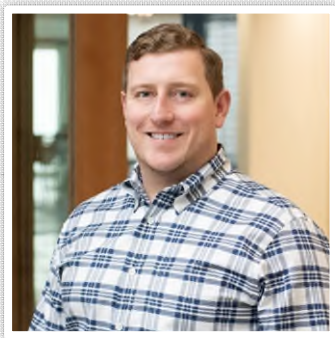


# THE SPAC BOOM – CURRENT TRENDS AND WHAT YOU NEED TO KNOW

September 2020

**nvca** orrick 

# Speakers



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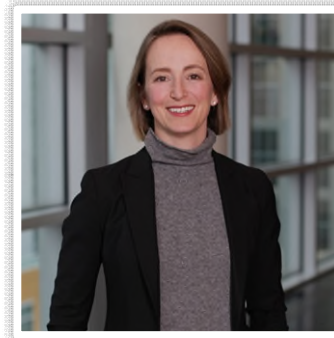


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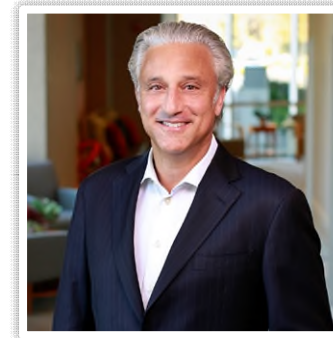


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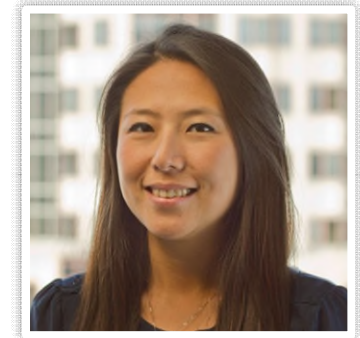


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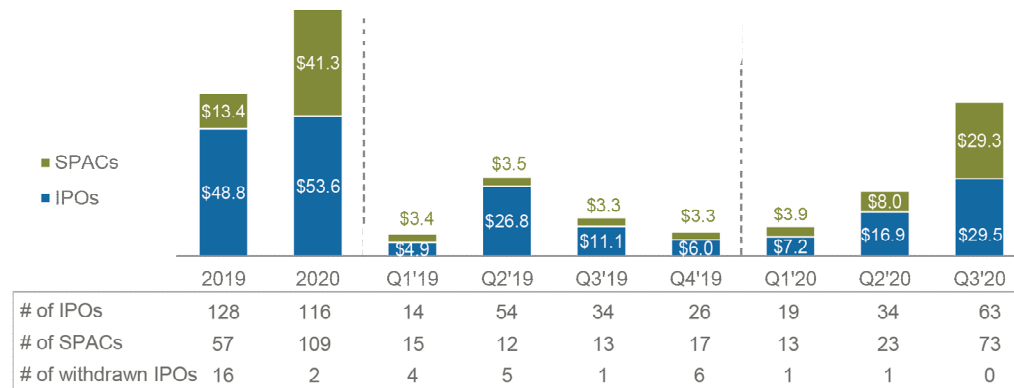
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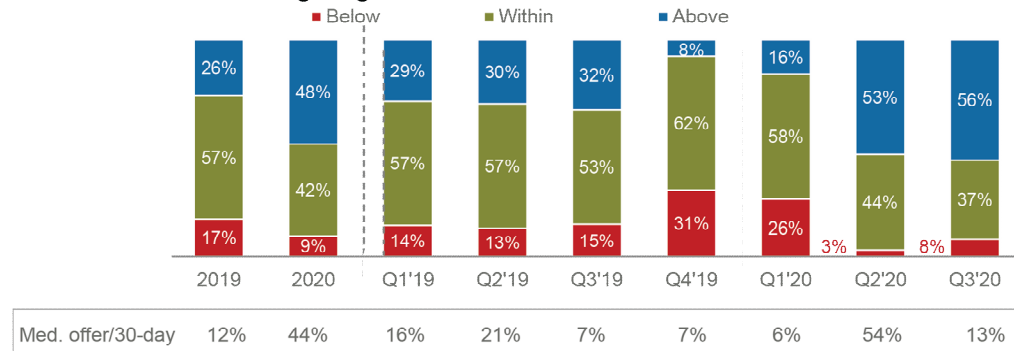
# IPO Issuance Has Accelerated Given a Constructive Market Backdrop

