

Texas M&A Trends

Third Quarter 2020

M&A activity in Texas had a mixed performance for 3Q20 compared with 2Q20, with overall U.S. M&A activity faring better. Texas activity, reflected by number of deals, decreased approximately 15% compared to 2Q20, while the U.S. reflected an uptick of 8% by the same measure. The most striking quarter-over-quarter change was a substantial increase in both Texas and U.S. deal values, with both markets showing significant increases in the aggregate and average transaction values. This increase is due to the return of large M&A transactions signed in 3Q20, including the \$21 billion acquisition of Speedway by 7-Eleven Inc., the \$19.4 billion acquisition of Immunomedics by Gilead Sciences Inc. and the \$13 billion acquisition of Noble Energy Inc. by Chevron Corporation, which significantly increased aggregate deal value. Nonetheless, deal activity remains significantly below its pre-pandemic levels, as demonstrated by the charts reflecting the number of deals for the last 12 months.

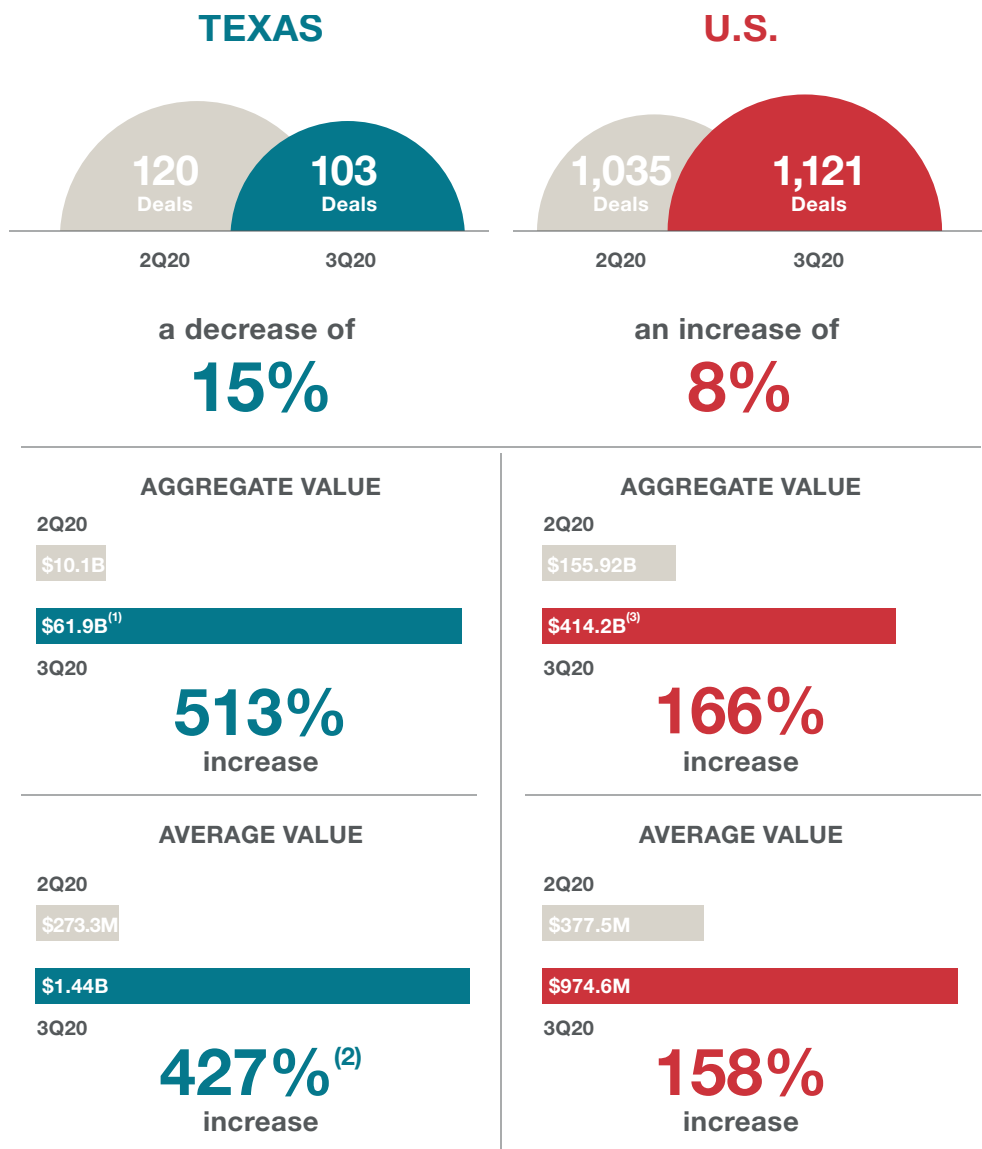


Less clear is whether the return of large M&A transactions reflects increased mid- to long-term optimism, a need for transformative transactions given expected long-term changes arising from the pandemic or simply a return to consolidation trends that existed pre-pandemic (such as those present in energy and reflected by transactions like the Chevron-Noble Energy acquisition). Regardless of the underlying reasoning, these transactions reflect a return to the negotiating table as logistical difficulties caused by stay-at-home and related orders have softened and deal professionals have found effective workarounds.

