

# M&A AT A GLANCE

MAY 2022 | ISSUE 122

## Key Takeaways

- ▶ With spring's arrival here in the Northeast, the M&A market has also revived by certain measures. While deal count continued to decline (decreasing by 14% both globally and in the U.S. since March), April saw increases in total deal value for the first time this year. Aggregate deal value increased by 33% in the U.S. and 39% globally in April over March. Both U.S. strategic and sponsor deals followed the broader U.S. trend, decreasing by 18% and 4%, respectively, by deal count, but increasing 45% and 20% by total deal value, respectively. Globally, sponsor deals more than doubled in aggregate value, increasing by 105%, with strategic deals up a mere 1%.
- ▶ Notwithstanding the bright spots mentioned above, U.S. crossborder activity declined in April. U.S. inbound and outbound deal count decreased by 17% and 5%, respectively. Total deal value also decreased for U.S. inbound and outbound deals by 14% and 30%, respectively. Canada led in total deal value for inbound transactions at \$8.7 billion, while the Netherlands led in total deal value for outbound transactions at \$1.6 billion. By number of deals, Canada again led for inbound deals with 14, and the U.K. led for outbound U.S. deals with 17.
- ▶ Computers & Electronics remained the most active industry by number of deals in April and the last twelve months (LTM). That sector also maintained the largest total deal value with \$93.2 billion in April. Transportation saw the largest increase from March, with a total of \$8 billion in deal value, reflecting a 880% increase over March and driven primarily by the \$7.7 billion offer by JetBlue Airways Corp. to acquire Spirit Airlines Inc. The Real Estate/Property industry, which had seen the largest increase in March, continued to rise, with \$19.2 billion of deal value reflecting an increase of 498% in April.
- ▶ After last month's decrease, U.S. SPAC acquisitions increased in April by 108% in total deal value and 133% in total number of deals, but total deal value and number of SPAC deals were down 88% and 68%, respectively, from the recent highs recorded in December 2021. Globally, SPAC acquisitions were mixed, increasing by 42% in total number of deals but have restarted a downward trend in total deal value by decreasing 39% since March. Similarly, global SPAC acquisitions are still significantly lower than the highs observed in December 2021.
- ▶ Additional U.S. public merger highlights in April include the following:
  - After a dip in March, average reverse break fees rose to approximately 8%.
  - Cash-only deals dominated in April, accounting for 93% of all U.S. deals (significantly higher than the LTM average of 63%), while stock-only deals accounted for approximately 7% (significantly lower than the LTM average of 22%). There were no mixed consideration deals in April, compared to a LTM average of 15%.
  - Unaffected premiums in April averaged approximately 60%, compared to an LTM average of about 44%.
  - A significant 33% of U.S. deals contained go-shops provisions in April, compared to the LTM average of 13%, including approximately 63% of U.S. deals with financial buyers compared to the LTM average of 36%. However, no deals involving strategic buyers included go-shop provisions in April, compared to the LTM average of approximately 4%.

## Strategic vs. Sponsor Activity

U.S.	
<b>Total</b>	<b>\$153.7 billion – ▲32.8%</b>
	<b>536 deals – ▼14.2%</b>
<b>Strategic</b>	<b>\$87.0 billion – ▲45.0%</b>
	<b>383 deals – ▼17.6%</b>
<b>Sponsor</b>	<b>\$66.7 billion – ▲19.6%</b>
	<b>153 deals – ▼4.4%</b>

Global	
<b>Total</b>	<b>\$427.0 billion – ▲39.2%</b>
	<b>2,033 deals – ▼14.3%</b>
<b>Strategic</b>	<b>\$195.1 billion – ▲0.9%</b>
	<b>1,667 deals – ▼14.4%</b>
<b>Sponsor</b>	<b>\$231.8 billion – ▲104.7%</b>
	<b>366 deals – ▼14.1%</b>

## Crossborder Activity

U.S. Inbound	U.S. Outbound
<b>\$19.4 billion</b>	<b>\$11.7 billion</b>
<b>▼13.8%</b>	<b>▼30.2%</b>
<b>71 deals</b>	<b>118 deals</b>
<b>▼16.5%</b>	<b>▼4.8%</b>
leading country <b>Canada – \$8.7 billion</b>	leading country <b>Netherlands – \$1.6 billion</b>
<b>Canada – 14 deals</b>	<b>U.K. – 17 deals</b>
leading country last 12 months <b>Canada – \$139.6 billion</b>	leading country last 12 months <b>U.K. – \$69.9 billion</b>
<b>Canada – 290 deals</b>	<b>U.K. – 279 deals</b>

## Industry Activity

 most deals <b>219 deals</b> Computers & Electronics	 last 12 months <b>3,690 deals</b> Computers & Electronics
 most dollar value <b>\$93.2 billion</b> Computers & Electronics	 last 12 months <b>\$779.1 billion</b> Computers & Electronics