## IPO issuance

Proceeds raised (\$bn)



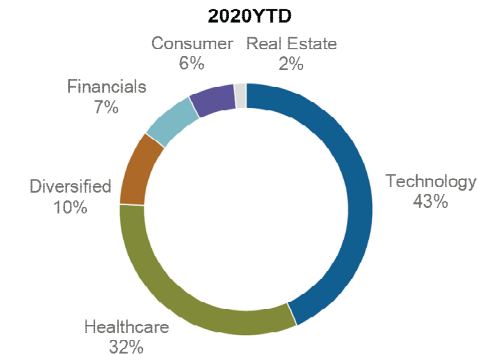
## Above/Below/Within filing range<sup>1</sup>



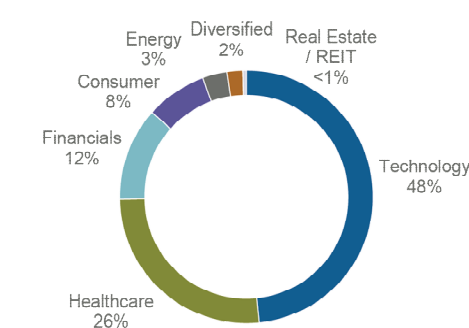
Source: Dealogic, Bloomberg and FactSet as of 09/25/20. Excludes deals <\$50mm and CLEFs. Median Offer/30-day represents offer/current for those IPOs that have not reached 30 days  
<sup>1</sup> By number of deals; excludes SPACs

## 2019 - 2020YTD IPO issuance by sector

By proceeds raised

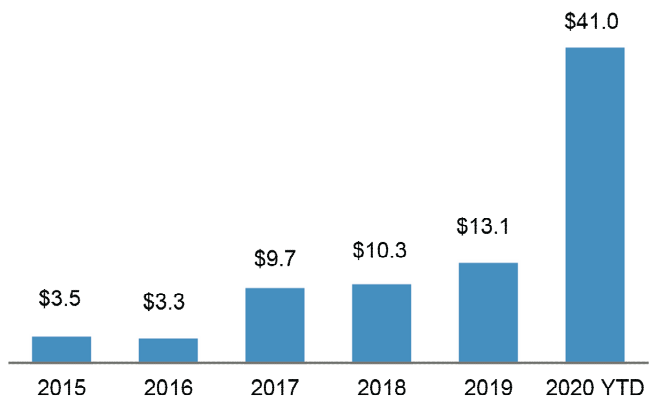


## 2019



# SPACs Have Become a Significant Portion of the IPO Market

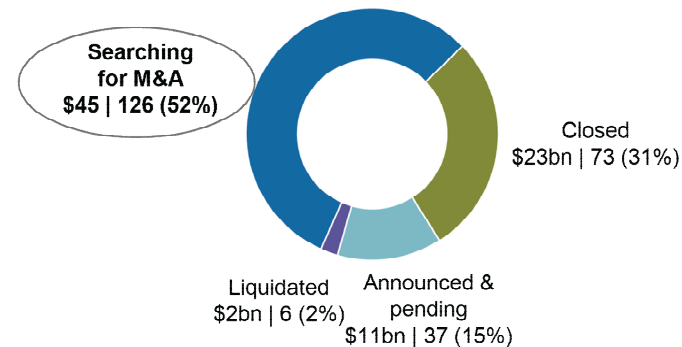
Annual U.S. SPAC IPO volume (\$bn)



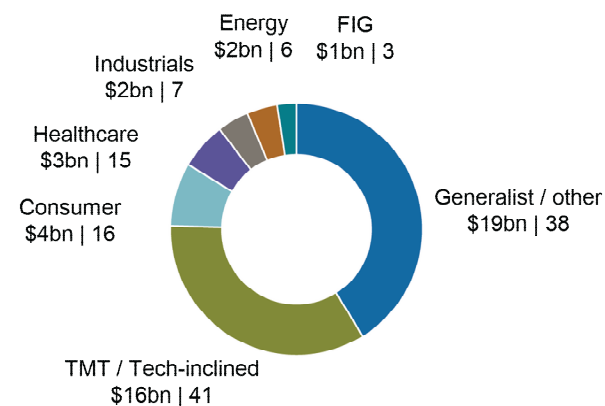
# deals	13	9	29	37	52	102
# closed	12	8	23	24	6	0
Avg size	\$269	\$366	\$335	\$278	\$252	\$402
Largest deal	\$500	\$690	\$1,035	\$690	\$690	\$4,000
% of IPO mkt	11%	15%	20%	18%	22%	44%

