

M&A Market Analysis

(Please specify which report you are requesting and include full contact information)

FEBRUARY 2013 GLOBAL M&A MONTHLY

Global M&A Commentary and Deal Statistics

The global M&A market was relatively quiet in January despite a supportive environment for deal-making. The number of deals declined 14.0% to 2,491, the lowest mark in more than two years. Reported dollar volume was up 2.6% on a year-over-year basis, but the total of \$106.7 billion trailed last year's monthly average by 33%.

U.S. M&A Commentary and Deal Statistics

Metrics in the U.S. M&A market diverged in January. The deal count of 1,277 (+2.0%) represented the third-highest total on record. Meanwhile, announced dollar volume of \$59.6 billion, while up 38.9% versus the three-year low of January 2012, was 21% below the monthly average of 2012.

Europe M&A Commentary and Deal Statistics

The downturn in Europe's M&A market continued in January. The deal count decreased for the thirteenth straight month, falling 33.1% to 676, which represented the lowest level in more than three years. After a flat 2012, reported dollar volume sank 45.7% to \$19.9 billion.

U.K. Cross-Border M&A Activity

In the U.K., the deal count fell 39.2% to 169 in January, below the last 12 month (LTM) average of 232 and the lowest level since 2003. Dollar volume increased 15.0% to \$6.2 billion, below the LTM average of \$12.4 billion.

Germany Cross-Border M&A Activity

In Germany, the deal count in January decreased 38.0% to 103, under the LTM average of 123. Both domestic and cross-border deals were down for the month. Dollar volume plummeted 90.0% to \$980 million, the lowest level since March 2009.

Asia Commentary and Deal Statistics

The pattern of increased dollar volume and lower deal count persisted in the M&A market for Asia (ex. Japan) during January. The number of transactions declined 7.3% to 353, the lowest total in nearly three years. However, reported dollar volume increased on a year-over-year basis for the ninth consecutive month, rising 55.1% from particularly low volume in January 2012.

China M&A Activity and Deal Statistics

In the first month of the year, the deal count in China increased 9.4% to 187 but was below the LTM average of 203. Dollar volume jumped 110% to \$11.7 billion, which was below the LTM average of \$14.6 billion.

India M&A Activity and Deal Statistics

M&A activity was weak during the first month of the year in India. The deal count dropped 50.6% to 39, marking the lowest count since May 2009. Dollar volume of \$1.1 billion was down 3.0% and fell short of the LTM average of \$2.6 billion.

Japan M&A Activity

Deal metrics were negative to start the year in Japan. The deal count in January shrunk 32.1% to 150, the lowest total since August 2010. Dollar volume contracted 48.5% to \$5.8 billion, well below the LTM average of \$13.2 billion.

Economic Commentary

Economic fundamentals are bearish. The Fed has succeeded in addressing the liquidity constraints facing the economy in recent years, but it has been unable to encourage robust economic growth, despite a multitrillion dollar expansion of its balance sheet.

Restructuring News

The Baird CDS Index decreased for a sixth consecutive month in January, falling 90.3 points to 623.8 – down 12.6% from 714.1 on December 31, 2012 and 20.6% below the LTM average of 785.6.

Transaction Spotlight – Sale of Young Innovations, Inc. to Linden Capital Partners

Young Innovations, Inc. (NASDAQ: YDNT) recently completed its sale to affiliates of Linden Capital Partners in an all-cash transaction valued at approximately \$314 million.

Recent Baird M&A Transactions

A summary of Baird's announced M&A Transactions over the past 12 months.

Baird U.S. Equity Research Coverage

In January, Baird added 12 companies to coverage and now covers 691 companies. These companies have a median and average market capitalization of \$2.6 billion and \$10.3 billion, respectively.

Christopher C. McMahon

Managing Director
Head of Global M&A
cmcMahon@rwbaird.com
+1.312.609.4983

Brian P. McDonagh

Managing Director
Co-Head of M&A
bmcdonagh@rwbaird.com
+1.704.553.6611

Howard P. Lanser

Managing Director
Head of Debt Advisory
hlanser@rwbaird.com
+1.312.609.5478