

M&A AT A GLANCE

Key Takeaways

- As might be expected in a year marked by a pandemic and the uncertainties of a U.S. presidential election, U.S. and global M&A were both down compared to 2019. Total U.S. deal value for the year was \$1.4 trillion, while global deal value was \$3.5 trillion (down 17% and 5%, respectively, from 2019). Deal count declined similarly, with 7,934 U.S. deals and 32,235 deals globally (down 20% and 13%, respectively, from 2019). U.S. strategic and sponsor deals saw overall declines by deal count (18% and 28%, respectively) and total deal value (22% and 6%, respectively). Global strategic and sponsor deals saw similar declines by count (11% and 23%, respectively), as did strategic deals by deal value (9%); however, sponsor deals by deal value increased by 7%.
- Notwithstanding the seeming decline, however, 2020 belies a story of recovery and resilience in the M&A market. The onset of the pandemic resulted in a marked decline in M&A activity. Starting in May, there were increasing signs of recovery in most sectors. If total U.S. deal value for May to December is annualized, there would have been a 4% increase over total deal value in 2019, which in turn was the highest total deal value since 2015. The upshot is that 2020 may actually foretell a strong 2021.
- Moving to M&A activity by sector, in 2020, the top five target industries for U.S. M&A activity by deal value were Computers & Electronics, Healthcare, Finance, Oil & Gas and Telecommunications, which largely mirrored 2019, with the exception of Real Estate/Property, which fell out of the top five by deal value in 2020. By number of deals, the top five target industries for U.S. M&A were Computers & Electronics, Healthcare, Professional Services, Finance, and Construction/Building.
- 2020 also saw the continued ascendance of the special purpose acquisition company (SPAC). In the U.S., the value of SPAC transactions increased almost five-fold to \$134.8 billion, from \$26.7 billion in 2019. Similarly, the number of SPAC transaction almost quadrupled from 23 in 2019 to 86 transactions in 2020. Globally, the value of SPAC transactions increased from \$33.6 billion in 2019 to \$156.2 billion in 2020, while the aggregate number of transaction increased from 52 in 2019 to 118 in 2020.
- On the U.S. public merger front, there were a few noteworthy observations from 2020:
 - The percentage of U.S. public mergers that were hostile or unsolicited increased from 13% in 2019 to 18% in 2020.
 - Reverse break fees as a percentage of equity value declined slightly from 6% in 2019 to 5% in 2020. This decline was mostly driven by sponsor-related transactions, which declined from 7% in 2019 to 6% in 2020, while reverse break fees in strategic transactions decreased from 4.9% in 2019 to 4.6% in 2020. Target break fees declined, falling from 3.6% in 2019 to 3.3% in 2020.
 - Go-shop provisions in U.S. public mergers decreased from 13% in 2019 to 9% in 2020. The use of go-shop provisions in mergers involving financial buyers decreased significantly from 47% in 2019 to 21% in 2020, more closely realigning with the 24% seen in 2018, whereas the use of go-shop provisions in mergers involving strategic buyers remained relatively stable (increasing from 3% in 2019 to 4% in 2020). The average go-shop window, as measured in days, for mergers involving strategic buyers increased from 34 days in 2019 to 40 days in 2020.

All data is as of January 11, 2021 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.

