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Global Investment
Banking

BAIRD'S PERSPECTIVE ON THE
GLOBAL M&A ENVIRONMENT

Annual M&A Outlook

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2025 M&A Outlook

Global M&A market activity should accelerate in 2025 after mixed results in 2024. Sound fundamentals for sponsor and corporate deal flow should translate to a full M&A pipeline and strong interest from buyers throughout the year. We expect more transactions to reach the finish line in 2025 based on favorable shifts for key M&A variables and leading indicators. Challenges to completing deals will persist even in a better backdrop, making asset-specific process design and execution essential.

Review of 2024 M&A Activity

The broad-based rebound anticipated for the global M&A market in 2024 did not fully materialize. Despite substantial pent-up demand and supply following lower transaction totals in 2022-2023, the deal count for 2024 was relatively flat. However, deal value showed moderate growth from 2023's 10-year low, including the deal value for H2 2024 exceeding the first-half figure by 11%.

The M&A recovery was slowed by:

- Financing costs remaining elevated due to central bank rate cuts arriving later than expected.
- A significant subset of the buyer universe adopting a risk-off approach amid sustained macro uncertainty.
- Many sellers anchoring on valuations seen near the peak of the M&A cycle.

The global M&A market featured several promising indicators during 2024, helped by increased support from the financing markets as the year progressed:

- Strength for \$1+ billion deals, where deal count rose 24% in 2024.
- A return to growth in the \$100 million to \$1 billion segment.
- Substantial gains for PE M&A exit activity, which climbed 24% on a global basis in 2024.

Overview of 2025's M&A Market

We are confident in the global M&A market's prospects in 2025, when we expect plenty of buyers and sellers to prioritize their M&A plans after a slower period for deal activity. The status of several critical factors points toward more transaction signings over the course of the year, even amid continued obstacles to deal making.

Financial Sponsors Determined to Drive Distributions

Our confidence in sponsor exits as an engine for the M&A market is based on PE firms prioritizing liquidity events to support future fundraising, prospective buyers accessing conducive financing markets, and Baird's sellside advisory engagements featuring stronger metrics.

- The ratio of U.S. buyout fund distributions to paid in capital (DPI) fell to a 15-year low for the 12-month period through Q3 2024 (latest data available), as DPI of 9% was far below the 2014-2023 average of 27%.
- The pickup in M&A exit activity in 2024 (up 24% vs. 2023's 10-year low) reflected PE firms launching new sale processes and reviving many dormant projects, with sponsors attempting to expand the number of realizations beyond the highest-quality portfolio companies as market conditions improve.
- The vast supply of PE portfolio companies represents a lengthy monetization to-do list for sponsors. After 2024, the U.S. PE portfolio company count of 11,800+ was 27% above the total from year-end 2019.
- Urgency to achieve liquidity from portfolios is also apparent in the average holding period of current U.S. PE portfolio companies rising to 5.4 years at the end of 2024, up half a year from 2019.
- Distributions should also benefit from more GPs evaluating the liquidity potential of continuation vehicles for limited partners as well as the increased viability of recapitalizations as financing rates fall.
- Success in returning capital to LPs would enhance the odds of meeting fundraising objectives. Weak fundraising outcomes in 2024 included a six-year low for PE capital raised and a 14-year low for the number of PE funds to close on a global basis.

2025 M&A Outlook

Private Equity Eager to Deploy Capital

Financial sponsors should also be in investment mode during 2025, supported by beneficial lending market conditions and the uptrend for portfolio exits.

- After making fewer and smaller bets over the prior two years, PE firms made larger acquisitions in 2024, backed by healthier leveraged finance markets. On a global basis, the disclosed deal value of sponsor acquisitions increased 24% in 2024 even as the transaction count was up only slightly.
- Across geographies, Technology / Software remained the leading sector for new sponsor investments in 2024. Relative strength in other industries suggests an expanding appetite among PE buyers:
 - In the U.S., the Consumer sector accounted for about 15% of investments in 2024 (according to PitchBook), up from 10% in 2022-2023.
 - In Europe, the Industrial sector represented almost 30% of middle-market PE investments in 2023-2024, the highest figure in the last decade. In contrast, the Consumer sector fell from a 30% share of 2014-2016 PE investments to 12% in 2023 before edging upward to ~14% in 2024.
 - We have seen encouraging signs of wider buyer interest in Baird's recent advisory deals and current backlog.
- Sponsors have immense pent-up demand in view of \$2.5 trillion of global dry powder, which has risen 16% since the start of 2020, in part due to tempered acquisition spending in 2023-2024.
- Building momentum for sponsor M&A exits promotes additional PE buying by making fundraising easier for successful sellers and by expanding the supply of viable targets.
- Financial sponsors would welcome relief on the fundraising front given extended timing cycles. PE funds closing in 2024 required an average time to final close of 17 months (after first close), up from 15 months in 2023, 14 months in 2021-2022, and the 6-12 month range of 2006-2021.

Corporate Acquirors Acting on Strategic Plans

Corporates have the financial means and motivation to increase their acquisition activity during 2025 after another year of below-average buying in 2024.

- The extended stock market rally (e.g., S&P 500 up 50%+ since the start of 2023) has enhanced the value of shares that can be used by public companies for M&A; stock was a component of consideration in nearly half of \$1+ billion acquisitions announced by public companies in 2024.
- Elevated stock values and realizable cost / revenue synergies should enable corporates to be highly competitive in processes that also include PE buyers, which typically are more reliant on lower-cost debt.
- Post Q3 2024 reporting, balance sheet cash for publicly traded companies (excluding the finance sector) based in the U.S., Europe, or Japan totaled \$3.7 trillion, up 15% from five years earlier. Continued corporate earnings growth should add to cash positions; for example, 2025 EBITDA is estimated to increase about 20% for the S&P 500.
- We expect corporates across sectors to prioritize strategic acquisitions in 2025. At Baird's 54th annual Global Industrial Conference (summarized [here](#)), we observed strong M&A appetites among participating companies. Corporate M&A strategies often focus on gaining exposure to secular growth themes, such as (in the Industrial sector) datacenter buildouts, automation, power grid infrastructure, and IoT / software. Corporates are seeking to enhance earnings quality by adding recurring revenue streams, including from next-generation technologies as well as aftermarket products and services.
- Factors supporting a more aggressive approach among corporates also include anticipation of relaxed antitrust enforcement for M&A under the Trump administration. Transformative combinations are now more likely, with megadeals potentially causing a powerful ripple effect within industries, including divestitures as well as transactions undertaken by competitors in response.

2025 M&A Outlook

Corporate Assets Expanding the Pool of Targets

We expect more corporates to capitalize on the M&A recovery by following through on divestiture efforts intended to streamline business models.

- Incremental corporate selling is critical to enhancing the supply side of the M&A equation. Public company divestitures (excluding listed sponsors) represented 16% of all global M&A activity over the past 10 years.
- After falling to a 27-year low in 2023, the number of public company divestitures increased 5% in 2024, indicating that corporates are increasingly undertaking portfolio rationalization as more buyers seek targets.
- The rationale for corporate divestitures frequently is centered on establishing a more focused equity story for investors by carving out units to align with secular growth themes and to reduce cyclicalities.
- The extended strength seen in the public equity markets could induce companies with lagging stock performance to pursue divestitures in order to placate investors and play defense versus potential activists.

U.S. Elections a Net Positive for M&A Amid Many Uncertainties

The outcomes of recent U.S. elections should lead to a business-friendly environment with less regulatory scrutiny on deal activity, although policy-related unknowns include the potential for tariff-driven inflation to limit central bank rate cuts.

- The M&A regulatory backdrop should ease after tightening in recent years (including revised merger guidelines announced in late 2023), thereby expanding the consolidation appetites of corporate and sponsor buyers.
- Pro-business conditions also include the retention of prior corporate tax cuts, the prospect of new tax reductions, and potential rollbacks of existing regulations on business activity.
- While the incoming administration takes over a stable economy with inflation moderating and GDP averaging above 2% in 2024, the soft landing could be at risk depending on the effects of tariffs, deportations, and government efficiency initiatives. We expect the new administration to be highly attuned to the net impact of its policies on economic growth, inflation, and interest rates, with rapid adjustments as warranted.
- The dynamic tariff situation will dominate near-term headlines given proposed rates on imports from China, Mexico, and Canada (top three national trading partners of the U.S.) and potential tariffs involving Europe, with market participants seeking clarity on how tariff rhetoric translates to policy implementation and retaliatory tariffs.
- Any signs of a second inflation wave could cause the U.S. Federal Reserve to slow the pace of planned rate cuts. Current market expectations for Fed rates center on 25-50 bps of further rate reductions in 2025 on top of 100 bps of combined cuts in September-December 2024.

Leading Indicators Pointing Upward

Growth in key M&A segments and strength in the equity markets represent positive signals for future M&A activity.

- Our analysis of past cycles revealed that U.S. transaction metrics for (1) M&A deals with announced value of \$1+ billion and (2) private equity M&A exits are useful leading indicators of an upcoming rebound in the broader M&A market (as detailed extensively [here](#)).
 - Throughout 2024, these categories experienced significant growth even as other parts of the M&A market were slower to recover, demonstrating the potential for a widespread revival in the M&A markets in 2025.
 - In 2024, the number of \$1+ billion U.S. deals rose 24% from the 2023 figure.
 - The transaction count for U.S. sponsor M&A exits registered 25% growth in 2024.
 - In past M&A cycles, significant growth in these segments at this stage of the M&A cycle was a precursor to subsequent annual deal growth exceeding 20% across the M&A market.
- Substantial gains in the equity markets also suggest an upturn for deal making in 2025.
 - The 2003-2023 period included eight years when the return for the S&P 500 exceeded 16%, a level easily surpassed by 2024's gains. During those eight years, the number of U.S. M&A transactions was flat on average (as in 2024), whereas deal counts in the following years rose an average of 12%.
 - Sizable equity market rallies reflect increased confidence for investors while also frequently corresponding to higher levels of conviction in the outlook among management teams, as needed for the M&A market to strengthen.

2025 M&A Outlook

Baird's Recent Activity Bodes Well

Our optimism regarding the value of the leading indicators cited above is also a function of strong metrics throughout Baird's global M&A advisory business.

- The number of pitches in Q4 was the highest three-month count in our history (including a single-month record in December) and exceeded 2023's quarterly average by 70%, indicating that many more sellers are ready to bring assets to the M&A market.
- Our record backlog of active M&A mandates ended 2024 12% above the year-end 2023 level. The backlog expanded significantly even after nearly 40% growth for signed/completed M&A advisory transactions during 2024.
- Encouraging process data includes more competitive buyer behavior in our recent sellside, such as increases in the number of IOIs and final bidders as well as significant improvement in bid progressions.
- Due to the dynamics listed above as well as successful bridging of bid-ask spreads through negotiations and structuring, the 2024 median EV/EBITDA valuation on our sellside rose almost a full turn from 2023's multiple.
- Looking ahead, building momentum is also evident in our European M&A advisory business, where rising pitch activity should translate to growth in sellside process launches and deal signings during 2025.

Financing Markets Constructive

The private and public lending markets are primed to support acceleration for buyouts, as financing market conditions feature aggressive lender competition and tighter spreads for new loans to suitable credits.

- Recent leveraged finance activity has included more contribution from buyout financings amid strong lender demand for new opportunities. For example, global volume for M&A financings in the broadly syndicated markets climbed 80% in 2024, with second-half issuance 33% above the H1 2024 figure.
- As discussed in our [recent piece](#) about the impact of Fed rate cuts, past trends suggest that M&A activity should benefit from reductions in loan pricing and resulting increases to leverage ratios and purchase price valuations. Today's backdrop appears favorable relative to the rate cut phases of previous cycles, supporting the case for LBO leverage ratios to rise.
- Following initial Fed rate reductions, yields on broadly syndicated loans and direct lending deals in the U.S. dropped to 100+ bps below year-ago pricing, with further downside potential pending additional Fed cuts if inflation remains near targeted levels.
- In Europe, central bank rate cuts have contributed to a meaningful downtrend for pricing, as yields on recent term loan B issues were 125-150 bps under prior-year levels.
- Lower pricing also reflects competition among banks and private credit funds flush with capital. According to Preqin, private debt dry powder of \$440 billion was up 27% since the end of 2019.
- Lenders will continue to offer significantly more attractive terms to high-quality credits relative to those available to borrowers with complex stories or significant exposure to the economic cycle.

2025 M&A Outlook

Potential for M&A Demand to Broaden as Macro Picture Comes into Focus

Although the global M&A market is still bifurcated among “haves” and “have-nots” as 2025 begins, we expect a risk-on approach from buyers if macro uncertainty abates, suggesting possible improvement in sellside process close rates.

- Over the past two-plus years, buyers have chased top-tier assets much more aggressively than businesses deemed to have cyclical or operational risks.
- The highest-quality companies have continued to trade at hefty premiums due to investor interest concentrating on scarce assets. In contrast, targets facing questions about business model resilience often have experienced a weaker reception from buyers and lenders.
- As a result, some financial sponsors have been reluctant to launch processes due to concerns about close rates for second-tier assets, dampening the overall M&A market recovery.
- As noted in the private equity buyer section above, broadening in sponsor acquisition activity by sector during 2024 is a positive signal for a more widespread rebound for deal making.
- At the same time, Baird Global Investment Banking has seen a notable increase in close rates across our sellside processes to date in 2024, along with year-over-year growth in deal count for each of our sectors of focus: Consumer, Healthcare, Industrial, and Technology & Services. Furthermore, the number of engagements in our current backlog is up from year-ago levels across all of these sectors.
- Macroeconomic and geopolitical conditions remain uncertain following the recent U.S. elections. However, the first part of 2025 should bring a meaningful degree of clarity regarding policy changes, helping buyers and sellers assess the impact on target businesses.

Scope for Valuation Gap to Narrow

For many sellside processes in 2025, the primary gating factor will remain the willingness of sellers to accept the market clearing price for their assets, with reasons to expect progress toward the valuation gap closing.

- In terms of publicly disclosed multiples, the median EV/EBITDA multiple for buyouts in 2024 was slightly over 9x on a global basis in YTD 2024 through Q3 (according to PitchBook), consistent with the 9.0-9.5x range of 2022-2023 (for the low percentage of deals with disclosed multiples data). Recent multiples remained lower than the 11x+ median seen in 2021 as well as the 9.5-10x range of 2017-2020; higher entry valuations from these years explain the reluctance of some sellers to accept recently available exit multiples.
- The median multiple for 2024 was weighed down by lower valuations paid on corporate-led deals (according to PitchBook), offsetting an increase for multiples on transactions with sponsor buyers as lending market conditions improved.
- Analysis of Baird Global Investment Banking’s sellside advisory transactions indicates headway for valuations in 2024, with the median EV/EBITDA multiple up nearly a full turn relative to 2023. Corporates and financial sponsor buyers were near valuation parity overall in our deals, but sponsors stretched higher than strategics for the most premium assets.
- Based on historical trends and LBO economics, purchase price valuations and deal financing leverage should rise as central banks in the U.S. and Europe reduce benchmark rates (detailed further [here](#)), reversing the pattern of purchase price multiples falling amid rising rates.
- The gap between the median EV/EBITDA for M&A and for the S&P 500 was at its widest level in 2024 at roughly double the average disparity of 2014-2023, reinforcing the case that buyout valuations have room to rise.