## SPAC Acquisitions

 <b>\$3.3 billion</b> ▲ 108.3%	<b>7 deals</b> ▲ 133.3%	 <b>\$6.8 billion</b> ▼ 39.4%	<b>17 deals</b> ▲ 41.7%
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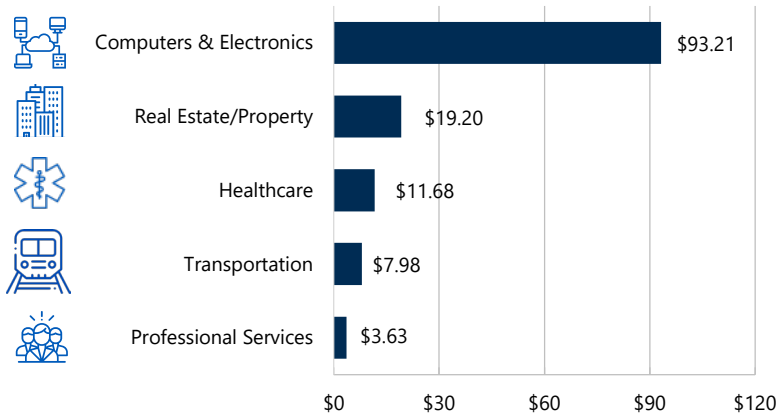
All data is for April 2022, and is as of May 10, 2022 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

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

Deal Value (US\$B)

