

M&A AT A GLANCE

FEBRUARY 2023 | ISSUE 131

Key Takeaways

- M&A activity was down by deal value in January compared to December, but up by deal count. This trend appeared across all sectors (U.S. and global, strategic and sponsor), perhaps signaling a move to smaller deal sizes for the time being. Total U.S. and global deal values were both down 51%, while deal counts were up 65% and 7%, respectively. Strategic total deal values were down 51% in the U.S. and 46% globally, while strategic deal counts were up 69% in the U.S. and 6% globally. Similarly, sponsor total deal values were down 53% in the U.S. and 64% globally, while sponsor deal counts were up 56% in the U.S. and 11% globally.
- The story was the same with U.S. crossborder activity. Inbound total deal values fell 60% from December and outbound total deal values fell 48%, while the number of inbound deals was up 9% and the number of outbound deals was up 36%. Canada led inbound activity as measured by total deal value and number of deals, both for January and the last twelve months (LTM). The U.K. led outbound activity by number of deals in January and LTM, while China led outbound activity by total deal value in January and the U.K. led by the same metric over the trailing twelve months.
- Computers & Electronics reclaimed its position in January as the most active industry by total deal value in the U.S. after two consecutive months out of the top spot. That industry also continued to lead in January as the most active in the U.S. by number of deals, as well as the most active LTM by total deal value and deal count.
- SPAC acquisitions continued on a general downward trend, with total deal values falling 74% in the U.S. and 11% globally and deal counts falling 31% in the U.S. and 39% globally.
- U.S. public merger highlights in January include the following:
 - Average reverse break fees were 5.4%, below the LTM average of 6.1%. Notably, average reverse break fees for mergers involving financial buyers were 9.9%, well above the LTM average of 6.8%.
 - Average target break fees were 3.3%, compared to the LTM average of 3.5%.
 - For the eighth consecutive month no strategic deals had a go-shop provision, with only 4% of such deals having a go-shop LTM. 50% of financial buyer deals had a go-shop, compared with 33% LTM.
 - Cash and stock were the only two forms of consideration seen in January, comprising 78% and 22% of deals, respectively.
 - The rate of tender offers (44%) was well above the LTM average (17%).
 - The rate of hostile/unsolicited offers (10%) was below the LTM average (16%).

Strategic vs. Sponsor Activity

U.S.
Total
\$52.8 billion – ▼51.4%
1,012 deals – ▲65.1%
Strategic
\$37.7 billion – ▼50.9%
732 deals – ▲69.1%
Sponsor
\$15.1 billion – ▼52.6%
280 deals – ▲55.6%

Global
Total
\$132.5 billion – ▼50.9%
2,973 deals – ▲6.7%
Strategic
\$106.8 billion – ▼46.3%
2,473 deals – ▲5.8%
Sponsor
\$25.7 billion – ▼63.9%
461 deals – ▲11.4%

Crossborder Activity

U.S. Inbound	U.S. Outbound
\$8.2 billion	\$7.2 billion
▼60.4%	▼47.5%
106 deals	149 deals
▲9.3%	▲35.5%
leading country	leading country
Canada – \$2.2 billion	China – \$1.8 billion
Canada – 24 deals	U.K. – 38 deals
leading country	leading country
last 12 months	last 12 months
Canada – \$83.8 billion	U.K. – \$30.6 billion
Canada – 284 deals	U.K. – 375 deals

Industry Activity

 most deals 255 deals Computers & Electronics	 last 12 months 3,470 deals Computers & Electronics
 most dollar value \$17.9 billion Computers & Electronics	 last 12 months \$462.4 billion Computers & Electronics

SPAC Acquisitions

 \$1.5 billion ▼73.8%	9 deals ▼30.6%	 \$9.7 billion ▼11.3%	16 deals ▼38.5%
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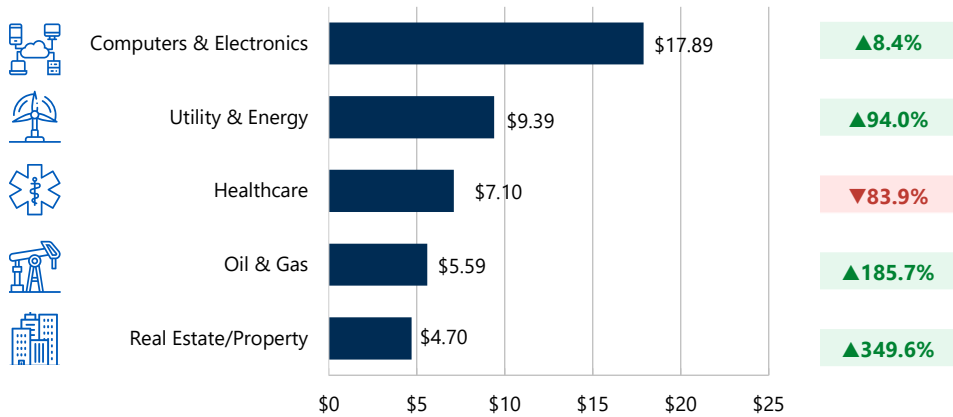
All data is for January 2023, and is as of February 10, 2023 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

Most Active U.S. Target Industries¹

Deal Value (US\$B)

