

M&A Market Analysis

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JUNE 2013 GLOBAL M&A MONTHLY

Global M&A Commentary and Deal Statistics

Despite a supportive environment for M&A, global transaction activity has trailed prior-year levels throughout 2013. On a year-to-date basis, the global M&A deal total was down 22.8%. However, due to a series of large proposed deals, reported dollar volume increased 11.8% through May.

U.S. M&A Commentary and Deal Statistics

The pattern of much lower deal counts and higher dollar volumes continued in the U.S. M&A market during May. The number of transactions decreased 33.2% to 689, marking the fourth consecutive month of 30%+ year-over-year declines. Meanwhile, reported dollar volume climbed 14.2% to \$92.8 billion, powered by billion-dollar-plus transaction growth.

Europe M&A Commentary and Deal Statistics

M&A activity in Europe deteriorated further in May. The number of transactions declined 41.5% to 590, the lowest monthly figure since 2004. Announced dollar volume dropped 38.6% to \$30.1 billion, which was 36.8% below the LTM average.

U.K. Cross-Border M&A Activity

Through the first five months of the year, the deal count in the U.K. declined 26.1% to 969, as the number of domestic transactions slid 31.1%. Dollar volume increased 9.8% to \$62.5 billion.

Germany Cross-Border M&A Activity

Year to date in Germany, the deal count decreased 15.6% to 551. Although domestic transactions were up, the number of cross-border deals declined 31.3%. Dollar volume dropped 37.3% to \$19.1 billion.

Asia Commentary and Deal Statistics

The M&A market for Asia (ex. Japan) registered divergent metrics in May. The transaction count dipped 1.4% to 363, which fell short of the LTM average of 419. However, announced dollar volume increased 82.9% to \$42.5 billion, the third-highest monthly total on record.

China M&A Activity and Deal Statistics

Year to date, China's deal count was down 3.9% to 913, with weakness in cross-border activity. Dollar volume rose 59.9% to \$79.1 billion, as inbound, outbound, and domestic volume all increased by at least 50%.

India M&A Activity and Deal Statistics

Year-to-date M&A metrics were negative in India. The deal count decreased 27.3% to 264, with significant weakness in domestic transactions. Dollar volume slid 55.1% to \$5.7 billion.

Japan M&A Activity

Year-to-date M&A activity was weak in Japan. The deal count fell 28.3% to 861, as domestic, inbound, and outbound totals were down by at least 22%. Dollar volume plummeted 54.0% to \$31.3 billion.

Economic Commentary

Economic fundamentals remain bearish. While the Fed has focused its view of the economy on modest declines in the unemployment rate, a broader view of the labor markets and the economic situation seem to argue for caution and some concern.

Restructuring News

The Baird CDS Index decreased for the tenth consecutive month in May, falling 13.7 points to 520.4 – down 2.6% from 534.2 on April 30 and 26.2% below the LTM average of 705.4.

Transaction Spotlight – Sale of Metall Technologie Holding to Tenova, a division of Techint Group

Metall Technologie Holding (MTH), a portfolio company of European Capital S.A. SICAR, was recently acquired by Tenova SpA, a division of Techint Group SpA. MTH will be managed by LOI Thermprocess GmbH, a German based subsidiary of Tenova. Terms of the transaction were not disclosed.

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 May, Baird added 5 companies to coverage and now covers 681 companies. These companies have a median and average market capitalization of \$3.1 billion and \$11.7 billion, respectively.

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