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Engineering growth
Second-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 sector during the second quarter of 2012, as well as 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:

- The high level of uncertainty stemming from the European sovereign debt crisis, the slowdown in China's growth, and the sluggish US economy took a toll on E&C deal activity during the second quarter. Additionally, substantial reduction of federal and state government spending, both in the United States and across the globe, created an impediment to the attractiveness of the E&C sector. The total number and value of deals fell to 2009 recessionary lows, a decrease that affected a wide range of deals. Just one transaction with a total announced value of more than $1 billion was announced during the quarter, and deal volumes declined.
- The deal activity growth that occurred in the construction subsector was driven by the increasing infrastructure and urbanization needs of emerging markets, such as Chile. The majority of these transactions involved targets in the highway and street construction business, including the only mega-deal during the second quarter—between two Spanish companies—the Abertis Infraestructuras SA (Abertis) acquisition of OHL Brasil SA for a total consideration of $1.824 billion.
- The construction materials deal activity ranked second in terms of the volume of the second-quarter deals, while generating the greatest valuation (1.6x value to sales) and the largest total deal value. Activity in this segment was driven by financial investors' high degree of interest in targets in the cement and concrete business.
- Strong private equity fundraising in the first half of 2012 resulted in the resurgence of financial investors in the E&C deal-making arena. Half of the transactions during the quarter were generated by financial investors.
- Asia and Oceania generated the largest number of transactions. Activity in the region was driven by the growing demand for infrastructure and urbanization. In Europe, companies continued consolidating, restructuring, and divesting, and the region generated the one mega-deal announced in the quarter.
- The single most active country was the United States; its activity was largely driven by financial investors. The bulk of the transactions were local and involved targets in the construction machinery segment, partly the result of relatively strong growth in the US manufacturing sector.

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

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Perspective:
Overview of deal activity

Deal activity returns to recessionary lows

The fragile recovery of the E&C sector and its cyclical nature resulted in a significant reduction in deal activity in the second quarter of 2012. The continuation of the European sovereign debt crisis, slow-down in the growth of the Chinese economy, and overall uncertainty about the growth prospects of the E&C sector took a toll on deal volumes and values, as investors opted not to deploy significant capital.

Furthermore, uncertainty of the federal and state government spending levels in the United States and across the globe has created additional pressures on deal making in the sector. This retraction from the deal market was fairly widespread and affected all value ranges of deals. There was only one transaction with a total announced value of more than $1 billion, and large and midmarket deals also suffered a decline. Although small and undisclosed value deals continued to dominate the deal market, their numbers declined, too.

The construction segment leads the number of deals, but construction materials generates the greatest total value for the second quarter in a row

The growth in the construction subsector deal activity was driven by the increasing infrastructure and urbanization needs of emerging markets such as Latin America and Asia, and in particular countries such as Chile and South Korea. The majority of these transactions involved targets in the highway and street construction business. The only mega-deal in the second quarter—the Abertis acquisition of OHL Brasil SA, for a total consideration of $1.824 billion—also belonged to this category.

The construction materials deal activity ranked second in terms of the volume of the deals in the quarter but generated the greatest valuation (1.6x value to sales) and largest total deal value. The activity in this segment was driven by the high interest among financial investors in targets in the cement and concrete business, which handle one of the most significant materials used in the construction and infrastructure industry.

Financial investors gain momentum

Strong private equity fund-raising in the first half of 2012 has resulted in the resurgence of financial investors in the E&C deal-making arena. Half of the transactions in the quarter were generated by financial investors. Divestitures in segments such as construction and materials triggered the most interest among financial investors. It is interesting to note that despite all financial transactions being local, they involved both developed countries, such as the United Kingdom, Germany, and Canada, and emerging nations, such as South Korea, China, Taiwan, Thailand, and South Africa.

Asia generates the most targets, while Europe contributes the greatest value because of the one mega-deal; US is the most active country

In the emerging markets of the Asian world, significant government spending on infrastructure and urbanization drove the interest in the E&C sector, and consequently, the growth in M&A activity. European companies continued on their path of consolidating, restructuring, and divesting, and the region generated the one mega-deal announced in the quarter. This transaction was a major part of the total deal value because of the limited number of deals.

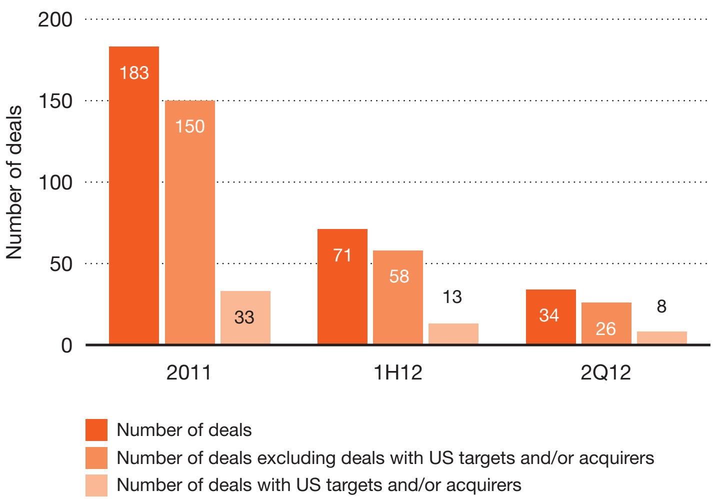
The United States was the most active individual country, and its activity was mostly driven by the participation of strategic investors. The bulk of the US transactions were local and involved targets in the construction machinery segment, partly the result of relatively strong growth in US manufacturing.

