

Engineering growth Third-quarter 2011 global engineering and construction industry mergers and acquisitions analysis

Volumes steady and values grow as non-US-affiliated deals dominate the market; middle-market deals gain traction



Kent Goetjen

Dear valued reader,

Welcome to the new edition of *Engineering growth*, PwC’s analysis of mergers and acquisitions (M&A) in the global engineering and construction (E&C) industry. In this report, you’ll find an overview of the deals announced during the third quarter of 2011 and the significant drivers and trends influencing the activity, as well as our expectations for M&A activity in the near future.

Several key trends are affecting the values and locations of deals in the E&C industry, according to PwC analysts. The number of transactions decreased modestly during the third quarter, while there was a slight increase in the total and average values. The greater values primarily resulted from financial investors’ return to the market, especially in making mega-deals, transactions worth \$1 billion or more. When looking at these mega-deals, our analysts noted that they increased in number as well as value, particularly from financial investors’ interest in the civil engineering subsector.

Also, in terms of mega-deals, companies in developed nations engaged in cross-border mega-deals in Europe, while companies in the emerging world focused on their local markets. During the third quarter, Malaysia emerged as a new major player in deals activity, generating multiple deals across the industry, and contributing to one of the mega-deals. In regard to local-market transactions, these dominated M&A overall for E&C companies, while interest in globalization helped cross-border activity increase.

Chinese companies were the most active, both within and across the country’s borders, while organizations in the United States, Canada, and other developed markets continued consolidating locally. Among the BRIC countries, targets and acquirers in China were also the main drivers of M&A activity. BRIC companies made the same number of deals as in the second quarter.

Looking ahead, E&C deals could be weakened if the global recovery deteriorates, decreasing market confidence. However, we believe that the increasing valuations and the return of financial investors to the E&C transactions market suggest that financial investors see opportunities in the sector. Possibly contributing to their interest are the depressed valuations that persisted from early 2008 until the second quarter 2011.

We’re pleased to present the third-quarter 2011 edition of *Engineering growth*, as we are committed to providing a deeper understanding of M&A trends and prospects in your industry. We hope you enjoy reading the report.



Jonathan Hook

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Perspectives:

Thoughts on engineering and construction deal activity in the third quarter of 2011

Financial uncertainty remains a reality for global markets, but the surge in mergers and acquisitions (M&A) activity in the sector during this quarter did not reflect those concerns.

Engineering and construction (E&C) deals showed strength during the third quarter of 2011, both in the number and value of deals. For 2011, M&A transactions for E&C companies will likely reach or exceed 2010 volumes and deal values.

Compared with the second quarter, the number of deals decreased modestly. But their total and average values increased slightly, primarily because of financial investors' return to the marketplace, especially in the mega-deals arena.

Of the five major categories that were analyzed, four of them—large, mid-market, small and undisclosed value deals—were still dominated by strategic investors. This pattern, set a couple of quarters ago, suggests that companies were seeking inorganic opportunities to grow through acquisitions. Strong balance sheets and significant cash reserves fueled the activity during the third quarter. Nonmetallic minerals manufacturing led the M&A activity among the product and service categories in the third quarter of 2011.

The low valuations trend that began with the 2008 recession and lingered through the second quarter of 2011 was reversed, signaling that investors have a more positive view of the E&C sector.

Mega-deals, those of at least \$1 billion, rose both in the number and value of the deals, driven by financial investors' interest in the civil engineering subsector. Companies in developed nations, such as the United States and United Kingdom, engaged in cross-border mega-deals in Europe, while those in the emerging world, such as China and Malaysia, focused on their local markets for mega-deals.

Resurging interest in globalization led to more cross-border activity, but local transactions still dominated the market. China was the most active country in transactions both within and across its borders, while the US, Canadian, and other developed markets continued consolidating locally. Companies in China were also the main driver in M&A activity for BRIC targets and acquirers. BRIC companies as a whole made the same number of deals in the third and second quarters.

In looking to the future, E&C deals could be hurt by a weakened global recovery that decreases market confidence. Sluggishness in the US economy, financial turbulence in Europe, and worries about uneven growth in the emerging markets could threaten both the volume and value of transactions worldwide. However, the third-quarter increase in valuations and return of financial investors to the E&C transactions market suggest that financial investors see opportunities in your sector.

When considering the solid balance sheets that exist and the growth prospects for emerging markets, companies still have good reasons to engage in deals. So in our view, the outlook for E&C transactions remains cautiously encouraging.

Commentary:

Volumes steady and values grow as non-US-affiliated deals dominate the market; middle-market deals gain traction

Despite volatile financial markets, concerns over a double-dip recession in developed countries, and overheating in emerging markets, deal activity in the E&C industry showed strength in terms of both deal volume and value during the third quarter of 2011. Compared with the second quarter of 2011, the number of deals decreased but only slightly, and year-to-date totals exceed the prior two years. Total and average values both grew from the second quarter.

Both volume and value of deals in the third quarter of 2011 were on a track of exceeding last year's activity. But the positive growth in deals activity is likely to be short-lived because of increasing concerns about the state of the global economy and the engineering and construction sector in particular, which could hurt deals activity in the quarters to come.