Global M&A Commentary – Q4 2024

Global M&A Market Data

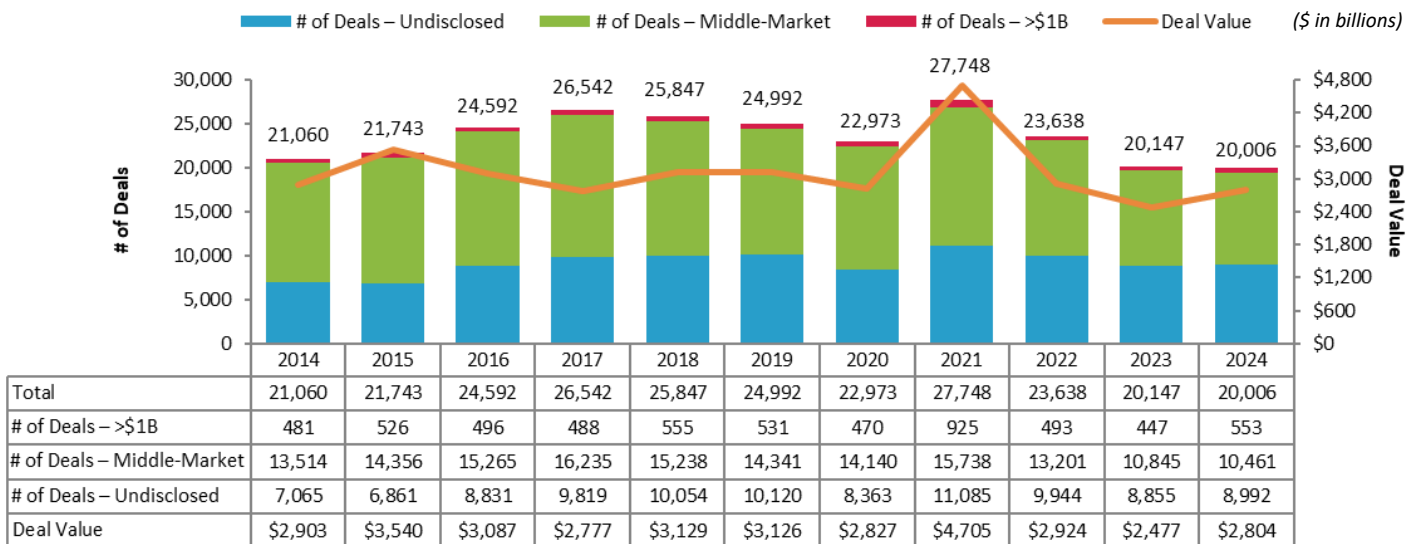
- In the global M&A market, reported deal value of \$2.8 trillion in 2024 increased 13% from the 2023 total despite the number of announced transactions being essentially in line with the year-ago total.
- The Q4 deal count declined 7% year over year and lagged the average of Q1-Q3 2024 by 10%.
- In Q4, global dollar value was down 17% vs. the year-ago figure and dipped 1% below the Q1-Q3 2024 mean.
- In the \$100 million to \$1 billion segment, the 2024 deal count was up 6% and dollar value increased 8%.
- M&A exit activity for financial sponsors grew significantly during 2024, when the number of targets sold by private equity firms rose 24%, while disclosed deal value climbed 32%.
- In 2024, the number of acquisitions by PE firms edged up 1% on a global basis, while sponsor purchase deal value increased 24%.
- On a regional basis:
 - U.S. M&A dollar value for 2024 rose 3% to \$1.53 trillion, moderately under the 2014-2023 average of \$1.76 trillion.
 - Europe's M&A deal value increased 25% to a three-year high of \$841 billion in 2024.
 - In Asia, Japan's outbound deal count fell to a 14-year low, while China's outbound M&A rebounded slightly from 2023's 14-year low.
 - Additional regional commentary is available for the U.S. (on page 11), Europe (on page 16), and Asia (on page 22).

Leveraged Finance Market Updates

- Our expectations for the global lending markets in 2025 include tighter pricing amid strong competition among private credit funds and banks for new opportunities, supporting an upturn for LBO financing activity as M&A markets rebound.
- Private credit activity remained robust through Q4, featuring a larger contribution from LBO financings in the U.S.
- In the U.S., spreads for direct lending LBO financings averaged ~550 bps in 2024, down 120 bps from 2023. Given limited to pricing reductions due to minimum return thresholds, lenders have been increasingly constructive in other ways, including covenants, payment in kind (PIK), and delayed draw term loans (DDTLs), with these concessions reserved for more attractive credits.
- In Europe's private credit market, an accelerating theme has been more aggressive terms finding their way into the middle market for strong assets, with pricing consistently competitive against the threat of the broadly syndicated loan market and €50-60 million EBITDA generally being a barrier where cov-lite starts to become possible for private credit funds.
- While below the levels of Q1-Q3 2024, global syndicated loan volume in Q4 2024 exceeded the quarterly totals of Q2 2022 through Q4 2023, contributing to full-year 2024 issuance more than doubling the 2023 figure.
- Global high yield issuance in Q4 was at the low end of 2024's quarterly range while factoring into 74% growth for 2024 issuance versus 2023's volume. Also of note, Europe's high yield volume in 2024 was the second-highest on record.
- Amid central bank rate cuts, U.S. public market loan yields for December were ~100 bps below the average for Q2-Q3, while December's average term loan B yield in Europe was 75 bps under the Q2-Q3 mean.

Global M&A Activity

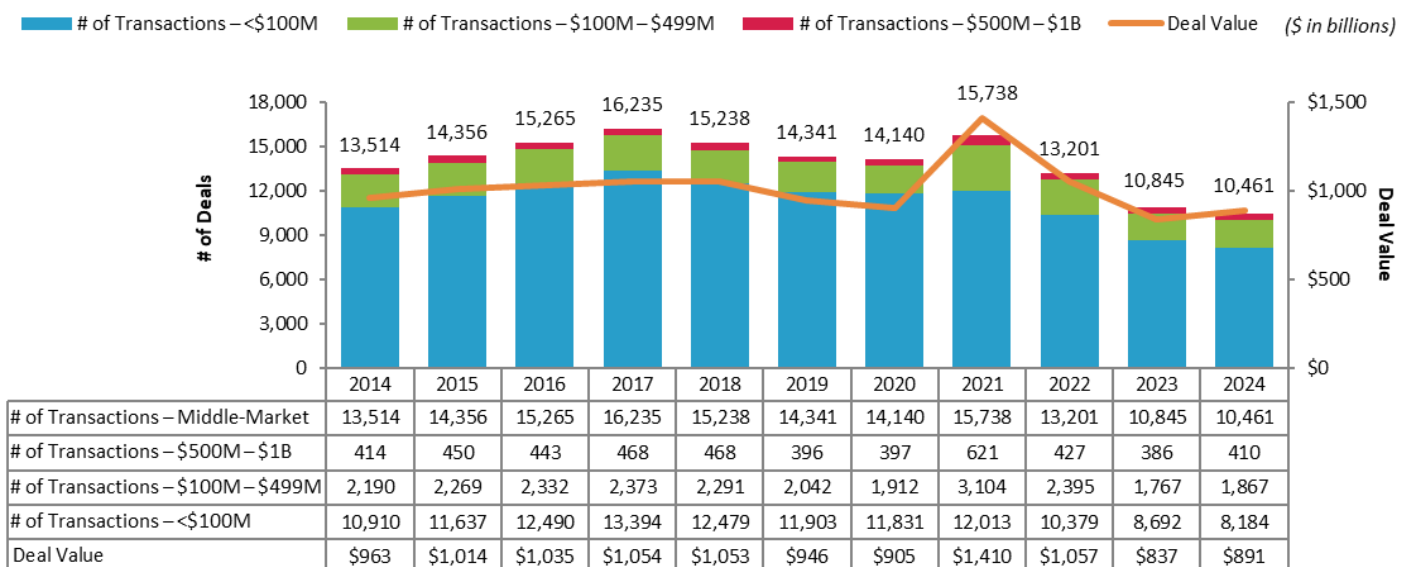
Global M&A Activity



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Middle-market transactions defined as those with a disclosed transaction value of less than \$1 billion. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Global Middle-Market M&A Activity



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Middle-market transactions defined as those with a disclosed transaction value of less than \$1 billion. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Global M&A Deal Statistics

(\$ in millions)	Number of Deals – Q4			Deal Value – Q4		
	2023	2024	% Change	2023	2024	% Change
North America	1,630	1,459	(10.5%)	\$514,544	\$365,652	(28.9%)
– U.S.	1,457	1,329	(8.8%)	\$494,170	\$325,199	(34.2%)
Central / South America	197	153	(22.3%)	\$17,581	\$12,582	(28.4%)
Europe	2,324	2,154	(7.3%)	\$224,214	\$221,131	(1.4%)
– U.K.	512	590	15.2%	\$63,402	\$77,090	21.6%
– Germany	323	324	0.3%	\$27,678	\$36,589	32.2%
Africa / Middle East	187	133	(28.9%)	\$20,183	\$12,518	(38.0%)
Asia-Pacific (ex. Japan)	984	928	(5.7%)	\$102,885	\$141,900	37.9%
– China	525	496	(5.5%)	\$62,521	\$84,833	35.7%
– India	186	160	(14.0%)	\$19,429	\$13,008	(33.1%)
Japan	420	441	5.0%	\$67,266	\$44,890	(33.3%)
Global Total	4,950	4,598	(7.1%)	\$836,810	\$696,132	(16.8%)

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Notes: Global Total will not equal the sum of the individual regions listed above, as cross-border transactions are reflected in both the target's and acquiror's respective regions.

Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Historical M&A data is subject to revision, particularly as additional deals from past periods enter the M&A database.

(\$ in millions)	Number of Deals – Full Year			Deal Value – Full Year		
	2023	2024	% Change	2023	2024	% Change
North America	8,828	7,243	(18.0%)	\$1,599,284	\$1,549,762	(3.1%)
– U.S.	6,518	6,293	(3.5%)	\$1,478,215	\$1,526,577	3.3%
Central / South America	1,070	766	(28.4%)	\$72,652	\$59,337	(18.3%)
Europe	9,413	9,413	0.0%	\$672,185	\$840,582	25.1%
– U.K.	2,158	2,232	3.4%	\$171,575	\$255,951	49.2%
– Germany	1,375	1,421	3.3%	\$93,301	\$129,842	39.2%
Africa / Middle East	979	740	(24.4%)	\$78,249	\$66,646	(14.8%)
Asia-Pacific (ex. Japan)	3,575	3,597	0.6%	\$354,560	\$410,109	15.7%
– China	1,767	1,646	(6.8%)	\$221,470	\$224,908	1.6%
– India	725	802	10.6%	\$56,981	\$62,085	9.0%
Japan	1,608	1,712	6.5%	\$148,503	\$183,991	23.9%
Global Total	20,147	20,006	(0.7%)	\$2,476,615	\$2,804,304	13.2%

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

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Historical M&A data is subject to revision, particularly as additional deals from past periods enter the M&A database.

Global Middle-Market M&A Deal Statistics

(\$ in millions)	Number of Deals – Q4			Deal Value – Q4		
	2023	2024	% Change	2023	2024	% Change
North America	843	683	(19.0%)	\$106,526	\$84,111	(21.0%)
– U.S.	744	619	(16.8%)	\$95,996	\$78,004	(18.7%)
Central / South America	104	70	(32.7%)	\$10,643	\$9,460	(11.1%)
Europe	797	691	(13.3%)	\$76,553	\$71,969	(6.0%)
– U.K.	222	245	10.4%	\$23,819	\$27,172	14.1%
– Germany	66	70	6.1%	\$8,928	\$11,963	34.0%
Africa / Middle East	98	78	(20.4%)	\$10,353	\$8,801	(15.0%)
Asia-Pacific (ex. Japan)	805	762	(5.3%)	\$69,106	\$61,527	(11.0%)
– China	475	459	(3.4%)	\$39,962	\$37,062	(7.3%)
– India	141	125	(11.3%)	\$11,708	\$8,503	(27.4%)
Japan	297	322	8.4%	\$11,798	\$14,604	23.8%
Global Total	2,701	2,438	(9.7%)	\$247,139	\$222,482	(10.0%)

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

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Historical M&A data is subject to revision, particularly as additional deals from past periods enter the M&A database.

(\$ in millions)	Number of Deals – Full Year			Deal Value – Full Year		
	2023	2024	% Change	2023	2024	% Change
North America	4,785	3,780	(21.0%)	\$494,038	\$371,983	(24.7%)
– U.S.	3,358	3,055	(9.0%)	\$334,026	\$355,897	6.5%
Central / South America	585	362	(38.1%)	\$38,673	\$31,424	(18.7%)
Europe	3,206	3,055	(4.7%)	\$267,455	\$294,482	10.1%
– U.K.	991	933	(5.9%)	\$84,330	\$89,454	6.1%
– Germany	302	297	(1.7%)	\$33,997	\$34,533	1.6%
Africa / Middle East	623	400	(35.8%)	\$47,248	\$30,872	(34.7%)
Asia-Pacific (ex. Japan)	2,829	2,867	1.3%	\$208,794	\$210,651	0.9%
– China	1,569	1,477	(5.9%)	\$120,890	\$112,884	(6.6%)
– India	535	609	13.8%	\$37,826	\$37,038	(2.1%)
Japan	1,158	1,253	8.2%	\$49,470	\$57,464	16.2%
Global Total	10,845	10,461	(3.5%)	\$837,038	\$891,199	6.5%

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Notes: Global Total will not equal the sum of the individual regions listed above, as cross-border transactions are reflected in both the target's and acquiror's respective regions.

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U.S. M&A Commentary – Q4 2024

U.S. M&A Market Data

- In 2024, the number of transactions decreased 3%, while disclosed deal value was up 3% to \$1.53 trillion.
- Reported deal value essentially matched or slightly exceeded the totals generated in five of the years in the 2014-2023 period.
- Deal value of \$325 billion in Q4 dropped 34% year over year and was 19% below the average of Q1-Q3 2024, with uncertainty related to U.S. elections possibly dampening large transaction activity.
- The preliminary M&A transaction total for Q4 fell 9% vs. Q4 2023 and was 20% under the quarterly mean of Q1-Q3 2024; note that the Q4 deal count will be revised meaningfully higher over time as the data provider processes additional transactions.
- The billion-dollar-plus transaction count of 71 in Q4 was slightly below the quarterly average of 79 for Q1-Q3 2024 but above the mean of 62 per quarter in 2022-2023.
- Within the \$100 million to \$1 billion segment of the U.S. middle market, dollar value rose 10% on an 11% increase for deal count.

Economic Updates

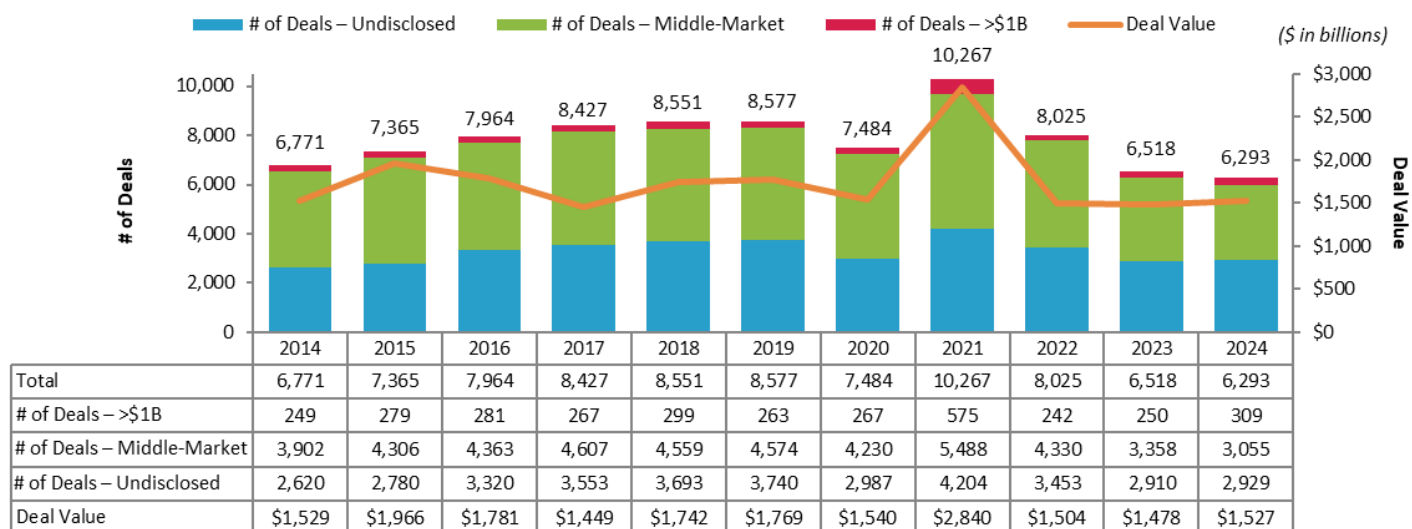
- The Institute for Supply Management (ISM) services data for Q4 registered the highest quarterly average of 2024, including the third-highest monthly value of the year in December.
- While the ISM's manufacturing index readings stayed below 50 for the third straight quarter, a nine-month high in December resulted in improvement in Q4 relative to Q3.
- The preliminary number of payroll additions in Q4 was modestly above the quarterly figures of Q2 and Q3. Although representing a four-year low, the 2.2 million jobs added in 2024 matched the average yearly total of 2010-2019.
- After falling for six straight months to a three-year low in September, U.S. CPI growth moved higher in each month of Q4, including a five-month high of 2.9% in December.
- Q4 GDP growth projections reflect expansion near the Q3 figure of 2.8%; the latest Atlanta Fed GDPNow forecast calls for Q4 GDP growth of about 3%.

Leveraged Finance Market Updates

- The private and public lending markets are primed for a busy start to 2025, fueled by financings at borrower-friendly terms and attractive pricing.
- According to a recent PitchBook LCD survey of the private credit market, 74% of respondents anticipate increased deal activity in the near term.
- Expectations of increased LBO-driven lending in 2025 reflect potential acceleration in M&A market activity as detailed in the first several pages of this report, along with recent direct lending activity, as LBO financings were 30% of the deal mix in Q4, up from 27% in Q3 and 22% in H1 2024. In addition, volume for public market M&A financings rose 80% in 2024, with second-half issuance 33% above the H1 2024 figure.
- With the Fed cutting rates further in November and December, new public market loan yields for December were ~100 bps under the average for Q2-Q3, with further downside potential pending additional cuts in 2025 if inflation remains near targeted levels.
- Spreads for direct lending LBO financings averaged ~550 bps in 2024, down 120 bps from 2023.
- In a recent PitchBook LCD survey, 72% of market participant respondents anticipate higher leverage multiples on buyouts over the next six months, up from 57% in September.
- In the public lending markets, 71% growth in Q4 leveraged loan volume contributed to 2024 issuance doubling to the second-highest annual total on record. Credit research estimates call for event-driven loan volume (e.g., M&A-related issuance) to increase 20%+ in 2025.
- Q4 high yield volume rose 12% year over year, pushing 2024 issuance to the third-highest yearly total in the past 10 years. Credit research forecasts for high yield issuance in 2025 are in the \$290-400 billion range versus \$282 billion in 2024.

