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Engineering growth

Fourth-quarter 2012 global engineering and construction industry mergers and acquisitions analysis

pwc

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To our engineering and construction readers,

Welcome to the latest edition of Engineering growth, PwC's analysis of mergers and acquisitions in the global engineering and construction industry. In this report, you'll find an overview of M&A in the industry during the fourth quarter of 2012, as well as our expectations for deal activity in the near future.

PwC analysts are monitoring several trends expected to affect the values and locations of deals in the E&C sector:

- Despite an uptick in the number of deals in the fourth quarter, the total number of deals and total deal value in the sector for 2012 were significantly lower than 2011 levels, resulting from an environment of increased economic uncertainty and a slowdown in the eurozone, China, and many other regions.
- Transactions in the construction materials category led deals in number and value, surpassing construction, usually the category leader. Multiple large and mega-deals (those of at least $1 billion) throughout the year, including the only mega-deal in the fourth quarter, involved targets associated with the construction materials segment.
- Despite the subpar level of deal activity in 2012, financial investors continued a slow return to the E&C deals arena. Continued private equity fund-raising could be considered a factor contributing to that trend.
- The majority of 2012 transactions in the sector were within-border deals.
- Asia and Oceania remained the most active region in deal-making. However, the United States was the individual nation that not only engaged in the largest number of deals but also tended to generate higher deal values. The relative maturity, size, and financial stability of US-affiliated targets and acquirers are viewed as drivers for this trend.

Although E&C M&A failed to meet the 2011 level, we remain cautiously optimistic for the quarters to come. As the construction sector continues its path of recovery and construction companies reevaluate growth opportunities in markets and segments farther from home, the pace of deal making is expected to pick up.

We're pleased to present the fourth-quarter 2012 edition of Engineering growth, which we hope will provide you with a deeper understanding of M&A trends and prospects in the industry.

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Perspective:
Overview of deal activity

Despite an increase in the number of deals in the fourth quarter, 2012 M&A activity remains subdued

During the fourth quarter of 2012, there was an increase in the number of global E&C deals announced. However, this uptick in volume was not enough to boost the total 2012 deals to 2011 levels. Deal value followed the overall trends, and 2012 ended at a level lower than that of 2011. The drivers of that trend include both the highly cyclical nature of the E&C sector and the close relationship of deal activity to the condition of the global economy. With the level of uncertainty remaining elevated until the very end of the year, many financial and strategic investors opted for staying on the sidelines or being engaged primarily in smaller, bolt-on acquisitions in 2012.

Materials transactions surpass construction deals and lead both the number and the value of deals in 2012

Deals in the construction materials category outnumbered those of the usual leader, construction, leading both deal volume and deal value. The growth in that segment was fueled by mega-deals and specifically the ongoing consolidation in the cement and concrete sectors. After the first-quarter 2012 announcement of a mega-deal between Austrian Camargo Correa SA and CIMPOR Cimentos de Portugal SGPS SA for a total value of $3.3 billion, during the second quarter, Semapa-Sociedade de Investimento e Gestao SGPS SA announced its plan to acquire about 20% of CIMPOR for the total value of $996.7 million. In the fourth quarter, the only mega-deal involved a target from the materials segment, when the United States' Mohawk Industries announced plans to acquire Italian ceramic design, manufacturing, and distribution firm Marazzi Group SpA for $1.55 billion.

Financial investors slowly return to the deal-making arena

Strong private equity fund-raising and continued slow recovery of the E&C sector resulted in a return of financial investors to M&A in the sector. While strategic investors continued to lead overall activity, financial investors showed increasing desire to participate in acquisitions. Segments of interest included construction materials and homebuilding.

Asia and Oceania remains the most active region, while the United States is the most active country

The region of Asia and Oceania was the most active overall, followed by Europe and North America. While Asia and Oceania acquirers pursued the largest number of deals in the fourth quarter, it was North American acquirers that contributed the greatest value, driven at least in part by the relatively mature nature of the North American E&C firms and the level of saturation of the industry. The United States, followed by China, was the most active individual nation, with acquirers pursuing local targets primarily in the construction materials segment.

Outlook

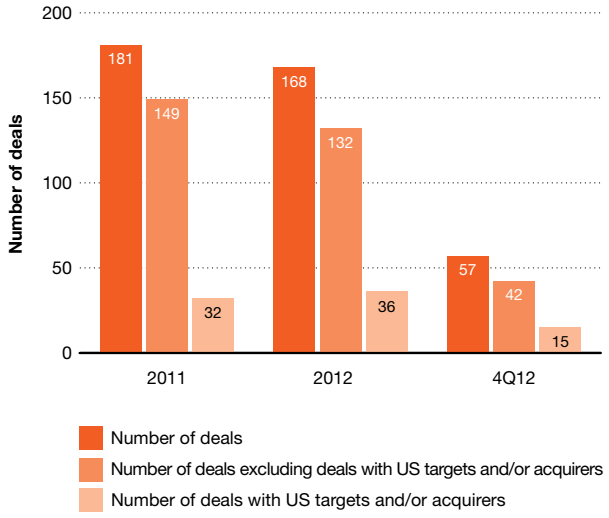
As the global E&C sector continues on its path of slow recovery, we expect M&A to follow a similar trajectory. The role of publicly funded growth, especially in mature markets such as the eurozone and the United States, is likely to deteriorate as governments reduce their spending. In those markets, however, private funding and PPPs are likely to incrementally gain momentum as they fill the gaps in public spending. The increasing complexity of projects, rising use of design-build contracts, and growing proportion of projects outside of the domestic borders are all factors that could contribute to future transactions in the engineering and construction space. While the level of uncertainty remains fairly high and the sector recovery is still fragile, we remain cautiously optimistic for deal activity in the quarters to come.

