

M&A AT A GLANCE

MARCH 2023 | ISSUE 132

Key Takeaways

- Last month, we reported that M&A activity in January was generally down by total deal value and up by deal count from December. In February, however, the trend reversed across all sectors (U.S. and global, strategic and sponsor), with total deal values up and deal counts down compared to January. Total U.S. and global deal values were up 59% and 25%, respectively, while deal counts were down 19% and 17%, respectively. Strategic total deal values were up 59% in the U.S. and 31% globally, while strategic deal counts were down 15% both in the U.S. and globally. Similarly, sponsor total deal values were up 59% in the U.S. and 3% globally, while sponsor deal counts were down 31% in the U.S. and 28% globally.
- The story was the same with U.S. outbound crossborder activity, which was up a significant 217% by total deal value and down 17% by deal count. Inbound crossborder activity was up by both measures, however, increasing 55% by total deal value and 4% by deal count. In February, Australia led outbound activity by total deal value, while Canada and the U.K. tied to lead outbound activity by deal count. Over the last twelve months (LTM), the U.K. led outbound activity by both total deal value and deal count. For February inbound activity, the U.K. led by total deal value, while Canada led by deal count. Canada has also led inbound activity by total deal value and deal count LTM.
- Healthcare was the most active industry in the U.S. by total deal value in February, increasing 260% over January. Notably, Computers & Electronics, which continued to lead by deal count in February and by total deal value and deal count LTM, was only the fourth most active industry by total deal value in February (down 54%). Two other industries, Real Estate/Property and Finance, had an active month as measured by total deal value, increasing 230% and 1,073%, respectively, as compared to January.
- The number of SPAC acquisitions was up both in the U.S. and globally, increasing 56% and 13%, respectively. Their total deal value was up a significant 220% in the U.S. in February, but was still significantly lower than the peak seen in February 2021 (down 95%). The total deal value of SPAC acquisitions globally was down 40%.
- U.S. public merger highlights in February include the following:
 - Average reverse break fees were 4.6%, below the LTM average of 5.8%. There were no mergers involving financial buyers with a reverse break fee.
 - For the ninth consecutive month, no strategic deals had a go-shop; and only 3% had a go-shop LTM. 50% of financial buyer deals had a go-shop, compared with 30% LTM.
 - Cash was the sole consideration in 56% of deals, stock was offered in 33% of deals and a combination of cash and stock was offered in 11% of deals.
 - There were no tender offers in February, compared to the LTM average of 17%.
 - The rate of hostile/unsolicited offers (18%) was just below the LTM average (17%).



Strategic vs. Sponsor Activity

U.S.	
Total	\$84.0 billion – ▲59.0%
	848 deals – ▼19.4%
Strategic	\$58.5 billion – ▲59.1%
	647 deals – ▼15.1%
Sponsor	\$25.5 billion – ▲58.9%
	201 deals – ▼30.7%
Global	
Total	\$168.3 billion – ▲25.1%
	2,605 deals – ▼16.5%
Strategic	\$140.1 billion – ▲30.9%
	2,254 deals – ▼14.5%
Sponsor	\$28.2 billion – ▲2.6%
	351 deals – ▼27.6%

Crossborder Activity

U.S. Inbound		U.S. Outbound	
\$12.8 billion	▲55.2%	\$22.5 billion	▲216.5%
119 deals	▲4.4%	131 deals	▼16.5%
leading country	U.K. – \$4.7 billion	leading country	Australia – \$18.4 billion
	Canada – 29 deals		Canada & U.K. – 27 deals
leading country	last 12 months	leading country	last 12 months
	Canada – \$73.3 billion		U.K. – \$28.4 billion
	Canada – 306 deals		U.K. – 383 deals

Industry Activity

 most deals	235 deals	 last 12 months	3,433 deals
	Computers & Electronics		Computers & Electronics
 most dollar value	\$20.1 billion	 last 12 months	\$445.9 billion
	Healthcare		Computers & Electronics

SPAC Acquisitions

 \$4.8 billion	14 deals	 \$5.8 billion	18 deals
	▲220.1%		▼39.8%
	▲55.6%		▲12.5%

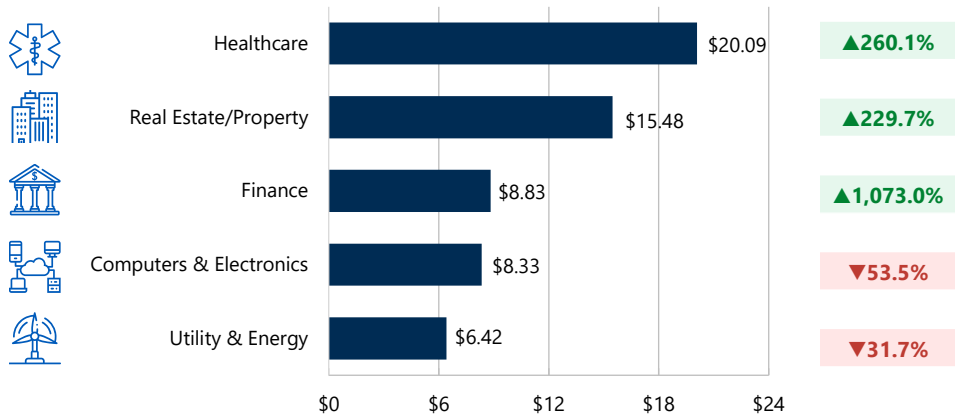
All data is for February 2023, and is as of March 10, 2023 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

