Summer Deal Recap

Welcome back from the summer break! Let BSIC present you some of the most interesting deals over the last summer, we hope you will enjoy!

TMT

AT&T's $43bn deal to merge WarnerMedia with Discovery

Deal Value: **$43bn** | Deal Type: **Acquisition** | Date: **17-May-2021** | Nationality: **US**

AT&T (NYSE: T) agreed to merge its multimedia business Warner Media with Discovery through a $43bn deal. The US-based telecoms company plans to unravel its $85bn acquisition of Time Warner to establish a distinct entity with Discovery, called Warner Bros Discovery. AT&T shareholders will receive as much as 71% of common stock, with the remaining 29% distributed between Discovery shareholders. The deal stems from the increasing competition between content platforms such as Netflix, Disney+, and HBO Max, which is under Warner Media's umbrella.

Under the terms of the deal, CNN, Animal Planet, and Discovery Channel, among others, will combine their content in one of Hollywood's largest studios. The merger will allow the company to strengthen its position as a multimedia platform and will lead to an increase in capital spent on content to nearly $20bn, compared to approximately $17bn for Netflix and $14bn for Disney+.

lliad $3.7bn acquisition deal with Xavier Niel

Deal Value: **$3.7bn** | Deal Type: **Acquisition** | Date: **30-July-2021** | Nationality: **France**

The French entrepreneur Xavier Niel offered to take Iliad (EPA: ILD) private in a deal worth €3.7bn. Niel founded the telecom company in 1990 and intends to acquire the remaining 26% of the stake under the assumption that the business is undervalued. In 2021, publicly listed European telecom companies received a lower valuation average compared to previous years, resulting in a discount that attracted PE investors.

In 2019, Niel acquired a large portion of the shares of Iliad in a deal that offered shareholders €120 a share. Instead, in August 2021, shareholders were offered €182 per share, which, compared to the average share price for July, offered a roughly 50% premium. Before the announcement, shares were already 30% down since July but climbed nearly 61% in the announcement week, attaining a market cap of €10.7bn.

Norton and Avast are merging into an $8bn antivirus empire

Deal Value: **$8.6bn**| Deal Type: **Acquisition** | Date: **11-Aug-2021** | Nationality: **US**

NortonLifeLock Inc. (NASDAQ: NLOK) and Avast will merge in a deal worth more than $8bn. NortonLifelock will buy all of Avast's shares, which have a value of $8.6bn based on Norton's share price in July 2021, using a combination of both cash and shares. The merger should result in antivirus solutions that combine the benefits of Avast's privacy emphasis with NortonLifeLock's identity experience. This is the third-largest cybersecurity transaction in history, behind Thoma Bravo's $12.3bn purchase of Proofpoint and Broadcom's $10.7bn purchase of Symantec's enterprise unit.

NortonLifeLock claims the purchase would create an industry-leading consumer cyber safety business, release roughly $280m in annual gross cost savings, and substantially increase its user numbers owing to Avast's 435m client base. Pilette will stay as CEO of the new firm, while Avast CEO Ondrej Vlcek will become president and join the board.

Analog Devices acquires Maxim Integrated in a $21bn transaction

Deal Value: **$21bn** | Deal Type: **Acquisition** | Date: **12-Jul-2021** | Nationality: **US**

Analog Devices, Inc. (NASDAQ: ADI) on July 12th announced the acquisition of Maxim Integrated Products Inc. (NASDAQ: MXIM). Together, the two companies strengthen Analog Devices Inc.'s position as one of the top semiconductor companies, with revenues of over $9bn and margins among the highest in the industry with a free cash flow of more than $3bn on a pro-forma basis.

Upon completing the transaction, Maxim shareholders will receive 0.63 shares of Analog Devices Inc. common stock for each share of Maxim, leading to a total enterprise value of $68bn. The offer valued Maxim at a premium of about 22% compared to the previous 10 days, and its stock closed up 8.1% while Analog shares closed down 5.8%.

