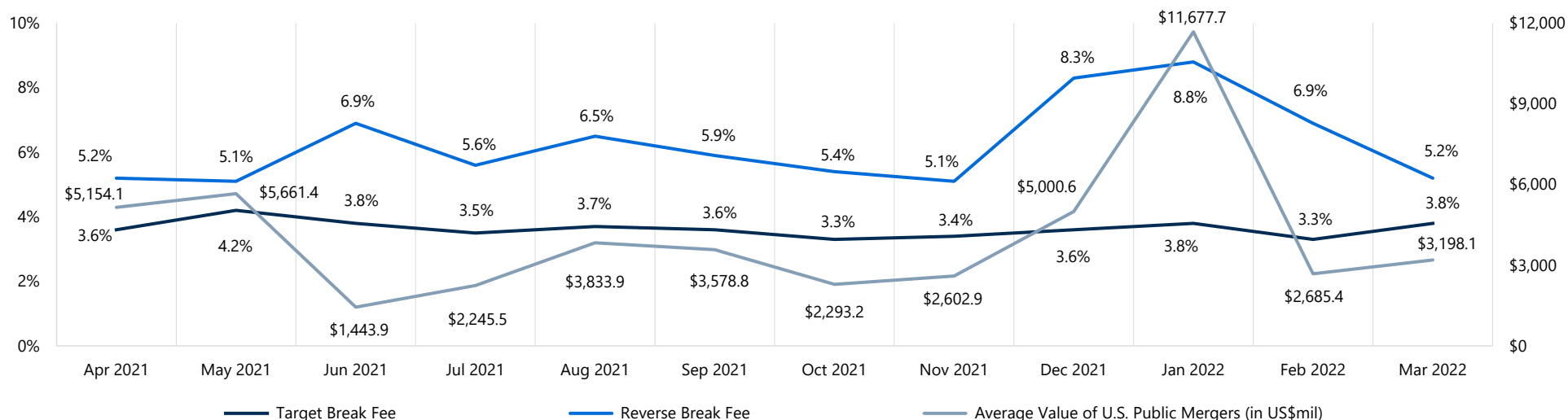
Last 12 Months



Last 12 Months



Average Break Fees as % of Equity Value²



Average Break Fees as % of Equity Value^{3,4}

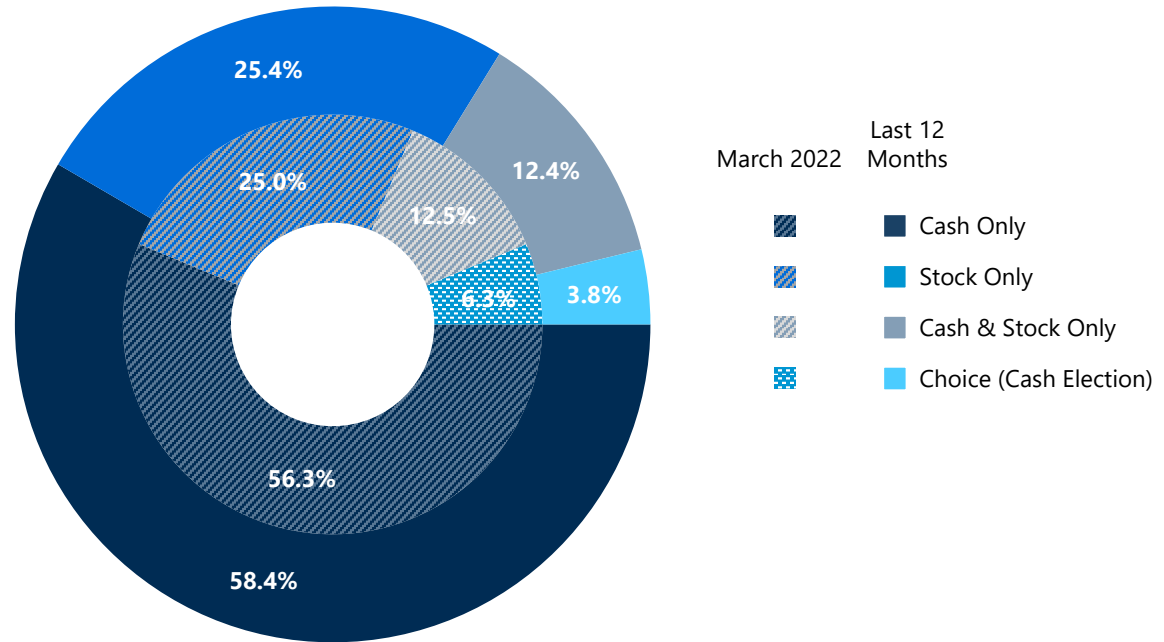
	March 2022	Last 12 Months
Target Break Fee for All Mergers	3.8	3.6

