

# M&A AT A GLANCE

JULY 2022 | ISSUE 124

## Key Takeaways

- ▶ After a generally positive May, both U.S. and global M&A were disappointing in June, continuing some of the downward trends seen earlier in the year. U.S. deal value and deal count fell 56% and 21%, respectively, in June, with strategic and sponsor activity declining at similar rates by both deal value and count. Global activity mirrored these trends, with global deal value and deal count falling by 43% and 16%, respectively, with strategic value declining slightly more than sponsor activity globally.
- ▶ Crossborder activity was also generally down, with the one bright spot being U.S. inbound activity, which was up 3% in June over May. Inbound deal count fell by 27%, while outbound deal value and deal count fell by 32% and 10%, respectively. Canada led inbound activity by all measures in June and over the last 12 months (LTM), while Luxembourg led outbound deal value with \$32 billion in deals and the U.K. led outbound deal count with 32 deals.
- ▶ Computers & Electronics was the most active industry by deal value and number in June, at \$26.5 billion across 254 deals. Both Retail and Leisure & Recreation had large increases in deal value over May numbers (445% and 1,566%, respectively), although one of the large deal announcements in the Retail sector has already been terminated (the potential acquisition of Kohl's Corporation by Franchise Group, Inc.).
- ▶ SPAC acquisitions continued the declines seen earlier in the year after a brief reprieve in May. U.S. SPAC acquisitions fell 81% by deal value and 56% by deal count in June as compared to May. Similarly, global SPAC acquisitions were down 86% by deal value and 52% by deal count.
- ▶ U.S. public merger highlights in June include the below:
  - Average reverse break fees for June were 5.0%, below the LTM average of 6.5%.
  - After an above-average number of deals with go-shops in April and May, there were no deals with go-shops in June, compared to 14% of deals LTM.
  - Cash was the only form of merger consideration seen in June.
  - The rate of tender offers in June (43%) was significantly above the LTM rate (16%).
  - Unaffected premiums were significantly higher in June at 79%, as compared to 47% LTM. This increase likely reflects the general declines in U.S. stock prices seen in June and the resulting need for M&A parties to transact at higher premiums to justify their respective deals.

## Strategic vs. Sponsor Activity

U.S.	
<b>Total</b>	<b>\$99.3 billion – ▼55.6%</b>
	<b>618 deals – ▼20.5%</b>
<b>Strategic</b>	<b>\$44.6 billion – ▼55.2%</b>
	<b>412 deals – ▼21.2%</b>
<b>Sponsor</b>	<b>\$54.7 billion – ▼56.0%</b>
	<b>206 deals – ▼18.9%</b>
Global	
<b>Total</b>	<b>\$257.5 billion – ▼43.2%</b>
	<b>2,342 deals – ▼15.7%</b>
<b>Strategic</b>	<b>\$150.8 billion – ▼45.1%</b>
	<b>1,817 deals – ▼16.8%</b>
<b>Sponsor</b>	<b>\$106.7 billion – ▼40.4%</b>
	<b>525 deals – ▼11.3%</b>

## Crossborder Activity

U.S. Inbound	U.S. Outbound
<b>\$19.7 billion</b> ▲2.5%	<b>\$15.7 billion</b> ▼31.5%
<b>77 deals</b> ▼27.4%	<b>132 deals</b> ▼9.6%
leading country <b>Canada</b> – \$6.0 billion <b>Canada</b> – 15 deals	leading country <b>Luxembourg</b> – \$3.2 billion <b>U.K.</b> – 32 deals
leading country last 12 months <b>Canada</b> – \$145.1 billion <b>Canada</b> – 284 deals	leading country last 12 months <b>U.K.</b> – \$66.1 billion <b>U.K.</b> – 291 deals

## Industry Activity

 most deals <b>254 deals</b> Computers & Electronics	 last 12 months <b>3,660 deals</b> Computers & Electronics
 most dollar value <b>\$26.5 billion</b> Computers & Electronics	 last 12 months <b>\$808.4 billion</b> Computers & Electronics

## SPAC Acquisitions

 <b>\$1.6 billion</b> ▼81.0%	<b>7 deals</b> ▼56.3%	 <b>\$2.7 billion</b> ▼86.4%	<b>10 deals</b> ▼52.4%
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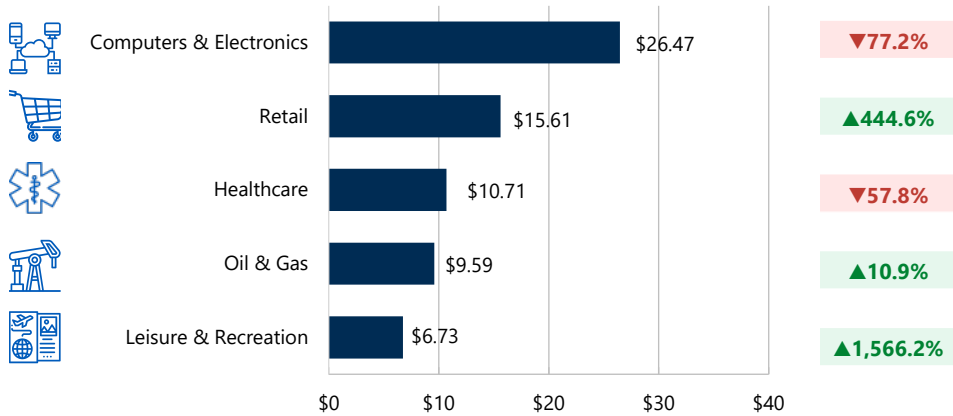
All data is for June 2022, and is as of July 11, 2022 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

