SPACs: By The Numbers

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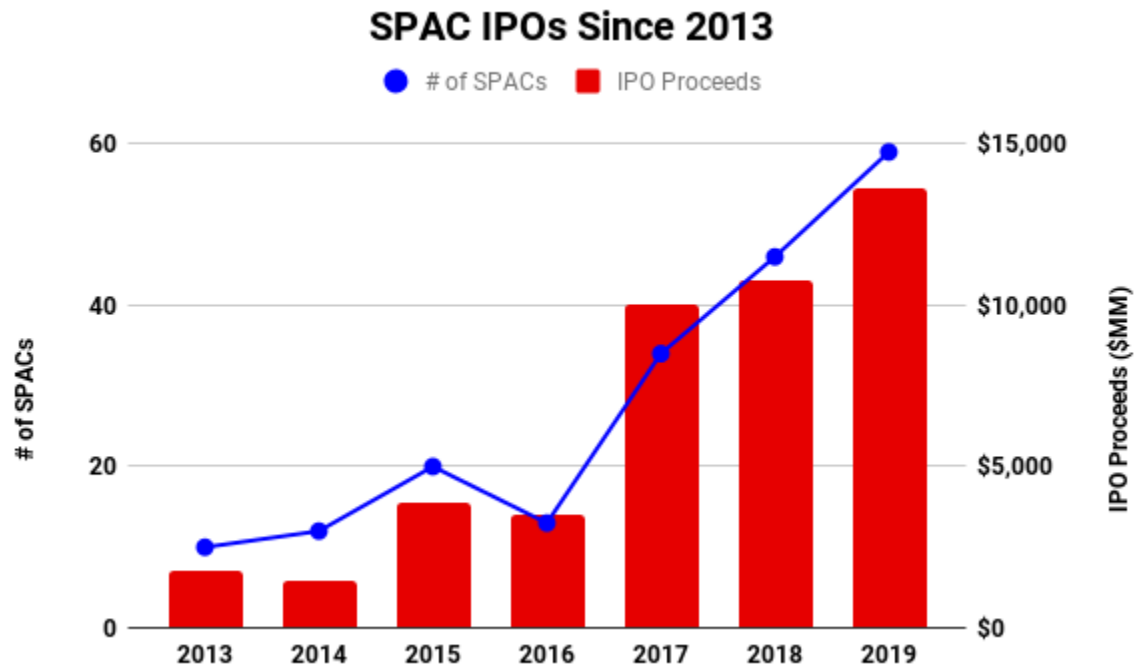
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Overview