Source: Dealogic as of 9/25/20  
 \*Includes SPAC IPOs ≥\$100mm since 2015  
 Note: Performance data for closed transactions

Status of SPAC IPOs since 2015 (\$81bn | 242 SPACs)



SPACs looking for targets by sector (\$45bn | 126 SPACs)



J.P.Morgan

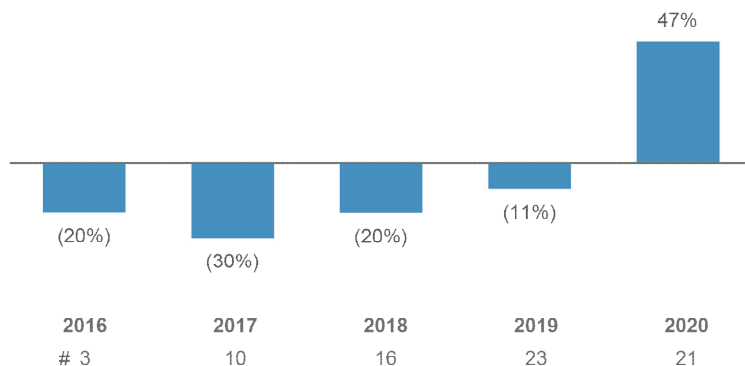
# Overview of the 25 Most Recent SPAC IPOs

Pricing date	Issuer	SPAC IPO size (\$mm)	Forward purchase agreement	Repeat issuer	Warrant structure	Sponsors	Affiliated firms	Target sector	Acquisition limit months
09/24/20	FinTech Acquisition IV	\$200		✓	1/3	Betsy Cohen, Daniel Cohen, James McEntee, Douglas Listman	Cohen & Co	FinTech – data processing, storage and transmission services, data bases, payment processing services	24
09/24/20	Vector Acquisition Corp	300			1/3	Alex Slusky, David Fishman, David Baylor	Vector Capital	Technology and technology-enabled services	24
09/23/20	Peridot	300			1/2	Alan Levande, Markus Specks	Carmelian Energy Capital Management	Environmentally sound infrastructure, industrial applications and disruptive technologies	24
09/22/20	VPC Impact	200			1/2	John Martin, Gordon Watson, Olibia Stamatoglou	Victory Park Capital Advisors	FinTech	24
09/22/20	ArcLight Clean Transition	250			1/2	Daniel Revers, Jake Erhard, Marco Gatti	ArcLight Capital Partners	Sustainability of energy and natural resources	24
09/21/20	PMV Consumer	175			1/2	Kasper Jakobsen, Joseph Gabelli, John Givissis, Peter Goldstein	Gabelli Group	Consumer and the technology, infrastructure and supply chain components that enable consumer consumption	24
09/21/20	Falcon Capital	345		✓	1/3	Alan Mnuchin, Saif Rahman	Eagle Equity Partners	Media, digital media/consumer technology, interactive entertainment and related industries	24
09/18/20	North Mountain	115		✓	1/2	Charles Bernicker, Nicholas Dermatas	Millais Limited	FinTech	24
09/17/20	Alpha Healthcare	100		✓	1/2	Rajiv Shukla, Patrick Sturgeon	-	Healthcare	24
09/16/20	Executive Network Partnering	360			1/4	Alex Dunn, Paul Ryan	Solamere Capital	Generalist	24
09/16/20	Oaktree Acquisition Corp II	250		✓	1/4	Patrick McCaney, Alexander Taubman, Zaid Pardesi	Oaktree Capital Management	Industrial and consumer	24
09/16/20	ACON S2	250			1/3	Adam Kriger, John Roush	ACON Investments	Sustainability	24
09/16/20	Reinvent Technology Partners	600			1/4	Reid Hoffman, Mark Pincus, Michael Thompson	Reinvent Capital	Consumer internet, mobile gaming, or broader technology sectors	24
09/15/20	Sandbridge	200			1/2	Ken Suslow, Richard Henry	Sandbridge Capital	Consumer	24
09/15/20	Equity Distribution	414			1/3	Sam Zell, Bill Galvin, Philip Tinkler	Equity Group Investments	Industrial	24
09/14/20	Software Acquisition II	150		✓	1/2	Jonathan Huberman, Mike Nikzad	-	Technology – Software	24
09/11/20	Ribbit LEAP	403		✓	1/5	Micky Malka	Ribbit Capital	FinTech	24
09/10/20	TWC Tech Holdings II	694		✓	1/3	Adam Clammer, James Greene, Rufina Adams	True Wind Capital	Technology and technology-enabled services	24
09/10/20	Broadstone	300			1/2	Hugh Osmond, Marc Jonas, Edward Hawkes	-	Generalist in the UK and Europe	24
09/10/20	Tortoise Acquisition Corp II	345		✓	1/4	Vincent Cabbage, Stephen Pang	Tortoise Capital	Energy transition or sustainability	24
09/10/20	Starboard Value	360		✓	1/6	Jeffrey Smith, Martin McNulty, Kenneth Marlin	Starboard Value	Technology, healthcare, consumer, industrials and hospitality & entertainment sectors	24
09/10/20	Prime Impact I	345			1/3	Michael Cordano, Mark Long, Jim McLean	-	TMT, Med Tech and Industrial Tech	24
09/09/20	NavSight Holdings	230			1/2	Robert Coleman, Jack Pearlstein	-	Technology focused on U.S. government customers supporting national security, intelligence and defense	24
09/08/20	Cohn Robbins Holdings	828			1/3	Clifton Robbins, Gary Cohn, Charles Kwon	-	Consumer and, within the technology sector, software and fintech	24
09/03/20	BCTG Acquisition	145		✓	-	Aaron Davis, Christopher Fuglesang, Michael Beauchamp	Boxer Capital	Biotechnology	24