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

Deal Value (US\$B)

June 2022

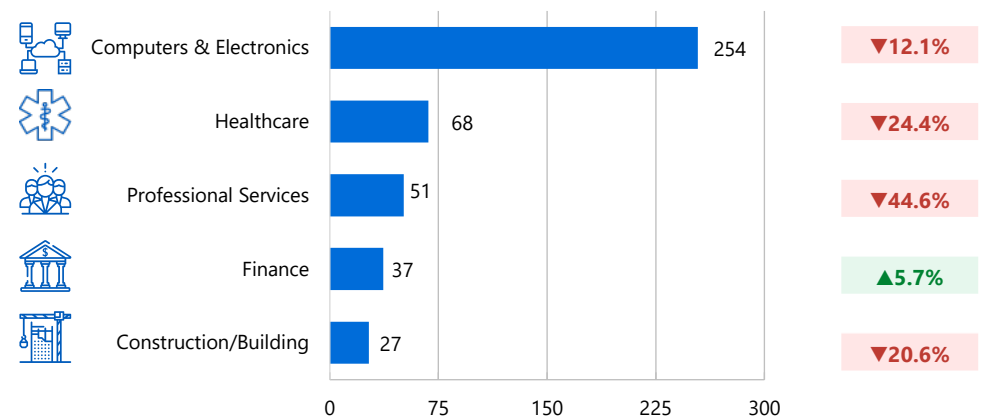
+/- from last month



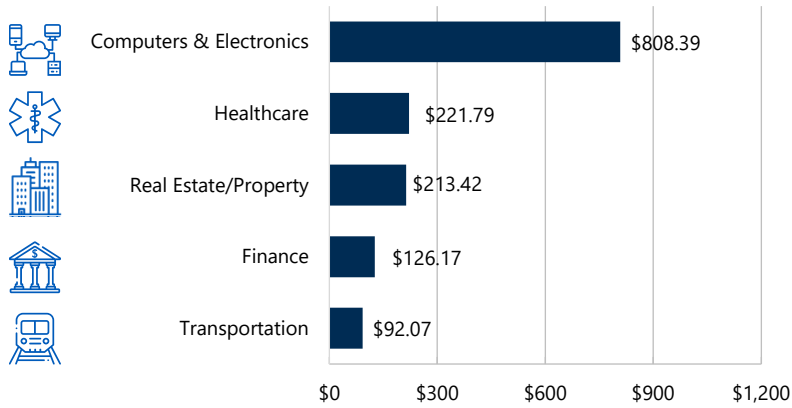
Number of Deals

June 2022

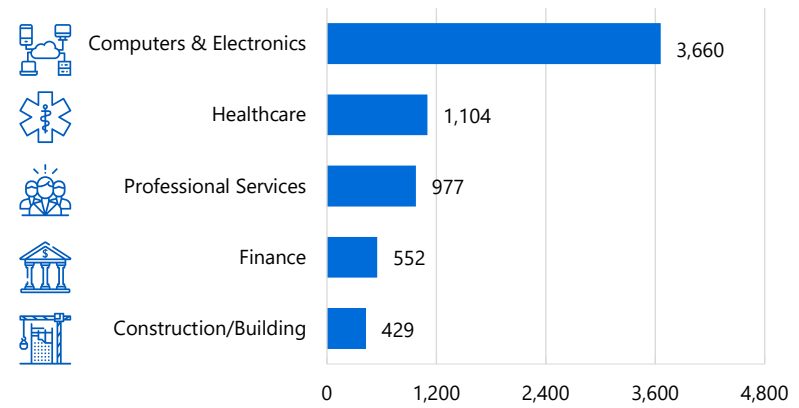
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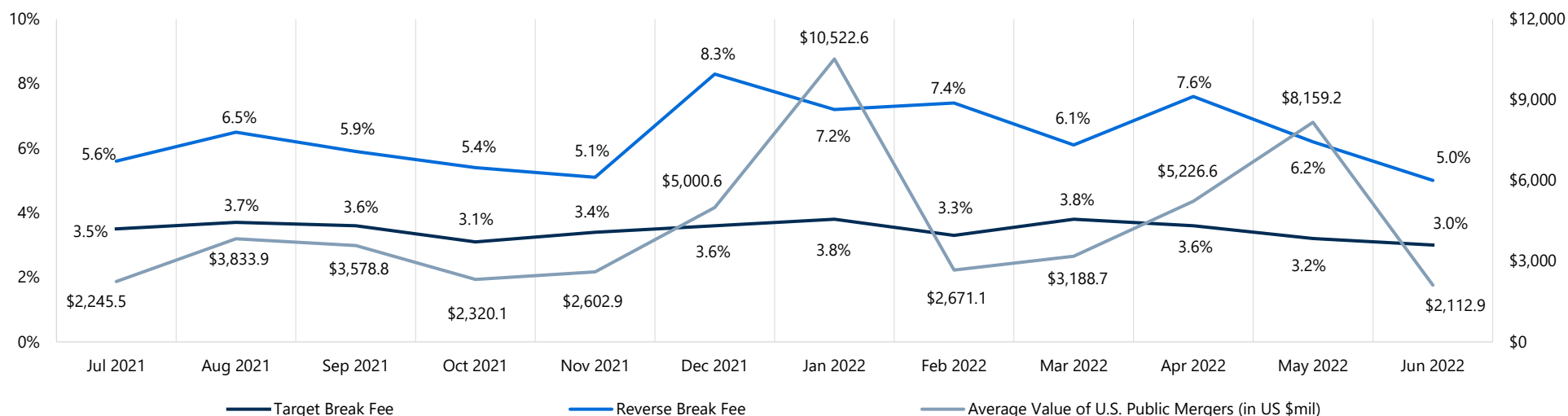
Last 12 Months