2020 YEAR-END ROUNDUP

U.S. and Global Activity



\$1,398.0 billion

▼ 17.2% decrease from 2019

7,934 deals

▼ 20.2% decrease from 2019



\$3,495.6 billion

▼ 4.7% decrease from 2019

32,235 deals

▼ 12.5% decrease from 2019

Crossborder Activity

U.S. Inbound Activity

\$288.8 billion

▲ 0.7% increase from 2019

1,140 deals

▼ 17.7% decrease from 2019

leading country
U.K. – \$63.2 billion
Canada – 256 deals

U.S. Outbound Activity

\$264.6 billion

▲ 77.8% increase from 2019

1,297 deals

▼ 19.2% decrease from 2019

leading country
U.K. – \$166.9 billion
U.K. – 235 deals

Industry Activity



most deals

3,028 deals

Computers & Electronics

▼ 11.9% decrease from 2019

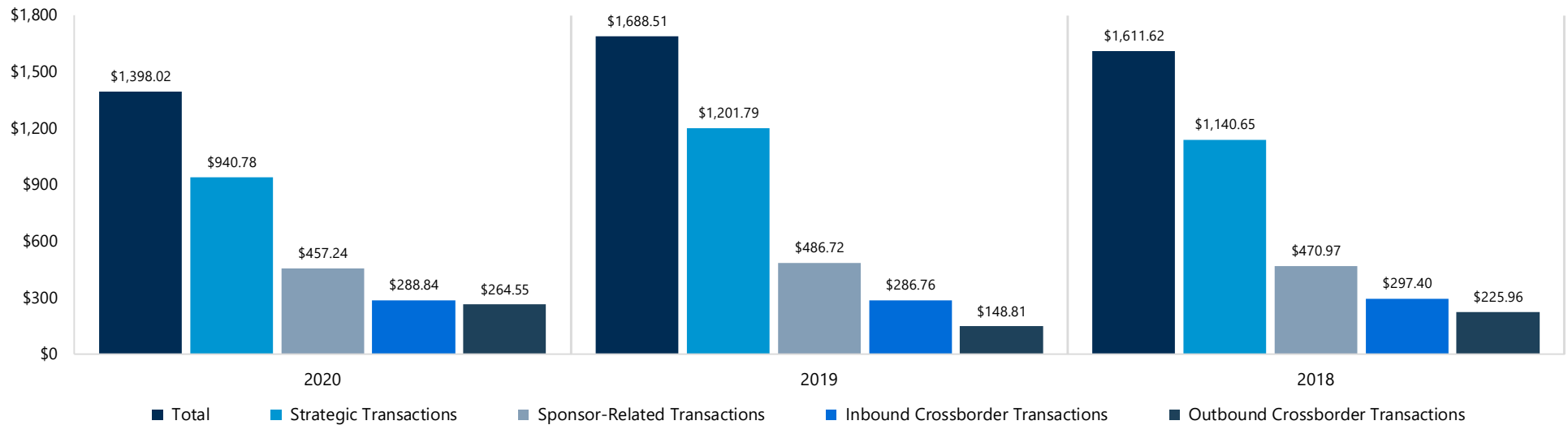


most dollar value

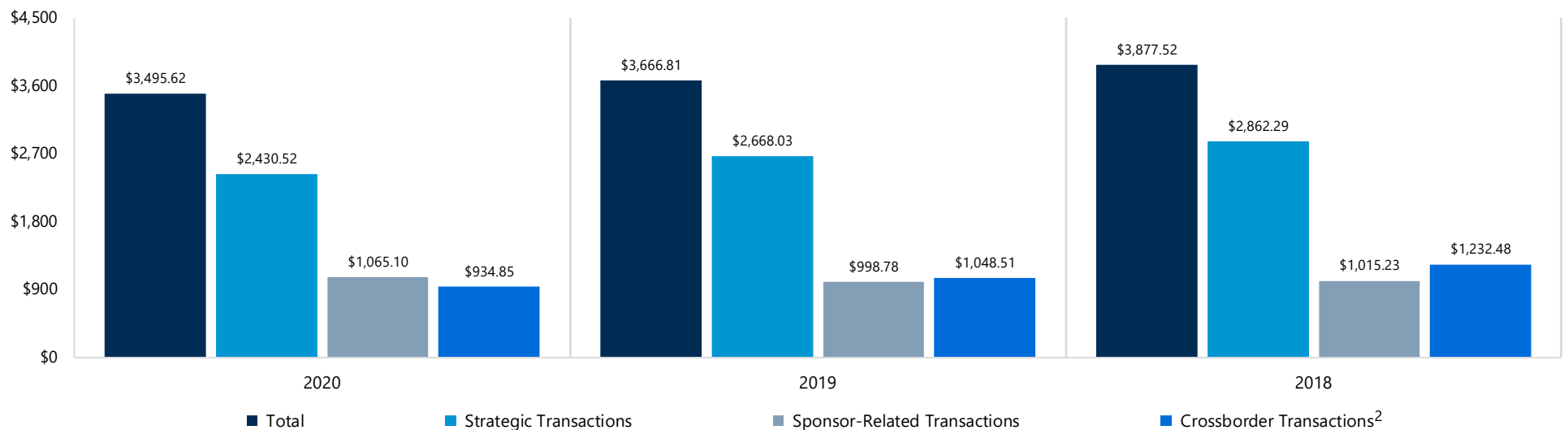
\$445.5 billion

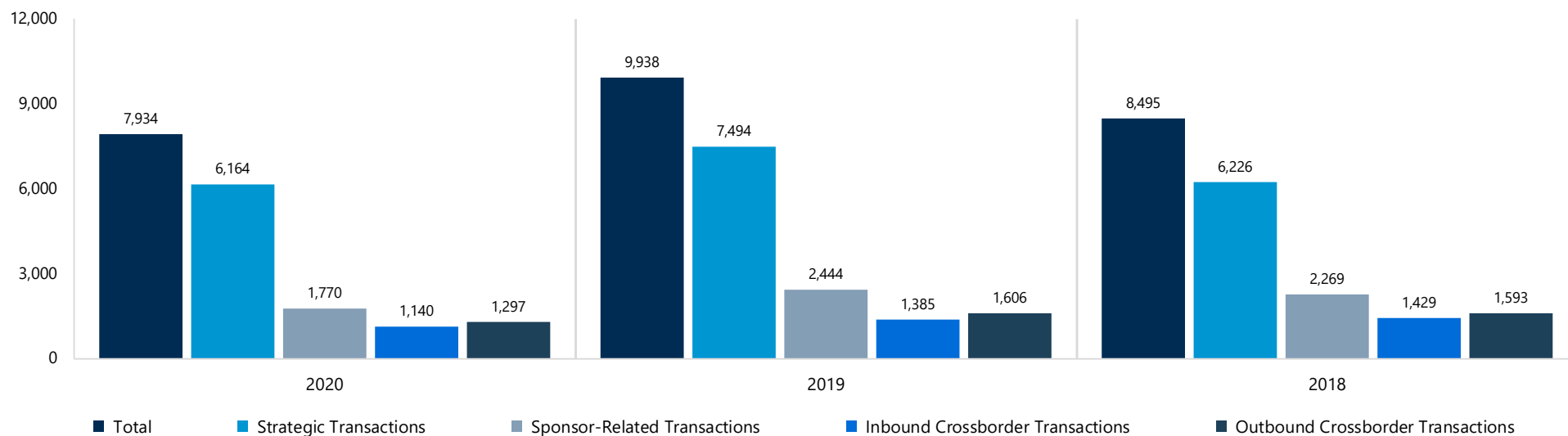
Computers & Electronics

▲ 6.5% increase from 2019

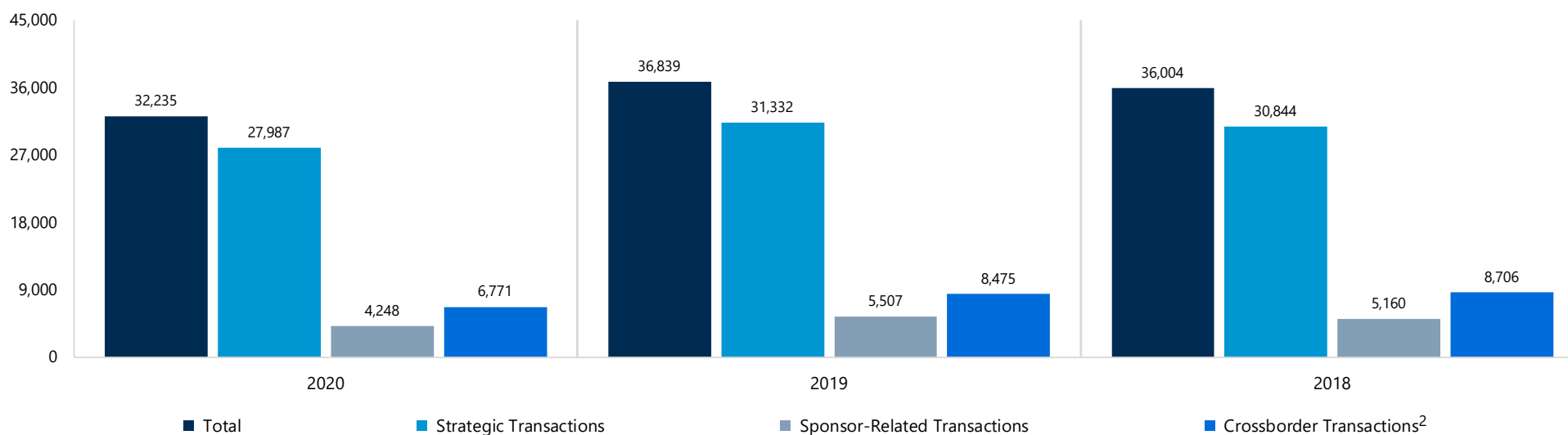
U.S. Deal Value (US\$B)¹

Global Deal Value (US\$B)