Commentary

Quarterly E&C deal activity
Measured by number and value of deals worth $50 million or more

	2009		2010				2011				2012	
	3Q	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**
Number of deals	37	54	35	45	38	65	46	47	52	36	37	34
Total deal value ($ bil.)	8.7	20.1	25.4	11.7	14.3	26.8	22.8	14.7	22.7	13.1	12.1	10.1
Average deal value ($ bil.)	0.2	0.4	0.7	0.3	0.4	0.4	0.5	0.3	0.4	0.4	0.3	0.3

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



Deal totals

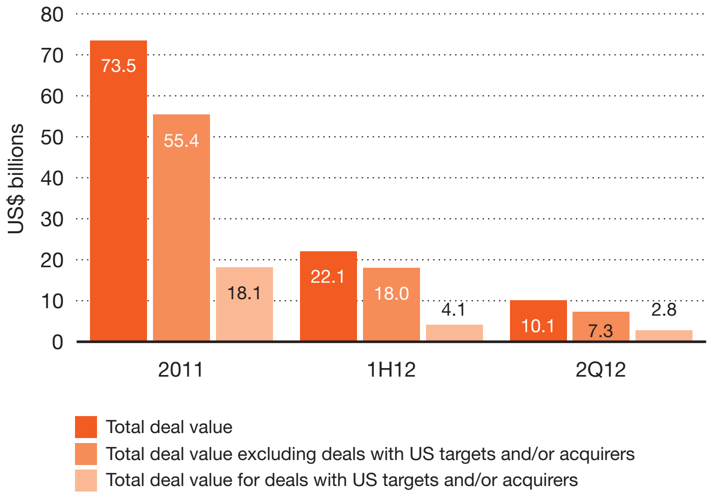
After a poor start in 2012, E&C M&A activity slowed even further in the second quarter. The number of announced transactions was the lowest since the recessionary second quarter of 2009. Deal value was no exception—after a significant slump in the first quarter, deal value deteriorated even further. The result was overall depressed deal activity in the first half of 2012.

In months ahead, E&C deal activity, in terms of both value and volume of transactions, is likely to be greatly influenced by the overall performance and future growth expectations of the sector. Because of the highly cyclical nature of E&C, deal activity is tied to the condition of the global economy. The fragile recovery of the sector and its heavy dependence on government spending since 2009 make deal activity susceptible to downturns.

Despite efforts to get some resolution to the sovereign crisis, European countries have been struggling with gaining momentum and have yet to even "kick the can down the road." The austerity versus growth dilemma and the lack of consensus for the future of the EU peripherals have created a high level of uncertainty in the business community. Concerns about the rising social unrest in these countries have deepened investors' anxiety about the region, which, according to the International Monetary Fund forecast (World Economic Update, July 2012), is likely to realize zero growth in gross domestic product in 2012.

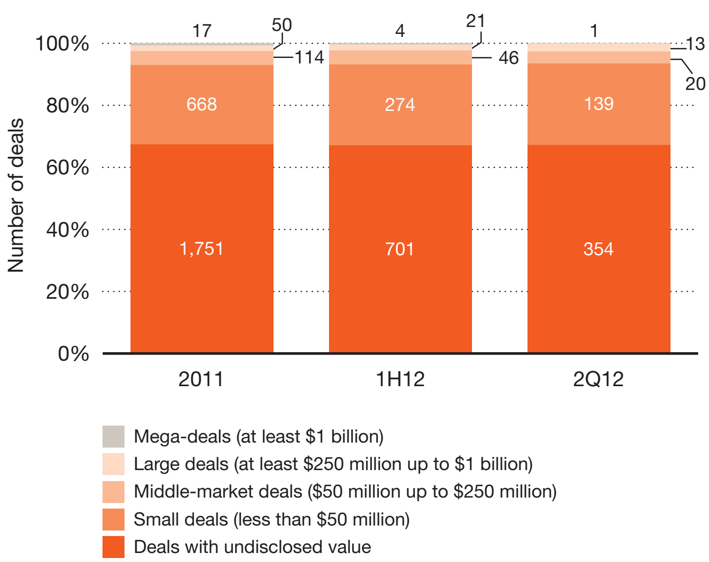
Because of the size, nature, and number of nations with conflicting interests, the EU issues are likely to linger in the quarters to come. Concerns over the dissolution of the European Union and the future of the nations that could potentially exit constrain investors' interest in the region as well as its ability to realize positive GDP growth.

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



*Percentages may not total 100% because of rounding.

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



China's dependence on exports, particularly its exposure to Europe, impacted the country's growth negatively last quarter. China's GDP was at 7.6% in the second quarter of the year, which was the lowest level since 2009. Worsening condition of the external economies and a decline in foreign direct investment (FDI) were among the contributing factors. The even more concerning issue with the Chinese economy is that not only have its imports decreased as a result of lower demand from Europe, but the Chinese domestic consumption also decreased in the second quarter of the year.