Most Active U.S. Target Industries¹

Deal Value (US\$B)

February 2023

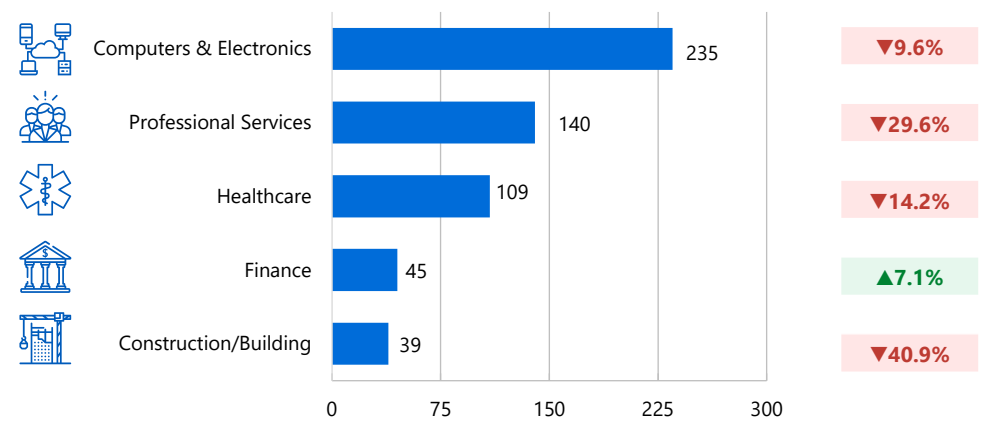
+/- from last month



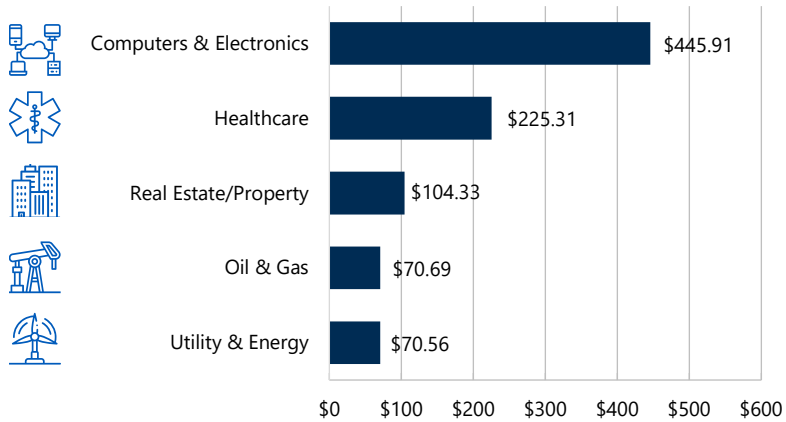
Number of Deals

February 2023

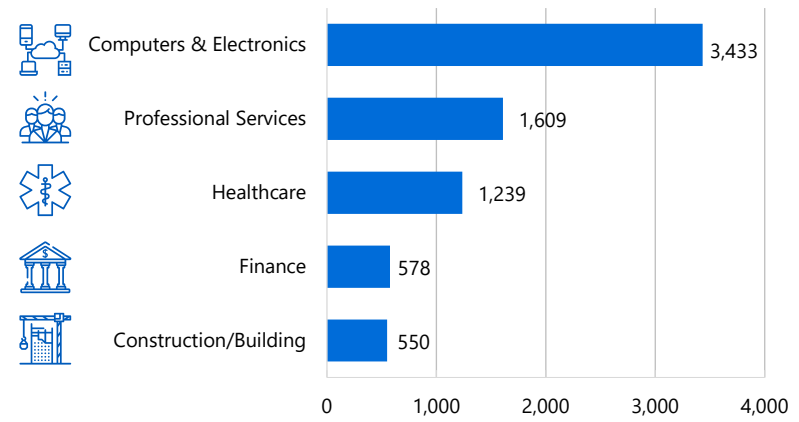
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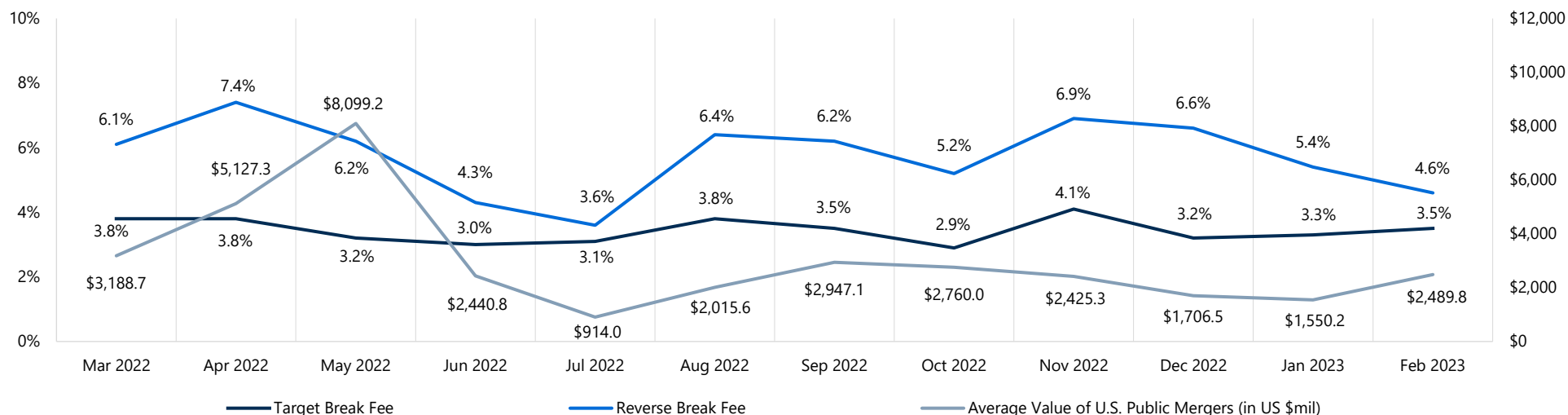
Last 12 Months