Deal activity by number and value of deals

Measured by value of announced deals worth \$50 million or more

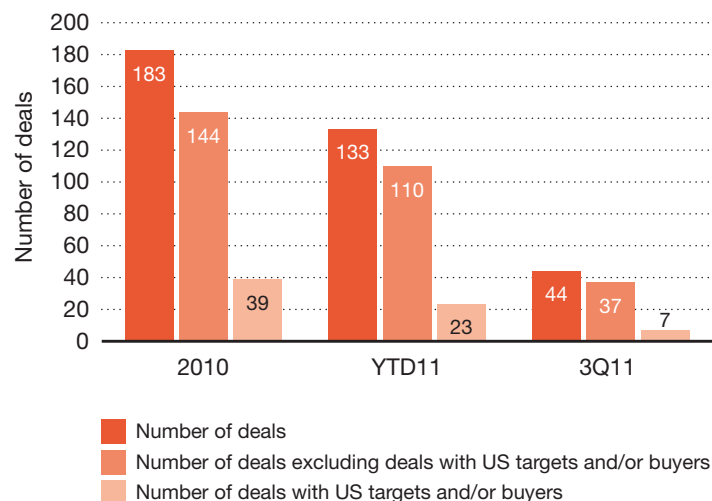
	2008		2009				2010				2011		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Number of deals	17	13	16	33	37	54	35	45	38	65	42	47	44
Total deal value (\$ bil.)	1.05	4.46	4.90	10.7	8.70	20.10	25.41	11.66	14.31	26.83	20.90	15.13	18.52
Average deal value (\$ bil.)	0.1	0.3	0.3	0.3	0.2	0.4	0.7	0.3	0.4	0.4	0.5	0.3	0.4

As predicted in previous reports, non-US-affiliated deals dominated the activity during the third quarter of 2011. The growing number of non-US-affiliated deals can be attributed to the continuing two-speed recovery, with developed markets and the United States in particular experiencing significantly slower recovery than emerging markets.

Further limits in interest for US targets are likely. Negative influences may include increased economic uncertainty, the expiration of various E&C-related stimulus programs, and deficit-reduction measures, all of which would impact infrastructure spending.

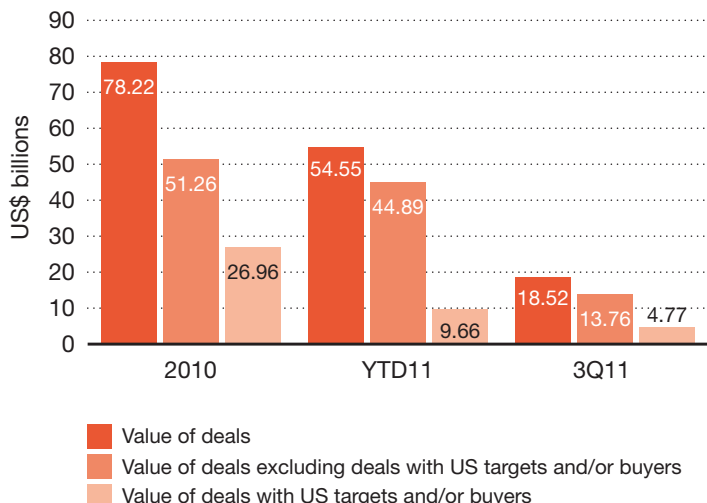
Deal activity by number of deals

Measured by number of announced deals worth \$50 million or more



Deal activity by value of deals

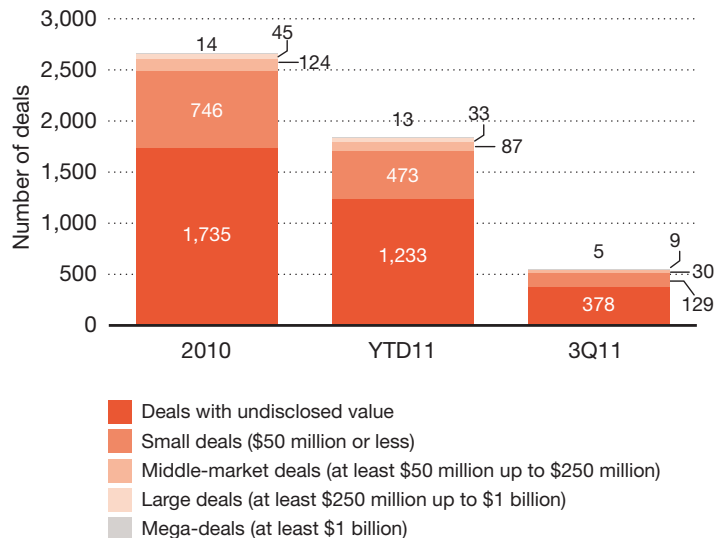
Measured by value of announced deals worth \$50 million or more*



* Numbers may not add up because of rounding.

Deal activity by volume and range of deal value (including transactions with undisclosed values)

Measured by number of announced deals



Based upon volumes, deals with small or undisclosed values continued to dominate M&A activity during the third quarter of the year. However, companies made more mega-deals. Five mega-deals were announced in the third quarter of 2011, compared with two in the same period last year and four in the second quarter of 2011.

The total value of the mega-deals has jumped, almost doubling, from \$5.8 billion in the second quarter to \$10.3 billion in the third quarter. The total was also significantly higher than third-quarter 2010's \$7.7 billion.

Going forward, consistent with the historical trend, small and undisclosed deals are expected to continue to create the majority of M&A activity. A possible slowdown in large and mega-deals is likely as a result of downward growth revisions for many global economies, which in turn would negatively impact the engineering and construction sector because of its cyclical nature.

Despite an increase in cross-border transactions, local-market deals continue to generate the most activity

Cross-border transactions increased their contributions to the total activity, but local transactions still generated the majority of deals in the market. China was the most active country in deals both across and within its borders, generating six of the 20 cross-border transactions and four of the 24 local deals.

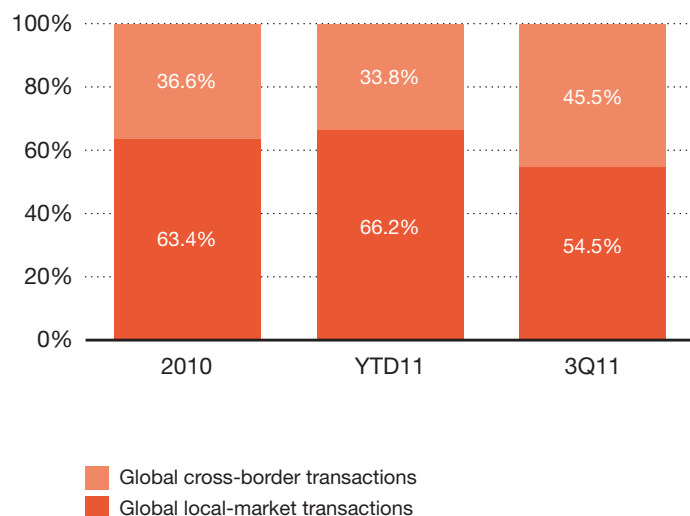
As expected, the E&C industry's consolidation in developed markets continued, with US companies contributing four local transactions, followed by companies in Canada with three local deals.