January 2023

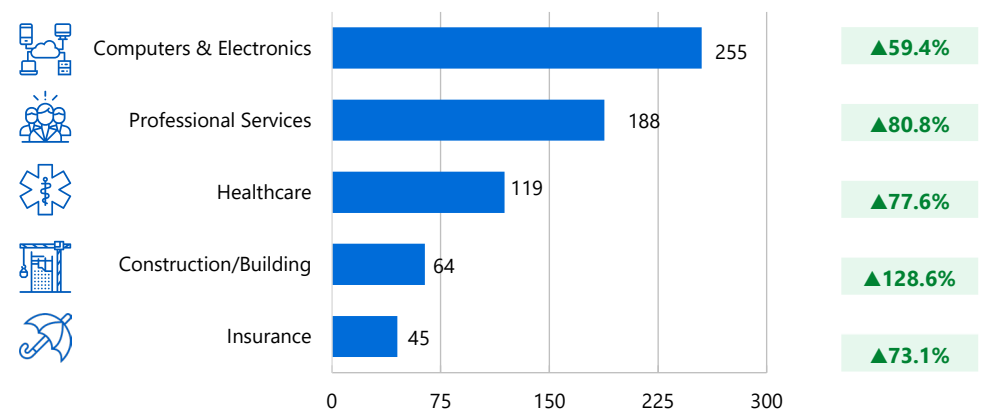
+/- from last month



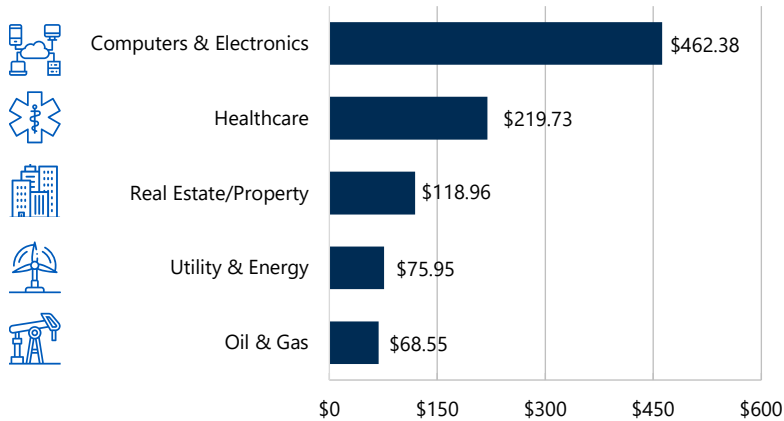
Number of Deals

January 2023

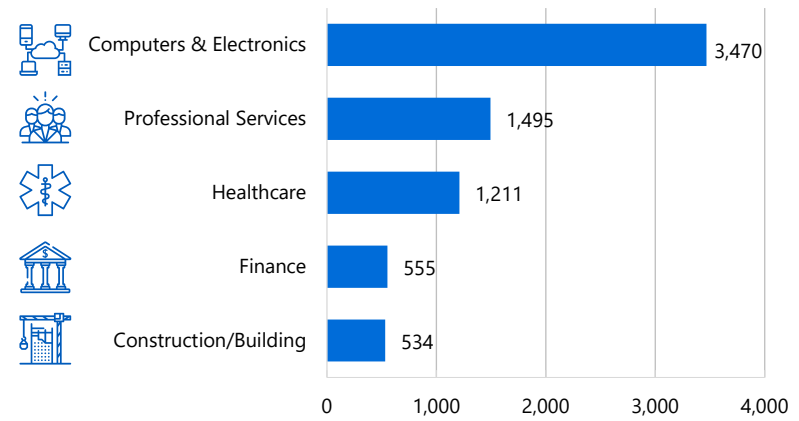
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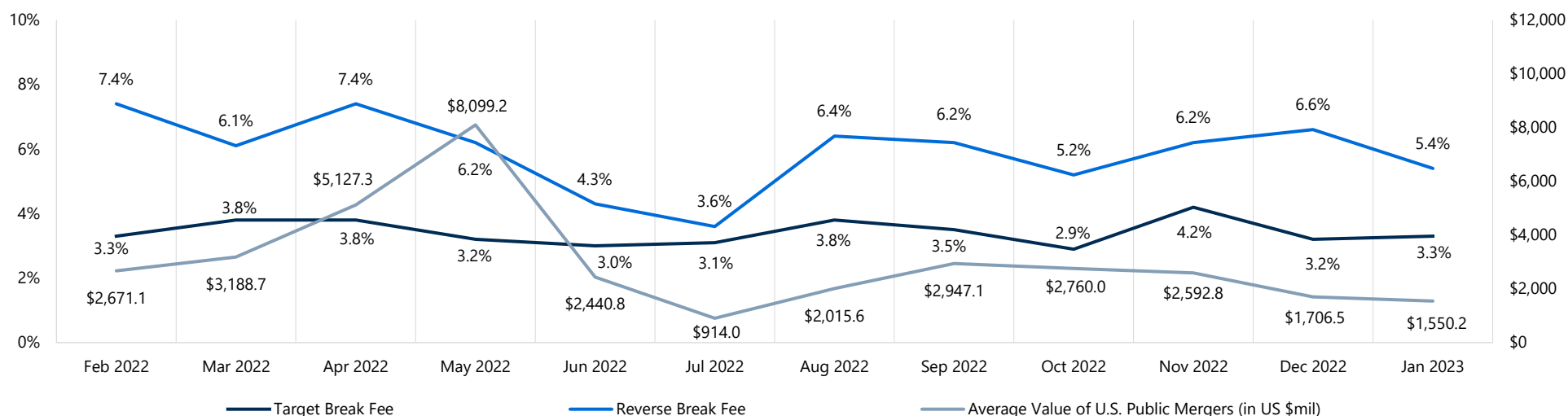
Last 12 Months