The slowdown in China introduces yet another risk: political unrest, which its government would attempt to avoid at any cost. As a result, the Chinese government has deployed several efforts to stimulate growth, ranging from using monetary policy and lowering the required reserve rates for banks, to reducing taxes for corporations, to cautiously boosting government spending. The 9% year-over-year increase in planned government spending would be heavily loaded on the back end of the year and would be focused on infrastructure projects, such as railway construction. However, the total government spending in 2012, which would be about $70.3 billion, is below the 2011 level. One reason for not augmenting the infrastructure expenditure even further are the inflationary risks the country is likely to face—similar to what occurred after the deployment of the 2009 stimulus programs.

While the US economy has been slowly recovering, political gridlock and the reduction in government spending on infrastructure have put pressures on deal activity.

All of these factors have resulted in an overall slowdown in deal making, which has had effects in all valuation categories of transactions—from recording of only one mega-deal in the second quarter to deterioration in large and mid-market deals. Small and undisclosed deals also remain subpar, reinforcing investors' intention to sit on the sidelines, while we await more clarity on the direction of the global economy.

Deal categories and valuation

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 $50 million and above) into five product and service segments:

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

Based on this methodology, during the second quarter of 2012, transactions in the construction category led in terms of the number of deals and generated the second-largest total deal value. The construction subsector deal activity was driven by the growing infrastructure and urbanization needs of emerging markets, such as Latin America and Asia.

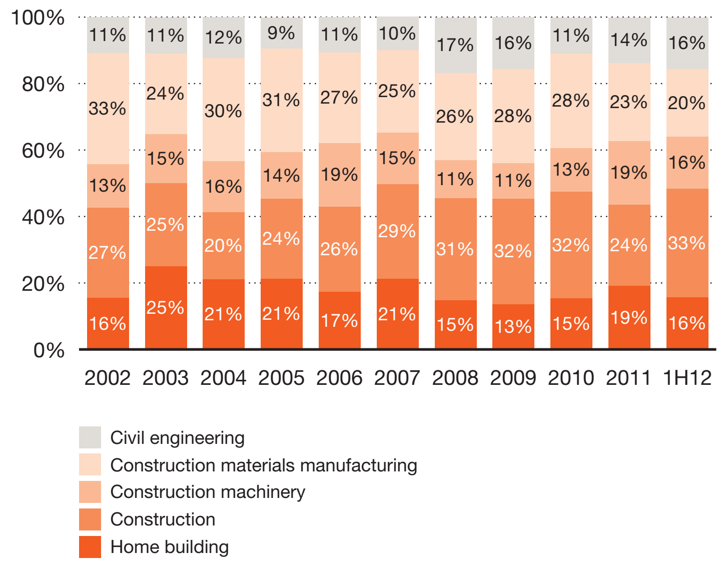
Chilean and South Korean targets involved in the highway and street construction business generated the greatest volume of construction deals. The relative stability of the manufacturing sector drove local nonresidential, industrial, and commercial building deals in emerging markets, such as Thailand.

The construction materials deal activity ranked second in terms of the volume of deals in the quarter but generated the greatest valuation (1.6x value to sales) of the transactions.

The activity in this segment was driven by financial investors' high interest in targets in the cement and concrete business. After the first-quarter announcement of the mega-deal between Austrian Camargo Correa SA and CIMPOR Cimentos de Portugal SGPS SA (CIMPOR), for the total value of $3.262 billion or about 67% of CIMPOR, Semapa-Sociedade de Investimento e Gestao SGPS SA announced this quarter its plan to acquire about 20% of CIMPOR for the total value of $996.646 million, in a privately negotiated transaction.

