

M&A Market Analysis

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August 2009 GLOBAL M&A MONTHLY

Global M&A Commentary and Deal Statistics

Year to date, the global transaction count dropped 23.5%. Dollar volume for the first seven months of 2009 was down 36.5% from the year-ago level.

U.S. M&A Commentary and Deal Statistics

Year to date, the number of U.S. deals was down 23.3% while dollar volume posted a decline of 35.9%. Strategic acquisitions have dominated 2009 M&A activity, accounting for 81.3% of the deal count.

Europe M&A Commentary and Deal Statistics

In the first seven months of the year, the number of announced European deals dropped 24.2% versus the year-ago period, in line with the global change. Year-to-date dollar volume decreased 51.6%.

U.K. Cross-Border M&A Activity

For the year-to-date period, there was a total of 1,383 announced U.K. M&A transactions, a 38.2% decline from the year-ago period. Dollar volume was off only 3.2%, helped by the \$48.2 billion bid for Anglo American by Xstrata.

Germany Cross-Border M&A Activity

A total of 666 German M&A transactions were announced through July 2009, a 33.3% decrease compared to the prior-year period. Dollar volume totaled \$37.9 billion, off 56.7% from last year.

Asia Commentary and Deal Statistics

On a year-to-date basis, the number of announced Asia M&A transactions was down 29.1% from the prior-year level. Year-to-date dollar volume was 47.2% below the year-ago figure, including a 55.9% volume decline for billion-dollar-plus deals.

China M&A Activity and Deal Statistics

For the year-to-date period, there was a total of 1,118 announced China M&A deals, a 25.3% decline from the first seven months of 2008. Dollar volume totaled \$62.3 billion, a 39.2% drop compared to the year-ago period.

India M&A Activity and Deal Statistics

There was a total of 327 announced India M&A transactions through July, a 48.4% decrease from the year-ago period. Dollar volume of \$4.3 billion registered an 84.7% decline.

Japan M&A Activity

The developed Japan M&A market continued to be a relative bright spot in Asia through July 2009. There was a total of 1,140 announced M&A deals, down 9.4% from the first seven months of 2008. Dollar volume totaled \$56.6 billion, representing a 16.9% decline.

Economic Commentary

Economic data released over the past month points to an easing of the recession, even if the groundwork for a robust recovery is not in place. The July employment report showed a payroll decline of 247,000 jobs, the smallest decline in a year, while the unemployment rate unexpectedly fell from 9.5% to 9.4%, the first decline in 15 months.

Restructuring News

Reflecting the steady decline in the price of risk from the extremely elevated levels at the height of the credit crisis earlier this year, the Baird CDS Index fell in July for the fifth consecutive month. This means that the cost to insure against a credit default for non-investment grade companies outside of the financial sector has fallen for five months in a row.

Transaction Spotlight – Sale of Meade Europe to Bresser GmbH, a Management-led Buyout Group

Meade Instruments Corp. completed the sale of its European subsidiary, known as "Meade Europe," to a European management-led buy-out group, Bresser GmbH, for gross cash proceeds of €9.4 million (or approximately US\$12.4 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 July 2009, Baird added 9 companies to coverage, bringing the total coverage to 579 companies.

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