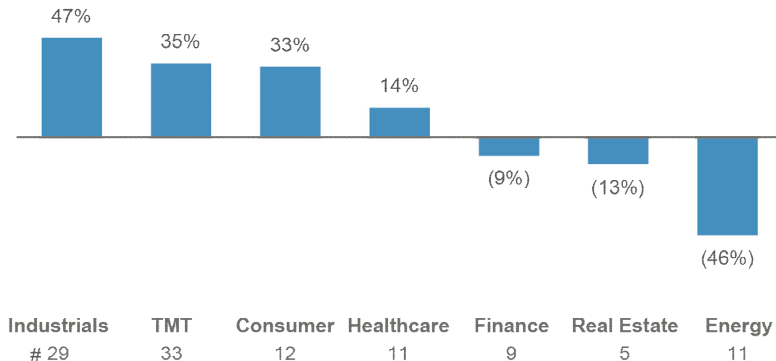
Note: Includes SPAC IPOs ≥\$100mm  
Source: Dealogic, Company filings, as of 9/25/20

# Trading Performance for SPAC M&A Deals Has Varied by Sponsor and Sector

Average price performance of closed M&A<sup>1</sup>



Average price performance of announced M&A by sector<sup>2</sup>



Most recent announced SPAC acquisitions

M&A announ. date	Pricing date	Issuer	SPAC IPO size (\$mm)	M&A firm value (\$mm)	PIPE / Conv. Pref Target	% redemptions	IPO / current
09/24/20	07/25/19	Switchback Energy	\$300	\$2,401	\$225 ChargePoint	NA	52%
09/23/20	01/23/20	Gores Holdings IV	425	16,052	500 United Wholesale Mort.	NA	8%
09/21/20	11/16/17	Legacy Acquisition	300	331	- CARiD	77%	7%
09/18/20	07/11/19	Pivotal Acquisition I	230	1,087	150 <sup>3</sup> XL Fleet	NA	31%
09/15/20	04/27/20	Social Capital II	414	4,768	600 Opendoor	NA	81%
09/09/20	08/06/19	Haymaker II	400	1,978	- ARKO Corp.	NA	3%
09/08/20	07/17/19	Conyers Park II	450	5,200	500 Advantage Solutions	NA	6%
09/08/20	05/19/20	B Riley Principal II	175	517	40 Eos Energy Storage	NA	8%
09/03/20	06/25/20	Kensington Capital	230	3,321	500 QuantumScape	NA	95%
09/02/20	03/05/20	Flying Eagle	690	3,250	159 Skillz	NA	28%
<b>Mean:</b>			<b>\$361</b>	<b>\$3,891</b>		<b>77%</b>	<b>32%</b>
<b>Median:</b>			<b>\$350</b>	<b>\$2,826</b>		<b>77%</b>	<b>18%</b>

