

## Texas M&A Trends

Fourth Quarter 2020

M&A activity for 4Q20 in both Texas and the U.S. continued to improve generally compared with 3Q20, with Texas M&A activity outpacing the results in the broader U.S. market by a relative increase in the number of deals. Both markets saw valuation metrics buoyed by large M&A transactions – including ConocoPhillips’ acquisition of Concho Resources, Thoma Bravo’s acquisition of RealPage Inc. and Pioneer Natural Resources Company’s acquisition of Parsley Energy, all of which had a Texas connection. The first half of 2020 reflected a dearth of large transactions, while the second half saw increased and continuing large M&A activity. The underlying thesis for these transactions spanned the spectrum – from cost-cutting consolidations (seen, for example, in the hard-hit energy industry) to transformative combinations in the tech space (such as Salesforce’s acquisition of Slack Technologies, which the Salesforce CEO described as a combination to “transform the way everyone works in the all-digital, work-from-anywhere world”<sup>(1)</sup>).

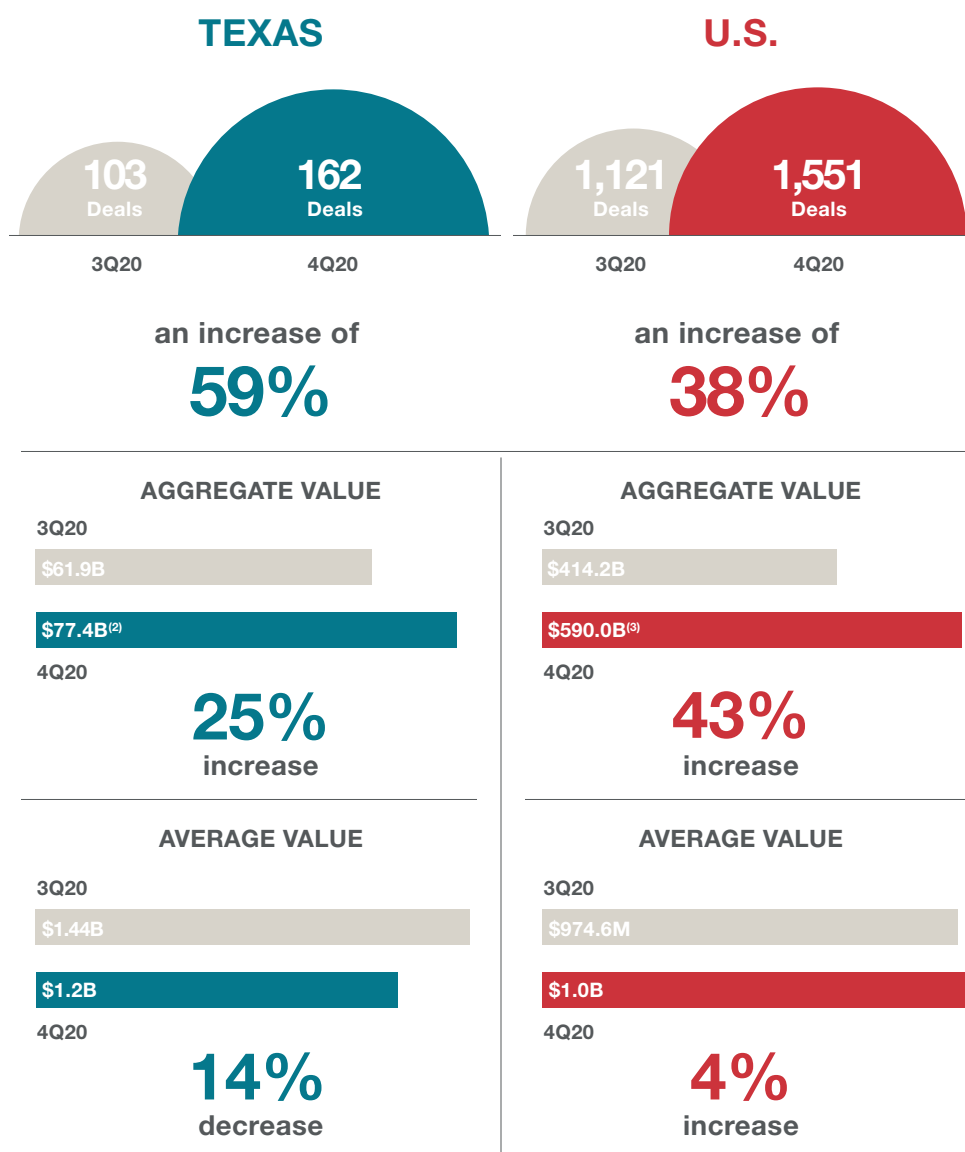


No doubt 2020 M&A activity for both Texas and the U.S. fell behind the results of the past few years, but in some ways, it seemed robust given the incredibly trying circumstances and events of 2020 – including