Commentary

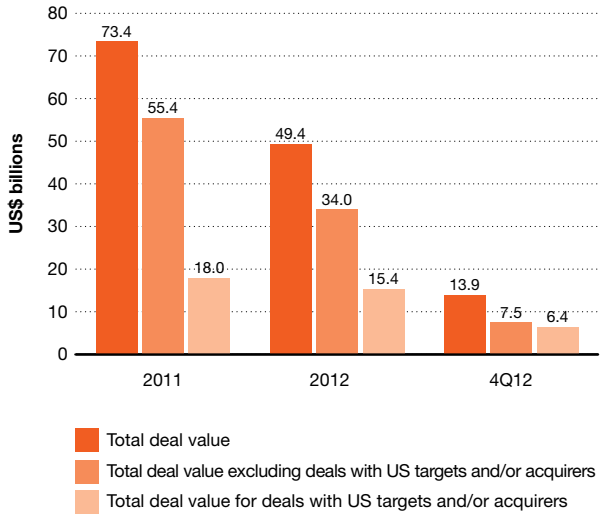
Quarterly E&C deal activity
Measured by number and value of deals worth $50 million or more (2010-2012)

	2010				2011				2012			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Number of deals	35	45	38	65	46	47	52	36	39	41	31	57
Total deal value ($ billions)	25.4	11.7	14.3	26.8	22.8	14.7	22.7	13.1	11.4	13.2	10.8	13.9
Average deal value ($ billions)	0.7	0.3	0.4	0.4	0.5	0.3	0.4	0.4	0.3	0.3	0.3	0.2

Deal activity by number of deals
Measured by number of deals worth $50 million or more



Deal activity by total deal value
Measured by value of deals worth $50 million or more



Deal totals

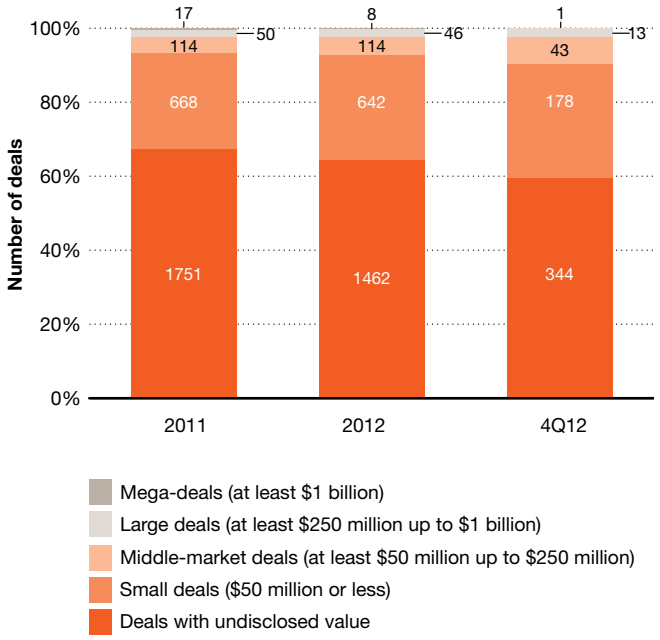
After the significant decline in deal activity in the third quarter of 2012, in terms of both the number and the value of announced transactions, the last quarter of the year saw an uptick in the number of deals. However, the bulk of those transactions were small and mid-market deals. As a result, the total and average deal values in the fourth quarter remained subpar, and total deal value in 2012 reached barely half the 2011 level.

A variety of factors likely contributed to the lower 2012 deal numbers and values. Due to the highly cyclical nature of the E&C sector, deal activity is tied closely to the condition of the global economy. The European sovereign crisis; the slowdown in the growth of China and other emerging markets; and the elections, fiscal cliff, and subsequent business and tax implications in the United States all potentially contributed to an elevated level of uncertainty.

The fragile recovery of the sector, as well as its heavy dependence on government spending since 2009, make deal activity highly susceptible to downturns. The ongoing pressure to reduce government spending, especially in developed nations across the eurozone members and the United States, made the growth of the sector more dependent on private spending. However, with economic uncertainty remaining fairly high in 2012, many financial and strategic investors postponed major spending decisions, such as hiring and acquisitions. Consequently, many of the deals announced in 2012 were smaller bolt-on deals. The majority of investors engaged in deals during the fourth quarter, and in 2012 as a whole, were non-US affiliated targets and/or acquirers.

The majority of investors deciding to engage in deals in the fourth quarter, and in 2012 as a whole, were non-US affiliated targets and/or acquirers. This trend was consistent with the historical norm and was likely fueled by the continued two-stage recovery of the global construction sector, with higher growth concentrated outside of the United States and mostly in the emerging world.

Deal activity by number and range of deal value
Measured by number of deals



Mega-trends including growing infrastructure needs, expanding urbanization, and the need for cleaner, environmentally friendly and sustainable energy and water continued to be the driving forces of M&A activity in the E&C space. Furthermore, rebalancing product mixes and geographic exposure, as well as an expanding technology and human capital base, offered additional reasons for pursuing transactions.

In the quarters to come, we expect the modest recovery of the global E&C sector to continue and its effects to spill over into M&A. However, the level of publicly funded projects, particularly in the developed world, should remain flat, at best, with private funding expected to provide most of the growth. This trend might not necessarily hold for emerging markets such as the BRIC countries, where much of the industry growth is likely to continue to be fueled by government spending in areas like urbanization and infrastructure. This discrepancy in the sources of projects is likely to have an impact on the volume, size, and characteristics of the M&A activity, with companies adjusting their strategies accordingly as they strive to win bids within or outside their domestic territories.

From skyscrapers in the Middle East to large infrastructure projects in China, project complexity is reaching new heights. This complexity, along with the increasing use of design-build contracts, encourages the integration of engineering and construction companies. Additionally, companies have experienced higher revenue and margin growth from design and engineering work than from construction, which further increases the attractiveness of such consolidations. This creates an environment of cautious optimism for deal activity in the coming quarters.

In terms of the size of transactions, the larger deals are likely to remain mostly scarce and focused on the developed nations, where competition is more concentrated and companies have the financial strength to engage in such transactions. However, the bulk of the transactions should remain smaller, especially for deals in the emerging markets, as well as acquisitions where technology is the main deal driver.

Deal categories and valuation

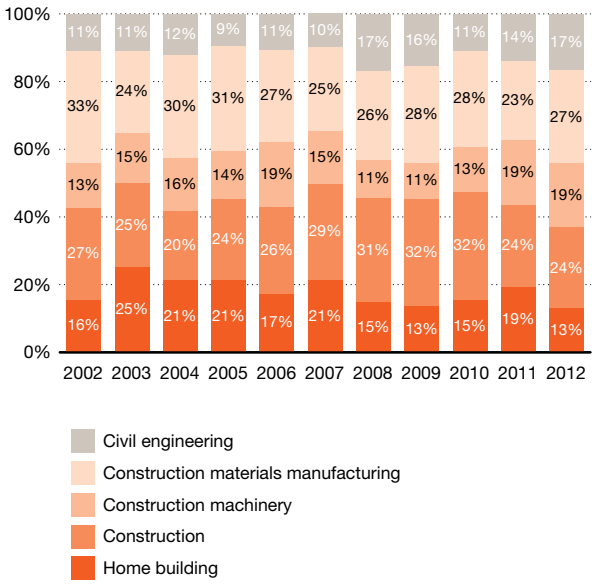
PwC divides the E&C sector into five segments by comparing standard industrial classification (SIC) codes with our internal classification system. Based on this process, we group deals (measured by number of transactions $50 million and above) into the following product and service categories:

- Construction
- Civil engineering (includes architecture firms)
- Home building
- Construction machinery
- Construction materials

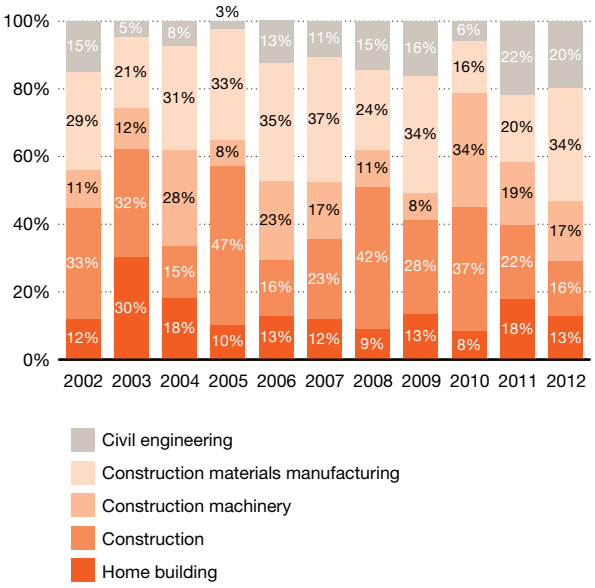
Based on this methodology, we found that in 2012 the construction materials segment led deal activity in terms of both the number and the value of the transactions. What is worth noting is that while the increase in the number of materials deals was marginal, the increase in value was approximately 70 percent year over year. This substantial growth was fueled by the significant number of mega-deals in that segment, beginning in the first quarter of the year and continuing through the fourth quarter.

The activity in the materials segment was driven by high investors' interest in targets in the cement and concrete business. After the first-quarter 2012 announcement of a mega-deal between Austrian Camargo Correa SA and CIMPOR Cimentos de Portugal SGPS SA, for a total value of $3.26 billion, or about 67% of CIMPOR, during the second quarter Semapa-Sociedade de Investimento e Gestao SGPS SA announced its plan to acquire about 20% of CIMPOR for a total value of $996.65 million in a privately negotiated transaction. The only mega-deal in the fourth quarter was also in the materials segment. The trend of increasingly large value transactions in the construction materials space began in December 2008 with the announcement of the second-largest E&C deal in the last ten years. It involved Lafarge's acquisition of the entire share capital of OCI Cement Group, a manufacturer and wholesaler of cement, mix concrete, and aggregates, from Orascom Construction Industries SAE, for $15.02 billion.

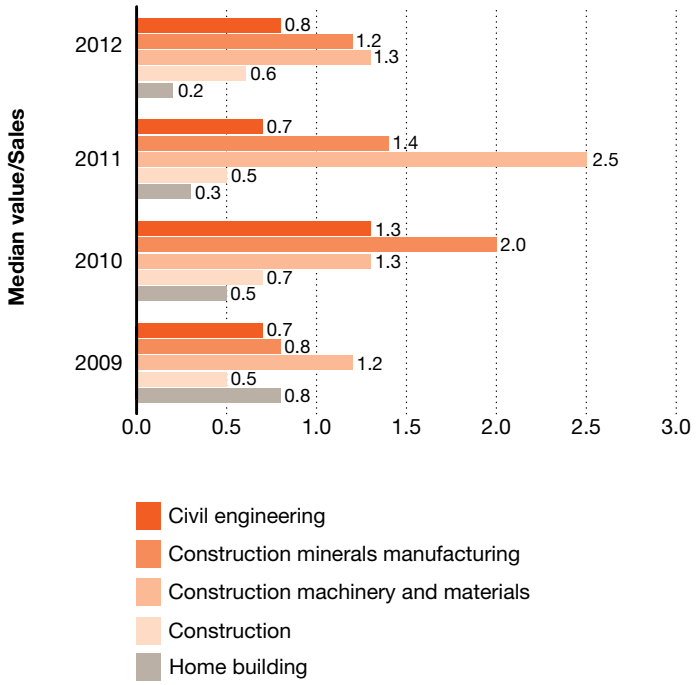
Deals by E&C target category
Measured by number of deals worth $50 million or more



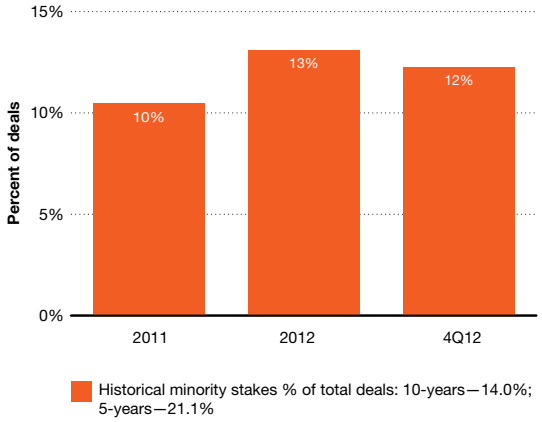
Deals by E&C target category
Measured by value of deals worth $50 million or more



Deal valuation by median value/sales
Measured by value/sales for deals worth $50 million or more



Minority stock purchases
Measured by percentage of deals worth $50 million or more for less than 50% ownership (2011, 2012, 4Q12)



Transactions in the construction segment were second in terms of volume in 2012. However, the bulk of the deals were smaller, resulting in a lower percentage of total deal value. The construction subsector deal activity was driven by the growing infrastructure and urbanization needs of markets such as Latin America and Asia. Chilean and South Korean targets involved in the highway and street construction business generated the greatest volume of construction deals.

Minority stock purchases were also on the rise in 2012. Despite being below the 10-year historical average of about 14 percent, minority stakes have been gaining momentum over the last several quarters. This could be considered an indication of acquirers' resistance to making large commitments to capital deployment while maintaining the option for future expansion in equity ownership. Another reason for this trend could be the existence of restrictions on cross-border or foreign possession that do not allow for controlling ownership.

