

M&A Market Analysis

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May 2009 GLOBAL M&A MONTHLY

Global M&A Commentary and Deal Statistics

The number of global M&A transactions dropped 39.1%, which was the largest percentage decline in monthly deal count this decade. Dollar volume was 43.3% below the year-ago level.

U.S. M&A Commentary and Deal Statistics

The total of 518 deals announced in April represented a 35.3% decline from the prior-year period and was well below the last 12 month (LTM) average of 693 deals. Dollar volume was \$65.0 billion, a 33.0% decrease from the year-ago period.

Europe M&A Commentary and Deal Statistics

The negative trend for M&A activity worsened in April. The deal count of 543 was 52.5% below the year-ago level, resulting in the largest percentage decrease in monthly deal count for Europe in over a decade.

U.K. Cross-Border M&A Activity

Year to date, there was a total of 709 announced U.K. transactions, a 46.7% decrease from the year-ago period. Dollar volume dropped 40.7% to \$55.1 billion through April.

Germany Cross-Border M&A Activity

A total of 404 German M&A transactions were announced for the year-to-date period, a 25.6% decrease compared to the first four months of 2008.

Asia Commentary and Deal Statistics

Asia has not escaped the global slowdown in M&A activity. The number of transactions in Asia (ex. Japan) declined 31.1% in April.

China M&A Activity and Deal Statistics

China deal activity declined 29.3% through April. Dollar volume of \$21.3 billion was down 48.3% compared to the year-ago period.

India M&A Activity and Deal Statistics

Year to date, there was a total of 199 announced India M&A transactions, a 46.9% drop from the year-ago period. India M&A dollar volume decreased 89.1% and totaled a mere \$1.4 billion through April.

Japan M&A Activity

Japan M&A performed relatively better than the other regions of the world in the first four months of 2009, with a 16.4% decrease in the number of deals and a 27.9% drop in dollar volume.

Economic Commentary

The incoming economic data continues to paint a picture of recession, although its grip appears to be weakening. The economy shed another 539,000 jobs in April, the sixth consecutive month in which more than half-a-million jobs were lost, but also 200,000 fewer than the nearly three-quarters of a million jobs that were lost in January.

Restructuring News

The Baird CDS Index declined in April for the second consecutive month, which indicates that the cost to insure against a credit default for non-investment grade companies outside of the financial sector has now fallen for two months in a row. The Index decreased by 16.5% in April, falling to 1320.4 on April 30, a drop of 260.1 points from 1580.5 on March 31.

Transaction Spotlight – Sale of Orion Corporation to John Crane (Smiths Group plc)

Orion Corporation recently completed its sale to John Crane Inc., a division of Smiths Group plc. The transaction closed in May 2009, and terms 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 April 2009, Baird added 2 companies to coverage, bringing the total coverage to 520 companies.

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