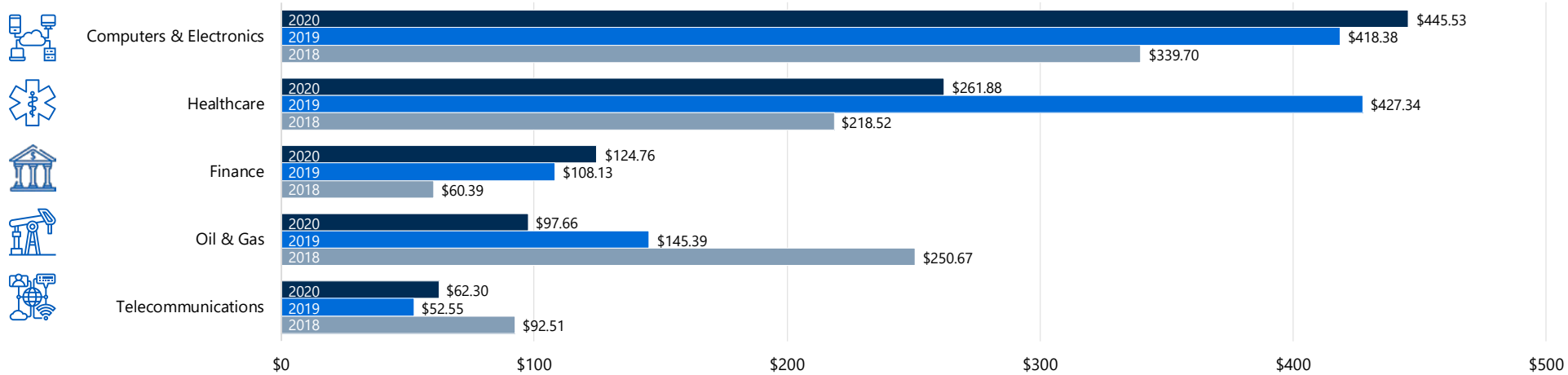
U.S. Number of Deals¹

Global Number of Deals



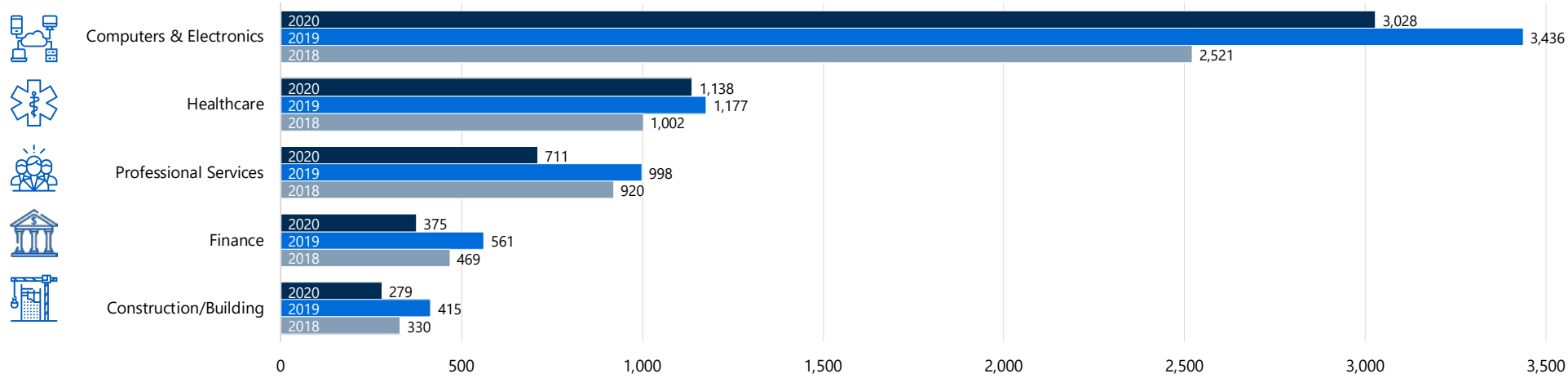
Most Active U.S. Target Industries³

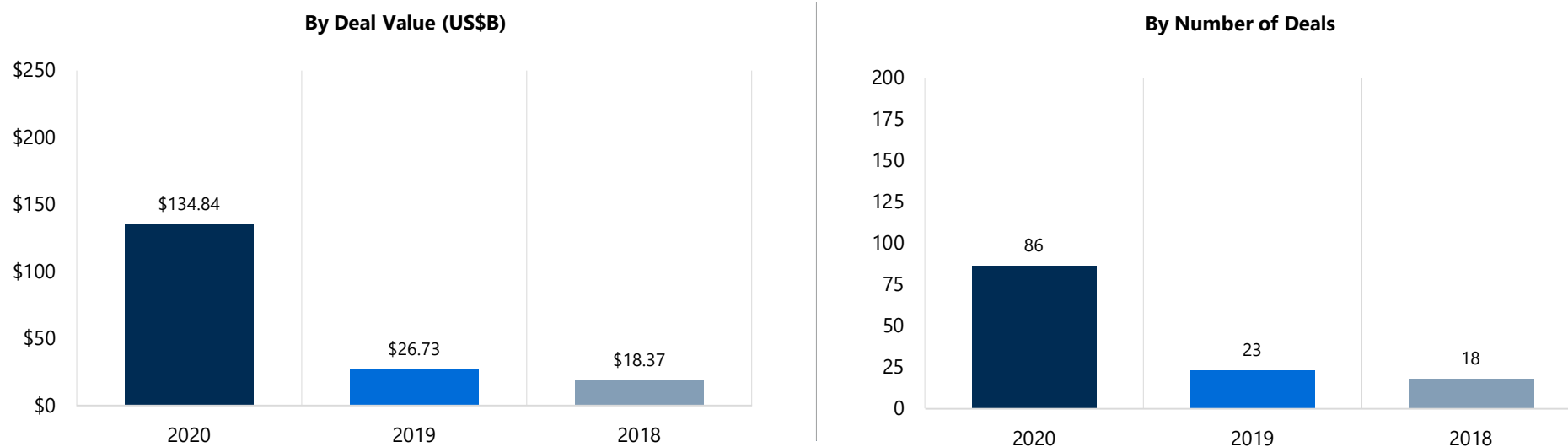
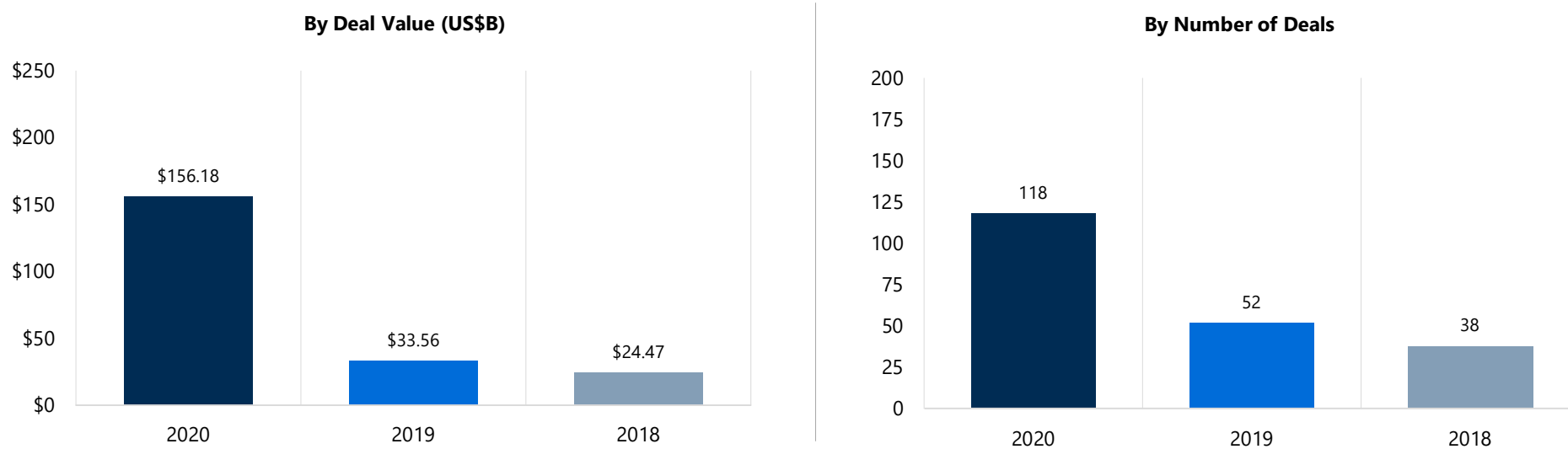
By Deal Value (US\$B)



Note: In 2019, Real Estate/Property was ranked among the top five industries, with US\$B 106.33. In 2018, Utility & Energy and Real Estate/Property were ranked among the top five industries, with US\$B 106.21 and US\$102.03, respectively.