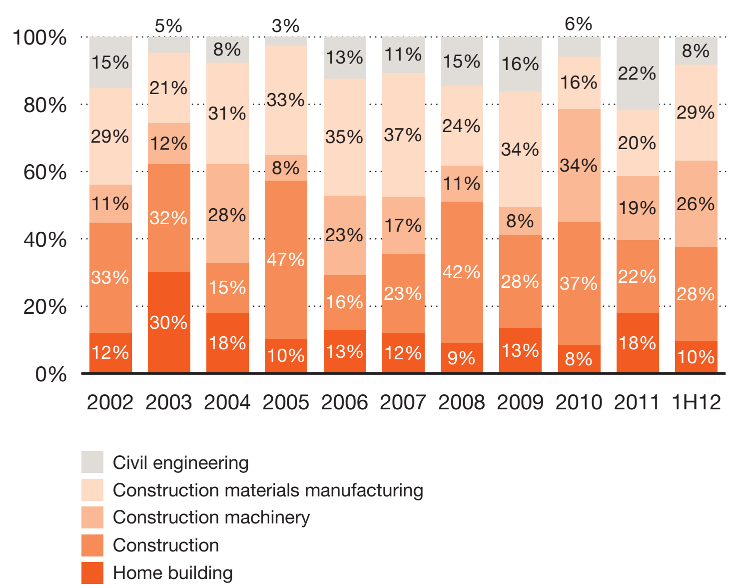
Deals by E&C target category

Measured by number of deals worth $50 million or more*



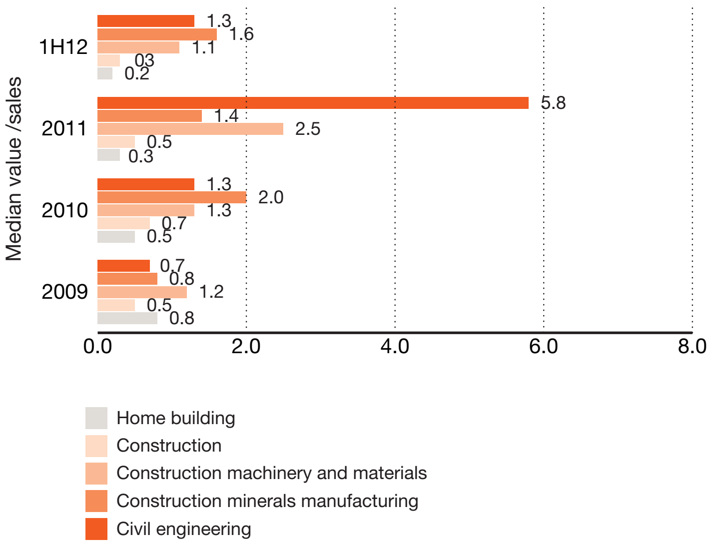
Deals by E&C target category

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

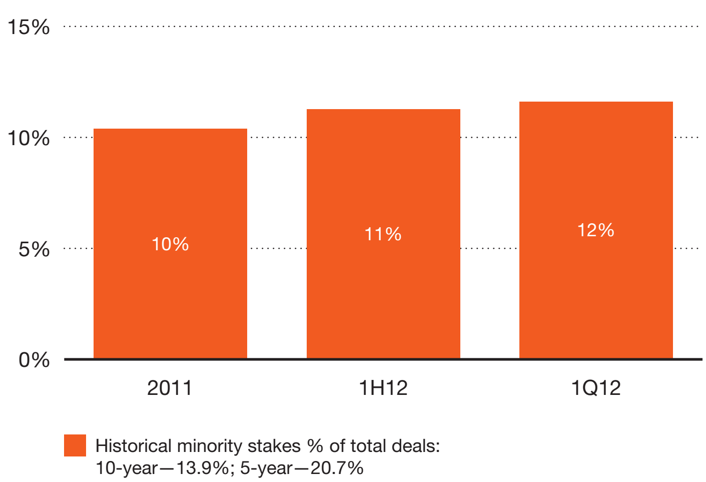


*Percentages may not total 100% because of rounding.

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, 1H12, 2Q12)



The transaction was also an example of another trend we saw in the second quarter of 2012: the increasing share of minority stock purchase transactions. Despite being below the 10-year historical average of about 14%, minority stakes have been gaining momentum over the last several quarters. This could be considered an indication of acquirers' resistance to making large commitments for capital deployment, while they maintain the option for future expansion in equity ownership. Another reason for this trend could be the existence of restrictions on cross-border/foreign possession that do not allow for controlling ownership.

Home building, construction machinery, and civil engineering shared the third place in deal volume, each generating about 16% of deal volume. The relatively high value of the construction machinery deals, about 26% of the deal value, was partly driven by the mature nature of the targets, which came from countries such as the United Kingdom, United States, and Australia. Interest and high growth in the mining and energy sectors are likely drivers for the growth in popularity of construction machinery deals.

Interestingly, the majority of the home-building deals involved targets in the multifamily business.

Largest E&C deals

There was only one mega-deal (transaction of at least $1 billion) announced in the second quarter of 2012. Driven by the increased level of uncertainty about the global economy, the value of the largest transaction during the period was lower sequentially, and 2012 is unlikely to meet 2011 levels.

The mega-deal in the second quarter involved the Abertis acquisition of OHL Brasil SA for a total consideration of $1.824 billion. OHL Brasil has been managing Abertis' toll road assets in Brazil and Chile. The transaction is rather complex and aims at reorganizing Abertis' business and integrating OHL Brasil into its operations. The reorganization will involve the integration of OHL Concesiones SA's split assets, including Participes en Brasil SL and SPI—Sociedade para Participacoes em Infraestrutura SA, into Abertis' operations. To proceed with the reorganization, OHL will acquire a 10% stake in Abertis. Additionally, it was announced that under the same agreement, Abertis will acquire OHL's Chilean assets.

By closing this deal, Abertis would become the world leader in the toll road concession sector, operating across 7,500 kilometers. It would also give the company a foothold in Brazil's growing market, with its stable concession system, and consolidate its leadership in Chile.

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
Mar	CIMPOR Cimentos de Portugal SGPS SA	Portugal	InterCement Austria Holding GmbH	Austria	Completed	3.05	Construction materials manufacturing
Apr	OHL Concesiones SA	Spain	Abertis Infraestructuras SA	Spain	Completed	1.82	Construction
Feb	New Energy Mining Co Ltd	China	Hebei Veyong Bio-chemical Co Ltd	China	Pending	1.19	Construction machinery
Mar	Brisa-Auto-estradas de Portugal SA	Portugal	Tagus Holdings Sarl	Portugal	Intended	1.07	Construction

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
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 machinery
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	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