Mega-deals in 4Q12 (deals with a disclosed value of at least $1 billion)

Month announced	Target name	Target nation	Acquirer name	Acquirer nation	Status	Value of transaction in US$ billions	Category
Dec	Marazzi Group SpA	Italy	Mohawk Industries Inc	United States	Pending	1.55	Construction materials manufacturing

Mega-deals in 2012 (deals with a disclosed value of at least $1 billion)

Month announced	Target name	Target nation	Acquirer name	Acquirer nation	Status	Value of transaction in US$ billions	Category
Jul	The Shaw Group Inc	United States	Chicago Bridge & Iron Co NV	United States	Pending	3.13	Civil engineering
Mar	CIMPOR Cimentos de Portugal SGPS SA	Portugal	InterCement Austria Holding GmbH	Austria	Completed	1.97	Construction materials manufacturing
Apr	Participes en Brasil SL	Brazil	Investor Group	Spain	Completed	1.68	Home building
May	Cimpor Cimentos de Portugal SGPS SA-Assets	Portugal	InterCement Brasil SA	Brazil	Pending	1.59	Construction materials manufacturing
Sep	Fugro NV-Geoscience Division	Netherlands	Cie Generale de Geophysique-Veritas SA {CGGVeritas}	France	Pending	1.55	Civil engineering
Dec	Marazzi Group SpA	Italy	Mohawk Industries Inc	United States	Pending	1.55	Construction materials manufacturing
Feb	New Energy Mining Co Ltd	China	Hebei Veyong Bio-chemical Co Ltd	China	Pending	1.19	Construction machinery
May	CIMPOR Cimentos de Portugal SGPS SA	Portugal	InterCement Austria Holding GmbH	Austria	Pending	1.08	Construction materials manufacturing
Apr	CIMPOR Cimentos de Portugal SGPS SA	Portugal	Semapa-Sociedade de Investimento e Gestao SGPS SA	Portugal	Withdrawn	1.00	Construction materials manufacturing

Mega-deals in 2011 (deals with a disclosed value of at least $1 billion)

Month announced	Target name	Target nation	Acquirer name	Acquirer nation	Status	Value of transaction in US$ billions	Category
Mar	Fletcher Building Ltd	New Zealand	Fairfield Securities LP	New Zealand	Intended	5.13	Home building
Dec	Vulcan Materials Co	United States	Martin Marietta Materials Inc	United States	Pending	4.74	Construction materials manufacturing
Mar	Hyundai Engineering & Construction Co Ltd	South Korea	Investor Group	South Korea	Completed	4.45	Civil engineering

Mega-deals in 2011 (deals with a disclosed value of at least $1 billion)

Month announced	Target name	Target nation	Acquirer name	Acquirer nation	Status	Value of transaction in US$ billions	Category
Aug	SPIE SA	France	Investor Group	United States	Completed	3.03	Construction
Feb	Anglo American PLC-Construction Materials Businesses	United Kingdom	Lafarge Cement UK PLC- Construction Materials Businesses	United Kingdom	Pending	2.65	Construction materials manufacturing
Sep	Charter International PLC	Ireland-Rep	Colfax UK Holdings Ltd	United Kingdom	Completed	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	Completed	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	Construction materials manufacturing
Sep	WTorre Properties SA	Brazil	BR Properties SA	Brazil	Pending	1.34	Home building
Oct	Lafarge SA-Plasterboard Division	France	Etex Group SA	Belgium	Completed	1.17	Construction materials manufacturing
Sep	Puerto Rico Public-Private Partnership Authority{PPPA}- PR 22	Puerto Rico	Investor Group	United States	Completed	1.14	Construction
May	Demag Cranes AG	Germany	Terex Industrial Holding AG	Germany	Completed	1.11	Construction machinery
May	LeTourneau Technologies Inc	United States	Joy Global Inc	United States	Completed	1.10	Construction machinery
Jul	Vacuumschmelze GmbH & Co KG	Germany	OM Group Inc	United States	Completed	1.01	Construction materials manufacturing

Largest E&C deals

There was only one mega-deal (transactions of at least $1 billion) announced in the fourth quarter of 2012, and mega-deal activity in 2012 remained lower than in 2011. There were 7 mega-deals valued at $14.74 billion in 2012, compared with 17 mega-deals valued at $37.78 billion in 2011. This decline in large deal activity was consistent with the overall slowdown in deal making in 2012.

The only mega-deal in the fourth quarter involved Mohawk Industries Inc. as the acquirer of the Italian ceramic design, manufacturing, and distribution firm Marazzi Group SpA, for a total of $1.55 billion. With ceramic tile being the world's most widely used flooring product and Marazzi's distribution reach of more than 100 countries, the merger should increase Mohawk's worldwide network and growth prospects. As indicated in Mohawk's press releases for the transaction,[1] additional rationale for the deal includes Marazzi's technological advances, particularly in such areas as crystallized porcelain and single-fired thin tiles, and its solid positions in the United States, Russia, and Europe.

1 *http://www.mohawkind.com/CorporateIRNewsReleases.aspx*

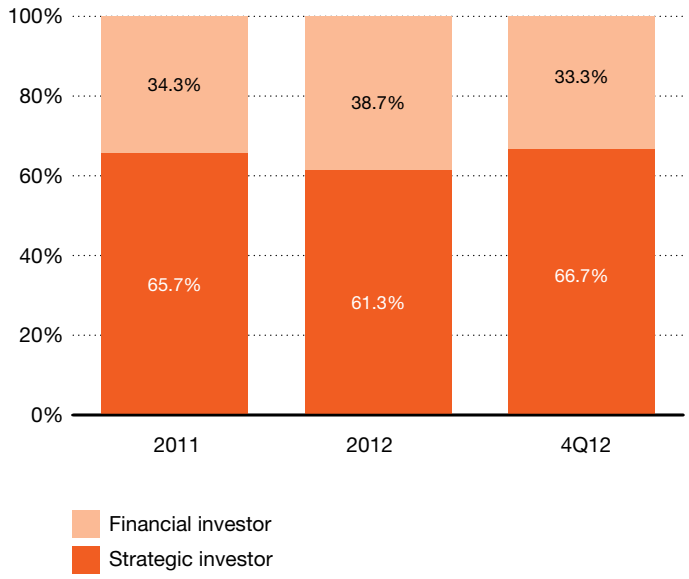
Investor groups and acquisition techniques

Despite the obvious slowdown in E&C deal making, financial investors continue to slowly gain momentum. In 2012, the participation of financial investors was higher than the average 10-year rate of about 33 percent of financial acquirers, and they were an active participant in some of the largest deals during the year, suggesting that the sector is showing signs of recovery and opportunity.

This could be considered a reaffirmation of the ongoing, albeit slow, rebound of the E&C sector. Another potential explanation for the increase in financial investors' interest could be found in the increase in both the rising number of private equity (PE) firms and the greater amount of funds they managed to raise in 2012. According to Preqin,[2] aggregate 2012 fund-raising reached $311.7 billion, which was higher than the $311.0 billion raised in 2011. The greater availability of funds and the need to deploy them could partly explain the greater participation of financial investors in E&C M&A deal making. With a record number of PE firms currently in the process, and with the time available for raising funds increasing slightly, the market should continue to remain very competitive during 2013.

