

# Manufacturing Barometer™

Business outlook report  
Second quarter 2010

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# Quarterly highlights

In the second quarter of 2010, PricewaterhouseCoopers interviewed 60 US-based industrial manufacturing executives about their current business performance, the state of the economy, and their expectations for business growth over the next 12 months. We then compared their responses with results from prior quarters to see how the panel's 12-month outlook has changed. The final step was to compare their views with a wider panel to show how the industry differs from the broader population.

Key findings:

- **US growth outpaces global market.** Fifty-eight percent of industrial products manufacturers surveyed in second-quarter 2010 said the US economy was growing. This is the first quarterly survey since third-quarter 2007 for which a majority reported growth. Only 15 percent viewed the US economy as declining. Of international marketers, 45 percent viewed the world economy as growing in the second quarter, similar to the prior quarter's 44 percent. More viewed it as declining, up 11 points to 27 percent.
  - **Uncertainty returns.** Looking at the next 12 months, 45 percent of industrial products manufacturers are optimistic about the US economy's prospects, down 8 points from the prior quarter. A similar number, 43 percent, are uncertain, but only 12 percent are pessimistic. Of those marketing abroad, 38 percent were optimistic about the world economy's prospects over the next 12 months, down 15 points from last quarter. More respondents are uncertain, at 46 percent, but only 16 percent are pessimistic.
  - **Revenue projections double.** Overall, the projected average revenue growth rate for panelists over the next 12 months doubled from 3 percent last quarter to 6 percent. This quarter's results show a return to the range seen in this survey during a stable economy. Seventy-three percent expect positive revenue growth for their own companies, with 30 percent forecasting double-digit growth (up 18 points) and 43 percent forecasting single-digit growth (down 20 points).
  - **International sales trend upward.** Industrial manufacturers marketing abroad expect international sales to contribute 36 percent of their total revenue over the next 12 months, down 4 points from last quarter's survey high of 40 percent but above the prior three quarters. In second-quarter 2010, 42 percent of panelists reported an increase in sales abroad, and 24 percent reported a decrease. Thirty-four percent stayed about the same. The number reporting an increase in sales dipped from last quarter but is notably above the prior three quarters; hence, international sales are expected to continue their upside performance despite uncertainty.
  - **Hiring picks up.** Over the next 12 months, 47 percent of panelists plan to add employees to their workforces, up 20 points from last quarter. Only 7 percent expect layoffs, and 46 percent expect to stay about the same. Composite workforce hiring over the next 12 months was projected at 1.8 percent, notably up from last quarter's 0.5 percent.
  - **Gross margins improve.** In second-quarter 2010, 32 percent reported higher gross margins, and 25 percent said they were down, for a net plus 7 percent. This reflects a turnaround from last quarter's minus 2 percent. Net costs were up for 17 percent and lower for 15 percent, for a net plus 2 percent. Prices were up for 17 percent and down for 18 percent, for a net minus 1 percent.
  - **Spending grows.** More industrial products manufacturers are planning increases in operational or budget spending over the next 12 months, rising 10 points this quarter to 80 percent. In particular, new product or service introductions lead the way, cited by 52 percent. Planned M&A activity was at 33 percent, with a focus on the purchase of another business. Expansion to new markets abroad remained high (27 percent), as did new strategic alliances (32 percent) and new joint ventures (30 percent). The number of panelists planning major new investments of capital over the next 12 months rose 5 points to 33 percent, but they plan to spend less — a mean investment of 7 percent of total sales compared with the prior quarter's 8.4 percent.
  - **Policy, tax create headwinds.** Legislative/regulatory pressures ranked highest among perceived barriers to growth over the next 12 months, cited by 63 percent. Taxation policies rose 14 points this quarter, cited by 57 percent. Demand remains a potential barrier to growth for 50 percent, followed by the monetary exchange rate, cited as a possible hurdle for 40 percent. On the positive side, decreasing profitability dropped 12 points, cited by only 35 percent as a possible barrier to growth.
- A quarter-over-quarter comparison of key indicators shows the business outlook for the next 12 months and how the views of the panel have changed each quarter (see chart 1.1 on Page 5). The pages that follow provide a detailed look at each question for the past five quarterly surveys.

## Special topic: Emerging markets

As the US and global economies recover, a substantial number of businesses are taking the opportunity to expand or open new facilities in emerging markets such as China, Brazil, India, and many others. But it's more than just the traditional push for low-cost manufacturing sites; many are looking at sales operations as well to take advantage of a largely untapped customer base. According to survey responses about plans for the longer term, this might be the beginning of an upward trend.

- **Thinking outside the country.** Almost half (47 percent) of respondents indicated they are looking to expand their operations in emerging markets within the next 12 months. Of the markets they are targeting, China appears to be the hot spot, followed by Brazil, India, and then Russia. The majority (61 percent) plan to expand or open new manufacturing facilities, followed by customer service/marketing offices (36 percent) and new or expanded distribution facilities (32 percent).
- **The bigger picture.** Within the next five years, 75 percent of respondents have plans to expand in emerging markets. Longer-term plans focus on manufacturing facilities (62 percent), with almost one-third (30 percent) planning to locate manufacturing and sales operations in emerging markets, and another 12 percent looking to establish sales operations only, bringing the total of respondents planning sales offices in these areas to 42 percent.
- **Emerging opportunities.** Eighty percent of respondents indicated they have looked into acquiring another business in an emerging market, but only 57 percent have actually made a recent acquisition. Of those who have looked into it, 45 percent said they perform their own due diligence, 8 percent use a third party, and 27 percent said it depends on the circumstances. Among the 57 percent who followed through with the acquisition, almost half (27 percent) had difficulty successfully integrating the acquisition with their operations, and the other half (30 percent) said they had no difficulty. Although 80 percent have looked into the opportunity, 42 percent of respondents said they have not made any emerging market acquisitions.

# Key indicators for the business outlook

Chart 1.1 Key indicators for the business outlook

A quarter-over-quarter comparison of the survey's key indicators shows how the 12-month outlook has changed each quarter. The change column indicates the movement of opinion over the past two quarters.

Business outlook, next 12 months among industrial manufacturers	2009			2010		Change	Page
	2Q '09	3Q '09	4Q '09	1Q '10	2Q '10	1Q – 2Q '10	
Optimistic about US economy	43%	48%	47%	53%	45%	↓	8
Optimistic about world economy	43%	45%	41%	53%	38%	↓	10
Expect positive revenue growth	43%	57%	57%	75%	73%	=	20
Average growth rate expected	-0.4%	2.2%	2.7%	3.0%	6.0%	↑	20
Planning major new investments	27%	37%	35%	28%	33%	↑	24
New investments as a % of sales	6.2%	3.9%	4.6%	8.4%	7.0%	↓	24
Planning to hire	17%	25%	30%	27%	47%	↑	22
New workers as a % of workforce (net)	-2.2%	-0.8%	0.4%	0.5%	1.8%	↑	22
Expected barriers to growth							
• Legislative/Regulatory pressures	42%	58%	52%	73%	63%	↓	26
• Taxation policies	43%	53%	53%	43%	57%	↑	26
• Lack of demand	82%	75%	75%	63%	50%	↓	26
• Monetary exchange rate	23%	28%	22%	37%	40%	↑	26
• Decreasing profitability	50%	42%	42%	47%	35%	↓	26
• Competition from foreign markets	35%	38%	37%	33%	35%	=	26
• Oil/energy prices	28%	25%	33%	30%	23%	↓	26
• Capital constraints	40%	22%	22%	30%	23%	↓	26
• Pressure for increased wages	3%	10%	13%	13%	17%	↑	26
• Higher interest rates	12%	12%	17%	17%	13%	↓	26
• Lack of qualified workers	3%	8%	3%	8%	10%	=	26

