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Oct 1, 2021 - Economy & Business

# Stock deals are hot in pandemic-era merger spree



Courtenay Brown

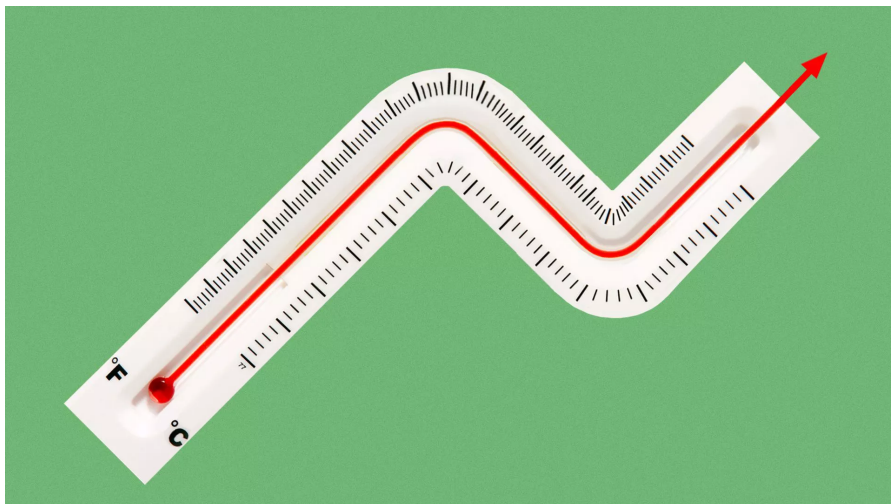


Illustration: Annelise Capossela/Axios

**Why it matters:** There's been an uptick in the number of stock M&A transactions during this year's deal frenzy, helped by soaring valuations. But cash still looms large — and the growth in stock deals may be fleeting amid market volatility.

**What's happening:** Video conferencing giant Zoom [just called off](#) an all-stock deal with Five9 that was initially worth nearly \$15 billion — what would have been one of the biggest tech combinations of the year (behind the [Square-Afterpay deal](#), also all-stock). The cloud-based call center's shareholders shot it down.

- One possible factor is a shrinking premium. Zoom's stock — which soared to meteoric heights as a poster child of the “stay at home” trade — lost steam. It's down 28% since the deal was announced (Five9's stock is down about 11% in comparison).
- Influential proxy advisers like ISS recommended Five9 shareholders [reject the deal](#) because “it exposes ...[them] to a more volatile stock whose growth prospects have become less compelling as society inches towards a post-pandemic environment.”

**Zoom's (now dead) deal** is part of a boom of that sort in the tech sector. Over 160 deals announced so far this year have included a stock consideration — the most since 2004, according to data provided to Axios by Refinitiv.

Data: Refinitiv; Chart: Thomas Oide/Axios

**The big picture:** About 6% of year-to-date U.S.-based deals at least partially involve stock, per Refinitiv — a sliver, but still the biggest share in a decade.

- Those deals — where the acquirer is a public company — accounted for 41% of the total value, 2 percentage points higher than this time last year.

**The bottom line:** “Those who are using stock — their currency is highly valued. It’s allowed them to meet the pricing demands of those who are ready to sell,” Bill Doran, a deal attorney at Benesch, tells Axios.



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### Zoom, Five 9 call off mega-merger deal after shareholder vote



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Zoom and cloud contact center software company Five9 called off their mega-merger, after Five9 shareholders rejected what had originally been a \$14.7 billion agreement. Regulators had [questioned the deal](#) on national security grounds.

**Why it matters:** Zoom had hoped to use the [all-stock deal](#) to accelerate its entry into the contact center software business. It still plans to go after that market, both through partnerships and its own software due out next year.

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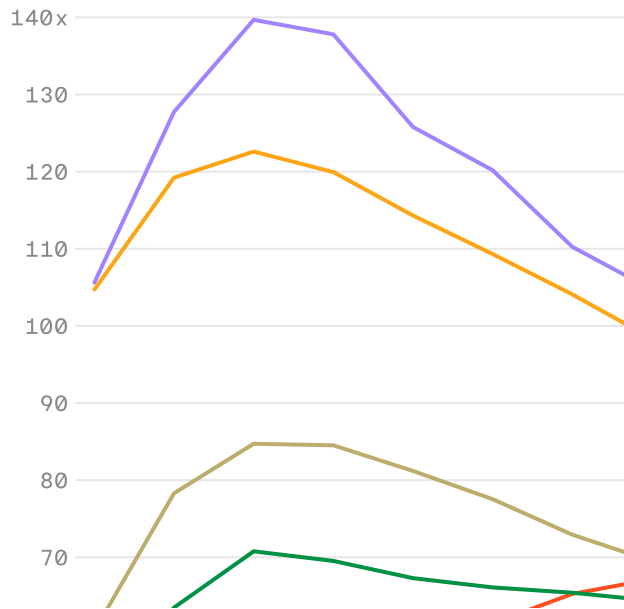


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## Squid Game becomes a massive hit

### Demand multiplier for foreign series on Netflix

Weeks since most recent series debut, as of Oct. 4, 2021



Data: Parrot Analytics; Chart: Will Chase/Axios

Netflix's newest series "Squid Game" is so far one of the company's most in-demand original series, according to data from Parrot Analytics.

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## California declares state of emergency over oil spill



A veterinarian examines a small bird brought to the Huntington Beach Wetlands and Wildlife Care Center on Oct. 4. Photo: Mindy Schauer/MediaNews Group/Orange County Register via Getty Images

California Gov. Gavin Newsom has declared a state of emergency due to the oil spill in Orange County, with miles of popular beaches closed for what may be months.

**Why it matters:** The 127,000-gallon spill from an Amplify Energy pipeline about 5 miles offshore is among the largest spills in recent California history. It's causing oil to wash ashore, coating wildlife.





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