

MERGERS & ACQUISITIONS

Dealmaker's Digest

A Top 10 Bulletin

January 2024

ROPES & GRAY



In this January edition of *Dealmaker's Digest*, we bring you the latest transactional developments to keep you in the know, including a year-end review of highlights from 2023.

GLOBAL M&A ACTIVITY

BLOCKBUSTER DEALS

CROSSBORDER UPDATE

ACTIVE INDUSTRIES

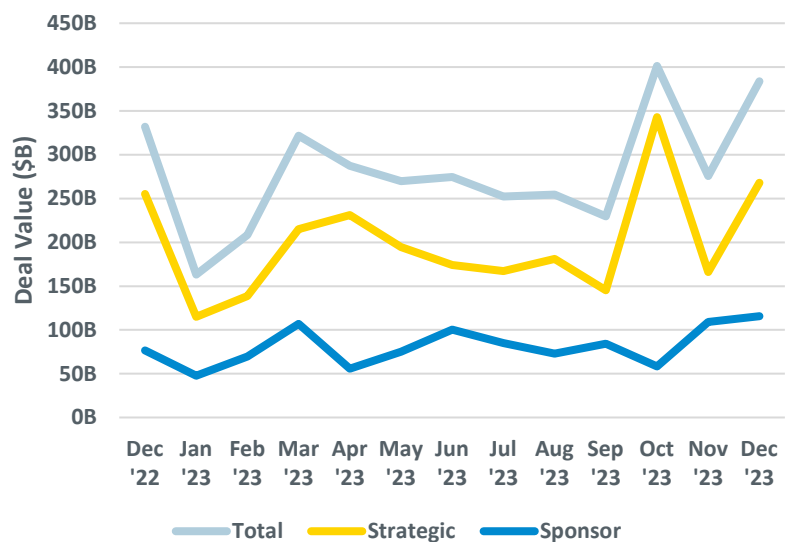
ACTIVISM UPDATE

HOSTILE M&A ACTIVITY

GLOBAL M&A ACTIVITY UPDATE

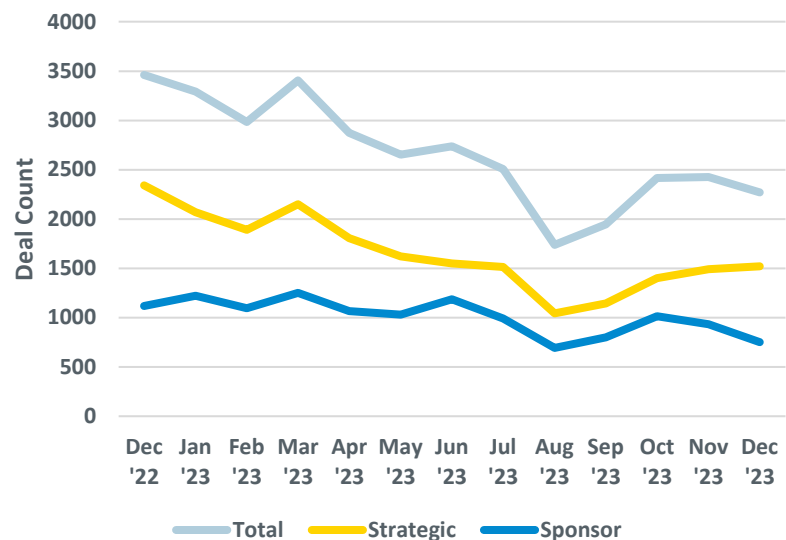
1 Monthly Deal Value Trends

- ↑ Aggregate value of global transactions¹ increased in December, up 39% from November and just 4% short of October's \$400 billion peak for the year. After a slow start to 2023, aggregate deal value in Q4 exceeded Q1 value by more than 50%.
- ↑ Transactions involving strategic buyers jumped 62% from November. More than 50 (non-sponsor) acquisitions exceeding \$1 billion were announced in December.
- ↑ Financial, or sponsor, buyer transactions reached \$115 billion, a 6% increase from November and the highest monthly value for sponsor-backed deals since September 2022.