April 2022

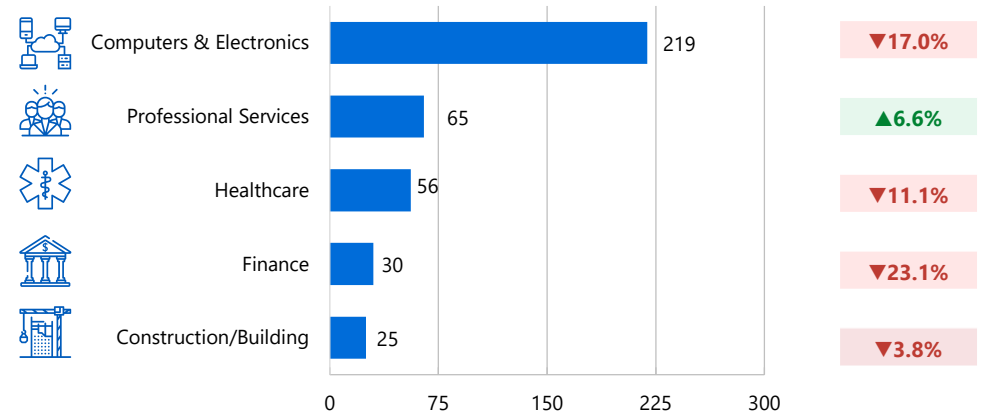
+/- from last month



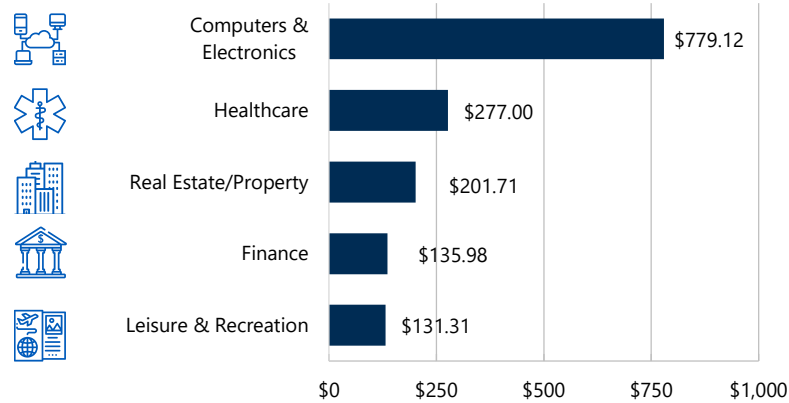
Number of Deals

April 2022

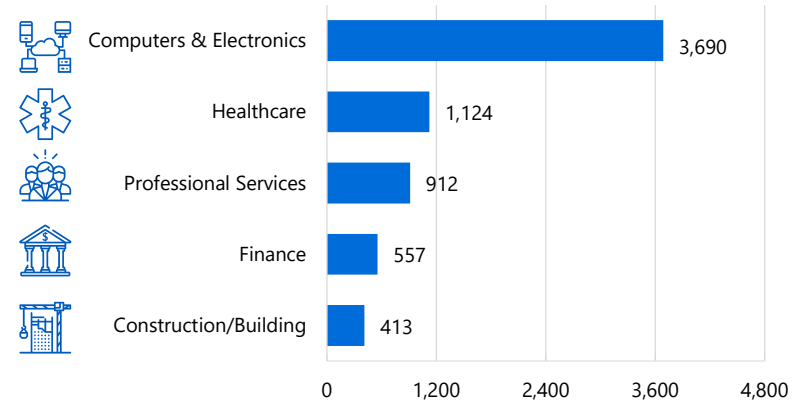
+/- from last month



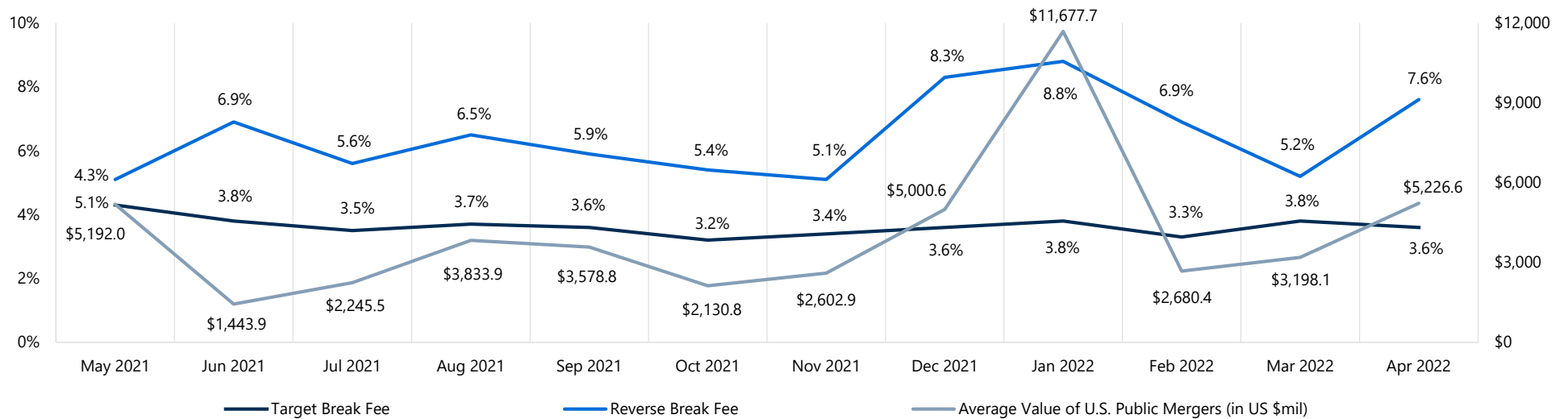
Last 12 Months



Last 12 Months



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



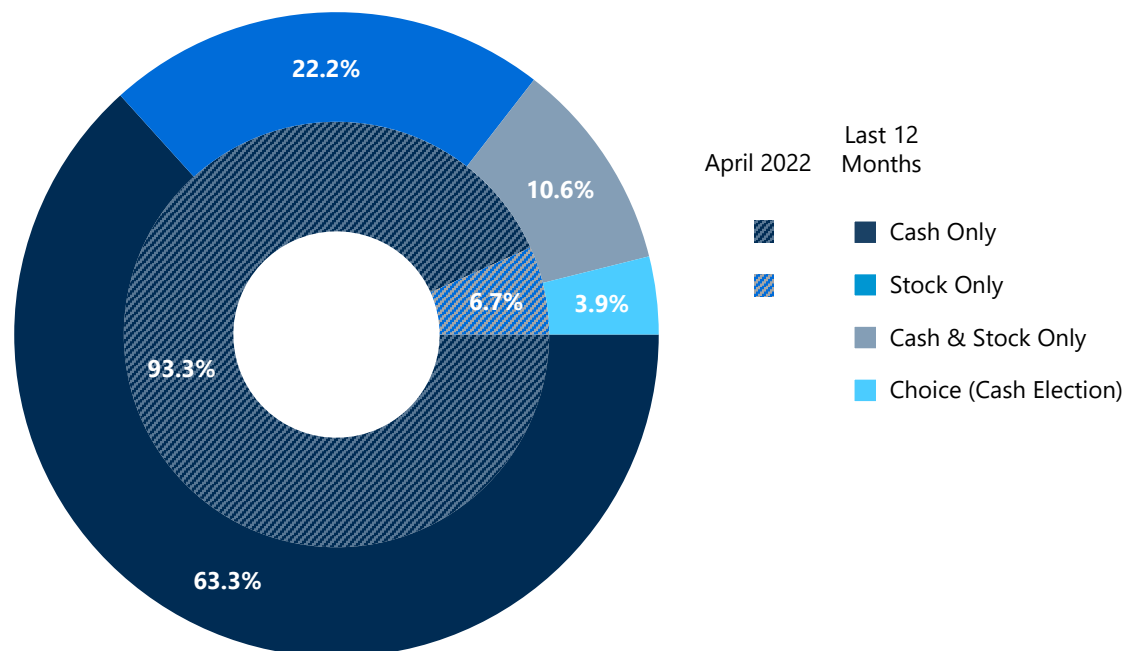
Average Break Fees as % of Equity Value<sup>3,4</sup>

	April 2022	Last 12 Months
Target Break Fee for All Mergers	3.6	3.6
Reverse Break Fee for All Mergers <sup>5</sup>	7.6	6.4
Reverse Break Fee for Mergers Involving Financial Buyers <sup>6</sup>	8.0	7.9
Reverse Break Fee for Mergers Involving Strategic Buyers <sup>7</sup>	5.8	5.2

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

	April 2022	Last 12 Months
% of Mergers with Go-Shops	33.3	12.8
% of Mergers Involving Financial Buyers with Go-Shops <sup>8</sup>	62.5	36.0
% of Mergers Involving Strategic Buyers with Go-Shops <sup>9</sup>	N/A	3.8
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops <sup>10</sup>	33.2	34.8
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops <sup>11</sup>	33.2	34.8
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops <sup>12</sup>	N/A	35.0

