

# DealMaker Meter

by **DFIN**

Predicting Global Markets

# What is the DealMaker Meter?

Keeping your finger on the financial pulse, DealMaker Meter compiles quarterly answers to questions about everything from activities in sectors/industries to geographies and impacts.

## Who answers?

A blue-ribbon panel made up of our top global DFIN dealmakers/partners (advisors, corporate clients, lawyers, bankers, etc.)

## How should I use it?

To gauge the global market outlook – and plan your next move.

## Downloading the Drivers Behind Dealmaking Demand

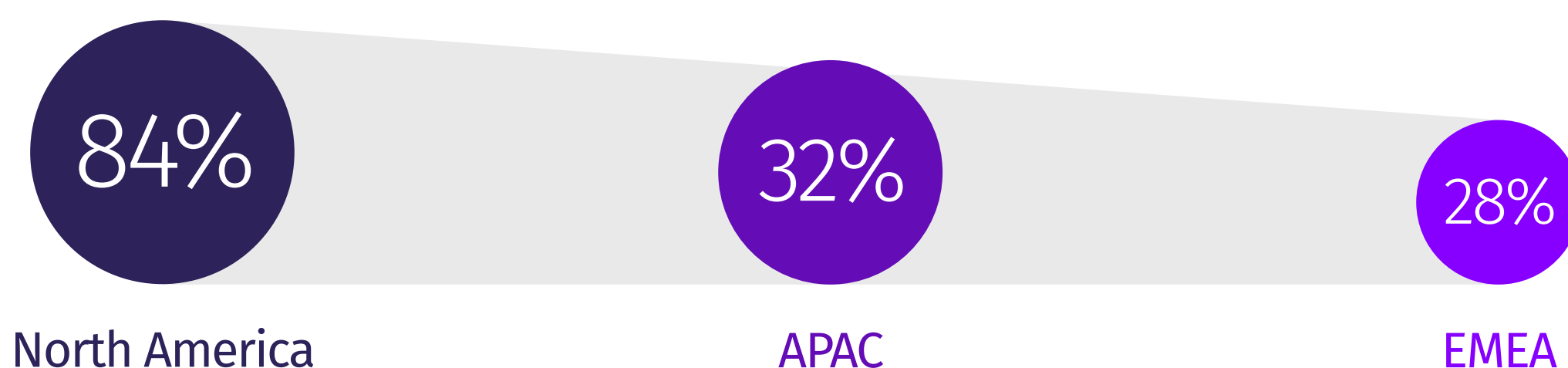
After a resilient year, dealmakers expect to see strong momentum in the North American market, development spikes in key industries such as Pharmaceutical, Medical, Biotech and Energy, as well as dealmaking booms that can only mean one thing – dealmaking is better than ever.

The Summer 2021 DFIN DealMaker Meter unpacks these trends and more.

### North America Dominates Deal Activity

93% of dealmakers agree North America is heating up when it comes to deal activity over the last three months, followed by APAC (26%) and EMEA (15%).

And that momentum will continue into the next three months in the same three geographies:







# Omne Trium Perfectum – The Rule of Three

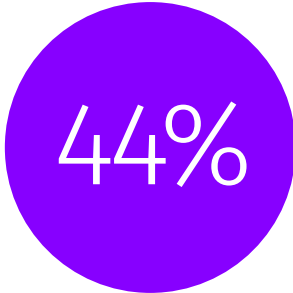
When asked what industries are driving “hot activity,” Pharma, TMT and Energy dominate.



Pharmaceutical, Medical and Biotech



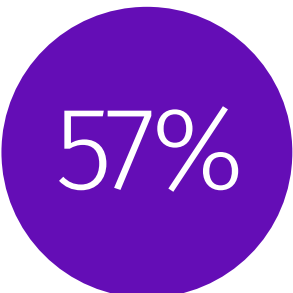
Technology, Media and Telecommunications



Energy, Mining and Utilities

Dealmakers expect this “hot activity” to remain consistent across these industries throughout the remainder of Q3. Top expected industries by region for Q3:

EMEA



Energy, Mining and Utilities

North America



Pharmaceutical, Medical and Biotech

APAC



Technology, Media and Telecommunications

Latin America



Industrials and Chemicals

# Virtual is Here to Stay

Dealmaking continues to go digital, with 79% of respondents saying more than half of the deals taking place the next 3 months will be hosted virtually.

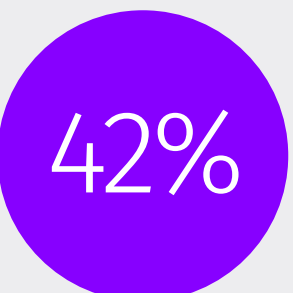
But the virtual world is not without its share of difficulties, as common hurdles include:



Establishing a user-friendly environment



Providing cost-efficient solutions



Providing data privacy and security



Ensuring the confidentiality of storage and transaction of data

## WHO CAN STAND THE HEAT?

Over 90% of respondents see North America as a hotbed when it comes to deal activity, followed by APAC & EMEA

What geographies have been considered “hot” for deal activity (including M&As, IPOs, SPACs, De-SPACs, etc.) for the last 3 months?



## 2Q21 PRICED IPOs\*

U.S.-based companies dominated with **75%**, followed by Asia with **13%**.

\*NYSE/NASDAQ U.S. Exchanges





# The M&A outlook is looking quite bright.

440+  
SPACs

are searching  
for business

300  
SPACs

are in the  
registration process

~\$115B+ are in SPAC trust accounts — a potential for ~\$575B+  
for M&A from an enterprise value standpoint.



As global markets continue to adjust to the widespread disruption of the pandemic, I expect M&A activity to continue at a robust pace. Low funding costs, strong equity markets and the abundance of capital are underpinning the healthy environment for M&A, and all indicators suggest the dealmaking momentum should persist into year end.”

- Global DealMaker

WHEN ACTIVITY ESCALATES, WE BENCHMARK.

2Q21 was the strongest quarter for IPOs in over two decades in terms of both deal count and proceeds.

Global M&A activity saw a strong recovery in 1H21, with both deal count and value on pace to approach or surpass record highs. The swift pace of IPOs and De-SPACs, contributed to global M&A activity.