- Formation and capital raising trends

- Front end return profile

- Trading and market dynamics

- Outcomes and post-business combination performance

SPAC IPOs | Amount Raised
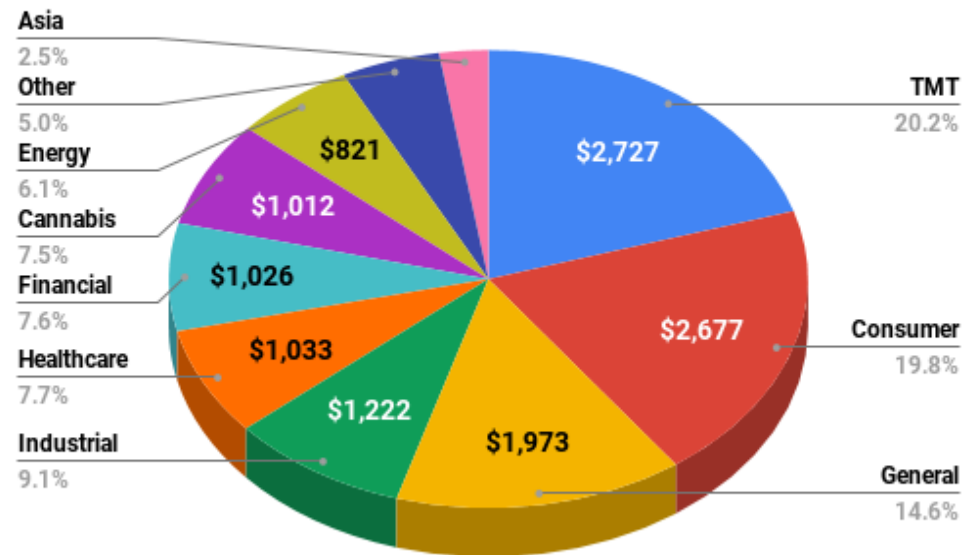

SPAC IPOs Since 2013
● # of SPACs ■ IPO Proceeds

- 2019 was the largest year ever for SPAC issuance

- $22bn cash pile in trust accounts at year end 2019

- SPACs represent over 20% of the US IPO market the past 3 years

Source: SPAC Research

SPAC IPOs | By Acquisition Sector

SPAC Capital Raised by Target Category ($MM)
2019 IPOs

- Asia 2.5%
- Other 5.0%
- Energy 6.1%
- Cannabis 7.5% — $821
- Financial 7.6% — $1,012
- Healthcare 7.7% — $1,026
- Industrial 9.1% — $1,033
- $1,222
- General 14.6% — $1,973
- Consumer 19.8% — $2,677
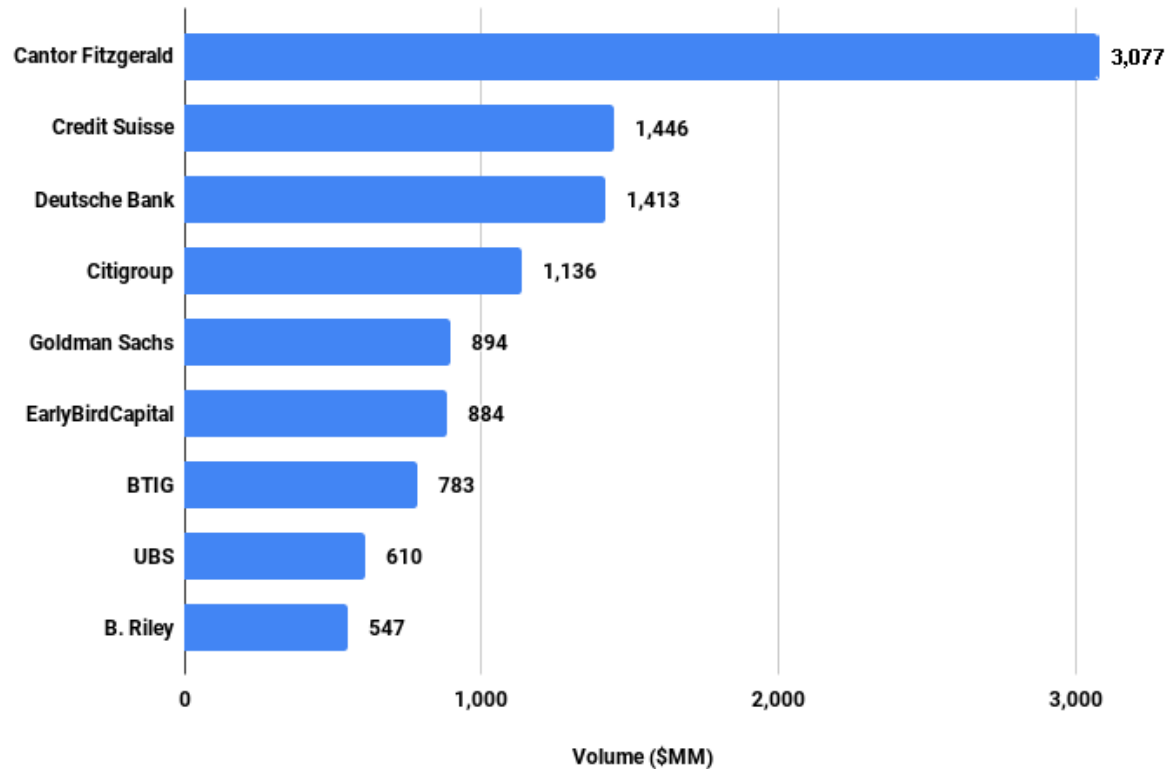- TMT 20.2% — $2,727

- TMT & Consumer SPACs remain popular

- Cannabis SPACs are on the rise

- Energy SPACs have fallen out of favor

SPAC IPOs | Top Bankers

2019 SPAC Underwriter League

Bookrunner Credit ($MM)

Bank	Volume ($MM)
Cantor Fitzgerald	3,077
Credit Suisse	1,446
Deutsche Bank	1,413
Citigroup	1,136
Goldman Sachs	894
EarlyBirdCapital	884
BTIG	783
UBS	610
B. Riley	547

Volume ($MM)