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



Tender Offers as % of U.S. Public Mergers

April 2022	26.7
Last 12 Months	14.4

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

April 2022	59.8
Last 12 Months	44.1

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

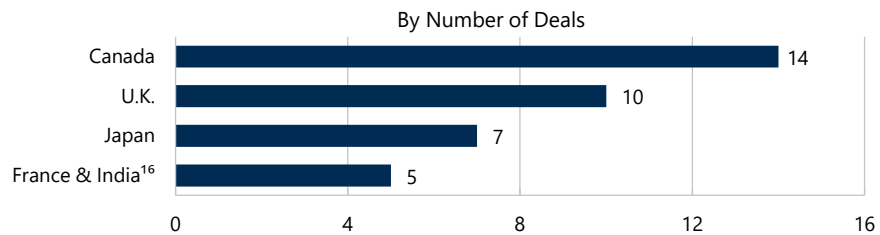
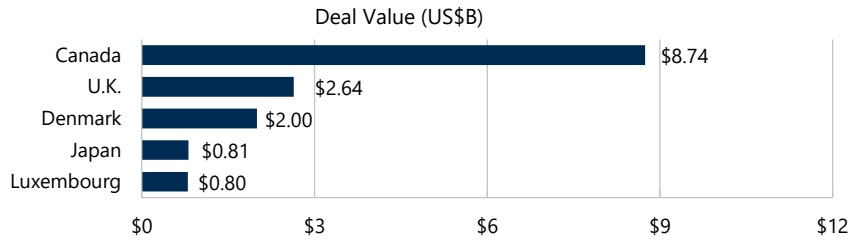
April 2022	17.6
Last 12 Months	15.0

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

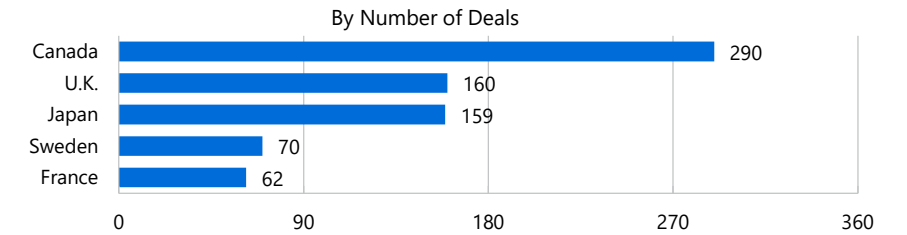
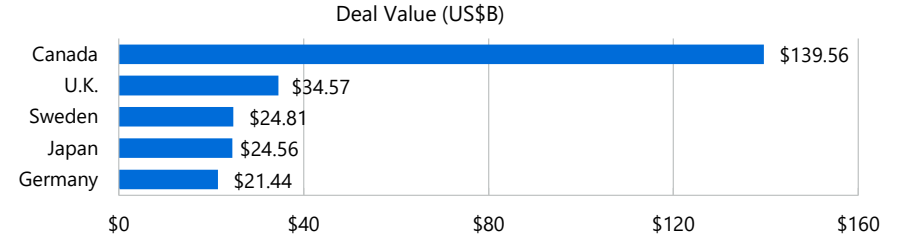
April 2022	1.9
Last 12 Months	1.3

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

**Inbound U.S. Crossborder Transactions for April 2022**

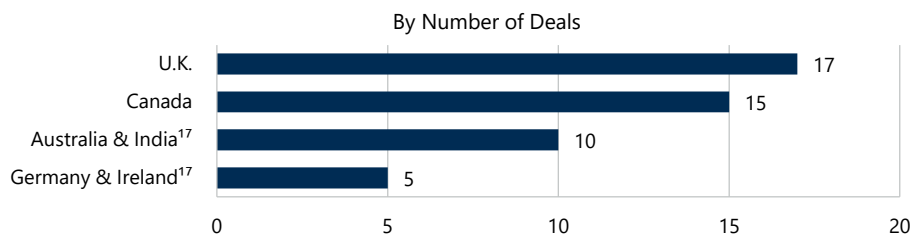
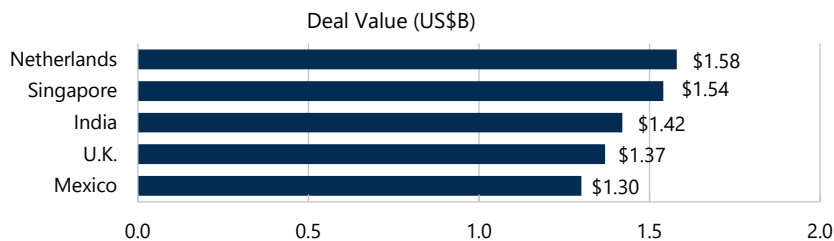


**Inbound U.S. Crossborder Transactions for the Last 12 Months**

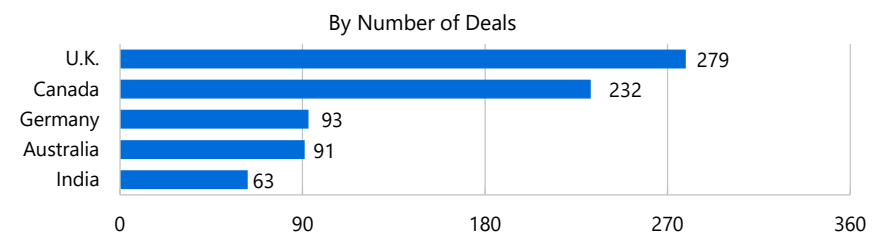
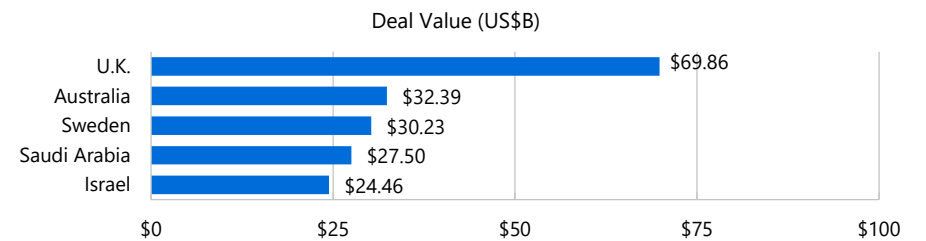