	March 2022	Last 12 Months
Reverse Break Fee for All Mergers ⁵	5.2	6.2
Reverse Break Fee for Mergers Involving Financial Buyers ⁶	5.6	7.8
Reverse Break Fee for Mergers Involving Strategic Buyers ⁷	5.0	5.1

U.S. Public Merger Go-Shop Provisions⁴

	March 2022	Last 12 Months
% of Mergers with Go-Shops	18.8	10.8
% of Mergers Involving Financial Buyers with Go-Shops ⁸	50.0	33.3
% of Mergers Involving Strategic Buyers with Go-Shops ⁹	14.3	3.6
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops ¹⁰	33.3	35.5
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops ¹¹	45.0	35.7
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops ¹²	27.5	35.0

Form of Consideration as % of U.S. Public Mergers¹³



Tender Offers as % of U.S. Public Mergers

March 2022	12.5
Last 12 Months	12.4

Unaffected Premium %^{14,15}

March 2022	41.8
Last 12 Months	41.4

Hostile/Unsolicited Offers as % of U.S. Public Mergers¹⁴

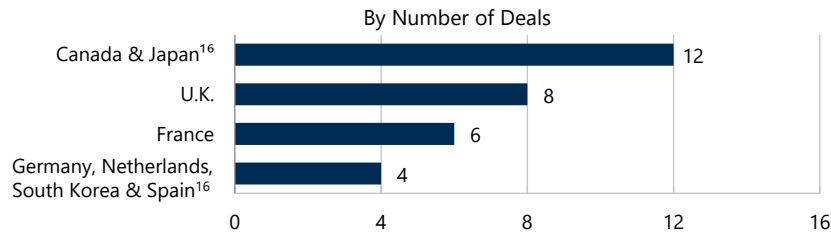
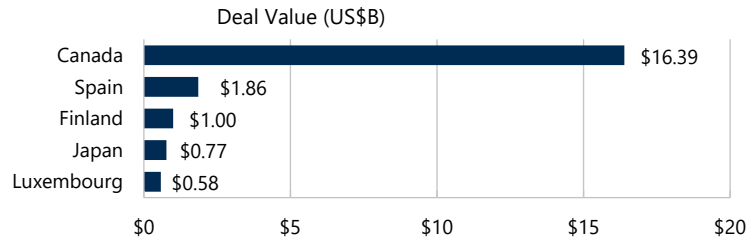
March 2022	11.8
Last 12 Months	13.7

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

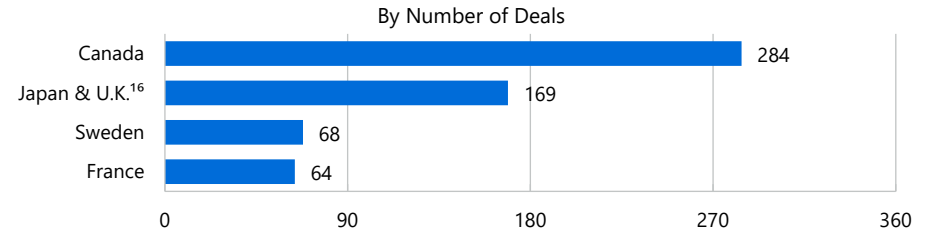
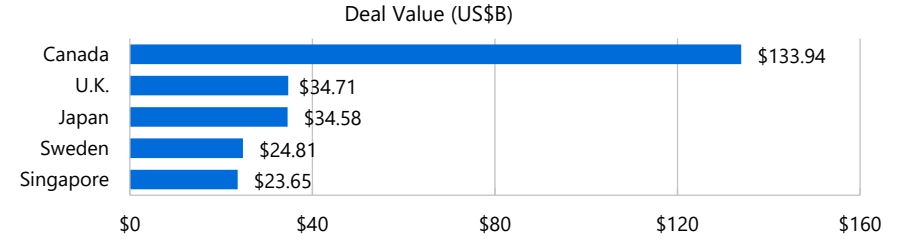
March 2022	2.1
Last 12 Months	1.3