Interestingly, during the third quarter of 2011, Malaysia surfaced as a major player in local transactions, generating three deals. Since Asia Pacific, and Malaysia in particular, escaped much of the effects of the global financial crisis, it appears that financial investors in the region have renewed their plans for M&A. In Malaysia, the recent launch of a government-led development program, which includes a significant infrastructure build-out, will trigger interest in the engineering and construction sector.

The growing participation of emerging markets such as China and Malaysia in local deals activity could partially explain the continuing trend of the majority of deals being local market. The financial strengthening of companies within emerging markets, their greater familiarity with the local business environment, and the higher growth opportunities in these emerging nations are likely to continue driving strong within-border transactions in there. Since the two-speed recovery is expected to continue, acquirers also are likely to focus on higher growth opportunities in emerging markets.

Local-market versus cross-border deals (all nations)

Measured by number of announced deals worth \$50 million or more



Strategic investors continue to drive overall deals, but financial investors make a strong comeback in the third quarter and dominate mega-deals activity

Strategic investors continued to drive the majority of deals activity, suggesting that companies took advantage of their strong balance sheets and explored opportunities to tap into new markets and product mixes in an effort to improve their growth prospects. At the same time, financial investors continued their slow but steady return to the deals activity market and increased their presence in the third quarter of 2011.

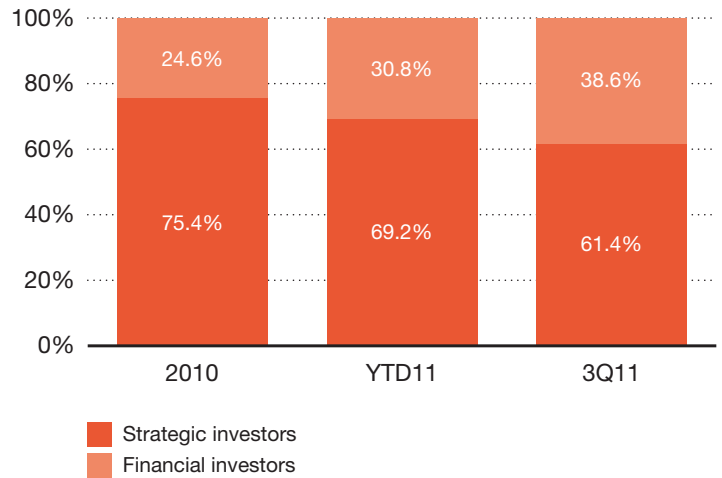
Even though strategic investors still dominated the overall deal activity, financial investors generated all five mega-deals, whose total value topped \$10.3 billion. Interestingly, three of these five mega-deals had targets in the engineering segment, suggesting the increasing attractiveness and potential future growth of the subsector. This expectation encompasses engineering’s low capital intensity and diverse end markets.

The increased investor activity resulted in an upward shift in valuations, both in terms of value to sales and value to EBITDA multiples. EBITDA and sales multiples increased significantly to 18.9x and 2.6x, respectively, compared with 7.3x and 1.0x in the second quarter of 2011.

The higher valuations suggest that investors are finally starting to view the engineering and construction sector favorably and see value in the current market. This, in combination with EBITDAs possibly depressed as a result of a long and slow recovery, could explain the expanded EBITDA multiples of the third quarter of 2011.

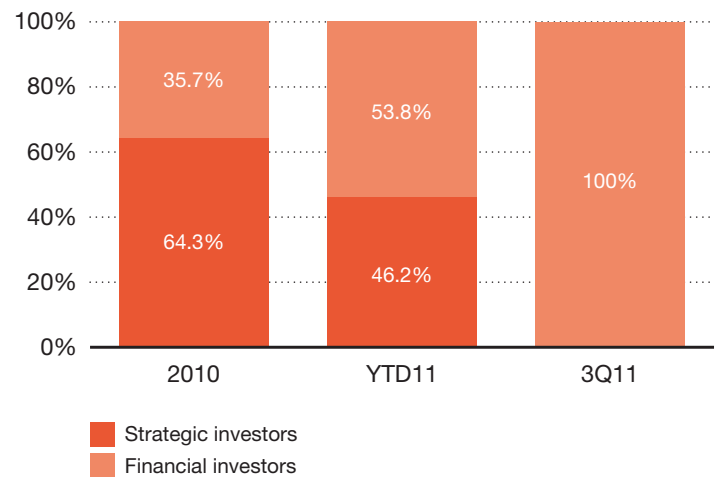
Deal activity by investor group

Measured by number of announced deals worth \$50 million or more



Mega-deal activity by investor group

Measured by number of announced deals worth \$50 million or more



E&C industry sees significant increase in mega-deals' volume and value

During the third quarter of 2011, mega-deals (transactions of at least \$1 billion) increased both in terms of the number and value of the deals. Of the five mega-deals announced during the quarter, the three largest were in civil engineering. There were two cross-border and three local deals, with the largest two transactions being cross-border.

Interestingly, the cross-border transactions involved acquirers in a developed country expanding in Europe; one of these acquirers was a US investment group, and one was a UK company.

The within-border mega-deal transactions, on the other hand, were mostly dominated by emerging market companies from countries such as Brazil and Malaysia.

As forecast in previous reports and seen in this quarter's mega-deals activity, the type of investors playing a major role has changed. Various financial investors, private equity groups, insurance agencies, and retirement funds have reentered the deals market. This trend boosted the number of mega-deals during the third quarter, resulting in greater total deal value.