2 Monthly Deal Count Trends

- ↓ Global deal count in December decreased modestly (6%) from November. Monthly deal counts stabilized in Q4 to end a year otherwise marked by volatility.
- ↑ Strategic buyer deal count in December remained steady, narrowly surpassing November by 2% and continuing the upward trend in monthly deal count since August.
- ↓ Sponsor buyer deal count decreased 19% from November, falling below 800 transactions globally and continuing Q4's downward trend.

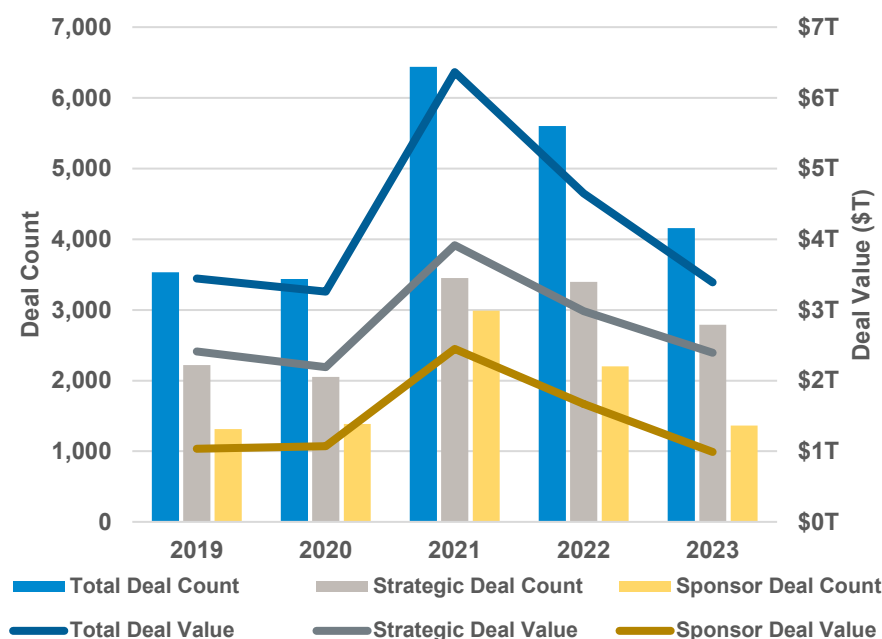


¹ Unless otherwise noted, charts compiled using Mergermarket data for December 2023 as of January 5, 2024. Aggregate deal values by dollar amount are calculated from the subset of deals with disclosed values.

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Annual M&A Activity

(Transactions \$100m+)