**Source:** Pitchbook

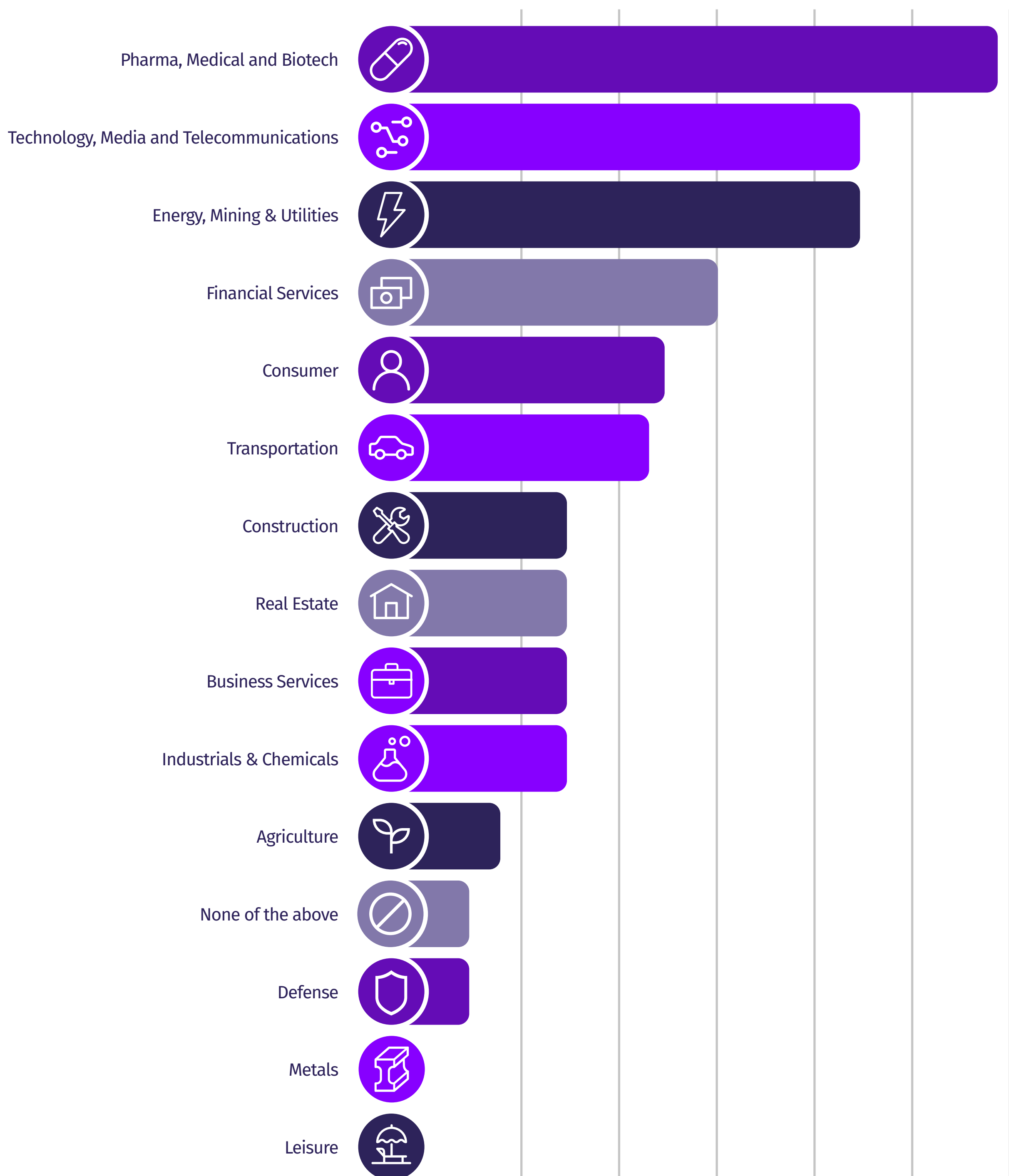


# Industries bringing the heat

DealMaker  
Meter  
by DFIN

Pharma, Tech and Energy lead the way as top drivers of deal activity

What industries have been driving this “hot” activity?





## PHARMA, MEDICAL AND BIOTECH

Mega-deals were concentrated in the Pharma & Biotech industry, which have not only **benefited** from increased demand due to the global COVID-19 vaccine effort but are undergoing significant transformation driven by the push to reshore supply chains and speed the drug discovery process through data interoperability and AI capabilities.

Private Equity also announced the largest LBO this year for Healthcare supply manufacturer Medline Industries.

**Source:** Pitchbook



# Healthcare + De-SPACs

2Q21 the majority of the  
**Announced Business Combinations**  
are **U.S.-based**.

U.S.-based  
**Ginkgo Bioworks**  
combining with Soaring  
Eagle, who holds the title  
for 2021's largest SPAC  
IPO, at an enterprise  
value of **\$15 billion**.

This was the second  
largest De-SPAC  
announced in 1H21.







## CLOSING DEALS IN TECH

# Did you know?

### 2Q21 IPOs

Technology 38% which is a big shift from the same period in 2020 where Healthcare dominated with 60%



AppLovin, which provides a platform for marketing and monetizing mobile games, raised \$2 billion by offering 25 million shares at \$80. It's currently trading on the Nasdaq under APP.

### 2Q21 Announced Business Combinations

Technology 28% vs 2Q20 where we saw Consumer dominate with 55%



A premier provider of high-speed connectivity solutions for the audio-video and automotive markets, and PTK Acquisition Corp. (NYSE: PTK.U) ("PTK"), a special purpose acquisition company are combining for an enterprise value of \$894 million.





## ENERGY, MINING & UTILITIES

Energy M&A is showing signs of renewed vigor. In 2Q21, 186 deals closed for a combined **\$55.1 billion** as crude oil prices moved above \$70 per barrel. The modest uptick in activity may sustain in coming quarters provided that the current OPEC+ negotiations do not collapse into a price war.

In a traditionally debt-laden industry, acquirers are putting a premium on targets with healthier balance sheets relative to their peers as higher oil and gas prices provide some financial breathing room and defensive consolidation slows.

**Source:** Pitchbook





# Powering market activity in energy

Bonanza Creek announced they were acquiring Extraction Oil for **\$1.2 billion** in May 2021. This could be an example of the type of consolidation strategy we could see in the remainder of 2021.



Market activity in the energy sector is very positive. There are a number of transactions that are currently being considered. With energy prices rebounding very well in the last six months, we expect to see more M&A activity.”