Details of the mega-deals during the third quarter include the following, in order of their announcement:

1. On July 11, 2011, Malaysian Integral Key Sdn. Bhd. (Integral), a wholly owned unit of Mayban Ventures Sdn. Bhd., planned to launch a tender offer to acquire the entire share capital of Kencana Petroleum Bhd., a Malaysian provider of engineering services, for \$1.99 billion, in a reverse takeover transaction. The consideration was to consist of \$202.39 million in cash and issuance of new Integral shares valued at \$1.67 billion. Concurrently, Integral planned to acquire the entire share capital of SapuraCrest Petroleum Bhd.
2. On July 22, 2011, Australian Horizon Roads Pty. Ltd., a wholly owned unit of CP2 Ltd., agreed to acquire the remaining 65% interest, which it did not already own, in ConnectEast Group, an Australian construction company, for \$1.53 billion.
3. On August 30, 2011, a US investor group comprising Clayton Dubilier & Rice LLC of the United States; Axa Investment Managers Private Equity Europe SA, a unit of AXA Investment Managers SA subsidiary; and Caisse de Depot & Placement du Quebec of Canada acquired SPIE SA, a French provider of electrical mechanical engineering, information technology, and construction management services, for a total value of \$3.03 billion.
4. On September 4, 2011, Colfax UK Holdings Ltd. (CC) of the United Kingdom announced a plan to acquire the entire share capital of Charter International PLC (CIP), an Ireland-based provider of engineering services, for \$2.43 billion.
5. On September 14, 2011, Brazilian BR Properties SA (BR) signed a Memorandum of Understanding to acquire the entire share capital of WTorre Properties SA, a Brazil-based real estate development firm, in a stock swap transaction valued at \$1.37 billion.

Mega-deals in YTD11

Month announced	Target name	Target nation	Buyer name	Buyer nation	Status	Value of transaction in US\$ bil.	Category
Mar	Fletcher Building Ltd	New Zealand	Fairfield Securities LP	New Zealand	Intended	5.13	Home building
Mar	Hyundai Engineering & Construction Co Ltd	South Korea	Investor Group	South Korea	Completed	4.45	Civil engineering
Aug	SPIE SA	France	Investor Group	United States	Completed	3.03	Civil engineering
Feb	Anglo American PLC- Construction Materials Businesses	United Kingdom	Lafarge Cement UK PLC- Construction Materials Businesses	United Kingdom	Pending	2.65	Nonmetallic minerals manufacturing
Sep	Charter International PLC	Ireland-Rep	Colfax UK Holdings Ltd	United Kingdom	Pending	2.43	Civil engineering
Jun	Charter International PLC	Ireland-Rep	Melrose PLC	United Kingdom	Withdrawn	2.27	Civil engineering
Jul	Kencana Petroleum Bhd	Malaysia	Integral Key Sdn Bhd	Malaysia	Intended	1.99	Civil engineering
Jul	ConnectEast Group	Australia	Horizon Roads Pty Ltd	Australia	Pending	1.53	Construction
Jan	Siemens Ltd	India	Siemens AG	Germany	Completed	1.35	Construction
May	AG Cementos Balboa SA	Spain	CSN Steel SL	Spain	Withdrawn	1.35	Nonmetallic minerals manufacturing
Sep	WTorre Properties SA	Brazil	BR Properties SA	Brazil	Pending	1.34	Home building
May	Demag Cranes AG	Germany	Terex Industrial Holding AG	Germany	Completed	1.11	Construction machinery and materials
May	LeTourneau Technologies Inc	United States	Joy Global Inc	United States	Completed	1.10	Construction machinery and materials

Mega-deals in 2010

Month announced	Target name	Target nation	Buyer name	Buyer nation	Status	Value of transaction in US\$ bil.	Category
Feb	Smith International Inc	United States	Schlumberger Ltd	United States	Completed	11.04	Construction machinery and materials
Nov	Bucyrus International Inc	United States	Caterpillar Inc	United States	Completed	7.45	Construction machinery and materials
Sep	Hochtief AG	Germany	Actividades de Construccion y Servicios SA{ACS}	Spain	Intended	4.02	Construction
Jul	Abertis Infraestructuras SA	Spain	Trebol Holdings Sarl	Spain	Completed	3.68	Construction
Nov	Queensland Motorways Ltd	Australia	QIC Ltd	Australia	Completed	3.35	Construction
Jun	Subsea 7 Inc	Norway	Acergy MS Ltd	United Kingdom	Completed	2.50	Civil Engineering
Mar	Kumho Industrial Co Ltd	South Korea	Creditors	South Korea	Completed	2.21	Construction
Jan	Arabtec Holdings PJSC	Utd Arab Em	Aabar Investments PJSC	Utd Arab Em	Withdrawn	1.75	Home building
Jan	Cimpor Cimentos de Portugal SGPS SA	Portugal	Camargo Correa Portugal SGPS SA	Portugal	Completed	1.33	Nonmetallic minerals manufacturing
Oct	Shanghai Tongsheng Yangxi Port Asset Management Co Ltd	China	Shanghai International Port (Group)Co Ltd	China	Completed	1.21	Construction
Dec	Valemus Ltd	Australia	Lend Lease Group	Australia	Completed	1.09	Construction
Mar	Corredor Norte Toll Road Project	Panama	Republica de Panama	Panama	Pending	1.07	Construction
Feb	KNM Group Bhd	Malaysia	BlueFire Capital Group Ltd	Malaysia	Withdrawn	1.05	Construction machinery and materials
Jun	Societe des Autoroutes Paris-Rhin-Rhone SA	France	Eiffarie SAS	France	Completed	1.05	Construction

Nonmetallic minerals manufacturing category continues last quarter's trend and leads deals activity

PwC segments the E&C sector into five categories by comparing standard industrial classification (SIC) codes with our internal classification system. Based on this process, we group deals (measured by number of transactions) into five product and service segments:

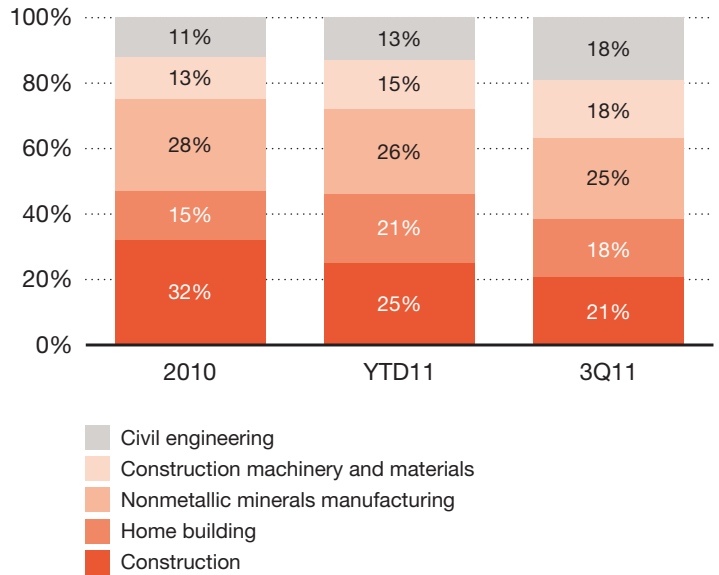
- Construction
- Civil engineering (includes architecture firms)
- Home building
- Construction machinery and materials
- Nonmetallic minerals manufacturing

Based on this methodology, during the third quarter of 2011, targets classified in the nonmetallic minerals manufacturing segment continued to hold their leading position in deal activity, followed by the construction segment. Home building, construction machinery and materials, and civil engineering segments each contributed to 18% of the deals activity.

Civil engineering has experienced strong and consistent growth in deals activity year to date, driven by particular interest among financial investors this quarter and a significant push from strategic acquirers in the previous quarters.

Deals by E&C category

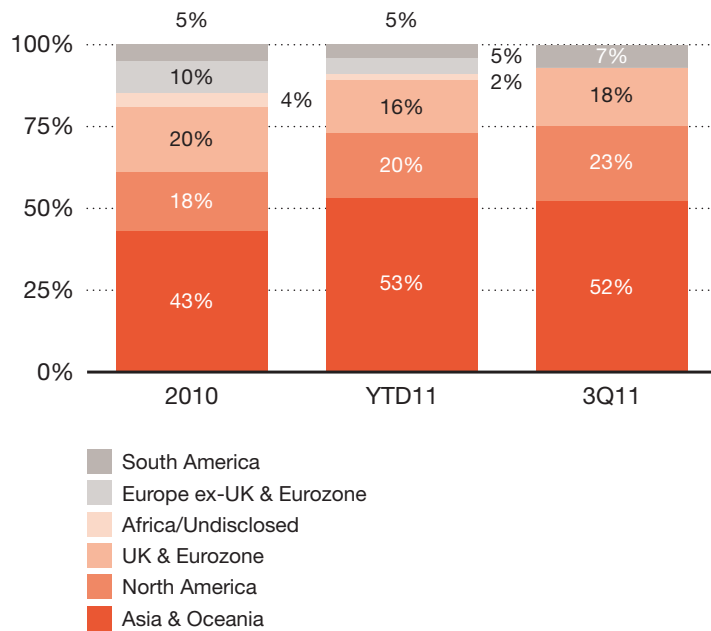
Measured by number of announced deals worth \$50 million or more



Note: Because of rounding, totals may not equal 100%.

Regional analysis

Regional distribution of deals by target region
Measured by number of announced deals worth \$50 million or more



Despite activity slowdown, Asia and Oceania region still leads M&A activity

During the third quarter, targets and acquirers in Asia and Oceania¹ maintained the region's status as the major driver of deals activity, despite a slight downward trend. Expectations for companies in the region to achieve greater growth rates, more stable economic performance, and increasingly stronger corporate balance sheets suggest that M&A activity in the Asia and Oceania markets should continue to grow in the quarters to come.

North America and UK and Eurozone transactions continued last quarter's trend of increasing these regions' contribution to the activity, exceeding 2010 levels. And this deal making occurred despite resurfacing economic concerns, budgetary issues, and volatile financial markets. So it's evident that companies within these developed, mature markets continued to see M&A as a source for growth. Going forward, the fairly saturated nature of these markets indicates that companies would need to continue to seek inorganic growth through acquisitions to maintain their profitability and market share.