Last 12 Months



Average Break Fees as % of Equity Value²



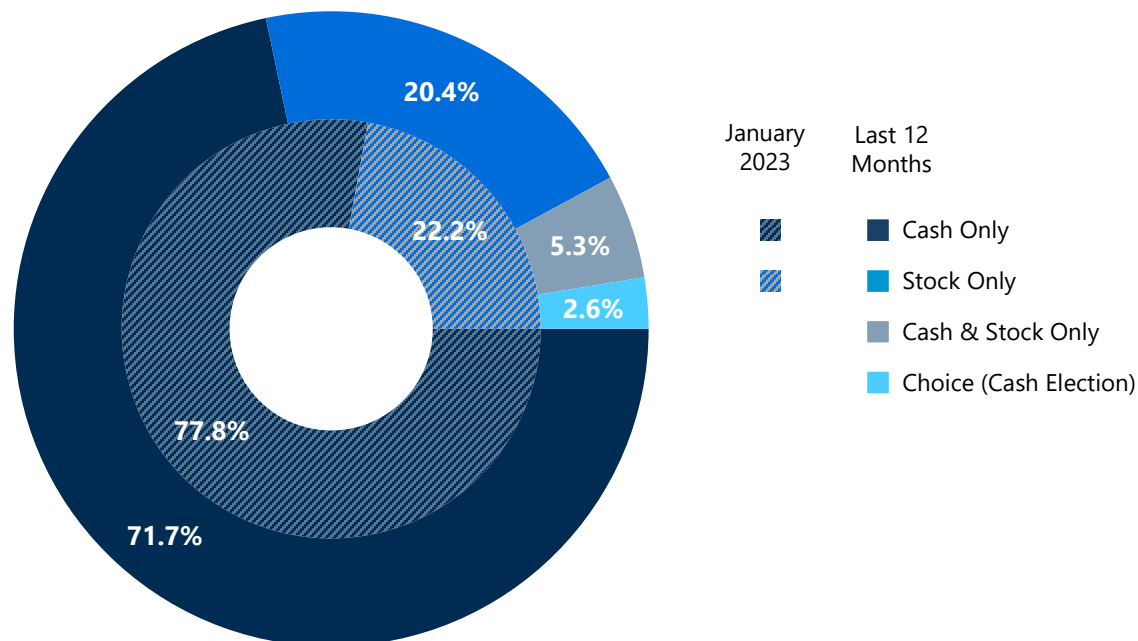
Average Break Fees as % of Equity Value^{3,4}

	January 2023	Last 12 Months
Target Break Fee for All Mergers	3.3	3.5
Reverse Break Fee for All Mergers ⁵	5.4	6.1
Reverse Break Fee for Mergers Involving Financial Buyers ⁶	9.9	6.8
Reverse Break Fee for Mergers Involving Strategic Buyers ⁷	3.1	5.4

U.S. Public Merger Go-Shop Provisions⁴

	January 2023	Last 12 Months
% of Mergers with Go-Shops	11.1	13.2
% of Mergers Involving Financial Buyers with Go-Shops ⁸	50.0	32.7
% of Mergers Involving Strategic Buyers with Go-Shops ⁹	0.0	3.9
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops ¹⁰	30.0	35.8
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops ¹¹	30.0	36.9
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops ¹²	N/A	31.3

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



Tender Offers as % of U.S. Public Mergers

January 2023	44.4
Last 12 Months	17.1

Unaffected Premium %¹⁵

January 2023	50.4
Last 12 Months	49.7

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

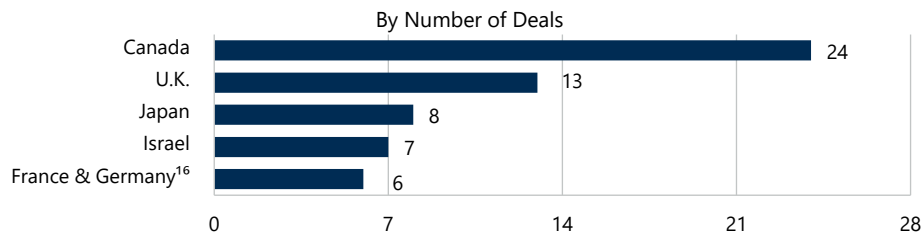
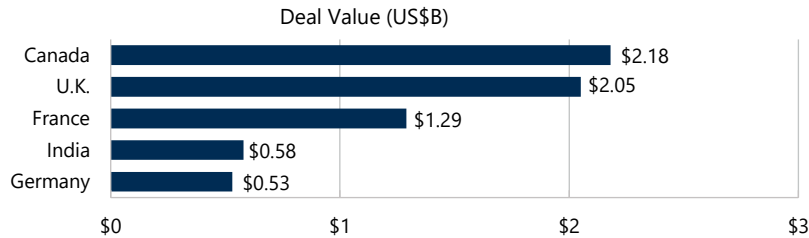
January 2023	10.0
Last 12 Months	16.4