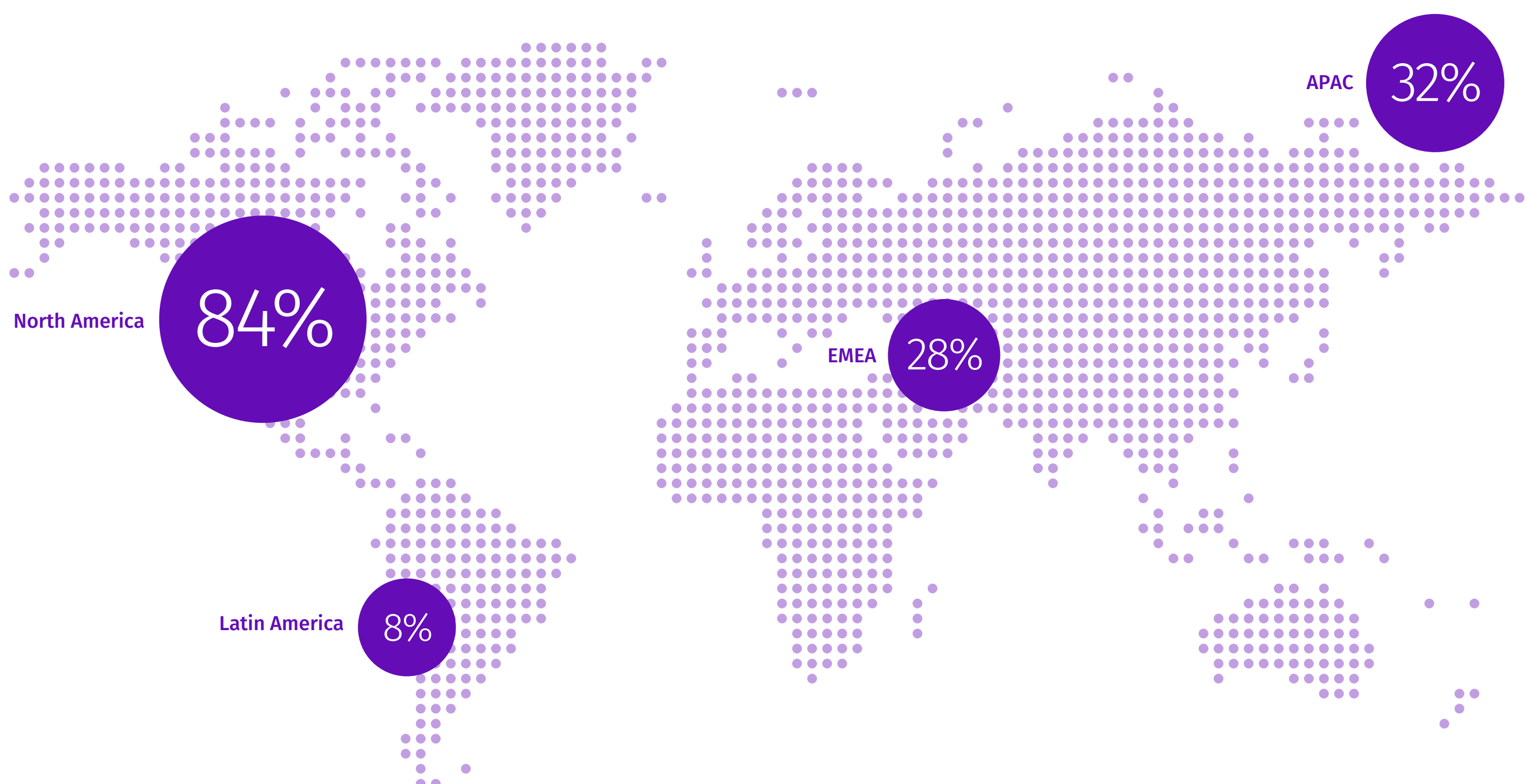
- Global DealMaker



## WHERE WILL DEALS ACCELERATE?

# Deal activity momentum continues in NA, APAC and EMEA

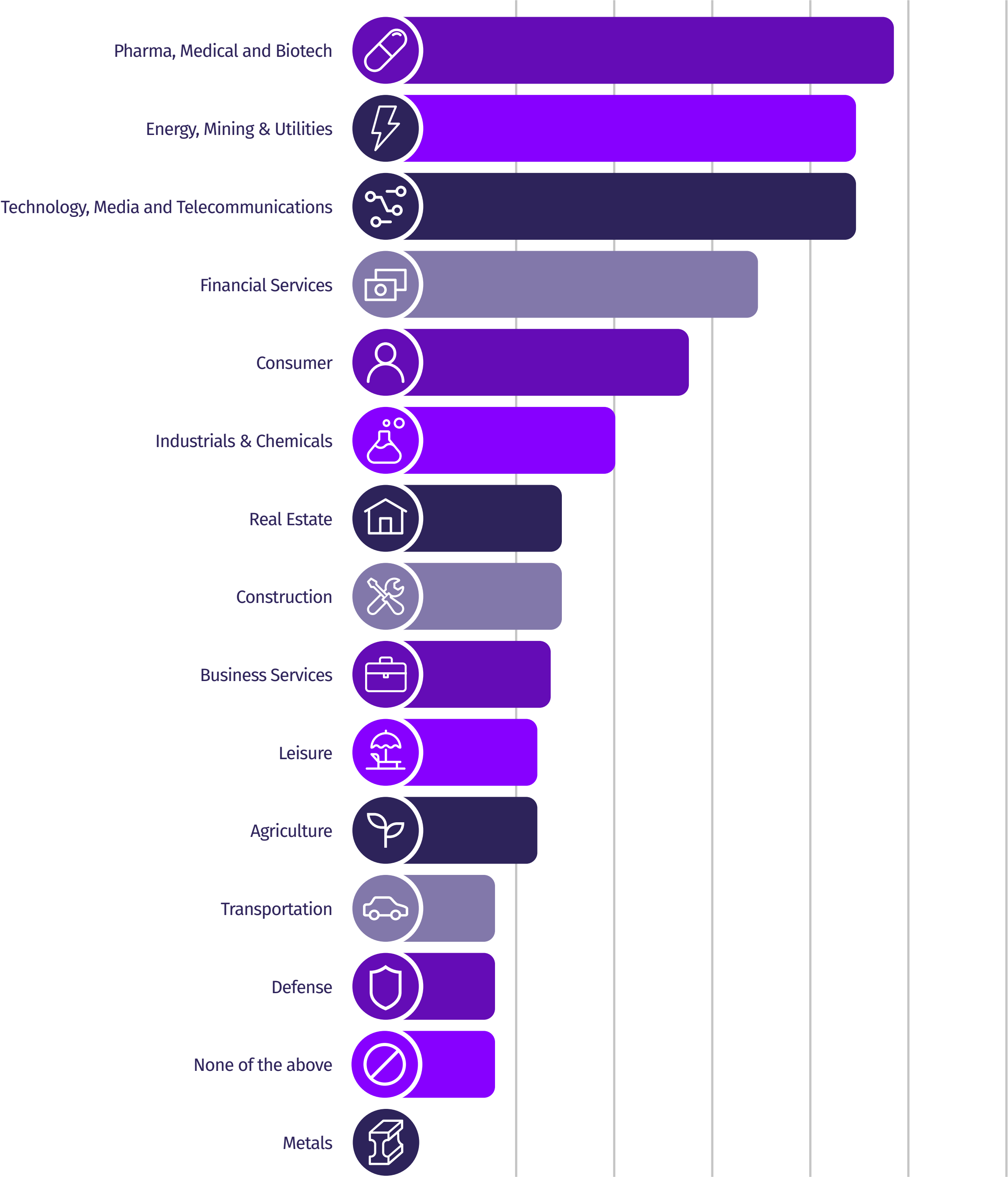
Which geographies will have accelerating deal activity for the next 3 months?