U.S. M&A Activity

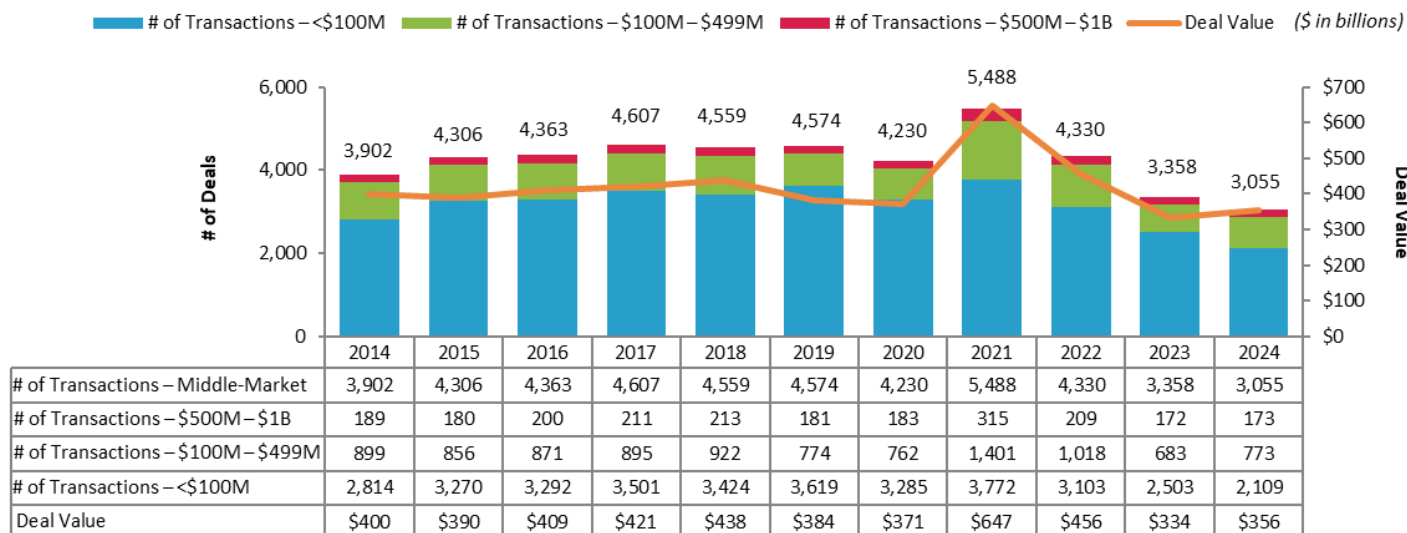
U.S. M&A Activity



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Middle-market transactions defined as those with a disclosed transaction value of less than \$1 billion. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

U.S. Middle-Market M&A Activity



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Middle-market transactions defined as those with a disclosed transaction value of less than \$1 billion. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

U.S. Middle-Market M&A Deal Statistics

Number of Deals					Deal Value			
	2023	2024	% Change		(\$ in millions)	2023	2024	% Change
Q4					Q4			
<\$100M	505	390	(22.8%)		<\$100M	\$15,477	\$13,522	(12.6%)
\$100M-\$499M	183	195	6.6%		\$100M-\$499M	\$41,588	\$41,731	0.3%
\$500M-\$1,000M	56	34	(39.3%)		\$500M-\$1,000M	\$38,930	\$22,750	(41.6%)
Total Middle Market	744	619	(16.8%)		Total Middle Market	\$95,996	\$78,004	(18.7%)
Quarterly LTM Average	840	764	(9.0%)		Quarterly LTM Average	\$83,507	\$88,974	6.5%
>\$1,000M	64	71	10.9%		>\$1,000M	\$398,175	\$247,195	(37.9%)
Undisclosed	649	639	(1.5%)		Undisclosed	**	**	**
Total	1,457	1,329	(8.8%)		Total	\$494,170	\$325,199	(34.2%)
Quarterly LTM Average	1,630	1,573	(3.5%)		Quarterly LTM Average	\$369,554	\$381,644	3.3%
Full Year					Full Year			
<\$100M	2,503	2,109	(15.7%)		<\$100M	\$69,252	\$65,229	(5.8%)
\$100M-\$499M	683	773	13.2%		\$100M-\$499M	\$148,081	\$167,303	13.0%
\$500M-\$1,000M	172	173	0.6%		\$500M-\$1,000M	\$116,693	\$123,365	5.7%
Total Middle Market	3,358	3,055	(9.0%)		Total Middle Market	\$334,026	\$355,897	6.5%
>\$1,000M	250	309	23.6%		>\$1,000M	\$1,144,189	\$1,170,680	2.3%
Undisclosed	2,910	2,929	0.7%		Undisclosed	**	**	**
Total	6,518	6,293	(3.5%)		Total	\$1,478,215	\$1,526,577	3.3%

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

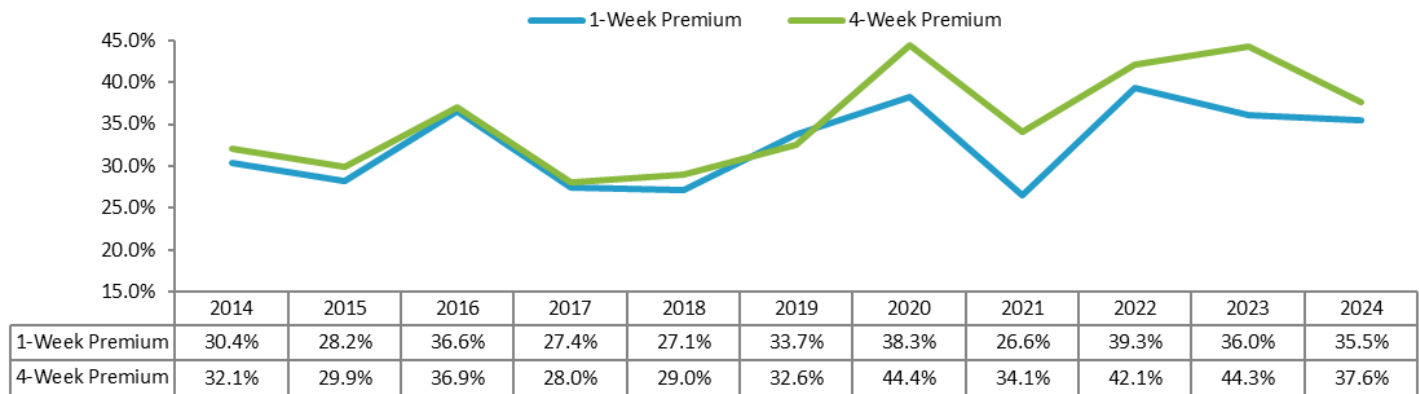
U.S. Middle-Market Enterprise Value to Median EBITDA, EBIT, and Revenue Multiples											
Transaction Size	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
EV/EBITDA											
<\$100M	8.1x	6.9x	7.4x	7.1x	8.0x	7.6x	8.5x	7.1x	6.6x	5.6x	6.2x
\$100M-\$499M	9.9x	10.2x	10.0x	9.9x	9.1x	11.2x	9.5x	10.2x	8.5x	9.3x	9.6x
\$500M-\$1B	9.9x	10.7x	11.3x	11.5x	10.2x	11.0x	10.0x	11.5x	12.9x	9.4x	8.8x
Middle-Market	9.2x	8.6x	9.2x	9.4x	9.0x	10.1x	9.3x	8.8x	8.1x	7.9x	8.2x
EV/EBIT											
<\$100M	11.4x	10.6x	10.8x	9.5x	12.3x	10.3x	10.6x	10.0x	6.0x	7.8x	8.2x
\$100M-\$499M	13.1x	12.2x	12.1x	16.1x	13.2x	13.9x	13.5x	14.4x	14.5x	10.6x	11.5x
\$500M-\$1B	13.0x	16.9x	13.5x	20.0x	14.3x	15.8x	18.8x	20.6x	19.7x	16.2x	11.1x
Middle-Market	12.5x	11.6x	11.7x	13.2x	13.3x	12.8x	13.5x	12.1x	12.2x	11.0x	9.8x
EV/Revenue											
<\$100M	0.88x	1.01x	1.04x	1.07x	1.04x	0.96x	0.91x	1.17x	1.00x	1.00x	1.01x
\$100M-\$499M	1.40x	1.51x	1.44x	1.33x	1.52x	1.67x	1.75x	1.64x	1.18x	1.42x	1.58x
\$500M-\$1B	1.59x	1.73x	1.95x	1.81x	1.50x	1.78x	1.60x	1.62x	2.36x	1.71x	1.63x
Middle-Market	1.10x	1.14x	1.18x	1.25x	1.20x	1.14x	1.14x	1.33x	1.06x	1.19x	1.23x

Source: Capital IQ and Robert W. Baird & Co. Incorporated M&A Market Analysis. Median multiples are calculated using deals for which meaningful data is available.

Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

U.S. Middle-Market M&A Deal Statistics

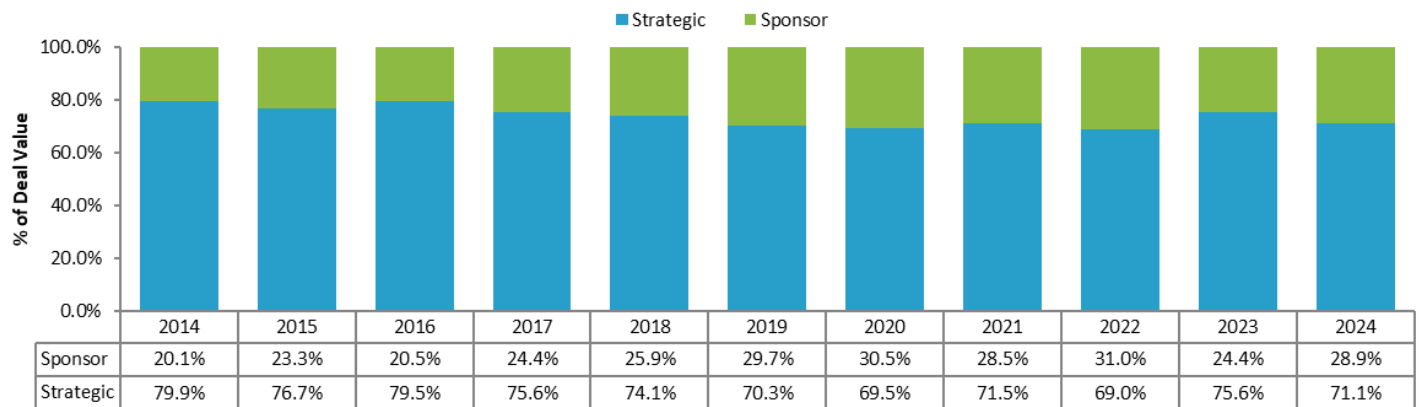
U.S. Middle-Market Median Acquisition Premiums



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

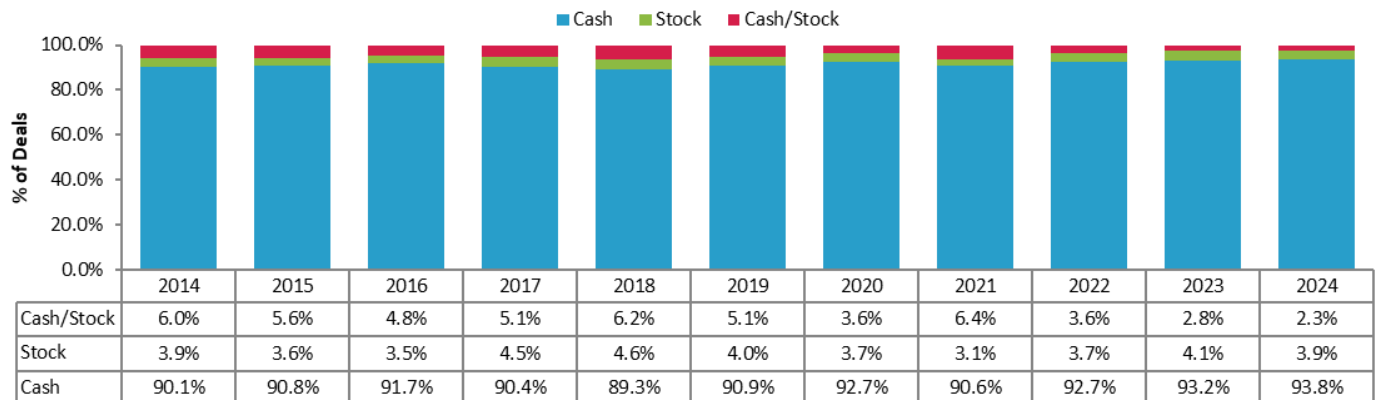
U.S. Middle-Market Transaction Composition – Strategic vs. Sponsor Deal Value



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

U.S. Middle-Market M&A Payment Method by Number of Deals

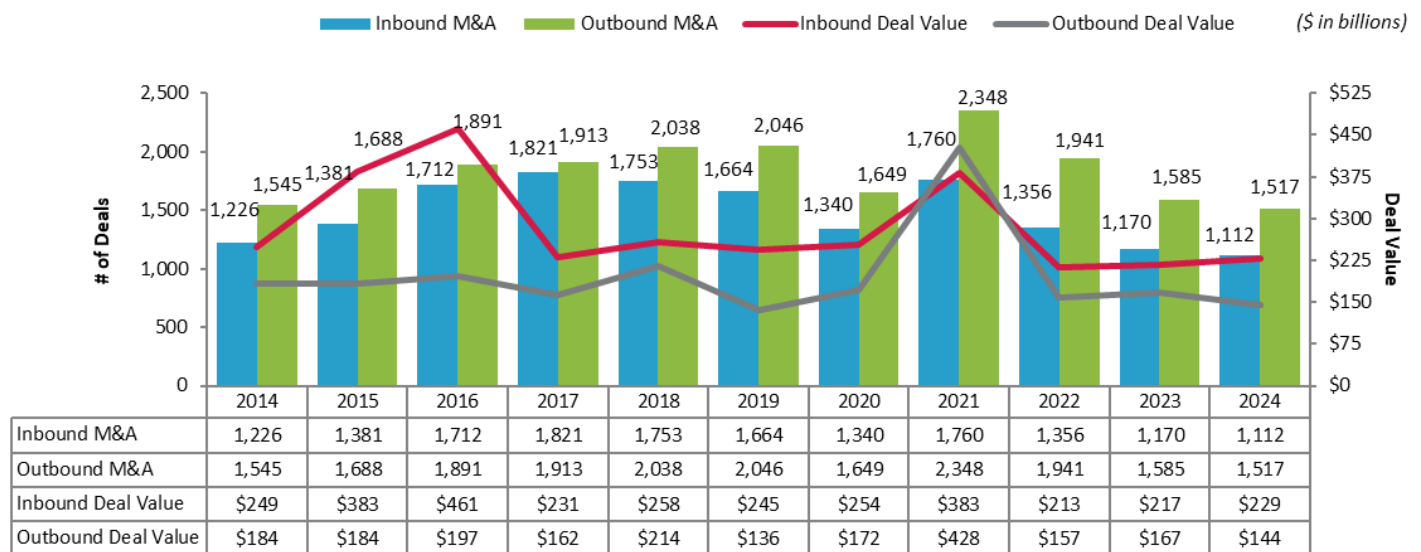


Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

U.S. Cross-Border M&A Activity

U.S. – Inbound and Outbound M&A Activity



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Inbound M&A represents U.S. target/non-U.S. acquirer; Outbound M&A represents non-U.S. target/U.S. acquirer. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Top 10 U.S. Target Industries Acquired by Non-U.S. Companies – 2024		Top 10 Non-U.S. Acquirors of U.S. Targets – 2024		Top 10 Non-U.S. Target Industries Acquired by U.S. Companies – 2024	
Industry	# of Deals	Country	# of Deals	Industry	# of Deals
1. Technology	316	1. Canada	215	1. Technology	518
2. Healthcare	141	2. United Kingdom	177	2. Professional Services	222
3. Professional Services	138	3. Japan	112	3. Healthcare	113
4. Construction/Building	72	4. France	84	4. Construction/Building	75
5. Machinery	43	5. Germany	78	5. Machinery	67
6. Utility & Energy	42	6. Sweden	51	6. Finance	63
7. Chemicals	36	7. India	40	7. Insurance	47
8. Food & Beverage	31	8. Italy	38	8. Leisure & Recreation	42
9. Finance	30	9. Switzerland	32	9. Transportation	36
10. Metal & Steel	26	10. Australia	32	10. Utility & Energy	33

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Europe M&A Commentary – Q4 2024

Europe M&A Market Data

- In 2024, the number of transactions in Europe's M&A market was unchanged from the 2023 figure, while disclosed deal value increased 25% to a three-year high of \$841 billion, which remained below the full-year totals of each year in 2014-2021.
- The number of M&A transactions announced in Q4 was down 7% year over year and was 11% lower than the quarterly average of Q1-Q3 2024.
- Reported M&A dollar value for Q4 decreased 1% from Q4 2023 but was 7% above the pace of Q1-Q3 2024.
- In Europe's middle market, the 2024 deal total decreased 5%, whereas aggregate deal value was up 10%.