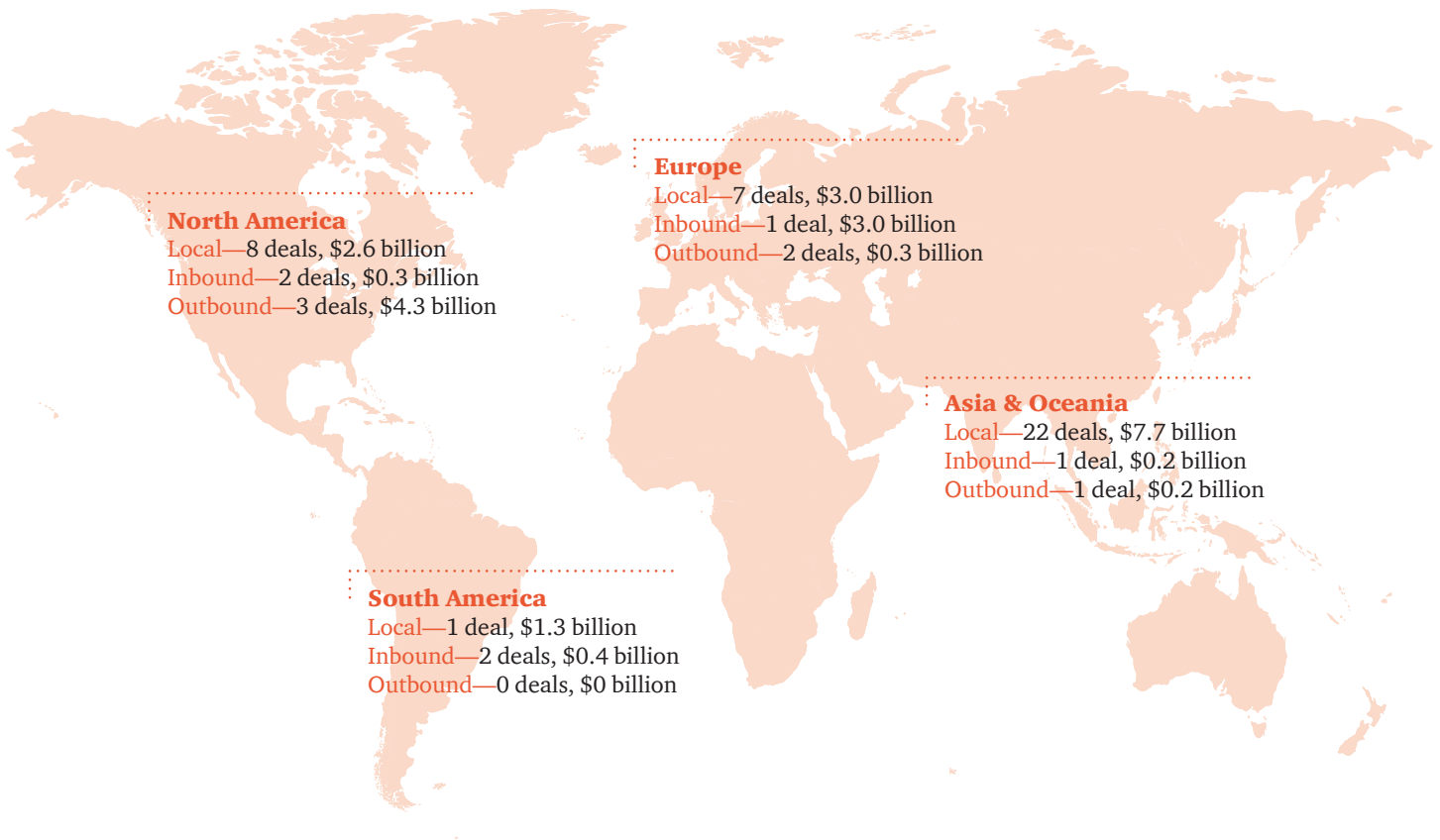
During the third quarter and consistent with expectations and the historical trend, the South America and Africa/Undisclosed regions did not realize any significant traction in reported deals activity. These developing markets have yet to match the attractiveness of Asian markets for investment. With the exception of Brazil, these markets also lack sophistication and development in their financial markets, resulting in a limited amount of possible future deals.

Brazil, on the other hand, is expected to realize an increase in deals activity as the overall global market conditions continue to improve and the country maintains its status as an attractive emerging market.

¹ Description of the regions and a list of the countries included in each region can be found in the Methodology section on page 20 of this report.

Global E&C M&A activity

Measured by number and value of deals worth \$50 million or more (3Q11)



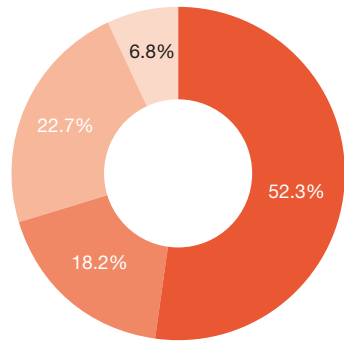
Graph does not include Africa, which has 1 outbound deal for \$0.1 bil., 0 inbound deals, and 0 local deals.

The global distribution of sector overall activity of deals worth \$50 million or more indicated that the majority of the M&A occurred in the local markets, where firms consolidated within their domestic environment. The fragmented nature of the Asia and Oceania region, combined with the great levels of expected growth, should fuel deal activity there in the future. The growing infrastructure needs, increased capital availability, and strong economic performance of the region should further promote deal activity.

Mature, developed markets such as North America and Europe also realized the majority of deal activity within their local markets. As the regional economies continue to recover, the volume and value of future deals should increase incrementally. Outbound deal activity is also likely to pick up as companies seek greater growth opportunities in emerging markets.

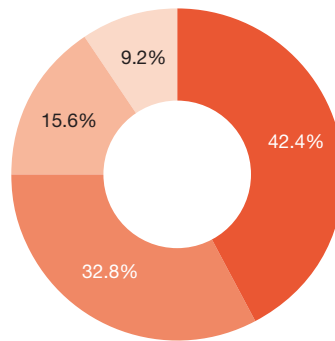
Regional distribution of deals by target region

Measured by number of announced deals worth \$50 million or more (3Q11)



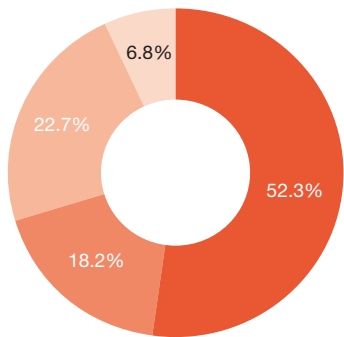
Regional distribution of deals by target region

Measured by value of announced deals worth \$50 million or more (3Q11)



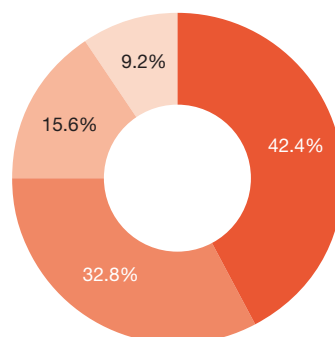
Regional distribution of deals by acquirer region

Measured by number of announced deals worth \$50 million or more (3Q11)



Regional distribution of deals by acquirer region

Measured by value of announced deals worth \$50 million or more (3Q11)



■ Asia & Oceania ■ UK & Eurozone ■ North America ■ South America ■ Europe ex-UK & Eurozone ■ Africa/Undisclosed

