

M&A Market Analysis

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September 2009 GLOBAL M&A MONTHLY

Global M&A Commentary and Deal Statistics

For the first eight months of 2009, the global deal count declined 21.9%, and dollar volume fell 35.2% from the prior-year level.

U.S. M&A Commentary and Deal Statistics

Year to date through August, there were 4,922 announced U.S. M&A transactions, a decline of 23.5% compared to last year. Dollar volume totaled \$405.9 billion, a 35.4% decrease.

Europe M&A Commentary and Deal Statistics

Year to date through August, the number of announced European transactions fell 21.7% versus the prior-year period. Dollar volume for the first eight months of 2009 plummeted 51.1%, which was the largest decline among the major regions.

U.K. Cross-Border M&A Activity

Year to date, there was a total of 1,708 announced U.K. M&A transactions, a 29.9% decline from the year-ago period. Dollar volume dropped by just 6.5% to \$153.5 billion.

Germany Cross-Border M&A Activity

A total of 735 German M&A transactions were announced for the year-to-date period, registering a 34.4% decrease compared to last year. Dollar volume totaled \$41.1 billion, a drop of 55.9% from the prior-year figure.

Asia Commentary and Deal Statistics

Year to date through August, the number of announced Asia M&A deals was down 25.9% from the year-ago period. Dollar volume was 38.5% below the prior-year level.

China M&A Activity and Deal Statistics

For the year-to-date period, the number of China M&A deals was off 21.3%. Dollar volume totaled \$77.2 billion, a 39.2% decline compared to the year-ago period.

India M&A Activity and Deal Statistics

Year to date, there was a total of 369 announced India M&A transactions, a 47.2% drop from the year-ago period. Dollar volume of \$4.7 billion registered an 85.6% decline.

Japan M&A Activity

Japan M&A continued to perform relatively better than the other regions of the world. Year to date, the number of deals dipped 6.2%, and dollar volume of \$60.8 billion registered a 17.9% decline.

Economic Commentary

Economic fundamentals have improved, but remain a headwind, especially when considering a longer-term outlook. Valuations are still neutral overall, although at the margin they are less supportive of stocks than in the recent past. The move off of the March lows has been, from a valuation standpoint, a "benefit of the doubt" rally, a move that has seen multiples expand in the hope of better earnings. Based on our preferred valuation measure, the median P/E ratio based on trailing reported earnings, stocks were moderately inexpensive as the rally began and have now moved above their long-term average. They are no longer inexpensive, but not expensive enough to threaten the rally.

Restructuring News

After declining for five consecutive months since the height of the credit crisis, the Baird CDS Index barely moved in August – a pause probably reflecting uncertainty regarding the strength of the underlying economy going forward. The Index was essentially flat in August, increasing by only 5.3 points, or 0.7%, to 801.3 on August 31, up from 796.0 on July 31.

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 August 2009, Baird added 12 companies to coverage, bringing the total coverage to 591 companies.

Christopher C. McMahon

Managing Director
Head of Global M&A
cmcMahon@rwbaird.com
312.609.4983

Brian P. McDonagh

Managing Director
Co-Head of M&A
bmcdonagh@rwbaird.com
704.998.5757

Howard P. Lanser

Director, Mergers & Acquisitions
Head of Business Development
hlanser@rwbaird.com
312.609.5478