

Assembling value

Second-quarter 2012 global
industrial manufacturing
industry mergers and
acquisitions analysis



Bobby Bono

To our Industrial Manufacturing Industry readers:

Welcome to the latest edition of *Assembling value*, PwC's analysis of mergers and acquisitions in the global industrial manufacturing industry. In this report, you'll find an overview of mergers and acquisitions (M&A) in the sector during second-quarter 2012, plus 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 industrial manufacturing sector:

- M&A activity in second-quarter 2012 remained sluggish as demand continues to slip due to a number of factors including the EU crisis. The number of announced deals slipped to a two-year low, but the value of transactions increased due to the announcement of the second-largest deal in the past decade.
- Financial investors largely remain on the sidelines in anticipation of more clarity on the direction and growth prospects of the industrial manufacturing sector.
- Divestitures continue to be a potential major driver of M&A as companies pull out of Europe and local competitors pursue consolidation as a survival tool.
- The industrial machinery sub-sector has reclaimed its leading position in number of transactions, but the electric and electronic equipment sub-sector led in value of transactions. The merger between Eaton Corp. and Cooper Industries significantly increased average deal value. Priced at \$11.46 billion, the transaction was the largest industrial manufacturing deal since Tyco Electronic went public in 2006.
- Activity in Brazil, Russia, India, and China (the BRIC region) remains subdued, recording only one transaction worth more than \$50 million in second-quarter 2012. A slowdown in the manufacturing sectors of China and Brazil raised concerns for some over emerging markets' ability to drive growth in the global economy.

The industrial manufacturing activity in the first half of 2012 was rather slow. Aside from the Eaton-Cooper merger, there was little enthusiasm for engaging in significant deal activity. Investors held back, possibly waiting to see how the manufacturing industry will cope with the lingering EU sovereign crisis, China's economic slow-down, and political gridlock in the United States among other factors. However, cash-rich balance sheets and new niche market opportunities are drawing cautious optimism for deal activity in upcoming quarters.

We're pleased to present the second-quarter 2012 edition of *Assembling value* as a part of our ongoing commitment to provide a better understanding of M&A trends and prospects in the industry.

Sincerely,

A handwritten signature in black ink that reads "Bobby".

Bobby Bono
US Industrial Manufacturing Leader

Perspectives: Overview of deal activity

Total deal number (>\$50M) plummets; deal value increases

The number of industrial manufacturing deals in the second quarter decreased sequentially and on a year-over-year basis to a two-year low as the global economic slowdown stunted growth in the manufacturing sector. Strategic and financial investors made few moves amid uncertainty about the global economy and manufacturing. At first glance, the numbers for the second quarter look healthy. Both total and average deal values increased, yielding the highest average deal values since the recession ended in June 2009. This, along with economies of scale and new, attractive niche markets, established the foundation for the announcement of the second-largest industrial manufacturing mega-deal in 10 years, the merger of Eaton Corp. and Cooper Industries. However, if we set this transaction aside, deal activity in the second quarter looks somewhat gloomier. Deal value dropped more than 60% sequentially and almost 70% on a year-over-year basis. This may be an indication of investors' resistance to participate in long-term capital deployment.

US continues to lead activity

US acquirers continued the trend set in first-quarter 2012, leading deal activity again in the second quarter, both in terms of volume and value. The majority of US transactions involved manufacturers seeking growth in a saturated, mature environment. The bulk of the outbound transactions involved targets in Europe as investors looked to tap into attractive niche markets and acquire new technologies. Such strategies aim to align their product mixes with the growing global demand for energy and energy efficiency. The targets were also in nations with low sovereign risk such as Germany and the Netherlands. Despite attractive targets in the European periphery and Portugal, Italy, Greece, and Spain (PIGS), there was no activity in these regions.

Industrial machinery, electronic and electrical equipment lead

Industrial machinery reclaimed its leading role in terms of the number of transactions, driven by the divesting efforts of European companies. However, the sub-sector has been giving way to smaller sub-sectors such as electronic and electrical equipment and fabricated metal products, as acquirers seek to align their product mixes with the increasing global demand for energy, energy efficiency, and smart grid. The electronic and electrical equipment category recorded the highest value of transactions this quarter, largely due to the \$11.46 billion Eaton-Cooper merger.

Sluggish deal activity in first half

Industrial manufacturing M&A activity in the first half of 2012 finished on a low note. Despite two relatively large deals, overall deal activity was rather sluggish, possibly driven by poor manufacturing demand due to the double-dip recession in Europe. Demand lagged in China and Brazil, too, as concerns persisted about emerging markets' ability to drive global growth. As Europe continues on its path to improve, we could see more deal activity. Strong balance sheets of US corporations and shareholders' pressures for growth could also spur M&A.

Deal totals

Industrial manufacturing deal activity in the second quarter of 2012 was lower, both sequentially and on a year-over-year basis. This resulted in the lowest quarterly total of the past two years. China has continued to experience a decreased GDP and manufacturing growth. In addition, Europe's deepening crisis and shrinking manufacturing sector likely contributed to the decrease in the deal number in 2012.

The second quarter of 2012 recorded the highest average deal value since the recession. However, this spike was largely attributable to the \$11.46 billion deal between Cooper Industries and Eaton Corp., which generated more than 65% of the total deal value in the second quarter. It was also a result of the overall decline in the number of transactions in the quarter.

US-affiliated transactions represented the majority of the activity, and they are well on track to meet the volume generated in 2011 if activity in the second half of the year is consistent with that of the first half of 2012. This trend is partly driven by the slowdown in the Chinese manufacturing sector and concerns over a hard-landing in the region. Additionally, the deepening of the EU sovereign crisis, significant growth contraction, and poor performance of the local manufacturing sector may have contributed to a decline in activity in the region. After several quarters of divesting, right-sizing, and idling operations, European manufacturers continue to face strong headwinds. And while GDP growth in the United States remains subdued, the manufacturing

sector has been one of the bright spots in the economy, providing stable growth and fueling deal-making in the country. US corporations have made significant efforts to trim, restructure, and right-size their operations, which has resulted in strong, cash-rich balance sheets. Despite concerns including the uncertainty of the fiscal cliff, corporate tax reform, and the overall growth of the US economy, US manufacturers have sought out acquisitions because of increasing shareholder pressure and a fairly stale organic growth environment.

A similar trend appears in the value of US-affiliated transactions, which exceeded the value of non-US deals. This was partly driven by the overall number of US transactions. But it was also because US values tend to be higher due to the larger size and financial and operational maturity of US corporations.