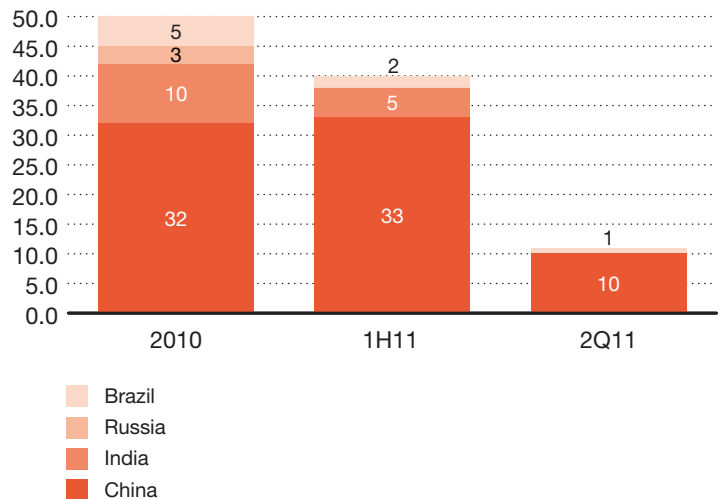
BRIC transaction total holds steady, with China continuing its lead in deal making

When compared with the second quarter of the year, activity among BRIC targets and acquirers during the third quarter of 2011 remained unchanged in terms of the total volume of deals. The change came from the reshuffling of each country's contribution to the transactions volume. Brazil and Russia maintained their status from the last quarter, Brazil accounting for one and Russia with none, while India generated no deals. Consistent with expectations, China surpassed its last quarter contribution of six deals and generated 10 of the 11 deals in this category.

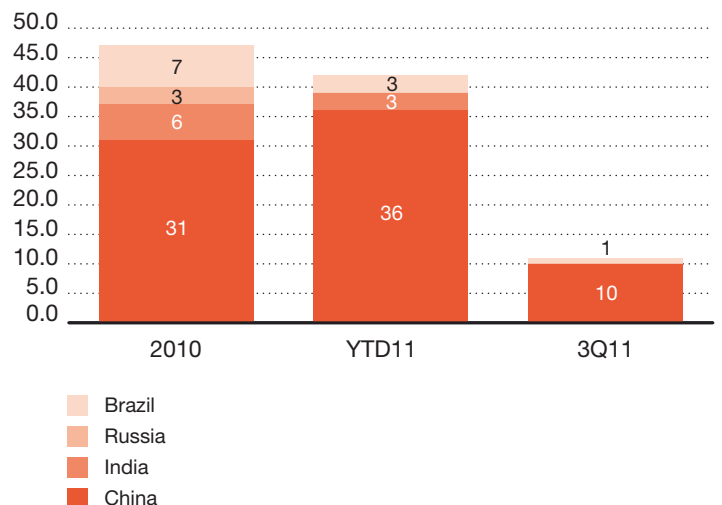
Despite a spike in deal volumes in China, acquiring local companies there has not become much easier. Regulations dictate government approval of the deals, and the majority of private Chinese enterprises are of a relatively small and young nature. In one prominent case that parties that follow the sector may recall, the Chinese government blocked a bid by the Carlyle Group of the United States for state-controlled Chinese construction firm Xugong Group in 2008.

An interesting recent trend shows that the majority of new M&A foreign deals involve targets that were already owned by foreigners and therefore do not reshape significantly the nature of the sector. In the quarters to come, China's role in the BRIC transactions should continue to increase. With that, China will face more political pressure to open up to foreign investment to avoid foreign governments' reciprocating the blocking of Chinese transactions in their local markets.

Distribution of BRIC deals by target nation
Measured by number of announced deals worth \$50 million or more



Distribution of BRIC deals by acquirer nation
Measured by number of announced deals worth \$50 million or more



PwC experience

Deep engineering and construction industry and transaction experience

PwC provides advisory, assurance, or tax services for nearly 90% of the engineering and construction companies listed in the Fortune 500. Our Engineering & Construction industry practice is composed of a global network of more than 4,700 industry professionals who service approximately 20,000 E&C companies around the world. We specialize in servicing private and public contractors, home builders, building products companies, and professional and support services companies, as well as governments. Central to the successful delivery of our services is an in-depth understanding of today's industry issues and our unwavering commitment to delivering economic value through specialized resources and international leading practices. Our highly skilled team encourages dialogue regarding complex business issues through active participation in industry conferences and associations, such as the Construction Financial Management Association.