Last 12 Months



Average Break Fees as % of Equity Value²



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

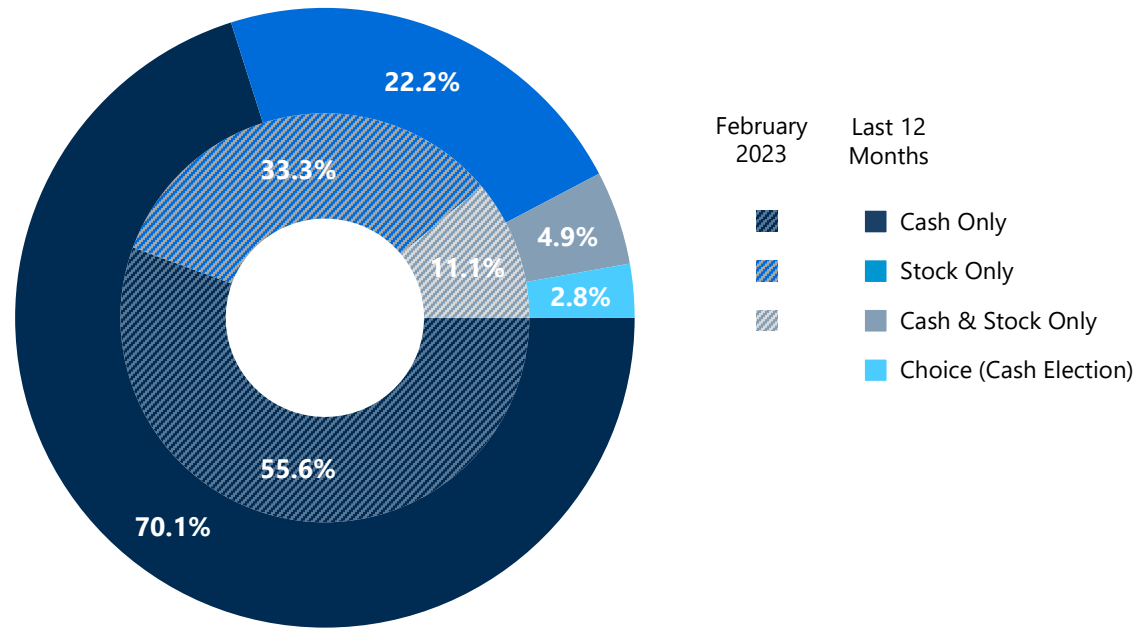
	February 2023	Last 12 Months
Target Break Fee for All Mergers	3.5	3.5

	February 2023	Last 12 Months
Reverse Break Fee for All Mergers ⁵	4.6	5.8
Reverse Break Fee for Mergers Involving Financial Buyers ⁶	N/A	6.7
Reverse Break Fee for Mergers Involving Strategic Buyers ⁷	4.6	5.1

U.S. Public Merger Go-Shop Provisions⁴

	February 2023	Last 12 Months
% of Mergers with Go-Shops	11.1	11.1
% of Mergers Involving Financial Buyers with Go-Shops ⁸	50.0	30.2
% of Mergers Involving Strategic Buyers with Go-Shops ⁹	0.0	3.0
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops ¹⁰	40.0	37.6
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops ¹¹	40.0	38.9
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops ¹²	N/A	31.7

