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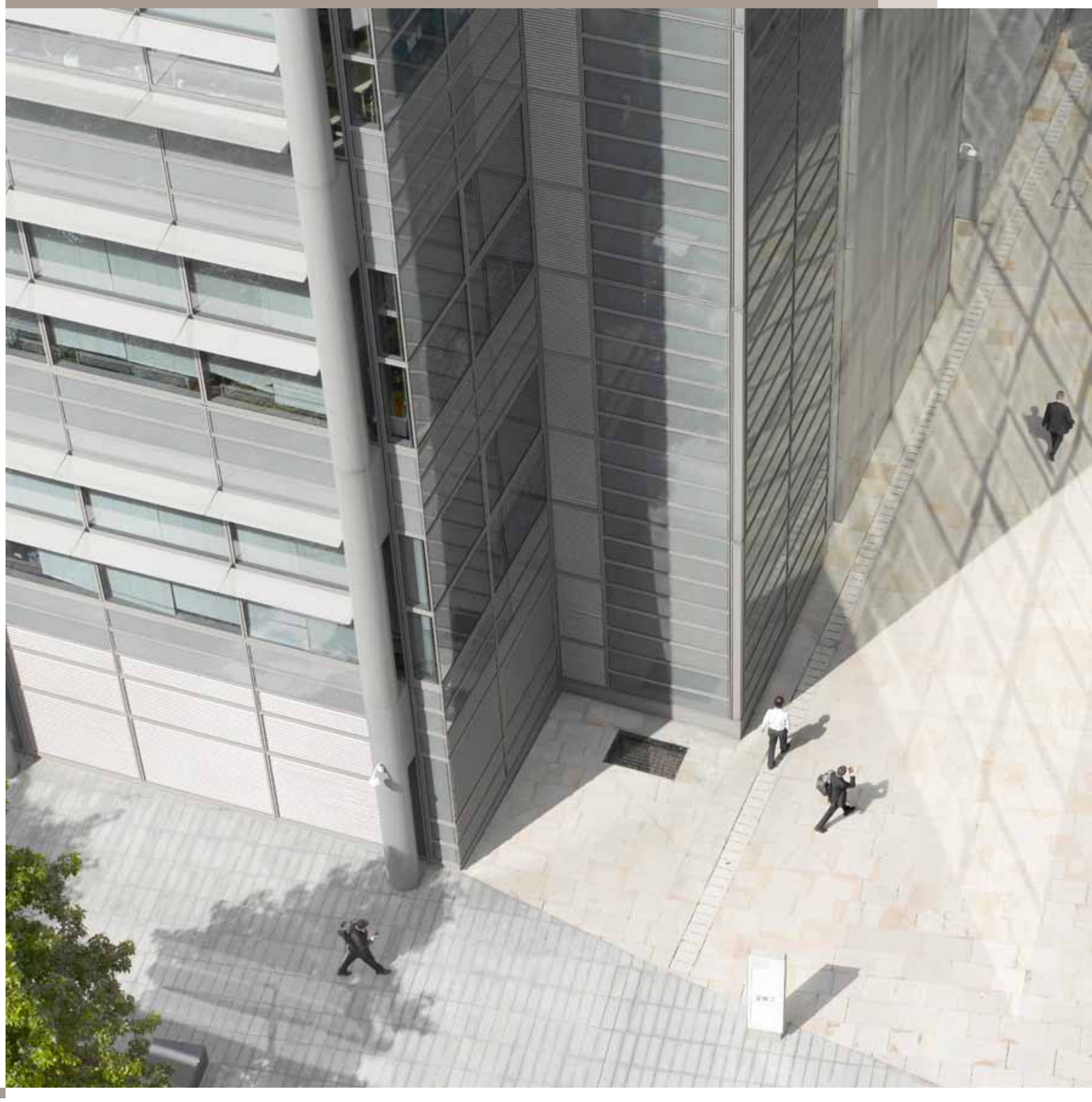
Assembling value
Third-quarter 2010 global industrial manufacturing mergers and acquisitions analysis

Curate's egg: The changing deal environment



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Welcome to the third-quarter 2010 edition of *Assembling value*, PwC's quarterly analysis of mergers and acquisitions (M&A) in the global industrial manufacturing industry. In addition to a detailed summary of M&A activity, we continue our series of special reports on making smarter deals in a changing environment with a look at the good and bad of the global economy and its impact on the strategic deal market.