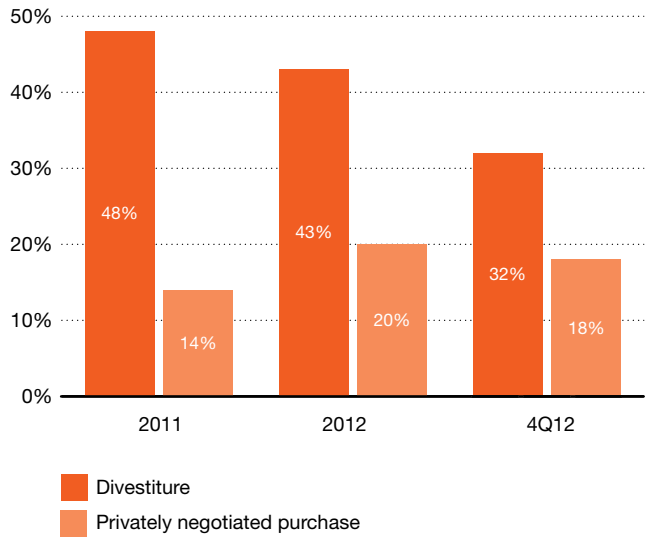
Divestitures continued to generate the bulk of the transactions in 2012. Although their level in the fourth quarter and in 2012 as a whole is lower than in 2011, such transactions continue to be an integral part of the M&A. The slight decrease in this category could be indicative that the geographic exposure adjustment has already taken place.

Deals by investor group
Measured by number of deals worth $50 million or more



Financial investor % of total deals: 10-year—33.4%; 5-year—32.9%

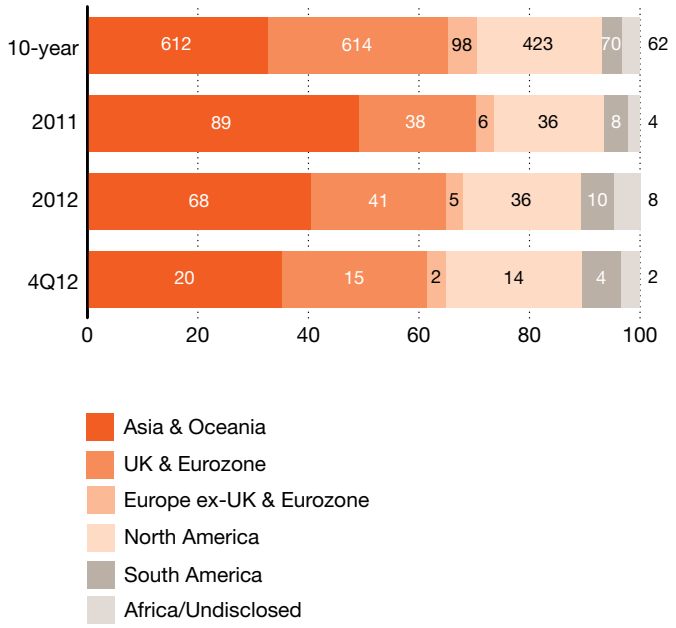
Acquisition techniques
Measured by percentage of deals worth $50 million or more



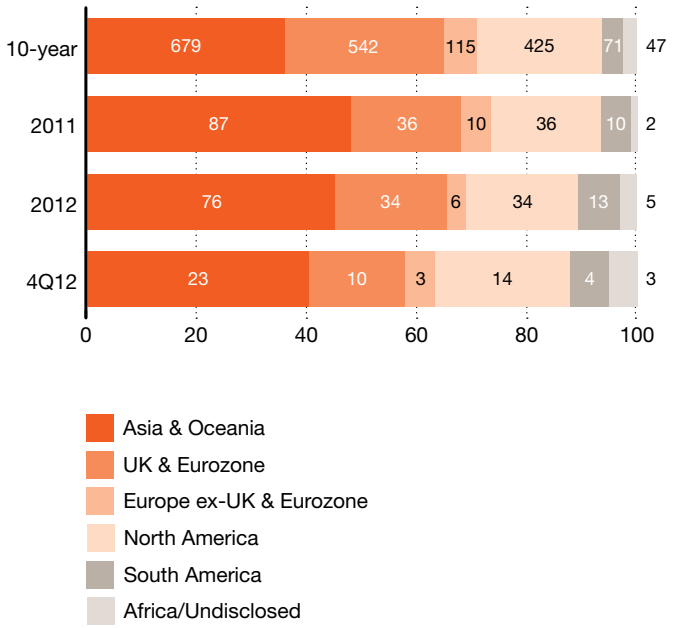
2 *http://www.preqin.com/item/private-equity-fundraising-inches-up-in-2012/102/6065*

Regional analysis

Regional distribution of all deals by acquirer region
Measured by number of announced deals worth $50 million or more



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



In the fourth quarter of 2012, the majority of deals were within-border transactions. This trend was true for both US targets and targets and acquirers from other parts of the world. The high global uncertainty, along with various changes in the local business and tax environment of many nations, could have escalated the level of risk beyond their comfort level for many companies.

Asia and Oceania was the most active region overall, followed by Europe and North America. In terms of local transactions, the North America region dominated the activity, which can be explained by the slower growth and mature, concentrated nature of the North American E&C industry, where consolidation could be one of the few options for growth.

Also, most outbound deals in the fourth quarter came from European acquirers. This trend could be explained by the slower — and, in the short term, even negative — growth prospects for some of the European economies and their subsequent E&C sectors. Companies from that region seem to be seeking growth opportunities outside of their boundaries and in emerging markets such as China, India, Argentina, and the United Arab Emirates.

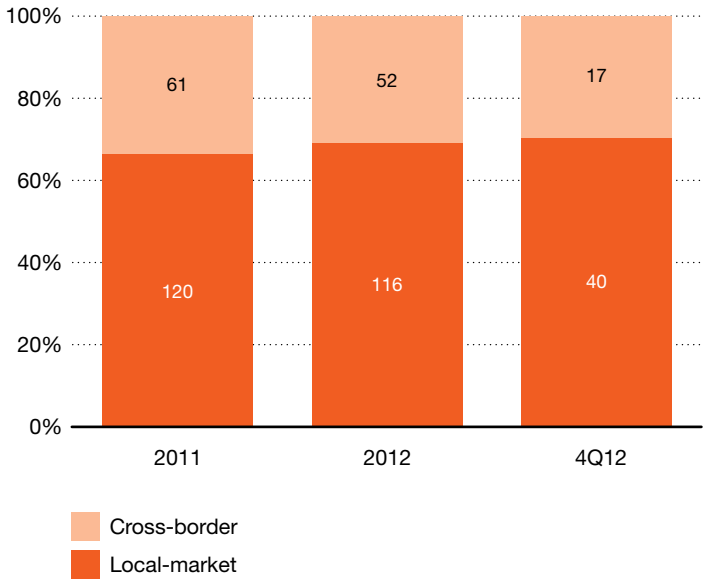
In terms of acquirers, the Asia and Oceania region pursued the most deals in the fourth quarter. However, it was North American acquirers that paid the highest deal value. Similarly, targets from the Asia and Oceania region were the most sought-after, but it was the North American ones that recorded the highest deal value. The relatively large size of companies within the North America region, along with their cash-rich, healthy balance sheets, could be drivers for that trend.