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

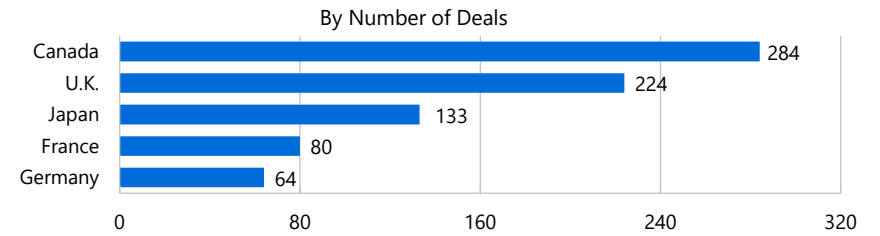
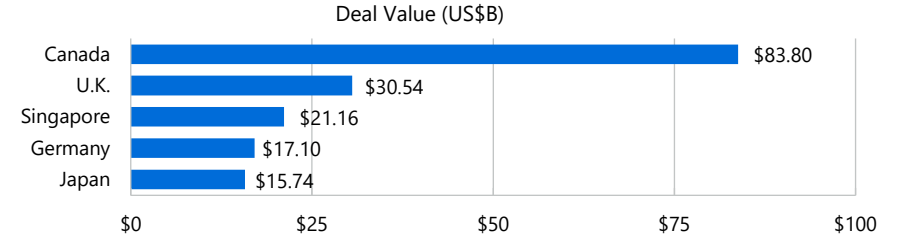
January 2023	1.5
Last 12 Months	1.6

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

Inbound U.S. Crossborder Transactions for January 2023

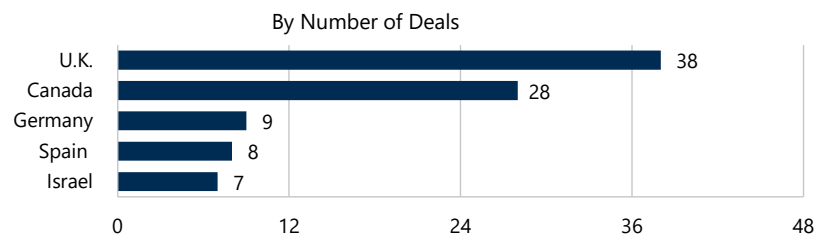
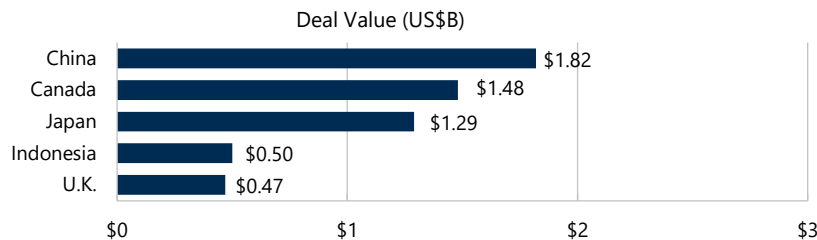


Inbound U.S. Crossborder Transactions for the Last 12 Months

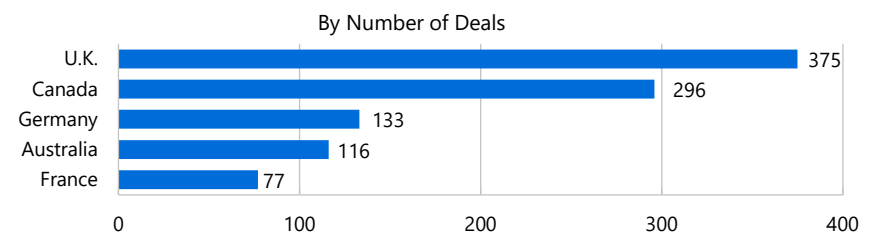
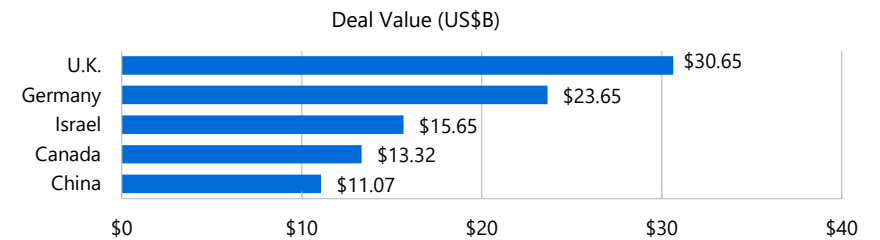