Special report:
Curate's egg: The changing deal environment

A curate and his egg

An English idiom, a curate's egg comes from a cartoon in the British magazine Punch in November 1895. Over time, the phrase 'curate's egg' has evolved to mean something having a mix of good and bad qualities.

Today's global economy is like a curate's egg. Economic expectations are good and bad, positive and negative. And as the US economy's unpredictability generates greater concern, industrial manufacturing (IM) companies are exercising caution as they consider strategic deals in emerging markets where gross domestic product (GDP) growth is high.

The concept of a mixed bag is especially relevant to the IM industry's M&A market. On the positive side, the number and total value of deals announced during the first three quarters of 2010 increased significantly from the same period a year ago, an indication that the global economy is stabilizing. The downside is that continuing worries about either a slow, protracted economic recovery or a double-dip have many global buyers and sellers taking a wait-and-see approach to deal making.

Meanwhile, US IM companies continue to focus on creating the capital resources necessary to grow their core businesses in emerging markets. However, the valuations attached to these emerging market businesses are very high, resulting in pricing gaps and difficulties closing deals.

IM companies are under stakeholder pressure to find growth opportunities because most commentators predict that Western economies will be sluggish for the next several years. This may lead investors to look toward Brazil, India, China, and to a lesser extent, Russia—the BRIC countries—where GDP growth projections for 2011 range from 4% to over 9%[1]. Mexico and the VISTA countries (Vietnam, Indonesia, South Africa, Turkey, and Argentina) are also becoming attractive alternatives. Despite cash-rich balance sheets and a willingness to invest in emerging markets, many IM corporations are still finding it difficult to expand into these markets, partly due to valuation, but also because shareholder visibility and financial transparency in these countries is lacking.

1 Source: IMF, PwC forecasts

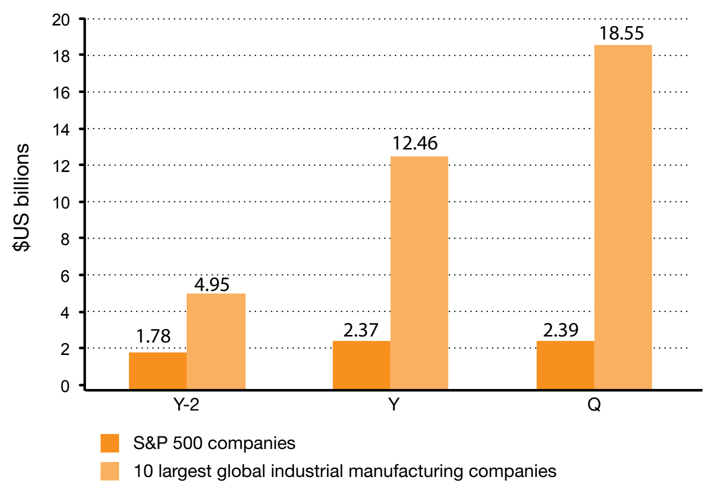
Many companies have realized benefits and rich rewards from foreign investment, but not without first assuming some risk. While emerging markets offer growth opportunities, they also present commercial risks such as protection of intellectual property, compliance with foreign laws and regulations, fraud and corruption, and cultural differences.

And a changing deal environment adds to the challenges.

What's driving changes in the deal environment?

IM companies spent much of the past two years focusing on their core businesses and tailoring their business processes and structures to become more efficient. So many of these companies now have excess cash on their balance sheets. Those willing to jump the hurdles that foreign investment presents will look to emerging markets for acquisitions that will strengthen their core businesses. A PwC analysis of global IM companies shows that the average amount of cash in the most recent quarter is $18.55 billion, up from an average of $4.95 billion just two years ago.

Average cash of industrial manufacturing companies
Q = most recent quarter reported, Y = one year prior, Y-2 = two years prior



Although it appears IM companies have ample cash on hand to finance deals, price becomes an issue when growth rates are higher in the emerging market than in the buyer's home country. For risk-averse US and European IM companies, it can be more difficult to become comfortable with the premium attached to emerging-market businesses. Of course, not all IM company CEOs are risk averse. Rather, they are becoming more deliberate about reshaping not only their strategies, but also their capabilities to address risk. The result is a smarter course for growth that focuses on owning sources of raw materials.