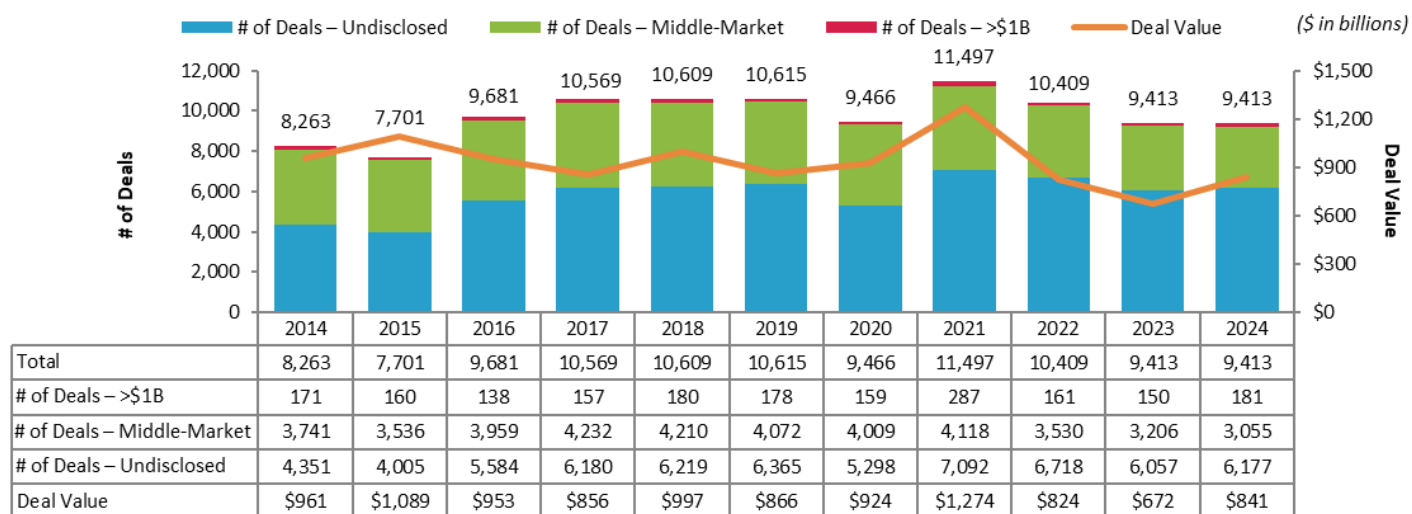
M&A Market Highlights by Country

- In the U.K. (Europe's largest M&A market), the 2024 deal total increased 3%, and disclosed dollar volume climbed 49%. Inbound M&A for the U.K. was particularly strong in 2024, with deal count rising 12% and deal value jumping 67%.
- In Germany's M&A market, the deal count was up 3% in 2024, and deal value rose 39%. Deal count and deal value for Germany's outbound and inbound deal activity showed growth in 2024.

Economic Updates

- The composite PMI for euro zone activity indicated contraction in the last two months of Q4. In December, the services sector showed modest growth in improving from November, whereas manufacturing remained mired in significant contraction mode while posting a three-month low in December.
- In the U.K., the services PMI continued to indicate expansion throughout Q4, albeit at the lowest quarterly average of 2024. After rising above 50 earlier in the year, the PMI for the U.K.'s manufacturing sector fell into contraction in each month of Q4, including an 11-month low for the PMI reading in December.
- After rising to the highest mark in more than a year during September, the Economic Sentiment Indicator of the European Union sank to the lowest level of 2024 in December, reflecting lower confidence among consumers and among managers in construction and industry.
- The European Central Bank lowered its benchmark interest rate by 50 bps in Q4 following 85 bps of total reductions in Q2-Q3. The Bank of England cut benchmark interest rates by 25 bps in Q4 after a reduction of 25 bps in Q3. Market participants are expecting more central bank rate cuts when inflation readings show additional signs of price pressures being under control.

Europe M&A Activity



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Middle-market transactions defined as those with a disclosed transaction value of less than \$1 billion. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Europe Middle-Market M&A Deal Statistics

Number of Deals					Deal Value			
	2023	2024	% Change		(\$ in millions)	2023	2024	% Change
Q4					Q4			
<\$100M	605	518	(14.4%)		<\$100M	\$14,170	\$13,744	(3.0%)
\$100M-\$499M	147	134	(8.8%)		\$100M-\$499M	\$32,056	\$31,315	(2.3%)
\$500M-\$1,000M	45	39	(13.3%)		\$500M-\$1,000M	\$30,327	\$26,910	(11.3%)
Total Middle Market	797	691	(13.3%)		Total Middle Market	\$76,553	\$71,969	(6.0%)
Quarterly LTM Average	802	764	(4.7%)		Quarterly LTM Average	\$66,864	\$73,621	10.1%
>\$1,000M	49	43	(12.2%)		>\$1,000M	\$147,661	\$149,162	1.0%
Undisclosed	1,478	1,420	(3.9%)		Undisclosed	**	**	**
Total	2,324	2,154	(7.3%)		Total	\$224,214	\$221,131	(1.4%)
Quarterly LTM Average	2,353	2,353	0.0%		Quarterly LTM Average	\$168,046	\$210,146	25.1%
Full Year					Full Year			
<\$100M	2,536	2,324	(8.4%)		<\$100M	\$53,716	\$54,425	1.3%
\$100M-\$499M	530	574	8.3%		\$100M-\$499M	\$117,172	\$129,959	10.9%
\$500M-\$1,000M	140	157	12.1%		\$500M-\$1,000M	\$96,567	\$110,098	14.0%
Total Middle Market	3,206	3,055	(4.7%)		Total Middle Market	\$267,455	\$294,482	10.1%
>\$1,000M	150	181	20.7%		>\$1,000M	\$404,730	\$546,100	34.9%
Undisclosed	6,057	6,177	2.0%		Undisclosed	**	**	**
Total	9,413	9,413	0.0%		Total	\$672,185	\$840,582	25.1%

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

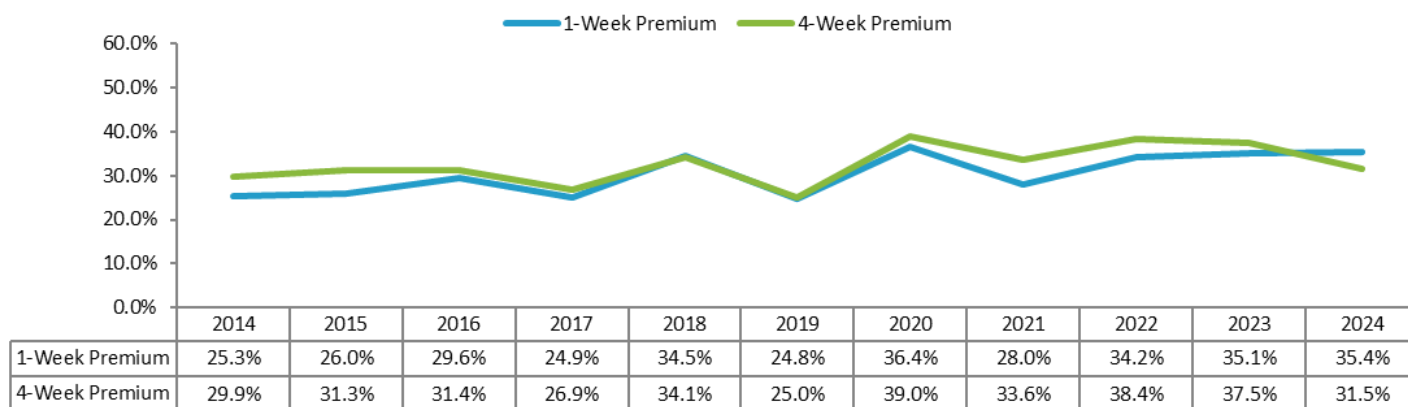
Europe Middle-Market Enterprise Value to Median EBITDA, EBIT, and Revenue Multiples											
Transaction Size	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
EV/EBITDA											
<\$100M	7.8x	7.5x	7.4x	7.3x	7.7x	7.6x	7.5x	7.5x	7.3x	6.6x	6.5x
\$100M-\$499M	9.3x	9.8x	10.0x	10.9x	9.9x	11.2x	10.3x	10.1x	11.0x	8.8x	10.1x
\$500M-\$1B	9.6x	10.6x	10.1x	11.1x	11.0x	11.1x	9.7x	11.2x	10.6x	11.9x	9.4x
Middle-Market	8.2x	8.6x	8.2x	8.4x	8.4x	8.6x	8.1x	8.6x	8.0x	7.7x	7.5x
EV/EBIT											
<\$100M	9.4x	9.3x	8.7x	9.0x	9.5x	8.9x	10.0x	7.9x	8.3x	7.1x	7.0x
\$100M-\$499M	12.4x	13.5x	13.0x	12.5x	12.6x	14.2x	12.7x	14.8x	14.3x	11.9x	12.7x
\$500M-\$1B	12.7x	15.5x	12.7x	19.5x	13.5x	11.8x	14.2x	15.3x	16.2x	15.8x	14.6x
Middle-Market	10.6x	11.4x	11.5x	10.2x	11.2x	11.0x	10.4x	9.5x	10.6x	11.1x	8.9x
EV/Revenue											
<\$100M	0.87x	0.93x	0.87x	0.87x	0.99x	0.91x	1.00x	1.22x	0.99x	0.88x	0.88x
\$100M-\$499M	1.34x	1.34x	1.26x	1.27x	1.25x	1.64x	1.16x	1.50x	1.39x	1.31x	1.31x
\$500M-\$1B	1.30x	1.41x	2.20x	1.50x	1.35x	1.97x	1.84x	1.60x	1.97x	1.63x	1.40x
Middle-Market	0.98x	1.00x	0.98x	0.95x	1.06x	1.03x	1.08x	1.27x	1.08x	1.00x	1.00x

Source: Capital IQ and Robert W. Baird & Co. Incorporated M&A Market Analysis. Median multiples are calculated using deals for which meaningful data is available.

Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Europe Middle-Market M&A Deal Statistics

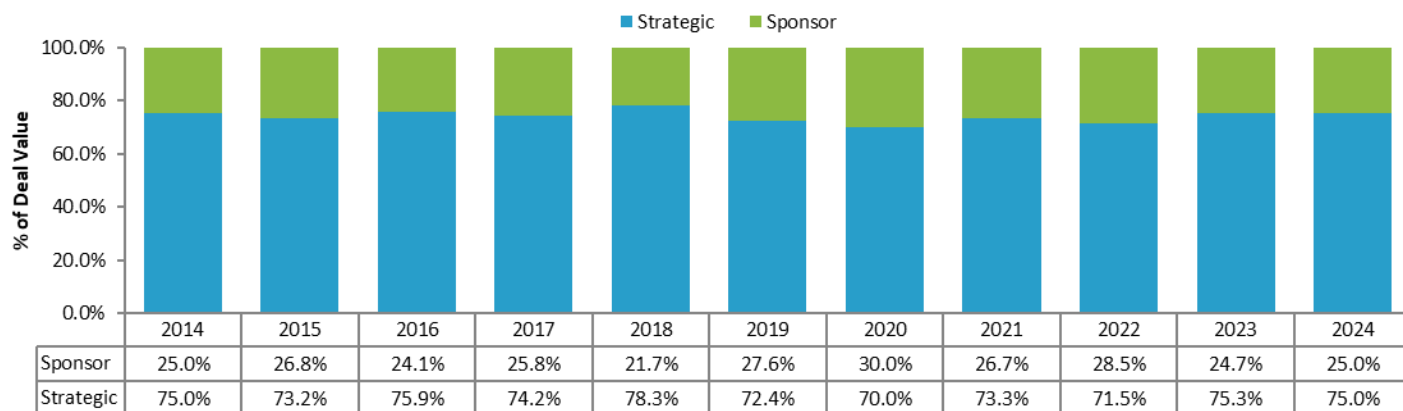
Europe Middle-Market Median Acquisition Premiums



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

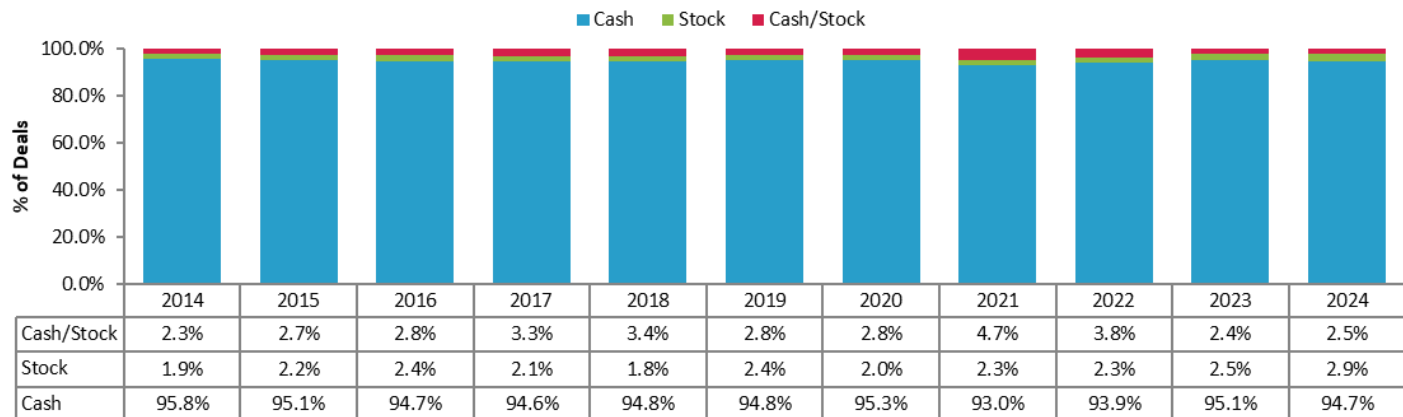
Europe Middle-Market Transaction Composition – Strategic vs. Sponsor Deal Value



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Europe Middle-Market M&A Payment Method by Number of Deals

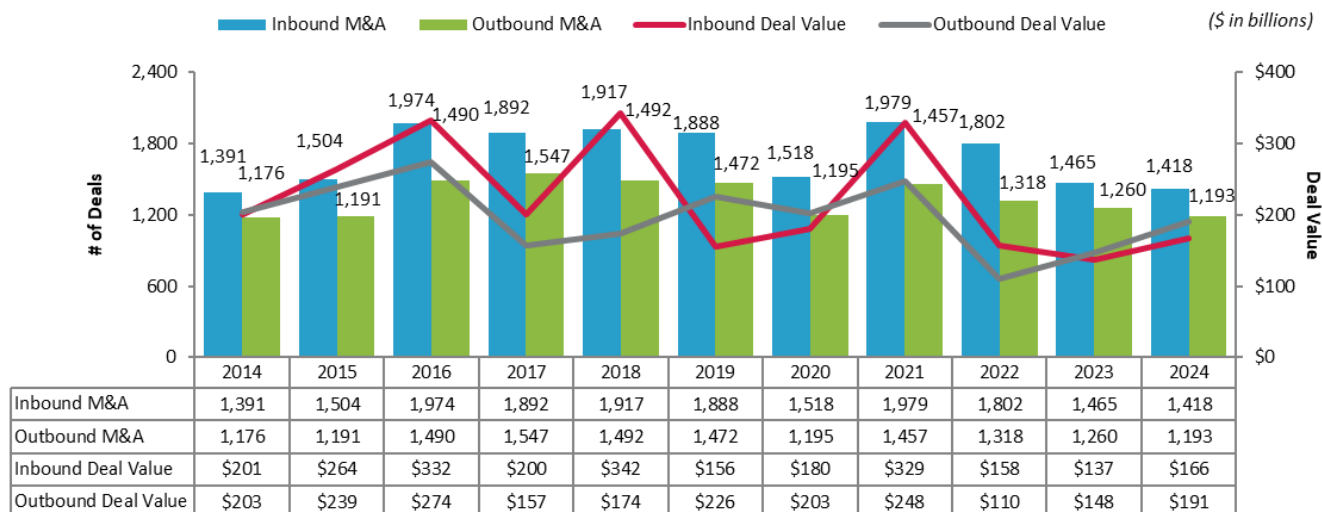


Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Europe Cross-Border M&A Activity

Europe – Inbound and Outbound M&A



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Inbound M&A represents European target/non-European acquiror; Outbound M&A represents non-European target/European acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Top 10 European Target Countries Acquired by Non-European Companies – 2024		Top 10 European Target Industries Acquired by Non-European Companies – 2024	
Country	# of Deals	Industry	# of Deals
1. United Kingdom	526	1. Technology	452
2. Germany	215	2. Professional Services	179
3. France	94	3. Healthcare	115
4. Spain	92	4. Machinery	84
5. Netherlands	86	5. Utility & Energy	68
6. Italy	79	6. Finance	64
7. Ireland	59	7. Transportation	53
8. Switzerland	51	8. Construction/Building	48
9. Denmark	38	9. Auto/Truck	42
10. Sweden	35	10. Leisure & Recreation	42