(1) Based on 44 deals with a disclosed transaction value.

(2) 3Q20 included a number of mega-deals in both the U.S. and Texas, including the \$21 billion acquisition of Speedway by Texas-based 7-Eleven Inc. and the \$13 billion acquisition of Texas-based Noble Energy Inc. by Chevron Corporation. These mega-deals dramatically increased the aggregate and average values, given the more modest changes in number of deals.

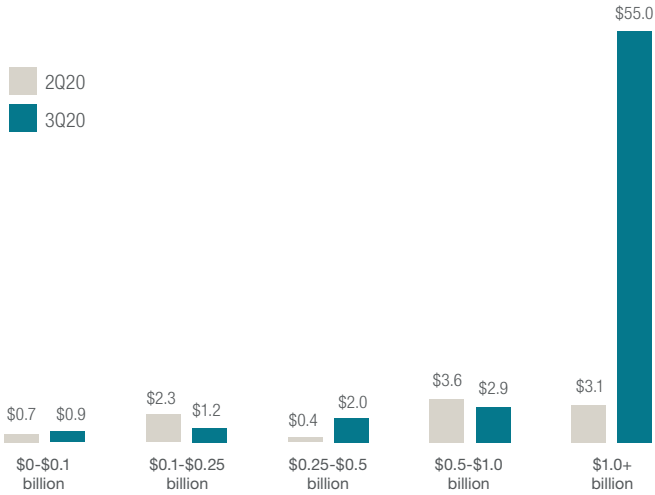
(3) Based on 426 deals with a disclosed transaction value.



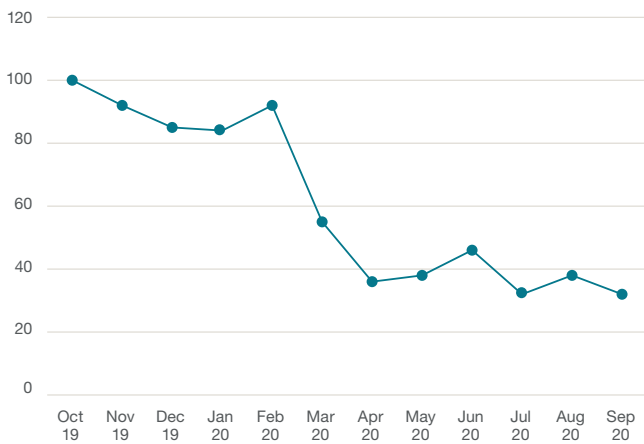
The figures included in this alert were compiled using Mergermarket for acquisitions of any value involving either public or private companies that were announced during the time period referenced and, in the case of data regarding Texas transactions, that involved at least one counterparty headquartered in Texas. Aggregate value of deals and average value of deals were calculated using only those deals that disclosed a deal value. All data was sourced as of October 7, 2020. "LTM" as used below means "last 12 months" and includes data for the preceding 12 months, including the current month. The industrial categories referenced herein were named and categorized by Mergermarket. Data obtained from Mergermarket has not been reviewed for accuracy by Baker & Hostetler LLP.

TEXAS

TRANSACTION SIZE DISTRIBUTION

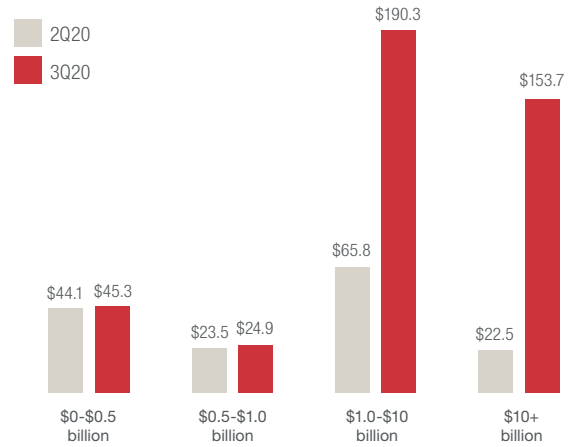


NUMBER OF DEALS (MONTH BY MONTH)

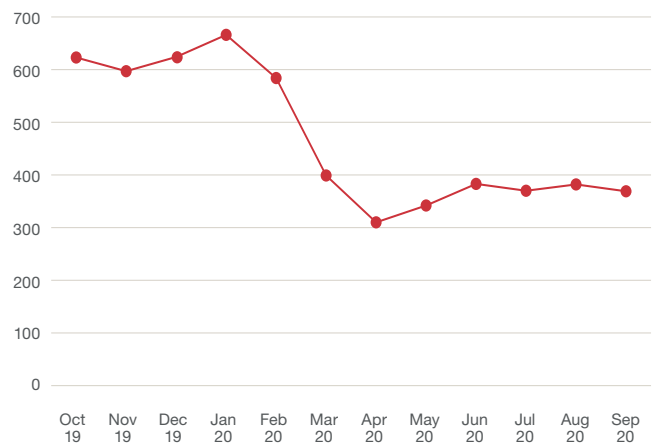


U.S.