In terms of deal size distribution, the second quarter of the year included only seven large and mega-deals, well below the 53 large and mega-deals announced in 2011. Mid-market transactions also lacked momentum as investors remained mostly on the sidelines. Despite remaining the leader in deal activity, small and undisclosed value deals also declined in second-quarter 2012, underscoring the overall trend of weaker M&A activity. The trend may continue in the quarters to come as investors face high uncertainty regarding the global economy and industrial manufacturing.

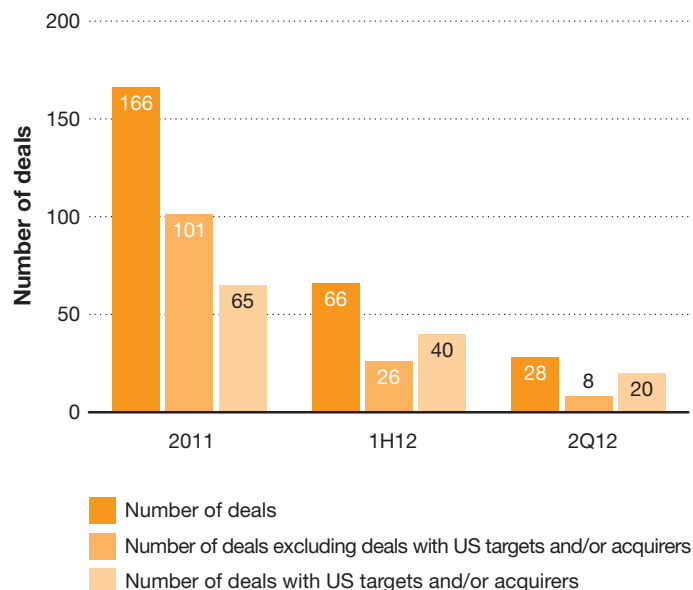
Quarterly IM deal activity

Measured by number and value of deals worth \$50 million or more (3Q09–2Q12)

	2009		2010				2011				2012	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Number of deals	33	35	14	33	31	57	42	49	34	41	38	28
Total deal value (\$ bil.)	7.9	10.3	2.3	9.8	16.5	20.4	22.8	19.1	9.7	11.3	15.7	17.6
Average deal value (\$ bil.)	0.2	0.3	0.2	0.3	0.5	0.4	0.5	0.4	0.3	0.3	0.4	0.6

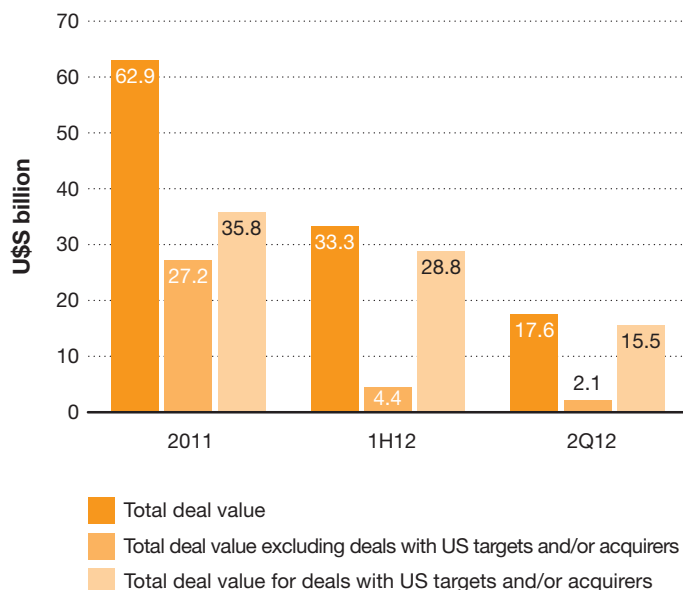
Deal activity by number of deals

Measured by number of deals worth \$50 million or more (2011, 1H12, 2Q12)



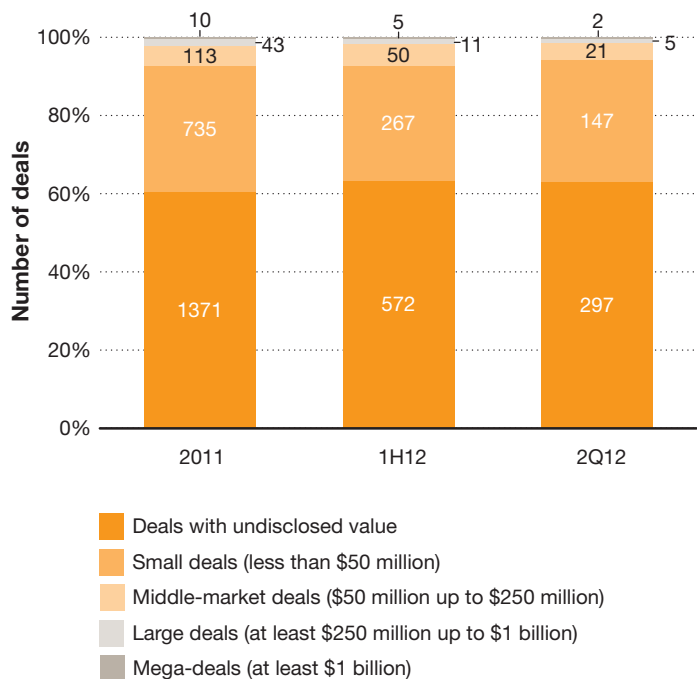
Deal activity by total deal value

Measured by value of deals worth \$50 million or more (2011, 1H12, 2Q12)



Deal activity by number and range of deal value

Measured by number of deals (2011, 1H12, 2Q12)



Deal categories and valuation

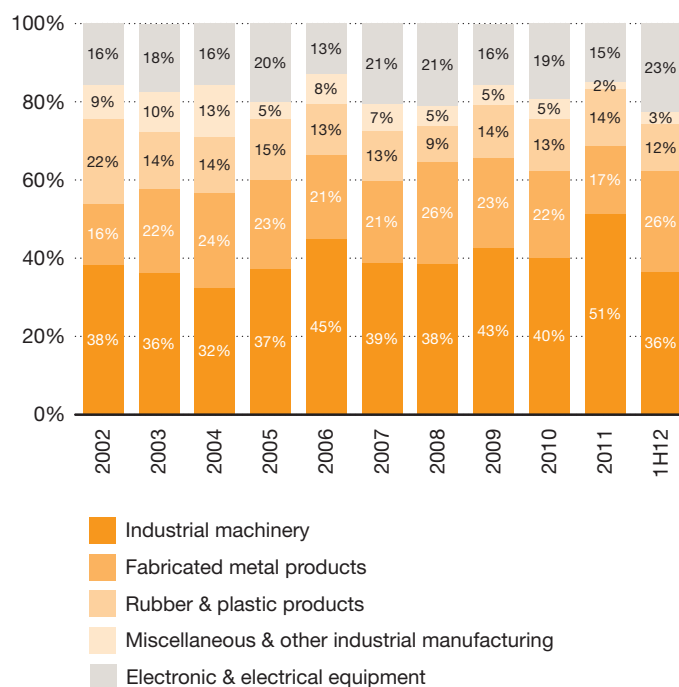
For purposes of this analysis, PwC segments the industrial manufacturing sector into five sub-sectors by comparing standard industrial classification (SIC) codes with our internal classification system. Based on this process, we group deals (measured by number) into five product and service sub-sectors:

- Industrial machinery
- Fabricated metal products
- Rubber and plastic products
- Miscellaneous and other industrial manufacturing
- Electronic and electrical equipment

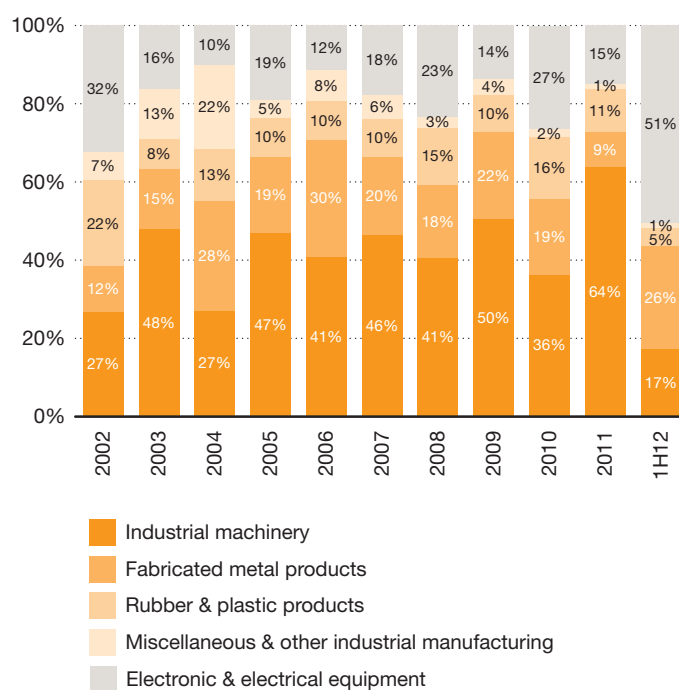
When it comes to the industrial manufacturing distribution of deal activity, the largest sub-sector—industrial machinery—reclaimed its leading position, contributing the largest number of deals during the first half of the year. The large size and saturated, mature nature of the industrial machinery operating environment were among the factors contributing to this trend. Additionally, the relative strength of the US industrial manufacturing sector attracted acquirers hoping to leverage factory managers' confidence in growth prospects and the likelihood that they will invest significant capital expenditures in quarters to come into machinery. Looking back at the historical 10-year distribution, industrial machinery has been giving way to smaller sub-sectors such as fabricated metals and electrical and electronic equipment.

The fabricated metal products sub-sector continued last quarter's trend, generating the second-largest number of transactions during the first half of 2012, with the majority involving US targets and acquirers. As major fabricated metals end-markets such as housing and automobile manufacturing continue to gain momentum in the United States, acquirers may increase their interest in targets that serve those markets.

Deals by industrial manufacturing category
Measured by number of deals worth \$50 million or more (2002–1H12)*



Deals by industrial manufacturing category
Measured by value of deals worth \$50 million or more (2002–1H12)*



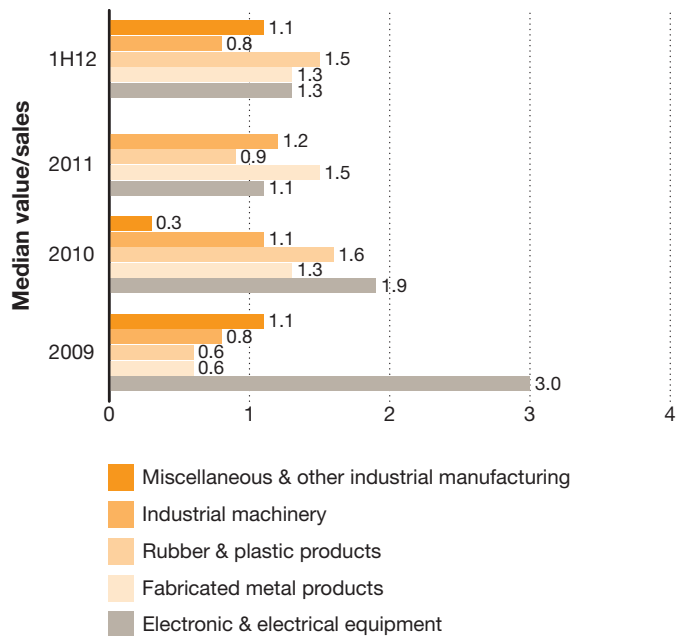
*percentages may not sum to 100% due to rounding

Similarly, electrical and electronic equipment, which is one of the smallest and most fragmented industrial manufacturing sub-sectors, also experienced an increase in deal value in the second quarter. Pressures from lower-priced imports may have spurred consolidation in mature markets such as the United States. Additionally, environmental concerns and shifts in the demand for green, non-fossil-based energy, smart grid, and energy efficiency may have increased the need for solutions that provide secure and energy-efficient electrical equipment. New technological innovations and advancements in the electrical equipment sector may have driven increased interest from acquirers, both strategic and financial.

In terms of valuations, second-quarter 2012 did not mark any substantial changes in the value to sales, and/or value to EBITDA multiples. The valuations were also in line with the 10-year median of 1.2x value to sales. Rubber and plastics transactions had the highest sales multiple, followed by fabricated metal products and electric and electronic equipment. This could have been driven by a more optimistic outlook for the sub-sectors as well as expectations for improved profitability.

