

M&A Market Analysis

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OCTOBER 2013 GLOBAL M&A MONTHLY

Global M&A Commentary and Deal Statistics

Through the first three quarters of 2013, global M&A activity trailed prior-year levels by a wide margin. The year-to-date transaction total fell 17.1%, reflecting lower-year-over-year deal counts in every month. Despite reduced activity, reported dollar value increased 11.2% in the first nine months of 2013 due entirely to growth in the billion-dollar-plus transaction segment.

U.S. M&A Commentary and Deal Statistics

The pattern of lower deal counts and increased dollar volume continued in the U.S. M&A market in September. The number of transactions was below the year-ago level for the eighth consecutive month, dropping 29.5% to 711, the lowest level in almost four years. In contrast, reported dollar volume rose 54.7% to \$80.9 billion, near the LTM average.

Europe M&A Commentary and Deal Statistics

The performance of Europe's M&A market was weak in September. The number of deals fell on a year-over-year basis for the twenty-first consecutive month, declining 13.5% to 707, the second-lowest figure in the last four years. Although up 71.5% from the prior-year level, reported dollar volume of \$46.1 billion was about 20% below the LTM average.

U.K. Cross-Border M&A Activity

Through the first nine months of the year, the deal count in the U.K. declined 17.6% to 1,899, as domestic, inbound, and outbound transaction totals all fell at least 13%. Dollar volume rose 18.9% to \$124.9 billion.

Germany Cross-Border M&A Activity

Year to date in Germany, the deal count decreased 9.4% to 1,043, with cross-border deals falling 14.1%. Dollar volume increased 25.1% to \$77.4 billion.

Asia Commentary and Deal Statistics

September was a slow month for the M&A market in Asia (ex. Japan). The deal count declined 12.5% to 365, the second-lowest total in the past three years. Announced dollar volume was down 10.4% to \$24.2 billion, which was slightly below the LTM average.

China M&A Activity and Deal Statistics

China's year-to-date deal count increased 3.3% to 1,821, led by gains in domestic transactions. Dollar volume was up 6.2% to \$131.6 billion, driven by inbound volume soaring 117%.

India M&A Activity and Deal Statistics

Year-to-date M&A metrics were negative in India. The deal count decreased 22.7% to 505, with weakness in domestic and outbound transactions. Dollar volume slid 35.1% to \$12.5 billion.

Japan M&A Activity

M&A metrics in Japan were lower on a year-to-date basis. The deal count fell 19.0% to 1,639, as domestic, inbound, and outbound totals were down at least 18%. Dollar volume decreased 19.7% to \$81.7 billion, with declines in excess of 24% for domestic and outbound transactions.

Restructuring News

The Baird CDS Index fell for the second time in three months in September, decreasing 54.5 points to 507.2 – down 9.7% from 561.7 on August 31, and 15.8% below the LTM average of 602.5.

Transaction Spotlight – SoftWriters Group LLC's Sale to TA Associates

SoftWriters Group, LLC, a portfolio company of DFW Capital Partners, was recently acquired by TA Associates. Terms of the transaction were not disclosed.

Recent Baird M&A Transactions

A summary of Baird's recently announced M&A Transactions.

Baird U.S. Equity Research Coverage

In September, Baird added 5 companies to coverage and now covers 705 companies. These companies have a median and average market capitalization of \$3.3 billion and \$13 billion, respectively.

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