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

Inbound U.S. Crossborder Transactions for March 2022

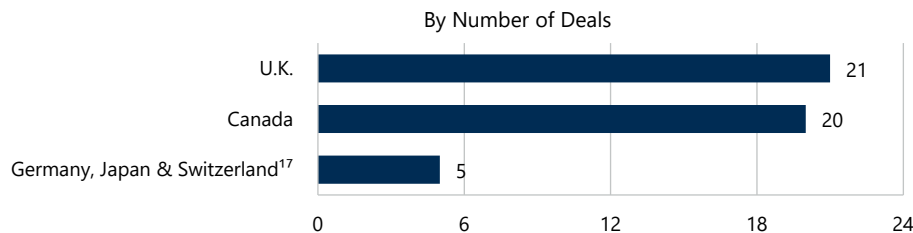
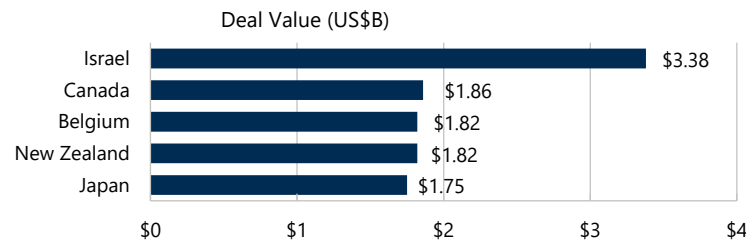


Inbound U.S. Crossborder Transactions for the Last 12 Months

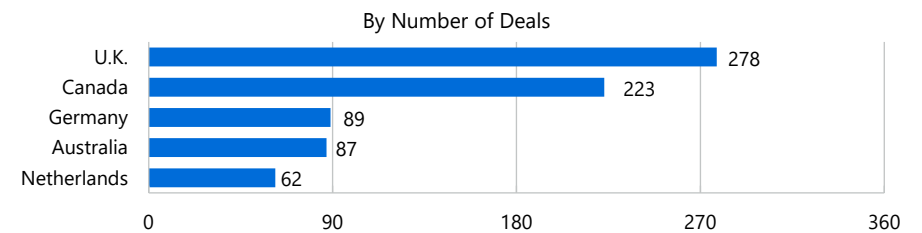
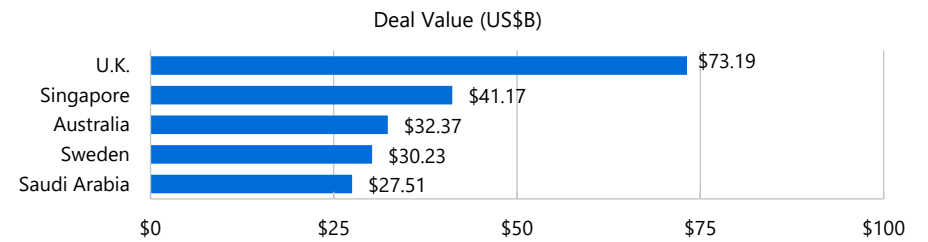