- Cantor Fitzgerald led all banks for the second consecutive year

- Bulge bracket remained active

- Emergence of mid-tier banks

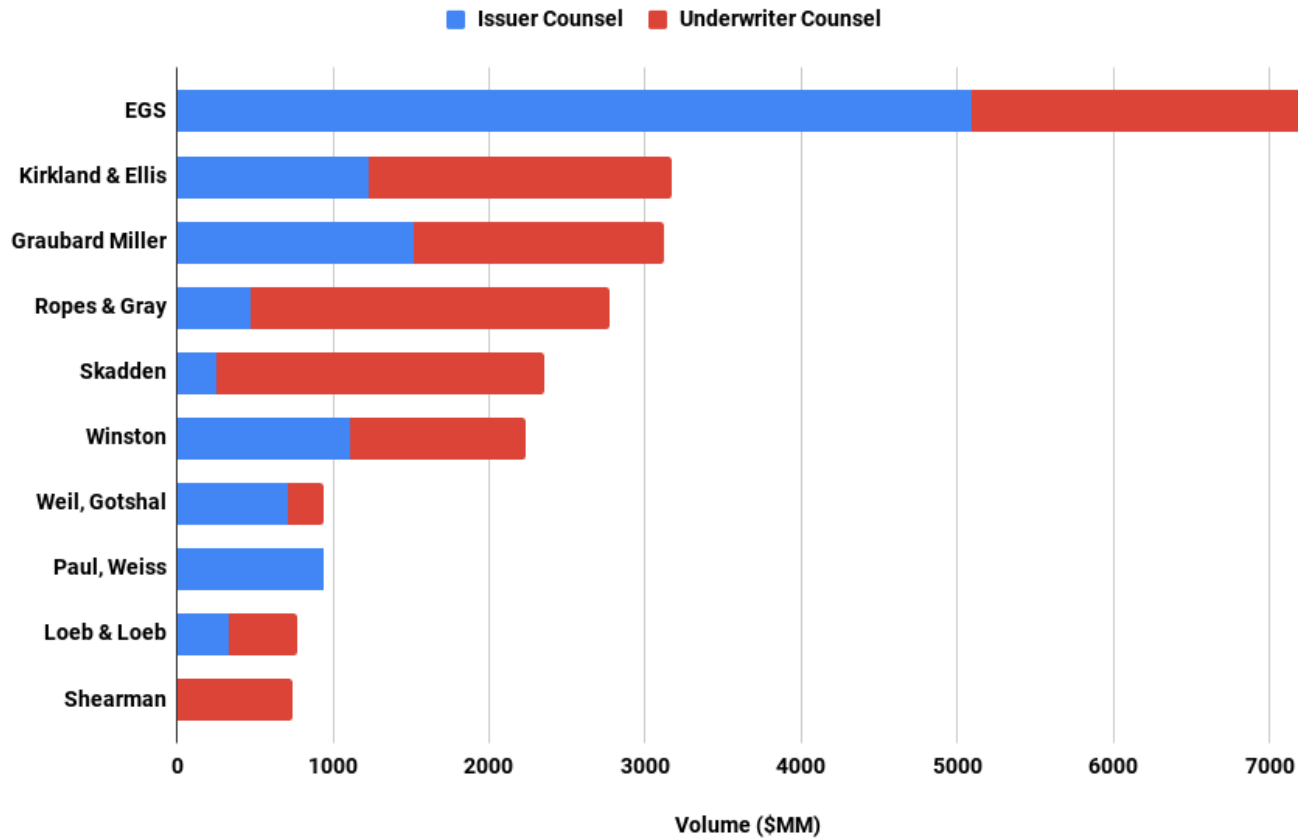# SPAC IPOs | Top Law Firms

2019 SPAC Legal League

Issuer Counsel — Underwriter Counsel

(Bar chart of law firms by Volume ($MM), with firms listed top to bottom: EGS, Kirkland & Ellis, Graubard Miller, Ropes & Gray, Skadden, Winston, Weil, Gotshal, Paul, Weiss, Loeb & Loeb, Shearman. X-axis: Volume ($MM) from 0 to 7000.)
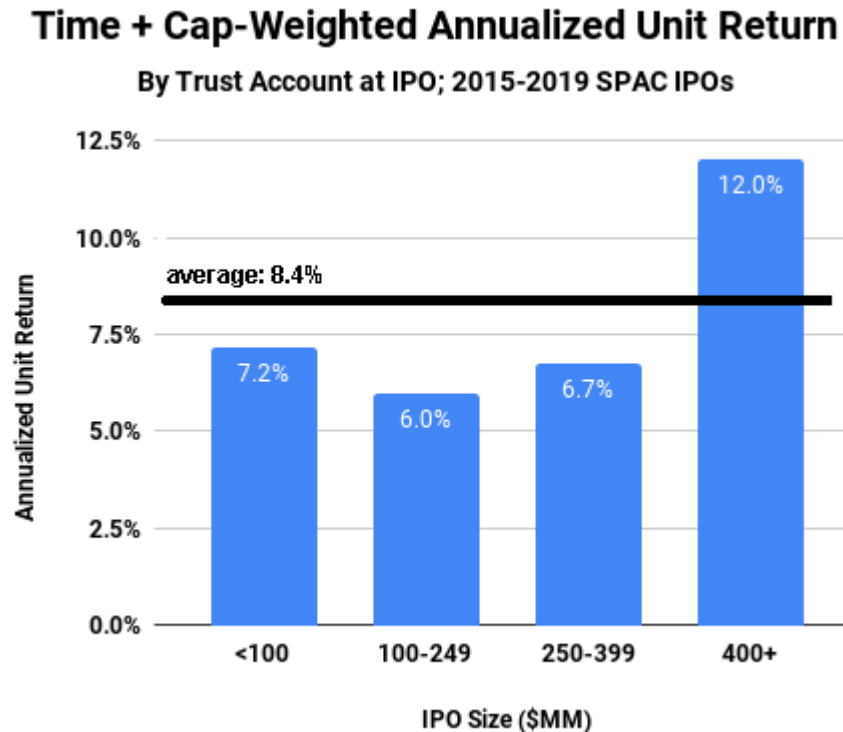
- Ellenoff Grossman & Schole led all law firms for the second straight year