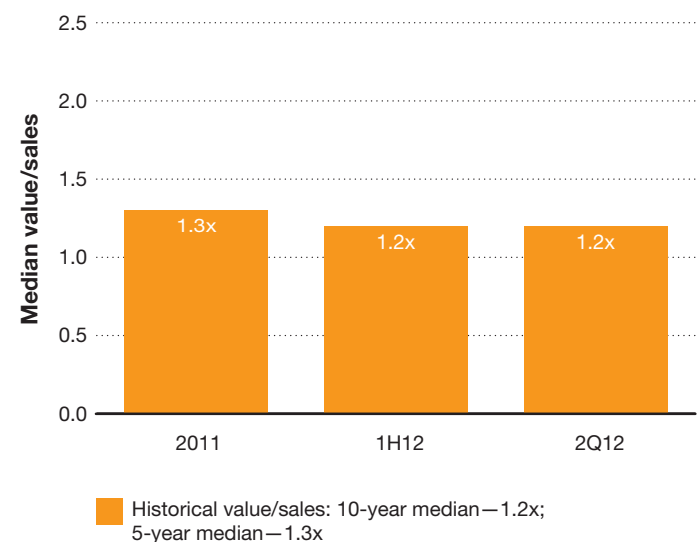
Deal valuation by median value/sales

Measured by value/sales for deals worth \$50 million or more (2011, 1H12, 2Q12)



Deal valuation by median value/sales

Measured by value/sales for deals worth \$50 million or more (2011, 1H12, 2Q12)



Top 10 IM deals

There were two mega-deals (transactions of at least \$1 billion) announced in the second quarter of 2012. The volume of mega-deals in the quarter was lower sequentially and on a year-over-year basis. Europe, a region that in the past has yielded some of the largest deals, remained mostly passive as acquirers faced uncertainty, decreases in demand, and poor growth expectations for the quarters to come. Despite a decrease in transaction volumes, the total mega-deal value exceeded first-quarter data and featured the largest announced industrial manufacturing deal since the recession and the second-largest deal in the past 10 years. Details of the second-quarter 2012 mega-deals are provided below:

1. US Eaton Corp. agreed to merge with Dublin-based manufacturer of electrical and lighting equipment, Cooper Industries PLC (Cooper), for \$11.46 billion. Upon completion, the merged entity was to be named Eaton Global Corp. PLC (EG Corp. PLC), and Eaton and Cooper shareholders were to own 73% and 27%, respectively, in EG Corp. PLC.
2. US Cabot Corp. agreed to acquire Dutch manufacturer and wholesaler of purification solutions, products, and systems, Norit NV, from Doughty Hanson & Co. Ltd. and Euroland Investments BV, for \$1.1 billion.

Mega-deals in 1H12 (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\$ bil.	Category
May	Cooper Industries PLC	Ireland-Rep	Eaton Corp	United States	Pending	11.46	Electronic & electrical equipment
Mar	Tyco Flow Control	United States	Pentair Inc	United States	Pending	4.90	Electronic & electrical equipment
Jan	Thomas & Betts Corp	United States	ABB Ltd	Switzerland	Pending	3.90	Industrial machinery
Jan	SPX Service Solutions	United States	Robert Bosch Stiftung GmbH	Germany	Pending	1.15	Fabricated metal products
Jun	Norit NV	Netherlands	Cabot Corp	United States	Pending	1.10	Rubber & plastic products

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\$ bil.	Category
Jan	ITT Corp-Water-Related Business	United States	Shareholders	United States	Completed	4.96	Industrial machinery
Mar	Tognum AG	Germany	Rolls-Royce Group plc	Germany	Completed	4.72	Industrial machinery
May	Varian Semiconductor Equipment Associates Inc	United States	Applied Materials Inc	United States	Pending	4.72	Industrial machinery
Mar	Converteam Group SAS	France	GE	United States	Completed	3.20	Electronic & electrical equipment
Dec	Novellus Systems Inc	United States	Lam Research Corp	United States	Pending	3.01	Industrial machinery
Feb	Dometic Holding AB	Sweden	EQT Partners BV	Guernsey	Completed	1.87	Industrial machinery
Jun	Graham Packaging Co Inc	United States	Rank Group Ltd	New Zealand	Completed	1.73	Rubber & plastic products
Mar	Ansaldo Energia SpA	Italy	First Reserve Corp	United States	Completed	1.71	Electronic & electrical equipment
Apr	Graham Packaging Co Inc	United States	Silgan Holdings Inc	United States	Withdrawn	1.33	Rubber & plastic products
Aug	CLYDE UNION Ltd	United Kingdom	SPX Corp	United States	Completed	1.16	Industrial machinery

Top 10 historical completed IM deals

Rank	"Value of transaction in US\$ bil."	Date Announced	Target name	Target Nation	Acquirer name	Acquirer Nation
1	19.25	Jan 2006	Tyco Electronics Ltd	United States	Shareholders	United States
2	11.46	May 2012	Cooper Industries PLC	Ireland-Rep	Eaton Corp	United States
3	9.75	Dec 2007	Trane Inc	United States	Ingersoll-Rand Co Ltd	United States
4	6.09	Oct 2006	American Power Conversion Corp	United States	Schneider Electric SA	France
5	5.58	Jun 2007	Allison Transmission	United States	Investor Group	United States
6	5.06	Jul 2002	Legrand SA	France	Investor Group	France
7	4.96	Jan 2011	ITT Corp-Water-Related Business	United States	Shareholders	United States
8	4.90	Jul 2007	Ingersoll-Rand Co Ltd-Bobcat, Utility Equipment & Attachment Buss	United States	Doosan Infracore Co Ltd	South Korea
9	4.90	Mar 2012	Tyco Flow Control	United States	Pentair Inc	United States
10	4.72	Mar 2011	Tognum AG	Germany	Engine Holding GmbH	Germany

As the second-largest industrial manufacturing deal and the largest non-spin-off deal in the past 10 years, the Cooper Industries acquisition by Eaton Corp. (Eaton) continues a trend observed in the first quarter, of large transactions in smaller industrial manufacturing categories such as electrical and electronic equipment. The power and control systems giant Eaton pursued the merger in an effort to expand its operations in a new segment (smart grid) and to expand its global sales of energy-saving products. Growth opportunities with complementary products, significant geographic reach, and a strong, diversified portfolio of brands were also among the driving forces for the acquisition. Smart grid and other critical energy-saving technologies have drawn a lot of interest in recent quarters as companies in the power systems sector strive to address the world's growing energy needs.

The Eaton-Cooper merger is an example of how power and energy savings providers seek economies of scale through consolidation. As we discussed in the first-quarter 2012 edition of *Assembling value*, competitor ABB agreed to acquire electrical connectors manufacturer Thomas & Betts Corp., while Emerson acquired Chloride Group PLC, which makes backup power systems for computer centers. This spike in activity in the electric and electronic equipment arena may continue as competitors seek growth and an edge in technology and brand equity.

