

# M&A Market Analysis

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### March 2009 GLOBAL M&A MONTHLY

#### Global M&A Commentary and Deal Statistics

February marked the 15<sup>th</sup> consecutive month of decreased global M&A activity. The 27.2% decline in M&A deals was the second-largest since September 2001 (with January 2009 representing the biggest drop). Dollar volume plummeted to \$64.5 billion, a decrease of 50.7%.

#### U.S. M&A Commentary and Deal Statistics

In February, there were 451 announced U.S. M&A transactions, a 44.0% decline compared to the same period last year and well below the last twelve months (LTM) average of 725 transactions. Dollar volume decreased by 73.4% to \$12.5 billion.

#### Europe M&A Commentary and Deal Statistics

For the month of February, there was a total of 658 announced European M&A deals, 27.5% lower than in the year-ago period. Dollar volume was \$29.2 billion, a 46.1% decline compared to February 2008.

#### U.K. Cross-Border M&A Activity

In February, there was a total of 159 announced U.K. M&A transactions, a 49.2% decline compared to the prior-year period. Dollar volume decreased by 73.3% to \$6.7 billion. Domestic M&A represented 54% of total year-to-date deal activity.

#### Germany Cross-Border M&A Activity

There were only 73 announced German M&A transactions in February, a 31.1% decline compared to last year. M&A dollar volume totaled \$1.0 billion for the month, a 59.6% decrease from the year-ago period. Domestic M&A accounted for 45% of total year-to-date deal activity.

#### Asia (ex. Japan) Commentary and Deal Statistics

In February, there was a total of 408 announced Asia M&A transactions, a 22.7% decline compared to the prior-year period. M&A dollar volume totaled \$18.7 billion, an 18.3% decrease versus February 2008.

#### China M&A Activity and Deal Statistics

There was a total of 142 announced China M&A transactions in February, a 9.0% decline compared to February 2008. Total dollar volume decreased by 9.5% to \$7.6 billion.

#### India M&A Activity and Deal Statistics

For the month of February, there was a total of 44 announced India M&A transactions, an 8.3% decrease from February 2008. Dollar volume decreased by 96.3% to \$131 million.

#### Economic Commentary

The longer-term, strategic outlook continues to argue for caution. The major indexes may have made important trading lows in early March, but economic and stock market risks remain elevated. The latest flow of funds data from the Federal Reserve (covering the fourth quarter of 2008) shows little progress has been made on the de-leveraging front.

#### Restructuring News

The Baird CDS Index increased by 42.8% in February, setting another new record high of 1703.8 on February 28, up from 1193.3 on January 31.

#### Transaction Spotlight – Sale of Coachmen Industries, Inc.'s R.V. Division

Coachmen Industries, Inc. recently completed the sale of substantially all of the assets of its Recreational Vehicle business to Forest River, Inc., a unit of Berkshire Hathaway.

#### 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 2009, Baird added 4 companies to coverage, bringing the total coverage to 527 companies. Covered companies have a median and average market capitalization of \$1 billion and \$4 billion, respectively. In the past three years, Baird has increased the number of companies under coverage by more than 28%.

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