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



Tender Offers as % of U.S. Public Mergers

February 2023	0.0
Last 12 Months	16.7

Unaffected Premium %¹⁵

February 2023	31.4
Last 12 Months	46.9

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

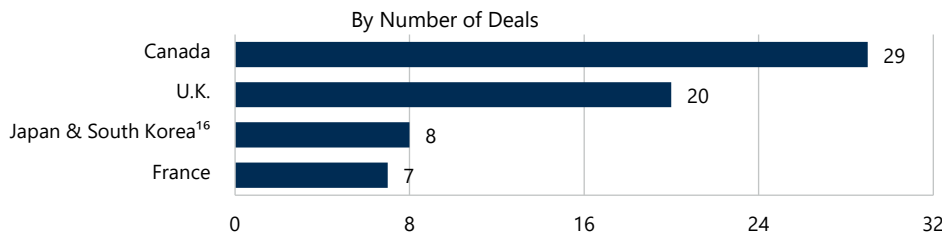
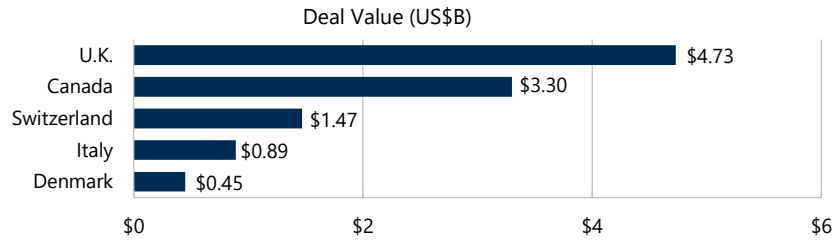
February 2023	18.2
Last 12 Months	16.7

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

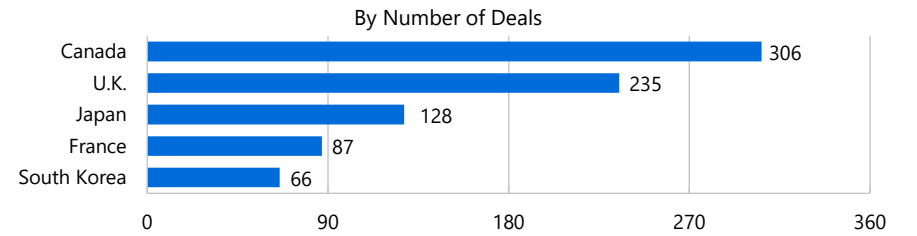
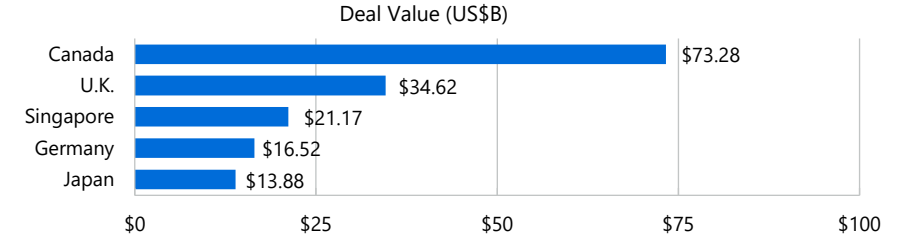
February 2023	N/A
Last 12 Months	1.7

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

Inbound U.S. Crossborder Transactions for February 2023

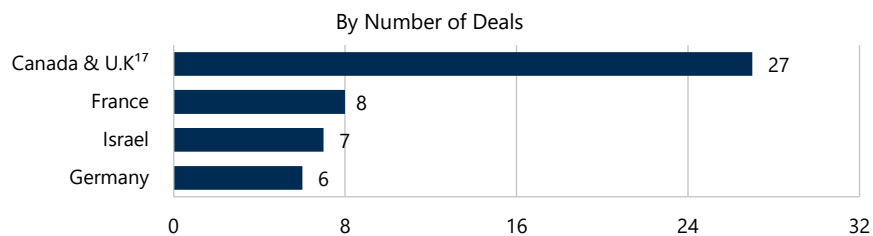
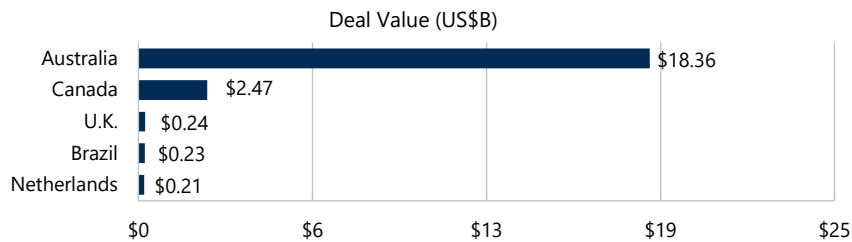


Inbound U.S. Crossborder Transactions for the Last 12 Months

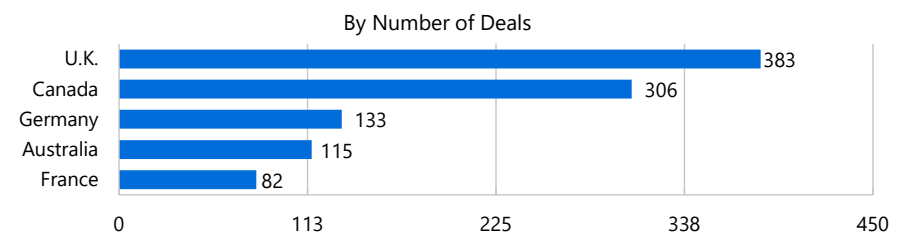
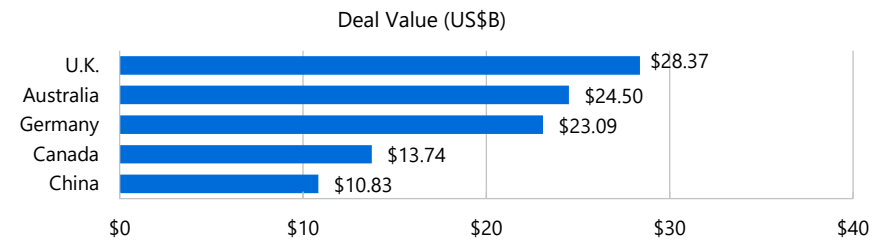