The Eaton deal included moving the legal headquarters out of the United States and into countries with lower corporate tax rates. Despite having a significant-sized corporate office and operations in Houston, Texas, Cooper is legally incorporated in Ireland, where the newly merged company will also move its headquarters. According to Irish Tax and Customs (<http://www.revenue.ie/en/tax/ct/index.html>), the corporate trading tax rate in Ireland is 12.5% compared with a 39.2% top combined, statutory corporate rate in the United States. After Japan's recent lowering of its corporate tax rate from 39.5% to 38.1%, the United States has the highest corporate tax rate in the developed world. Such legal entity relocation can improve the bottom line while oftentimes requiring minimal operating adjustments.

The second mega-deal in the quarter was Norit's acquisition by Cabot. Cabot, a producer of carbon black and other specialty chemicals, sold its super-metals business to Global Advanced Metals and its process technologies business to Pentair in an effort to move away from the more cyclical, lower-margin sectors and toward specialty chemicals and carbon black. Demand for activated carbon may receive a boost from new emission rules, which require the reduction of mercury emissions from coal-fired plants. This is an example of how changes in the regulatory environment can influence deal-making, and we may see more of these transactions in quarters to come as the mercury emissions legislation takes place.

Investor groups and acquisition techniques

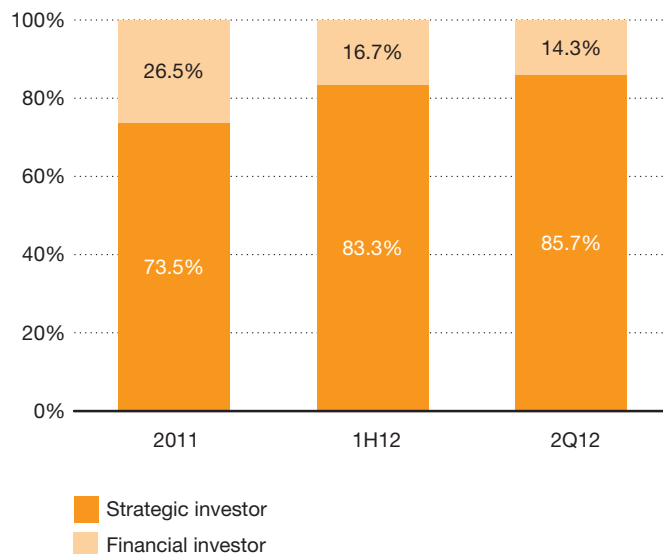
Strategic investors again generated the bulk of M&A activity in the industrial manufacturing arena, squeezing out financial investors to less than 15% of deals, compared with the historical 10-year average of about 30%. One potential explanation for this change, which started in early 2012, can be found in the cash-rich balance sheets of industrial manufacturing corporations. Shareholders' pressures to deploy such liquid assets or return them to investors, along with fairly stale organic growth projects around the globe, provide a favorable M&A environment for strategic investors.

Additionally, valuations around 1.2x valuation/sales, which is consistent with the 10-year multiple, offer wealthier corporations the opportunity to expand in new regions, eliminate and/or reduce competition, expand and/or diversify product lines, and gain market share.

In terms of acquisition techniques, divestitures continued to play a role in M&A as companies right-sized their operations, chipped off unprofitable businesses, and exited recessionary areas. Tender offers also saw an uptick potentially driven by a slip in stock performance of the industrials at the beginning of the quarter. The decline in the European stock market may have impacted industrial manufacturing companies along with it.

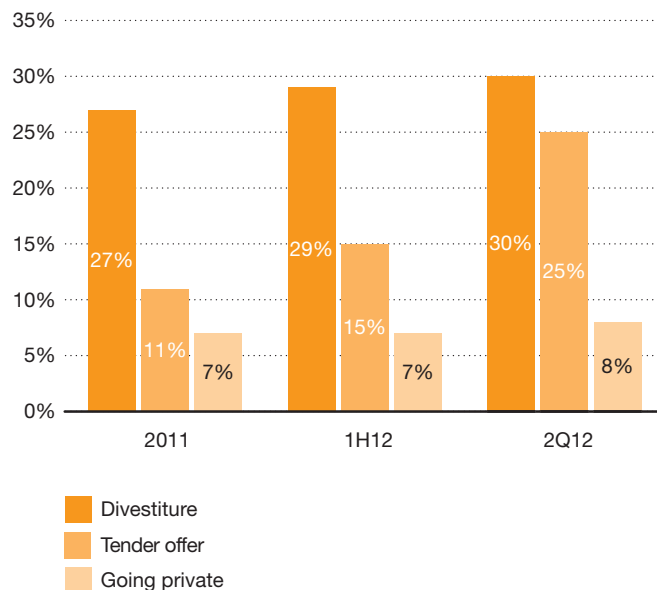
Deal activity by investor group

Measured by number of deals worth \$50 million or more (2011, 1H12, 2Q12)



Acquisition techniques

Measured by percentage of deals worth \$50 million or more (2011, 1H12, 2Q12)



Regional

The second quarter of 2012 continued a trend set in late 2011 with mature markets, particularly North America, registering the largest volumes and value of transactions. The majority of deals were local, which could be explained by corporations' resistance to assume additional risks associated with operating in a foreign business environment. Additionally, the US manufacturing sector has realized relatively stable performance over the past couple of quarters, providing US manufacturers with strong balance sheets the opportunity to grow in a mature market with stiff competition.

However, the largest two deals in the quarter, in addition to two more deals, involved North American acquirers pursuing European targets. North American industrial manufacturers could be lacking a competitive advantage when trying to penetrate markets outside of North America with increasingly demanding local government and customer pressures. As a result, some companies may look at consolidation as a tool to more smoothly and efficiently enter and gain momentum in those markets.

The uncertainty in the EU region has provided outside acquirers with the opportunity to merge with major

competitors at a relatively low cost and eliminate peers. At the same time, transactions that were announced during the quarter also involve targets in some more stable EU countries, such as France and the Netherlands. The valuations were fairly stable and none of the targets was distressed. There were no deals in the periphery or the PIGS nations, which eliminated a portion of the acquirers' foreign business environment risks.