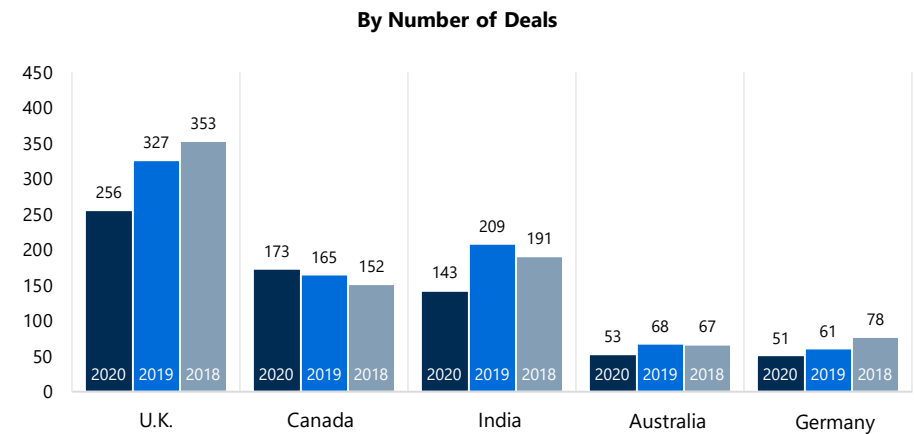
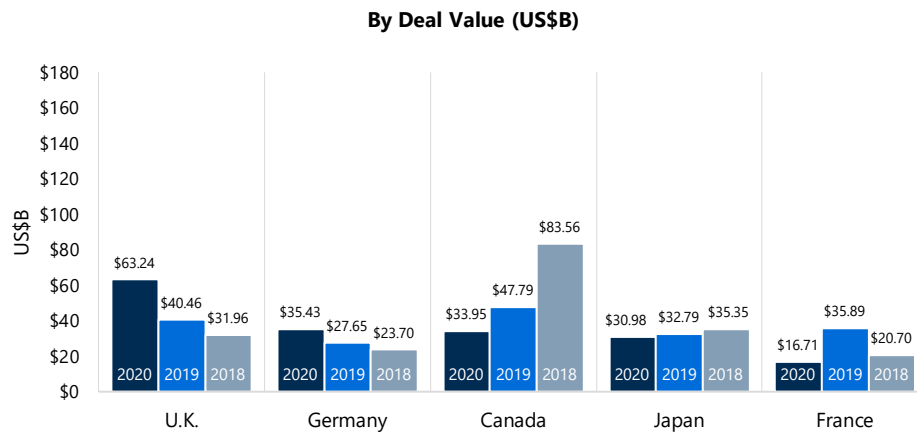
By Number of Deals



U.S. SPAC Acquisitions^{4,5}Global SPAC Acquisitions^{4,6}

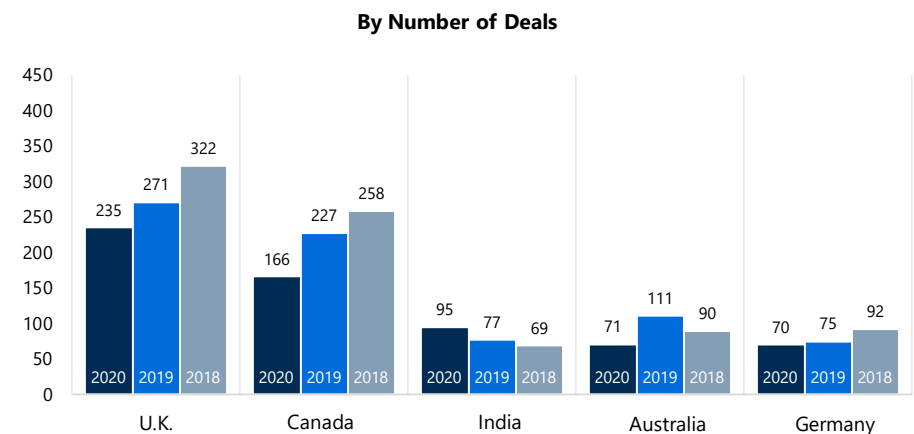
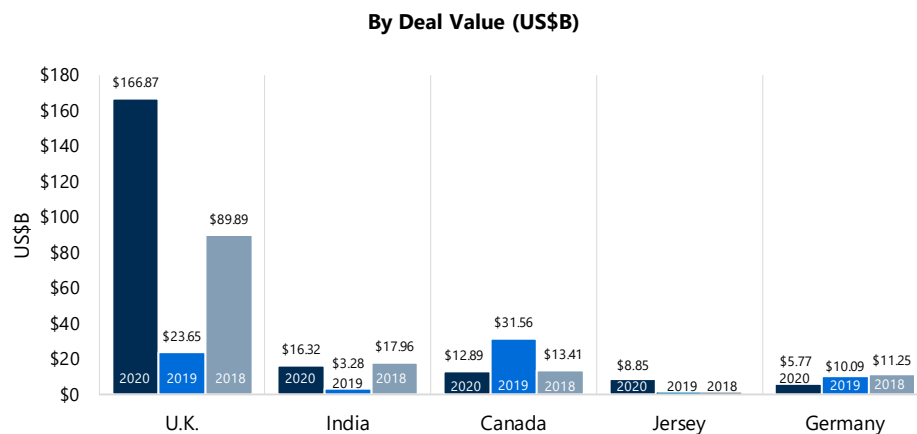
Top 5 Countries of Origin or Destination for 2020 U.S. Crossborder Transactions and Prior Year Comparisons¹

Inbound U.S. Crossborder Transactions



Note: In 2019, Australia was ranked among the top five countries of origin with 65 deals. In 2018, China was ranked among the top five countries of origin with 88 deals.