Top 5 Countries of Destination for Outbound U.S. Crossborder Transactions

Outbound U.S. Crossborder Transactions for February 2023

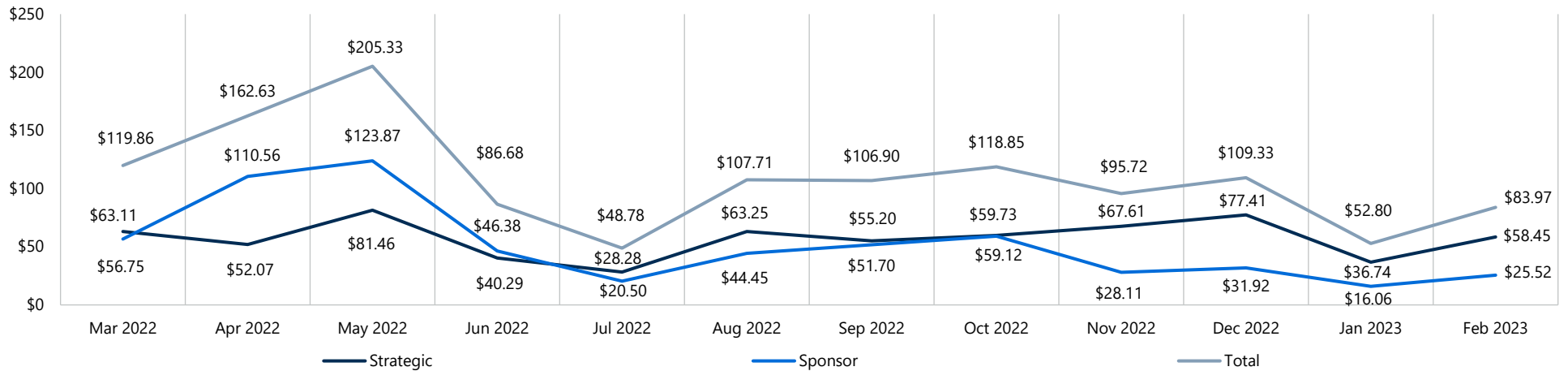


Outbound U.S. Crossborder Transactions for the Last 12 Months