Real Estate

Oxford Properties to Buy $2.2bn in Industrial Properties From KKR

Deal Value: **$2.2bn** | Deal Type: **Asset Purchase** | Date: **17-Aug-2021** | Nationality: **US**

The industrial property was one of the most popular commercial property categories in the years before the pandemic because of the rising demand for online shopping. Since Covid-19's outbreak, demand has only increased, driving customers away from shops. Following the current trend, Oxford Properties Group, a Canadian real estate investment firm, has agreed to purchase a 14.5 million-square-foot industrial property portfolio from KKR&Co for $2.2bn.

The portfolio includes 149 distribution facilities strategically across 12 major industrial areas in the US, including Atlanta, Dallas, and Chicago. The increase in demand for industrial properties has resulted in higher valuations and lower yields, from 5% in 2019 to 4% in 2021. KKR&Co has more than 20 million square feet of industrial property and plans to capitalize on the rising demand.

Hyatt to buy resorts operator Apple Leisure Group for $2.7bn

Deal Value: **$2.7bn** | Deal Type: **Acquisition** | Date: **18-Aug-2021** | Nationality: **US**

The hotel industry has been severely affected by the outbreak of Covid-19. While some businesses seized operation, Hyatt Hotels Corp. (NYSE: H) agreed to buy Apple Leisure Group for $2.7bn in cash. ALG's independent resort management platform provides management services to major leisure businesses in America and 11 European markets. The portfolio of ALG consists of 33,000 rooms which will double Hyatt's resort footprint.

The acquisition of ALG's commercial enterprise is expected to increase fee generated revenues of Hyatt. The deal will be funded 80% in cash, and equity financing will cover the remainder. Under the asset sale program Hyatt announced in 2017, the company anticipates selling $1.5bn of hotel real estate in 2021 and an additional $2bn by 2024.

Natural Resources

Glencore backs battery start-up behind plans for UK's first Gigafactory

Deal Value: **Undisclosed** | Deal Type: **Acquisition** | Date: **17-Aug-2021** | Nationality: **UK**

The world's largest cobalt-mining company, Glencore (LON: GLEN), has been working closely with its clients, including BMW and Tesla, to reduce the negative ESG implications of cobalt-mining. The use of cobalt in batteries increases energy density, allowing faster charging and higher energy capacity. To this purpose, the Swiss mining giant has decided to acquire a stake in Britishvolt Ltd., the administrator of the first battery Gigafactory venture in the UK, a project, valued at £2.6bn, which addresses the higher demand for electric vehicle batteries.

With its 150 mining, metallurgical, and oil production assets, Glencore has agreed to supply 30% of the cobalt required for production until 2030 as part of the investment. Even though the exact figures of the investment Glencore made in Britishvolt remain unknown, the strategic deal comes when the start-up has entered talks to list on the market through a SPAC.

Oil Search accepts Santos's merger offer to form a top 20 oil company

Deal Value: **$21bn** | Deal Type: **Merger** | Date: **01-Aug-2021** | Nationality: **Australia**

Two of Australia's biggest energy producers, Oil Search (ASX: OSH) and Santos (ASX: STO), concluded their merger to combine forces into a $21bn regional champion of quality, size, and scale. The larger entity will enter the ranking of 20 most significant oil and gas producers, offering a mix of products, geographic diversity, and ESG initiatives.

Both companies have agreed on the following division of the merged entity: 38.5% to Oil Search shareholders and 61.5% to Santos shareholders. As part of the deal, Oil Search shareholders will receive 0.6275 new Santos shares for every Oil Search share owned. The deal is expected to achieve early pre-tax synergies of approximately $100m, limit the number of regulatory approvals, and lower operational expenses. With a mutual vision for a lower carbon future and limiting global temperature rise, the merger of the two companies into one giant entity will contribute to lower emissions and the development of CCS (Carbon Capture and storage) technologies.

Chesapeake buys shale rival Vine

Deal Value: **$2.2bn** | Deal Type: **Acquisition** | Date: **11-Aug-2021** | Nationality: **US**

Chesapeake Energy (NASDAQ: CHK) agreed to buy Vine Energy (NYSE: VEI), a natural gas producer located in the United States, for $2.2bn in cash and shares. For every common stock share in Vine, shareholders will receive 0.2486 shares of Chesapeake and $1.20 in cash. The transaction is projected to more than quadruple Chesapeake's gas output and increase its free cash flow projection for the next five years by $1.5bn to over $6bn.