the economic and social disruptions of the COVID-19 global pandemic and an incredibly contentious 2020 presidential and congressional election cycle. Predictions for 2021 activity are especially difficult, given the unknown lingering effects of the pandemic (and the vaccine distribution) and the likely changing legal landscape (especially with respect to taxes and regulatory regimes) given the outcome of the 2020 presidential and congressional elections. These changes could both spur and stymie M&A activity in the year to come. For now, most M&A deal professionals are cautiously optimistic for 2021.

<sup>(1)</sup> Salesforce – Slack Joint press release, dated Dec. 1, 2020.

<sup>(2)</sup> Based on 62 deals with a disclosed transaction value.

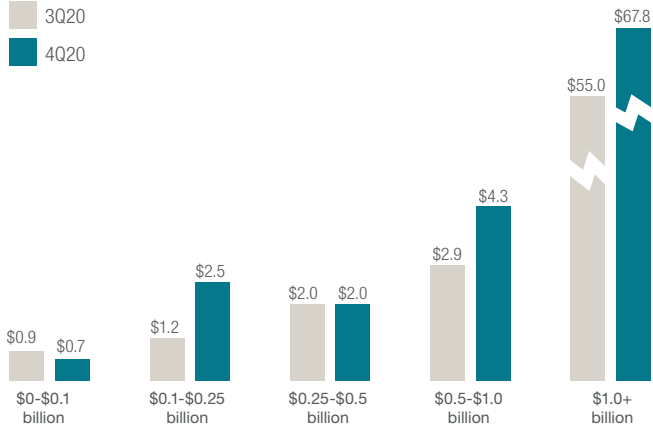
<sup>(3)</sup> Based on 582 deals with a disclosed transaction value.



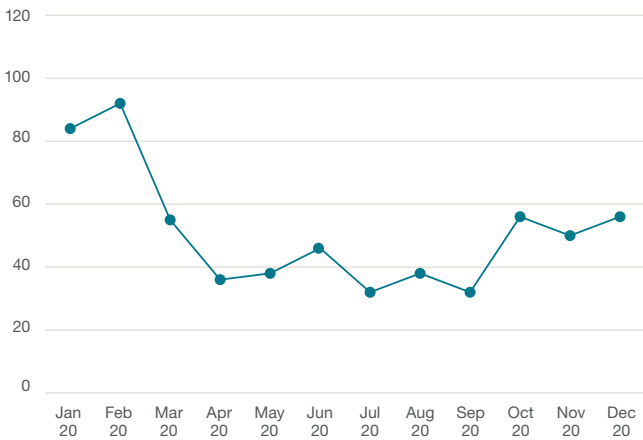
The figures included in this alert were compiled using Mergermarket for acquisitions of any value involving either public or private companies that were announced during the time period referenced and in the case of data regarding Texas transactions, that involved at least one counterparty headquartered 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 Jan. 7, 2021. “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