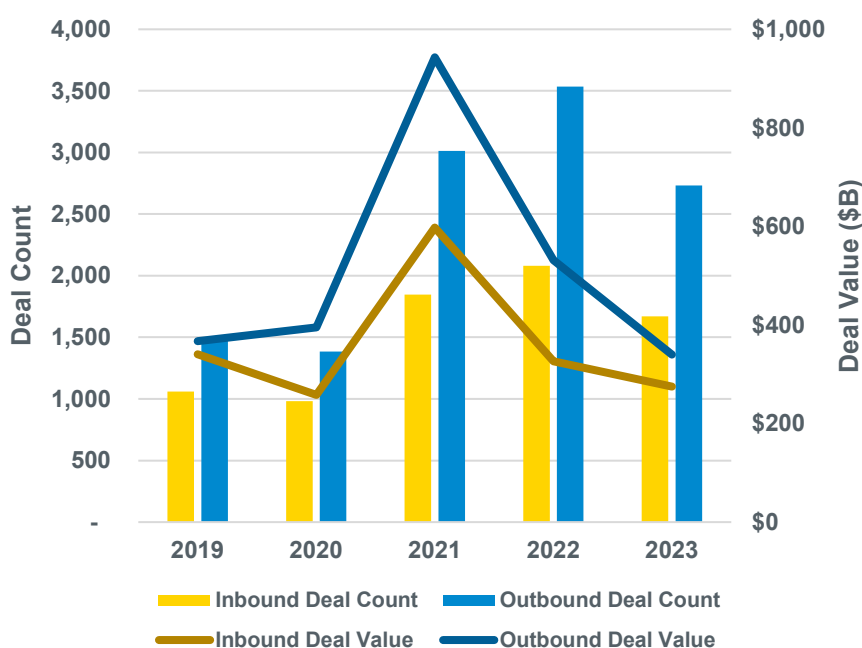


- M&A activity declined in 2023 as dealmakers faced several headwinds, including: economic concerns regarding inflation, interest rates and the risk of a broader recession; geopolitical tensions; heightened regulatory scrutiny; and tepid debt and equity markets.
- The number of transactions valued at \$100 million or greater decreased 26% from 2022 globally. Sponsor acquisitions declined more significantly (38%) than acquisitions by strategic buyers, which declined 18%.
- Aggregate transaction value in 2023 also decreased significantly compared with 2022, falling 27% across all buyer types. Aggregate value of sponsor buyer deals declined by 41% while strategic acquisitions declined by 20%.
- Aggregate 2023 value declined by 47% from the \$6.4 trillion record set in 2021. Despite difficult market conditions, deal count in 2023 exceeded the number of transactions in 2019 and 2020.

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U.S. Crossborder Update

- Inbound U.S. activity in 2023 decreased 20% by deal count, and 16% by deal value, compared with 2022. The value of U.S. companies acquired by non-U.S. buyers in 2023 totaled \$275 billion.
- Outbound activity in 2023 fell short of 2022 deal value by 36%. By deal count, outbound transactions declined 23%. The value of non-U.S. companies acquired by U.S. buyers in 2023 totaled \$340 billion.
- Canada-based acquirers drove the most inbound transactions in 2023 (with 325 deals), followed by U.K. (252) and Japan-based (136) buyers.
- U.S. acquirers most frequently looked to targets in the U.K. during 2023 (538 deals), with Canada (383) and Germany (178) rounding out the top three ex-U.S. target countries.



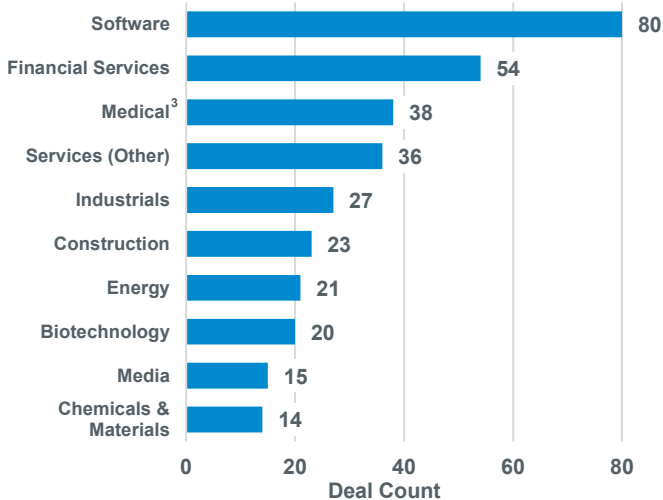
ACTIVE M&A INDUSTRIES (U.S. TARGETS)