Last 12 Months



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



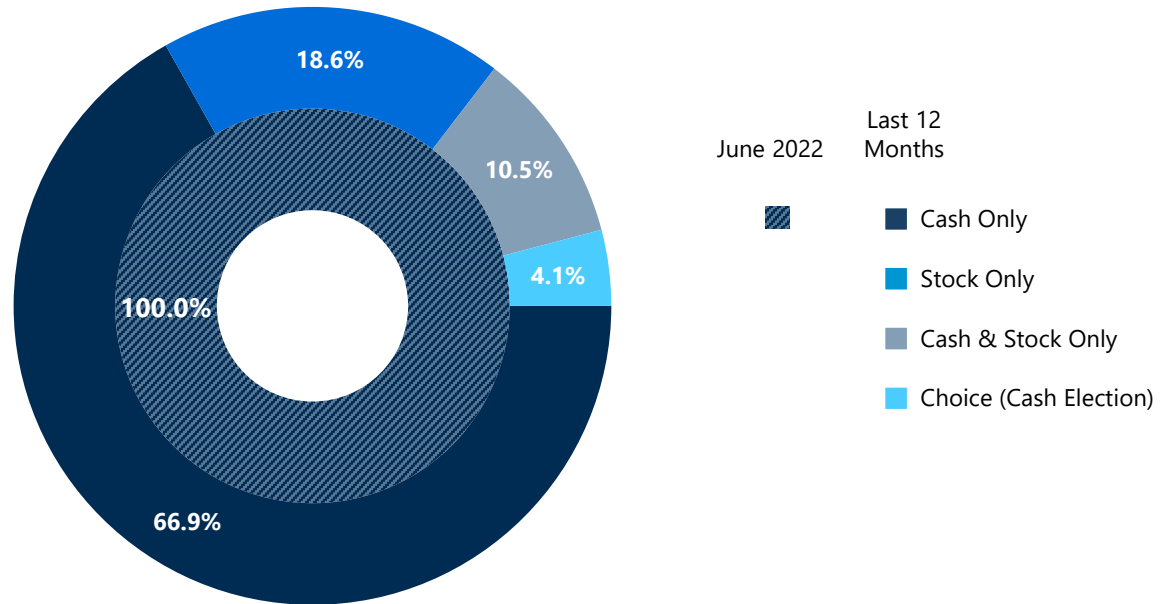
Average Break Fees as % of Equity Value<sup>3,4</sup>

	June 2022	Last 12 Months
Target Break Fee for All Mergers	3.0	3.5
Reverse Break Fee for All Mergers <sup>5</sup>	5.0	6.5
Reverse Break Fee for Mergers Involving Financial Buyers <sup>6</sup>	5.7	7.8
Reverse Break Fee for Mergers Involving Strategic Buyers <sup>7</sup>	3.9	5.3

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

	June 2022	Last 12 Months
% of Mergers with Go-Shops	0.0	14.0
% of Mergers Involving Financial Buyers with Go-Shops <sup>8</sup>	0.0	34.6
% of Mergers Involving Strategic Buyers with Go-Shops <sup>9</sup>	0.0	5.0
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops <sup>10</sup>	N/A	35.9
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops <sup>11</sup>	N/A	35.9
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops <sup>12</sup>	N/A	35.8

