2024 M&A Deal Leaks Report

A study by SS&C Intralinks and the M&A Research Centre (MARC), Bayes Business School, City, University of London

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Introduction

Despite stringent regulatory oversight of global financial markets and a culture of confidentiality in mergers and acquisitions (M&A), leaks, both intentional and unintentional, are a reality of dealmaking. The motivations behind intentional leaks — whether it's accelerating deal timelines, sparking a bidding war or driving up valuations — are well-known.

But is the prospect of a premium bump worth the financial and reputational risk?

The annual *SS&C Intralinks M&A Leaks Report* examines leaks by region and sector to better understand how leaks impact closing rates, completion times, takeover premiums and bidding competition.

Methodology

Deals were sourced from Refinitiv's SDC Platinum, with share and index price information coming from Refinitiv's DataStream EIKON Database. In this report, we have defined leaked deals as those showing significant pre-announcement trading activity (SPAT), indicating insider knowledge.

The initial sample includes 17,944 deals initiated between January 1, 2009, and December 31, 2023.

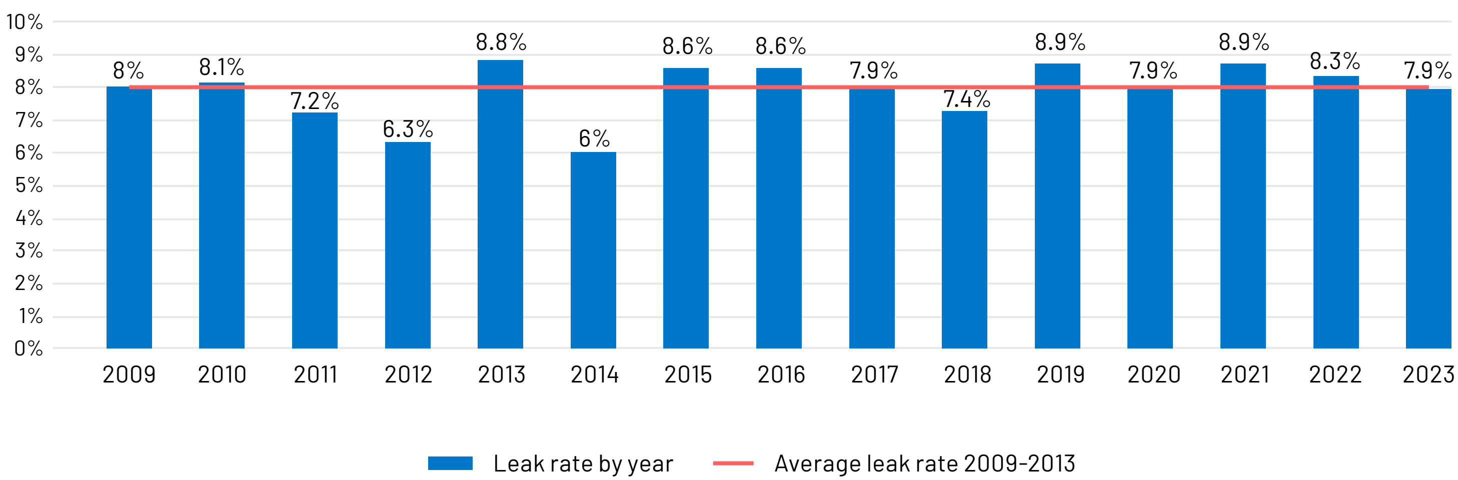
After excluding targets without sufficient stock trading records and those with zero stock returns for more than half of the observation period, the final sample comprises 13,931 bids, with any subsequent bids in a series removed. Notably, special purpose acquisition companies (SPACs) are included among target companies.

KEY FINDING 01

Global deal leaks dipped slightly

In 2023, the number of global M&A deals involving leaks decreased to 7.9 percent compared to 8.3 percent in 2022. Both figures are very close to the historical average of eight percent dating back to 2009. While declining leak rates following a 2021 peak of 8.9 percent could be part of a larger pattern, our historical data shows that multi-year downward trends were followed by spikes in 2013, 2019 and 2021.