The United States, followed by China, was the most active individual nation, with acquirers pursuing targets mostly in the construction materials and machinery segments. The majority of the transactions were within-border, and the targets operated predominantly in the cement, stone, and porcelain segments, as well as in the oil and gas field machinery market. The abundance of shale gas in the United States has resulted in increased interest in related end-markets — a trend that is likely to continue in the quarters to come, as gas becomes the most economical and environmentally friendly fuel.

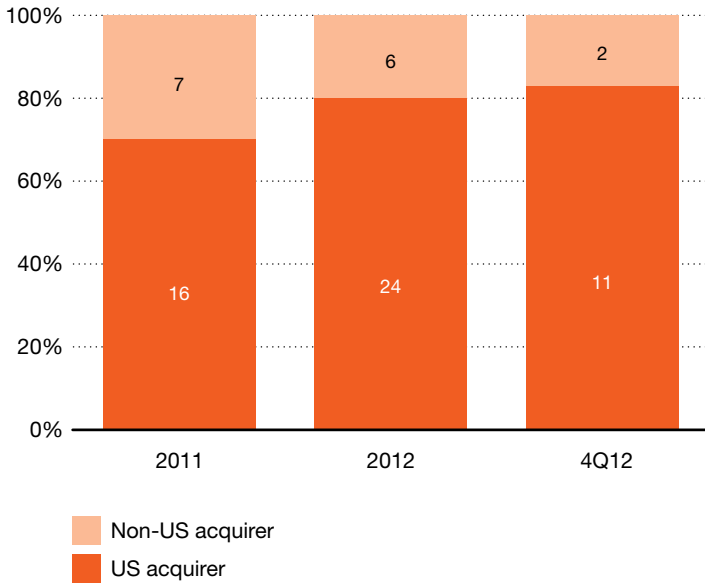
Besides China, emerging countries such as Indonesia, Thailand, Taiwan, and Malaysia announced deals in the fourth quarter of 2012. With its large population and growing middle class, Indonesia's need for a range of new infrastructure, from toll roads to airports to municipal water systems, is likely to continue. Similarly, according to the Construction Institute of Thailand,[3] the growth of the sector in 2012 was estimated at 15 percent, significantly higher than the average global construction growth of about 3 percent.

Traditionally less active regions such as South America and Africa are also starting to see some traction in deal-making. Countries such as South Africa, Brazil, Peru, and Costa Rica also announced deals in the fourth quarter of 2012. Despite the challenges of insufficient government spending, some larger South African companies are securing work outside of the country's borders, as well as in industries such as oil and mining. Expertise in growth areas such as green retrofit is also a driver for acquisitions. A new integrated urban infrastructure system in Peru,[4] as well as road and rail infrastructure expansion plans in Costa Rica,[5] improve the attractiveness of the E&C targets in those countries.

Local-market compared with cross-border deals (all nations)
Measured by number of deals worth $50 million or more



US compared with non-US acquirers of US targets
Measured by number of deals worth $50 million or more

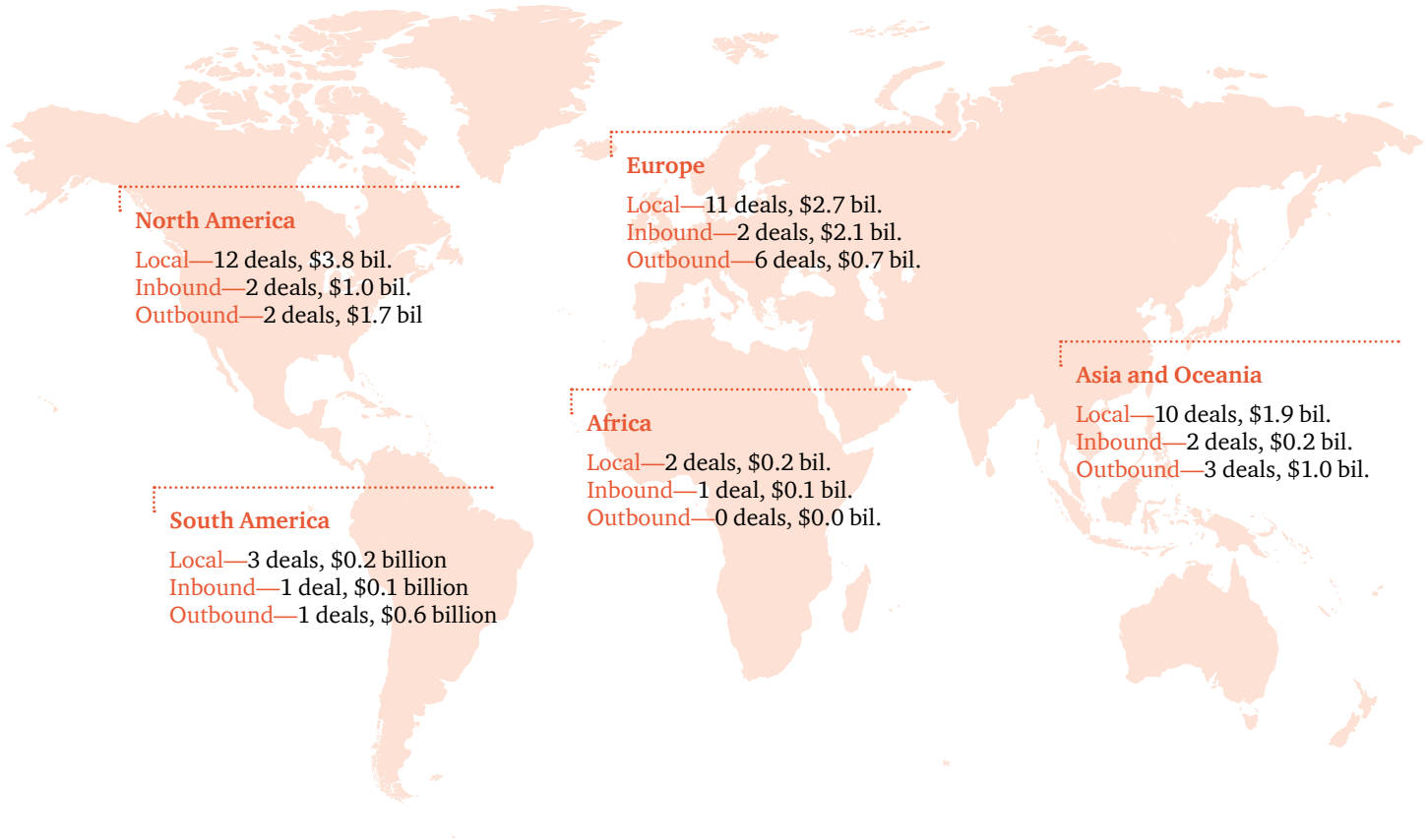


3 *http://www.bangkokpost.com/business/economics/301887/builders-want-more-foreign-labourers*