5

December 2023

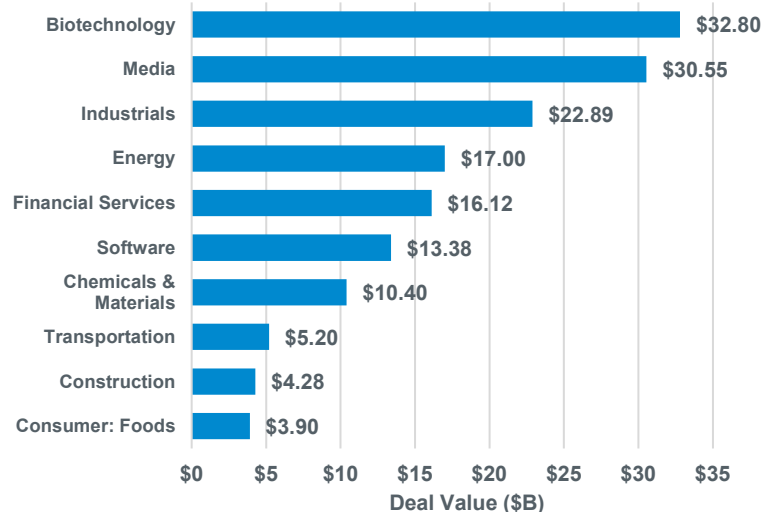
By Deal Count

- The software industry once again topped the list of U.S. M&A activity by deal count in December, driven by a significant number of small-cap and partial stake acquisitions.



By Deal Value

- The biotechnology industry was the most active by deal value in December; acquisitions of biotech targets constituted three of the ten largest U.S. deals announced in the month.

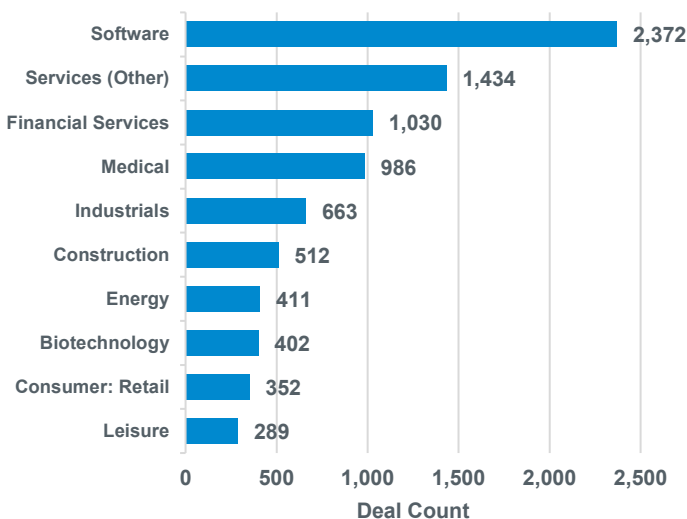


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2023 Active Industries

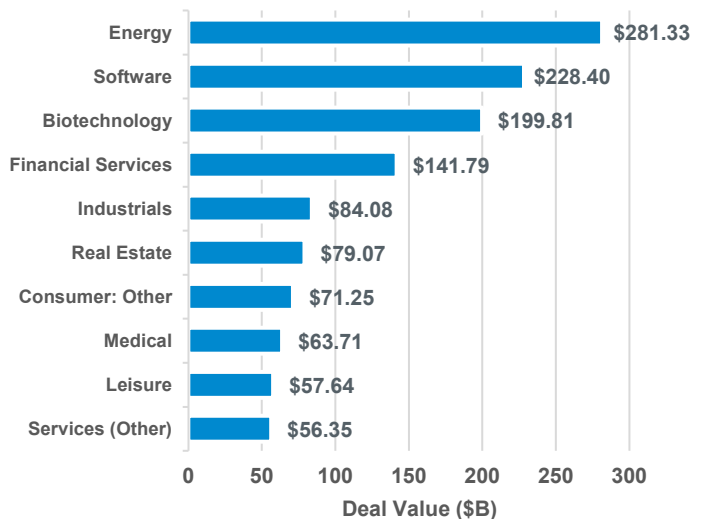
By Deal Count

- Software-related acquisitions represented nearly one-quarter of U.S. M&A activity in 2023, with more than two thousand transactions.
- Services-based targets (including business support, distribution and other professional services) were the second most active by deal count, representing 13% of U.S. transactions.