Risk consideration also affects buyers from emerging markets seeking to buy low-growth assets in the United States or Europe. In these cases, skepticism about the true value of the asset often derails the deal. Many IM companies in emerging markets are waiting to see how the US and European economies rebound over the next two quarters before investing.

With 2011 GDP growth projections in the US and Western Europe below 3%, the potential for organic growth for IM companies in these regions is limited, at best. Growth through additional cost reduction is also not a realistic option—most companies have already taken drastic measures to cut costs and improve operating efficiencies. This explains why most global IM companies see M&A as the most viable way to meet stakeholder growth expectations in the current economic environment, despite the risks.

IM companies that have already made significant investment in emerging economies over the past 10 to 20 years are putting plans in place to improve operations and expand their presence to meet booming local demand. For IM companies, Asia stands out. Many IM companies already have a presence in the region and an overwhelming number of those companies anticipate increasing that presence over the next 12 months.

Finally, with improved liquidity in capital markets, deal financing is more accessible than it was a year ago. Also, participation in the deal market by financial buyers such as private equity houses remains subdued, making increased corporate buyer activity more likely.

Managing a changed deal environment

Because of the increased uncertainty, companies are structuring deals in new ways and handling them differently. For example, many are avoiding large, staged auctions except in cases that involve a sizable, high-profile asset. The trend today is toward one-to-one negotiations in off-market deals, where the buyer proactively identifies and approaches the target. This approach allows companies to enter into confidential discussions away from media scrutiny. This also allows corporations looking to divest themselves of noncore businesses to position them for a sale by identifying and briefing the potential "A" list buyers.

In general, IM companies have become more cautious and diligent about what they are buying. They no longer favor diversification as a global M&A theme. Instead, IM companies are looking for deals that can provide new strategic opportunities, such as bundled services that provide their customers with solutions rather than just products.

More than ever, deals today must provide a strategic and commercial fit with existing operations that drives growth.

Perspectives:
Thoughts on deal activity in the third quarter of 2010

The third quarter saw a slight decline in the number of deals valued at $50 million or greater; however, deal value increased significantly. With 29 transactions announced in the third quarter, the first three quarters of 2010 still concluded on a strong note.

In terms of value, deals totaled $16 billion in the third quarter of 2010, compared with $7.5 billion in the third quarter of 2009 and $10.8 billion for the first half of 2010. As deal values trended higher, average deal values also increased from the first half of 2010 and increased significantly compared with the third quarter of 2009. Mega-deals, transactions of $1 billion or more, contributed substantially to these results.

Despite the improvement in many global economic trends, smaller deals and transactions with undisclosed values remain the drivers of overall activity. At the same time, the level of middle-market, large, and mega-deal activity is improving, and the near-term outlook remains favorable for further improvement. There were three mega-deals in the third quarter. This compares favorably to the first half, during which only two mega-deals were announced.

In the third quarter of 2010, the contribution of strategic investors declined relative to prior periods. With asset valuations constrained by fundamental considerations, financial investors that have adequate capital resources, access to financing, or both, may be looking to achieve long-term strategic goals (e.g., higher growth rates) by means of increased acquisition activity. During the third quarter of 2010, targets classified as industrial machinery or fabricated metal products manufacturers were the primary categories driving activity.

Also during the third quarter, targets in North America led deal activity, with 41% of all transactions valued at $50 million or more announced in the region.

In relative terms, Asia and Oceania remained another strong region for deal activity. On an absolute basis, nine transactions were announced in the region for the quarter versus 37 in all of 2009. Considering BRIC-related deal activity, China was the key driver. For the third quarter, four deals were announced with BRIC targets (three from China and one from India), and five deals were announced by BRIC acquirers (four from China and one from India).

Looking ahead, a number of indicators point toward improvement in the deal environment. Credit access is loosening, equity markets are advancing, and economic growth rates are stabilizing. At the same time, weaknesses, such as residential construction activity in the United States and stubbornly high unemployment, continue. Nevertheless, we believe that buyers are becoming increasingly optimistic in their near-term economic outlooks.

Cash conservation, cost containment, and margin expansion continue as relevant considerations. However, valuations remain constrained relative to historical levels, which will continue to present buying opportunities for companies with strong balance sheets. The first three quarters of 2010 ended on a strong note, and we believe a recovery in deal activity will continue as the year draws to a close.