Top 5 Countries of Destination for Outbound U.S. Crossborder Transactions

Outbound U.S. Crossborder Transactions for March 2022

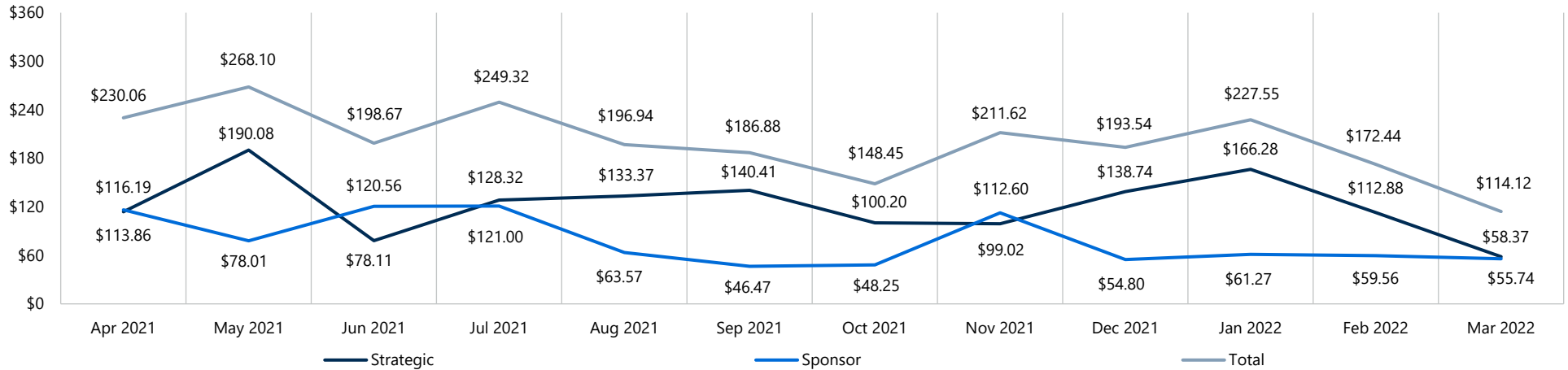


Outbound U.S. Crossborder Transactions for the Last 12 Months

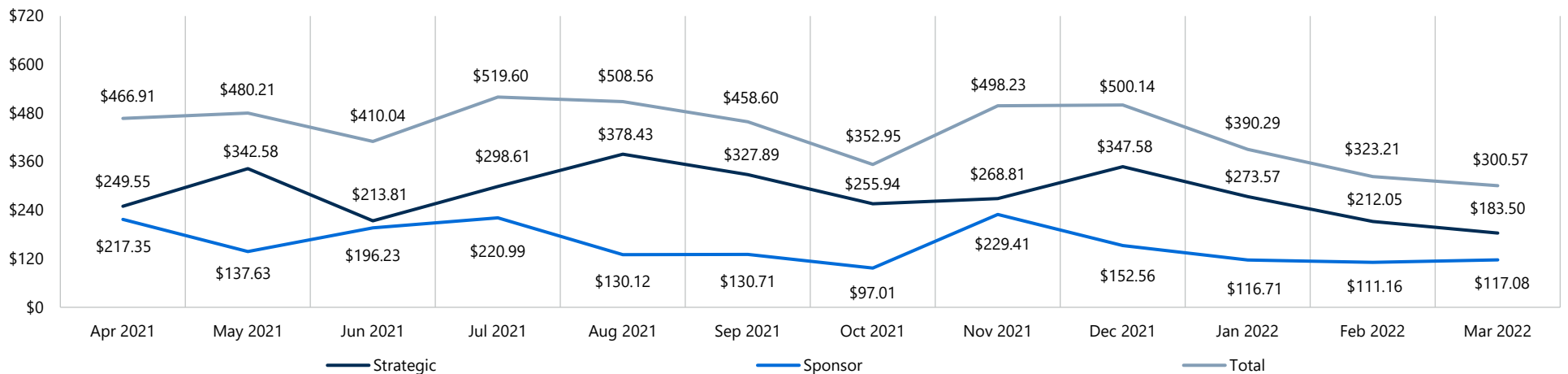


Appendix: M&A Activity – 12 Month Trends

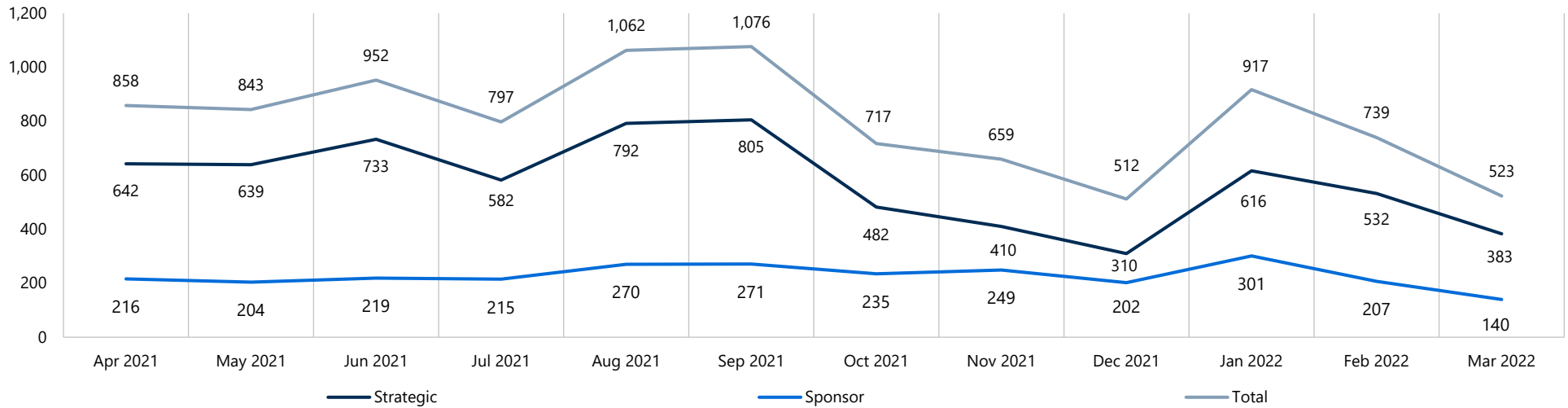
U.S. Deal Value (US\$B)