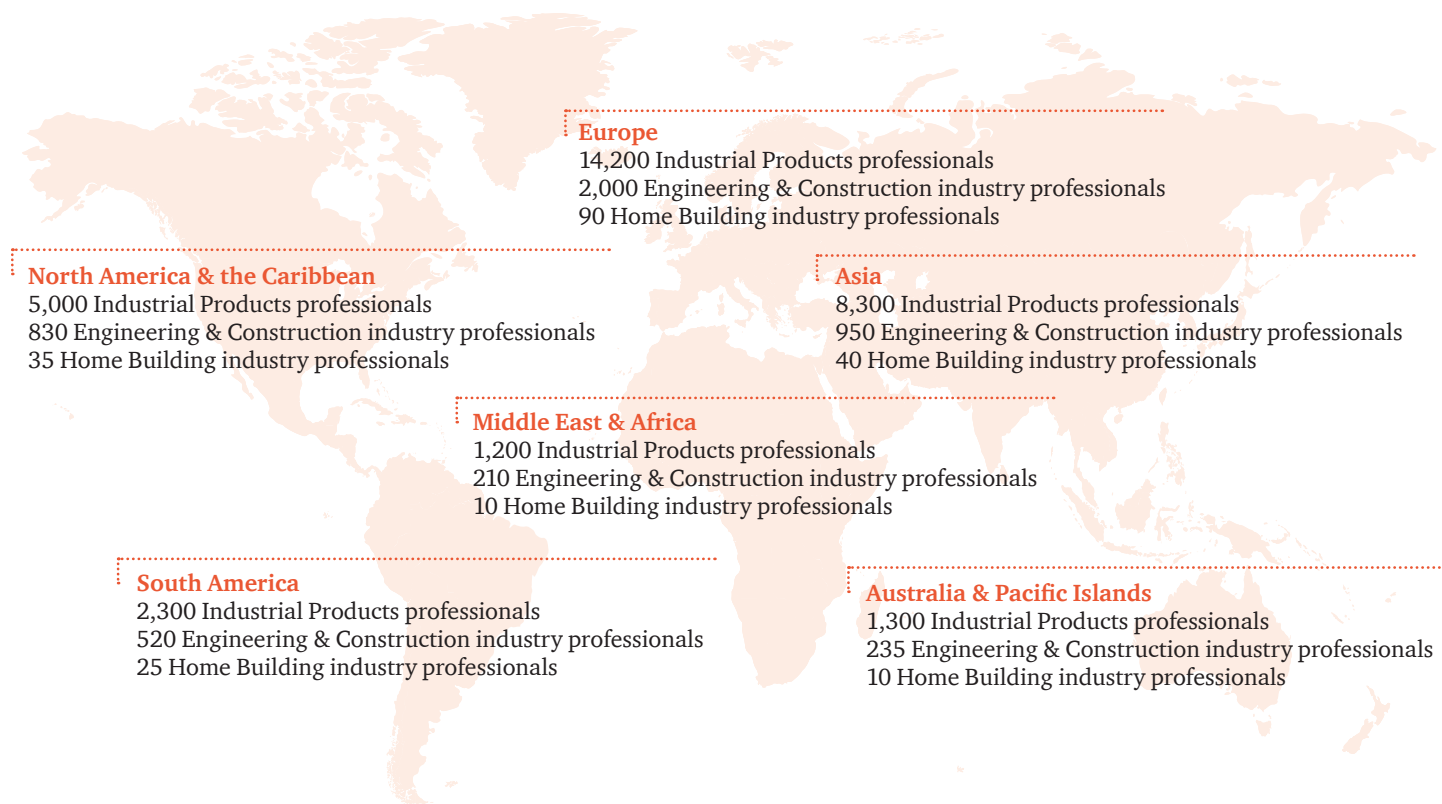
Quality M&A deal professionals

PwC's Transaction Services practice consists of more than 6,500 dedicated deal professionals worldwide. The depth of

their industry and functional experience enables them to advise clients regarding factors across the deal continuum that could affect a transaction. From initial due diligence and evaluation to preparation for Day One and post-close merger integration, our teams are committed to capturing value throughout the deal process and achieving our clients' objectives. These functional areas include, but are not limited to, sales and marketing, financial accounting, tax, human resources, information technology, risk management, and supply chain. Teamed with our E&C industry practice, our deal professionals can bring a unique perspective to your transaction, addressing it from a technical as well as industry point of view.

Local coverage, global connection

In addition to having dedicated professionals serving the engineering and construction industry, our team is part of an expansive Industrial Products group that consists of more than 31,500 professionals, including approximately 18,600 providing assurance services, 7,700 providing tax services, and 5,200 providing advisory services. This expands our global footprint and enables us to concentrate efforts in bringing clients a greater depth of talent, resources, and know-how in the most effective and timely way.



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PwC Engineering & Construction practice

Through our global network, we can draw upon the technical and industry experience of E&C specialists in every country in which your company operates.

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Methodology

Engineering growth is an analysis of deals in the global engineering and construction sector. Deal information was gathered from Thomson Reuters and includes deals for which targets have primary SIC codes that fall into one of the following SIC industry groups: single-family housing construction; residential construction; operative builders; industrial buildings and warehouses; nonresidential building construction; highway and street construction; bridge, tunnel, and elevated highway construction; water, sewer, pipeline, and utility line construction; heavy construction; plumbing, heating, and air conditioning; electrical work; carpentry work; roofing, siding, and sheet metal work; concrete work; water well drilling; structural steel erection; excavation work; installation or erection of building equipment; special trade contractors; asphalt paving mixtures and blocks; asphalt felts and coatings; flat glass; glass containers; pressed and blown glass and glassware; glass products made of purchased glass; cement, hydraulic; brick and structural clay tile; ceramic wall and floor tile; clay refractories; vitreous plumbing fixtures and bathroom accessories; fine earthenware (whiteware) kitchen articles; pottery products; concrete block and brick; concrete products, except block and brick; ready-mixed concrete; gypsum products; cut stone and stone products; abrasive products; minerals and earths, ground or otherwise treated; mineral wool; nonclay refractories; nonmetallic mineral products; construction machinery and equipment; mining machinery and equipment, except oil and gas; oil and gas field machinery and equipment; elevators and moving stairways; conveyors and conveying equipment; hoists, cranes, and monorail systems; industrial trucks, tractors, trailers, and stackers; lumber, plywood, millwork, and wood panels; brick, stone, and related construction materials;

roofing, siding, and insulation materials; construction materials; lumber and other building materials dealers; engineering services; architectural services; surveying services; and air and water resource and solid waste management. Balance sheet data was sourced from public company reports.

This analysis includes all individual mergers and acquisitions for disclosed or undisclosed values, leveraged buyouts, privatizations, minority-stake purchases, and acquisitions of remaining interest announced between October 1, 2008, and September 30, 2011, with a deal status of completed, intended, partially completed, pending, pending regulatory approval, unconditional (i.e. initial conditions set forth by the buyer have been met but deal has not been completed), or withdrawn.

Regional categories used in this report approximate United Nations (UN) regional groups, as determined by the UN Statistics Division, with the exception of the North America region (includes North America, Latin America, and the Caribbean UN groups), the Asia and Oceania region (includes Asia and Oceania UN groups), and Europe (divided into UK and Eurozone and Europe ex-UK and Eurozone regions). The Eurozone includes Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovenia, and Spain. Oceania includes Australia, New Zealand, Melanesia, Micronesia, and Polynesia. Overseas territories were included in the region of the parent country, and China, when referenced separately, includes Hong Kong. The term *deals*, when referenced herein, refers to deals with a disclosed value of at least \$50 million unless otherwise noted.

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