Commentary:
Third-quarter activity deal value advances significantly as volume slips

In the third quarter of 2010, the volume of transactions worth $50 million or more decreased slightly on both a sequential and year-over-year basis. However, their value greatly exceeded that of the third quarter of 2009 as well as the first half of 2010. This increase in deal value was fueled by three announced mega-deals in the quarter, two of which had values greater than $4 billion.

We expect future activity to build on the year-to-date momentum. The year is outperforming 2009, and we believe the deal environment will continue to improve in the fourth quarter, although slowly, in part because the nature of the recovery is dictating that organic growth will be gradual.

Quarterly industrial manufacturing deal activity
Measured by number and value of announced deals worth $50 million or more

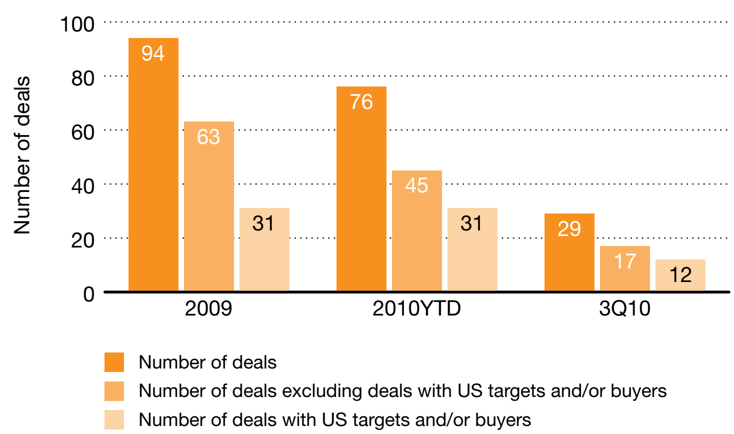
	2007	2008				2009				2010		
	4Q	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**
Number of deals	72	43	47	41	11	16	12	32	34	14	33	29
Total deal value ($ billions)	40.4	8.0	20.1	8.3	2.3	2.0	3.2	7.5	10.0	2.3	8.5	16.0
Average deal value ($ billions)	0.6	0.2	0.4	0.2	0.2	0.0	0.3	0.2	0.3	0.2	0.3	0.6

US-affiliated transactions remain key drivers of total deal value

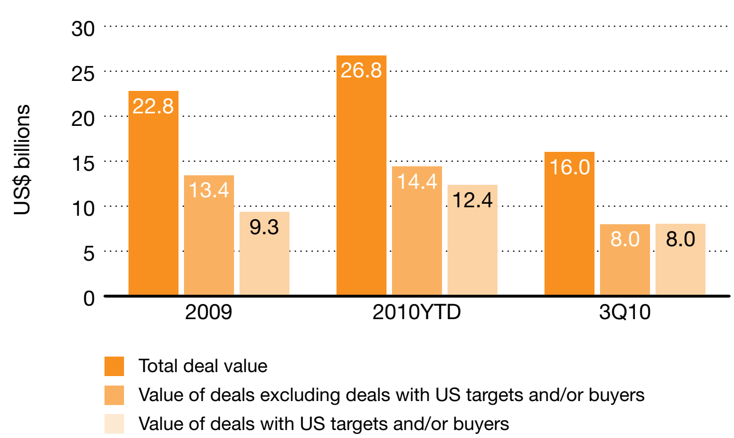
Transactions including US targets and/or buyers continued to be key drivers of deal activity during the third quarter. Of the 29 transactions taking place in the period, 12 (41%) involved a US entity. This compares with an average 61% over the past four years (2006–2009) yet is an improvement over both 2009 and the first half of 2010.

Similarly, almost 50% of total deal value during the third quarter was attributable to US-affiliated activity, signaling a comeback in comparison with the 40% for 2009 and 46% for year-to-date 2010. While deal making by US entities has not fully recovered, it appears to be improving.