# What industries are heating up?

Top industries expected to be hot, hot, hot.

What industries will have accelerating deal activity for the next 3 months?





Oatly, the Swedish oat milk company, priced its IPO at \$17 a share and raised \$1.4 billion, valuing it at **\$10 billion.**

It can be found at Starbucks, and an investment group that includes Oprah Winfrey and former Starbucks CEO Howard Schultz invested \$200 million in the company last year.







# Did you know?

2Q21 Technology & Healthcare announced business combinations continued to increase, with an Industrial and Energy uptick as well. 3Q21 could see these companies make their public debut.

~130  
companies

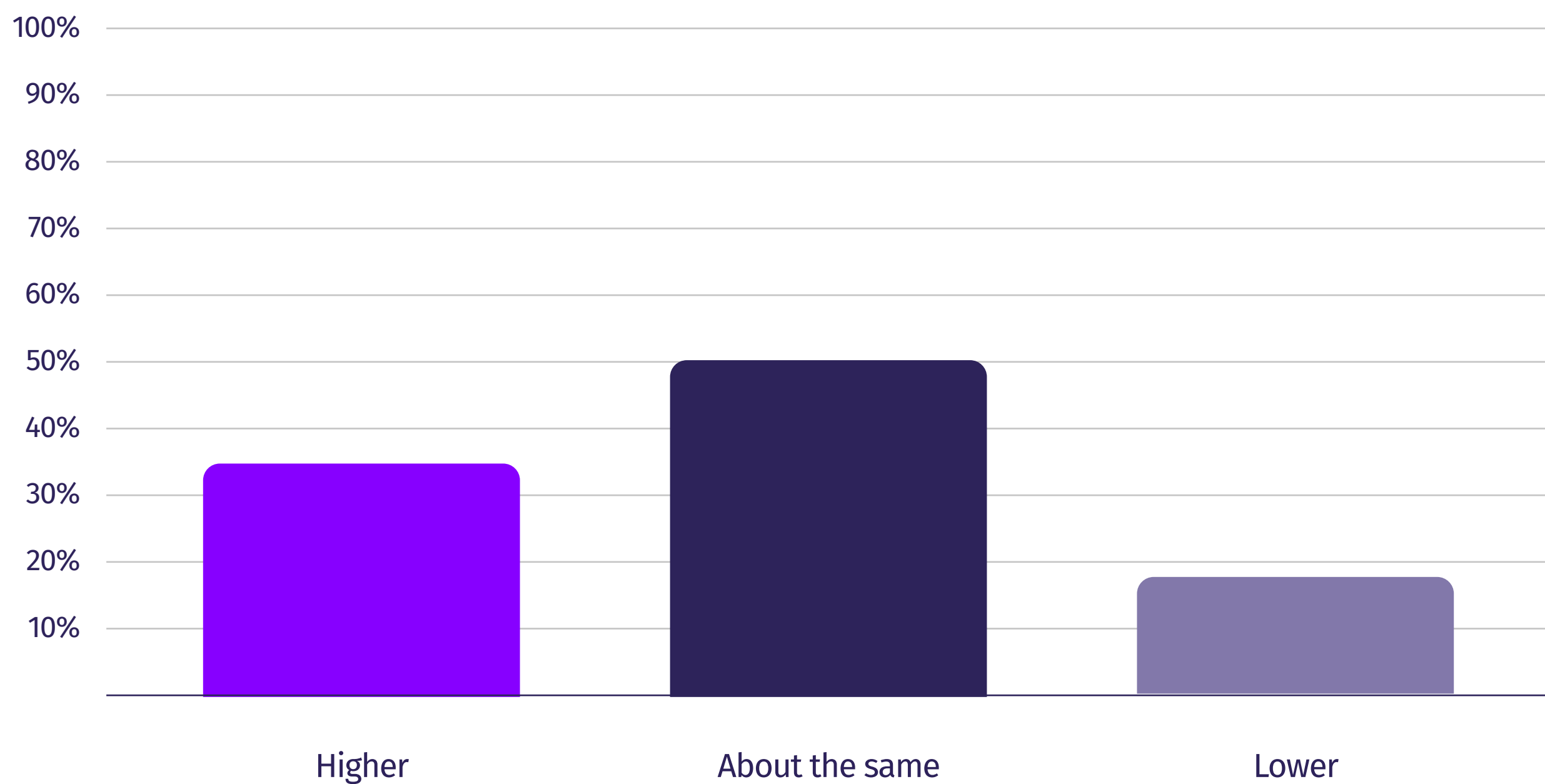
who filed in 2021 are in the pipeline to price and could make their public debut in 3Q. Healthcare offerings the most active.