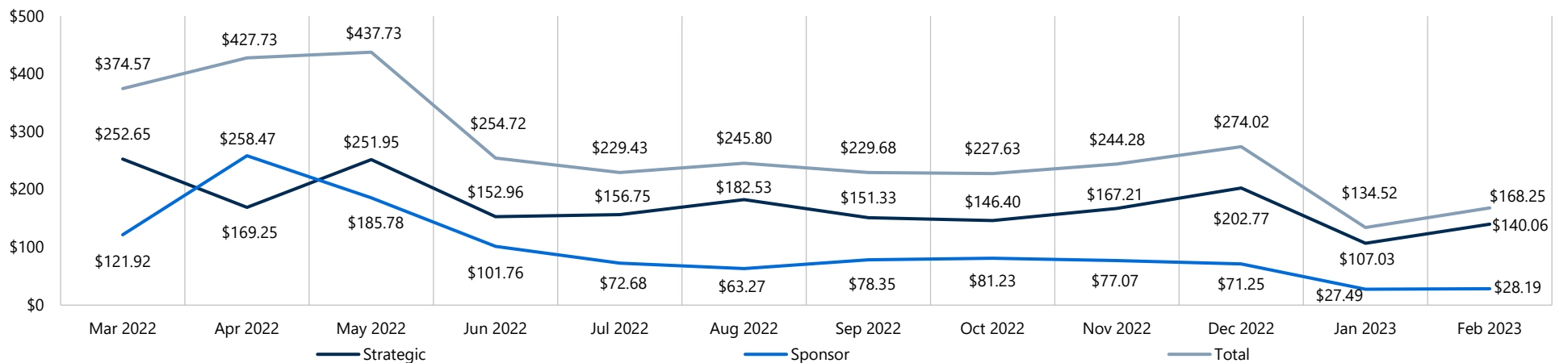


Appendix: M&A Activity – 12 Month Trends

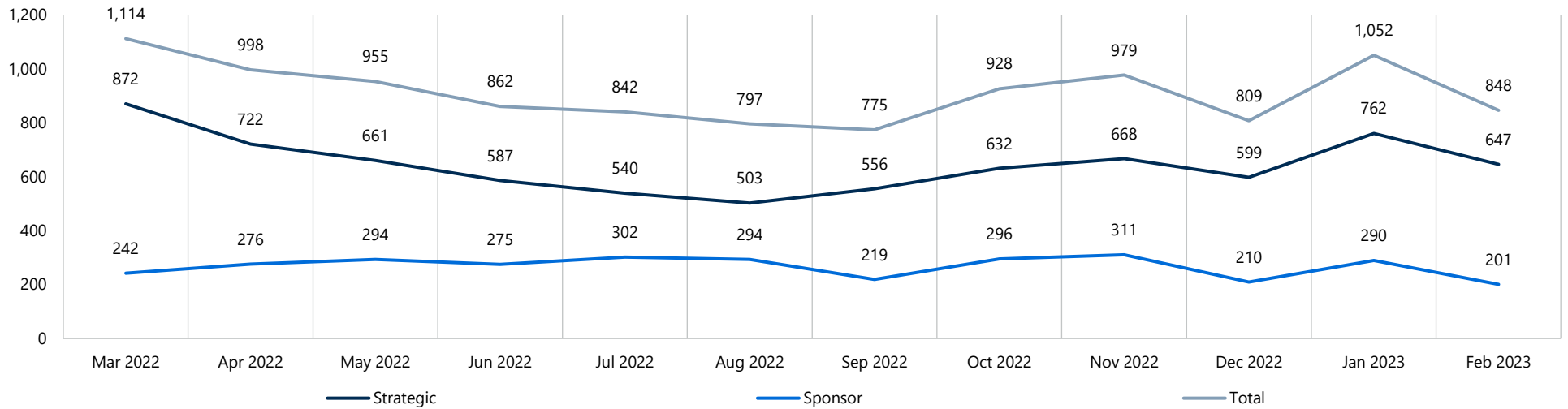
U.S. Deal Value (US\$B)



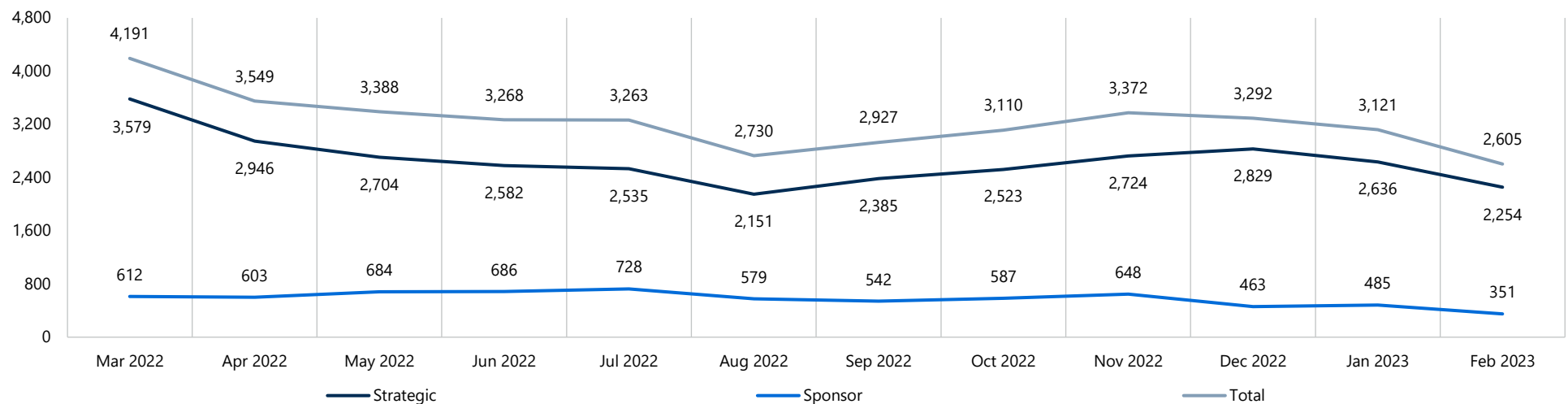
Global Deal Value (US\$B)