The merger offers an important opportunity to accelerate the return for the shareholders. The increase in free cash flows is expected to increase dividends by 27% to $1.75 per share. In addition to the approximated $50m cost saving per year, the acquisition will raise Chesapeake's overall output of oil barrels. Blackstone, the owner of 70% of the shares of Vine, supported the transaction and shares the executive's vision of value creation potential and ESG excellence.

Gaming

888 announces acquisition from competitor Caesars of International William Hill.

Deal Value: **£3bn** | Deal Type: **Gaming** | Date: **09-Sep-2021** | Nationality: **UK**

The acquisition of William Hill will create a global online betting and gaming leader combining two of the industry's leading brands. 888 already signaled its intent to keep the bookmaker's 1,400 shops. The acquisition represents a transformational opportunity for 888 to significantly increase its scale, diversify its product mix and accelerate the upward shift of its revenue growth profile.

William Hill has been owned by the Las Vegas casino company Caesars since last year, when shareholders accepted a $3.7bn takeover bid, but Caesars already stated its lack of interest in the British company's old brand.

Under the terms of the Sale and Purchase Agreement, the company is valued at an enterprise value of $3bn, which includes $1bn relating to the assumption of existing WHI bonds, and $0.1bn of IFRS-16 capitalized leases. The board of directors of the company is planning on keeping 888's existing dividend policy, that equals to 50% of adjusted net profits.

Healthcare

Baxter to acquire Hillrom for an All-Cash Purchase Price of $10.5bn

Deal Value: **$10.5bn** | Deal Type: **Acquisition** | Date: **02-Sep-2021** | Nationality: **US**

One of the leaders in global medical products company, Baxter International Inc. (NYSE:BAX), on September 2nd announced the acquisition of one of the leading global medical technology companies, Hillrom (NYSE:HRC). The transaction will close by the end of 2022. The Baxter-Hillrom combination will expand access to Hillrom's portfolio globally, already expanded in the previous transactions made by Hillrom earlier this year where it purchased EarlySense assets and in 2019 when it Acquired Voalte. In addition, it will speed up the combined organization's digital transformation at the same time generating compelling higher returns for Baxter's shareholders.

Under the terms of the agreement, Baxter will pay a total purchase price of $10.5bn, paying $156 in cash for each outstanding share of Hillrom common stock. Furthermore, Baxter will also bear Hillrom's outstanding debt and cash, for a total enterprise value of $12.4bn. The purchase stock price represents a 26% premium to Hillrom's closing stock price on the last trading day prior to media reports about a potential transaction.

Illumina Acquires GRAIL in a $8bn transaction

Deal Value: **$8bn** | Deal Type: **Acquisition** | Date: **18-Aug-2021** | Nationality: **US**

Illumina's acquisition of GRAIL will accelerate the global access and adoption of its life-saving test. Merging with GRAIL, after having originally created it five years ago, will enable Illumina to save more lives using its strong expertise manufacturing and clinical capabilities to provide patients with early multi-cancer detection faster and more economically.

GRAIL shareholders will receive $3.5bn in cash and $4.5bn in shares of Illumina common stock for a total of $8bn all subject to a collar. Illumina already held 14.5% of GRAIL's shares outstanding. The collar will ensure GRAIL shareholders receive an amount of Illumina shares equal to roughly $4bn in value. If the 20-trading-day volume weighted average price prior to closing is below $295, GRAIL shareholders will receive roughly 13.4m Illumina shares, while if the 20-trading-day VWAP of Illumina stock prior to closing is above $399, shareholders will receive 9.9m shares and if the 20-trading-day volume VWAP of Illumina stock to closing is between $295 and $399, shareholders will receive 11.2m shares. After the transaction, GRAIL shareholders will own roughly 7% of the merged company while Illumina shareholders will own roughly 93% of the merged company.

Sanofi agrees to acquire Translate Bio for $3.2bn

Deal Value: **$3.2bn** | Deal Type: **Acquisition** | Date: **03-Aug-2021** | Nationality: **US**

The French multinational pharmaceutical company Sanofi agreed to acquire the mRNA therapeutics company Translate bio for $3.2bn. The transaction is expected to happen in Q3 of 2021. Translate Bio will add both strong capabilities and mRNA technology to Sanofi research, advancing its ability to explore and develop both best-in-class vaccines and therapeutics. Sanofi CEO said that the goal of the merged company is to discover the potential of mRNA in new areas such as oncology, immunology, and rare diseases in addition to vaccines.