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



Tender Offers as % of U.S. Public Mergers

June 2022	42.9
Last 12 Months	16.3

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

June 2022	79.3
Last 12 Months	46.7

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

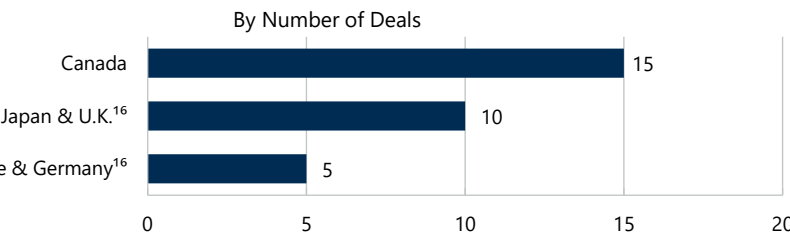
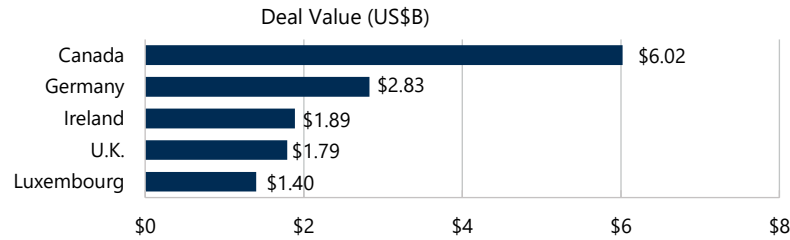
June 2022	22.2
Last 12 Months	16.7

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

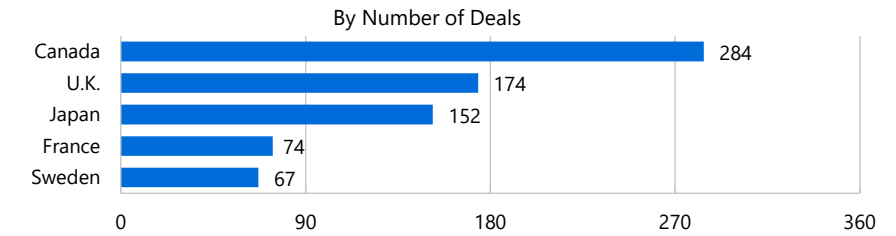
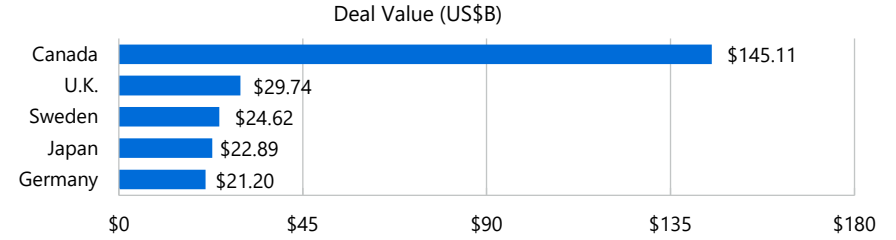
June 2022	0.9
Last 12 Months	1.3

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

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

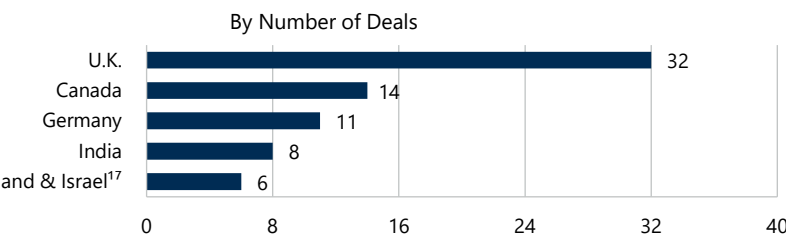
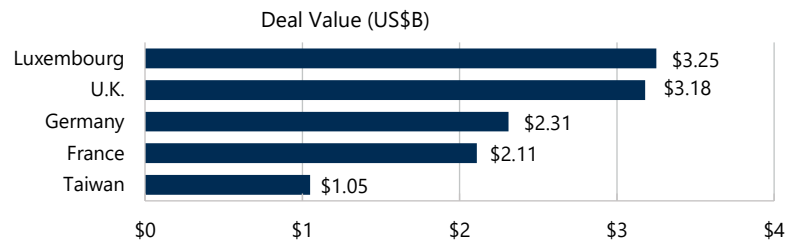


**Inbound U.S. Crossborder Transactions for the Last 12 Months**

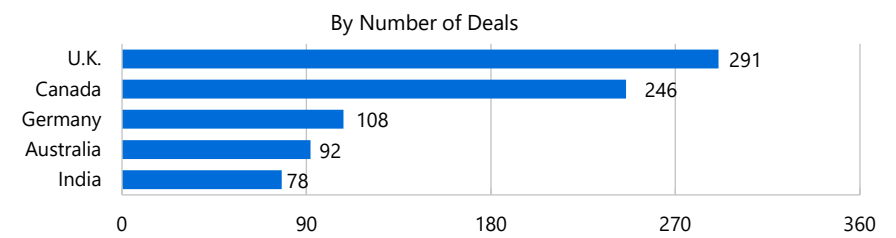
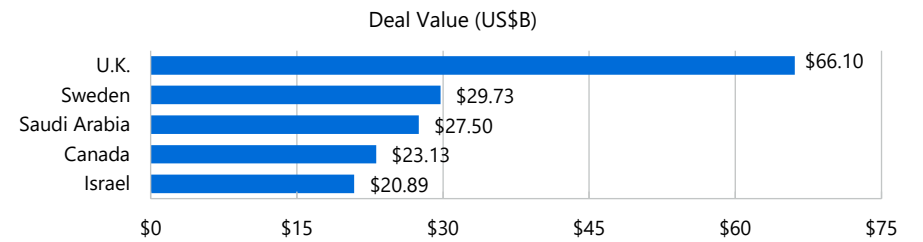