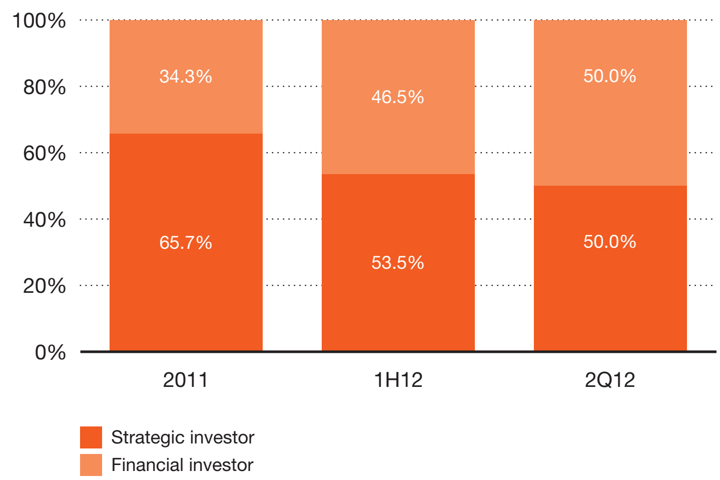
Investor groups and acquisition techniques

Despite the obvious slowdown in E&C deal making, financial investors continue to gain momentum. The second-quarter activity was an equal split between financial and strategic investors, a level of participation for financial acquirers significantly higher than the average 10-year rate of about 33%.

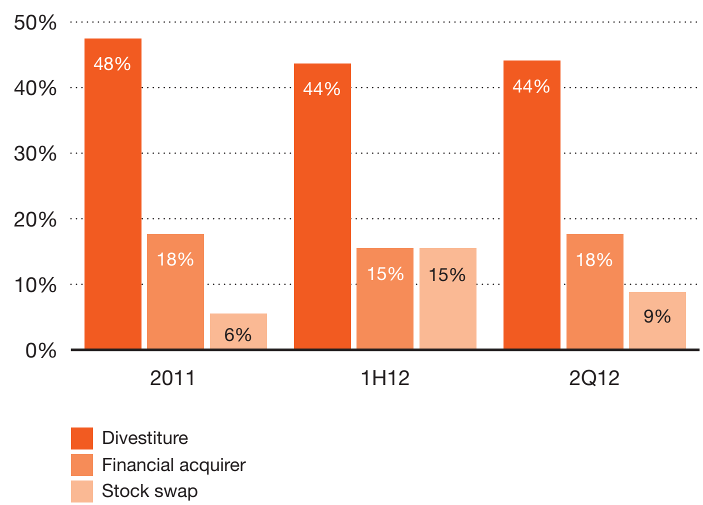
A potential explanation for the increase in financial investors' interest could be found in both the rising number of PE firms and the greater amount of funds they managed to raise in the second quarter of 2012. According to Dow Jones LP, US and European PE funds achieved the best first half for fund-raising since 2008. The greater availability of funds and the need to deploy them could partly explain the greater participation of financial investors in the E&C M&A deal making.[1]

After generating almost half of the deal activity in 2011, divestitures have started to slightly decrease in the first half of 2012. As the European Union began experiencing significant difficulties in 2011, E&C companies adjusted their market and product exposure and limited, or completely eliminated, their presence in this market. This triggered a series of divestitures, which became an integral part of the M&A activity for last year. 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



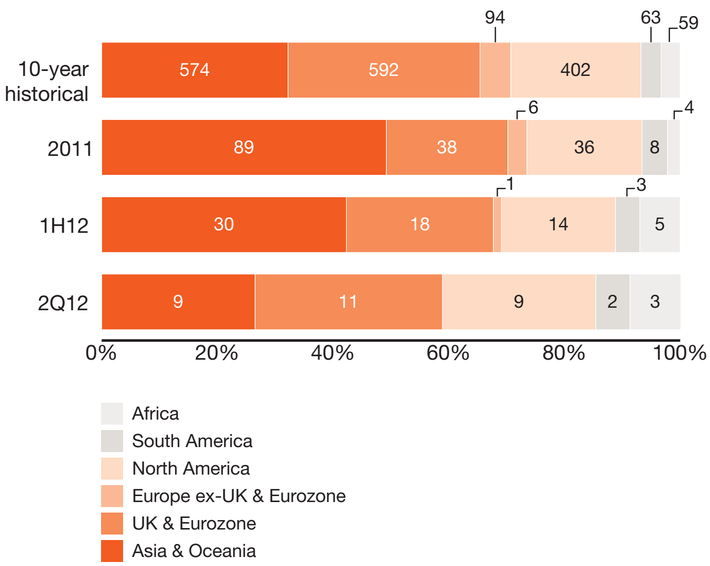
Acquisition techniques
Measured by percentage of deals worth $50 million or more