**Top 5 Countries of Destination for Outbound U.S. Crossborder Transactions**

**Outbound U.S. Crossborder Transactions for April 2022**

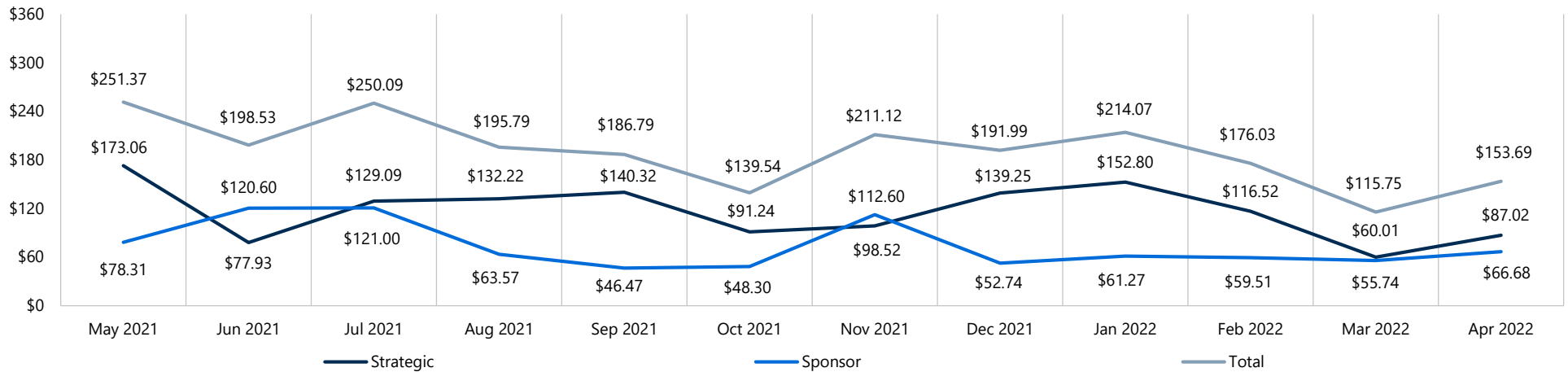


**Outbound U.S. Crossborder Transactions for the Last 12 Months**

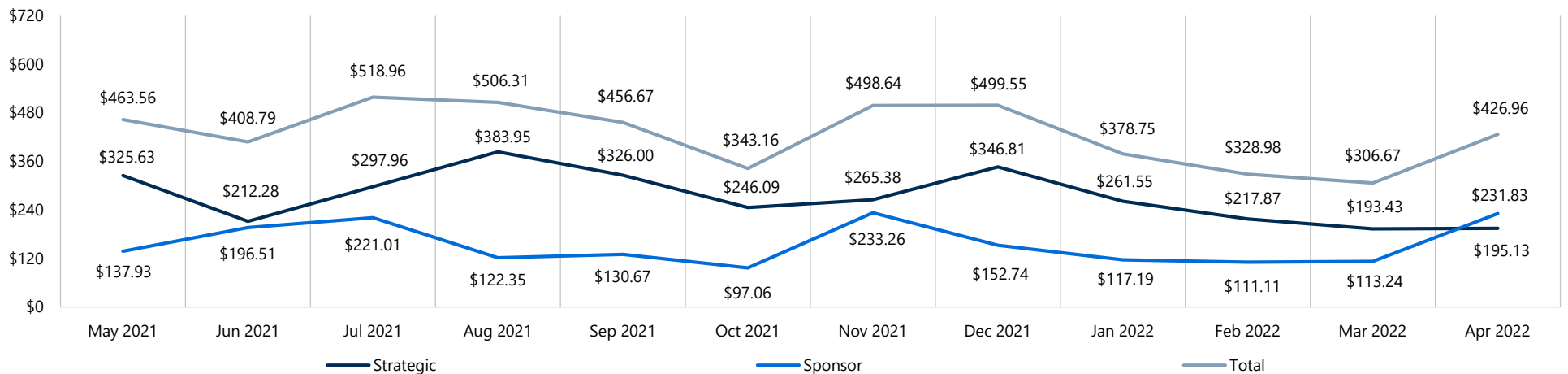


## Appendix: M&A Activity – 12 Month Trends

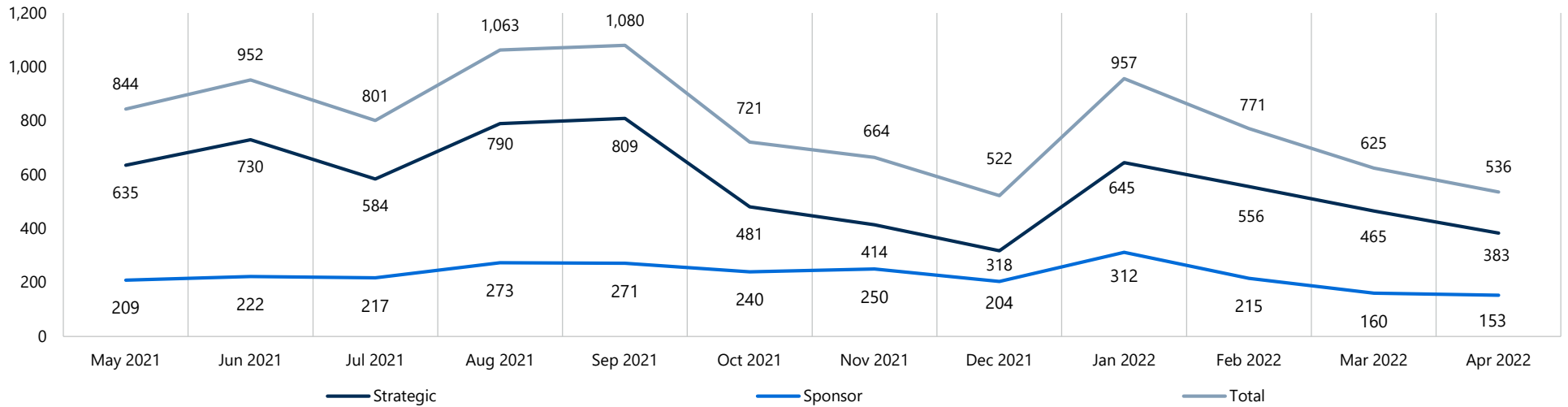
U.S. Deal Value (US\$B)



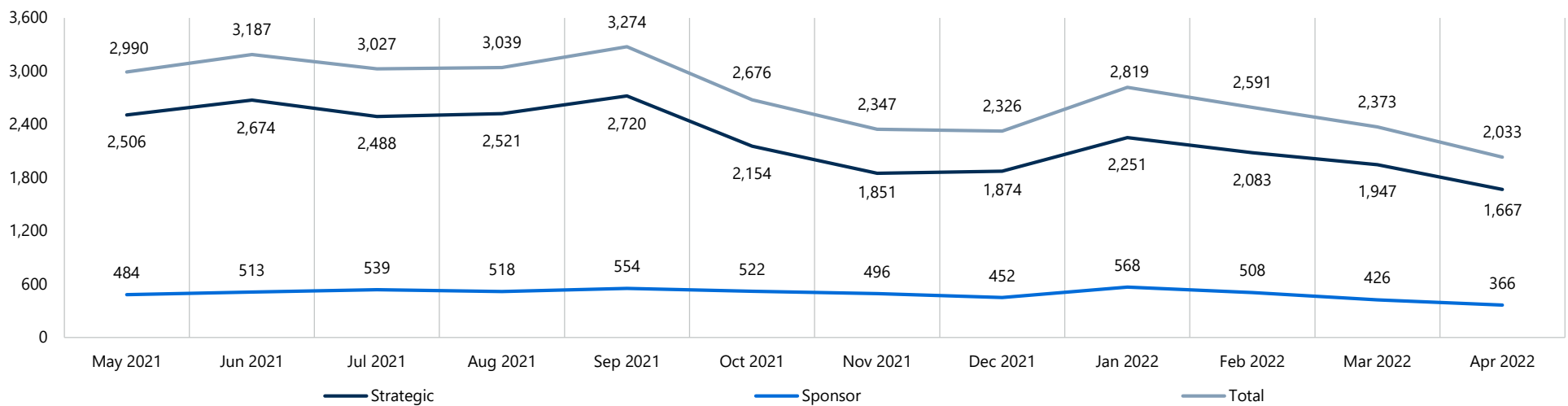
Global Deal Value (US\$B)