~150  
SPACs

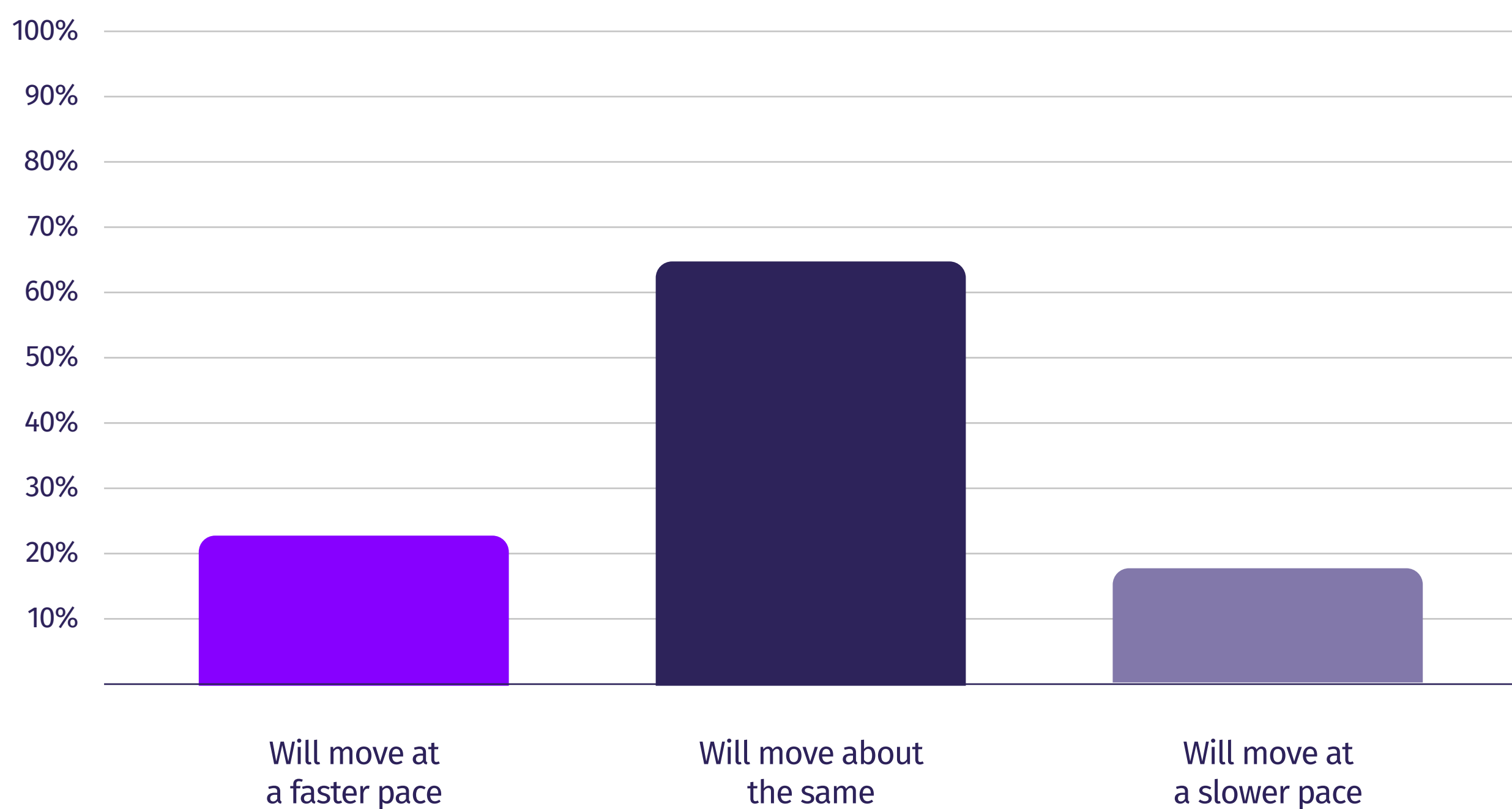
announced their business combination in 2021 but have yet to complete and are dominated by Technology & Healthcare companies.

# Predicting volume and pace

What do you predict the volume of deals will be like over the next 3 months (compared to the previous 3 months)?



How do you predict the pace of deals will change over the next 3 months (compared to the previous 3 months)?