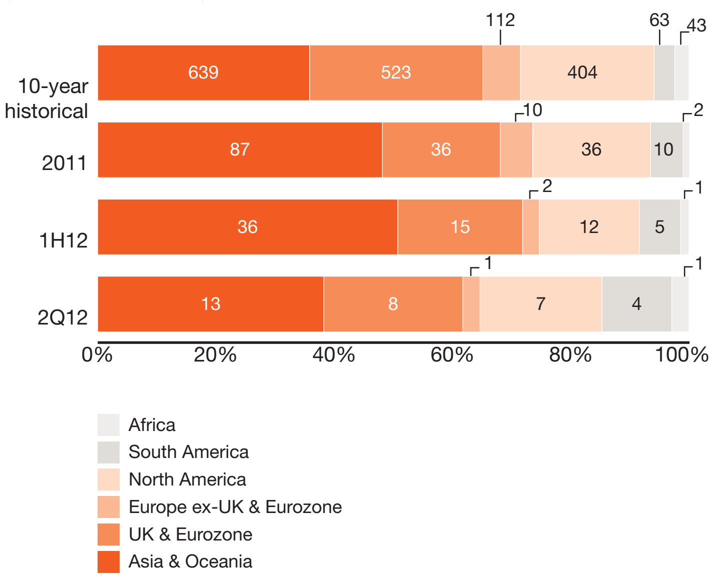
[1] "U.S. and European Private Equity Fund-Raising Have Best First Half Since 2008,"(July 09, 2012), Dow Jones press release. Retrieved from: http://www.dowjones.com/pressroom/releases/2012/07092012-PEFund-0050.asp.

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 second quarter of 2012, the majority of deals were generated by targets in the Asia and Oceania region. This trend confirms our previous expectations that the higher E&C growth of emerging markets is likely to drive inorganic growth in that region. The bulk of the deals were also local, which could be explained by the greater growth of the E&C sector in the emerging world and the financial strengthening of companies within those countries. Additionally, countries such as China have tough foreign M&A approval processes that further promote domestic consolidation instead.

Aside from China, which has been and continues to be one of the most active countries in the Asia and Oceania M&A deal market, new players such as South Korea, Thailand, Taiwan, and Australia are gaining traction in the M&A arena. The growing mining sector of Australia and its developed economy present an attractive option for E&C acquirers.

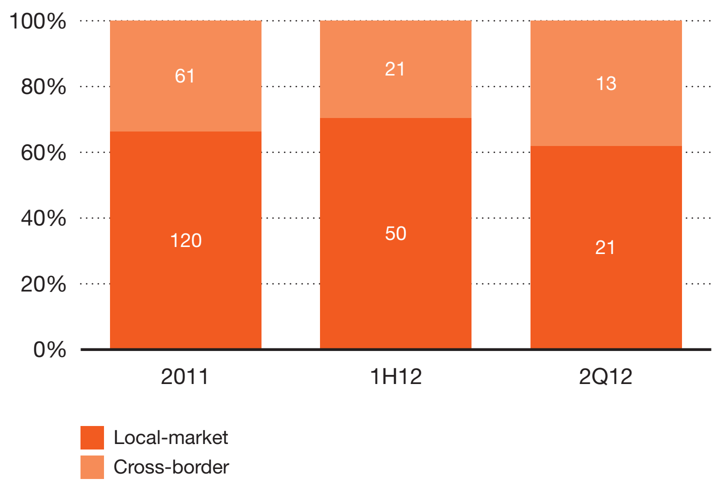
South Korea, with its fast-growing urbanization, infrastructure, water treatment, and energy needs, presents another greatly appealing country for deal activity. South Korean E&C firms have been winning projects across the globe, often competing against well-established industry leaders from the United States and Europe. Their ability to prefabricate many of the project components, in addition to their overall lower cost structure and competitive work quality, has granted South Korean firms a growing share of the global E&C project base. The combination of these factors has resulted in a stronger E&C industry, which is likely to continue to grow, often through consolidation.

The hunger for M&A in South Korea is also driven by the nature of the projects for which E&C firms worldwide are bidding. These projects have a growing level of complexity, take multiple years for completion, and require expertise across the board—in engineering, construction, and project management. Patented technology is a frequent driver for M&A but so is the skilled human capital, which often differentiates companies in the effectiveness and efficiency of the project execution. As such, these projects require their bidders to be large and wealthy E&C firms in terms of financial, technological, and human capital, which is likely to drive more consolidation in the industry.

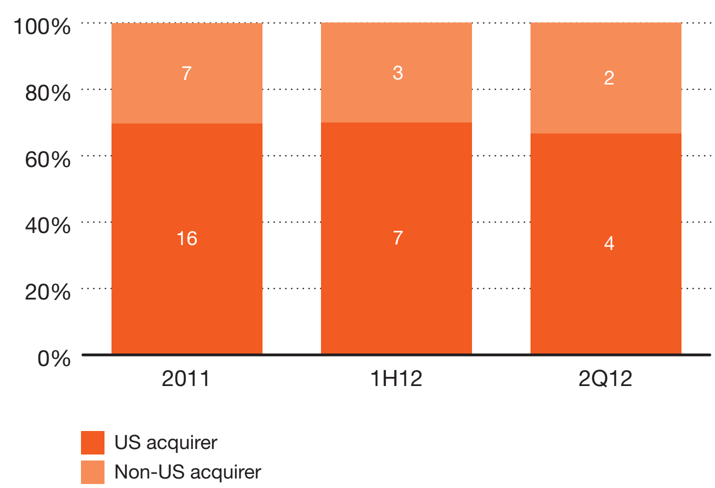
Another interesting trend that began in the second quarter of 2012 is the increased M&A activity from European acquirers. At first glance, this trend appears to be counterintuitive because of the deteriorating economic conditions in the area and the high cyclicality of the E&C sector. However, a deeper look into the nature of the transactions shows that a significant portion were diversifications. Reorganizations and right-sizing of operations are an ongoing trend in the European E&C market, signifying the continuing consolidation of that mature market. Such consolidation could be one of the few opportunities for local companies to grow and gain market share in a stale growth environment.

