



2020 SPAC Overview

Corporate and Investment Banking Practice

February 2021

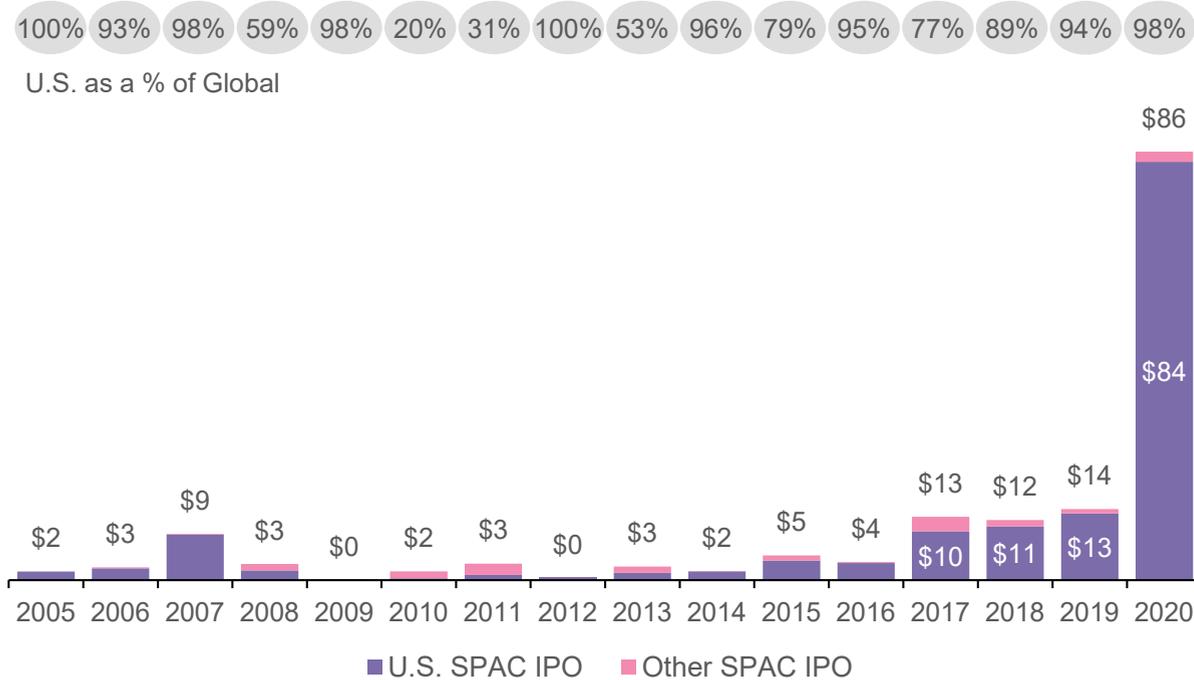
EVALUESERVE

U.S. SPAC IPO Activity Reached Record High Levels in 2020

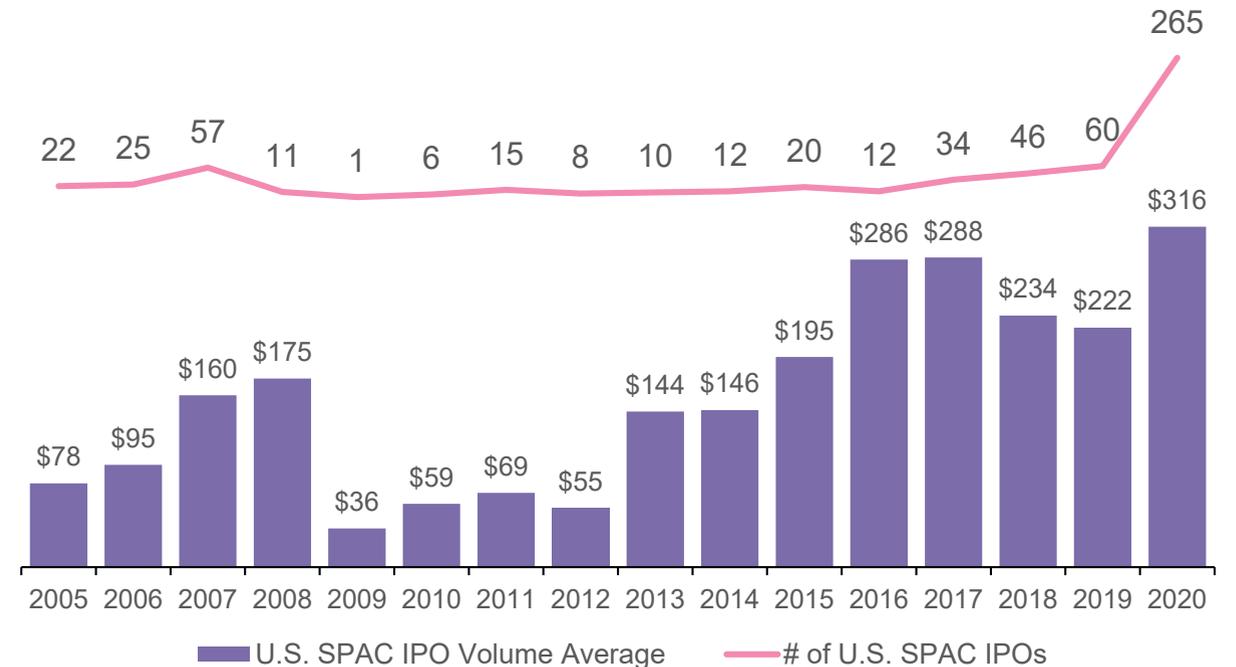


The spike in SPAC activity has two main causes: the increase in volatility in the markets due to the COVID-19 pandemic, making SPACs more