- Six firms worked on deals that raised over $2bn

Source: SPAC Research

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Front End Returns | Annualized Return Profile

Time + Cap-Weighted Annualized Unit Return
By Trust Account at IPO; 2015-2019 SPAC IPOs

average: 8.4%

IPO Size ($MM)	Annualized Unit Return
<100	7.2%
100-249	6.0%
250-399	6.7%
400+	12.0%

- Measures returns on capital invested in SPACs from IPO to deal closing

- 8.4% average annualized return on capital invested since 2015

- Larger SPACs have produced the highest average returns

* Returns through 12/31/2019
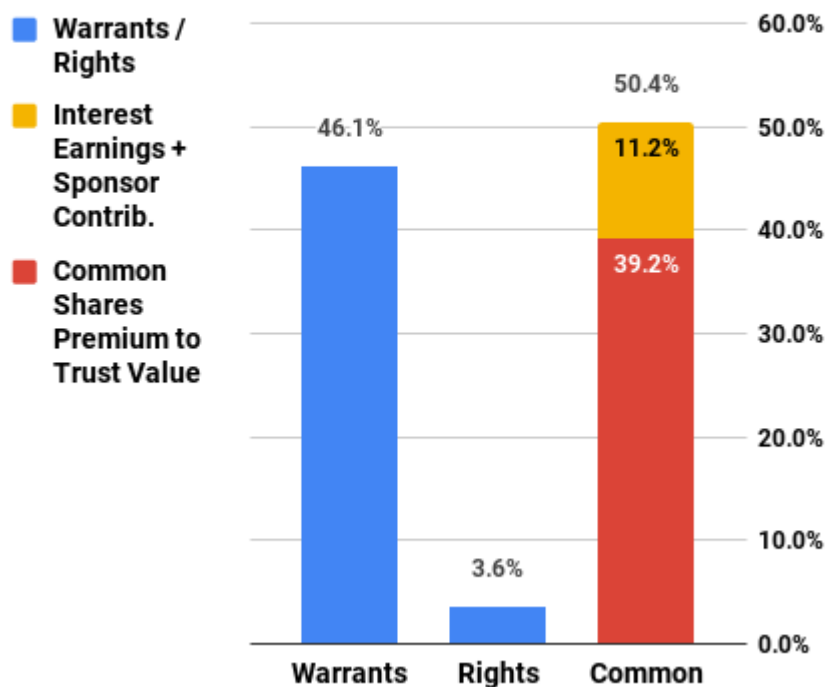Source: SPAC Research
Past performance does not guarantee future results

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Front End Returns | Breakdown by Component

SPAC Return Breakdown by Component

Closed Deals, 2015-2019 SPAC IPOs

- **Warrants / Rights** (blue)
- **Interest Earnings + Sponsor Contrib.** (yellow)
- **Common Shares Premium to Trust Value** (red)

Warrants: 46.1%
Rights: 3.6%
Common: 50.4% (Interest Earnings + Sponsor Contrib. 11.2%, Common Shares Premium to Trust Value 39.2%)

- Interest and sponsor contributions play a minor role

- Warrant coverage and SPACs that trade above cash in trust have been the primary driver of returns

- Approximately 20% of SPAC deals have traded materially above cash in trust at closing