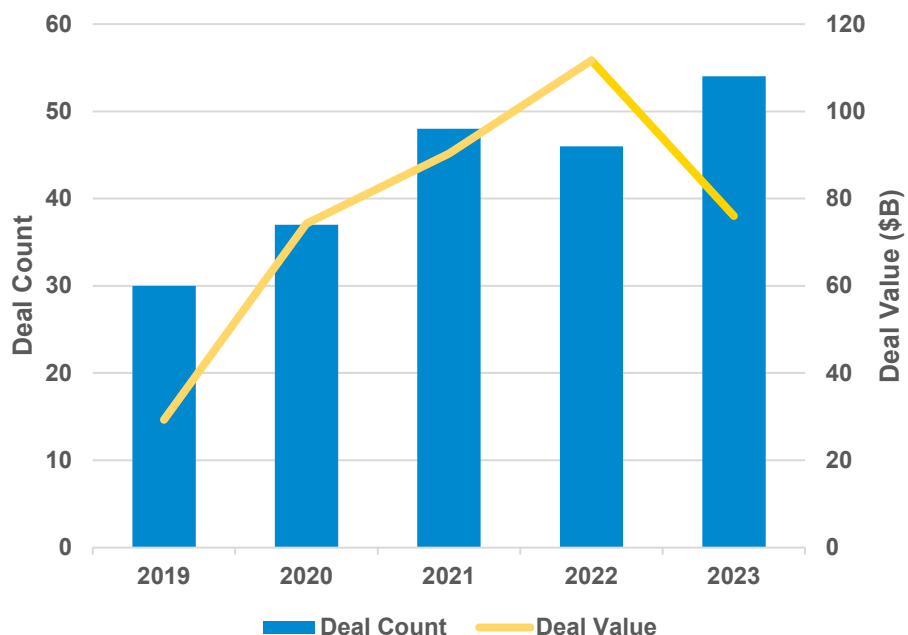
By Deal Value

- By deal value, transactions in the energy industry represented 17% of U.S. target acquisitions in 2023. Among energy transactions for the year, three mega-deals (each announced in Q4) accounted for nearly half (46%) of the energy sector's total value for the year.
- Health care industries were another key driver of deal value in 2023. Targets in the biotech (nearly \$200 billion), medical (\$63 billion) and pharmaceutical (\$16 billion) industries represented 17% of U.S. transactions.



³ Medical industry classification principally includes medical devices/services, excluding biotech and pharmaceutical deals.