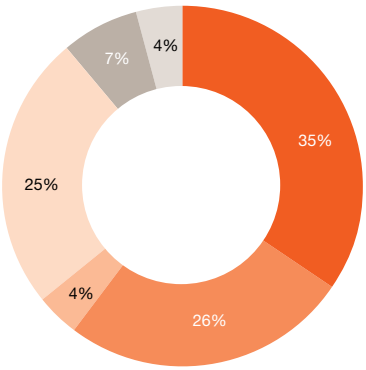
4 *http://enr.construction.com/infrastructure/transportation/2010/0331-limagrowingsystem.asp*

5 *http://www.ukti.gov.uk/export/sectors/construction/sectorbriefing/321380.html*

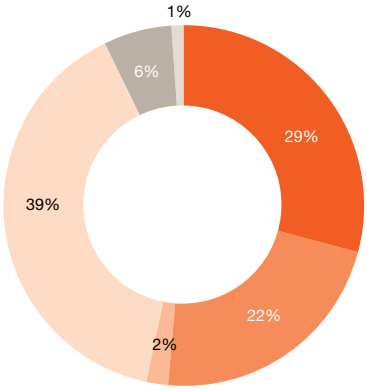
Acquisition money flows—4Q12



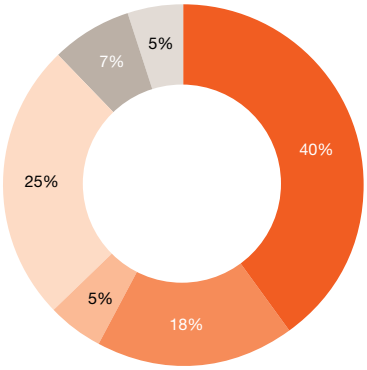
Regional distribution of deals by acquirer region
Measured by number of deals worth $50 million or more (4Q12)



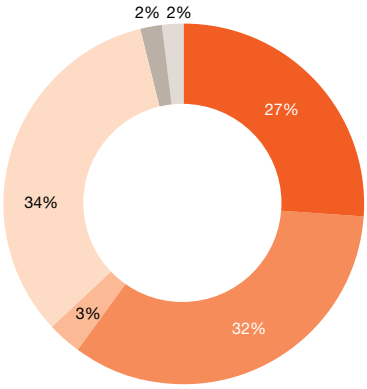
Regional distribution of deals by acquirer region
Measured by value of deals worth $50 million or more (4Q12)



Regional distribution of deals by target region
Measured by number of deals worth $50 million or more (4Q12)



Regional distribution of deals by target region
Measured by value of deals worth $50 million or more (4Q12)



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

BRICs

The slowdown in overall E&C deal activity has also affected the total value and volume of BRIC-affiliated deals, with the 2012 deal volume significantly lower than the 2011 volume. China remained the most active BRIC country, consistent with the historical trend.

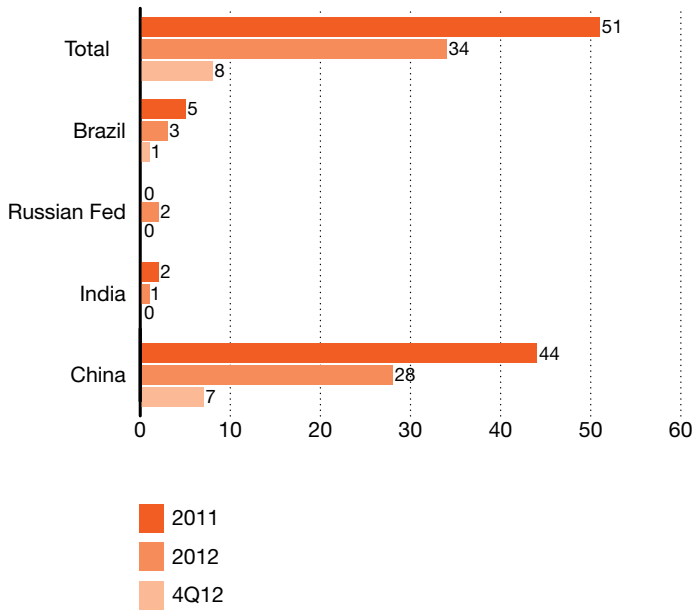
As China's economy shifts from export-driven to domestic consumption, the central government is expected to continue to tighten the Chinese property market. The Chinese residential and commercial construction sectors have been stuck between local efforts to revive the industry and central government efforts to stop property speculation. China's construction sector is likely to experience growth in infrastructure spending, as well as in the urbanization of second-, third-, and fourth-tier cities and rural areas. The government's approval of 60 major projects to upgrade China's roads, railways, ports, and airports and its provision of funds for water treatment facilities and office projects bring hope for the industry's growth. And the expected expansion in those segments could trigger investors' interest in the country. However, we expect the bulk of the deals to remain local transactions, because the policies and procedures associated with federal approval of the M&A transactions have not changed.

Despite the positive outlook for the construction sector in India, the country did not generate much traction in deal making in 2012. Some reasons for the lack of transactions in that region may be an unfavorable policy environment, tight liquidity, and inflationary pressures. However, urbanization and the building of townships and adjunct cities near metro hubs continue to present pockets of opportunity.