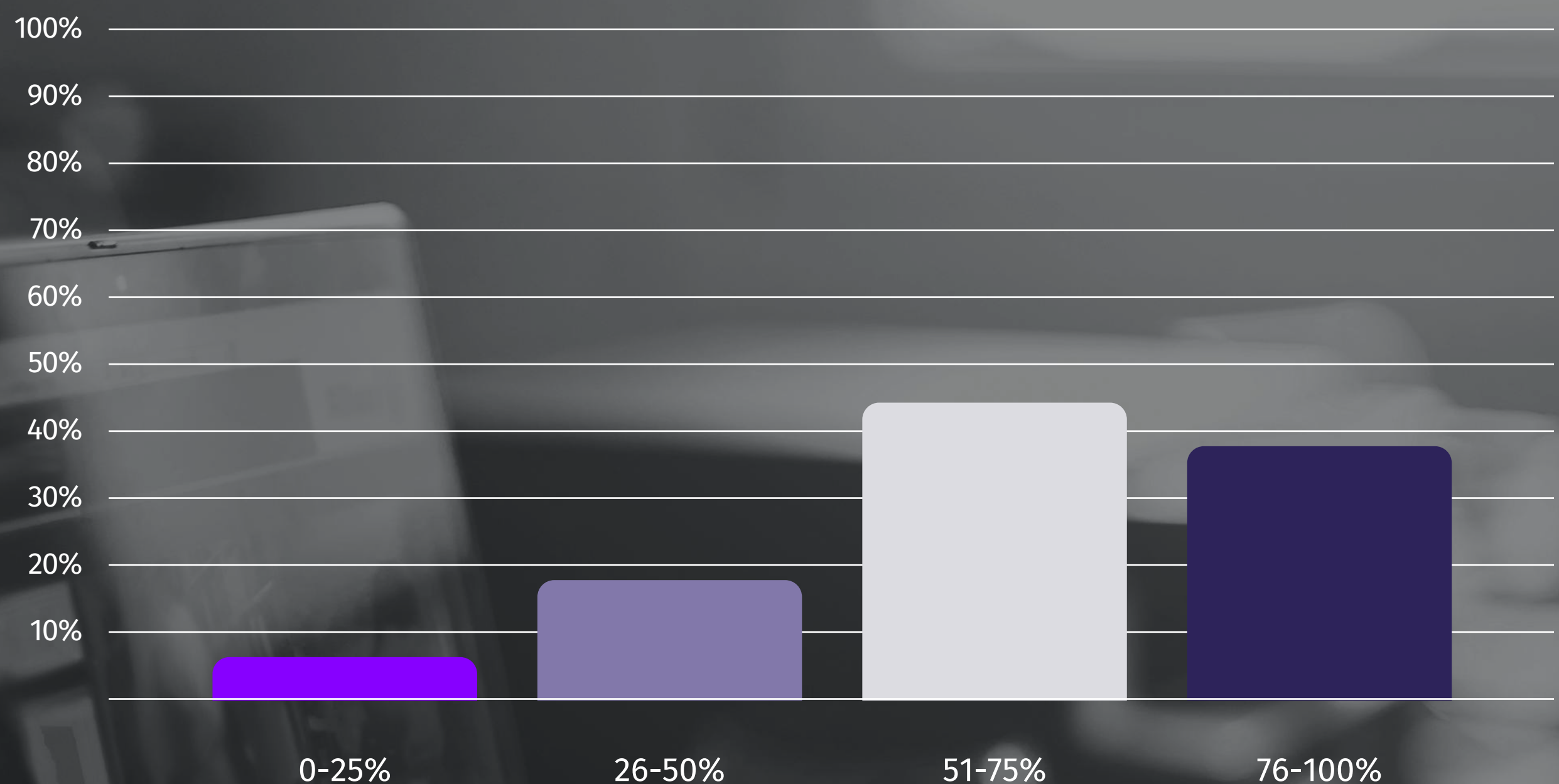




# Virtual deals are here to stay

79% of respondents expect more than half of the deals over the next 3 months to be hosted virtually.

What percentage of deals will be done virtually over the next 3 months?



Expect continuing deal activity and perhaps some acceleration in overall volume (and maybe valuations). Remote deals are here to stay though folks seek to be traveling more.”

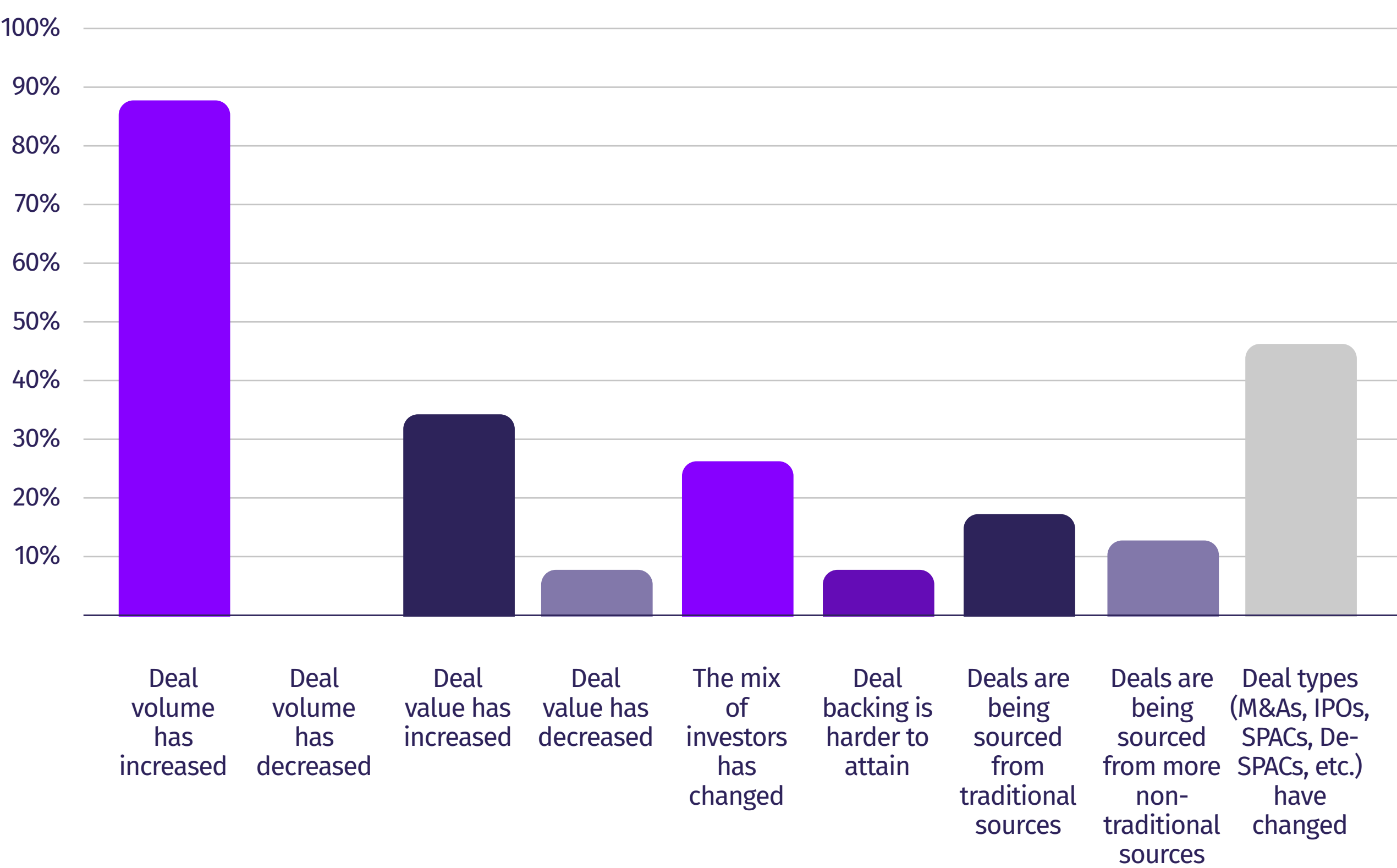
- Global DealMaker



# What will the “new normal” do to deals?

Close to 90% of respondents say new deal volume has increased with the “new normal” onset.

Since the onset of the “new normal”, how has dealmaking been impacted in terms of the pursuit of new deals?