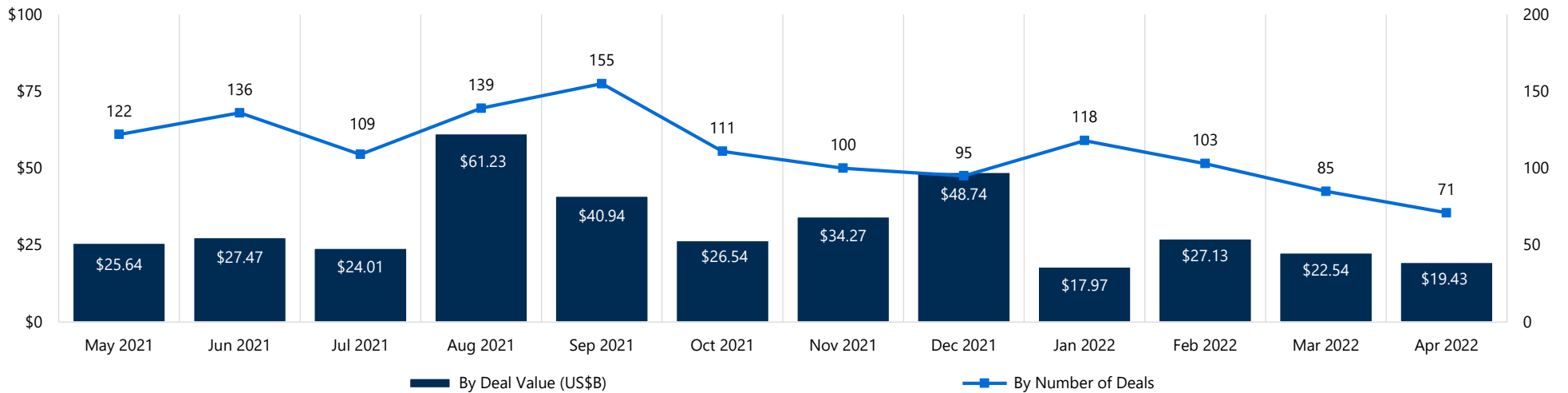
U.S. Number of Deals



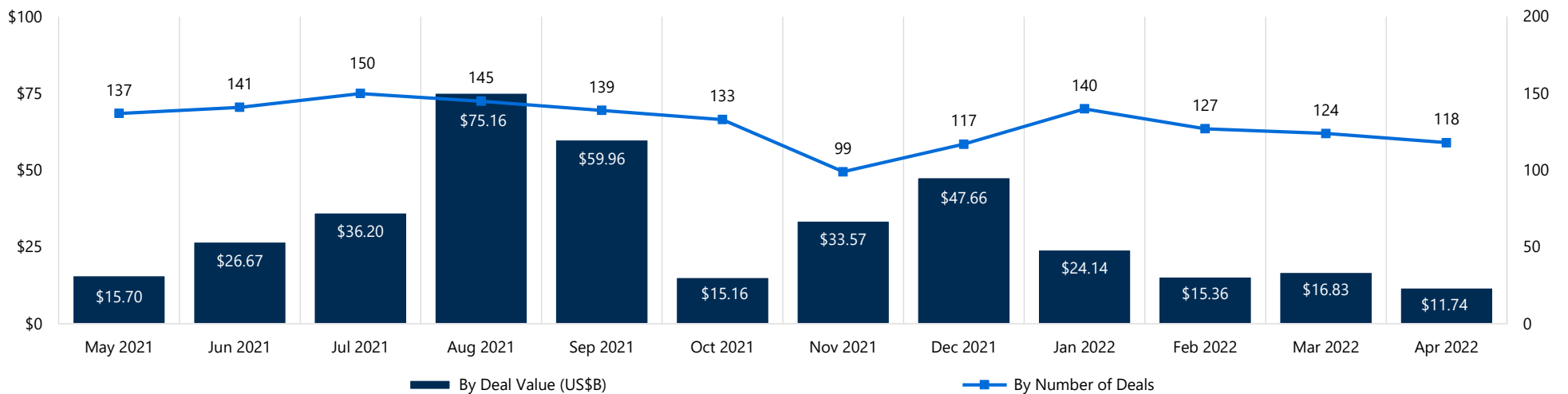
Global Number of Deals



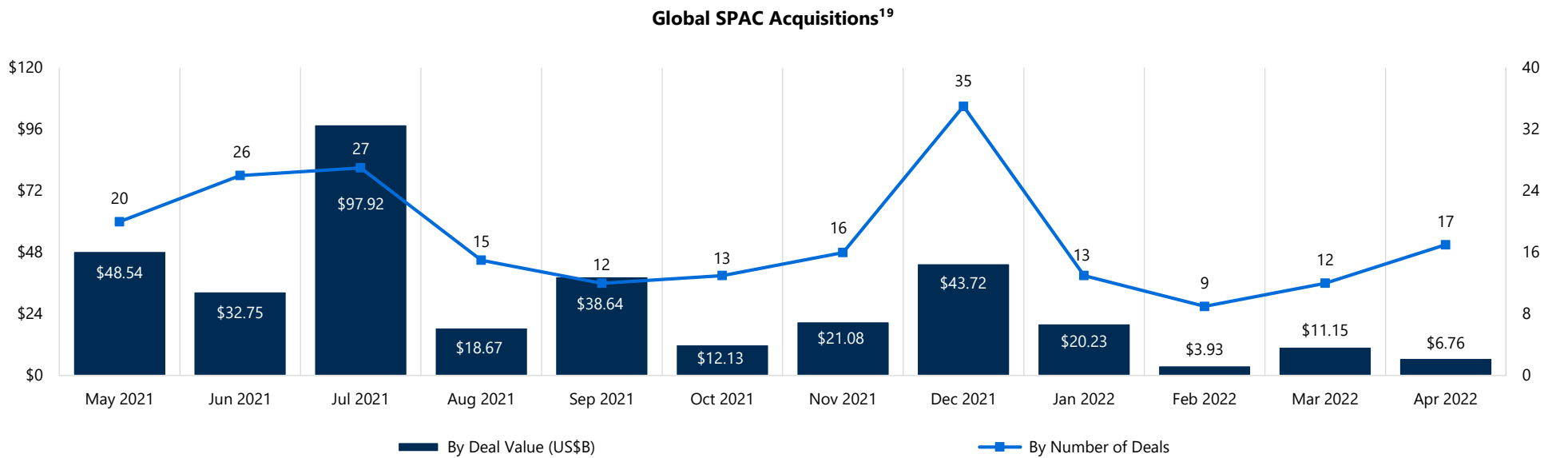
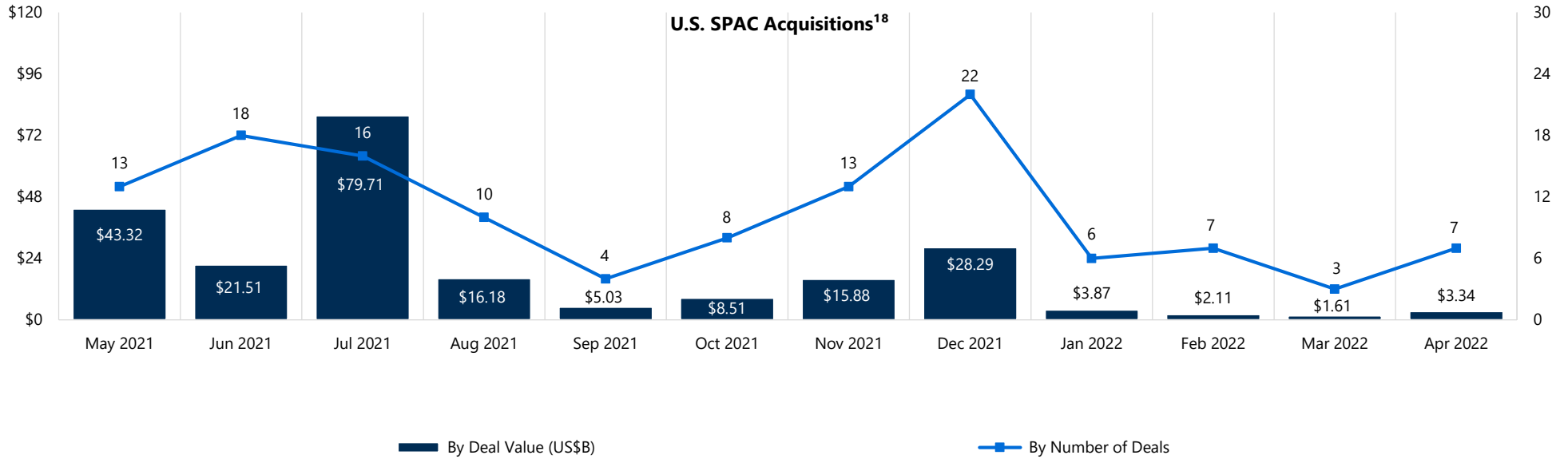
**Inbound U.S. Crossborder Transactions**