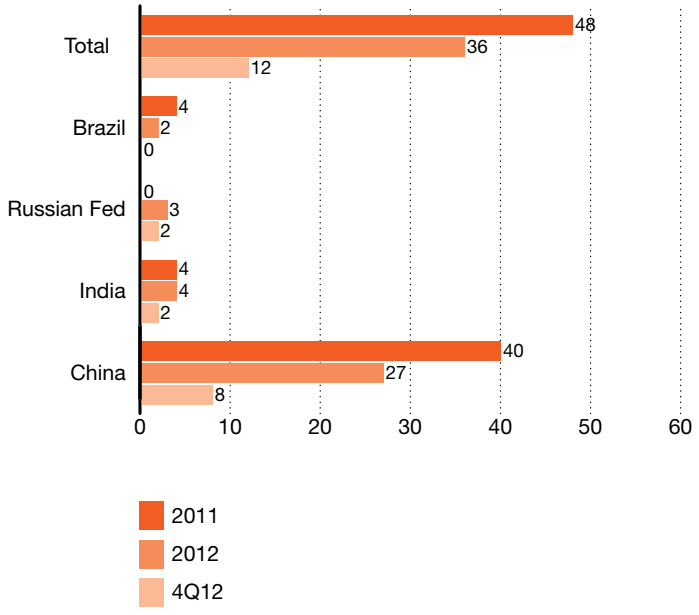
The M&A activity from targets and acquirers from Brazil also remained subpar in 2012. While the announcement in 2009 that Rio de Janeiro would host the 2016 Olympic Games created a significant number of opportunities for E&C firms across the board, the recent slowdown in exports and manufacturing has substantially lessened commercial and residential building.

An exception to the overall BRIC nations' deal-making trend was the activity in Russia. During the fourth quarter of 2012, the two deals involving Russian companies included a local merger of an infrastructure construction company and an engineering firm, and a United Kingdom financial acquirer pursuing a manufacturer of construction equipment. Our outlook for deal-making in Russia remains cautiously optimistic as the government continues to invest in infrastructure programs aimed at updating the country's transport system. Furthermore, growth in the energy industry and the upcoming 2014 Sochi Winter Olympics are likely to spur interest in the region.

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



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



PwC experience

Deep engineering and construction industry and transaction experience

PwC's Engineering & Construction practice comprises nearly 5,300 professionals who serve more than 17,000 engineering and construction (E&C) companies around the world. We specialize in providing assurance, tax, and advisory services to contractors, house builders, building products companies, professional and support services companies, and governments, as well as private and public sector companies. To ensure our clients gain the value of our collective insights, we continuously address key issues affecting the E&C industry through research-based publications, articles in E&C trade publications, and a series of E&C-focused webcasts and in-person educational forums. We also believe in the power of collaboration, so we've made significant investments in supporting the E&C sector through our relationships with prominent industry associations and active participation at related conferences.

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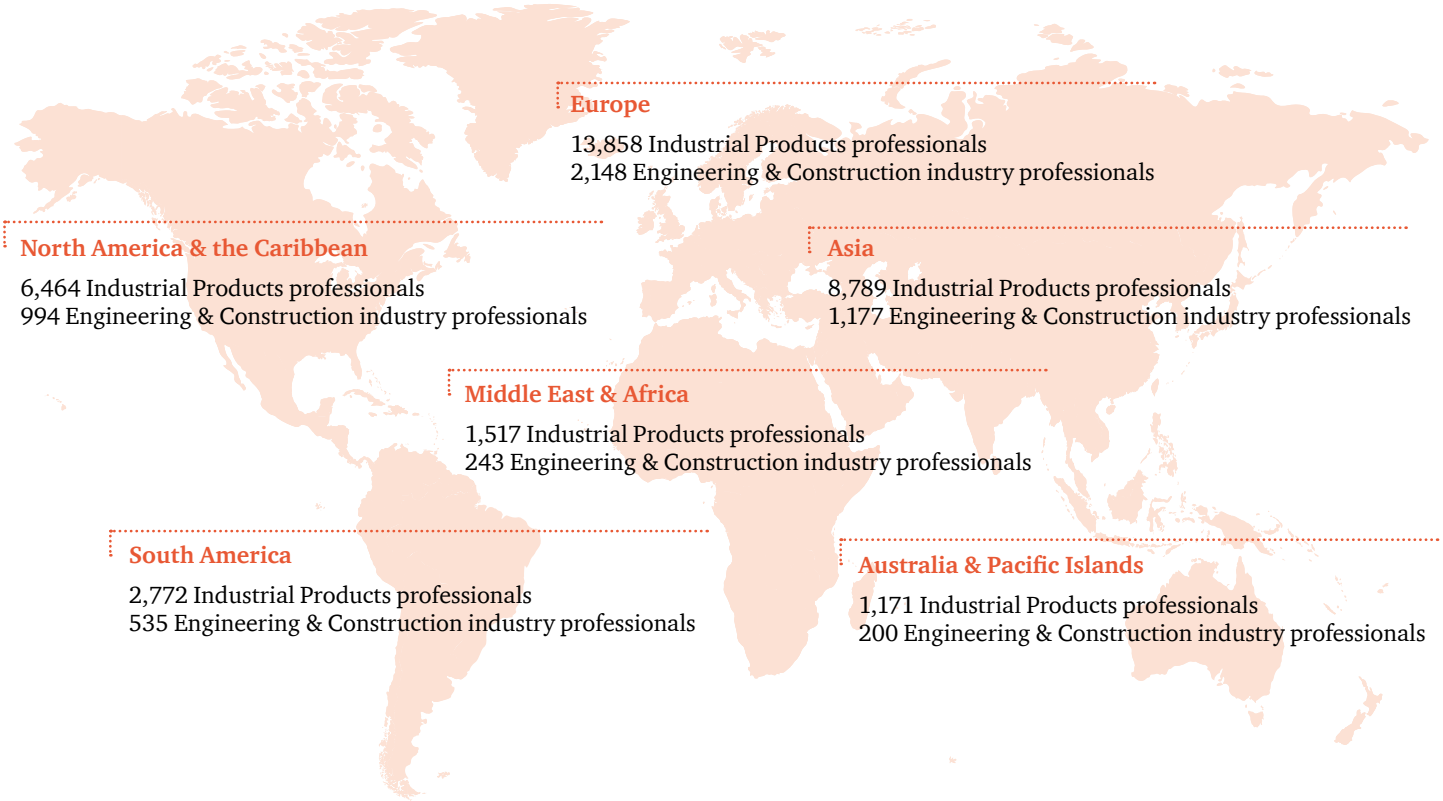
PwC's Transaction Services practice consists of more than 6,500 dedicated deal professionals worldwide. The depth of their industry and functional experience enables them to advise clients regarding factors across the deal continuum that could affect a transaction. From initial due diligence and evaluation 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 an 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 our efforts in bringing our clients a greater depth of talent, resources, and know-how in the most effective and timely way.



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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 (white ware) 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; non-clay 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 January 1, 2010, and December 31, 2012, 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 the 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 deal, when referenced herein, refers to deals with a disclosed value of at least $50 million unless otherwise noted.

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