**Top 5 Countries of Destination for Outbound U.S. Crossborder Transactions**

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

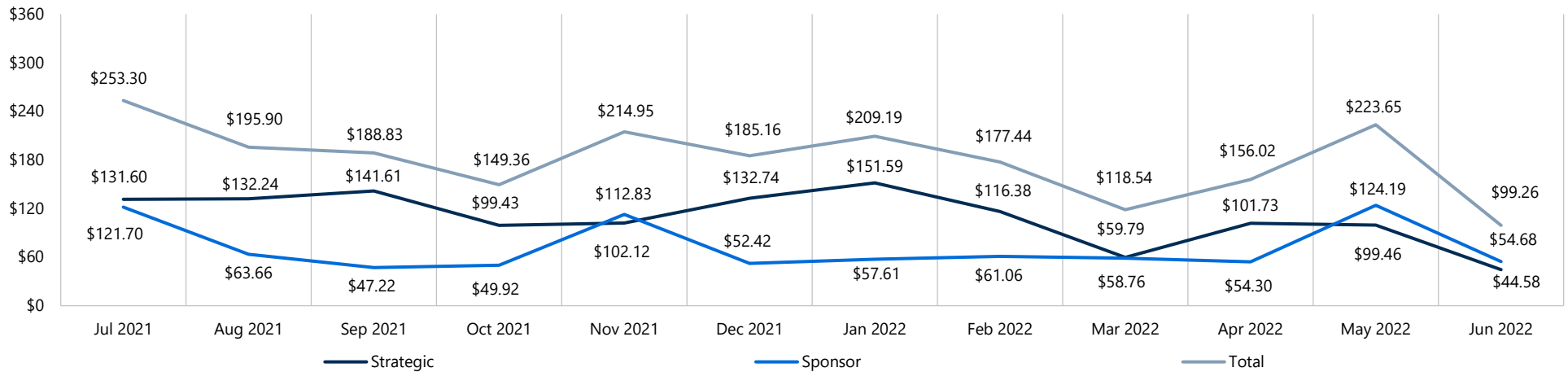


**Outbound U.S. Crossborder Transactions for the Last 12 Months**

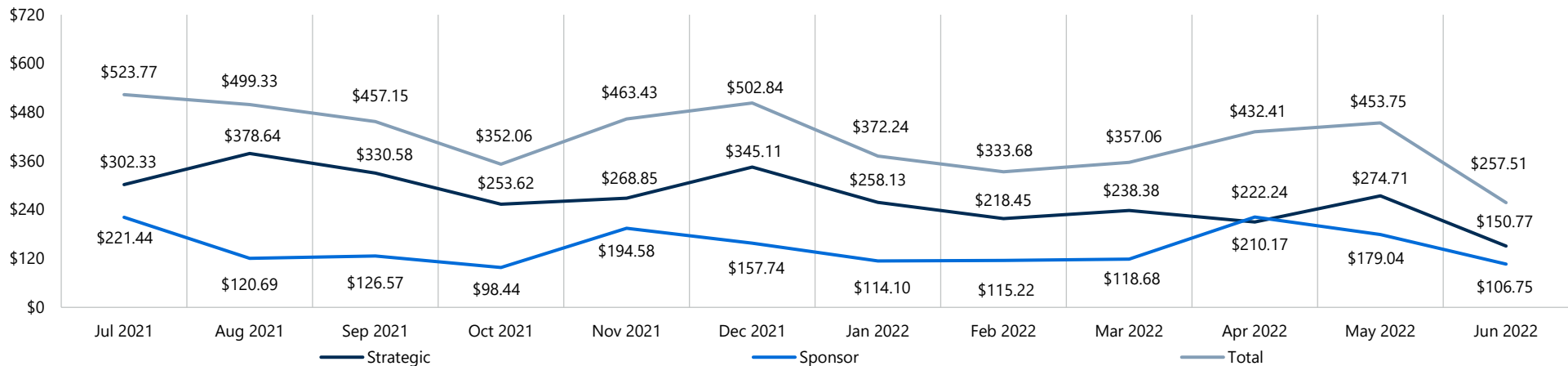


## Appendix: M&A Activity – 12 Month Trends

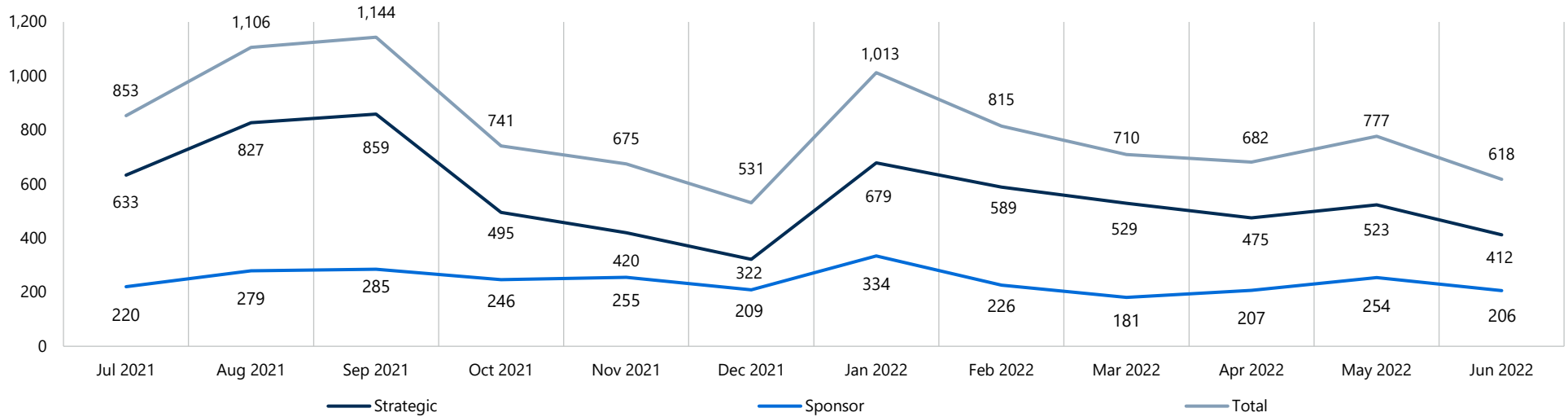
U.S. Deal Value (US\$B)



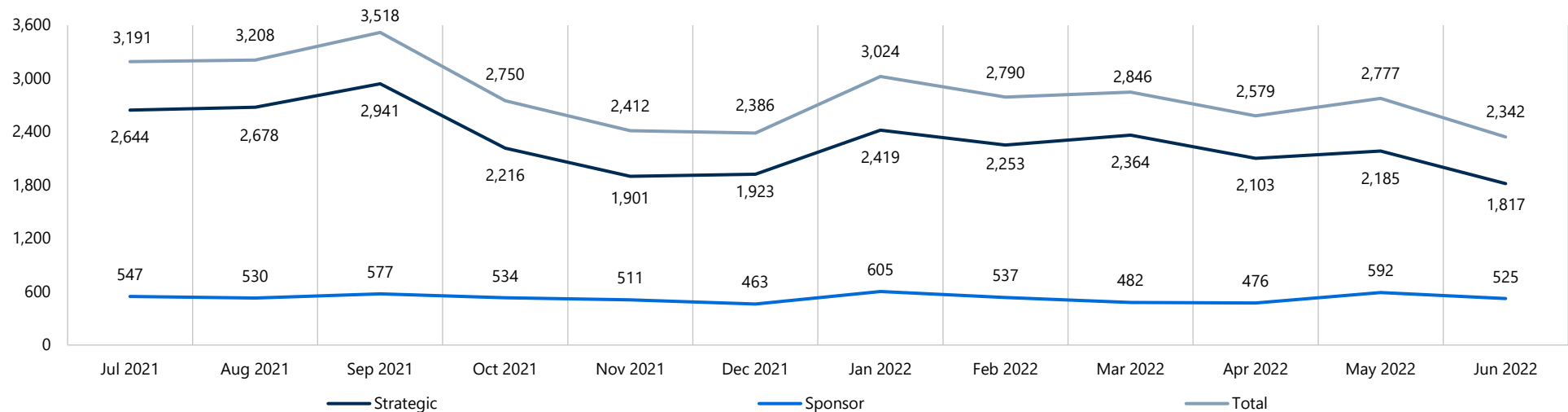
Global Deal Value (US\$B)