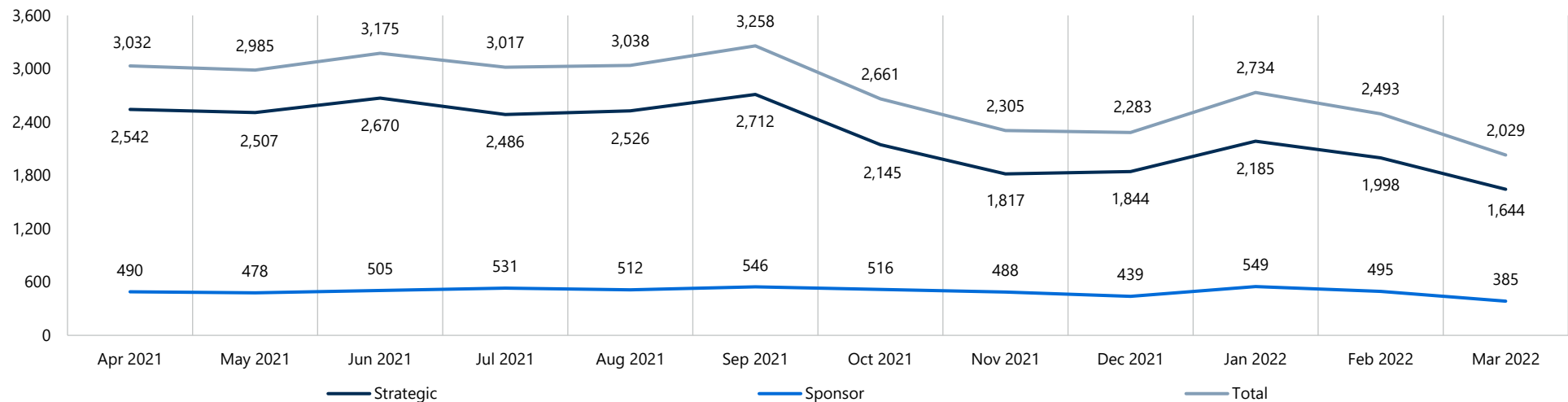
Global Deal Value (US\$B)