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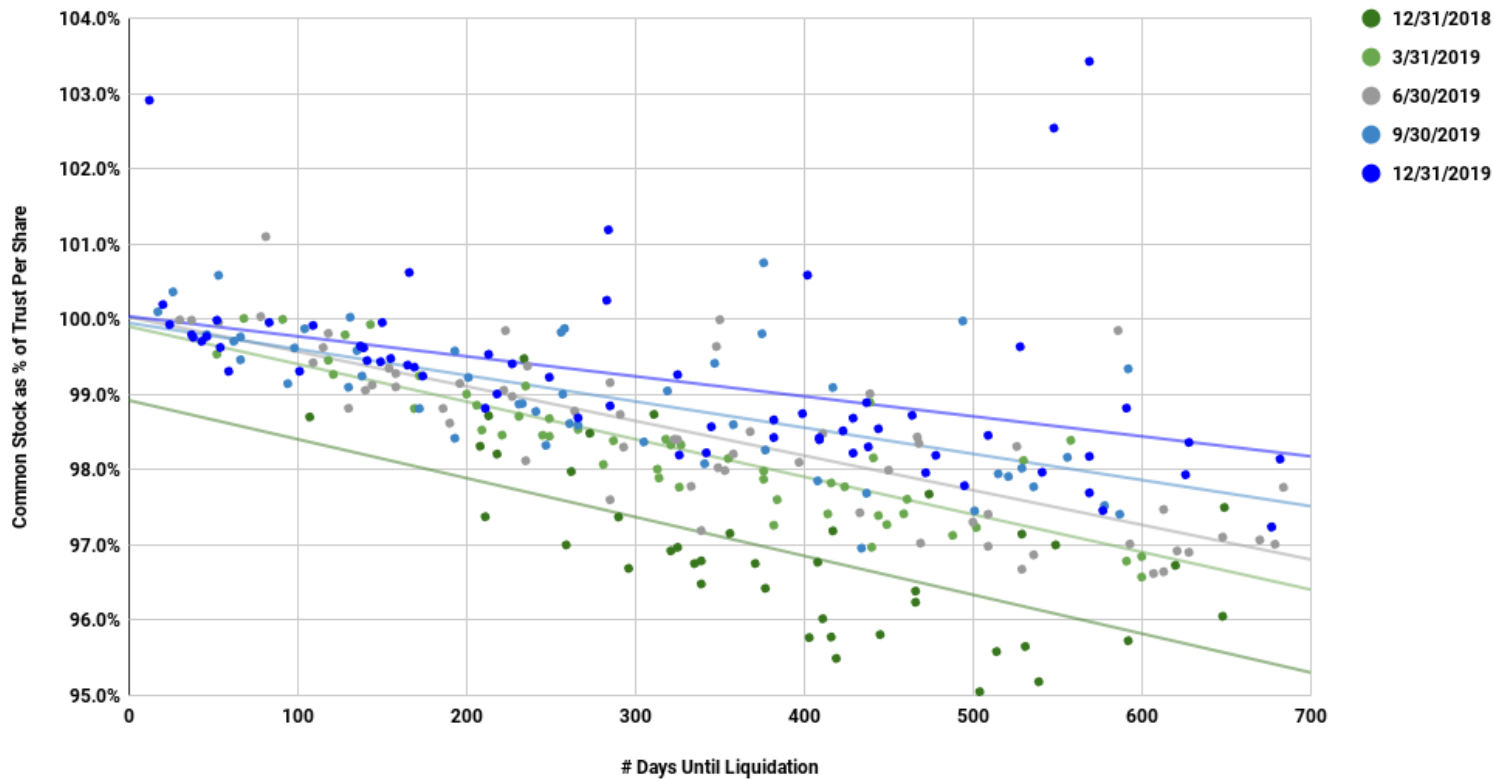# Market Dynamics | Trading Discount to Trust Value

Common Stock as % of Trust vs. Time Remaining

Active SPACs without Definitive Business Combination Agreement

Legend:
- 12/31/2018
- 3/31/2019
- 6/30/2019
- 9/30/2019
- 12/31/2019

Y-axis: Common Stock as % of Trust Per Share (95.0% – 104.0%)
X-axis: # Days Until Liquidation (0 – 700)