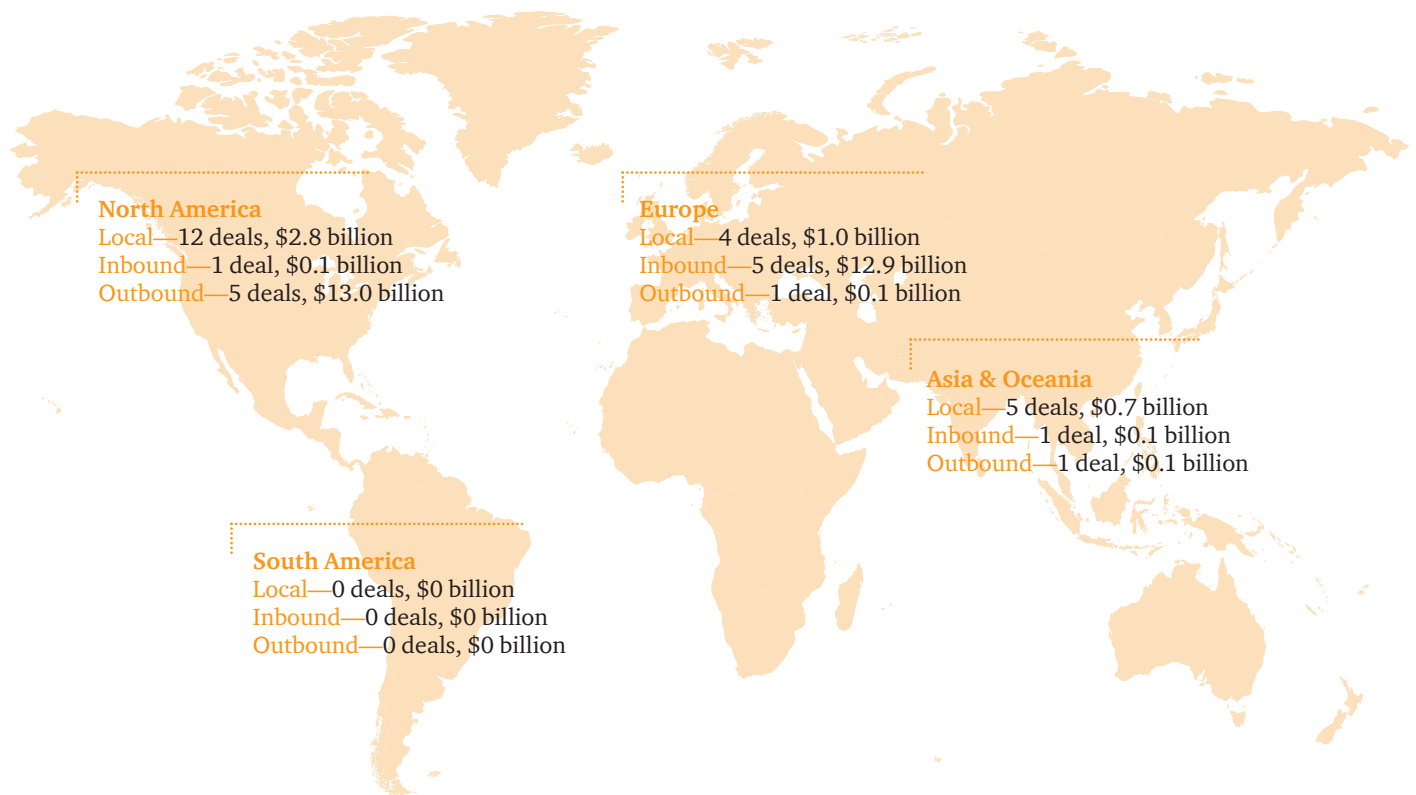
Besides the five outbound deals, Europe also recorded four local deals, all of which were in well-established, countries such as Germany, Belgium, and France. All these deals were in the industrial machinery sub-category. This could be an indication of consolidation in this mature market.

The Asia and Oceania region was mostly quiet in terms of deal activity. The region recorded only five local deals, one inbound and one outbound. China remained the most active nation in the region. Emerging markets such as South Korea, Indonesia, and Malaysia, which had been gaining M&A momentum for a few quarters, did not have any deal activity traction in the second quarter of 2012.

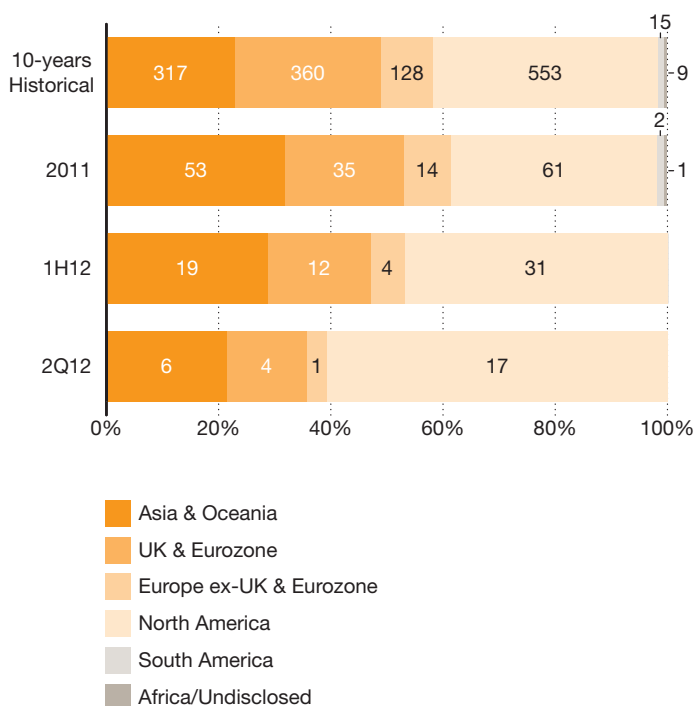
Other emerging markets such as South America and Africa remained quiet in the second quarter as well. There were no transactions valued at more than \$50 million announced in either region. While it is true that the emerging, fragmented nature of those markets and the smaller size of its corporations could contribute to this trend, the slowdown in the global economy and concerns over industrial manufacturing growth prospects are also possible factors. This slowdown in deal activity might persist in the second half of the year as investors await more clarity on the strength and growth prospects of the industrial manufacturing sector.