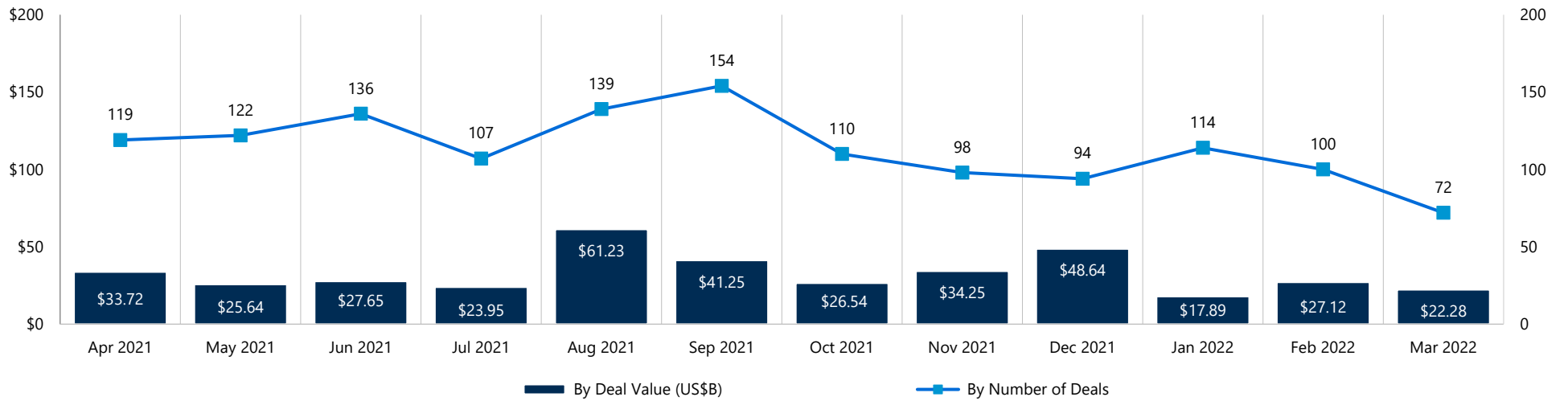
U.S. Number of Deals



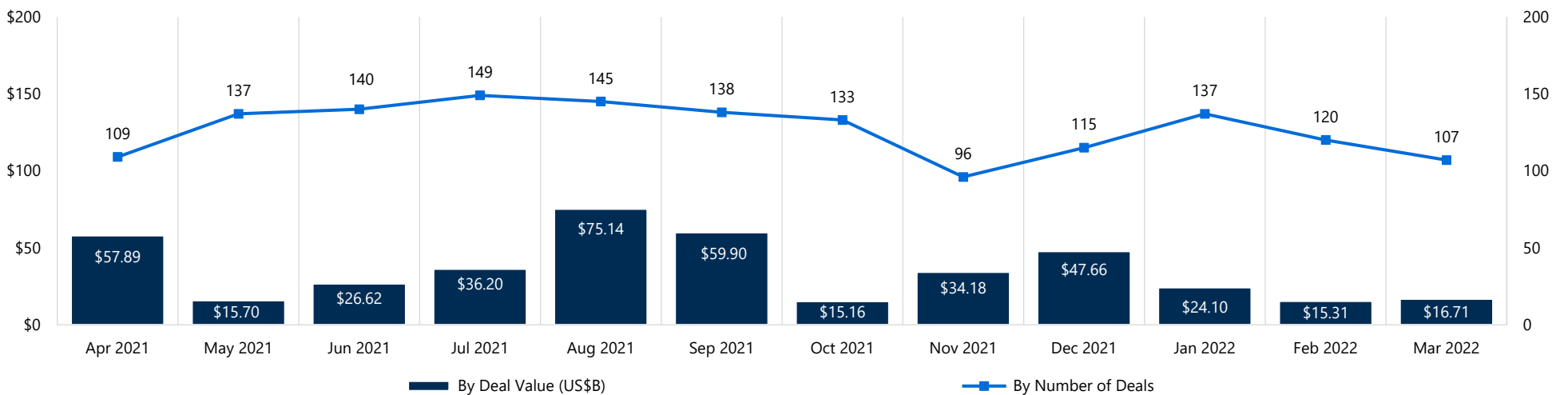
Global Number of Deals



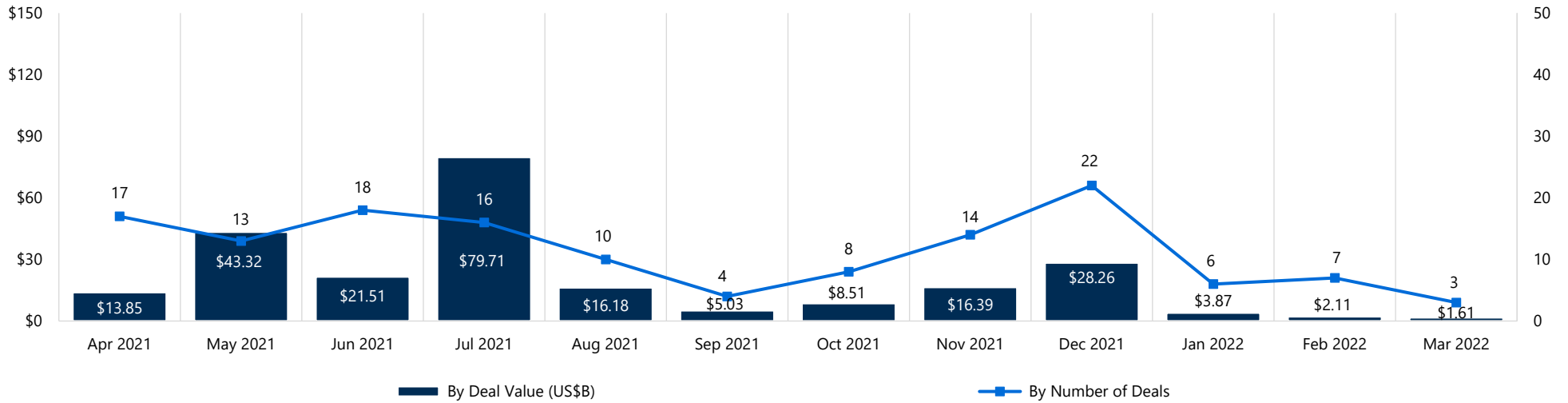
Inbound U.S. Crossborder Transactions



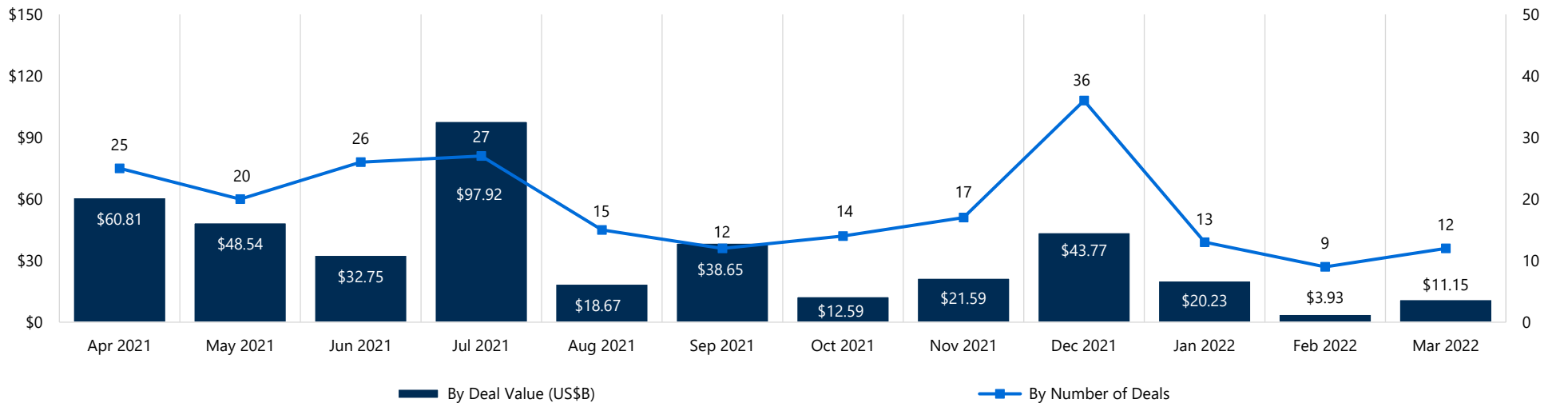
Outbound U.S. Crossborder Transactions



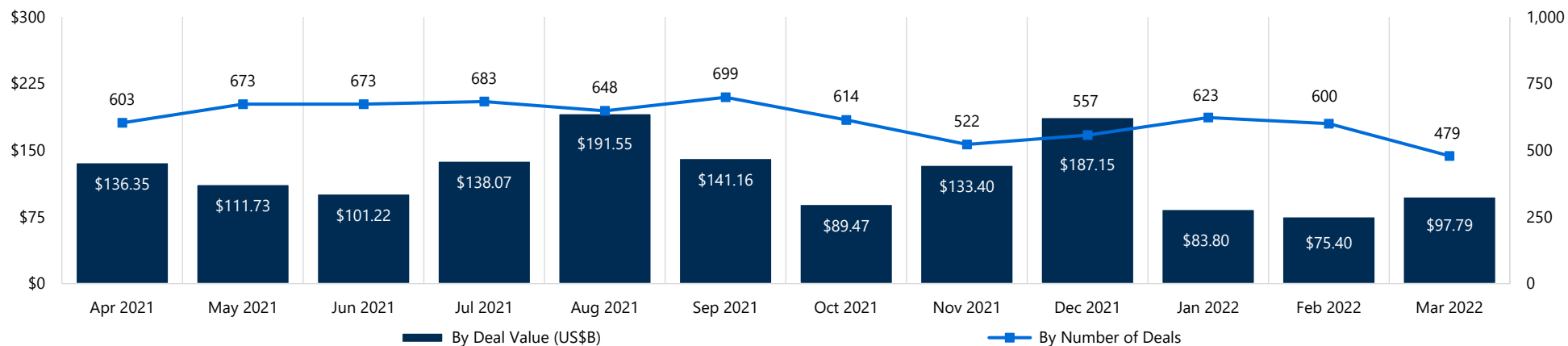
U.S. SPAC Acquisitions¹⁸



Global SPAC Acquisitions¹⁹



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 16 transactions in March 2022.
- Financial and strategic categories are determined by Deal Point Data.
- Five transactions in March 2022 had a reverse break fee.
- Two transactions in March 2022 involving a financial buyer had a reverse break fee.
- Three transactions in March 2022 involving a strategic buyer had a reverse break fee.
- Two transactions in March 2022 involved a financial buyer.
- 14 transactions in March 2022 involved a strategic buyer.
- Three transactions in March 2022 had a go-shop provision.
- One transaction in March 2022 involving a financial buyer had a go-shop provision.
- Two transactions in March 2022 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.
- In March 2022, each of Canada and Japan was the country of origin for 12 transactions, and each of Germany, Netherlands, South Korea and Spain were the country of origin for 4 transactions. For last twelve months, each of Japan and the U.K. were the country of origin for 169 transactions.
- Each of Germany, Japan and Switzerland was the country of destination for 5 transactions in March 2022.
- 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 April 2021 to March 2022 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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Our M&A Group is among the most experienced and active in the world. We represent publicly traded and privately held companies, leading private equity firms, financial advisors, and other financial institutions and investors in their most important mergers and acquisitions, joint ventures and other strategic transactions. Our expertise advising corporations and private investors in a broad range of sophisticated transactions enables us to identify new opportunities for our clients to realize value. We have particular experience in guiding clients as they engage in proxy battles, company-altering and market consolidating transactions or capital markets transactions.