“

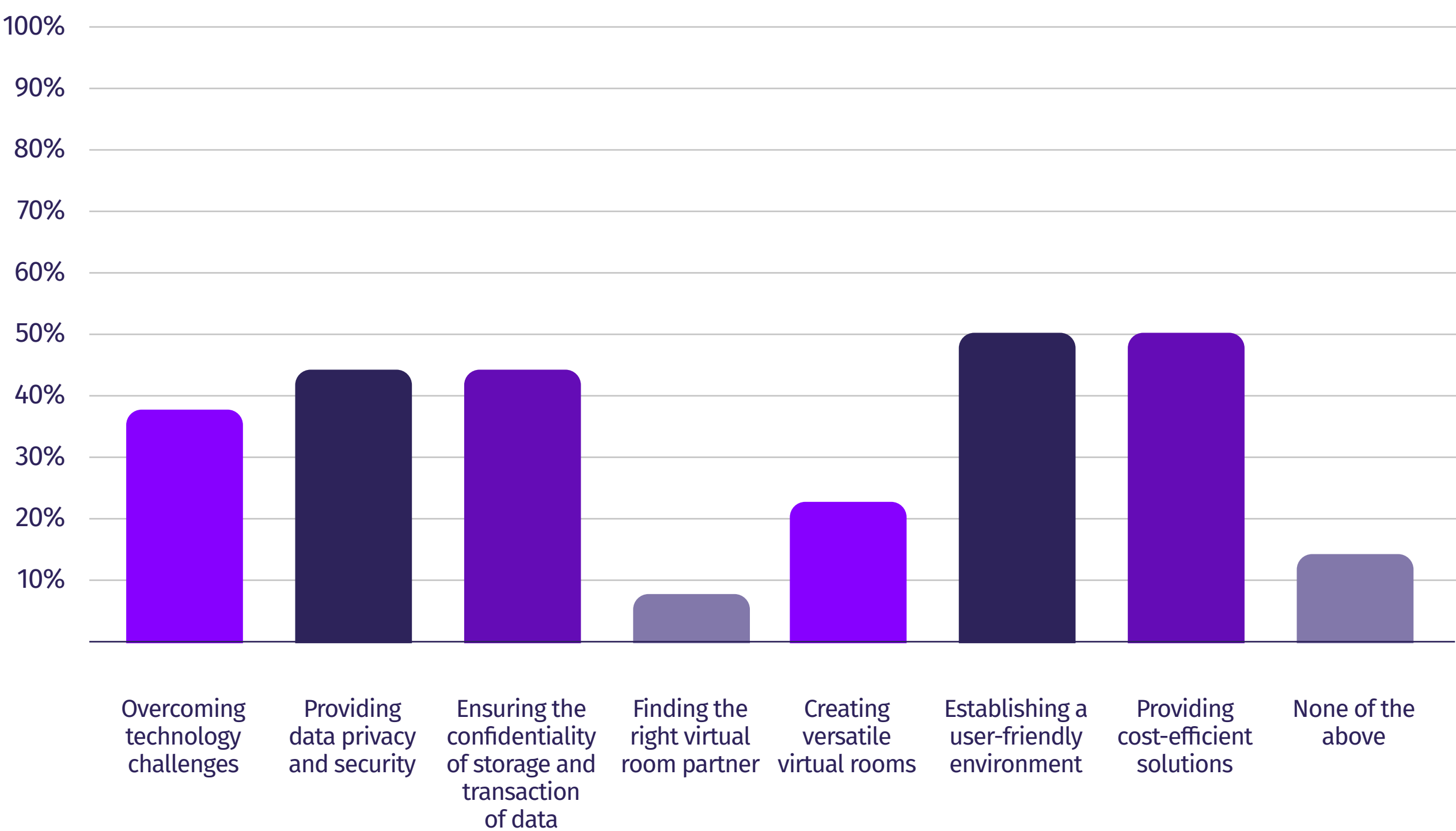
European deal activity accelerated to reach a new quarterly deal value record for the second time in a row. The quarter saw considerable megadeal and cross-border activity as investors outside of Europe looked toward the region to find attractively priced companies as healthy debt and equity markets magnified the available deal financing options."

**Source:** Pitchbook



# Overcoming obstacles

What are the top 3 biggest hurdles to effectively manage a deal and integration in a virtual environment?



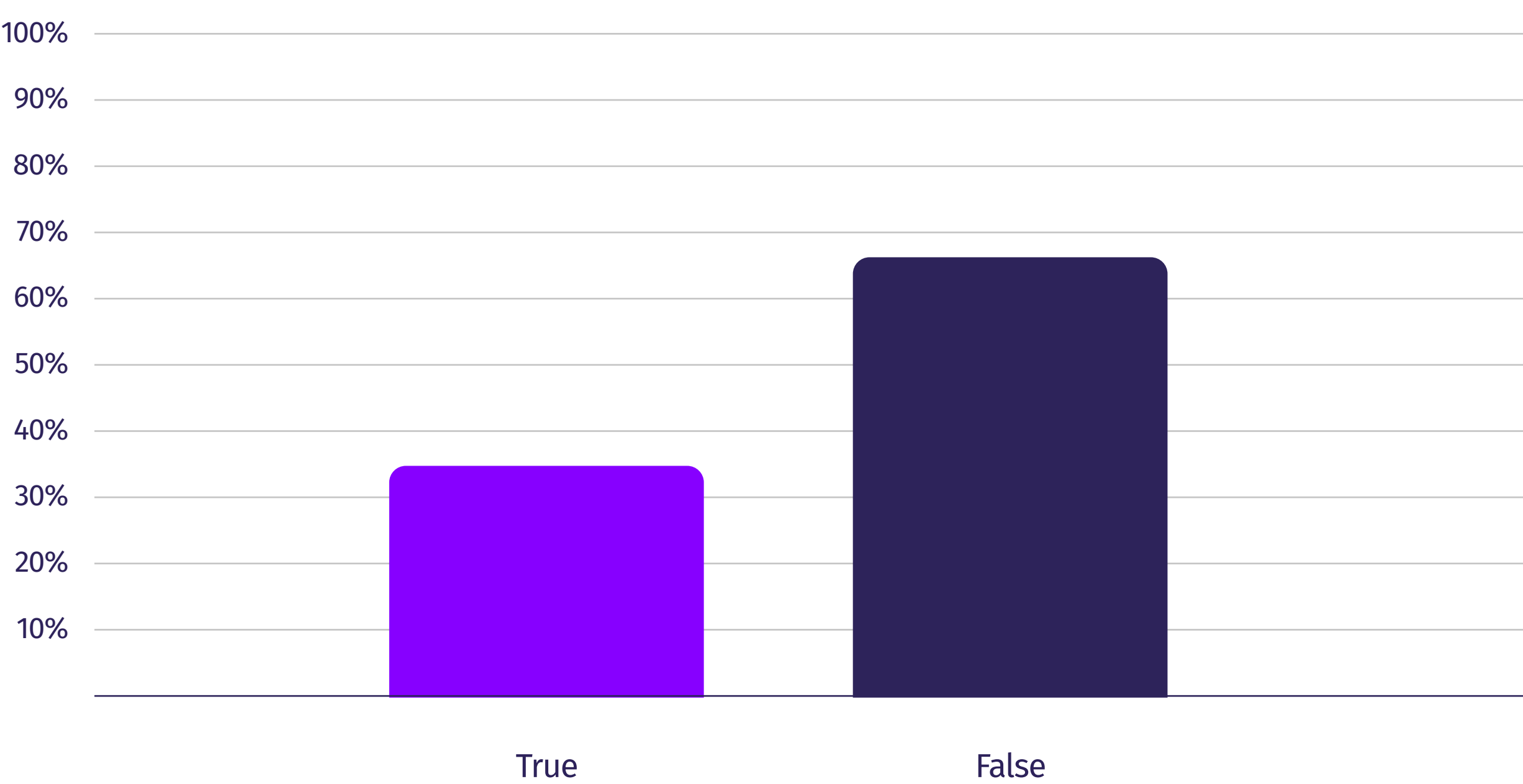
“When you have multiple potential buyers asking hundreds of questions every day, being able to easily upload and share the right information with the right people in a virtual data room is key to a smooth transaction.