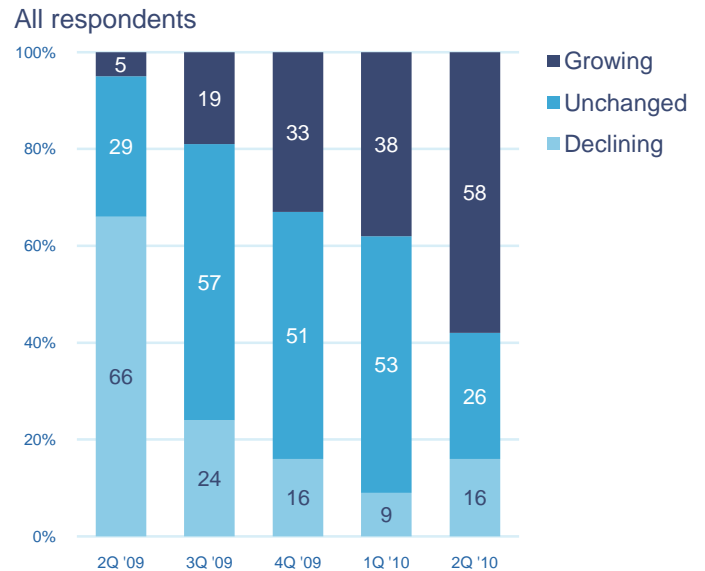
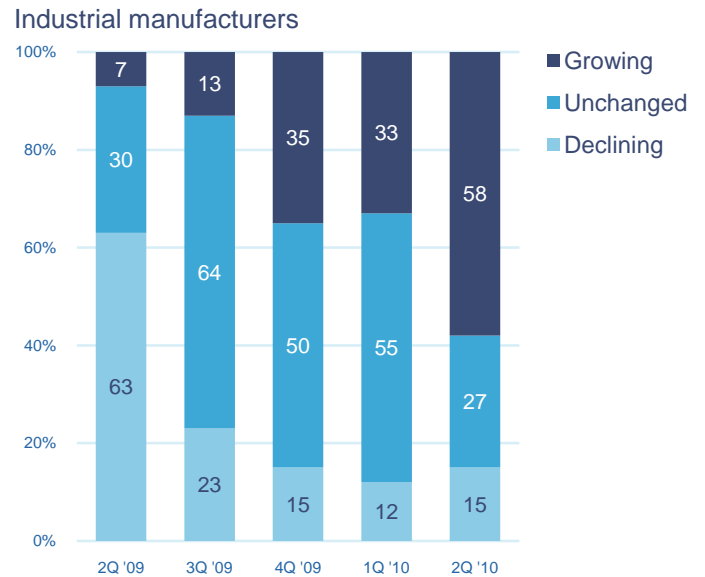
# Economic views

# View of the US economy, this quarter

## Which best describes your view of the US economy this quarter?

In second-quarter 2010, 58 percent of panelists believed the US economy was growing, and only 15 percent believed it was declining. It is noteworthy that for the first time in more than 2 ½ years, the majority believed the US economy was growing.

Chart 2.1 View of the US economy, this quarter



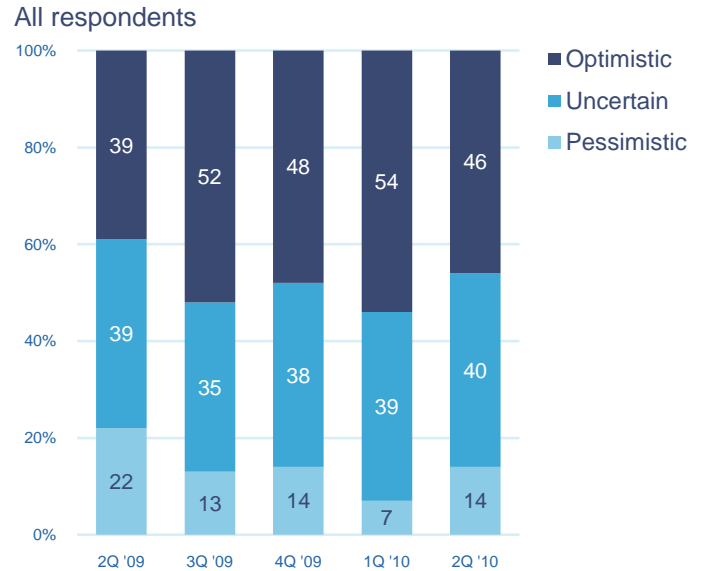
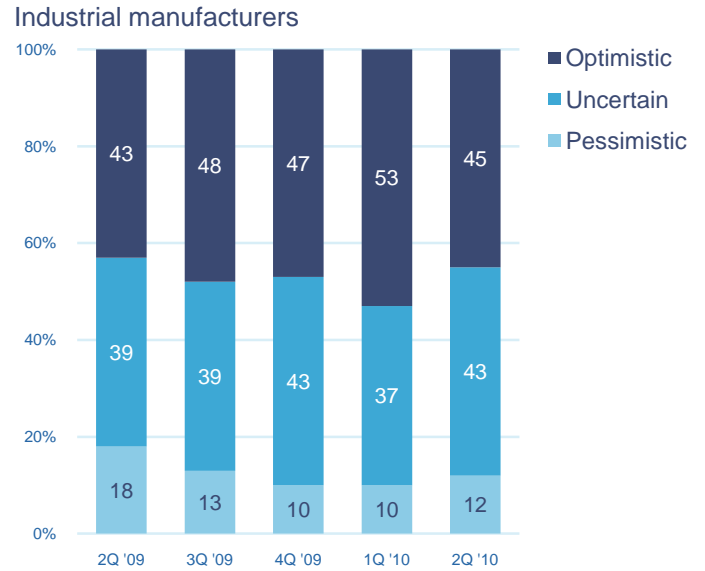
Note: In 2Q 2010 Industrial manufacturers n=60, All respondents, n=102

# View of the US economy, next 12 months

Looking at the next 12 months, how do you feel about the prospects for the US economy?

Looking ahead, 45 percent of respondents expressed optimism about the 12-month outlook for the US economy, down 8 points from the prior quarter. Only 12 percent remain pessimistic, and 43 percent are uncertain.

Chart 2.2 View of the US economy, next 12 months



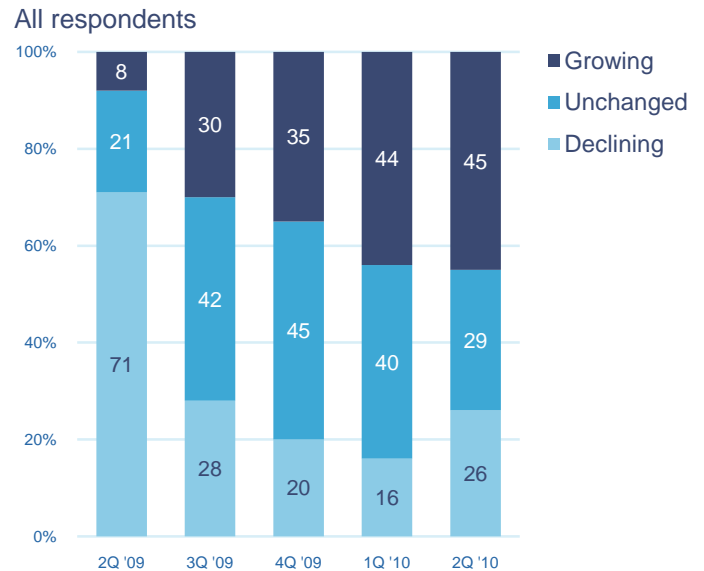
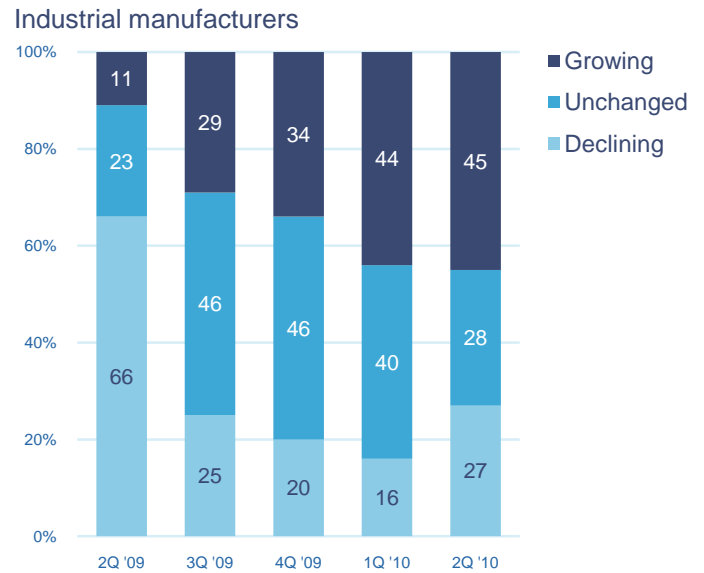
Note: In 2Q 2010 Industrial manufacturers n=60, All respondents, n=102

# View of the world economy, this quarter

## Which best describes your view of the world economy this quarter? (international marketers only)

In second-quarter 2010, 45 percent of panelists marketing abroad viewed the world economy as growing, while 27 percent believed it was declining. Twenty-eight percent felt the world economy was unchanged.