- Average discount to trust narrowed considerably in 2019

- Premium sponsors now trading above cash in trust

- Implied yield on SPAC common equity has fallen

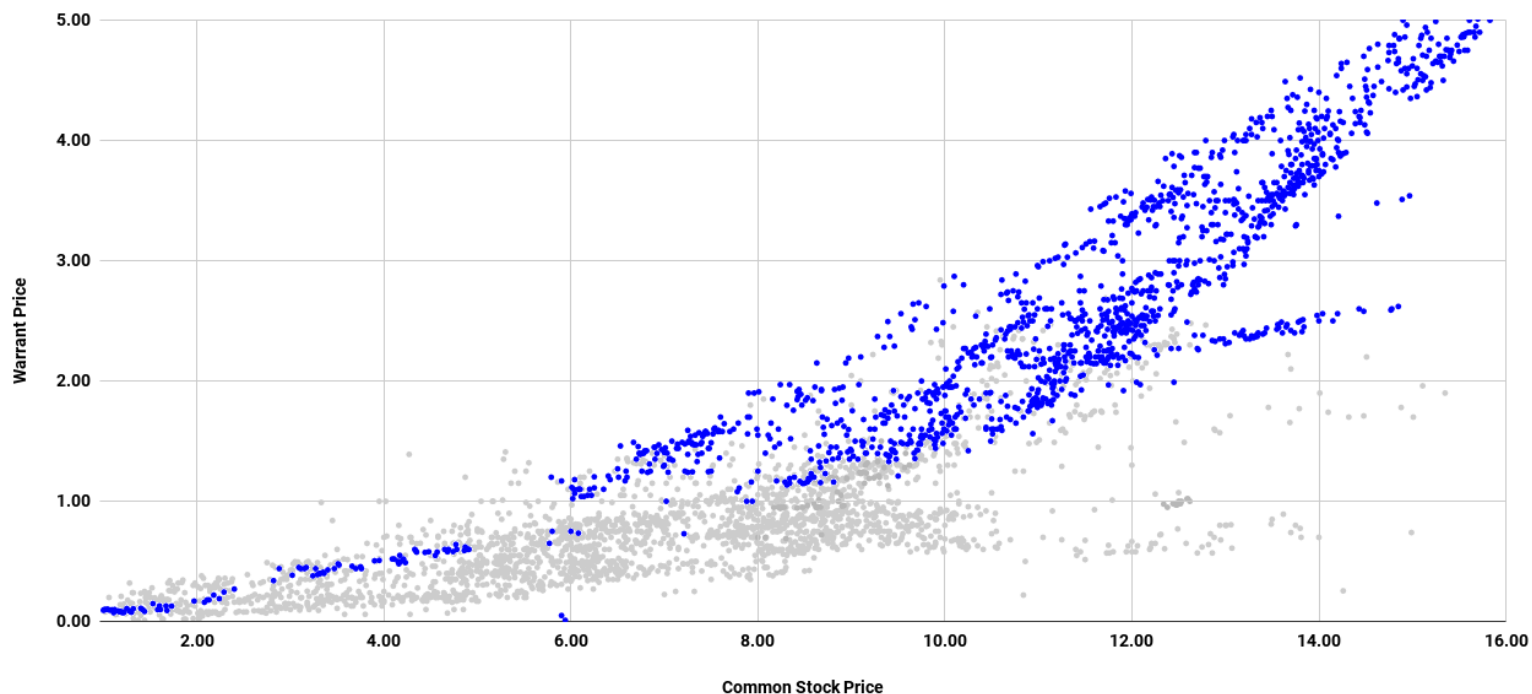* 12/31/2019 data calculated using *estimated* trust value
Source: SPAC Research

Market Dynamics | Post-Combination Warrant Pricing

Warrant Price vs. Common Stock Price in First Year Post-Business Combination
Whole-Share Warrants only, Closed SPAC Deals 2016-2019