Global industrial manufacturing deals in 2Q12

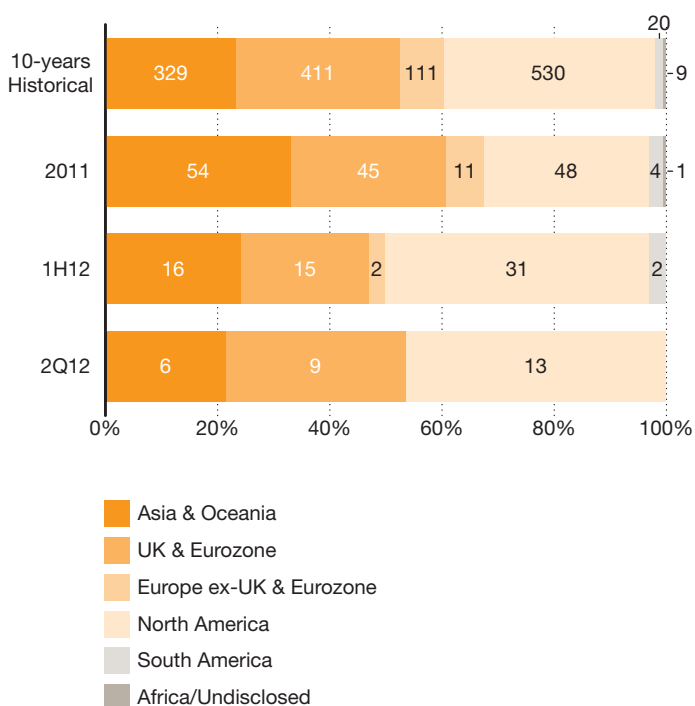
Measured by number and value of deals worth \$50 million or more



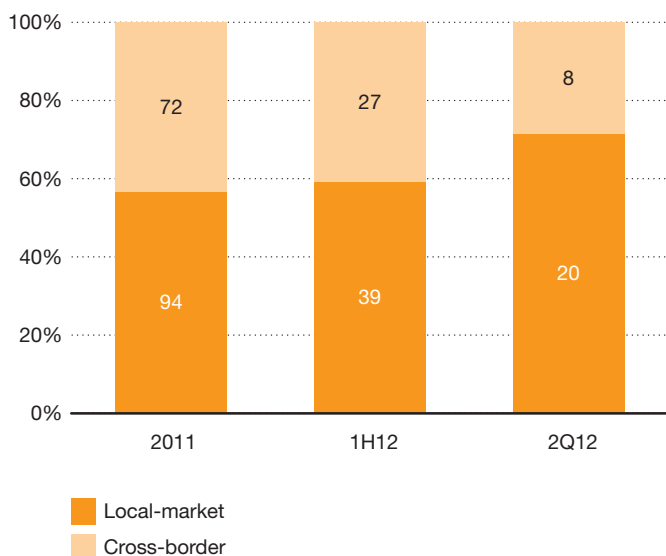
Regional distribution of all deals by acquirer region
Measured by number of deals worth \$50 million or more
(2011, 1H12, 2Q12)



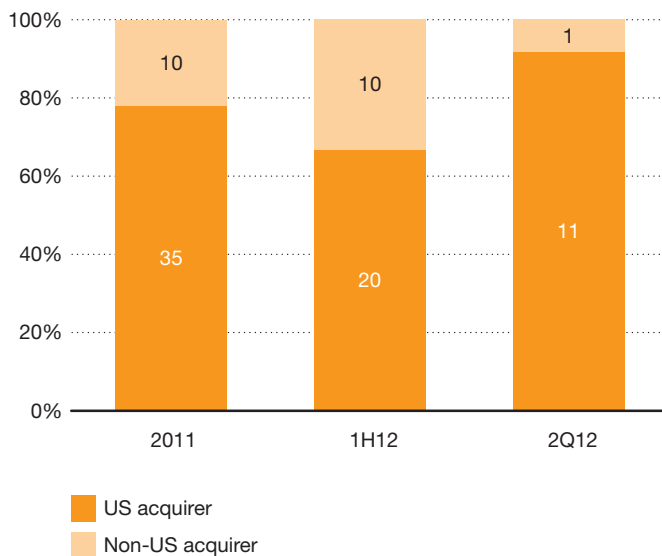
Regional distribution of all deals by target region
Measured by number of deals worth \$50 million or more
(2011, 1H12, 2Q12)



Local-market versus cross-border deals, all nations
Measured by number of deals worth \$50 million or more
(2011, 1H12, 2Q12)

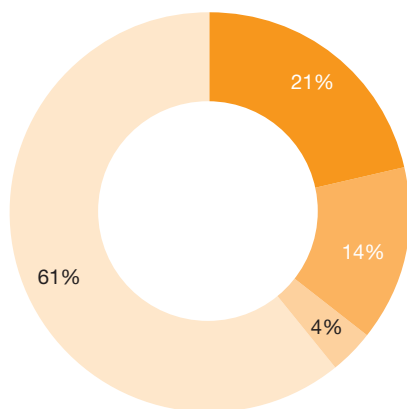


US versus non-US acquirers of US targets
Measured by number of deals worth \$50 million or more
(2011, 1H12, 2Q12)



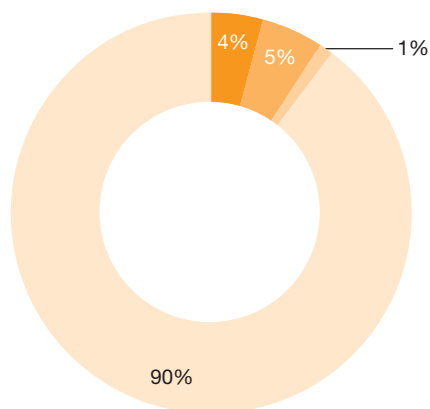
Regional distribution of deals by acquirer region

Measured by number of deals worth \$50 million or more (2Q12)



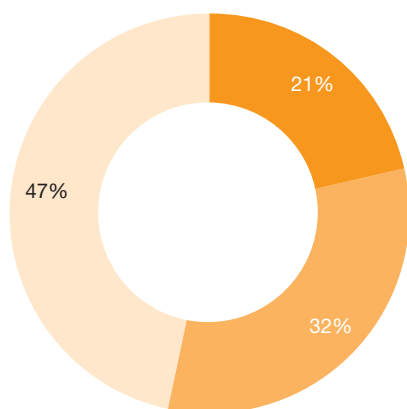
Regional distribution of deals by acquirer region

Measured by value of deals worth \$50 million or more (2Q12)



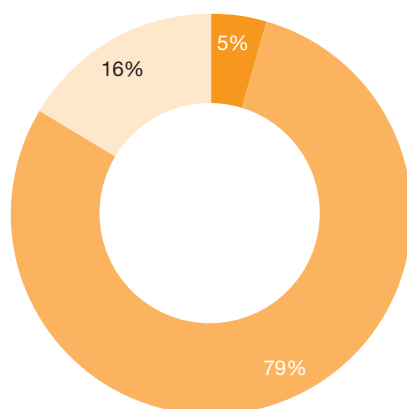
Regional distribution of deals by target region

Measured by number of deals worth \$50 million or more (2Q12)



Regional distribution of deals by target region

Measured by value of deals worth \$50 million or more (2Q12)



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

Similar to fourth-quarter 2011 and first-quarter 2012, transactions in the BRIC region remained mostly on hold in the second quarter. The region recorded one fairly small (\$59.97 million) local China deal that involved a wind farm operator acquiring a wind turbine manufacturer.