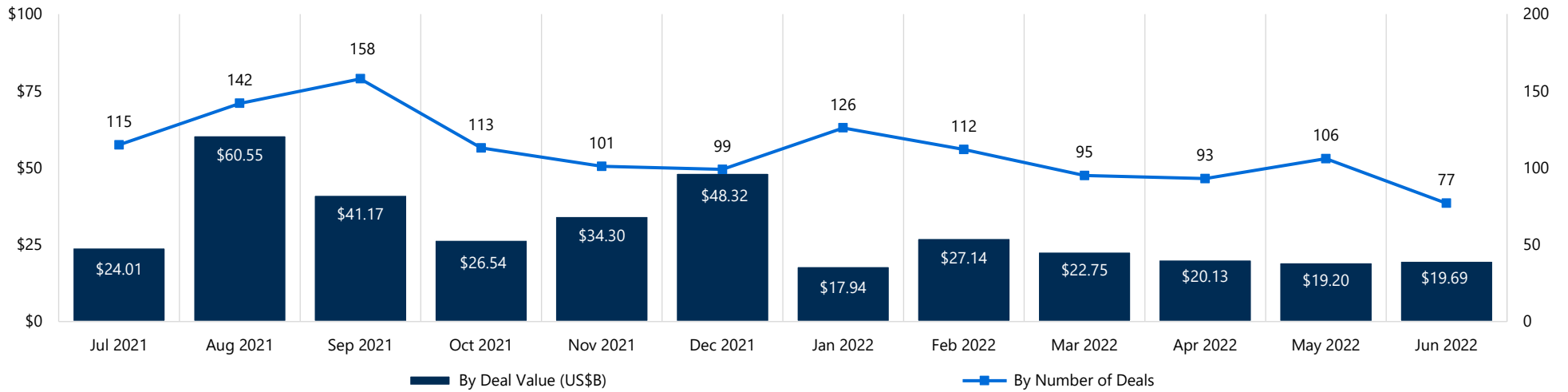
U.S. Number of Deals



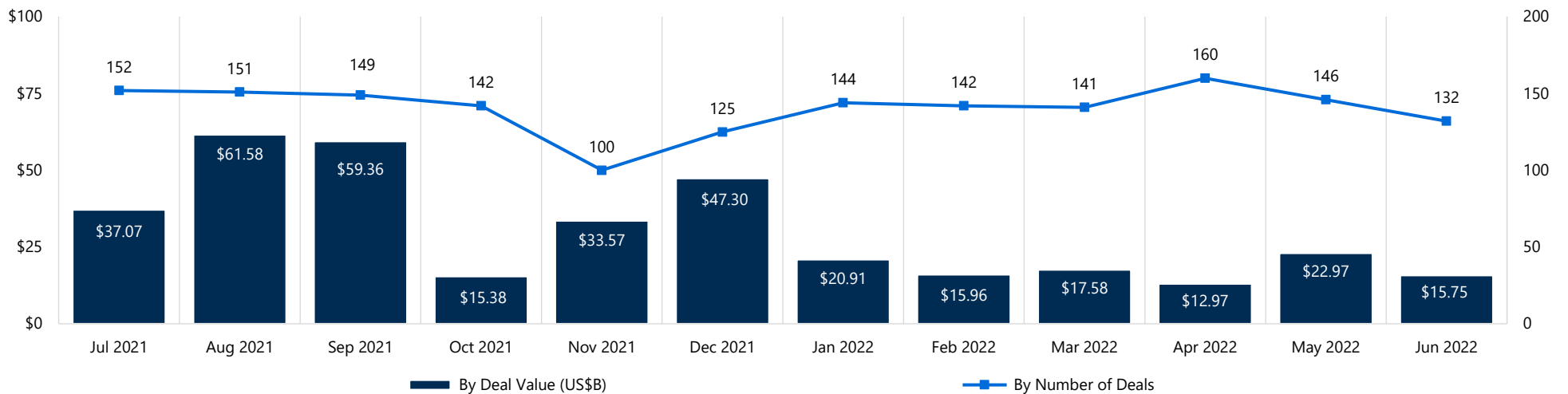
Global Number of Deals