- BioPharma Synthorx

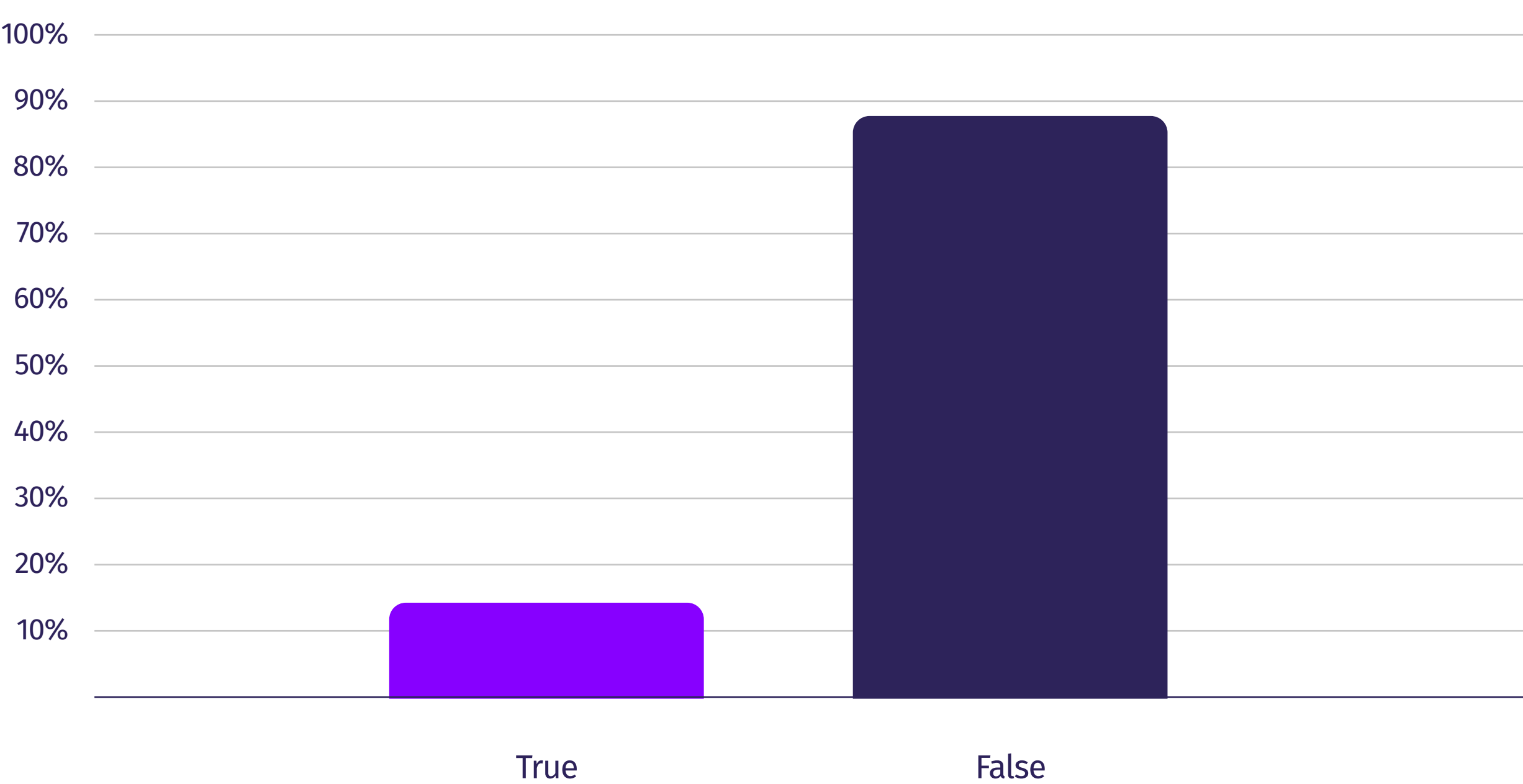


# What will impact deals?

The regulatory impact of the new U.S. administration has affected companies' willingness and ability to close deals.



Brexit has affected companies' willingness and ability to close deals.



g point for deals trying to close this  
s institutional capital and diligence service  
ers will be working through unprecedented  
low. Market will continue to **benefit sellers**  
above-market quality assets."

The market is currently at its  
busiest in the last decade.

It'll continue for  
at least another  
6 months.

**DFIN**

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is very **positive**

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With energy prices  
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Overall **strong** -  
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The market  
will **improve**  
dramatically as vaccination  
effectiveness is proved  
and economies re-open  
think the single biggest  
to growth and increasing  
capital expenditures is  
inflation which I believe  
already upon us. That  
a key decision factor  
energy industry in p

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## Get in touch

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