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



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

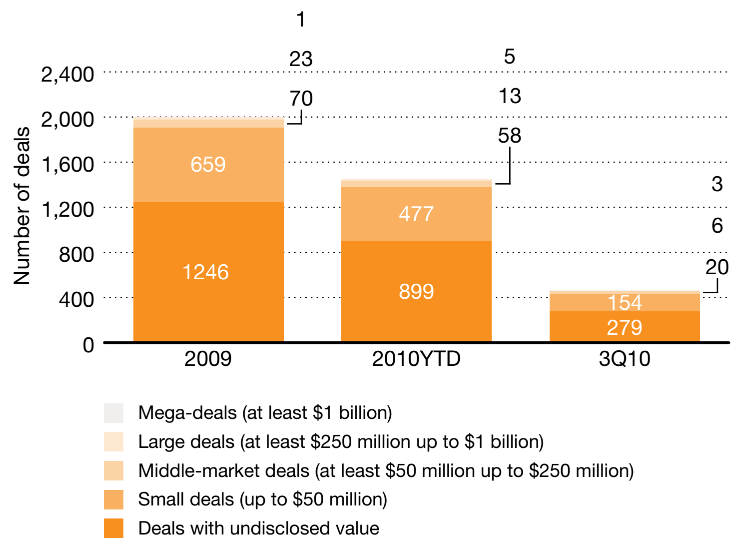


Smaller deals continue to drive activity, though larger deals increase

Despite the improvement in many global economic trends, smaller deals and transactions with undisclosed values remain the drivers of overall activity, which has been the tendency historically.

However, middle-market, large, and mega-deal activity is improving, and the near-term outlook remains favorable for continued growth.

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



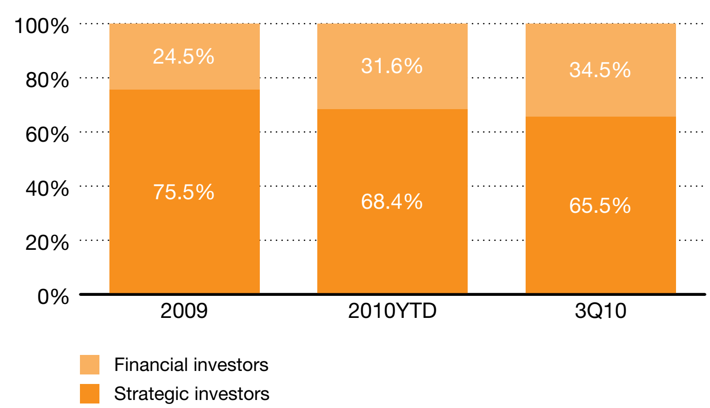
Third-quarter financial investments increase

In the third quarter of 2010, financial investor contribution increased relative to prior periods, continuing a trend observed since 2009.

Current market valuations of targets are attractive by both relative and absolute standards. Based on deal value to EBITDA and deal value to sales, values decreased slightly in third-quarter 2010 compared with the previous two quarters. With the greater credit availability and improved global economy, financial investors may be concluding that bargains are available, moving the percentage of financial investors back up toward historical levels.

Two of the three mega-deals in the third quarter were made by financial investors, indicating that these investors may be getting more comfortable with higher-value deals.

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



Mega-deal activity leaps

Three mega-deals (transactions of $1 billion or more) were made in the third quarter. This compares favorably with the first half of the year, during which only two mega-deals were announced. Mega-deal value for 2010 is already significantly greater than that of 2009, when only one was announced.

All three transactions during the third quarter involved North America-based buyers. In the largest deal, announced in August, the US-based Reynolds Group will acquire Pactiv, a leader in the food service and food packaging markets, for $4.52 billion. Reynolds is financing the buyout through a combination of loans and high-yield bonds.

In July, the board for Tomkins Group, a UK-based manufacturer of industrial systems and building products, agreed to a takeover by Canada-based Pinafore Acquisitions in a deal valued at $4.38 billion. Tomkins is among the latest European manufacturers to be targeted as buyout firms and cash-wielding global companies seek to invest in new markets and products.

Finally, Hellman & Friedman, a private equity firm, agreed in September to buy Associated Materials, a maker of home-building products, from its current private equity owners for about $1.3 billion in cash. The deal is the latest so-called secondary buyout, a deal struck between buyout firms, as private equity players seek to exit from their holdings.

Also of note, although not included in this past quarter's metrics, on October 6, General Electric (GE) announced that it had agreed to buy Dresser, a privately held energy infrastructure company, for $3 billion. The deal is the company's largest industrial acquisition since the start of the economic downturn.

This proposed deal follows closely on the October 1 announcement that GE had acquired assets of Calnetix Power Solutions, a manufacturer of waste heat recovery systems for renewable and distributed energy markets. Terms of that deal were not disclosed. The interest in energy-related infrastructure products as targets may signal that strategic buyers believe that this is an attractive market from a growth perspective.