appealing than traditional IPOs; and the large number of billionaire investors and bulge bracket banks sponsoring SPACs, which caught the attention of the public.

Global SPAC IPO Volume (USD billions)



U.S. SPACs - # of IPOs & Average IPO Size (USD millions)



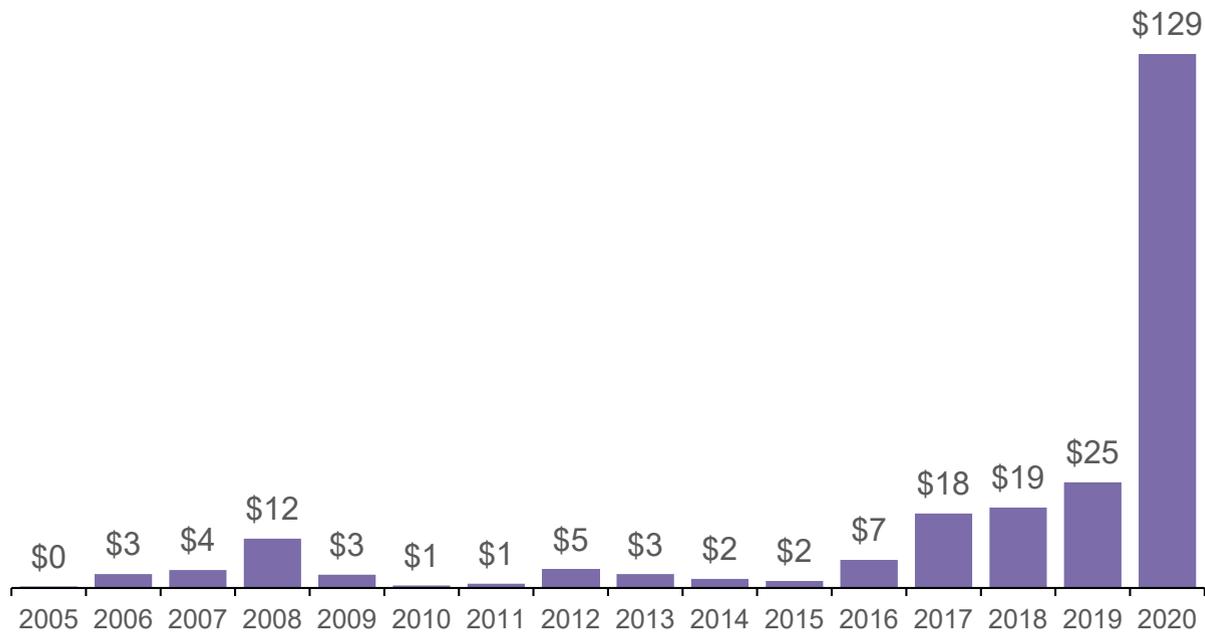
Sources: Refinitiv. Notes: U.S. represents U.S.-based stock exchanges IPOs.