TRANSACTION SIZE DISTRIBUTION



NUMBER OF DEALS (MONTH BY MONTH)

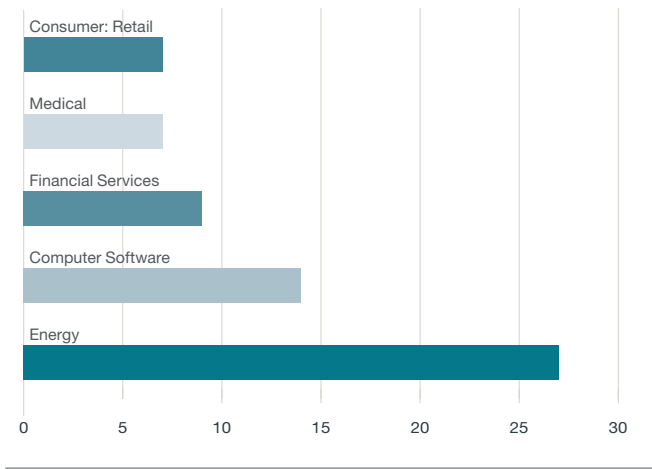


TEXAS

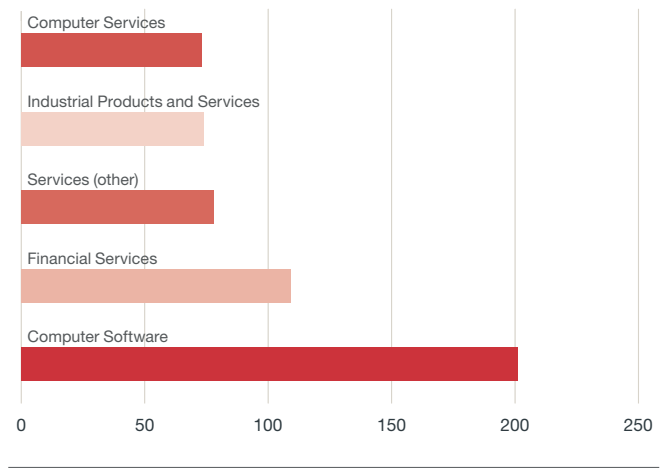
U.S.

Most Active Industries

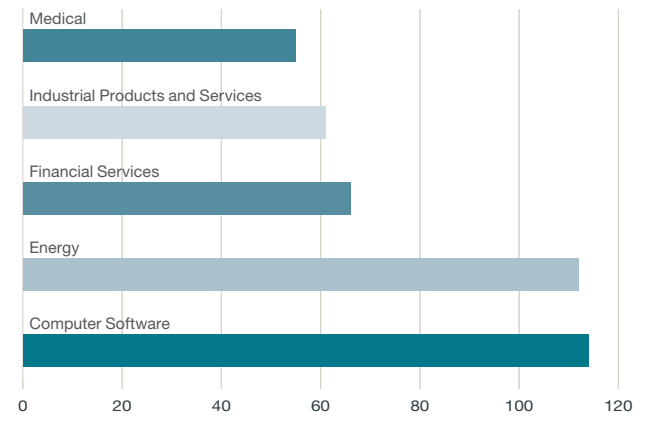
NUMBER OF DEALS (3Q20)



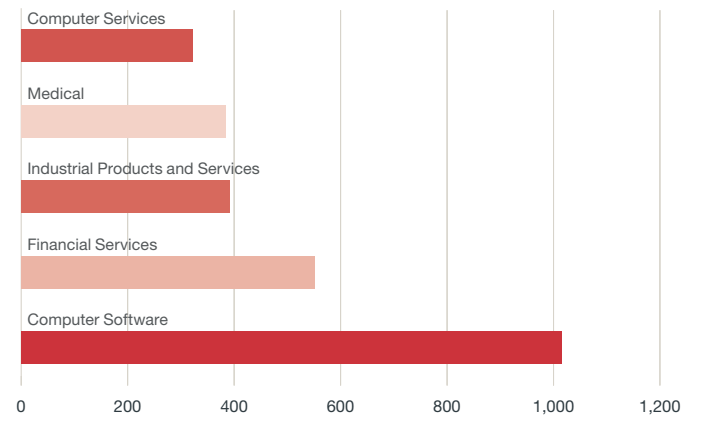
NUMBER OF DEALS (3Q20)



NUMBER OF DEALS (LTM)



NUMBER OF DEALS (LTM)



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