

M&A Market Analysis

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MARCH 2013 GLOBAL M&A MONTHLY

Global M&A Commentary and Deal Statistics

Although global M&A activity has lagged in early 2013, several announced mega-deals could suggest a broad-based upturn on the horizon. In the first two months of the year, the deal total decreased 20.8%. However, a series of large proposed transactions fueled a 19.7% increase in reported dollar volume.

U.S. M&A Commentary and Deal Statistics

Metrics for the U.S. M&A market showed sharp contrasts in February. Following the strongest month for deal count on record, the number of transactions declined 36.7% to 674, the lowest level since September 2009. Due largely to three \$20+ billion deal announcements, reported dollar volume jumped 146% to \$137.1 billion.

Europe M&A Commentary and Deal Statistics

The M&A market in Europe registered varied metrics in February. The number of transactions declined on a year-over-year basis for the fourteenth consecutive month, dropping 32.1% to 653, which was the lowest total in eight years. However, announced dollar volume increased 3.4% to \$79.0 billion, the second-highest figure in the past four years.

U.K. Cross-Border M&A Activity

Through the first two months of the year, the deal count in the U.K. declined 28.5% to 369, as the number of domestic transactions slid 41.4%. Dollar volume soared 237% to \$42.0 billion, with an increase of over 450% for inbound volume.

Germany Cross-Border M&A Activity

Year to date in Germany, the deal count decreased 25.9% to 229. Both domestic and cross-border transactions experienced declines. Dollar volume plummeted 79.8% to \$2.9 billion, as domestic, inbound, and outbound volume all fell by at least 70%.

Asia Commentary and Deal Statistics

February was a weak month in the M&A market for Asia (ex. Japan). The deal count fell 25.2% to 308, the lowest total since May 2009. Announced dollar volume declined 32.2% to \$17.8 billion, which was the lowest level in just over a year.

China M&A Activity and Deal Statistics

Year to date, China's deal count was up slightly to 329, compared to 328 transactions for the prior-year period. Dollar volume rose 35.2% to \$19.6 billion, with strong growth for domestic and inbound volume.

India M&A Activity and Deal Statistics

Year-to-date M&A metrics were negative in India. The deal count decreased 41.1% to 93. Dollar volume slid 60.3% to \$3.6 billion.

Japan M&A Activity

Year-to-date M&A activity was weak in Japan. The deal count fell 37.0% to 306, as domestic, inbound, and outbound totals were down by at least 20%. Dollar volume decreased 27.9% to \$15.6 billion, with particular weakness for inbound transactions.

Economic Commentary

Economic fundamentals are bearish. While the news for the U.S. economy has been a little better than expected recently, there is little evidence that we have moved beyond the pattern of the past several years.

Restructuring News

The Baird CDS Index decreased for the seventh consecutive month in February, falling 5.2 points to 618.6 – down 0.8% from 623.8 on January 31 and 20.2% below the LTM average of 775.5.

Transaction Spotlight – Sale of Wisconsin Specialty Protein, LLC to Omega Protein Corporation

Wisconsin Specialty Protein, LLC was recently acquired by Omega Protein Corporation (NYSE:OME).

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 February, Baird added 4 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.

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