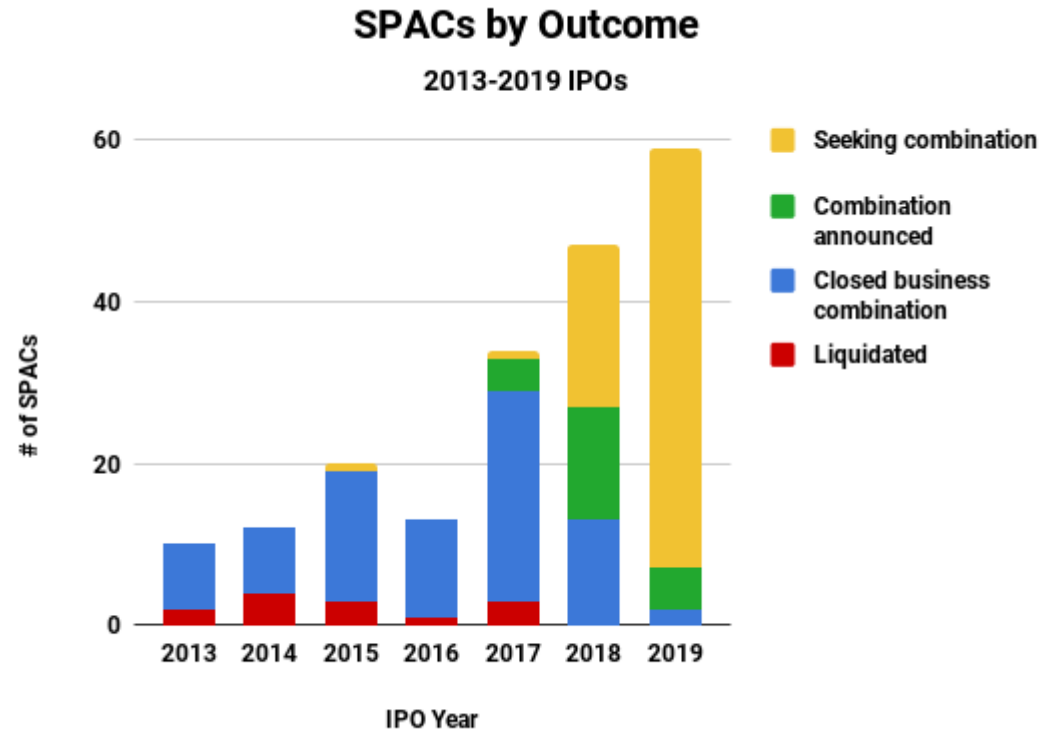● Public Redemptions <50%   ● Public Redemptions >50%

- Predicting warrant pricing can be challenging

- Black-Scholes isn't always effective

- Market has treated low-redemption and high-redemption SPACs very differently

* As of 12/31/2019
Source: SPAC Research; past performance does not guarantee future results

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SPACs by Outcome

2013-2019 IPOs

Legend:
- Seeking combination (yellow)
- Combination announced (green)
- Closed business combination (blue)
- Liquidated (red)

# of SPACs / IPO Year

- Liquidation rates remain low

- Market environment has been supportive
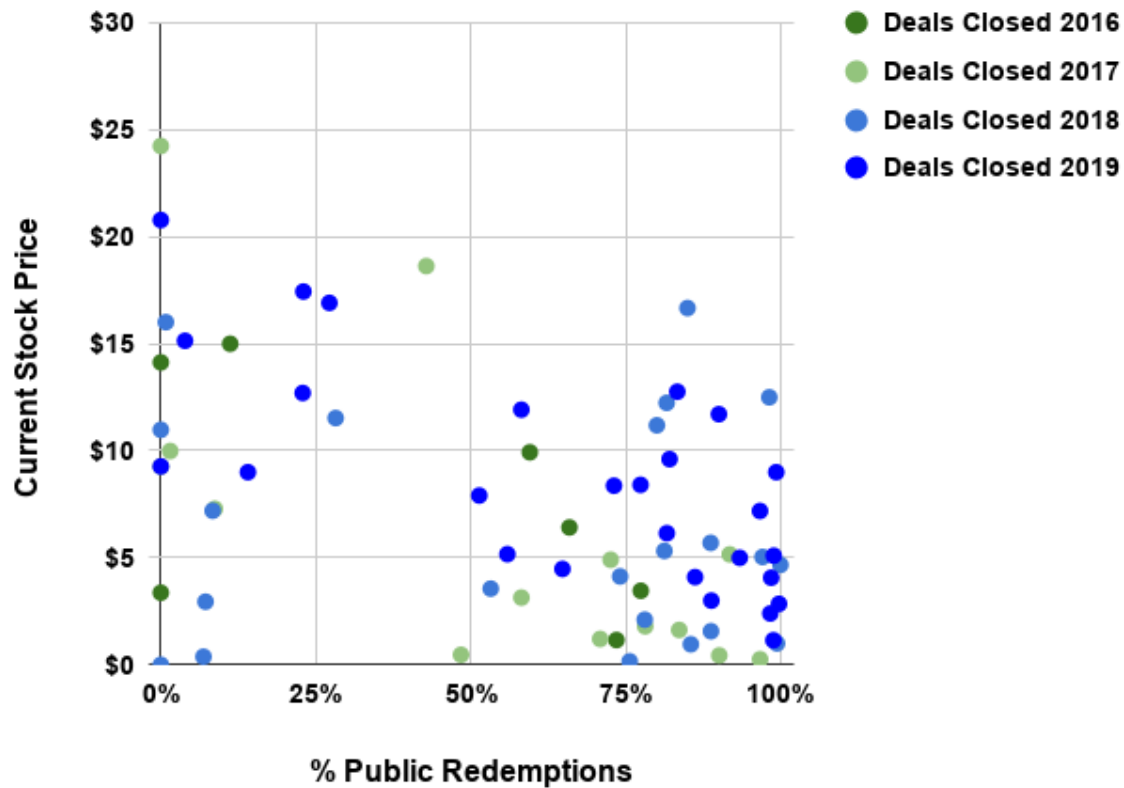
- Sponsors are heavily incentivized to avoid liquidation