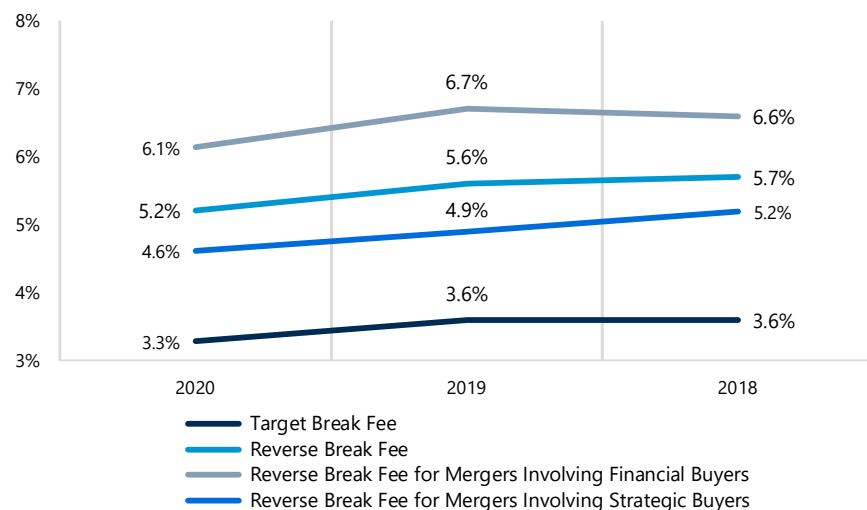
Outbound U.S. Crossborder Transactions



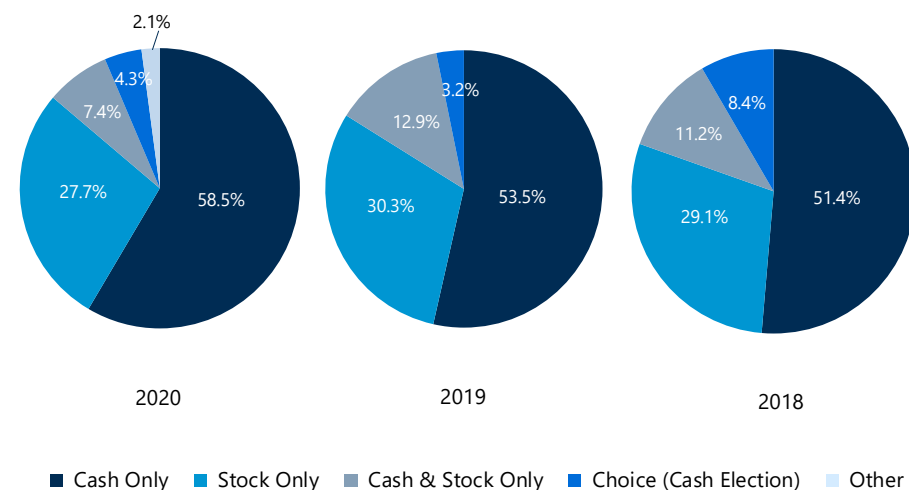
Note: In 2019, France was ranked among the top five countries of destination with 79 deals.

2020 YEAR-END ROUNDUP

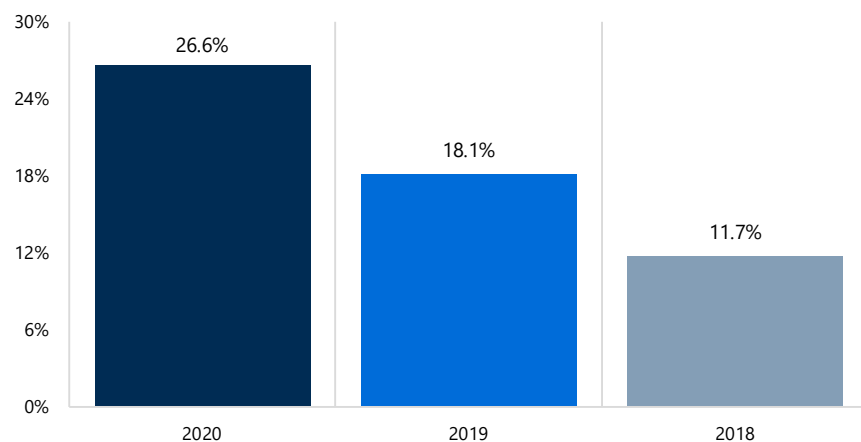
Average Break Fees as % of Equity Value^{7,8}