Chart 2.3 View of the world economy, this quarter



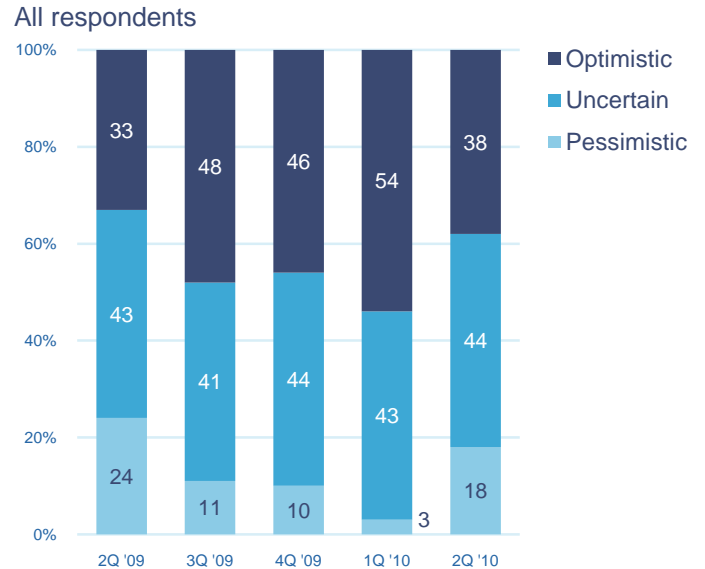
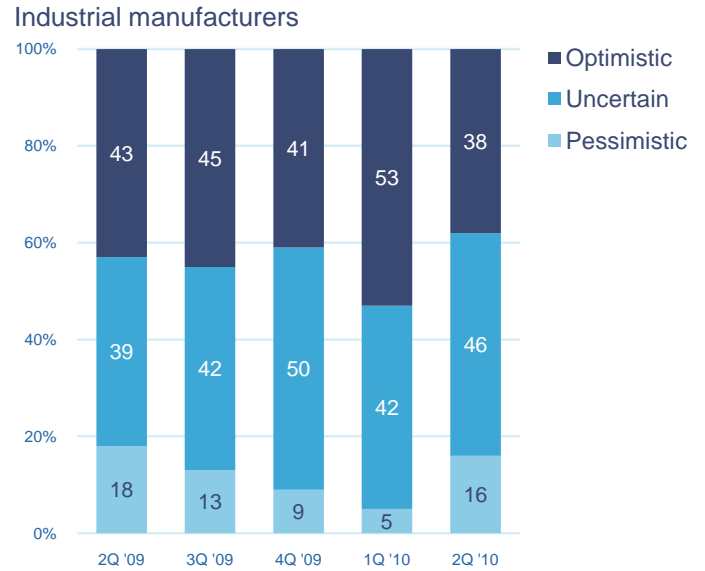
Note: In 2Q 2010 those marketing abroad, Industrial manufacturers n=57, All respondents, n=87

# View of the world economy, next 12 months

Looking at the next 12 months, how do you feel about the prospects for the world economy? (international marketers only)

Of US-based industrial manufacturers who market abroad, 38 percent are optimistic about the prospects for the world economy over the next 12 months, down 15 points from the prior quarter. Forty-six percent are uncertain, and 16 percent said they are pessimistic.

Chart 2.4 View of the world economy, next 12 months



Note: In 2Q 2010 those marketing abroad, Industrial manufacturers n=57, All respondents, n=87

# Company performance

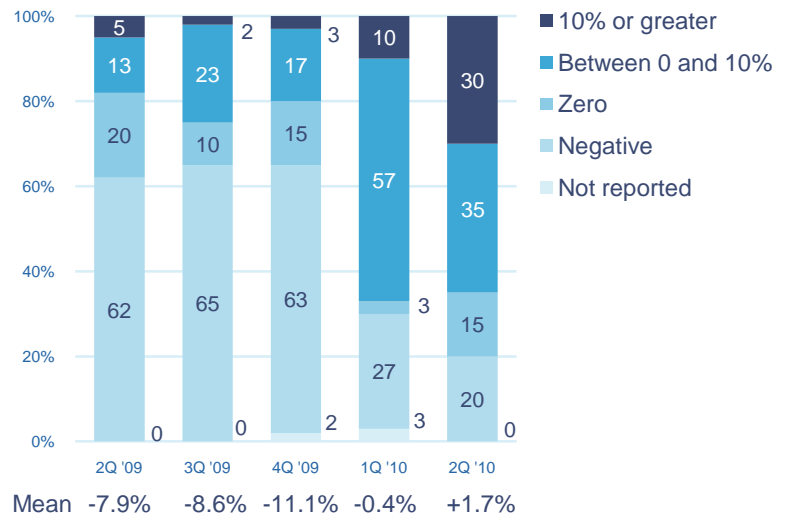
# Company revenue growth, calendar year

## What is your company's estimated revenue growth rate for the calendar year?

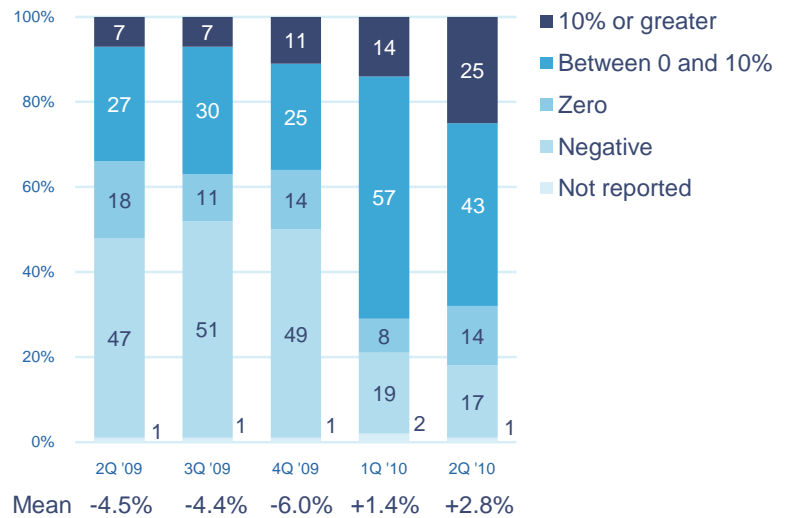
The composite average growth estimate for the calendar year improved substantially, from minus 0.4 percent in the prior quarter to plus 1.7 percent. In the second quarter, 65 percent of US-based industrial manufacturers surveyed forecasted positive own-company growth for calendar year 2010 – 30 percent with double-digit growth and 35 percent with single-digit growth.

Chart 3.1 Company revenue growth, calendar year

### Industrial manufacturers



### All respondents



Note: In 2Q 2010 Industrial manufacturers n=60, All respondents, n=102

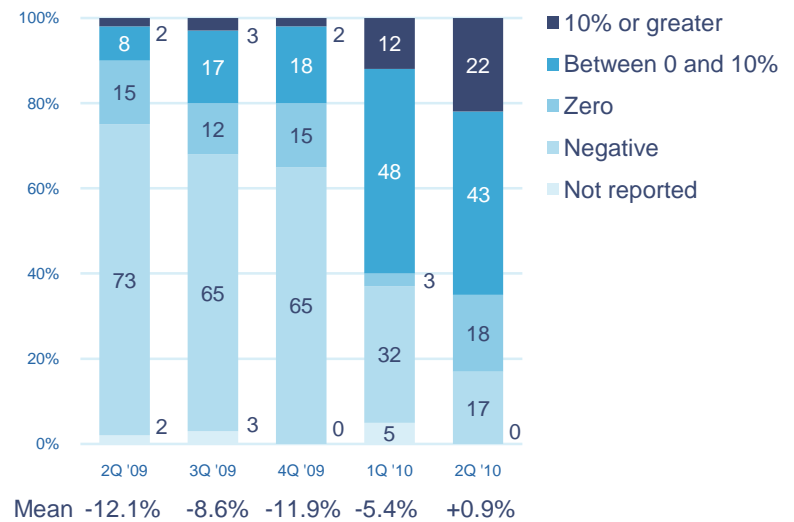
# Industry growth, calendar year

## What is your industry's estimated growth rate for the calendar year?

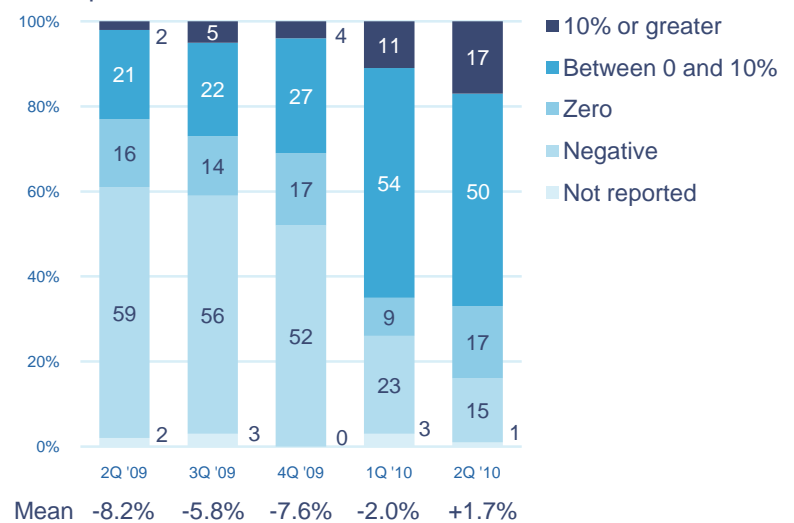
Industry growth estimates for calendar year 2010 improved over the prior quarter, moving from minus 5.4 percent to a slightly positive 0.9 percent. Sixty-five percent of panelists expect positive industry growth in 2010, 17 percent expect negative growth, and 18 percent expect zero growth.