Largest de-SPACings since 2015

M&A announ. date	Pricing date	Issuer	SPAC IPO size (\$mm)	M&A firm value (\$mm)	PIPE / Conv. Pref Target	% redemptions	IPO / current
09/23/20	01/23/20	Gores Holdings IV	\$425	\$16,052	\$500 United Wholesale Mort.	NA	8%
07/13/20	02/13/20	Churchill Capital III	1,000	11,138	2,567 MultiPlan	NA	13%
12/10/19	06/07/18	GS Acquisition	690	5,318	1,239 Vertiv	0%	89%
09/08/20	07/17/19	Conyers Park II	450	5,200	500 Advantage Solutions	NA	6%
09/15/20	04/27/20	Social Capital II	414	4,768	600 Opendoor	NA	81%
01/14/19	09/06/18	Churchill Capital	690	4,229	15 Clarivate Analytics	0%	190%
09/16/19	10/18/17	Mosaic Acquisition	345	4,197	325 Vivint Smart Home	90%	84%
08/16/17	03/23/17	Silver Run II	1,035	3,836	- Alta Mesa & Kingfisher	0%	NA
03/03/20	05/15/18	VectoIQ	230	3,324	525 Nikola	0%	372%
09/03/20	06/25/20	Kensington Capital	230	3,321	500 QuantumScape	NA	95%
<b>Mean:</b>			<b>\$551</b>	<b>\$6,138</b>		<b>18%</b>	<b>104%</b>
<b>Median:</b>			<b>\$438</b>	<b>\$4,499</b>		<b>0%</b>	<b>84%</b>

Source: Dealogic; Company filings, as of 9/25/20

Note: Includes deals  $\geq$ \$100mm IPO size; price performance includes performance of both common and warrant

<sup>1</sup> Performance since IPO for transactions closed in given year

<sup>2</sup> Performance since IPO for M&A announcements for SPACs priced since 2015

<sup>3</sup>FPA structured as up to \$150mm, M&A transaction sources only includes \$150mm PIPE