The United States was the most active individual country in the deal-making arena in the second quarter. Strategic investors generated the bulk of the US activity, and they focused on targets operating mostly in the construction machinery segment. The strong and stable growth of the US industrial manufacturing segment, in particular the rebound of auto manufacturing, could be attributed to the spur in investors' interest in the segment.

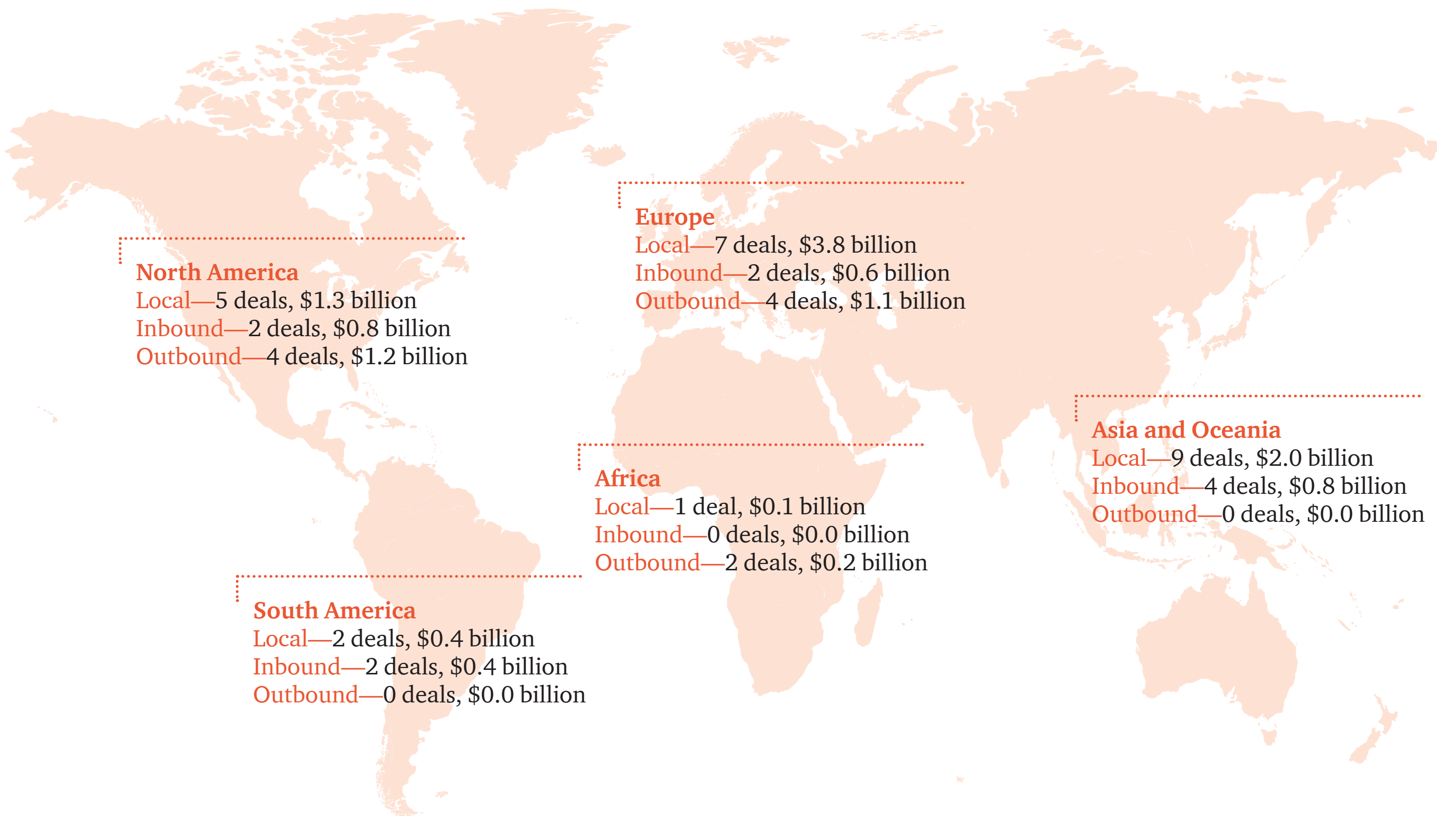
Local-market compared with cross-border deals (all nations)
Measured by number of deals worth $50 million or more



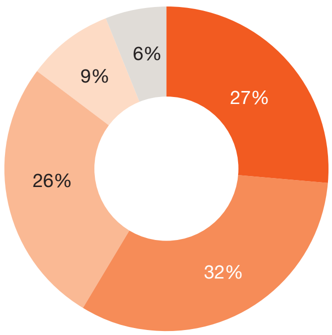
US compared with non-US aquirers of US targets
Measured by number of deals worth $50 million or more