The HSBC China Manufacturing Purchasing Managers Index (PMI) continued to slip in second-quarter 2012, falling to 48.1 in June compared with 48.4 in May. June was the eighth month in a row in which the reading was below 50. The global economic slowdown, and particularly the European sovereign crisis and beginning recession, may have had a negative impact on China exports. If those issues persist, a strong rebound in China manufacturing could be questionable. This may have put a toll on deal activity since the beginning of the year and is likely to continue to weigh on investors as they determine their growth strategies in quarters to come.

Many believe that China can incorporate and implement changes in its fiscal and monetary policy with ease and speed. In contrast, many also believe that the process in the European Union takes longer due to negotiations

and agreements among multiple nations. The country has indeed already pursued a variety of strategies to boost growth including speeding up approvals on big projects, offering tax breaks, and extending subsidies to promote consumer spending. In addition, the country also cut its benchmark interest rates, which could encourage banks to lend to businesses.

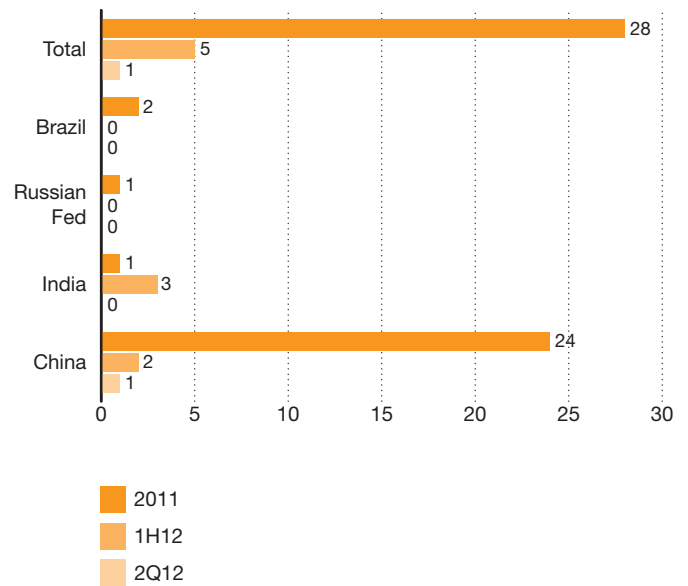
China has been making an effort to shift the composition of its economy away from reliance on exports and growth from the Western world, and toward developing its domestic consumption. If those efforts succeed, China can potentially boost global economic growth and spur M&A activity as Europe deals with its issues. However, such strengthening is yet to be seen.

Brazil's manufacturing industry appears to be in a similar state, confirmed by the lack of transactions in the second quarter. The global decline in demand has impacted the country's manufacturing sector, which contracted in second-quarter 2012. According to the HSBC PMI survey, new orders, finished goods, and employment all slipped during that period.

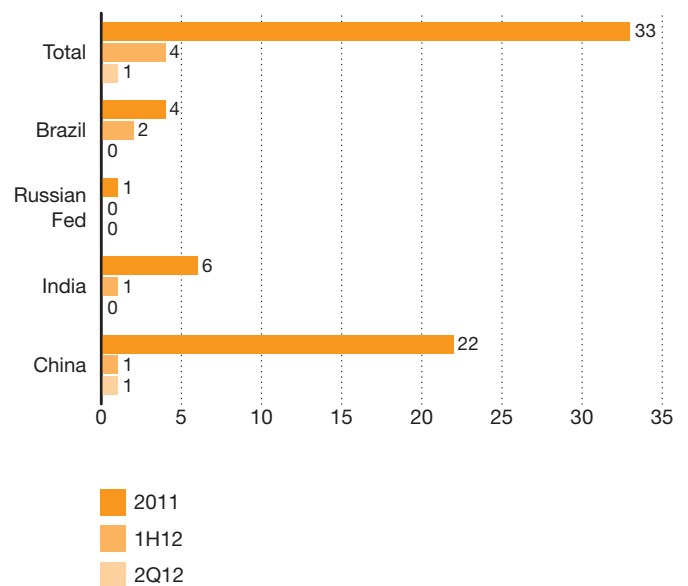
India's manufacturing, on the other hand, shows some resilience to the effects of the European crisis. The HSBC PMI rose to 55.0 in June, a four-month high. Despite lacking significant deal activity in second-quarter 2012, many remain cautiously optimistic for the industrial manufacturing sector in the country, as Indian factories step up production and hire workers at the fastest rate in more than two years. If the country maintains such numbers, investors are likely to consider and pursue growth opportunities there, which could generate M&A activity.

Similar to India, Russia did not engage in significant M&A transactions in the second quarter of 2012. However, the Russian manufacturing sector showed strength and resilience toward the EU slip in demand. According to Markit, the country's PMI remained above 50 for nine consecutive months, signaling an overall improvement in the Russian manufacturing sector. Even though the June numbers decreased on a month-to-month basis, both new orders and output remain positive. Given that Russia manages to withstand the European pressures on demand, investors could consider the country for growth opportunities.

Distribution of BRIC deals by acquirer nation
Measured by number of deals worth \$50 million or more
(2011, 1H12, 2Q12)



Distribution of BRIC deals by target nation
Measured by number of deals worth \$50 million or more
(2011, 1H12, 2Q12)



Contacts

PwC Industrial Manufacturing practice

Our industrial manufacturing practice, strategically located in more than 30 countries around the world, comprises a global network of industry professionals serving manufacturing clients. We bring experience, international industry best practices, and a wealth of specialized resources to help solve business issues.

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Methodology

Assembling value is an analysis of deals in the global industrial manufacturing industry. Deal information was sourced from Thomson Reuters and includes deals for which targets have primary SIC codes that fall into one of the following SIC industry groups: millwork, plywood, and structure; wood buildings and mobile homes; partitions, shelving, and lockers; gaskets, packing, and sealing devices; fabricated rubber products; miscellaneous plastics products; heating equipment, except electric air; fabricated structural metal products; bolts, nuts, screws, and other machine products; metals forgings and stampings; coating, engraving, and allied services; miscellaneous fabricated metal products; engines and turbines; farm and garden machinery; metalworking machinery; special industry machinery; general industrial machinery; refrigeration and service industry machinery; miscellaneous industrial and commercial machinery; electric transmission and distribution equipment; electrical industrial apparatus; electrical lighting and wiring equipment; miscellaneous electrical machinery and equipment; and miscellaneous manufacturing industries. 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 July 1, 2009, and June 30, 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 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 Northern America and Latin and 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. 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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