# The Phases of a SPAC

## DE-SPAC TRANSACTION



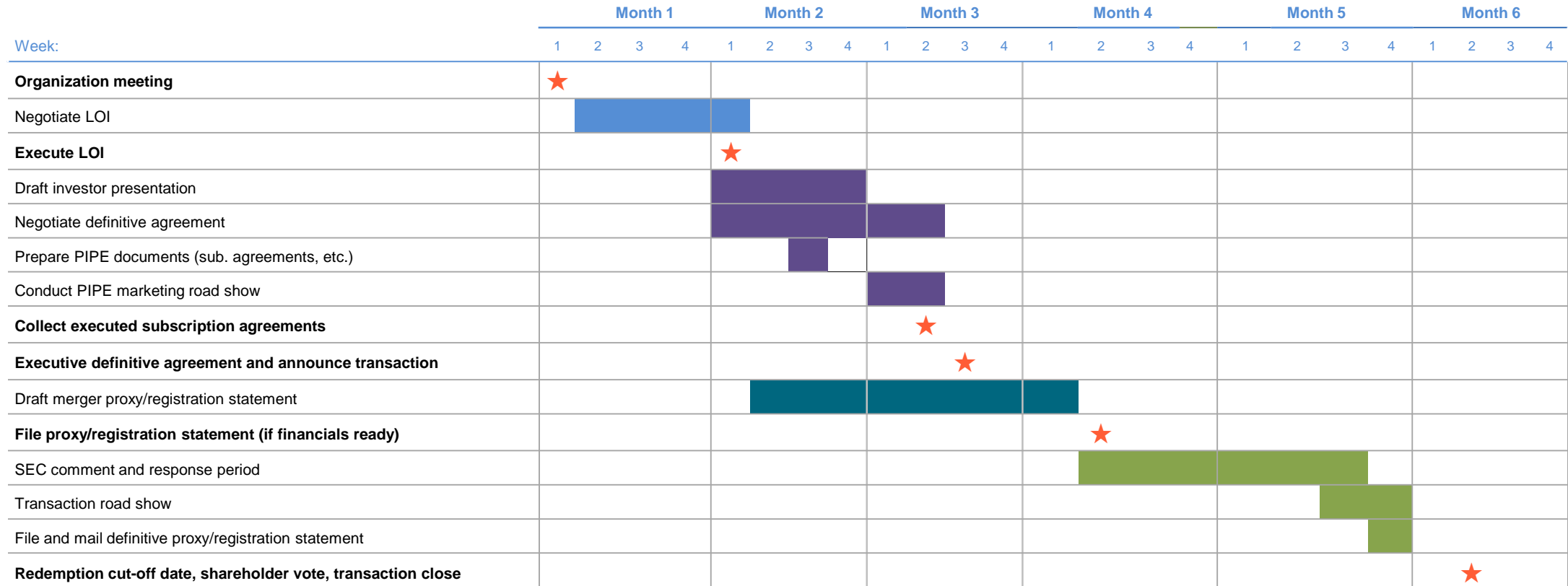
# De-SPACing Process Timeline

## Phases 2 & 3

There are two broad workstreams in Phase 2 & 3 of the transaction:

- **Marketing** | Create investor presentation, finalize public projections, prepare for investor meetings
- **Legal** | Generate key documents (subscription agreements, definitive agreement, ancillary documents)

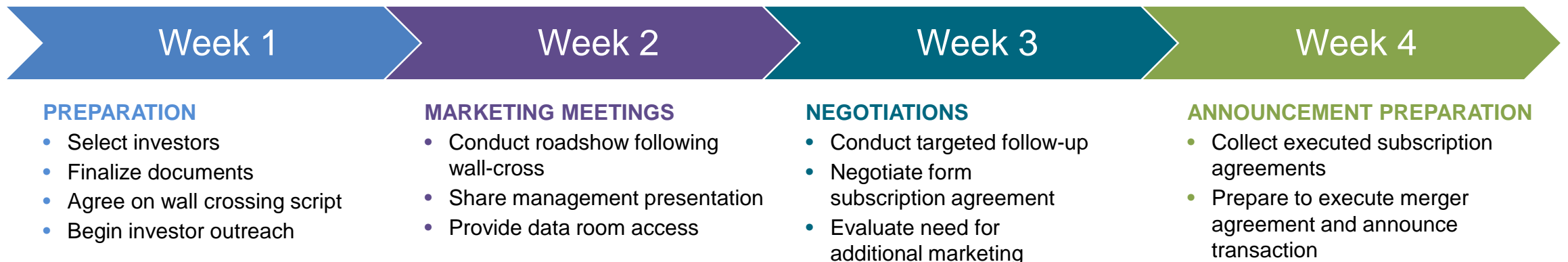
However, the closing timeline is ultimately determined by the proxy filing (and financials); below is a sample timeline we have used on prior deals that assumes a roughly 4 to 5 month time period.