U.S. SPAC M&A Deals Saw Unprecedentedly High Activity in 2020

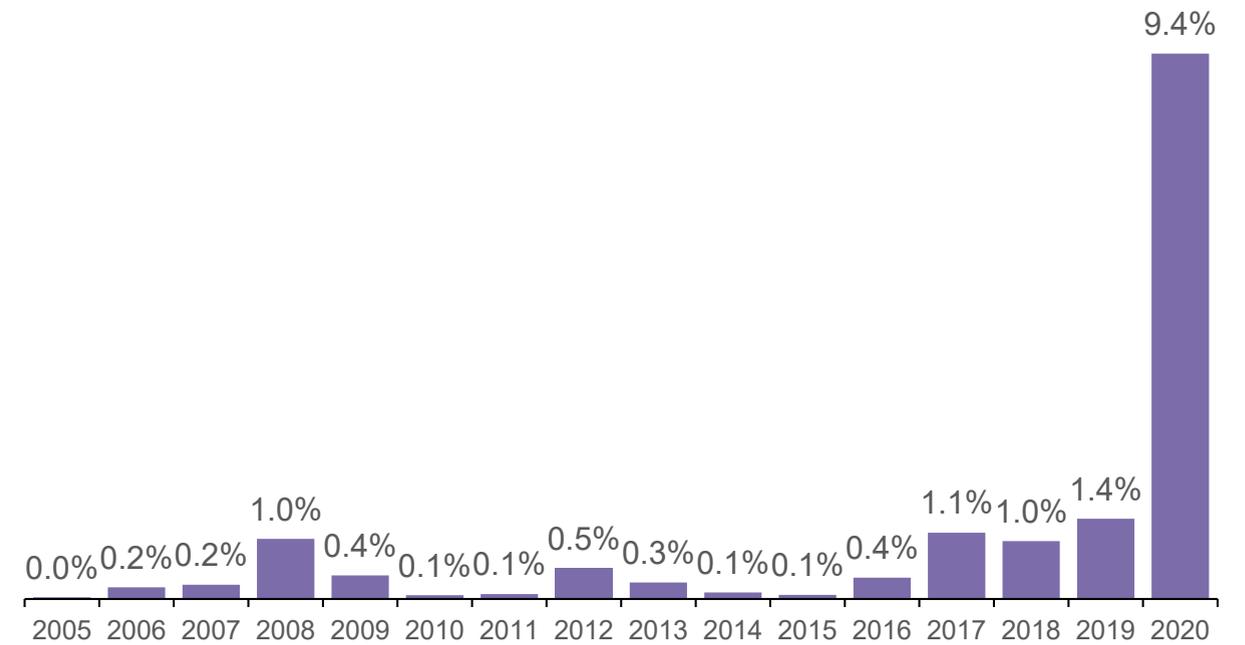


The high number of SPAC IPOs is impacting M&A deals, as SPACs have a predetermined period of up to 24 months to complete an acquisition. Besides that, the size of M&A deals tends to be higher than the IPO raised amount, as more capital can be injected at the time of the acquisition, through PIPEs, for instance.

U.S. SPAC M&A Volume (USD billions)



U.S. SPAC M&A Volume as % of Total U.S. M&A Volume



Sources: Refinitiv. Notes: U.S. represents M&A deals with U.S. targets. Years based on announcement date.