Top 5 Countries of Destination for Outbound U.S. Crossborder Transactions

Outbound U.S. Crossborder Transactions for January 2023

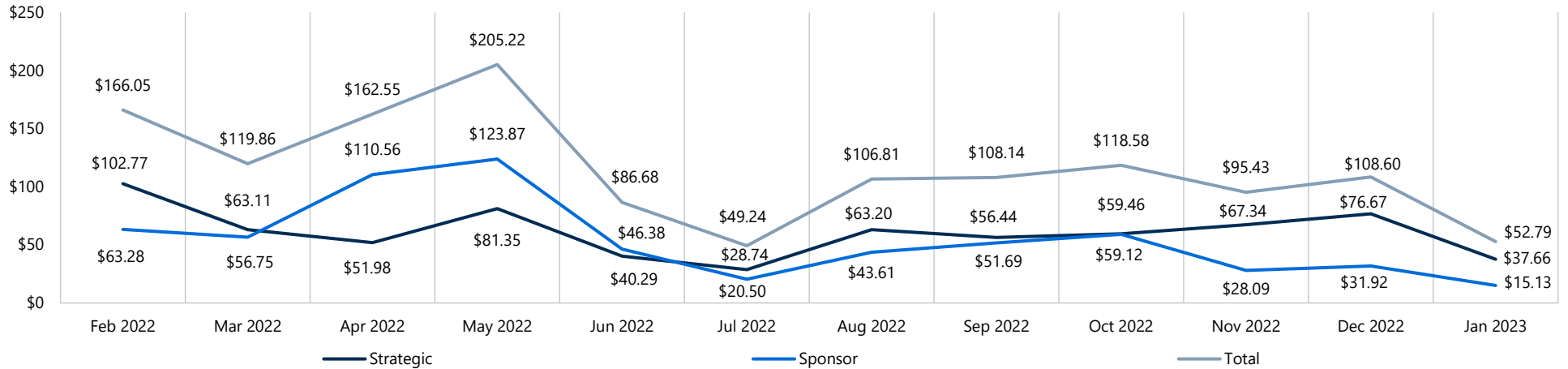


Outbound U.S. Crossborder Transactions for the Last 12 Months

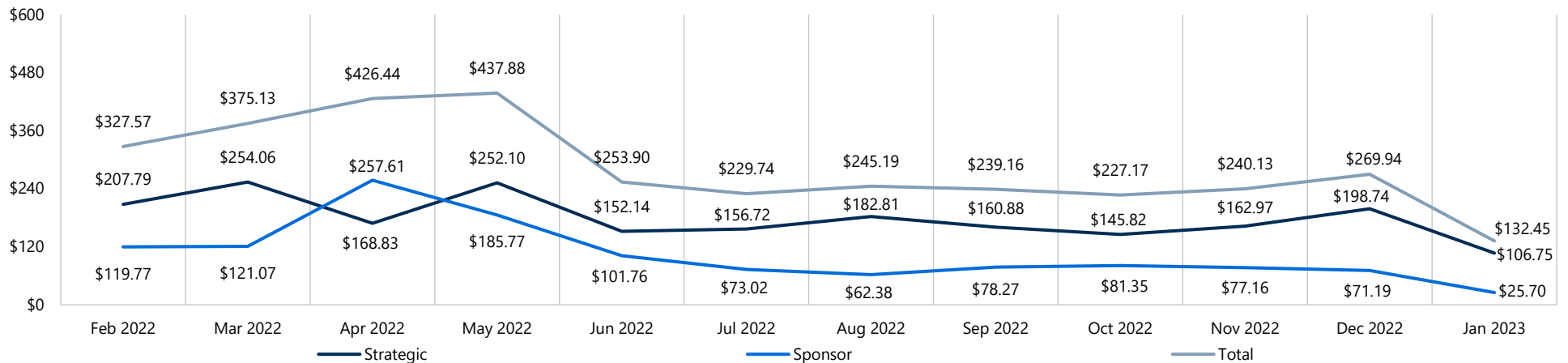


Appendix: M&A Activity – 12 Month Trends

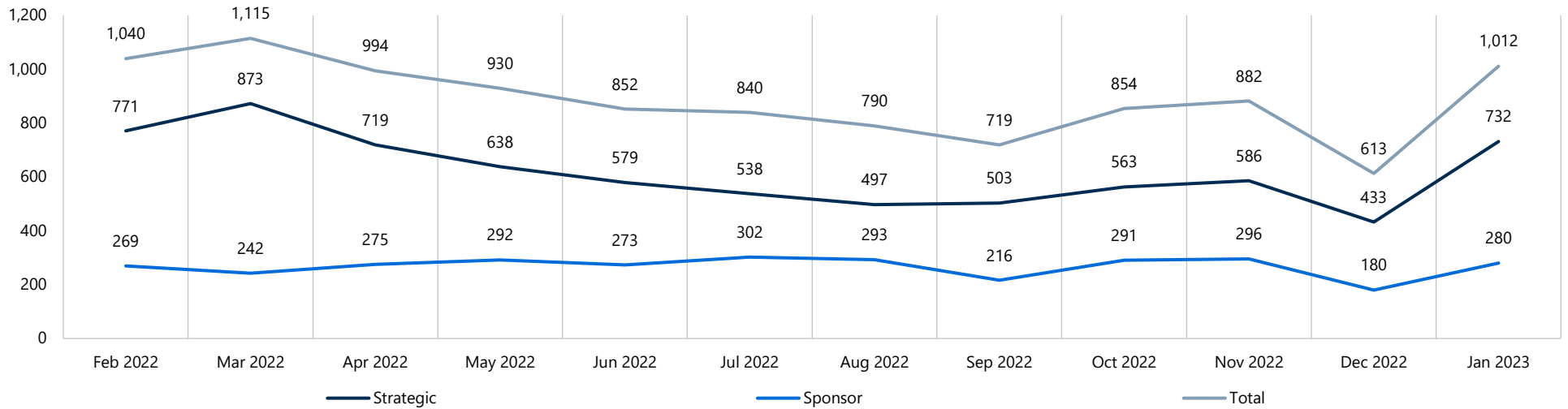
U.S. Deal Value (US\$B)