Chart 3.2 Industry growth, calendar year

### Industrial manufacturers



### All respondents



Note: In 2Q 2010 Industrial manufacturers n=60, All respondents, n=102

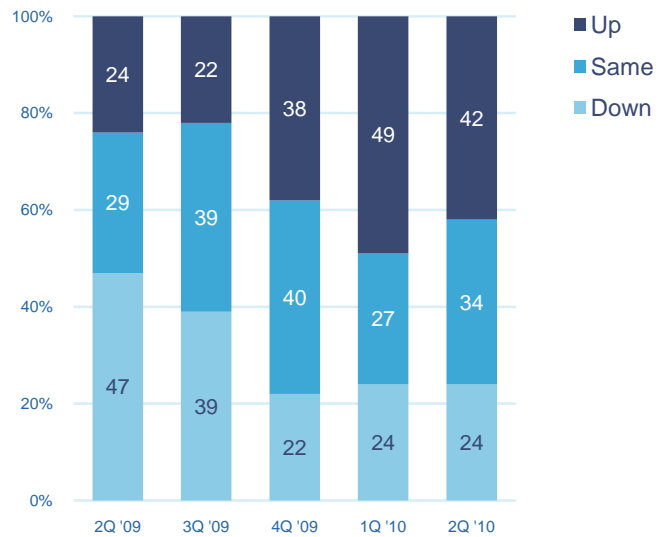
# International sales

## Are international sales up, down, or the same compared with three months ago?

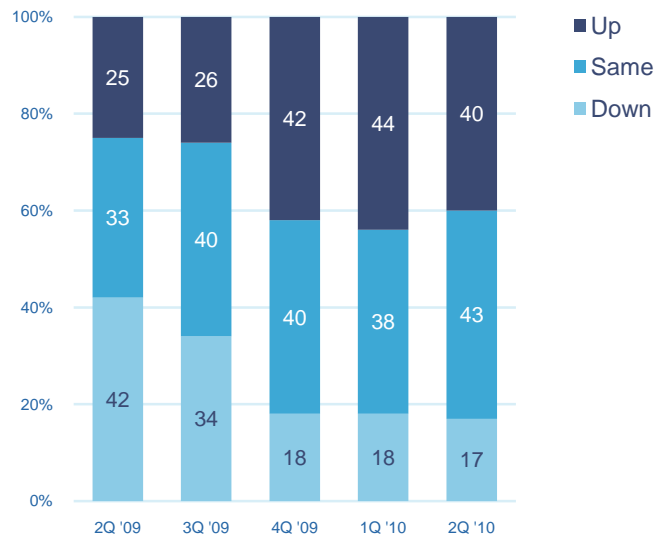
For US-based industrial manufacturers that sell abroad, international markets showed further improvement in second-quarter 2010. Forty-two percent reported an increase in sales. Twenty-four percent reported a decrease, and 34 percent were about the same.

Chart 3.3 International sales

### Industrial manufacturers



### All respondents



Note: In 2Q 2010 those marketing abroad, Industrial manufacturers n=57, All respondents, n=87

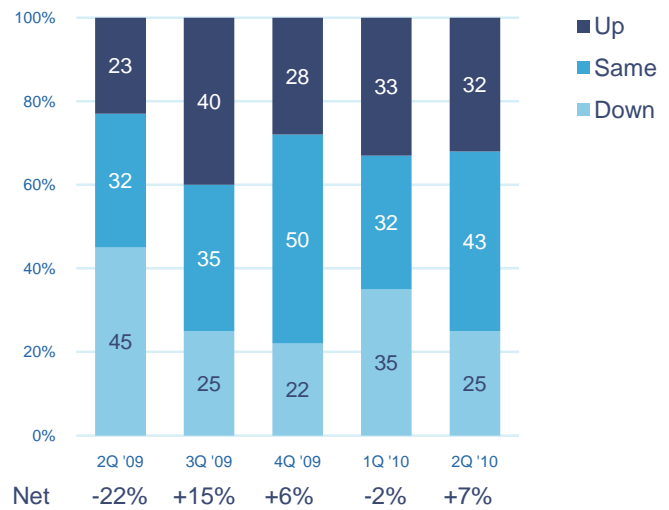
# Changes in gross margins

Are gross margins up, down, or the same compared with three months ago?

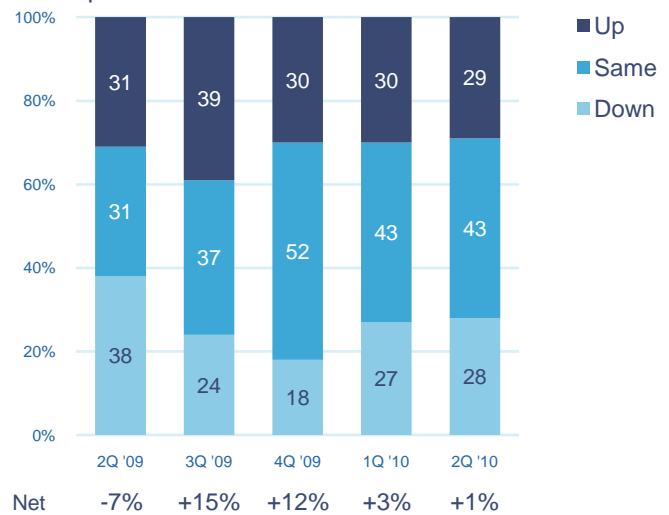
In second-quarter 2010, gross margins improved. They were higher for 32 percent of panelists and lower for 25 percent, for a net plus 7 percent, well above the prior quarter's minus 2 percent.

Chart 3.4 Changes in gross margins

### Industrial manufacturers



### All respondents



Note: In 2Q 2010 Industrial manufacturers n=60, All respondents, n=102

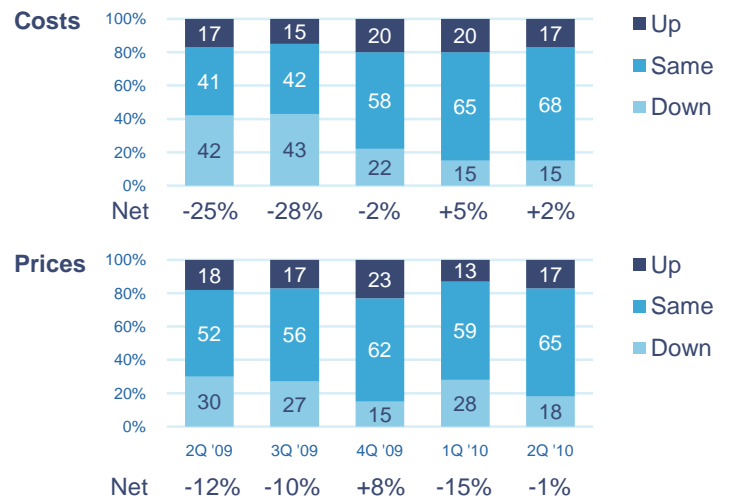
# Changes in costs and prices

## Are costs up, down, or the same compared with three months ago? Prices?

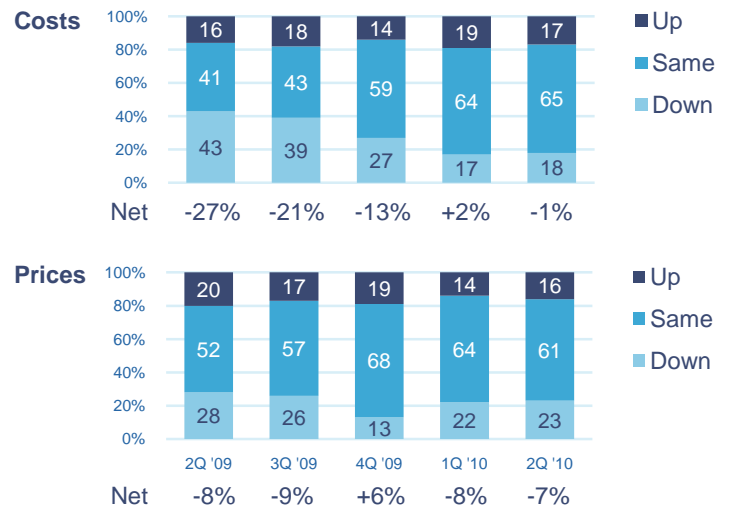
In second-quarter 2010, costs and prices stayed about the same. Seventeen percent of US-based industrial manufacturers reported higher costs, and 15 percent reported lower costs, for a net plus 2 percent. Seventeen percent raised prices, and 18 percent lowered them, for a net minus 1 percent.