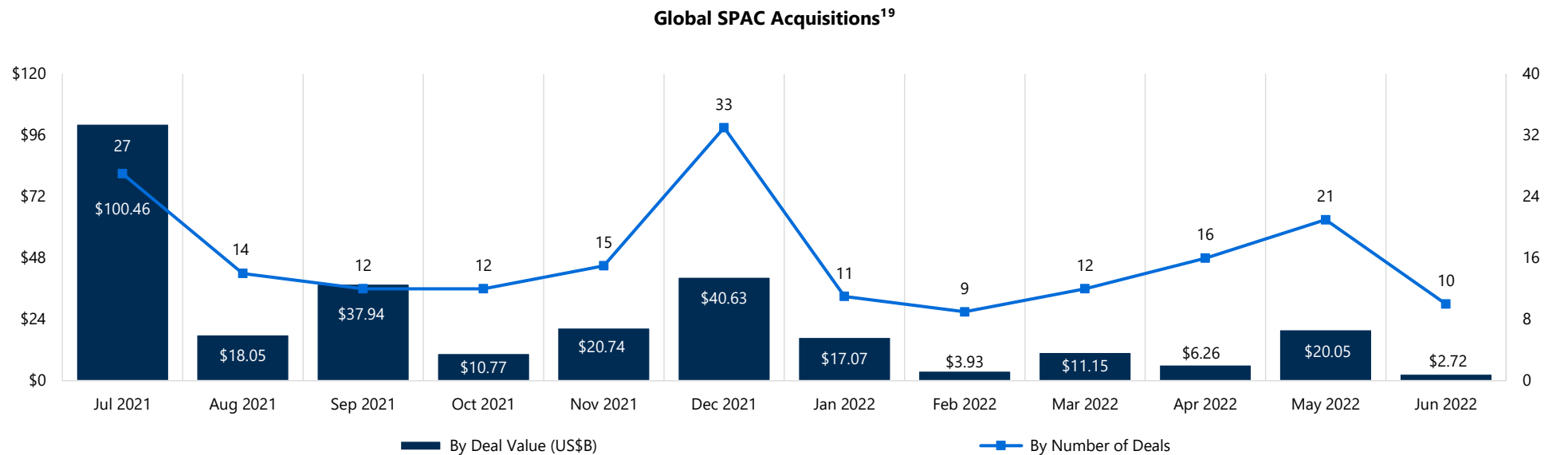
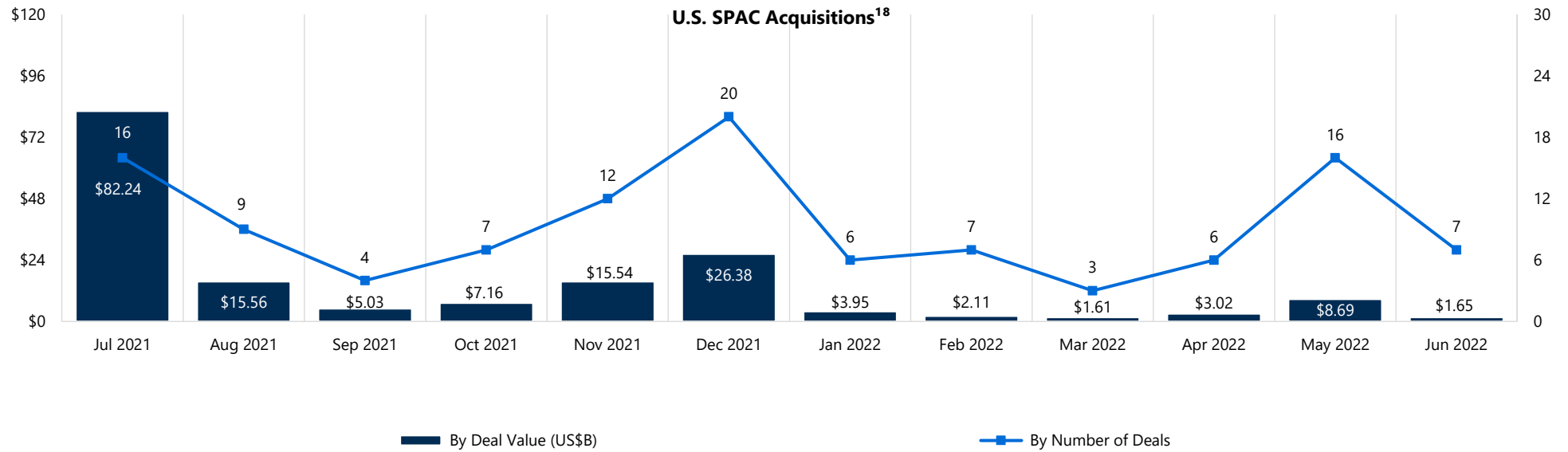
**Inbound U.S. Crossborder Transactions**