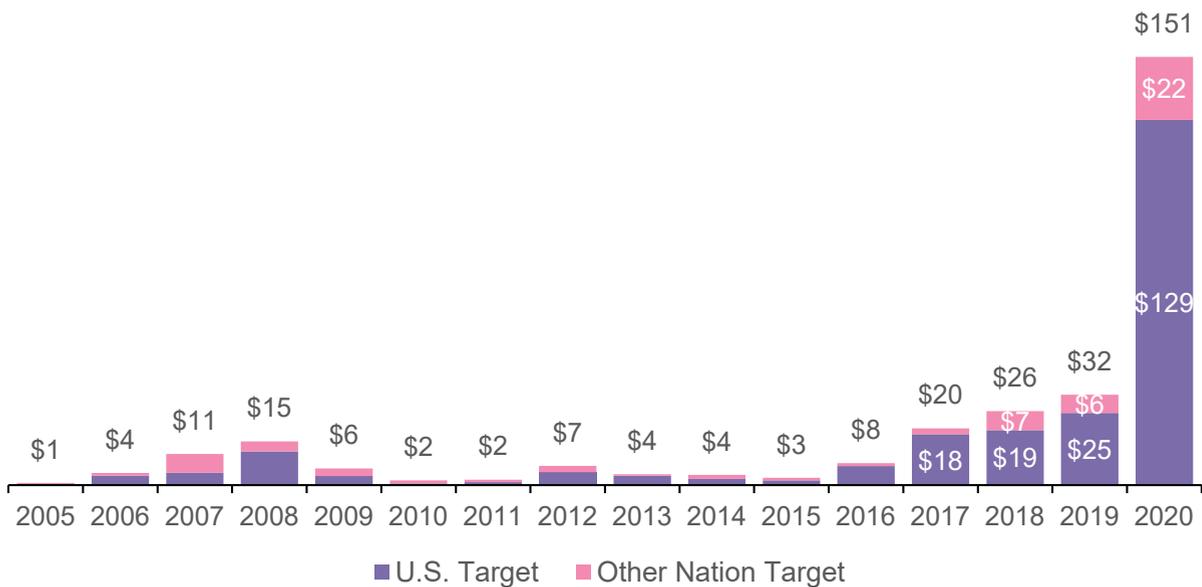
U.S. Target SPAC M&A Deals Represent 85% of Global SPAC M&A Deals



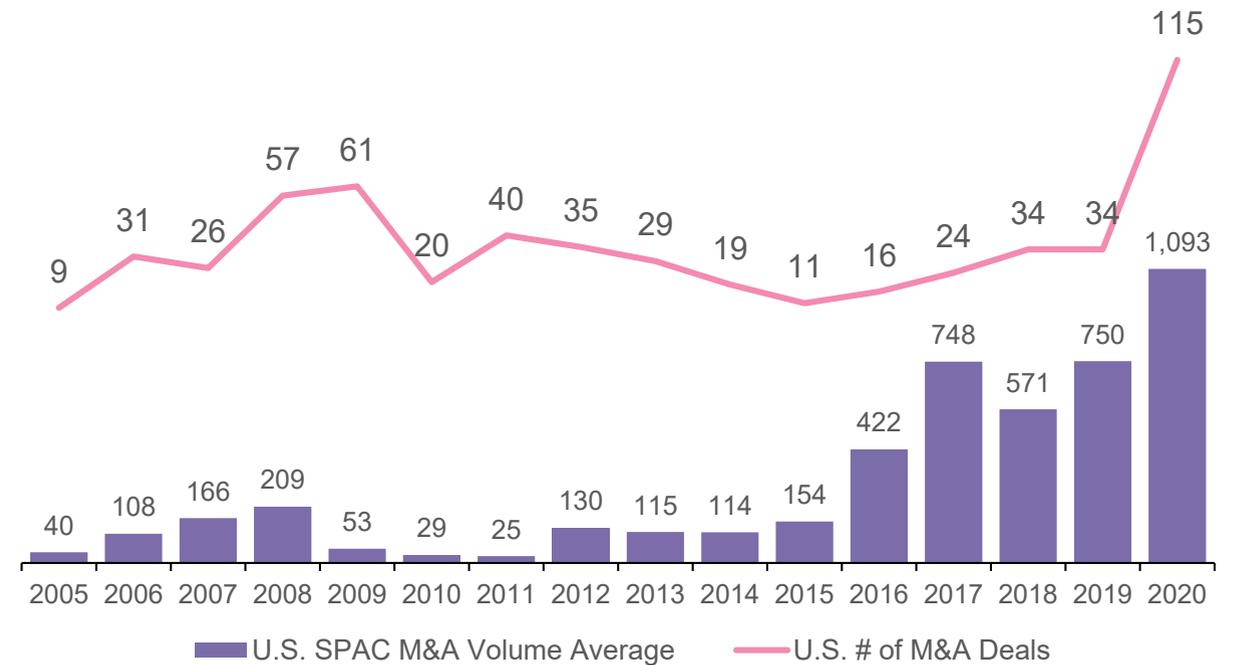
Even though 98% of SPAC IPO volume was raised in U.S. stock exchanges, 15% of SPAC M&A activity involved a target from another country in 2020. For instance, British payment solutions provider Paysafe was acquired by a SPAC in a \$9B deal.