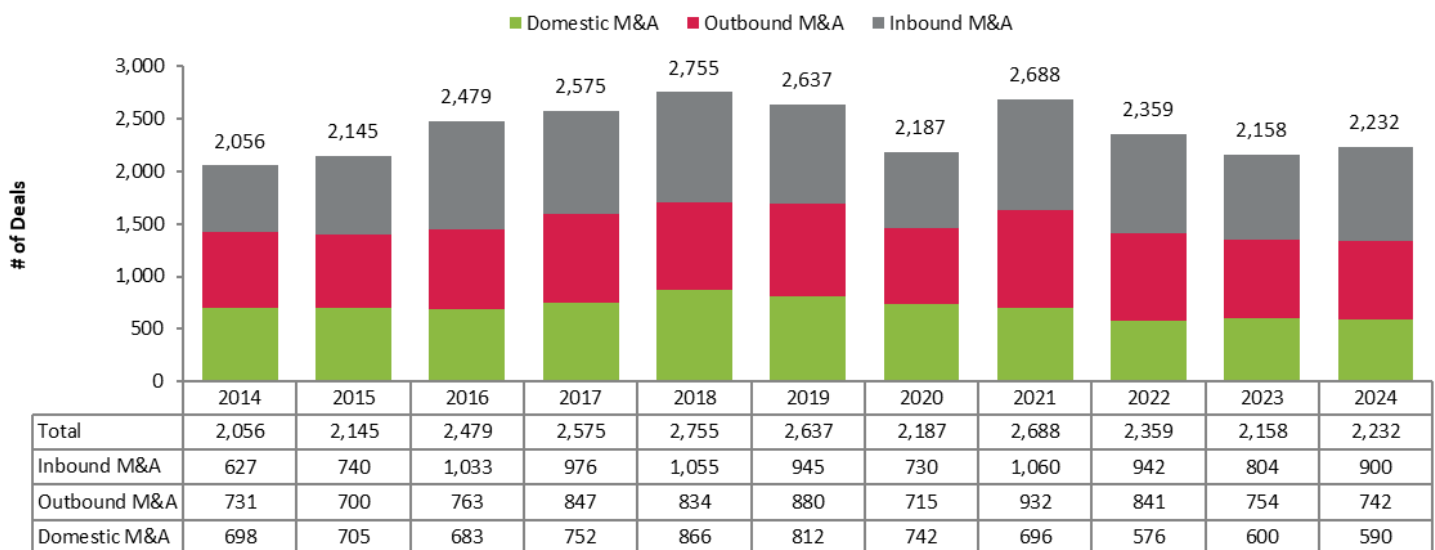
Top 10 Non-European Target Countries Acquired by European Companies – 2024		Top 10 Non-European Target Industries Acquired by European Companies – 2024	
Country	# of Deals	Industry	# of Deals
1. United States	606	1. Technology	293
2. Australia	128	2. Professional Services	187
3. Canada	91	3. Healthcare	117
4. Brazil	67	4. Construction/Building	80
5. India	64	5. Utility & Energy	72
6. China	28	6. Machinery	60
7. Singapore	20	7. Chemicals	54
8. United Arab Emirates	20	8. Finance	44
9. Israel	18	9. Consumer Products	38
10. New Zealand	17	10. Transportation	36

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

U.K. Cross-Border M&A Activity

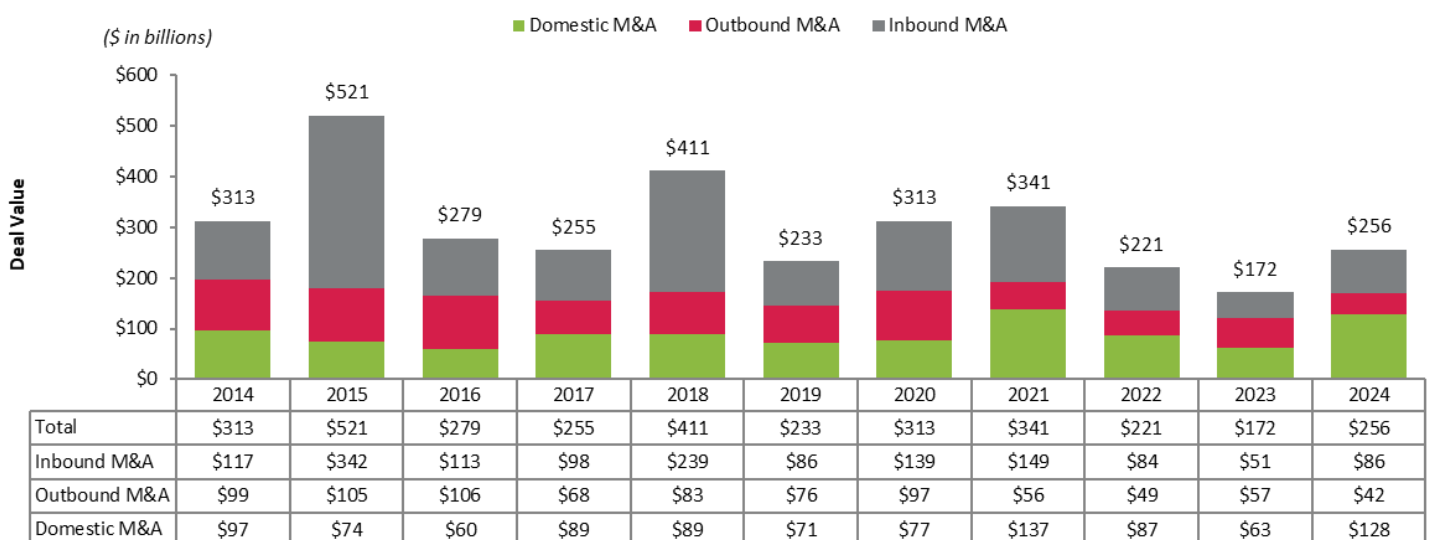
U.K. Number of Deals (Domestic/Outbound/Inbound)



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Domestic M&A represents U.K. target/U.K. acquiror; Outbound M&A represents non-U.K. target/U.K. acquiror; Inbound M&A represents U.K. target/non-U.K. acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

U.K. Deal Value (Domestic/Outbound/Inbound)

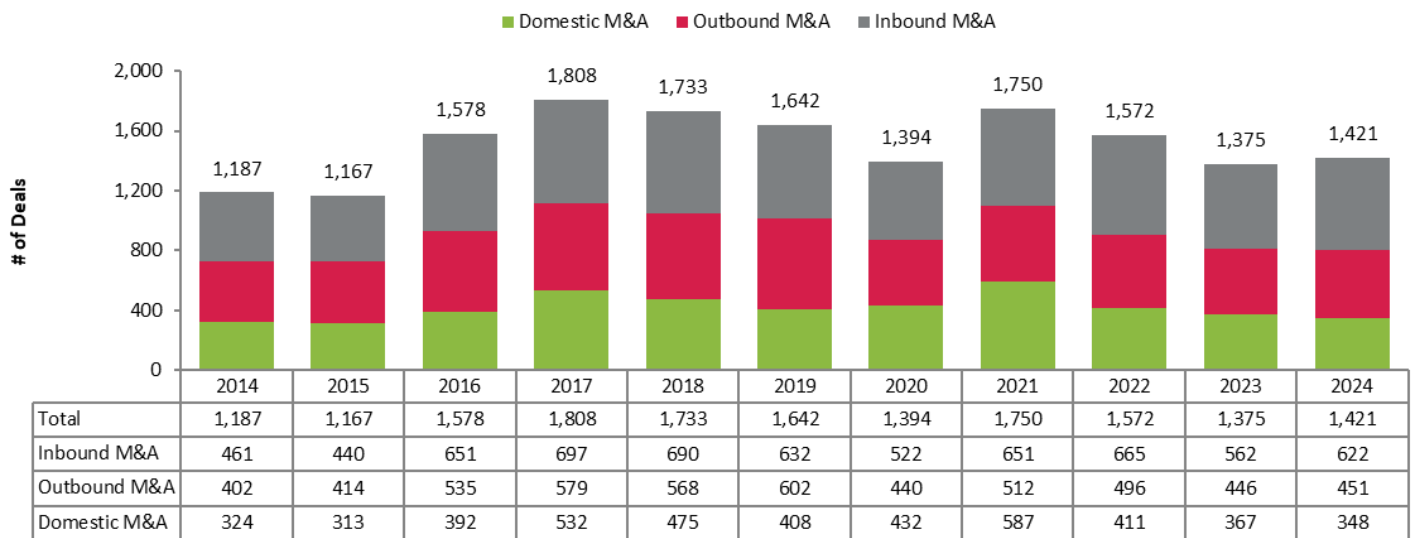


Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Domestic M&A represents U.K. target/U.K. acquiror; Outbound M&A represents non-U.K. target/U.K. acquiror; Inbound M&A represents U.K. target/non-U.K. acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Germany Cross-Border M&A Activity

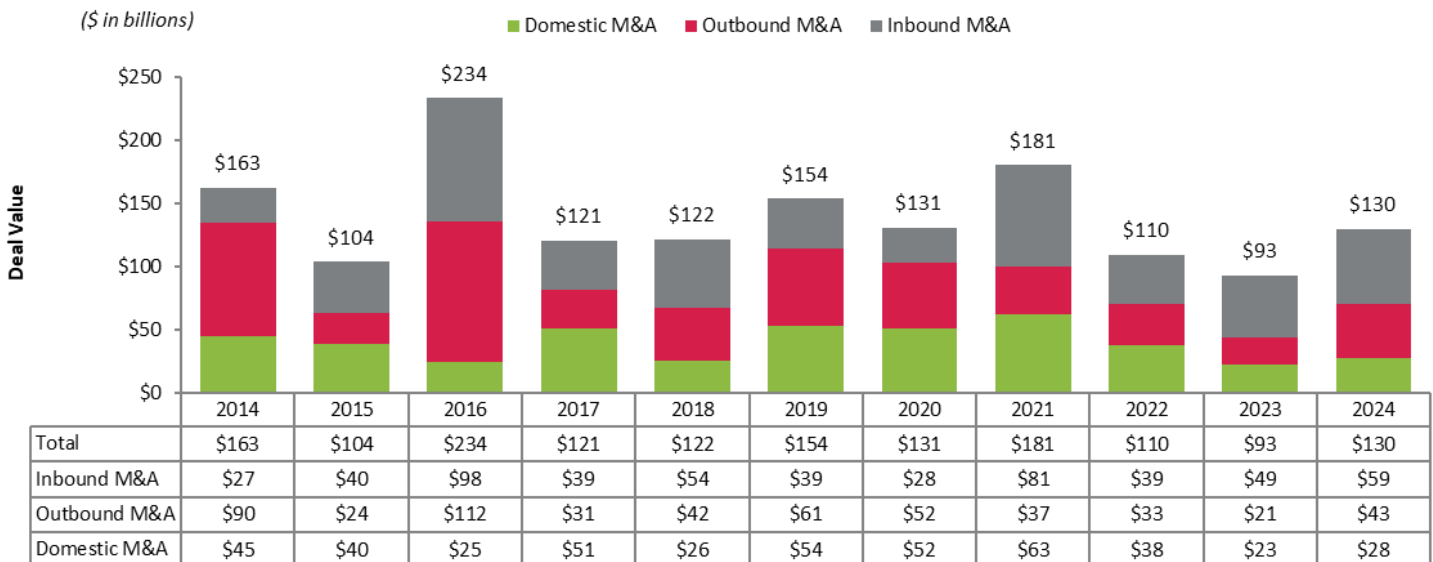
Germany Number of Deals (Domestic/Outbound/Inbound)



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Domestic M&A represents Germany target/Germany acquiror; Outbound M&A represents non-Germany target/Germany acquiror; Inbound M&A represents Germany target/non-Germany acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Germany Deal Value (Domestic/Outbound/Inbound)



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Domestic M&A represents Germany target/Germany acquiror; Outbound M&A represents non-Germany target/Germany acquiror; Inbound M&A represents Germany target/non-Germany acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Asia M&A Commentary – Q4 2024

Asia M&A Market Data

- In 2024, the M&A deal count for Asia (ex. Japan) edged up 1%, and disclosed dollar value increased 16%.
- Deal value of \$410 billion for 2024 exceeded the 10-year low of \$355 billion in 2023 but lagged the 2014-2022 average of \$591 billion.
- M&A metrics for Q4 2024 vs. Q4 2023: deal count down 6% and dollar value 38% above the year-ago figure.
- In Q4, the number of announced transactions was 4% above the quarterly average of Q1-Q3 2024, and reported deal value rose 59% relative to the Q1-Q3 mean.
- In the middle market, the transaction total and deal value both increased 1% in 2024.

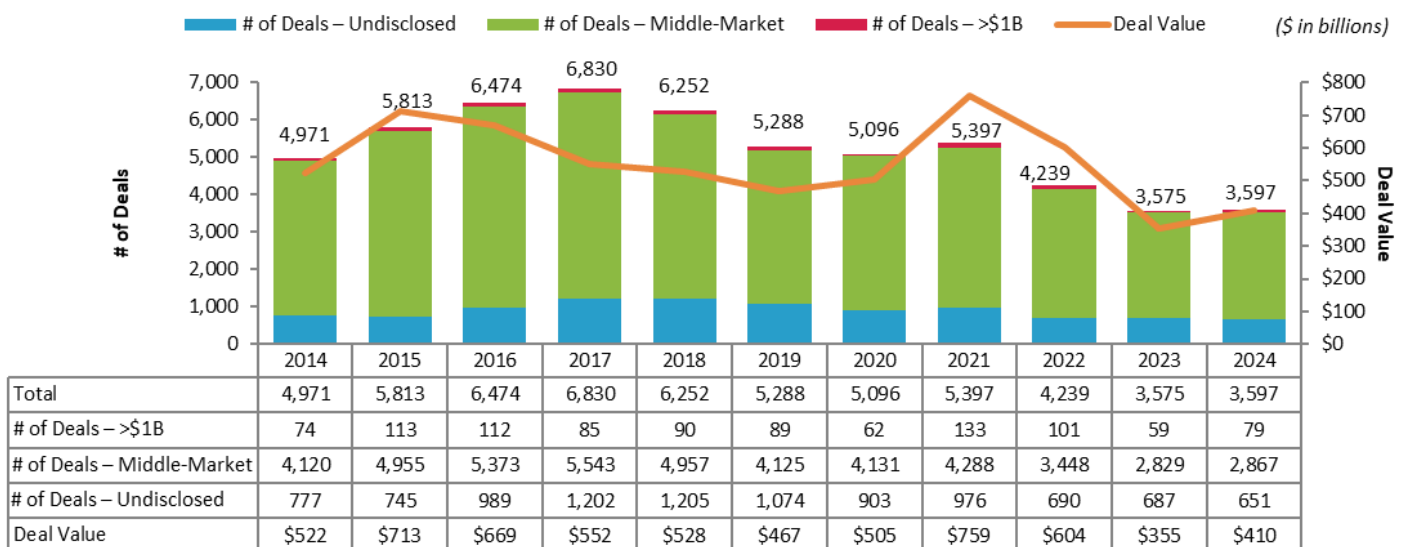
M&A Market Highlights by Country

- In 2024, the deal count for China decreased 7%, while deal value was up 2%. Inbound M&A for China in 2024 experienced lower metrics, with the number of inbound M&A transactions falling 22% to a 24-year low. The outbound deal count ticked up 2% from 2023's 14-year low.
- Last year's M&A results for India included transaction value rising 9% on an 11% increase in the deal count.
- M&A metrics were higher for Japan in 2024, when the number of transactions increased 6% and dollar value expanded 24%. However, the number of outbound M&A transactions from Japan in 2024 was down 10% to a 14-year low.

Economic Updates

- For China, the official manufacturing PMI indicated slight expansion in each month of Q4, with November posting the highest reading in the past eight months. China's Caixin PMI survey of smaller manufacturers also pointed to modest growth throughout Q4, led by a six-month high in November.
- China's official non-manufacturing PMI surged to a nine-month high in December after minimal growth in October-November, suggesting that government stimulus measures are starting to have an impact.
- Supported by exports growth of about 10% in Q4, China reported Q4 GDP growth of 5.4%, exceeding reported GDP expansion of 4.6% in Q3 and lifting China's reported 2024 GDP growth to 5.0%, in line with its full-year target of "around 5%."
- For Japan, PMI indicators were mixed in Q4, including slight growth for services along with minor contraction for manufacturing in late 2024.