# SPAC PIPE Process

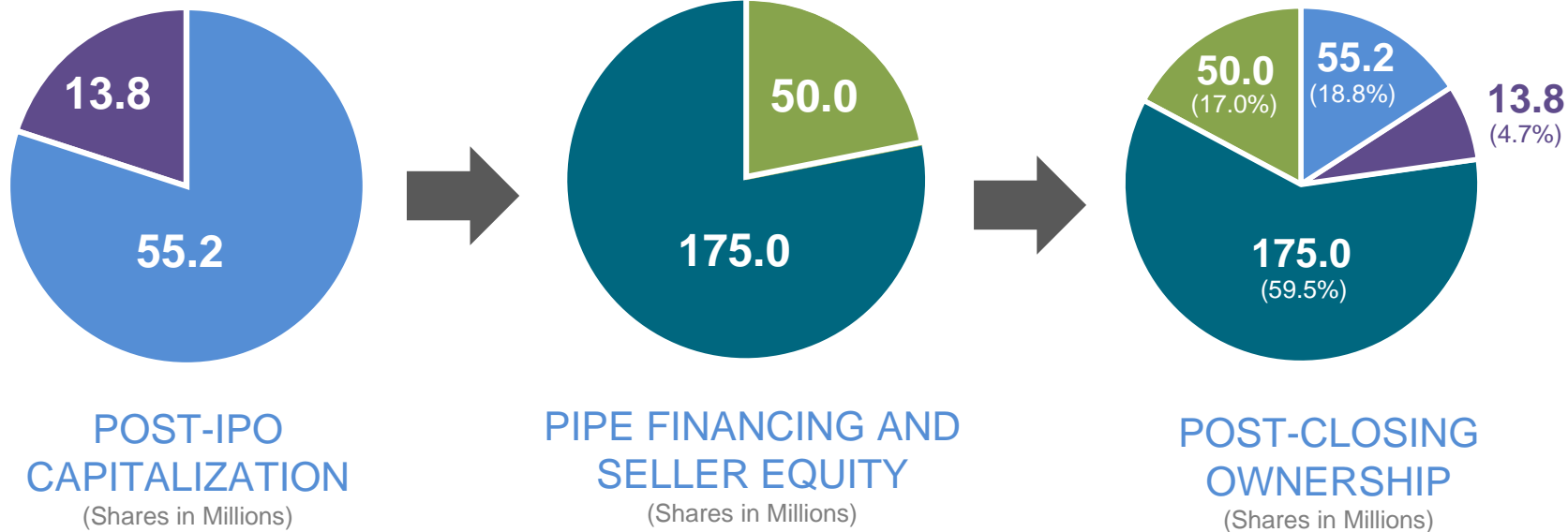
- **A SPAC PIPE can be accomplished in an efficient process that supports the longer-term execution process (and is often simultaneous).**
- Potential PIPE investors are first wall-crossed and only receive information that will be shared at announcement; some investors may come under NDA in limited circumstances.
  - They will typically receive access to a data room that includes at least an investor presentation, summary risk factors and a subscription agreement.
    - Other potential documents include the nonbinding LOI, a draft merger agreement (often provided 24-48 hours in advance of signing), audited financials and even a draft of the merger proxy (if prepared).
- Investors conduct ‘public-style’ due diligence – they do not receive information that is not shared with the general public (no MNPI).
- However, PIPE investors **do** receive projections – which are shared with the public announcement.



# Example Post-Closing Ownership Breakdown

(Assumes \$552M SPAC IPO)

The following charts reflect: (i) hypothetical \$552 million SPAC IPO; (ii) post-SPAC IPO the public owns 55.2 million shares in the SPAC and the founder owns 13.8 million shares, for the standard 80/20 percent split; (iii) assume no redemptions or forfeitures; (iv) \$500 million PIPE at \$10 per share; (v) pro forma combined company equity value of \$2.9 billion; and (vi) excludes the impact of SPAC warrants.

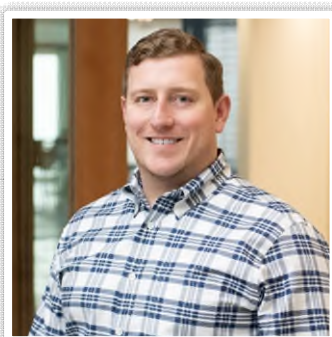




# Pre-Transaction Considerations

- Operating Company Investor Considerations
  - Lock-Ups/Registration Rights
  - Evaluation of necessary approvals / waivers
    - Likely not a deemed liquidation event as will not constitute a change of control
    - Will not trigger traditional IPO auto-convert provisions
    - Conversion of convertible notes will often not be triggered
  - Pre-transaction financing considerations – modifying documentation proactively in anticipation of a De-SPAC transaction
- Operating Company Control and Board Considerations
  - Post-Combination Board Composition
- Tensions between founders, stockholders, board and other constituent groups

# Q&A



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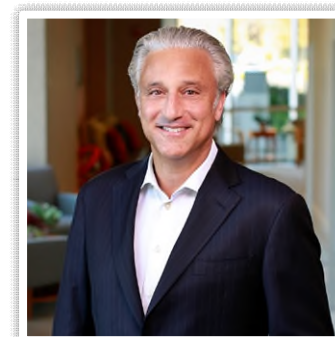


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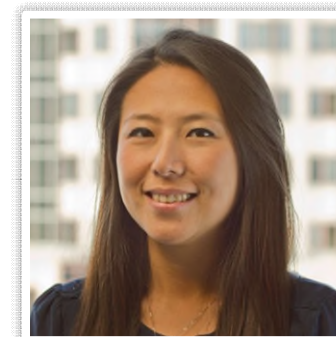


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