Figure 1. Percentage of deals leaked globally



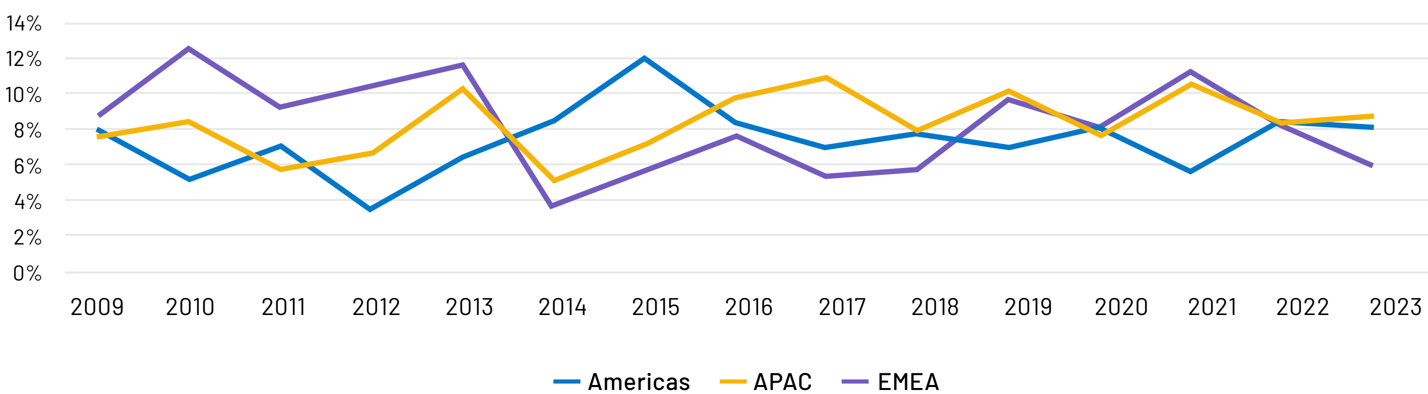
KEY FINDING 02

Leaks are down in EMEA

In 2023, leaks in Europe, the Middle East and Africa (EMEA) dropped to a five-year low with six percent of deals showing SPAT, down from 11.1 percent and 8.2 percent in 2021 and 2022, respectively. This marks the first dip below the global 2009-2023 average of eight percent since 2018. Up until 2021, however, the region's leak rate was on the rise from a sample-wide low of 3.8 percent in 2014.

Asia Pacific (APAC) saw a similar spike in SPAT in 2021, followed by a drop in 2022. However, unlike in EMEA, APAC leak rates rose slightly in 2023. The Americas remained stable at 8.4 percent and 8.3 percent in 2022 and 2023, respectively.

Figure 2. Percentage of deals leaked by region



Deal leak rates by jurisdiction

South Korea (14.3 percent), the U.S. (10.3 percent) and Hong Kong (10.3 percent) were the three jurisdictions with the highest leaked deal activity in 2023. Of the three, the U.S. was the only to see an overall increase in leak rate between 2021 and 2023, jumping from 6.1 percent to 10.3 percent. However, it's not surprising to see South Korea drop from its 2021 rate of 19.4 percent, which led all jurisdictions globally.

Across the entire sample period from 2009 to 2023, the three jurisdictions with the highest incidence of deal leaks were Hong Kong (13.7 percent), South Korea (12.1 percent) and India (10.9 percent).

Figure 3. Percentage of deals leaked by jurisdiction

Target listing location	2021	2022	2023	2009-2023
South Korea	19.4% (1)	12.8% (2)	14.3% (1)	12.1% (2)
United States	6.1% (8)	10.1% (4)	10.31% (2)	8% (6)
Hong Kong	15.5% (2)	10% (5)	10.26% (3)	13.7% (1)
India	12% (4)	7.4% (6)	9.1% (4)	10.9% (3)
Australia	6.3% (7)	5.6% (8)	8.2% (5)	4.2% (10)
United Kingdom	9.2% (5)	4.6% (9)	5.3% (6)	9% (4)
Japan	8.8% (6)	11.3% (3)	4.4% (7)	6.5% (7)
Canada	5.7% (9)	2.3% (10)	4.1% (8)	5.7% (8)
Germany	11.5% (4)	6.3% (7)	0% (9)	8.3% (5)
France	0% (10)	22.2% (1)	0% (10)	4.9% (9)

Figures in parentheses are rankings based on the respective time period.

Deal leak rates by sector

Industrials (10.5 percent), Technology, Media and Telecommunications (TMT) (9.9 percent), and Healthcare (9.6 percent) were the sectors with the highest SPAT in 2023. Over the entire sample period, our data shows Real Estate (8.9 percent), TMT (8.8 percent) and Industrials (8.7 percent) to be the leakiest sectors. However, between 2021 and 2023, no sector surpassed Retail's 22.5 percent leak rate recorded in 2022.

Following a peak of 11.8 percent in 2021, Healthcare leaks have been trending downward. In 2023, the sector landed one percentage point above its average leak rate of 8.5 percent across the overall sample.

Figure 4. Percentage of deals leaked by sector

Target sector	2021 (rank)	2022 (rank)	2023 (rank)	2009-2023 (rank)
Industrials	10.9% (3)	9.8% (4)	10.5% (1)	8.7% (3)
TMT	9.5% (5)	11.9% (2)	9.9% (2)	8.8% (2)
Healthcare	11.8% (1)	10.2% (3)	9.6% (3)	8.5% (6)
Financials	7.3% (7)	5.4% (7)	8.8% (4)	7.1% (7)
Real Estate	9.5% (6)	6.5% (6)	8.2% (5)	8.9% (1)
Retail	11.1% (2)	22.5% (1)	6.8% (6)	8.6% (4)
Consumer	7.2% (8)	7% (5)	6% (7)	8.5% (5)
Materials	6.4% (9)	2.9% (9)	4.7% (8)	6.7% (8)
Energy and Power	10.3% (4)	5% (8)	2.7% (9)	6.7% (9)

Figures in parentheses are rankings based on the respective time period.