Asia (ex. Japan) M&A Activity

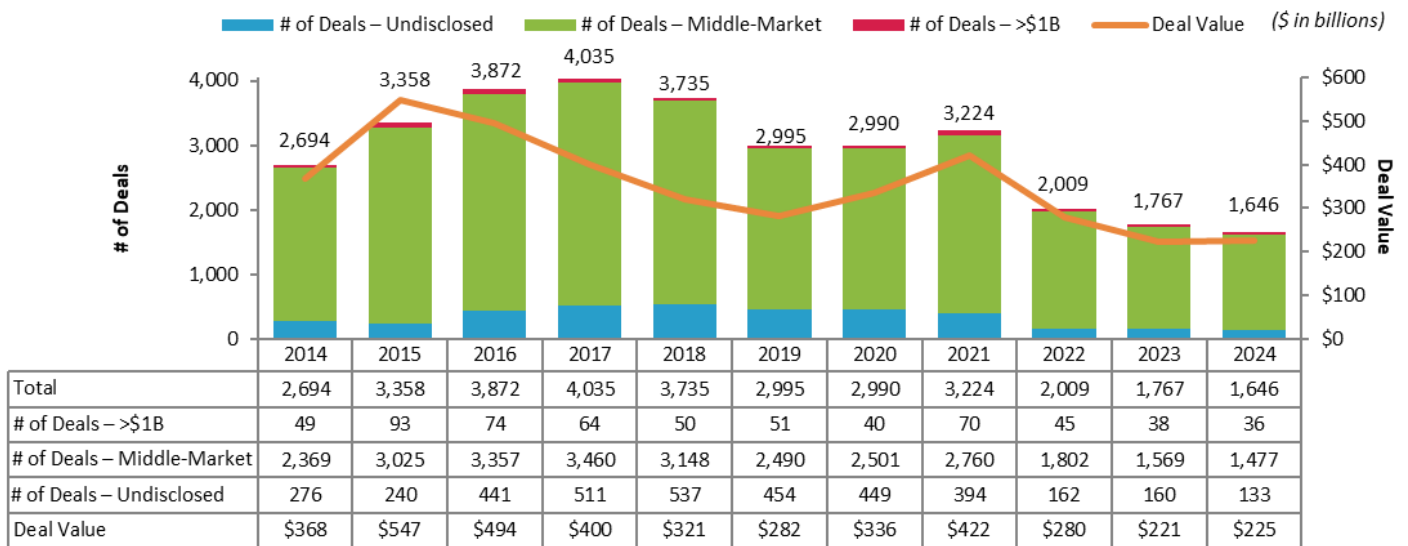


Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

China M&A Activity

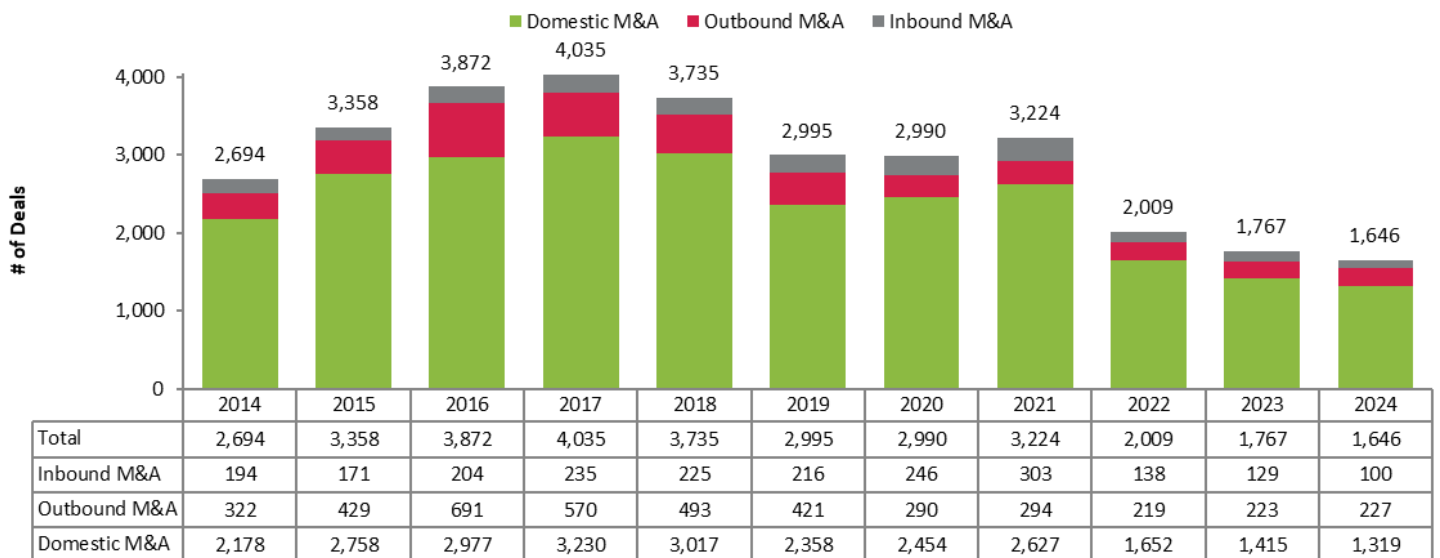
China M&A Activity



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

China Number of Deals (Domestic/Outbound/Inbound)



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Domestic M&A represents China target/China acquiror; Outbound M&A represents non-China target/China acquiror; Inbound M&A represents China target/non-China acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

China M&A Deal Statistics

China Number of Deals							
	Domestic		Outbound		Inbound		Total
	2023	2024	2023	2024	2023	2024	
Q4							
Middle Market	407	406	39	36	29	17	475
>\$1B	5	11	4	2	3	1	12
Undisclosed	10	5	18	8	10	10	38
Total	422	422	61	46	42	28	525
Full Year							
Middle Market	1,366	1,260	134	156	69	61	1,569
>\$1B	20	28	10	5	8	3	38
Undisclosed	29	31	79	66	52	36	160
Total	1,415	1,319	223	227	129	100	1,767

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Domestic M&A represents China target/China acquiror; Outbound M&A represents non-China target/China acquiror; Inbound M&A represents China target/non-China acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

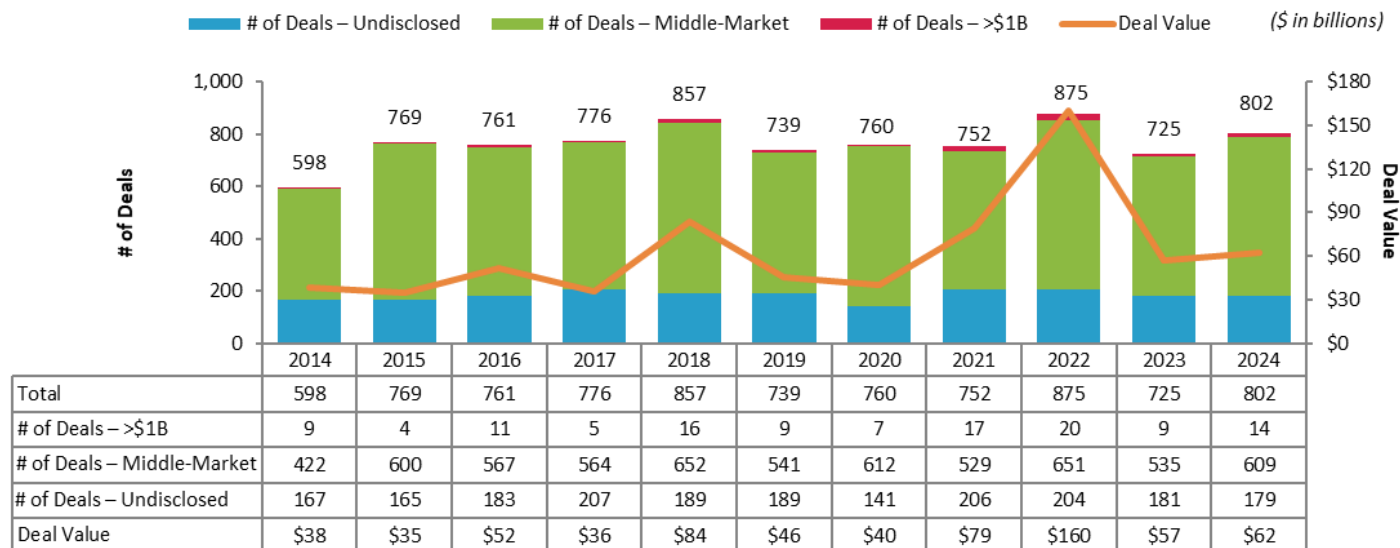
China Deal Value							
(\$ in millions)	Domestic		Outbound		Inbound		Total
	2023	2024	2023	2024	2023	2024	
Q4							
Middle Market	\$28,703	\$28,662	\$5,406	\$5,480	\$5,853	\$2,920	\$39,962
>\$1B	\$10,005	\$44,593	\$6,110	\$2,173	\$6,444	\$1,005	\$22,559
Total	\$38,708	\$73,255	\$11,516	\$7,653	\$12,297	\$3,925	\$62,521
Full Year							
Middle Market	\$94,418	\$86,235	\$15,974	\$18,180	\$10,498	\$8,468	\$120,890
>\$1B	\$42,140	\$97,765	\$39,824	\$11,055	\$18,617	\$3,205	\$100,580
Total	\$136,558	\$184,000	\$55,798	\$29,235	\$29,115	\$11,673	\$221,470

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Domestic M&A represents China target/China acquiror; Outbound M&A represents non-China target/China acquiror; Inbound M&A represents China target/non-China acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

India M&A Activity

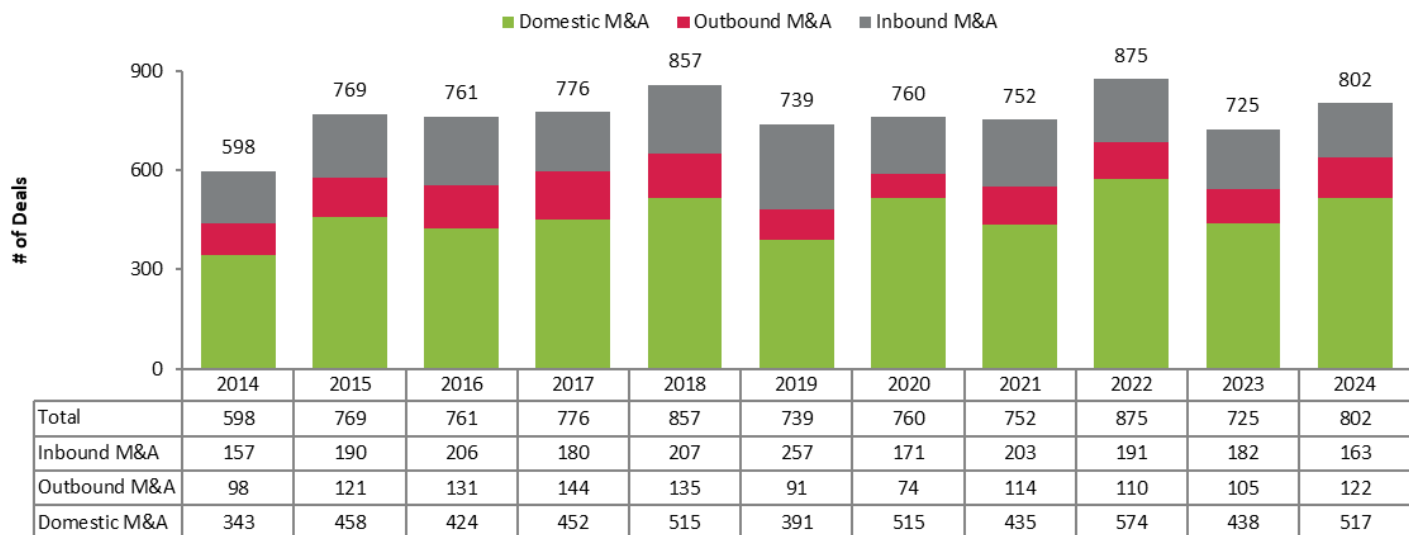
India M&A Activity



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

India Number of Deals (Domestic, Outbound, Inbound)



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Domestic M&A represents India target/India acquiror; Outbound M&A represents non-India target/India acquiror; Inbound M&A represents India target/non-India acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

India M&A Deal Statistics

India Number of Deals								
	Domestic		Outbound		Inbound		Total	
	2023	2024	2023	2024	2023	2024	2023	2024
Q4								
Middle Market	102	95	12	16	27	14	141	125
>\$1B	1	2	0	1	1	0	2	3
Undisclosed	11	3	12	12	20	17	43	32
Total	114	100	24	29	48	31	186	160
Full Year								
Middle Market	391	465	51	57	93	87	535	609
>\$1B	5	11	0	2	4	1	9	14
Undisclosed	42	41	54	63	85	75	181	179
Total	438	517	105	122	182	163	725	802

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Domestic M&A represents India target/India acquiror; Outbound M&A represents non-India target/India acquiror; Inbound M&A represents India target/non-India acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

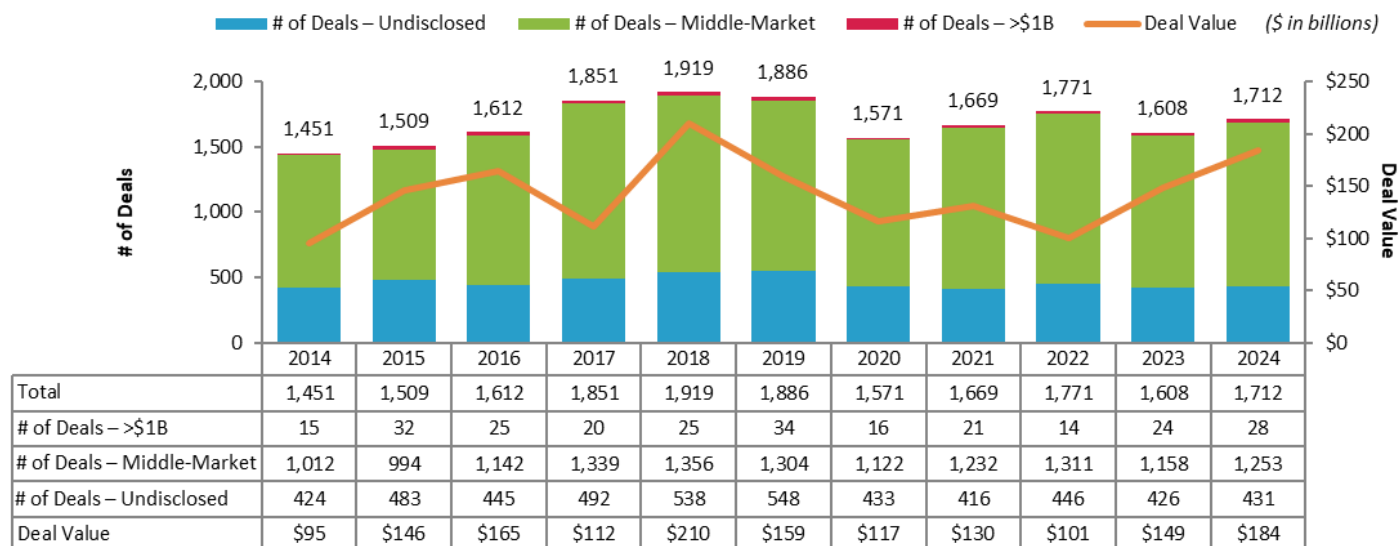
India Deal Value								
(\$ in millions)	Domestic		Outbound		Inbound		Total	
	2023	2024	2023	2024	2023	2024	2023	2024
Q4								
Middle Market	\$7,146	\$5,390	\$1,100	\$1,559	\$3,461	\$1,553	\$11,708	\$8,503
>\$1B	\$5,971	\$3,035	\$0	\$1,470	\$1,750	\$0	\$7,721	\$4,505
Total	\$13,118	\$8,425	\$1,100	\$3,029	\$5,211	\$1,553	\$19,429	\$13,008
Full Year								
Middle Market	\$24,953	\$24,145	\$4,686	\$6,195	\$8,187	\$6,698	\$37,826	\$37,038
>\$1B	\$12,514	\$18,717	\$0	\$3,580	\$6,641	\$2,750	\$19,155	\$25,047
Total	\$37,467	\$42,862	\$4,686	\$9,775	\$14,828	\$9,448	\$56,981	\$62,085

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Domestic M&A represents India target/India acquiror; Outbound M&A represents non-India target/India acquiror; Inbound M&A represents India target/non-India acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Japan M&A Activity