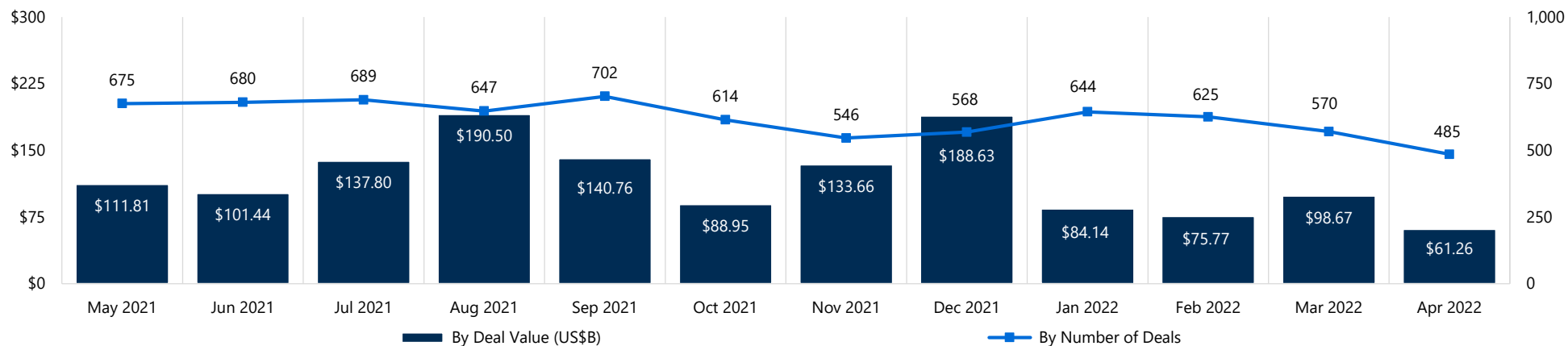
**Outbound U.S. Crossborder Transactions**







## 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 15 transactions in April 2022.
- Financial and strategic categories are determined by Deal Point Data.
- 10 transactions in April 2022 had a reverse break fee.
- Eight transactions in April 2022 involving a financial buyer had a reverse break fee.
- Two transactions in April 2022 involving a strategic buyer had a reverse break fee.
- Eight transactions in April 2022 involved a financial buyer.
- Seven transactions in April 2022 involved a strategic buyer.
- Five transactions in April 2022 had a go-shop provision.
- Five transactions in April 2022 involving a financial buyer had a go-shop provision.
- Zero transactions in April 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 April 2022, each of France and India was the country of origin for five transactions.
- Each of Australia and India was the country of destination for 10 transactions, and each of Germany and Ireland was the country of destination for five transactions in April 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 May 2021 to April 2022 inclusive. Data obtained from Cortex and Deal Point Data has not been reviewed for accuracy by Paul, Weiss.

## Our Mergers & Acquisitions Practice

Paul, Weiss is a leading law firm serving the largest publicly and privately held corporations and financial institutions in the United States and throughout the world. Our firm is widely recognized for achieving an unparalleled record of success for our clients, both in their bet-the-company litigations and their most critical strategic transactions. We are keenly aware of the extraordinary challenges and opportunities facing national and global economies and are committed to serving our clients' short- and long-term goals.

The Paul, Weiss M&A Group consists of approximately 40 partners and 125 counsel and associates based in New York, Washington, Wilmington, London, San Francisco, Toronto, Tokyo, Hong Kong and Beijing. The firm's Corporate Department consists of more than 75 partners and roughly 300 counsel and associates.

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: Shopify in its \$2.1 billion acquisition of Deliverr; 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 \$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 \$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 Shutterfly; 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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