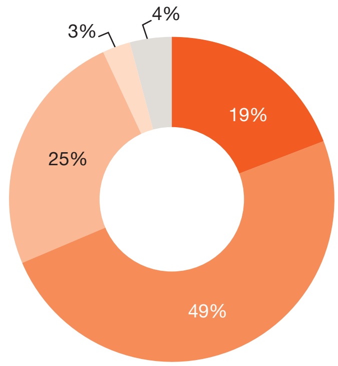
Acquisition money flows—2Q12



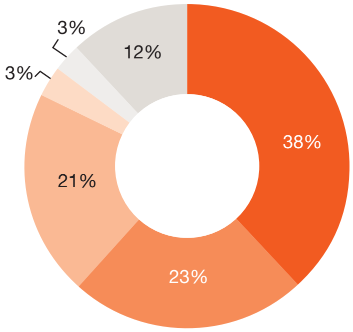
Regional distribution of deals by acquirer region
Measured by number of deals worth $50 million or more (2Q12)



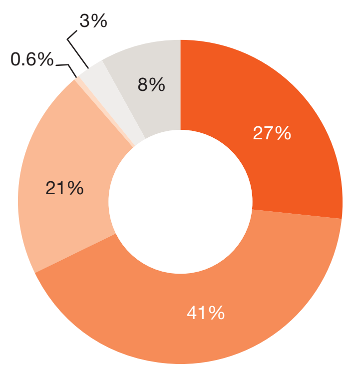
Regional distribution of deals by acquirer region
Measured by value of deals worth $50 million or more (2Q12)



Regional distribution of deals by target region
Measured by number of deals worth $50 million or more (2Q12)

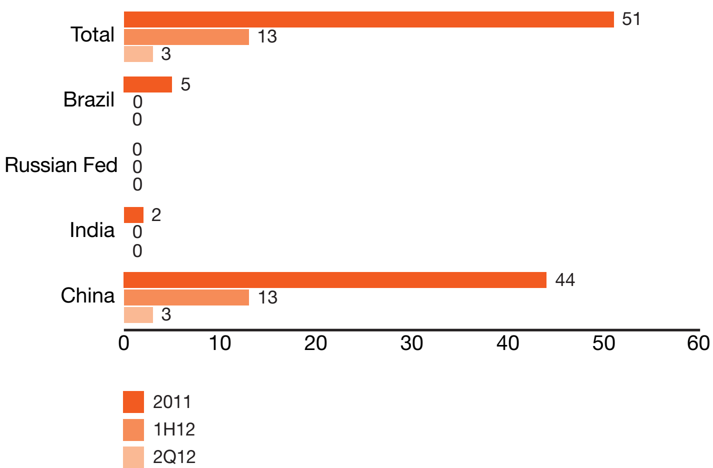


Regional distribution of deals by target region
Measured by value of deals worth $50 million or more (2Q12)

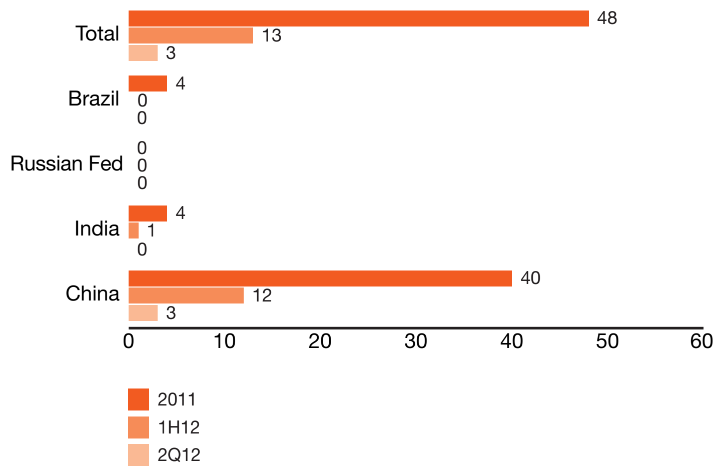


Asia & Oceania | UK & Eurozone | North America | Africa | Europe ex-UK & Eurozone | South America

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



BRICs

The slowdown in overall E&C deal activity has also affected the total value and volume of BRIC-affiliated deals. Despite generating three deals in the second quarter, China's M&A activity was subpar when compared with previous quarters. A cool-down in the Chinese economy, a decrease in consumer spending and exports, and lingering concerns over its housing market reduced investors' interest in deal making in the second quarter of 2012. Additionally, the M&A environment for foreign companies in China remains fairly challenging.

However, for the quarters to come we remain cautiously optimistic about the deal-making environment in China for several reasons. The country is acting on its commitment to increase government spending on infrastructure projects, such as the recently announced rail expansion plan. The government has also devoted substantial funds for water treatment facilities as well as skyscraper projects. In addition, there are plans to build satellite cities around the major hub cities in the country; this would require not only a wealth of engineering and construction services, but also a great amount of construction materials, technology, and human capital. These factors, combined with the increasing size and complexity of the upcoming projects, are likely to drive consolidation in the Chinese domestic E&C environment.

The remainder of the BRIC countries failed to record any substantial deals in the second quarter of the year. The increasing uncertainty in the global markets has pushed investors back to the sidelines, because of the greater risk in emerging markets despite their opportunity for growth.

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 serve approximately 20,000 E&C companies around the world. We specialize in serving 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.

Contacts

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PwC's E&C practice is a global network of professionals who provide industry-focused assurance, tax, and advisory services to public and private E&C companies.

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PwC's Transaction Services practice offers a full range of tax financial, business, assurance, and advisory capabilities covering all aspects of deal making for public and private companies.

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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; 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 August 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 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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