Leaked deals earned higher premiums

In 2023, the median takeover premium for targets in leaked deals was 69.8 percent compared to 29.8 percent for non-leaked deals. In addition to generating a 40 percentage point bump over non-leaked deals, the 2023 figure shows the continuation of a significant upward trend in leaked deal takeover premiums since 2021, when the median premium for leaked deals was 53.5 percent. Based on deals for which we have the relevant data, we estimate that targets in leaked deals experienced a median gain of USD 54.8 million in 2023 compared to targets in non-leaked deals. Meanwhile, premiums for non-leaked deals remained consistent within the 26-30 percent range between 2021 and 2023.

Figure 5. Median takeover premium

Percentage premium	2021	2022	2023	2009-2023
Leak	53.5%	60.2%	69.8%	49.9%
No leak	26.4%	29%	29.8%	25.9%

Premium dollar value (USD millions)	2021	2022	2023	2009-2023
Leak	80.9	184.4	83.6	42
No leak	38.4	33.2	28.8	14.4
Dollar gap (leak - no leak)	42.4	151.1	54.8	27.5

Leaks had minimal impact on bidding

In 2023, 4.7 percent of leaked deals attracted one or more rival bids compared to 5.2 percent of non-leaked deals. The percentage of leaked deals to draw a competing offer is up from 3.5 percent from 2021, but still below the 5.8 percent average across the sample. The mere 0.1 percentage point difference separating leaked and non-leaked deals between 2009 and 2023 raises doubts about leaks' effectiveness in spurring bidding wars.

Figure 6. Rival bids

Percentage of deals attracting rival bids	2021	2022	2023	2009-2023
Leak	3.5%	4.8%	4.7%	5.8%
No leak	5.8%	6.5%	5.2%	5.7%

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Leaks extended deal timelines

Leaks are commonly thought to push deals over the finish line more quickly. While this was the case in 2021, albeit by a slim margin, the trend has since reversed. In 2023, leaked deals took longer to complete (median of 104 days) compared to non-leaked deals (median of 92 days).

The widening gap between the two values supports the hypothesis that while leaks may pressure buyers to act quickly, they can also create frustration and confound negotiations. Looking at the overall data sample, there was no difference between leaked and non-leaked deal timelines: The median value for both groups was 86 days.

Figure 7. Deal timelines

Median time from announcement to completion (days)	2021	2022	2023	2009-2023
Leak	104	101	104	86
No leak	106	99	92	86

Leaks and deal completion rates

The study did not support the hypothesis that leaked deals have a higher or lower completion rate than non-leaked deals. Over the sample period, leaked deals were almost as likely to complete as non-leaked deals with a 0.3 percent margin separating the two values. 2021 stands out as an anomaly with a far more significant gap: Only 74 percent of leaked deals were successfully completed compared to 87.5 percent of non-leaked deals.

Figure 8. Deal completion rates

Percentage of completed deals	2021	2022	2023	2009-2023
Leak	74%	82.6%	85.5%	87.3%
No leak	87.5%	82.7%	84.4%	87.6%

Looking ahead

Our data shows EMEA was solely responsible for the global decline in deal leaks in 2023, continuing the region's downward trend that began in 2021. Despite the passing of the Insider Trading Prohibition Act the same year, leak rates in the Americas rose from 5.7 percent to 8.4 percent from 2021 to 2022. However, the SEC's increase in insider trading actions from 28 in 2021 to 43 in 2022 may have sent a message to dealmakers, with leak rates in the region stabilizing at 8.3 percent in 2023.

Despite increasing regulatory oversight, a relatively small proportion of deal participants are still willing to risk incurring legal penalties, derailing negotiations and damaging relationships to gain an edge. To revisit the question posed at the beginning of this report, are leaks worth the gamble?

One thing is clear from our research: Leaks yield unpredictable results. While leaked deals saw higher median takeover premiums, leaks showed little to no effectiveness in manipulating transaction timelines or attracting rival bids. Ultimately, there's no way of knowing whether a leak will advance or scuttle a deal.

Accidental leaks can be equally disruptive as intentional leaks. While bringing in various stakeholders — from management and integration teams to prospective buyers and advisors — is crucial to a successful deal, every additional party involved represents an added disclosure risk. In the age of social media, rumors and leaked information circulate faster than ever. Even a seemingly innocuous social media post about upcoming travel plans can alert savvy market observers to an important meeting.

Firms should take proactive measures to mitigate risk, such as carefully drafting non-disclosure agreements (NDAs) and adopting penalty clauses when appropriate. Both parties should formulate a communications playbook to manage a leak if it occurs.

Technology plays an equally important role in protecting the integrity of high-stakes deals. Leveraging a virtual data room (VDR) with bank-grade security and granular permission controls helps prevent sensitive data from falling into the hands of competitors — or hackers betting that a buyer is willing to tack on a ransom payment to their acquisition cost.

From the moment a deal is conceived and given a codename, it is every stakeholder's responsibility to prevent disclosure. Fostering a top-down culture that prioritizes confidentiality and smart technology adoption positions firms to succeed in an industry that revolves around trust.