Chart 3.5 Changes in costs and prices

### Industrial manufacturers



### All respondents



Note: In 2Q 2010 Industrial manufacturers n=60, All respondents, n=102

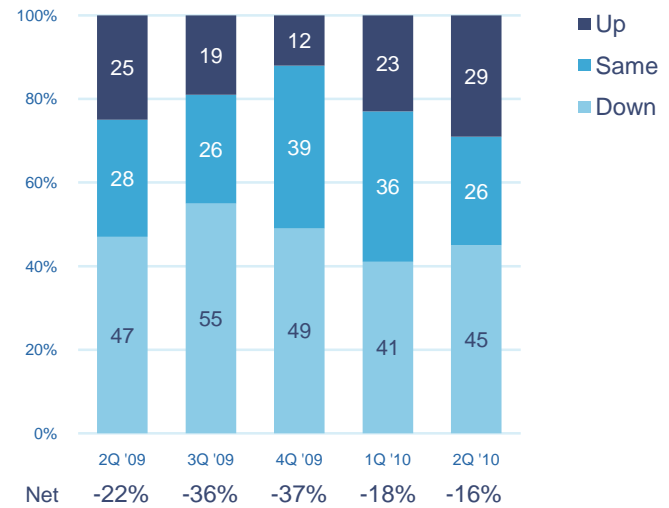
# Inventory movement

Are finished inventories as a percent of sales up, down, or the same compared with three months ago? (product companies only)

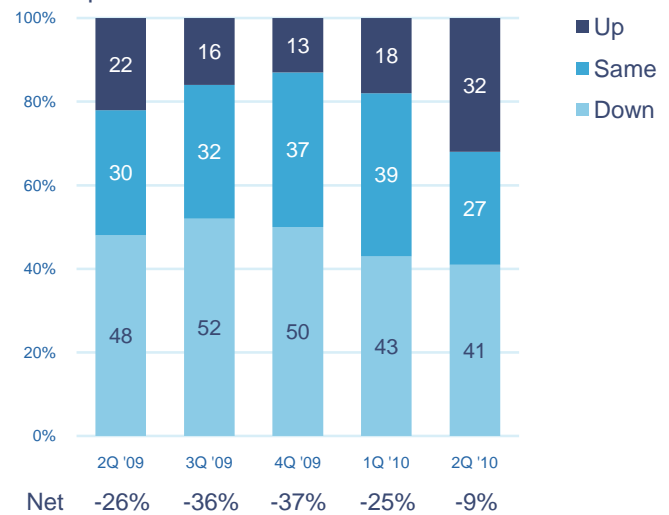
Inventory remained down for 45 percent of US-based industrial manufacturers and up for 29 percent, for a net minus 16 percent, similar to last quarter but indicating some activity in inventory replenishment.

Chart 3.6 Inventory movement

### Industrial manufacturers



### All respondents



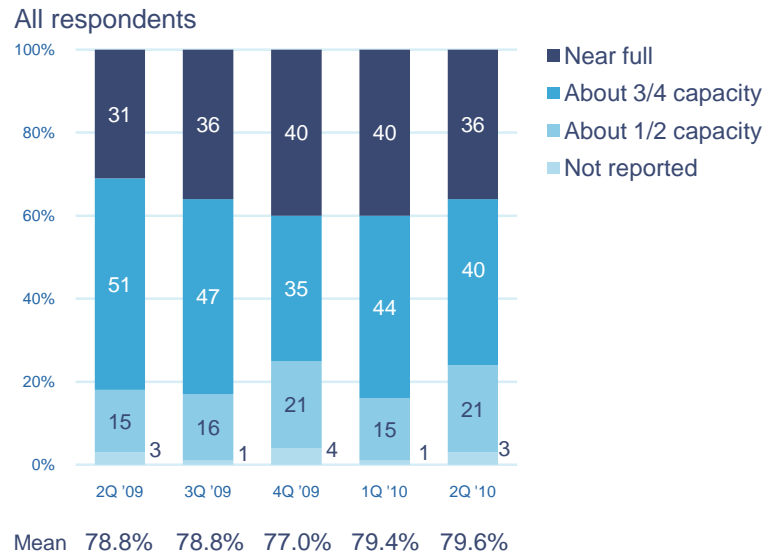
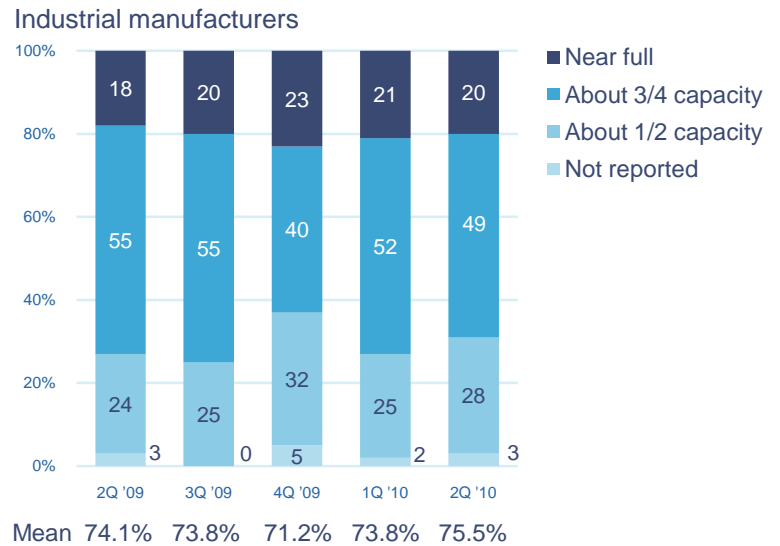
Note: In 2Q 2010 Industrial manufacturers n=60, All product sector respondents, n=69

# Level of operating capacity

## What is your organization's current operating capacity?

Operating capacity is an estimate of the current level of permanent staffing compared with what is needed for full-capacity output. Although the mean inched up to 75.5 percent of capacity, only 20 percent of respondents claimed to be at or near capacity in the second quarter.

Chart 3.7 Level of operating capacity



Note: In 2Q 2010 Industrial manufacturers n=60, All respondents, n=102

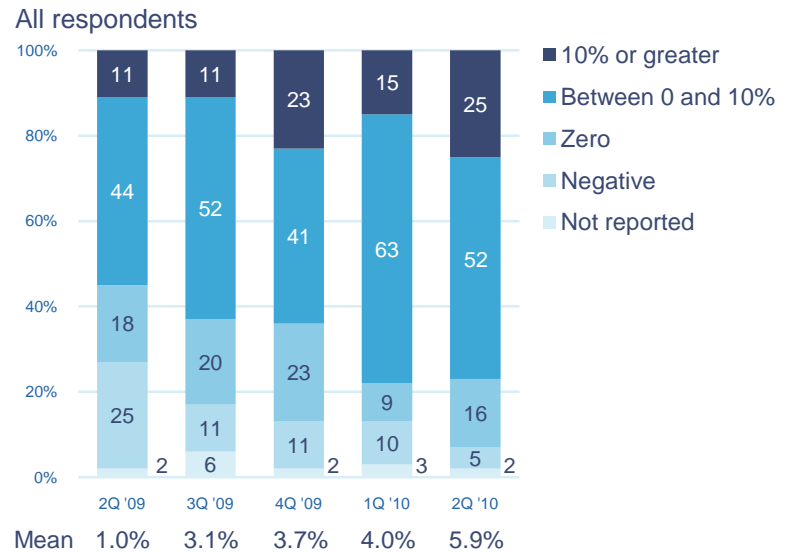
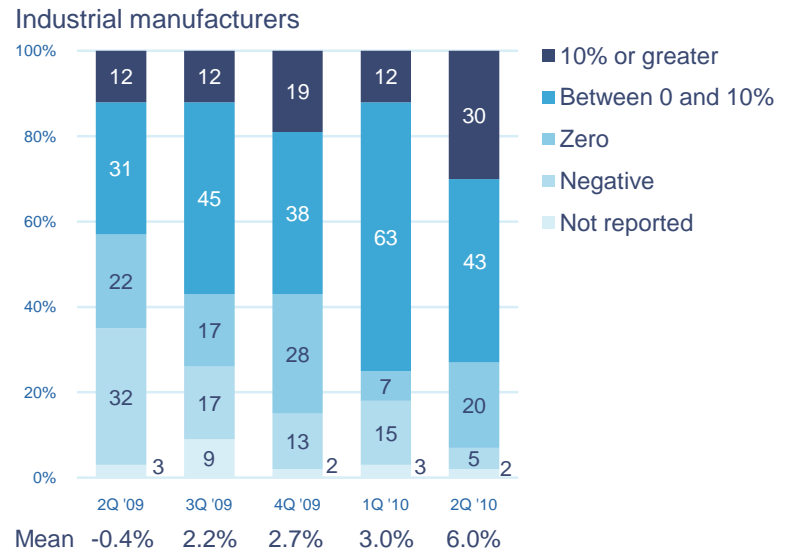
# Business outlook, next 12 months

# Revenue growth, next 12 months

## What is your organization's estimated revenue growth rate for the next 12 months?

Looking ahead at the next 12 months, 73 percent of panelists expect positive growth for their own companies, with 30 percent forecasting double-digit growth and 43 percent forecasting single-digit growth. The projected average growth rate doubled on a quarter-to-quarter basis to 6 percent. Only 5 percent forecast negative growth, and 20 percent forecast zero growth.