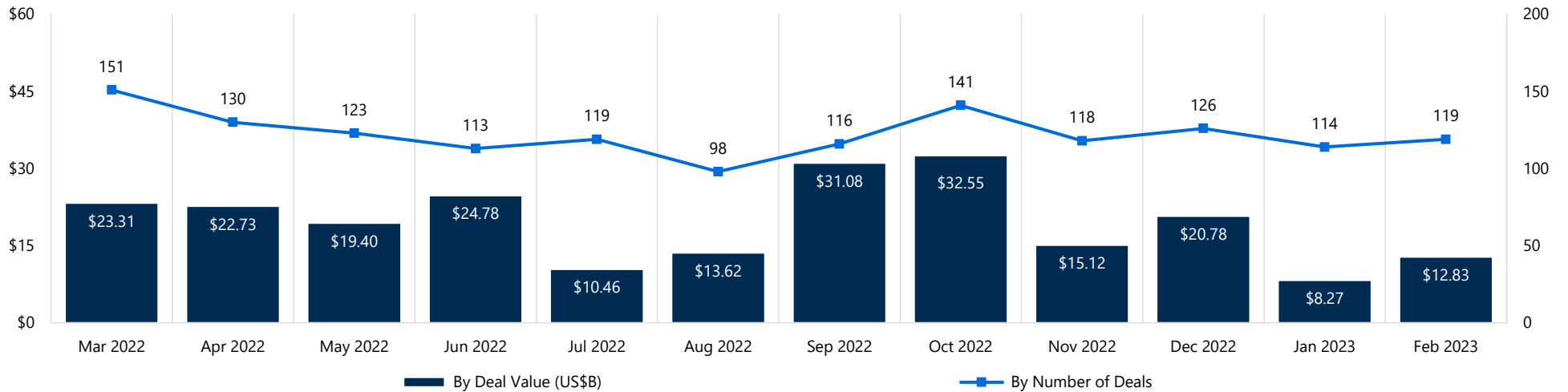
U.S. Number of Deals



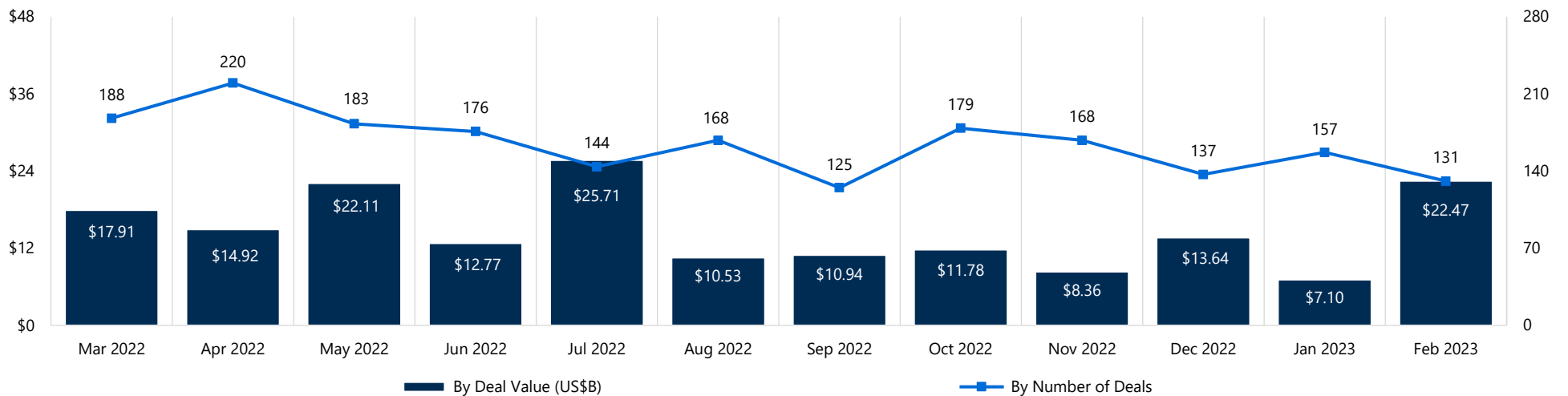
Global Number of Deals



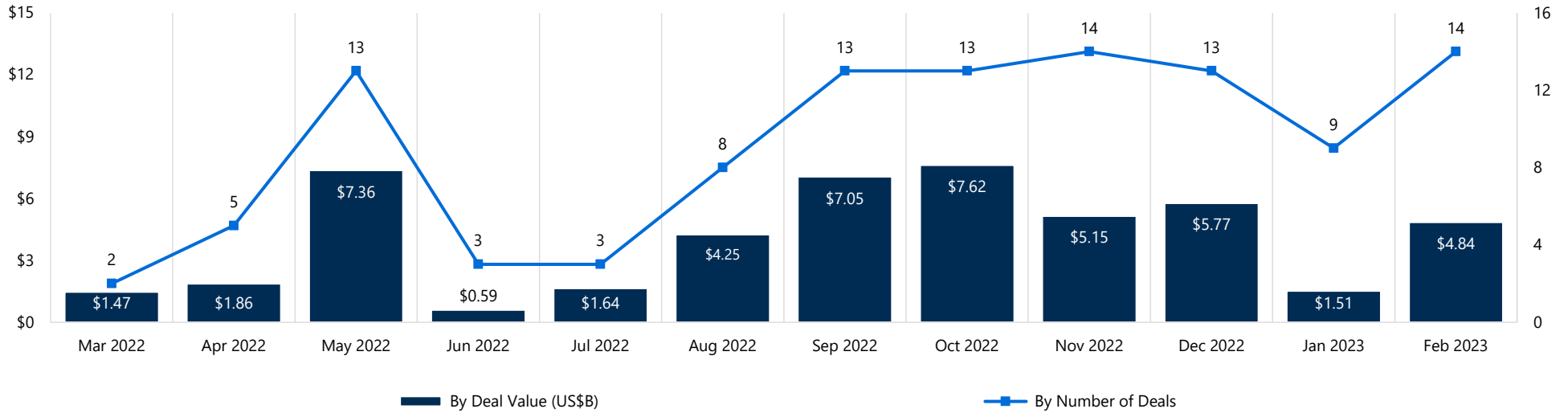
Inbound U.S. Crossborder Transactions



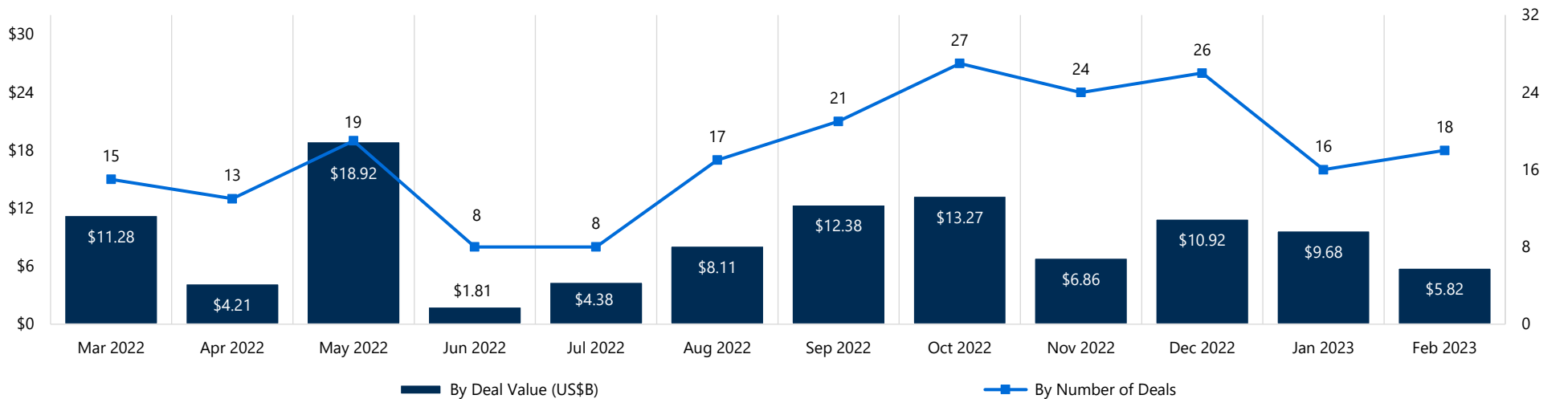
Outbound U.S. Crossborder Transactions



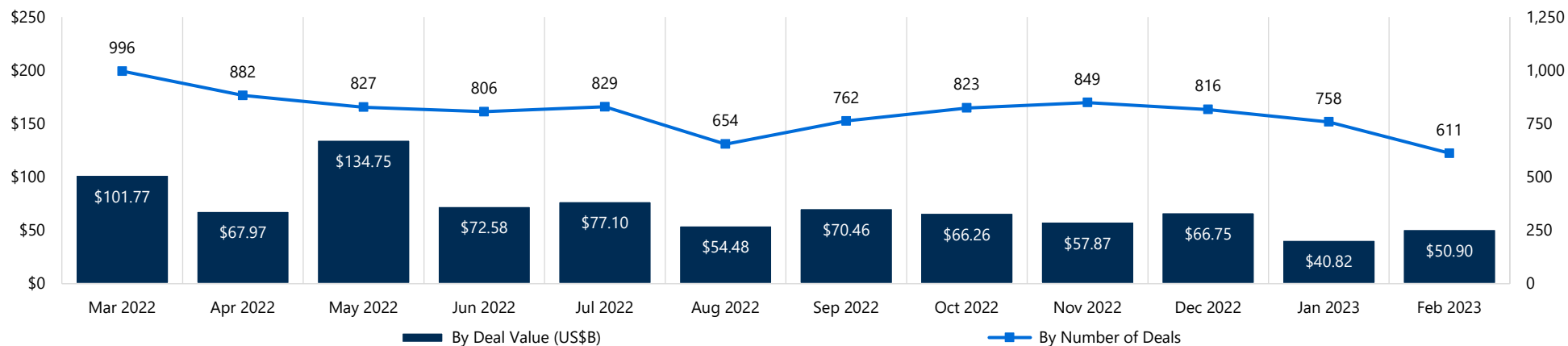
U.S. SPAC Acquisitions¹⁸



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 nine transactions in February 2023.
- Financial and strategic categories are determined by Deal Point Data.
- Seven transactions in February 2023 had a reverse break fee.
- No transactions in February 2023 involving a financial buyer had a reverse break fee.
- Seven transactions in February 2023 involving a strategic buyer had a reverse break fee.
- Two transactions in February 2023 involved a financial buyer.
- Seven transactions in February 2023 involved a strategic buyer.
- One transaction in February 2023 had a go-shop provision.
- One transaction in February 2023 involving a financial buyer had a go-shop provision.
- No transactions in February 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 February 2023, each of Japan and South was the country of origin for eight transactions.
- In February 2023, each of Canada and the U.K. was the country of destination for 27 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 March 2022 to February 2023 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: 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: General Atlantic in the \$10.6 billion sale of its stake in its portfolio company, Oak Street Health, to CVS Health; 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 Shutterstock; and KPS Capital Partners in its \$1.8 billion acquisition of Howden from Colfax.

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