Strategic M&A

Recent highlights include advising: CDK Global in its \$8.3 billion sale to Brookfield Business Partners; General Motors Co. in its \$3.45 billion acquisition of SoftBank Vision Fund's equity ownership stake and assumption of Softbank's investment obligation in the autonomous vehicle joint venture Cruise; Chevron Corporation in its \$3.15 billion acquisition of Renewable Energy Group; Aptiv in its proposed \$4.3 billion acquisition of Wind River from TPG Capital; Rocket Companies in its \$1.275 billion acquisition of Truebill; General Electric in its reorganization through spin-offs into three separately traded public companies; Qualcomm, alongside SSW Partners, in its \$4.5 billion topping bid for Veoneer; Continental Grain Company in its joint venture with Cargill to acquire Sanderson Farms for a total equity value of \$4.53 billion; Translate Bio in its \$3.2 billion sale to Sanofi; Carrier Global Corporation in the \$3.1 billion sale of its Chubb fire and security business to APi Group Corporation; Bowlero Corp in its \$2.6 billion business combination with Isos Acquisition Corporation; the Special Committee of the Board of Directors of QAD in its \$2 billion sale to Thoma Bravo; QTS Realty Trust in its \$10 billion sale to Blackstone; MGM in its proposed \$8.45 billion sale to Amazon; Lehigh Hanson in the \$2.3 billion sale of its U.S. West region business to Martin Marietta Material; Advance in the \$150 billion Reverse Morris Trust transaction that will combine AT&T's WarnerMedia business with Discovery; Nuance Communications in its \$19.7 billion sale to Microsoft Corp.; 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; Cenovus Energy in its Cdn. \$23.6 billion combination with Husky Energy; The Kraft Heinz Company in the \$3.2 billion sale of its cheese business to Groupe Lactalis; 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; 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; 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; the Independent Directors of Avon in its \$3.7 billion sale to Natura & Co.; 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; and IBM in its \$34 billion acquisition of Red Hat.