Chart 4.1 Revenue growth, next 12 months



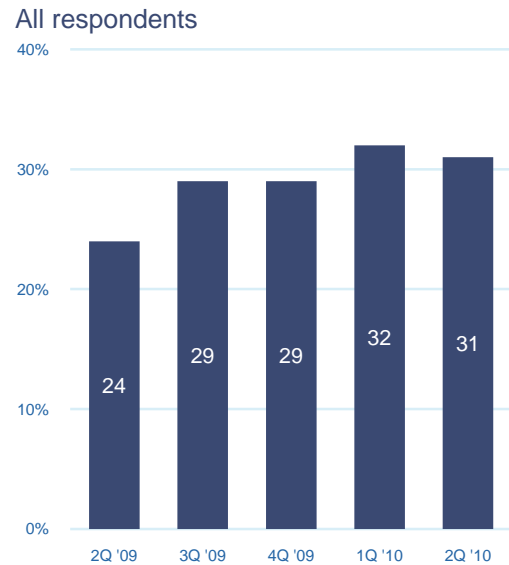
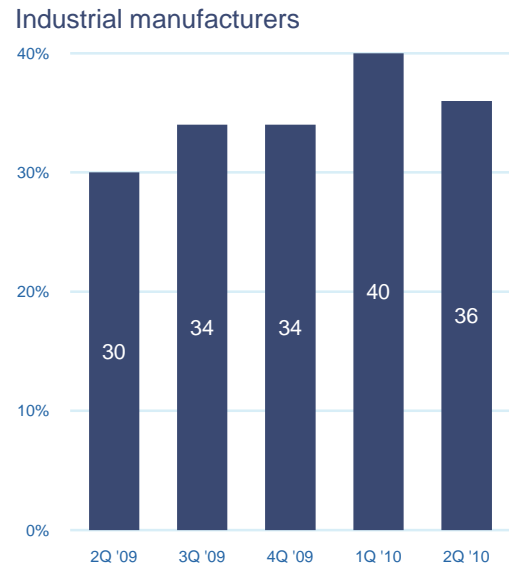
Note: In 2Q 2010 Industrial manufacturers n=60, All respondents, n=102

# International sales, next 12 months

What percent of your business's total revenue over the next 12 months do you expect to be derived from international sales?

Of respondents selling abroad, the projected contribution of international sales to total revenue over the next 12 months is 36 percent, down from the prior quarter's survey high of 40 percent but above last year's 30 percent.

Chart 4.2 International sales, next 12 months



Note: In 2Q 2010 those marketing abroad, Industrial manufacturers n=57, All respondents, n=87

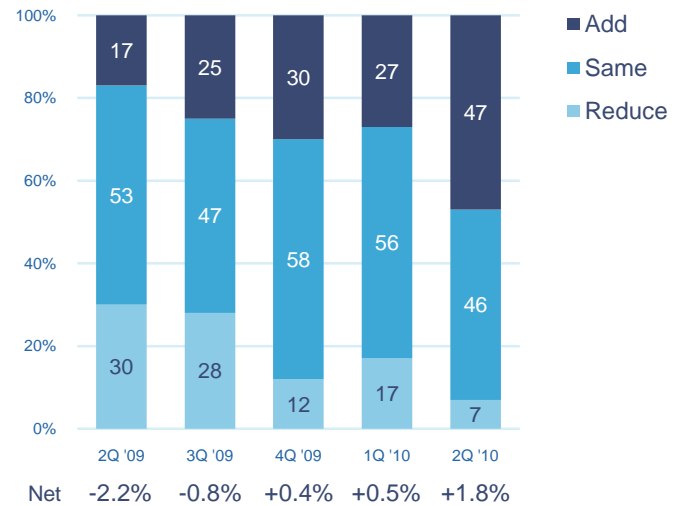
# Percent planning to hire

## Do you plan to add or reduce the number of full-time equivalent employees over the next 12 months?

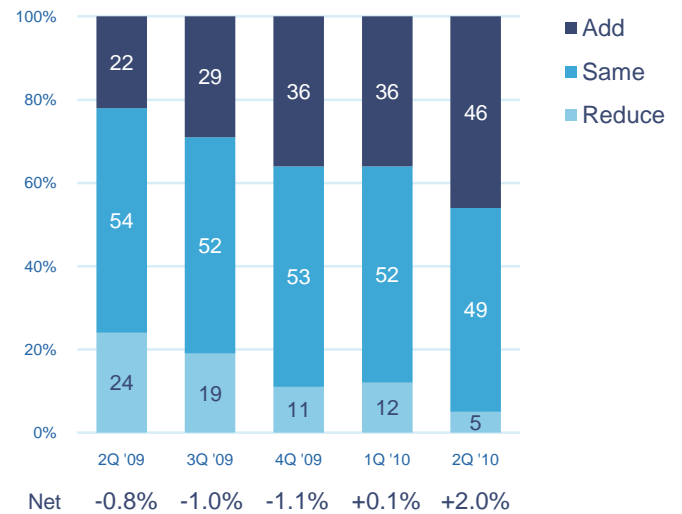
Forty-seven percent of respondents plan to add employees to their workforces over the next 12 months. Only 7 percent plan to reduce the number of full-time equivalent employees, and 46 percent will stay the same. The net workforce projection is 1.8 percent, the highest since fourth-quarter 2005.

Chart 4.3 Percent planning to hire

### Industrial manufacturers



### All respondents



Note: In 2Q 2010 Industrial manufacturers n=60, All respondents, n=102

## Percent planning to hire by type of employee

### What types of employees do you plan to add or reduce over the next 12 months?

Of the 47 percent of respondents planning to hire within the next 12 months, the most sought-after employees will be production workers and professionals/technicians, along with skilled labor.

Chart 4.4 Percent planning to hire by type of employee

#### Industrial manufacturers

	2Q '09	3Q '09	4Q '09	1Q '10	2Q '10
Planning to hire (net)	17%	25%	30%	27%	47%
• Production workers	5%	8%	13%	13%	27%
• Professionals/technicians	7%	15%	23%	17%	25%
• Skilled labor	8%	8%	12%	2%	23%
• White collar support	---	12%	2%	10%	17%
• Sales/marketing	3%	10%	7%	8%	15%

#### All respondents

	2Q '09	3Q '09	4Q '09	1Q '10	2Q '10
Planning to hire (net)	22%	29%	36%	36%	46%
• Production workers	6%	11%	13%	13%	24%
• Professionals/technicians	11%	20%	26%	22%	28%
• Skilled labor	8%	9%	12%	6%	19%
• White collar support	4%	11%	9%	11%	19%
• Sales/marketing	6%	14%	13%	16%	15%

Note: In 2Q 2010 Industrial manufacturers n=60,  
All respondents, n=102

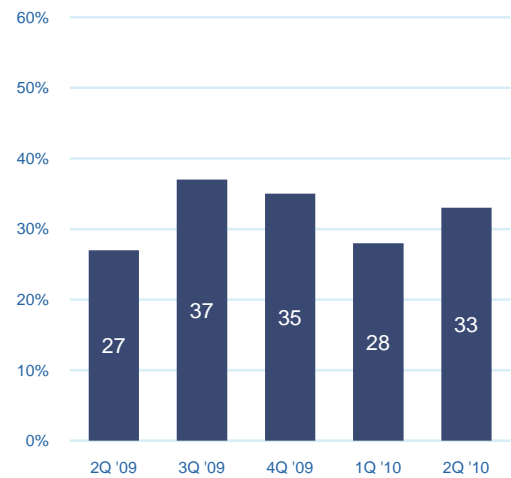
# Percent planning major new investments of capital

Are you actively planning any major new investments of capital over the next 12 months? If so, what percent of total sales do you expect to invest?

Thirty-three percent plan major new investments of capital during the next 12 months. Despite the 5 point increase, the mean investment as a percentage of total sales is lower, dropping from 8.4 percent in the first quarter to 7 percent.