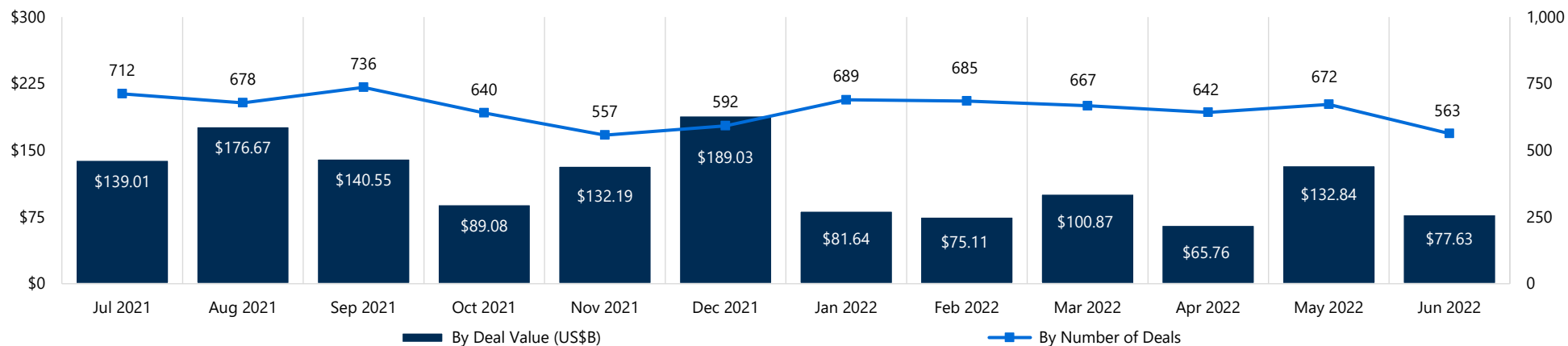
**Outbound U.S. Crossborder Transactions**







## 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 seven transactions in June 2022.
- Financial and strategic categories are determined by Deal Point Data.
- Five transactions in June 2022 had a reverse break fee.
- Three transactions in June 2022 involving a financial buyer had a reverse break fee.
- Two transactions in June 2022 involving a strategic buyer had a reverse break fee.
- Three transactions in June 2022 involved a financial buyer.
- Four transactions in June 2022 involved a strategic buyer.
- No transactions in June 2022 had a go-shop provision.
- No transactions in June 2022 involving a financial buyer had a go-shop provision.
- No transactions in June 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 June 2022, each of Japan and the U.K. was the country of origin for 10 transactions, and each of Australia, France and Germany was the country of origin for five transactions.
- In June 2022, each of Australia, Ireland and Israel was the country of destination for six transactions.
- 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 July 2021 to June 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: Yamana Gold in its \$6.7 billion sale to Gold Fields; 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: Clearlake Capital Group, L.P. in a consortium deal to acquire Chelsea Football Club; 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 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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