Sanofi is acquiring all shares of Translate Bio common stock for $38 per share in cash for a total equity value of $3.2bn. The purchase price represents, compared to the previous 60 days price per share, a 56% premium.

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Citiziens Group to acquire JMP Group

Deal Value: **$149m** |Deal Type: **Acquisition** | Date: **08-Sept-2021** | Nationality: **US**

The market for M&A has been very active for banks in the US with 19 mergers just in April 2021 compared to one only transaction in the whole second quarter of 2020. This is a clear sign of the hard times smaller banks are facing due to the low interest rates in the US and the decrease in the loan market.

The acquisition of the boutique investment bank JMP group by Citiziens Financial Group represents the 4th mid-tier bank acquisition of 2021 and identify the phenomenon that is affecting most small banks. This deal followed three prior acquisitions of Citiziens in 2021: the acquisition of HSBC's bank branches on the US east coast, of the community bank Investors Bancorp and of valuation consulting firm Willamette Management Associates.

The merger agreement, unanimously approved by the boards of directors, reaches the term where JMP shareholders will receive $7.50 for each common share they own, higher than the $7.42 reached by the company on Tuesday, giving the company a valuation of $149m. This acquisition aims to increase the corporate finance sector of the Rhode-Island's company, with a focus on high growth and compelling industry sectors.

Financial Sponsor

CVC Acquire a stake in LA Liga

Deal Value: **$2.1bn** | Deal Type: **Acquisition** |Date: **04-Aug-2021** |Nationality: **Spain**

CVC is planning to invest a total of €2.1bn in La Liga, which is valued at over €24bn. As part of the deal, CVC will acquire a minority ownership in a newly established firm, whose profits would come from La Liga's broadcasting and sponsorship rights. CVC will be entitled to 11% of media rights revenues for the next 50 years. The buyout company intends to pursue the transaction to increase the global audience of Spanish local games, which experienced a setback during the Covid-19 outbreak, to increase the value of their assets.

In terms of La Liga, the league plans to spend 30% of the revenue on players and debt repayment, with the remaining amounts going toward stadiums and infrastructure. This investment aims to bridge the gap with other European leagues and especially help small clubs that have had substantial losses due to the lack of fans in the stadiums.

KKR to acquire Australia's Spark Infrastructure

Deal Value: **$3.7bn** |Deal Type: **Acquisition** | Date: **23-Aug-2021** | Nationality: **US**

A consortium that included private equity giant KKR, Canadian pension funds Ontario Teachers and PSP Investments acquired Australia's Spark Infrastructure. The deal value the acquisition at AUD 5.2bn (approximately $3.7bn). After three different proposals rejected, the Australian company has agreed to accept the consortium offers of $2.80 per share, a premium of 13.5% to the company's last market close. This deal reflects the recent interest that investors have in companies in Australia and New Zealand especially in infrastructure assets, due to the ultra-low interest rates.

Spark owns a stake in a range of power distribution assets in Australia, including Power Networks, Powercore and Victoria Power Networks. Its businesses, located in southern Australia, serve more than 5 million households and businesses and they are also helping to convert Australia's electrical grid to one that is more reliant on renewable energy.

Consumers and retail

Aeffe to acquire Moschino

Deal Value: **€66m** |Deal Type: **Acquisition** |Date: **28-Jul-2021** | Nationality: **Italy**

Aeffe, an Italian luxury group which owns Alberta Ferretti, Philosophy by Lorenzo Serafini, and Pollini, announced that on the 28th of July it had completed the acquisition of the remaining 30% ownership in Moschino that it did not already hold. According to the statement, the purchase price is € 66.6m, and it will be paid partially with cash and partially with credit lines. In fact, Aeffe used cash on hand for €12m, existing credit score traces for €18m, and new medium/long-term loans for €36.57m to complete the deal.

Aeffe had been Moschino's license partner from its inception in 1983 and was responsible for the manufacture and distribution of its women's and men's collections. Trading in the company's shares was halted until the news was released, and it resumed at 15.00 GMT when the stock then extended its gains, closing 6.4% higher.