Global SPAC M&A Volume (USD billions)

48% 79% 39% 77% 55% 35% 53% 67% 87% 60% 66% 87% 90% 74% 80% 85%
U.S. as a % of Global



U.S. SPACs - # of M&A Deals & Avg. Size (USD millions)



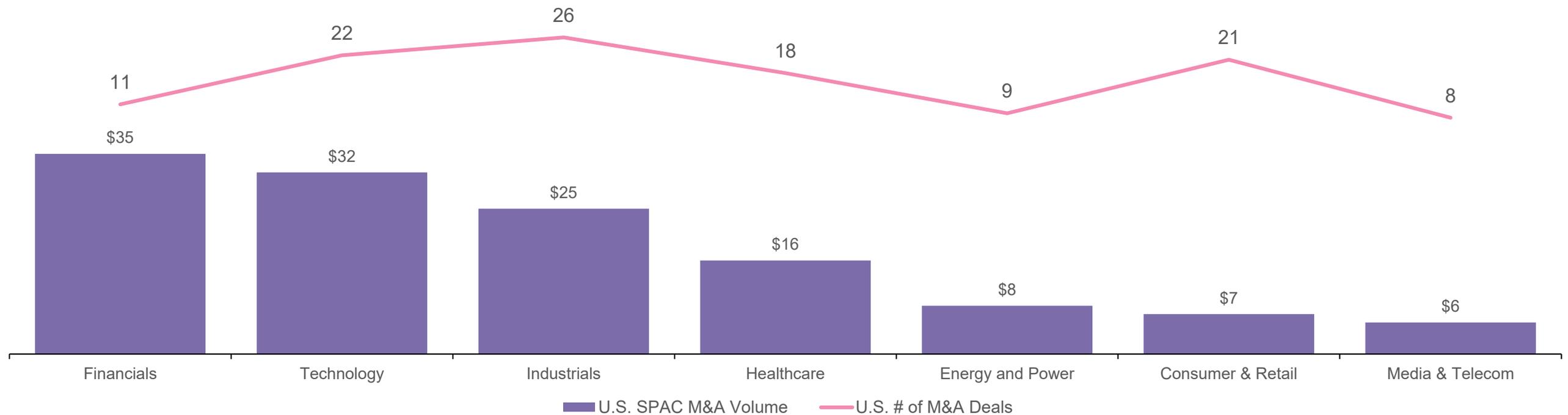
Sources: Refinitiv. Notes: U.S. represents M&A deals with U.S. targets. Years based on announcement date.

Financials Was the Industry with Highest SPAC M&A Volume Due to Large Deals



Gores Holdings IV acquired United Wholesale Mortgage for \$16.1B and Altimar Acquisition Corporation acquired Owl Rock Capital and Dyal Capital in a \$12.5B deal, making financials the industry with the highest SPAC M&A volume, despite the large number of deals involving technology and industrials targets.

U.S. SPACs - 2020 M&A Deals by Industry



Sources: Refinitiv. Notes: U.S. represents M&A Deals with U.S. targets. Years base on announcement date. Industry based on the target company.

2020 Top 5 Global SPAC M&A Deals

SPAC	Target	Sponsor	Deal Size
			<p>\$16.1B</p>
	 		<p>\$12.5B</p>
		<p>Michael Klein (Former Citigroup Banker)</p>	<p>\$11B</p>
		<p>William P. Foley, II (Cannae Holdings Chairman)</p>	<p>\$9B</p>
 <p>Social Capital Hedosophia Holdings Corp II</p>		<p>Chamath Palihapitiya and Ian Osborne (Venture Capital Investors)</p>	<p>\$4.8B</p>

Sources: Refinitiv, Press Releases.

2021 SPAC Outlook



There are approx. 300 SPACs looking for acquisitions holding \$90B in cash, which will foster M&A activity in 2021.



The large amount of SPACs looking for targets will lead to less advantageous valuations for the acquirers and will also force them to look for targets outside of the U.S. in geographies such as Asia and Europe.



Once volatility decreases in the market, SPACs will lose some of their attractiveness when compared to traditional IPOs.



The fact that sponsors will lose their initial investment in SPACs in case an acquisition is not completed combined with the limited time to complete an acquisition creates an incentive for the sponsor to be less rigorous in selecting a fundamentally solid target, which may lead to poor performance in the overall SPAC market in the medium term.

Sources: Bloomberg, The Wall Street Journal



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