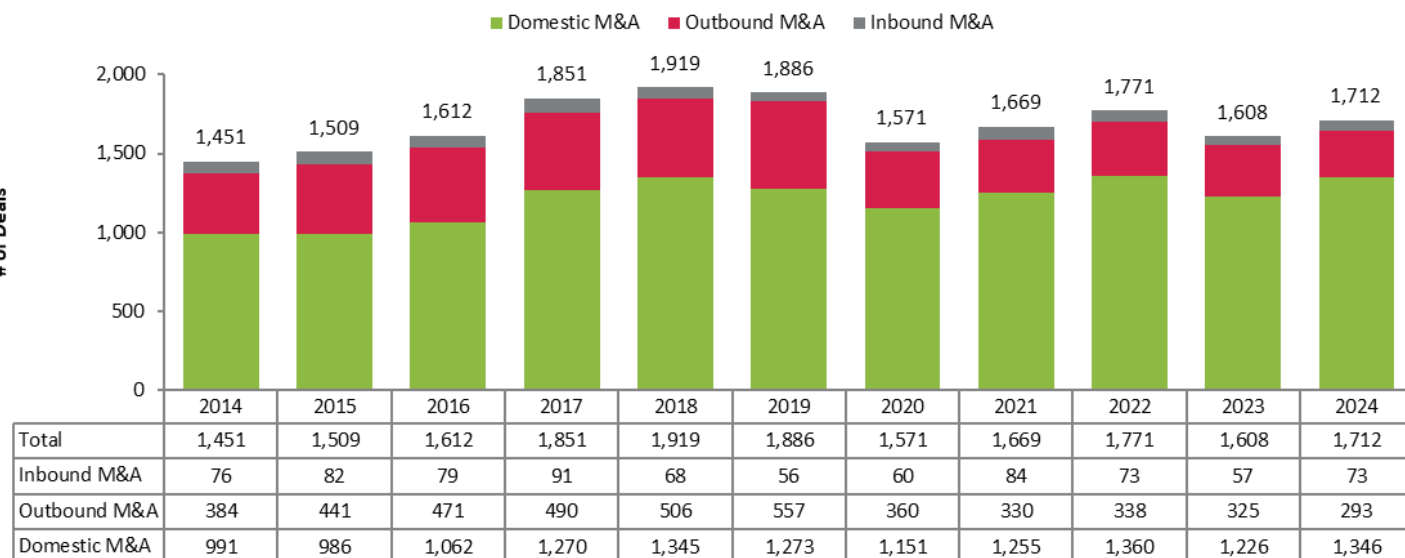
Japan M&A Activity



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Japan Number of Deals (Domestic/Outbound/Inbound)



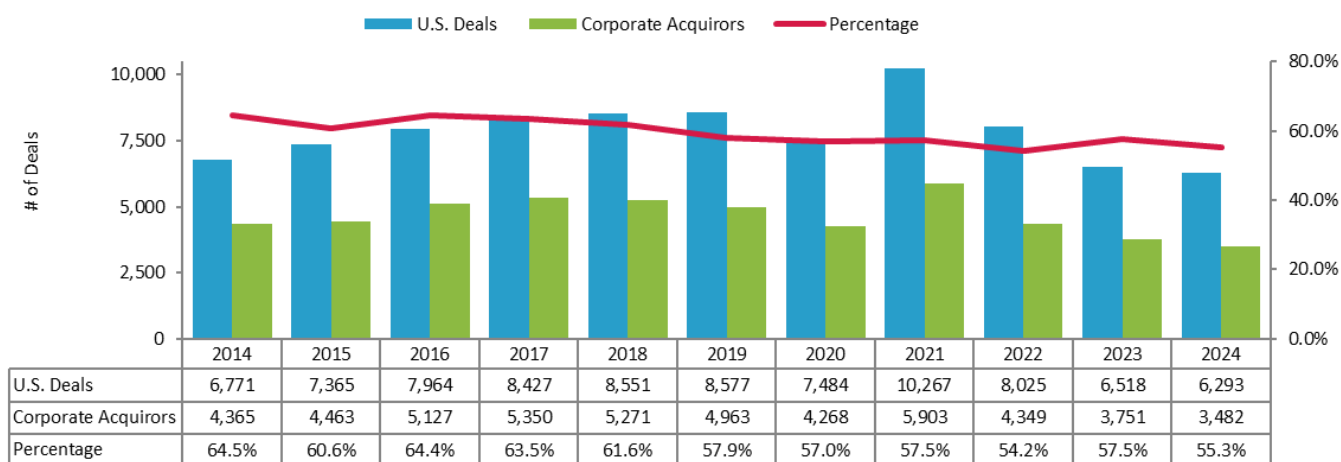
Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Domestic M&A represents Japan target/Japan acquiror; Outbound M&A represents non-Japan target/Japan acquiror; Inbound M&A represents Japan target/non-Japan acquiror.

Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Additional U.S. M&A Analysis

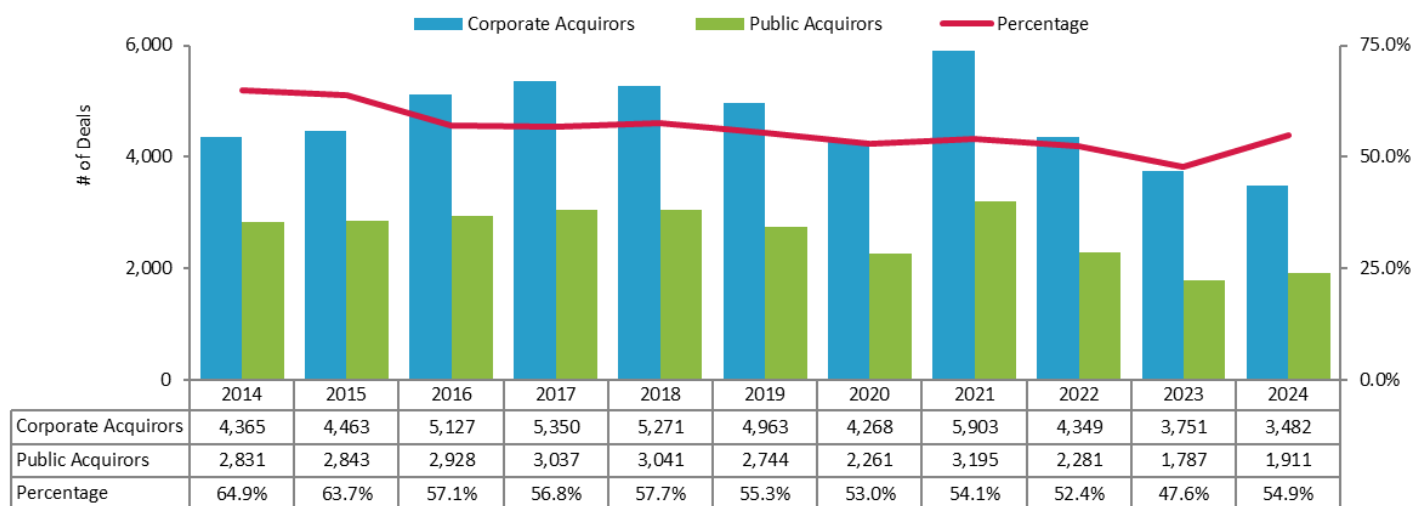
Corporate M&A Activity



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Figures for Corporate Acquirors include transactions involving corporate acquirors and corporate targets. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Public Company M&A Activity

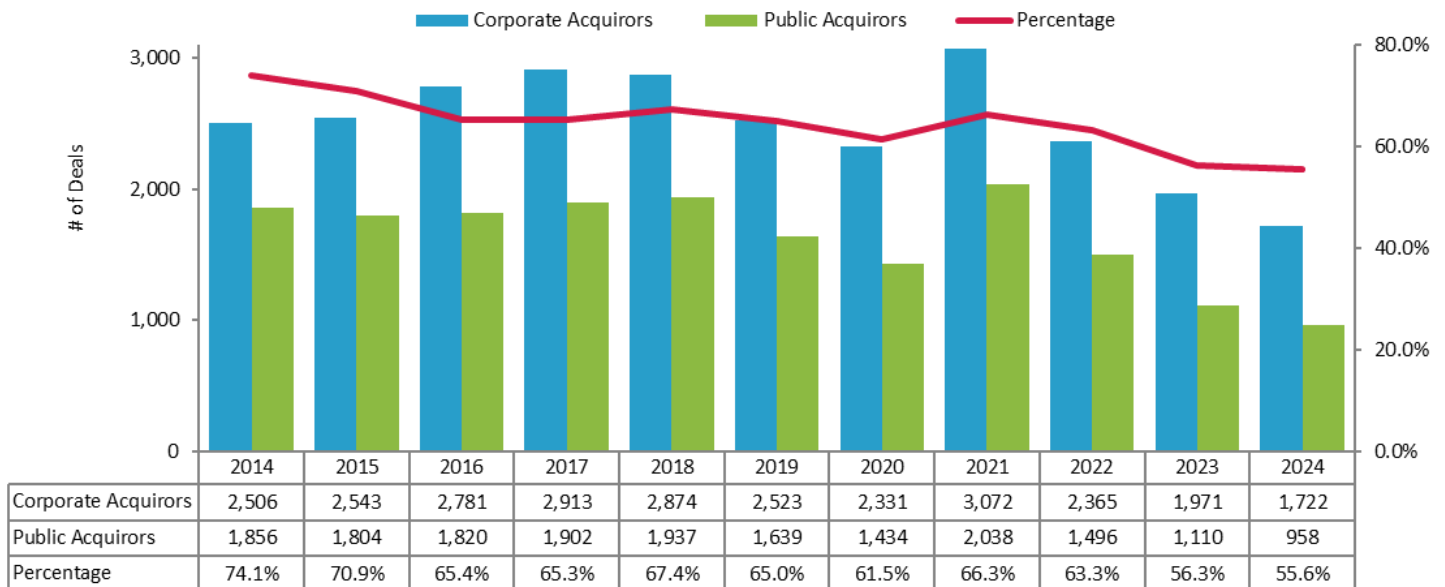


Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Figures include transactions involving corporate acquirors and corporate targets. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Additional U.S. M&A Analysis

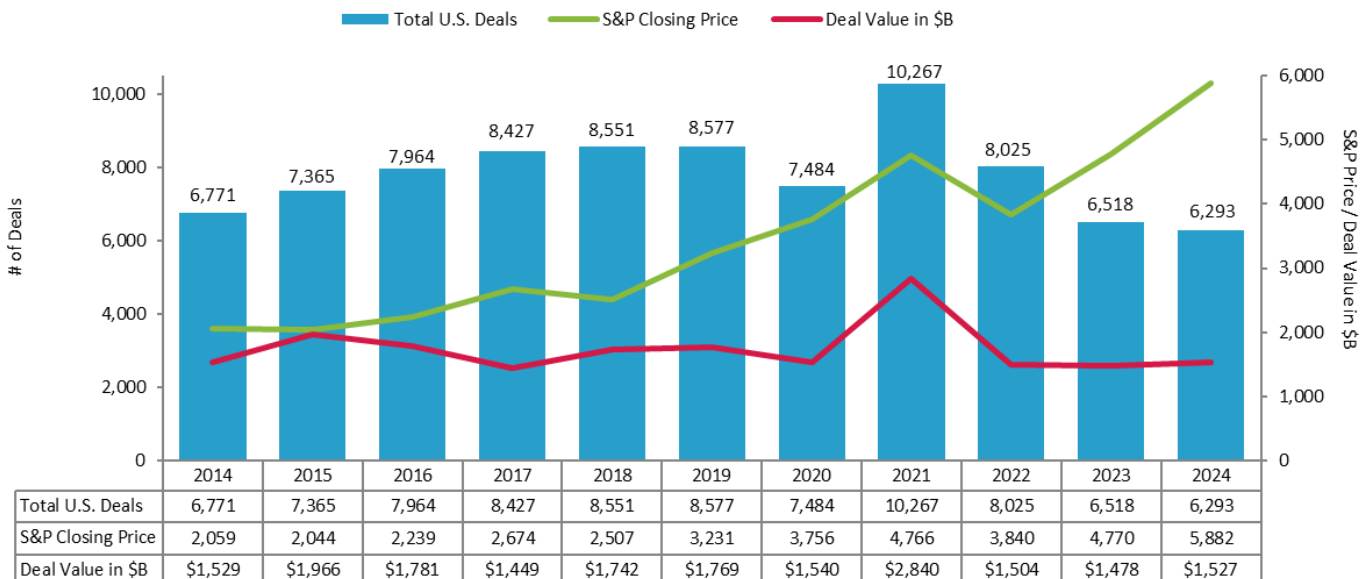
Middle-Market Public Company M&A Activity



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Middle-market transactions defined as those with a disclosed transaction value of less than \$1 billion. Figures include transactions involving corporate acquirors and corporate targets. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

S&P 500 Index vs. M&A Activity



Source: Dealogic, Capital IQ, and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Additional U.S. M&A Analysis

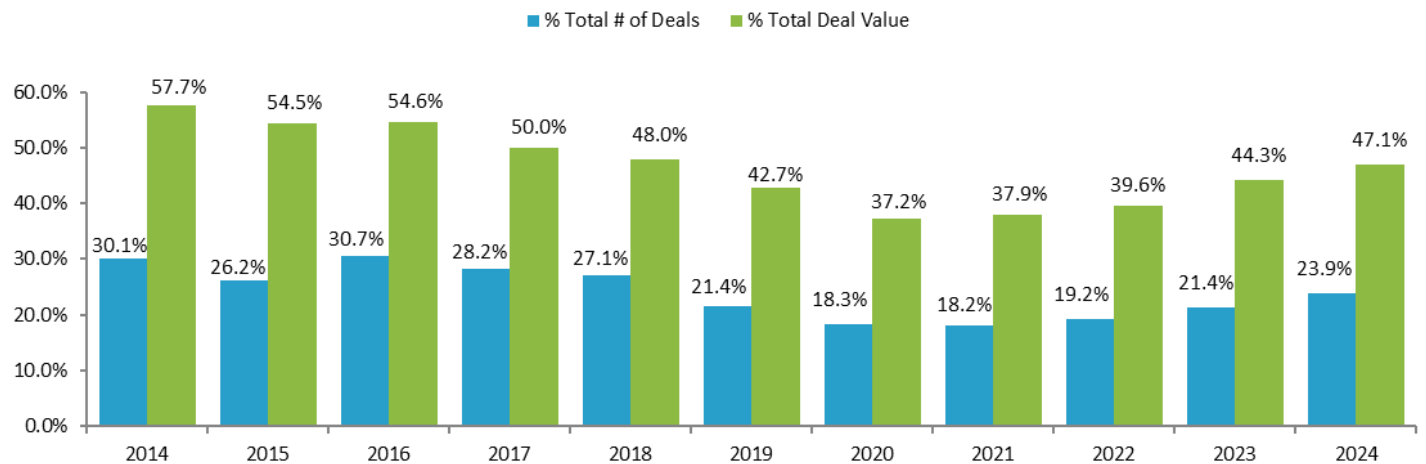
U.S. Middle-Market Divestitures



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Middle-market transactions defined as those with a disclosed transaction value of less than \$1 billion. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Divestitures Contribution to U.S. Middle-Market Transactions

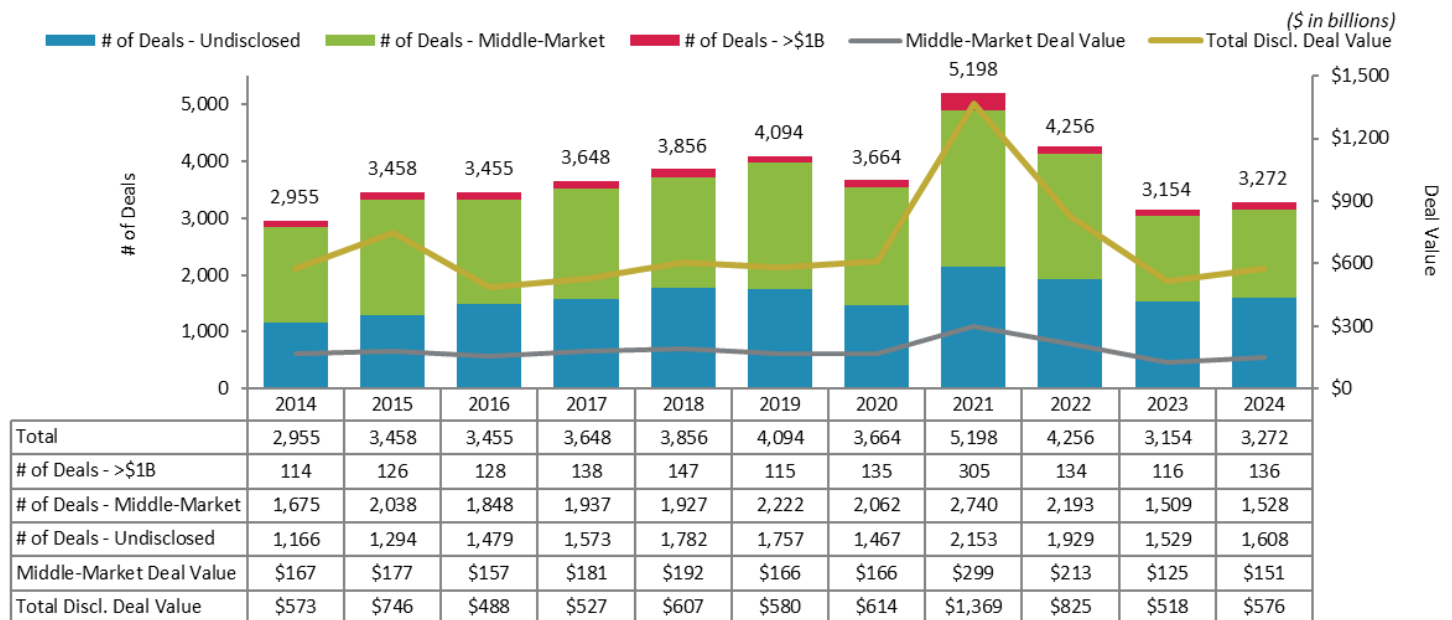


Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Middle-market transactions defined as those with a disclosed transaction value of less than \$1 billion. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Additional U.S. M&A Analysis