Chart 4.5 Percent planning major new investments of capital

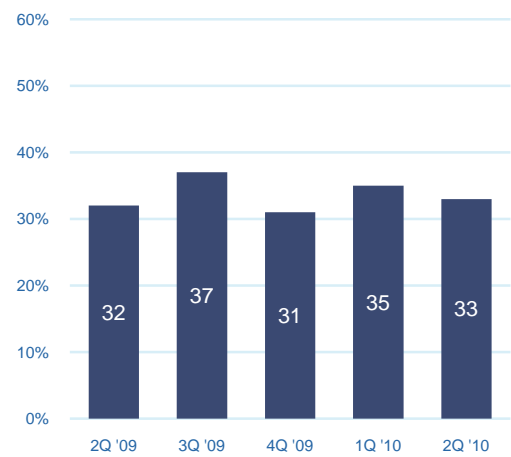
### Industrial manufacturers



Mean investment as a % of total sales

6.2% 3.9% 4.6% 8.4% 7.0%

### All respondents



Mean investment as a % of total sales

5.2% 5.5% 4.4% 7.1% 7.9%

Note: In 2Q 2010 Industrial manufacturers n=60, All respondents, n=102

## Percent planning to increase operational spending

### Over the next 12 months, where do you expect to increase spending?

Looking at the next 12 months, 80 percent of respondents plan to increase operational spending, up 10 points from last quarter. Among increased expenditures, new product or service introductions lead the way.

Chart 4.6 Percent planning to increase operational spending

Industrial manufacturers					
	2Q '09	3Q '09	4Q '09	1Q '10	2Q '10
Percent planning to increase spending (net)	53%	68%	65%	70%	80%
• New product or service introduction	30%	40%	37%	43%	52%
• Business acquisition	18%	33%	23%	23%	38%
• Research and development	18%	35%	37%	28%	32%
• Geographic expansion	17%	22%	27%	22%	28%
• Facilities expansion	8%	18%	22%	20%	23%
• Information technology	12%	17%	22%	20%	22%
• Marketing & sales promotion	10%	7%	12%	13%	13%
• Internet commerce	2%	3%	3%	5%	7%
• Advertising	7%	3%	8%	12%	5%
All respondents					
	2Q '09	3Q '09	4Q '09	1Q '10	2Q '10
Percent planning to increase spending (net)	56%	67%	70%	71%	76%
• New product or service introduction	29%	34%	41%	40%	48%
• Business acquisition	24%	29%	24%	24%	37%
• Research and development	16%	29%	31%	27%	25%
• Geographic expansion	22%	24%	29%	24%	24%
• Facilities expansion	16%	17%	20%	21%	21%
• Information technology	17%	27%	28%	26%	26%
• Marketing & sales promotion	17%	15%	23%	23%	24%
• Internet commerce	7%	8%	7%	8%	9%
• Advertising	12%	14%	15%	22%	14%

Note: In 2Q 2010 Industrial manufacturers n=60, All respondents, n=102

# Expected barriers to business growth

Over the next 12 months, will any of the following represent barriers to business growth?

Legislative/regulatory pressures remained the most likely barrier to growth over the next 12 months, cited by 63 percent. Taxation policies rose 14 points as a possible hurdle, cited by 57 percent. Lack of demand is still on the radar for 50 percent but dipped 13 points from the previous quarter. On the positive side, concern about decreasing profitability dropped 12 points to 35 percent.

Chart 4.7 Expected barriers to business growth



Note: In 2Q 2010 Industrial manufacturers n=60, All respondents, n=102

## Plans for M&A and other business initiatives

Over the next 12 months, do you expect to participate in any of the following new business initiatives?

Plans for M&A activity during the next 12 months among US-based industrial manufacturers was at 33 percent. Of those planning M&A activity, all are looking at purchasing another business. Plans for new strategic alliances (32 percent) and expansion to markets abroad (27 percent) remained high, and new joint ventures rose 3 points to 30 percent.

Chart 4.8 Plans for M&A and other business initiatives

### Industrial manufacturers

	2Q '09	3Q '09	4Q '09	1Q '10	2Q '10
New business initiatives (net)	52%	70%	57%	60%	55%
• M&A activity (net)	28%	38%	28%	37%	33%
- Purchase another business	25%	37%	27%	33%	33%
- Sale part/all own business	5%	5%	7%	8%	7%
- Equity carve-out/spin-off	3%	2%	3%	3%	2%
• New strategic alliance	30%	33%	38%	33%	32%
• New joint venture	23%	22%	25%	27%	30%
• Expand to new markets abroad	27%	15%	20%	28%	27%
• New facilities abroad	13%	15%	12%	15%	20%
• Reduce activity in markets abroad	13%	12%	10%	10%	7%
• Close/reduce facilities abroad	10%	15%	8%	8%	5%

### All respondents

	2Q '09	3Q '09	4Q '09	1Q '10	2Q '10
New business initiatives (net)	54%	63%	60%	59%	53%
• M&A activity (net)	32%	36%	28%	38%	35%
- Purchase another business	30%	34%	27%	32%	33%
- Sale part/all own business	7%	6%	6%	10%	8%
- Equity carve-out/spin-off	5%	3%	3%	3%	2%
• New strategic alliance	31%	33%	35%	32%	28%
• New joint venture	24%	21%	22%	26%	23%
• Expand to new markets abroad	28%	18%	27%	28%	25%
• New facilities abroad	11%	11%	12%	12%	14%
• Reduce activity in markets abroad	13%	12%	11%	10%	7%
• Close/reduce facilities abroad	6%	9%	7%	5%	3%

Note: In 2Q 2010 Industrial manufacturers n=60, All respondents, n=102

# Special topic: Emerging markets

# Expansion plans in emerging markets over next 12 months

## Over the next 12 months, does your company have any expansion plans in emerging markets? Which countries?

Forty-seven percent of industrial manufacturers surveyed in second-quarter 2010 reported expansion plans for their companies in emerging markets over the next 12 months. Senior executives cite expansion plans in China (71 percent), Brazil (54 percent), and India (46 percent), as well as Russia (29 percent), Eastern European countries (25 percent), other Asian countries (25 percent), and Middle Eastern/African countries (21 percent).

Chart 5.1 Expansion plans in emerging markets, next 12 months

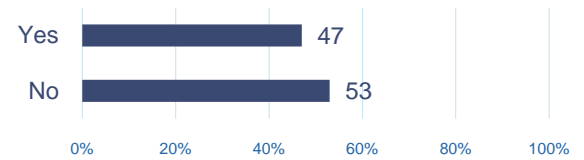
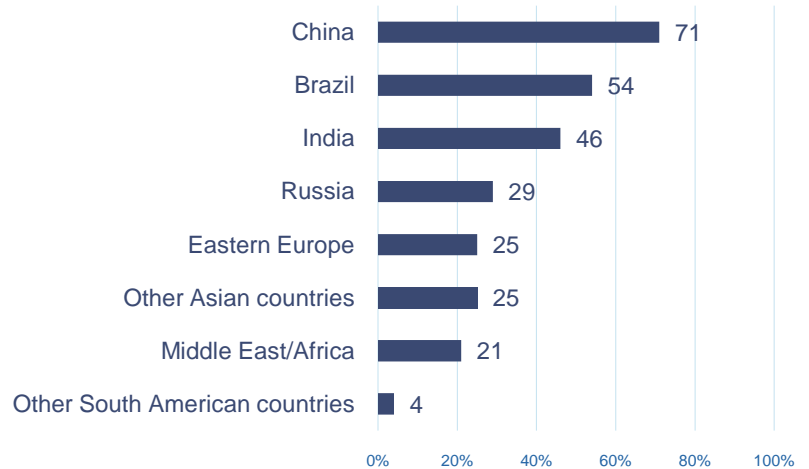


Chart 5.2 Which countries?

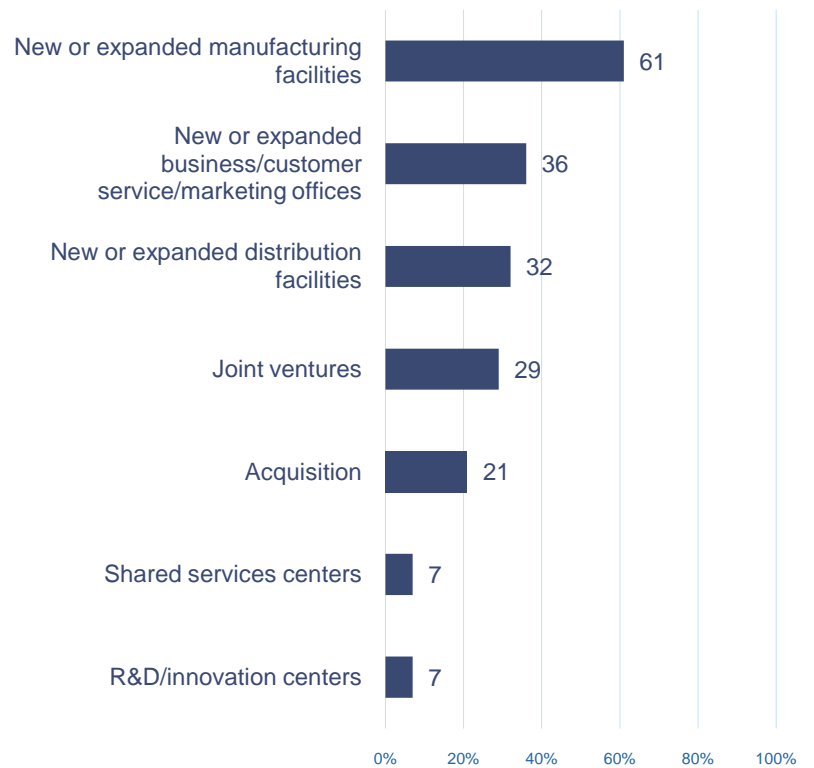


# Type of expansion plans in emerging markets, next 12 months

What type of expansion plans does your company have in these emerging market countries over the next 12 months?