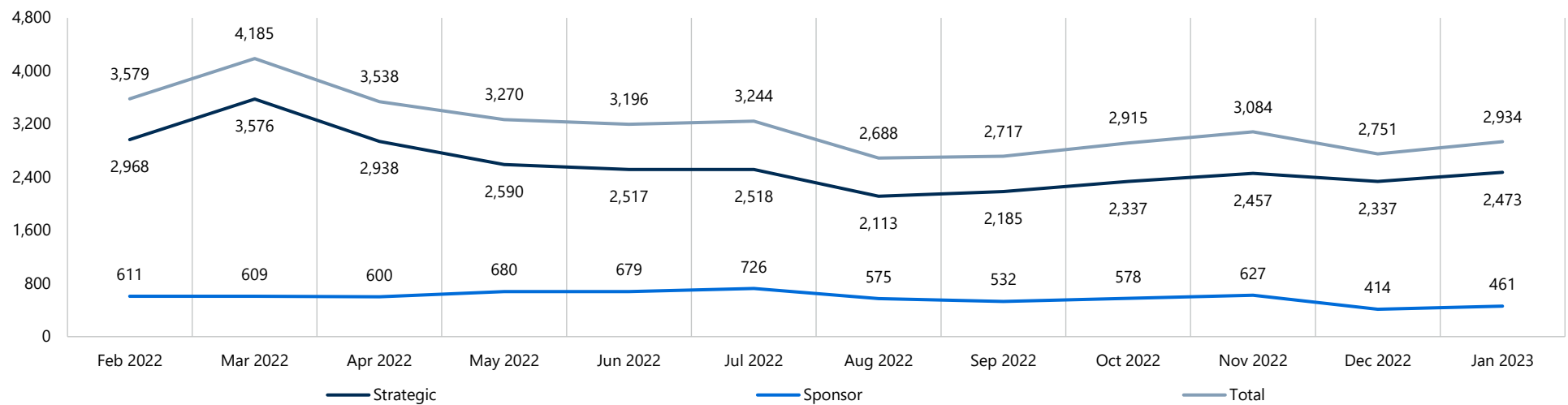
Global Deal Value (US\$B)