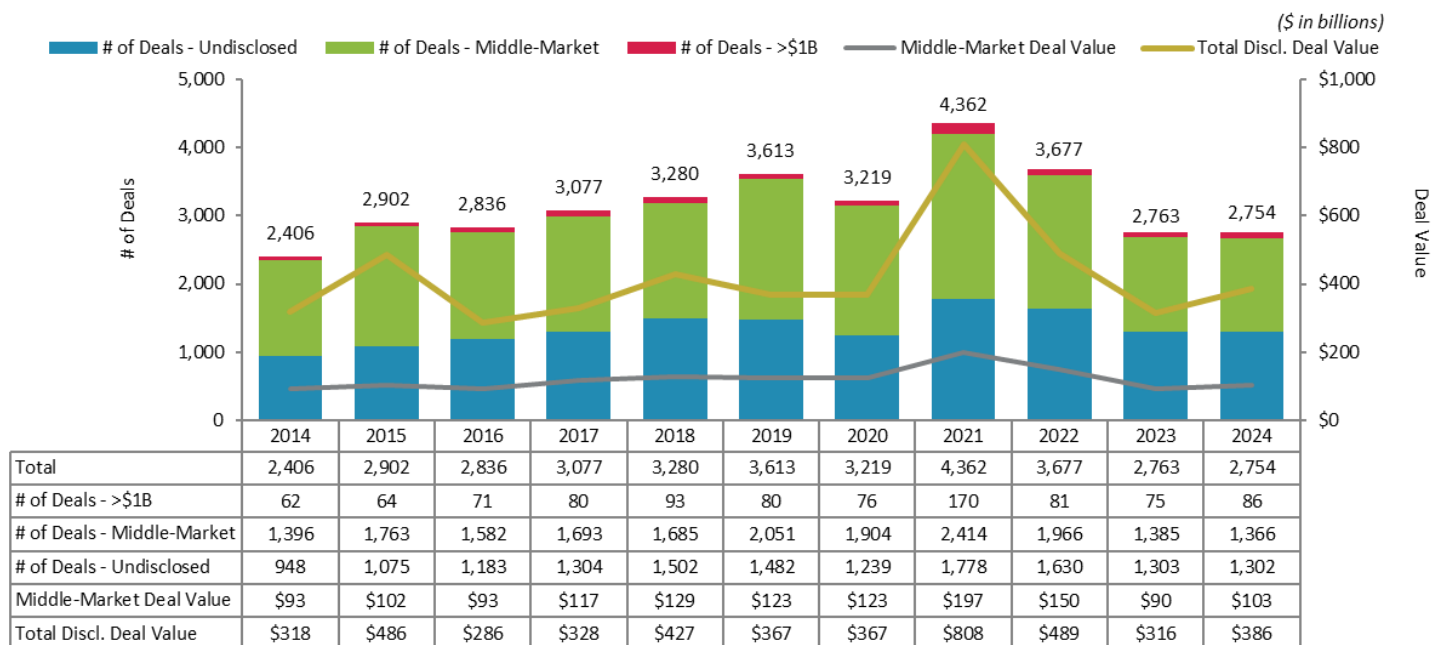
U.S. Private Equity Transactions



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

U.S. Private Equity Buyside Activity

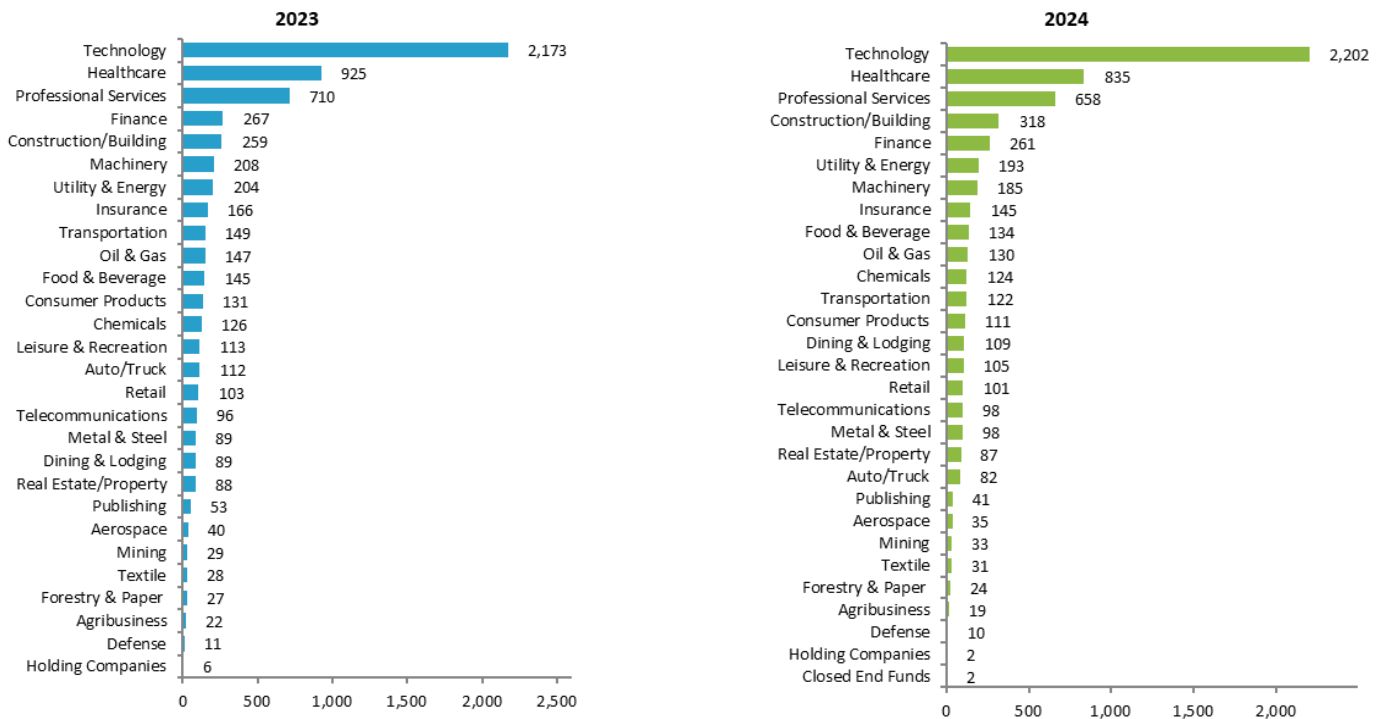


Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

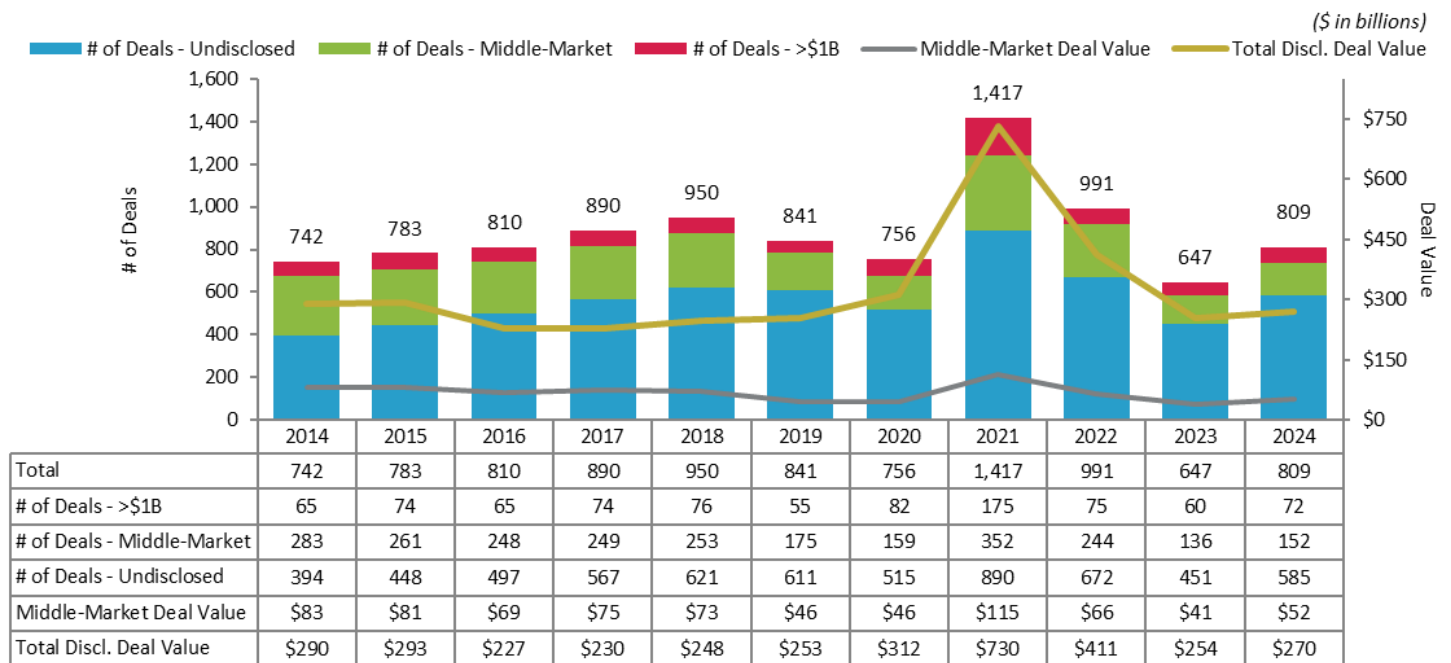
Additional U.S. M&A Analysis

Private Equity Activity by Target Industry (Number of Deals)



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.
 Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

U.S. Private Equity M&A Exits



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.
 Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Recent Baird M&A Transactions

Date Announced	Baird Client	Client Description	Transaction Description	Deal Value (\$mil)	Industry
1/13/25	Protenus, Inc.	Compliance analytics platform that uses AI to audit every access to patient records for health systems in the U.S.	Sale to Bluesight, Inc.	**	Healthcare
1/9/25	MHNU Corporation	Public benefit corporation focused on transforming care in the safety net and building healthier communities	Strategic Investment from Oak HC/FT	**	Healthcare
1/9/25	Sprout	Provider of IT asset disposition intended for finance, defense, healthcare, and technology industries	Sale of majority stake to Recognize Partners	**	Technology and Services
1/7/25	True Religion	Premium lifestyle brand with a focus on denim and streetwear for men, women, and kids	Sale to ACON Investments, L.L.C	**	Consumer
1/2/25	Permira Advisors	Private equity firm	Acquisition of Westbridge Advisory	**	Technology and Services
12/30/24	The Ergo Baby Carrier, Inc.	Provider of ergonomically designed products providing comfort for the baby and the caregiver	Sale to Highlander Partners, L.P.	**	Consumer
12/27/24	Paulo Products Company	Provider of industrial heat treatment products and related services	Sale to Aalberts N.V.	***	Industrial
12/19/24	MSKS IP Inc. (Metal Supermarkets)	Franchisor of small-quantity metal supplies	Sale to Riverarch Equity Partners	**	Consumer
12/17/24	UNICEPTA Holding GmbH	Provider of media and marketing intelligence with AI-driven technology	Sale to Stagwell Inc.	**	Technology and Services
12/12/24	Advanced Diabetes Supply	Provider of medical supplies and related services	Sale to Court Square Capital Partners	***	Healthcare
12/10/24	Becklar, LLC	Provider of Event monitoring and emergency response solutions for critical use cases	Investment from Graham Partners	**	Technology and Services
12/9/24	MetaCompliance Ltd.	Provider of cybersecurity and compliance software	Sale of majority stake to Keensight Capital SAS	***	Technology and Services
12/4/24	Integris	Provider of IT services dedicated to helping small companies power their success through technology	Strategic investment from OMERS Private Equity	**	Technology and Services
11/25/24	TEAM Technologies, Inc	Specialized manufacturing and strategic supply-chain solutions to blue-chip healthcare customers	Sale to Arlington Capital Partners	**	Healthcare
11/21/24	Process Sensing Technologies	Provider of advanced measurement and monitoring solutions for process-critical applications	Sale to DwyerOmega	**	Industrial
11/11/24	Sila Services	Provider of home services platform, operating a cohesive family of brands	Sale to Goldman Sachs Alternatives	**	Technology and Services
11/11/24	SJ Electro Systems, Inc.	Manufacturer of control solutions intended to improve functionality in the water and sewage industries	Acquisition of Revere Control Systems, Inc.	**	Industrial
11/4/24	Sunbelt Modular, Inc.	Modular manufacturer and designer of commercial custom and fleet building solutions	Sale to Littlejohn & Co., LLC	**	Industrial
10/31/24	Virtek Vision International, Inc.	Manufacturer of laser projection and quality inspection systems	Sale to AMETEK	**	Industrial
10/20/24	Digital Receiver Technology subsidiary of Boeing	Provider of digital receiver technology	Sale to Thales SA	**	Technology and Services
10/3/24	Preparis, Inc.	Provider of business continuity and emergency notification technology and services	Sale to Mitratech Holdings, Inc.	**	Technology and Services
10/2/24	Applied Insight	Provider of cloud-enabling solutions to the national security community	Sale to CACI International Inc.	**	Technology and Services
10/2/24	CCM Hockey	High-performance hockey equipment, accessories, figure skates, and apparel	Sale to Altor Equity Partners	**	Consumer

Source: Robert W. Baird & Co. Incorporated M&A Market Analysis.

* Announced and pending transactions with disclosed value; **Closed transactions with undisclosed value; *** Announced and pending transactions with undisclosed value.

Recent Baird M&A Transactions

Date Announced	Baird Client	Client Description	Transaction Description	Deal Value (\$mil)	Industry
10/1/24	Helios Global Group Limited	Full-service healthcare communications agency	Investment from Telemos Capital	**	Healthcare
9/30/24	Catalyst Acoustics Group, Inc.	Group of acoustic, seismic, vibration, and noise control companies	Sale to KPS Capital Partners, LP	**	Industrial
9/30/24	Levine Leichtman Capital Partners LLC	Private equity firm	Acquisition of Expert Institute in partnership with management	**	Technology and Services
9/30/24	Intact GmbH	Provider of audit, certification, and standard management software	Sale of majority stake to CGE Partners and Five Arrows	**	Technology and Services
9/13/24	New Mountain Capital	Private equity firm	Strategic investment in Datassential	**	Technology and Services
9/11/24	Shamrock Capital Advisors	Private equity firm	Strategic investment in Nth Degree	**	Technology and Services
9/9/24	Accelalpha	Provider of Oracle services with deep expertise helping clients digitize core business operations	Sale to IBM	**	Technology and Services
9/5/24	Foundation Wellness	Provider of a comprehensive offering of innovative solutions for improved comfort, wellness, and pain relief	Sale to Bansk Group	**	Consumer
9/4/24	MIRATECH Holdings, Inc.	Provider of critical emissions reduction technology and compliance solutions	Sale to TPG Rise Climate	**	Energy
9/3/24	Arsenal Capital Partners	Private equity firm	Acquisition of Knowtion Health	**	Healthcare
9/3/24	Unified Door and Hardware Group, LLC	Distributor of doors and related hardware	Sale to Foundation Building Materials, Inc.	**	Industrial
8/27/24	Iconex Labels [Iconex, LLC]	Provider of information label solutions for transaction recording, order accuracy, and operational efficiency	Sale to M2S Group Holdings, Inc.	**	Industrial
8/22/24	The Private Suite Holdings, LLC	Operator of private airport terminals serving commercial flights	Sale to Groupe ADP	**	Technology and Services
8/13/24	MOGAS Industries, Inc.	Provider of mission-critical severe service valves and associated aftermarket services	Sale to Flowserve Corporation	\$305	Industrial
8/13/24	KPS Global, LLC	Provider of end-to-end solutions for custom enclosures for controlled environments	Sale to Viessmann Generations Group	**	Industrial
8/9/24	Sunstates Security LLC	Provider of security management solutions	Sale to Trilantic Capital Management L.P.	**	Technology and Services
8/8/24	GSE Systems, Inc.	Provider of highly specialized training, engineering design, program compliance, simulation, and technical staffing that reduce risk and optimize nuclear power plant operations	Sale to Pelican Energy Partners	\$19.6	Technology and Services
8/6/24	ASP Global, LLC	Developer and distributor of consumable medical products customized to meet specific needs	Sale to Platinum Equity	**	Healthcare
8/5/24	BlackSignal Technologies	Provider of digital signal processing and electronic warfare platform used in support of national security	Sale to Parsons Corporation	**	Technology and Services
8/2/24	Bowmark Capital	Private equity firm	Acquisition of majority stake in Turnkey IPS	**	Technology and Services
7/31/24	Aeyon LLC	Provider of data management, analytics, and intelligent automation services to the federal government	Sale to CGI Federal Inc.	**	Technology and Services
7/29/24	The Vistria Group	Private equity firm	Strategic investment in Soliant Heath	**	Technology and Services
7/26/24	Marmic Fire & Safety Co.	Provider of inspection and maintenance of fire protection equipment	Sale to KKR	**	Technology and Services

Source: Robert W. Baird & Co. Incorporated M&A Market Analysis.

* Announced and pending transactions with disclosed value; **Closed transactions with undisclosed value; *** Announced and pending transactions with undisclosed value.

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