Plans for expansion focus primarily on new or expanded manufacturing facilities (61 percent), followed by new or expanded business/customer service/marketing offices (36 percent), new or expanded distribution facilities (32 percent), and joint ventures (29 percent). Additionally, 21 percent cited planned acquisitions in these emerging markets.

Chart 5.3 Type of expansion plans



# Expansion plans for emerging markets long-term, next 5 years

## Long term, over the next 5 years, what are your company's plans for emerging markets?

Looking ahead at the next five years, 75 percent of panelists have expansion plans for emerging markets. Manufacturing facilities lead the way, cited by 62 percent, including manufacturing only (32 percent) or both manufacturing and sales (30 percent). Twelve percent said their long-term plans include sales offices only, bringing the total sales facilities planning up to 42 percent. Other long-term plans include shared services centers (15 percent), customer service, such as call centers (13 percent), and research and development/innovation centers (5 percent).

Chart 5.4 Expansion plans in emerging markets, next 5 years

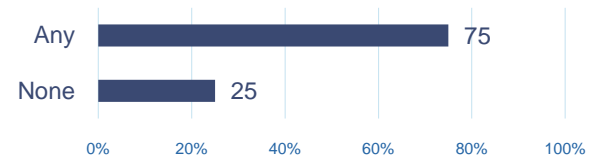
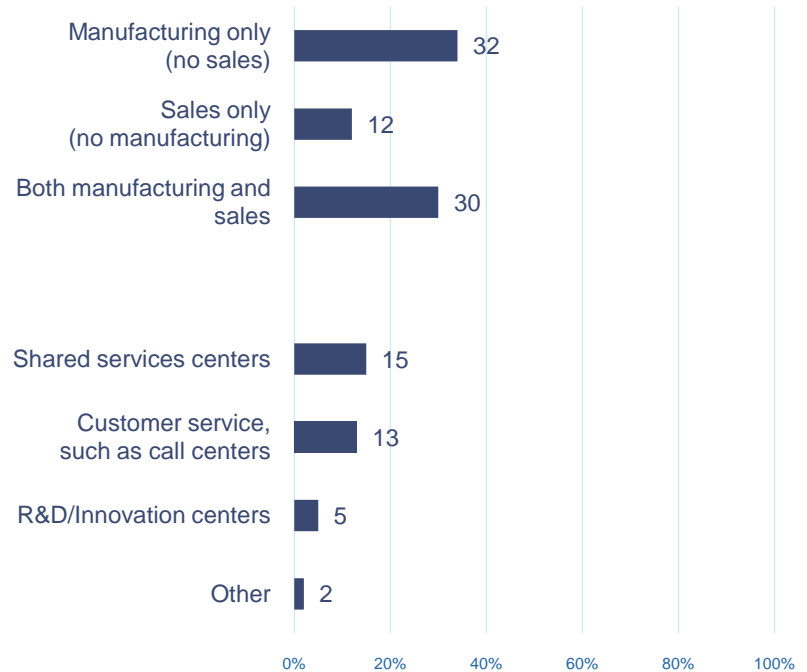


Chart 5.5 Type of expansion plans, next 5 years

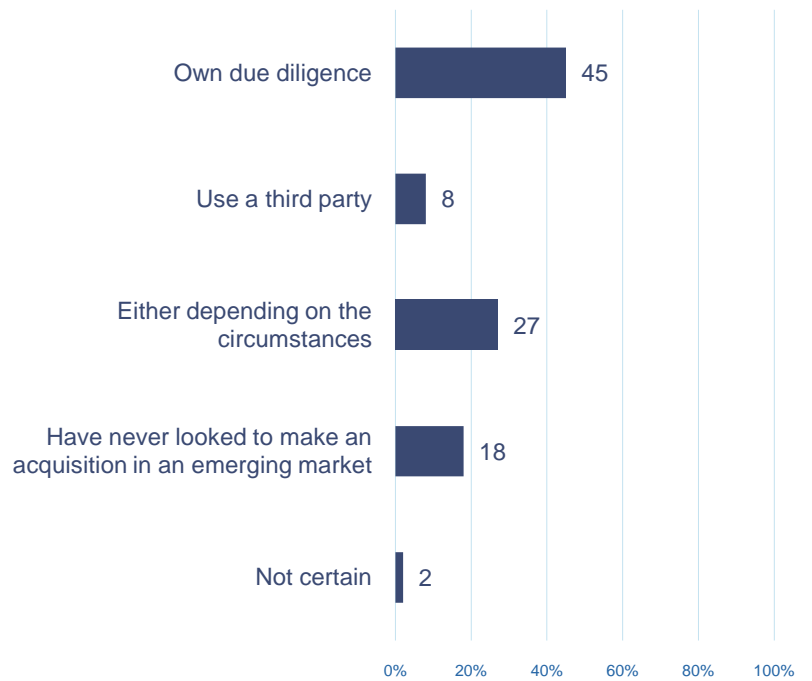


## Due diligence in emerging markets

### Does your company perform its own acquisition due diligence in emerging markets or does it engage a third party?

The majority of industrial manufacturers surveyed said they perform their own due diligence for acquisitions in emerging markets (45 percent). Eight percent report using a third party, and 27 percent said they use either, depending on the circumstances.

Chart 5.6 Due diligence in emerging markets

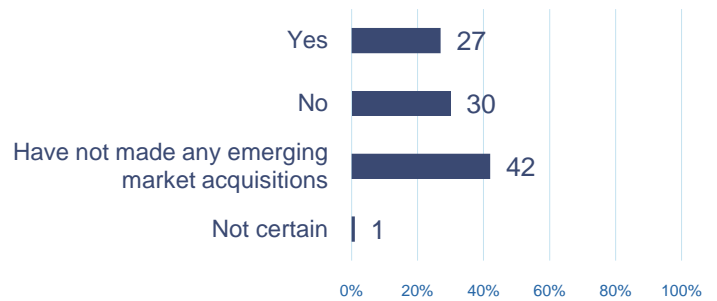


## Difficulty successfully integrating an acquisition

In the recent past, has your firm had difficulty successfully integrating an acquisition in an emerging market?

Among the 57 percent who followed through with an acquisition in an emerging market, almost half (27 percent) said their company had difficulty successfully integrating an acquisition with their operations, (30 percent) said they had no difficulty. Forty-two percent of respondents have not made any recent emerging market acquisitions.

Chart 5.7 Integration difficulty in emerging markets



# Survey demographics and research methodology

## Demographics

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Who	Senior executives of US-based, industrial manufacturing organizations	
Interview dates	April 7, 2010 to July 7, 2010	
	<b>Industrial manufacturers (60)</b>	<b>All respondents (102)</b>
Average number of employees	6,598	8,576
Average business unit revenue	\$2.39 billion	\$3.67 billion
Average enterprise revenue	\$7.48 billion	\$8.77 billion
Market capitalization	\$7.55 billion	\$8.73 billion
Industry sectors	Products 100%	Products 83%
	Manufacturing 100%	Manufacturing 84%
	Trade/Distribution ---	Trade/Distribution 3%
	All other ---	All other 6%
	Services ---	Services 17%

## Methodology

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PricewaterhouseCoopers' Manufacturing Barometer is a quarterly telephone survey conducted by the independent research firm BSI Global Research Inc. Our regular survey panel consists of senior executives from a geographically balanced sample of large companies in the United States. Ninety-five percent of the panelists hold titles such as president, CEO, CFO, VP of finance, treasurer, controller, internal audit director or other related title.

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## About the research:

The Manufacturing Barometer is one in a series of quarterly business outlook surveys from PricewaterhouseCoopers. The survey provides a view on the 12-month outlook for revenue growth, new investments, new hiring plans, emerging business barriers and more. In addition to the business outlook, we hear from our panelists about special issues they face as the business climate changes. Results of the quarterly business outlook surveys and special issue surveys are available from [www.barometersurveys.com](http://www.barometersurveys.com).

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