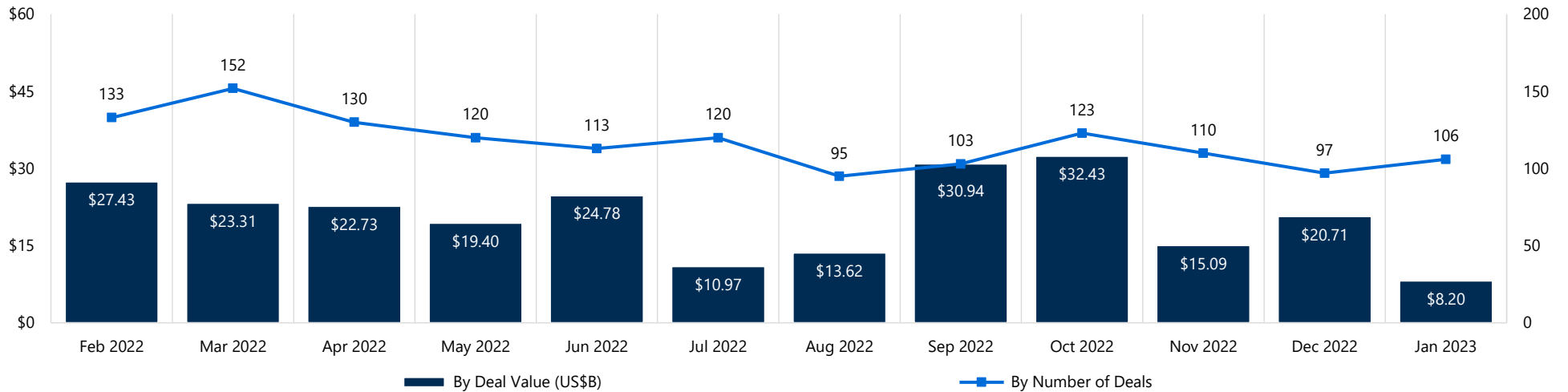
U.S. Number of Deals



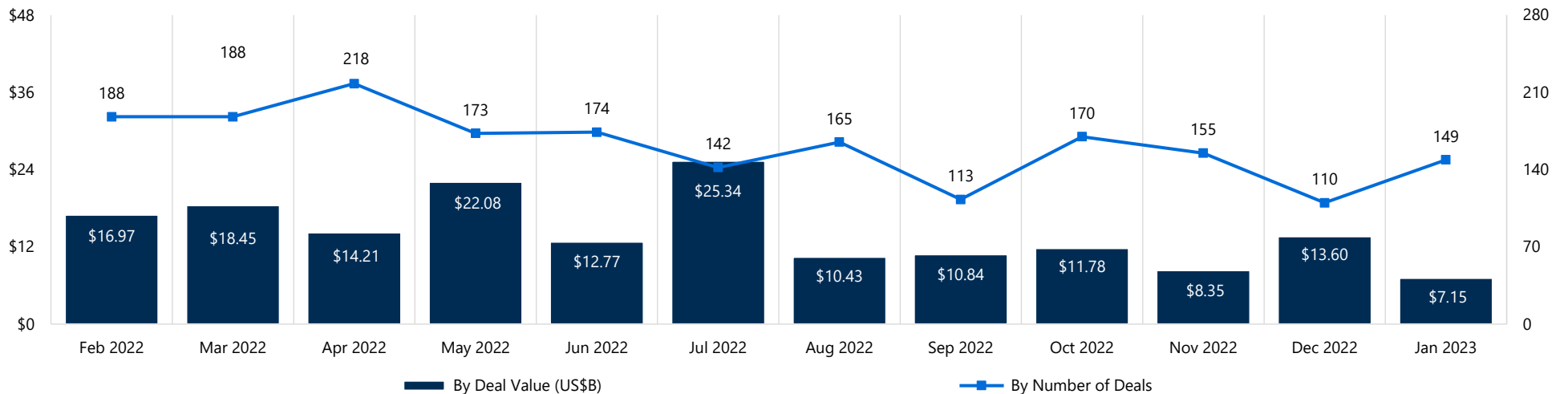
Global Number of Deals



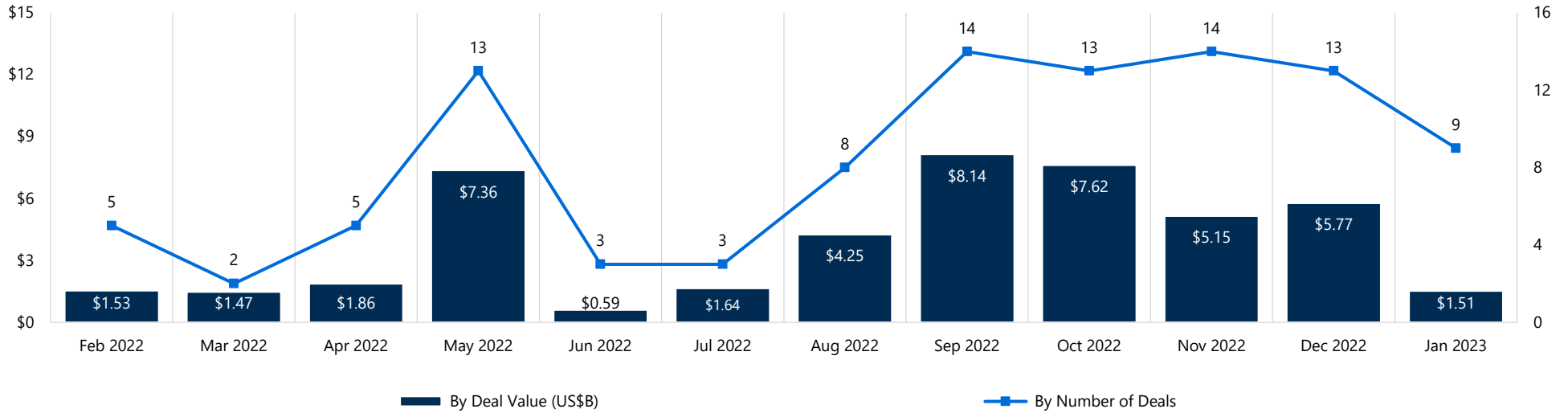
Inbound U.S. Crossborder Transactions



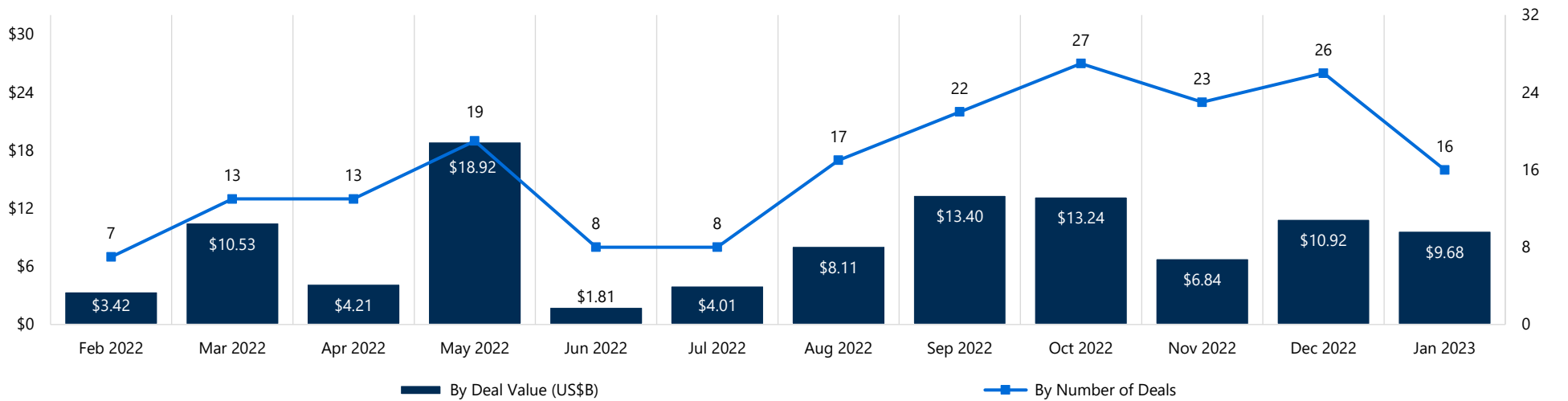
Outbound U.S. Crossborder Transactions



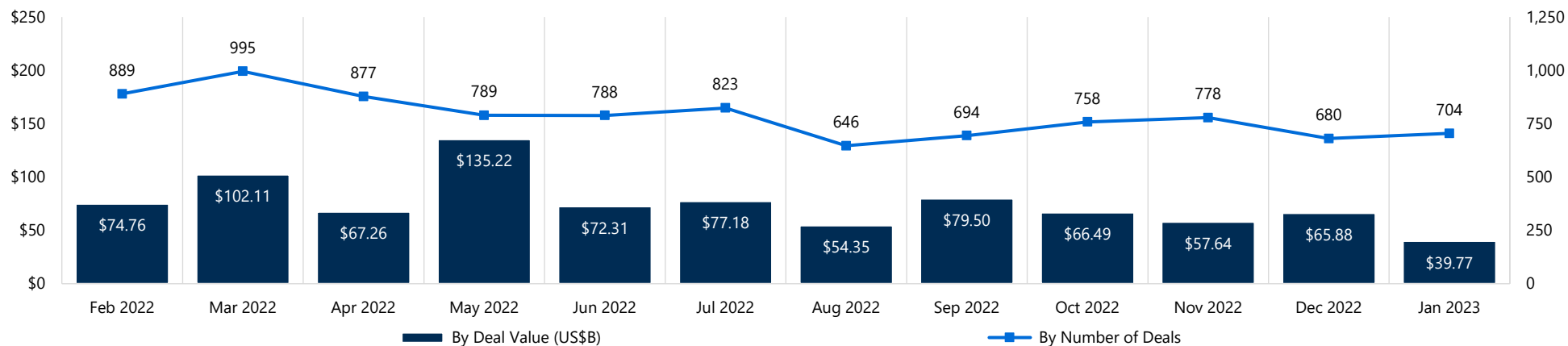
U.S. SPAC Acquisitions¹⁷



Global SPAC Acquisitions¹⁸



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 January 2023.
- Financial and strategic categories are determined by Deal Point Data.
- Three transactions in January 2023 had a reverse break fee.
- One transaction in January 2023 involving a financial buyer had a reverse break fee.
- Two transactions in January 2023 involving a strategic buyer had a reverse break fee.
- Two transactions in January 2023 involved a financial buyer.
- Seven transactions in January 2023 involved a strategic buyer.
- One transaction in January 2023 had a go-shop provision.
- One transaction in January 2023 involving a financial buyer had a go-shop provision.
- No transactions in January 2023 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 January 2023, each of France and Germany India was the country of origin 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 February 2023 to January 2023 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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Strategic M&A

Recent highlights include advising: The special committee of Duck Creek Technologies' board of directors in connection with Duck Creek's \$2.6 billion take-private sale to Vista Equity Partners; The Estée Lauder Companies in its \$2.8 billion acquisition of the Tom Ford brand; Yamana Gold in its \$4.8 billion sale to Pan American Silver and Agnico Eagle Mines; Amazon in its \$3.9 billion acquisition of One Medical and in its \$1.7 billion acquisition of iRobot; Resolute Forest Products in its \$2.7 billion sale to The Paper Excellence Group through the Group's wholly-owned subsidiary, Domtar Corporation; Yamana Gold in its proposed \$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 \$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 Icos 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: KPS Capital Partners in the \$4.4 billion sale of its portfolio company Howden to Chart Industries; Brookfield Asset Management in its acquisition of a significant minority stake in Primary Wave Music as part of a new strategic partnership valued at over \$2 billion, and its additional \$1.7 billion capital funding commitment; funds affiliated with Apollo Global Management in a \$1.2 billion equity investment by State Farm in ADT a portfolio company of Apollo; Kohlberg & Company in its acquisition of a 50% stake in United States Infrastructure Corporation from Partners Group for an enterprise value of \$4.1 billion; funds managed by affiliates of Apollo Global Management and an investor group led by the Apollo funds, and including investment affiliates of J.F. Lehman & Company and Hill City Capital, in their take-private acquisition of Atlas Air Worldwide for an enterprise value of \$5.2 billion; Searchlight Capital Partners, alongside Rêv Worldwide, in their \$1 billion acquisition of the consumer business of Netspend from Global Payments; entities affiliated with Ares Capital Management in connection with Infrastructure and Energy Alternatives \$1.1 billion sale to MasTec; 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 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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