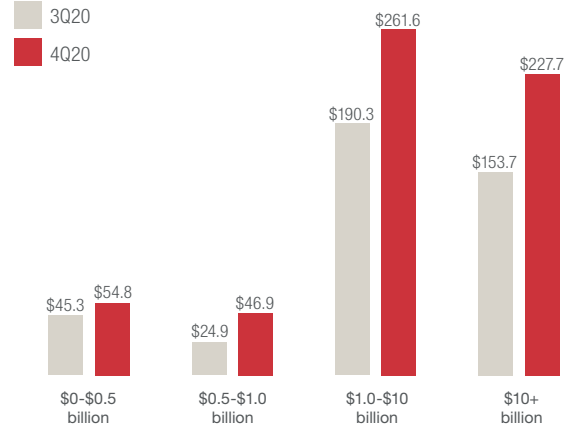


## NUMBER OF DEALS (MONTH BY MONTH)

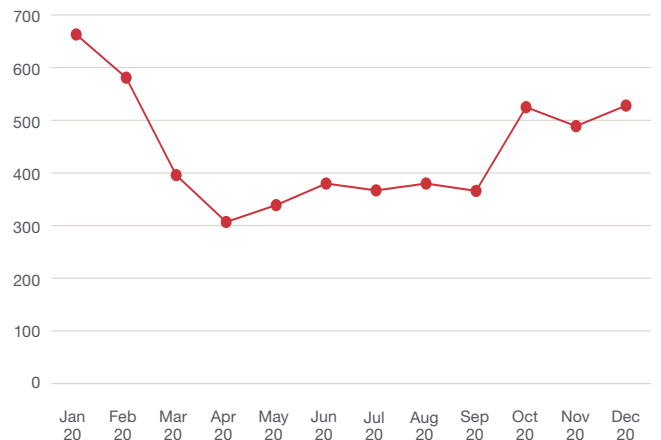


# U.S.

## TRANSACTION SIZE DISTRIBUTION



## NUMBER OF DEALS (MONTH BY MONTH)

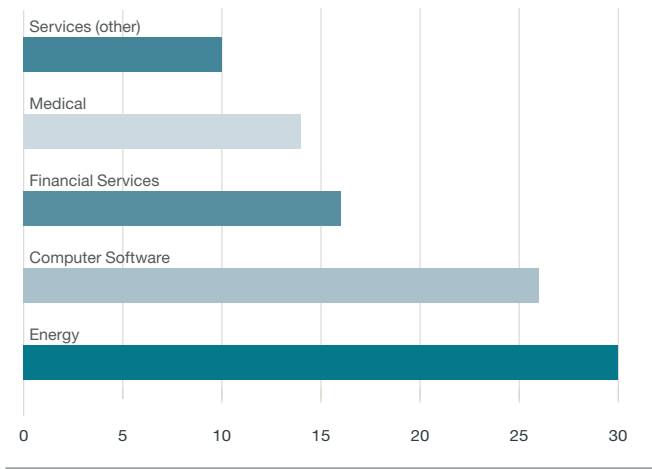


# TEXAS

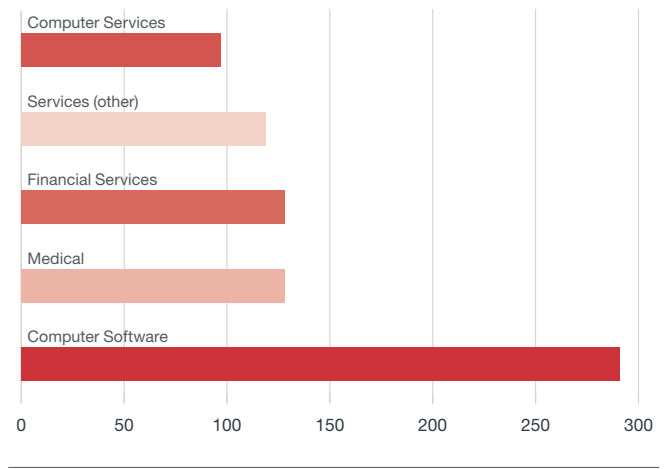
# U.S.

## Most Active Industries

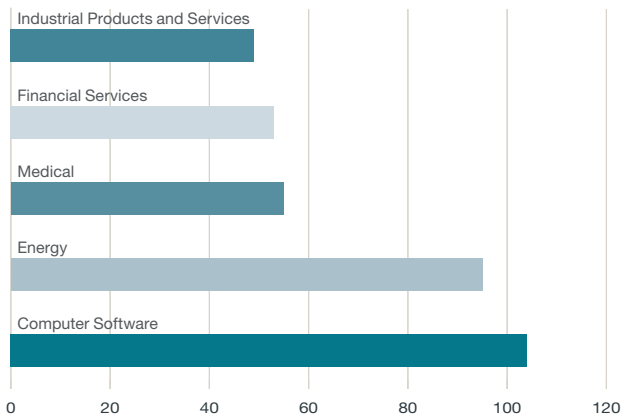
### NUMBER OF DEALS (4Q20)



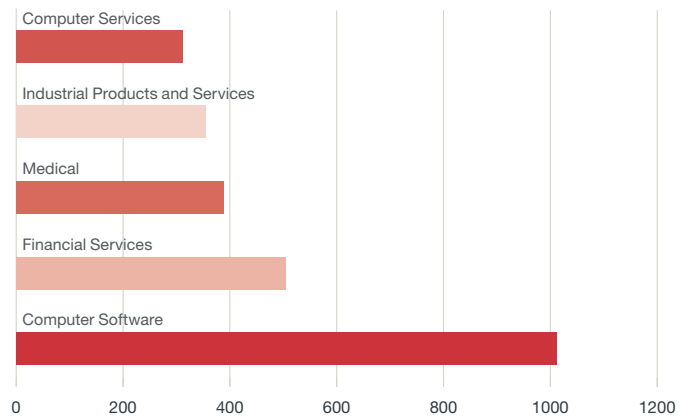
### NUMBER OF DEALS (4Q20)



### NUMBER OF DEALS (LTM)



### NUMBER OF DEALS (LTM)



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