7 Global Hostile Transactions⁴

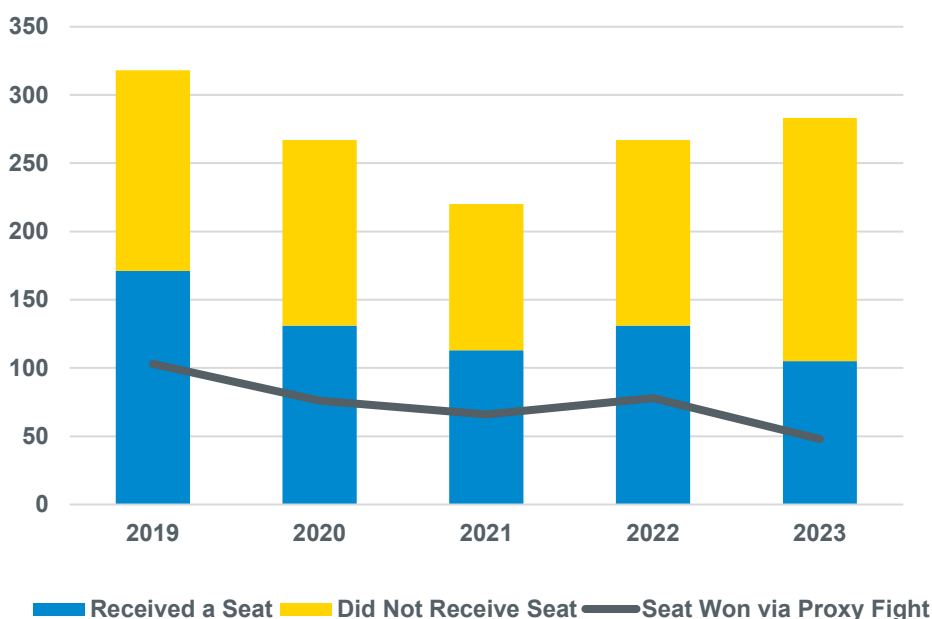


- The number of public target hostile takeover attempts increased marginally in 2023, with 54 deals globally (up from 46 deals in 2022).
- Half (27) of the hostile transactions targeted U.S. companies, followed by companies in Australia (9) and Canada (6).
- Despite the uptick in deal count, aggregate value of hostile transactions decreased in 2023 (down 32% from 2022).
- U.S.-based Newmont Corp.'s \$16 billion takeover of Australia-based Newcrest Mining Ltd. was the largest hostile transaction of the year.

8 Activism Update⁴

- Activist campaigns seeking board representation increased globally for the second consecutive year, up 6% from 2022 and 29% from 2021.
- In 2023, 37% of activist attempts to gain board representation were successful. Of the successful campaigns, nearly half (46%) of board seat wins resulted from a proxy fight.
- Results from 2022 reflect a 49% total success rate for board seats, with 60% of wins via proxy fight.
- Activism against U.S. public mergers has declined in recent years. Reported campaigns totaled 36 in 2023, compared with 43 in 2022 and 50 in 2021.

Results of Activists Seeking Board Seats



⁴ Charts compiled using FactSet data as of January 12, 2024. Hostile transactions indicate that the target's board of directors deemed the acquirer's proposal as unsatisfactory and recommended that shareholders reject the offer, even if it is subsequently recommended. Metrics regarding activism against mergers reflect recorded public opposition to a transaction by a shareholder of the target or acquirer (e.g., by a hedge fund or other institutional investor).

BLOCKBUSTER DEALS

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December 2023

Largest
U.S.
Strategic
Deal

 **NIPPON STEEL** agreed to acquire  **United States Steel** in a cash transaction with implied equity value of approximately **\$14.1 billion**.



CLEARLAKE

and **INSIGHT** agreed to acquire **alteryx** in a cash transaction with implied equity value of approximately **\$3.9 billion**.

Largest
U.S.
Sponsor
Deal

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Select Annual Highlights

Notwithstanding suboptimal market conditions in 2023, more than 30 transactions exceeding \$10 billion were announced globally during the year. Transformative deals were struck in a variety of sectors, including those highlighted below.

INDUSTRY	BUYER	TARGET	DEAL VALUE (B)
Energy			\$65.3
Health Care			\$45.7
Software			\$29.7
Media/Telecom			\$26.7
Hardware			\$16.1
Financial Services			\$13.4

About our M&A Practice

Ropes & Gray's award-winning M&A practice is regularly ranked among the world's leading practices by *Chambers*, *The Legal 500* and *U.S. News*, among others. With over 250 M&A attorneys located in the United States, Europe and Asia, our practice offers global scope and on-the-ground service where and when needed. In 2022-2023, Ropes & Gray navigated more than 600 M&A transactions with an aggregate deal value of \$340+ billion.

RECENT RECOGNITION

THE
AMERICAN LAWYER

The American Lawyer
"Law Firm of the Year" (2022)



U.S. News and World Report
"Law Firm of the Year" for private funds, leveraged buyouts and private equity (2023)



Law360
Seven-time winner of "Private Equity Group of the Year"

Chambers
AND PARTNERS

Chambers USA 2023
Nationwide Band 1 Private Equity Buyouts, Mid-Market Ranking
New York Band 1 Corporate / M&A Highly Regarded Ranking
Massachusetts Band 1 Corporate / M&A Ranking



LMG Life Sciences
2022 Impact Deal of the Year (Pfizer's \$11.6b acquisition of Biohaven Pharmaceuticals)
2022 M&A Firm of the Year

DEPTH OF EXPERIENCE

600+

Signed transactions in 2022–2023

\$340b+

in total transaction deal value in 2022–2023

80+

Industries and sectors

Our Commitment

350+
Specialty-support lawyers

250+
M&A lawyers

150+
Years of practice history

14
Offices to support deals

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