* As of 12/31/2019
Source: SPAC Research

Outcomes | Post-Combination Stock Performance

Stock Price vs. % Public Redemptions

SPAC Deals Closed 2016-2019

Legend:
- Deals Closed 2016
- Deals Closed 2017
- Deals Closed 2018
- Deals Closed 2019

- Variable performance for equities on the back end

- Strong correlation with public shareholder redemption percentage

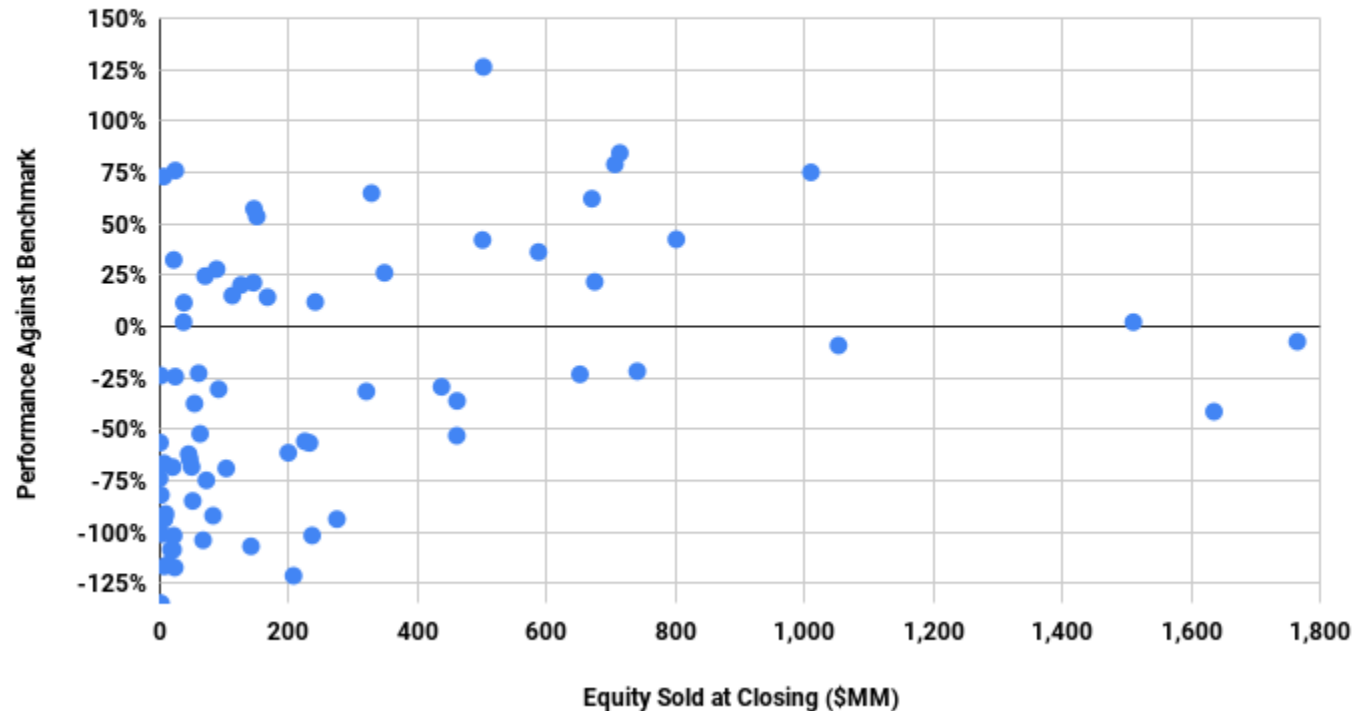- Most deals with poor stock performance have very low public participation

* As of 1/27/2020
Source: SPAC Research

Outcomes | Post-Combination Performance vs. Benchmarks

Equity Sold at Closing vs. Performance Against Benchmark

vs. Small Cap Sector Benchmark; Closed SPAC Deals 2016-2019

- Compare performance of equity sold at closing vs. small cap sector benchmark since de-SPAC

- Underperformance concentrated amongst deals that sold <$100mm

* As of 1/27/2020
Source: SPAC Research
Equity Sold at Closing calculated via all sources (trust, PIPE, FPA, etc) with trust account considered sold at amount remaining per-share

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