Private Equity M&A

Recent highlights include advising: Baring Private Equity Asia in its €6.8 billion sale to EQT; KPS Capital Partners in its \$3.45 billion acquisition of Oldcastle BuildingEnvelope from CRH; 3G Capital in its \$7.1 billion acquisition of Hunter Douglas; Global Infrastructure Partners in its proposed \$15 billion acquisition (together with KKR) of CyrusOne; Oak Hill Advisors in its \$4.2 billion sale to T. Rowe Price Group; Neustar in its \$3.1 billion sale, by a private investment group led by Golden Gate Capital and with minority participation from GIC, to TransUnion; KPS Capital Partners in its \$1.7 billion acquisition of a controlling stake in the Primary Products Business in North America and Latin America of Tate & Lyle; KPS Capital Partners and its portfolio company DexKo Global in the \$3.4 billion sale of DexKo to Brookfield Business Partners; funds managed by affiliates of Apollo Global Management in their \$5 billion acquisition of Verizon Media; Univision Holdings in its \$4.8 billion combination with the content and media assets of Grupo Televisa, S.A.B.; Apollo Global Management in its \$11 billion merger with Athene; KPS Capital Partners in its \$2.7 billion acquisition of the EMEA food, aerosol and promotional packaging business from Crown Holding; Inspire Brands in its \$11.3 billion acquisition of Dunkin' Brands Group; an affiliate of Roark Capital Group in its approximately \$1.5 billion acquisition of the ServiceMaster Brands businesses of ServiceMaster Global Holdings; 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; funds managed by affiliates of Apollo Global Management in their \$2.7 billion acquisition of Shutterstock; and KPS Capital Partners in its \$1.8 billion acquisition of Howden from Colfax.

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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