Form of Consideration as % of U.S. Public Mergers⁹



Tender Offers as % of U.S. Public Mergers

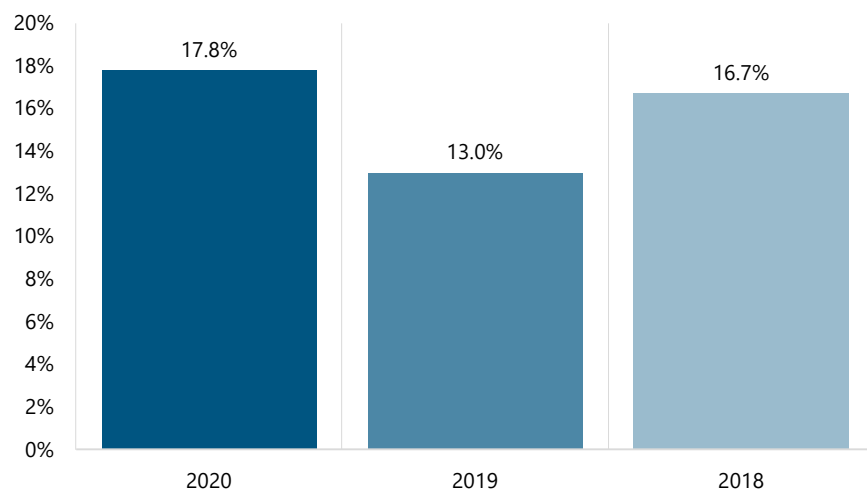


U.S. Public Merger Go-Shop Provisions⁷

	2020	2019	2018
% of Mergers with Go-Shops	8.5	12.9	10.1
% of Mergers Involving Financial Buyers with Go-Shops	20.8	47.1	24.3
% of Mergers Involving Strategic Buyers with Go-Shops	4.3	3.3	6.3
Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops	37.6	34.7	37.9
Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops	36.0	34.9	37.8
Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops	40.3	33.8	38.0

2020 YEAR-END ROUNDUP

Hostile/Unsolicited Offers as % of U.S. Mergers

Unaffected Premium %¹⁰

2020	40.1
2019	33.5
2018	28.3

Total Target Adviser Fees as % of Equity Value

2020	1.3
2019	1.2
2018	1.0

Endnotes

1. U.S. crossborder transactions are those transactions where the acquirer and the target have different nationalities and either the acquirer ("Outbound") or the target ("Inbound") has a U.S. nationality. Nationality is based on where a company has either its headquarters or a majority of its operations.
2. Global crossborder transactions are those where the acquirer and the target have different nationalities.
3. Industry categories are determined and named by Cortex.
4. This data includes all SPAC acquisitions for which a deal agreement has been announced.
5. This data reflects U.S. targets that have been acquired by a SPAC of any nationality.
6. This data reflects both U.S. and non-U.S. targets that have been acquired by a SPAC of any nationality.
7. Financial and strategic categories are determined by Deal Point Data.
8. Based on the highest target break fees and reverse break fees payable in a particular deal.
9. Due to rounding, percentages may not add up to 100%.
10. 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.

The charts on p. 1–6 were compiled using Cortex, and are for the broader M&A market, including public and private transactions of any value. The charts on p. 7–8 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). "2020" data is for the period from January 1, 2020 to December 31, 2020 inclusive. "2019" data is for the period from January 1, 2019 to December 31, 2019 inclusive. "2018" data is for the period from January 1, 2018 to December 31, 2018 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.

Recent highlights include advising: Inspire Brands in its \$11.3 billion acquisition of Dunkin' Brands Group; Cenovus Energy in its Cdn. \$23.6 billion combination with Husky Energy; The Kraft Heinz Company in the proposed \$3.2 billion sale of its cheese business to Groupe Lactalis; an affiliate of Roark Capital Group in its approximately \$1.5 billion acquisition of the ServiceMaster Brands businesses of ServiceMaster Global Holdings; 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; 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; 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; Aptiv in its \$4 billion autonomous driving joint venture with Hyundai Motor Group; 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; funds managed by affiliates of Apollo Global Management in their \$2.7 billion acquisition of Shutterfly; the independent directors of Avon in its \$3.7 billion sale to Natura & Co.; KPS Capital Partners in its \$1.8 billion acquisition of Howden from Colfax; 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; Encana Corp. in its \$7.7 billion acquisition of Newfield Exploration Company; IBM in its \$34 billion acquisition of Red Hat; the board of directors of Harris Corporation in its \$37 billion merger of equals with L3 Technologies to form L3Harris Technologies; CSRA in its \$9.7 billion sale to General Dynamics; Bioverativ in its \$11.6 billion sale to Sanofi; ADP in its successful proxy contest against Pershing Square; and Agrium in its \$36 billion merger of equals with Potash Corp. of Saskatchewan.

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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