Mega-deals in 2009

Month announced	Target name	Target nation	Buyer name	Buyer nation	Status	Value of transaction in US$ bil.	Category
Nov	The Black & Decker Corp	United States	The Stanley Works	United States	Completed	3.47	Industrial Machinery

Mega-deals in 2010 YTD

Month announced	Target name	Target nation	Buyer name	Buyer nation	Status	Value of transaction in US$ bil.	Category
Aug	Pactiv Corp	United States	Reynolds Group Holding Ltd	United States	Pending	4.52	Rubber & Plastic Products
Jul	Tomkins PLC	United Kingdom	Pinafore Acquisitions Ltd	Canada	Completed	4.38	Industrial Machinery
Apr	Chloride Group PLC	United Kingdom	Rutherfurd Acquisitions Ltd	United Kingdom	Completed	1.49	Electronic & Electrical Equipment
Sep	Associated Materials Inc	United States	Hellman & Friedman LLC	United States	Pending	1.30	Fabricated Metal Products
Jun	Chloride Group PLC	United Kingdom	ABB Ltd	Switzerland	Withdrawn	1.25	Electronic & Electrical Equipment

Multiple industrial products categories drive activity

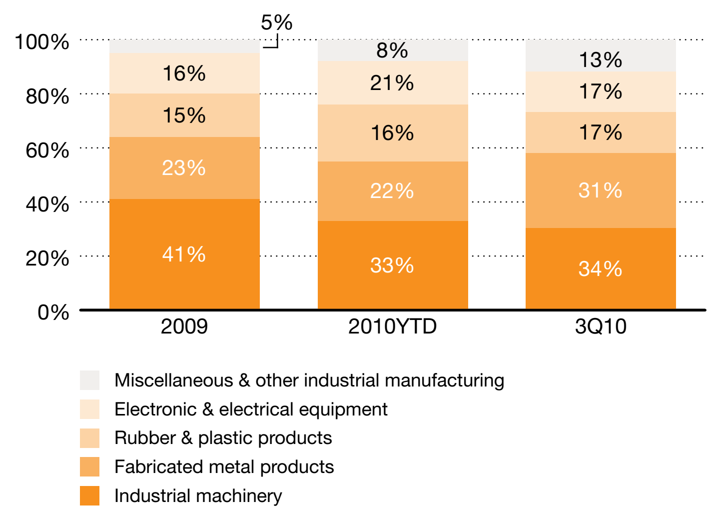
PwC segments the industrial manufacturing sector into five categories by comparing SIC codes to our internal classification system. Based on this process, we group deals (measured by number) into five product and service segments:

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

Based on this methodology, most of the activity during the third quarter of 2010 involved targets classified as industrial machinery and fabricated metal products manufacturers. Industrial machinery's contribution to deal activity declined in the third quarter relative to 2009 as fabricated metal products' contribution increased.

Of the three mega-deals for the third quarter, one was for industrial machinery (the $4.3 billion takeover of Tomkins Group), and one was for fabricated metal products (the $1.3 billion offer for Associated Materials). The third and largest mega-deal was for rubber and plastics constituent Pactiv (valued at $4.52 billion).

Deal volume by industrial manufacturing category
Measured by number of announced deals worth $50 million or more

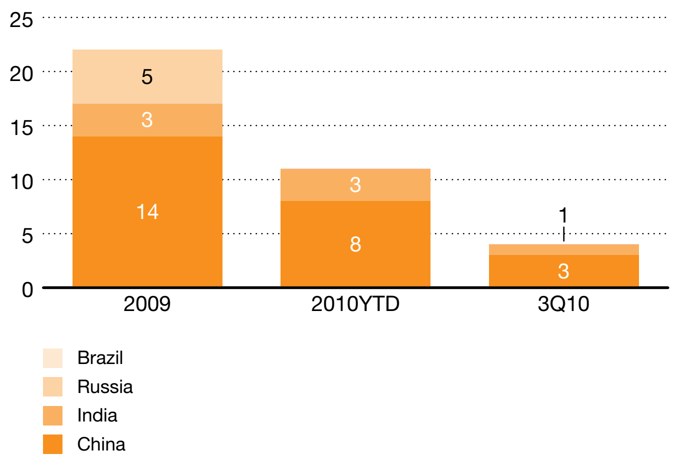


BRIC-affiliated transactions fluctuate

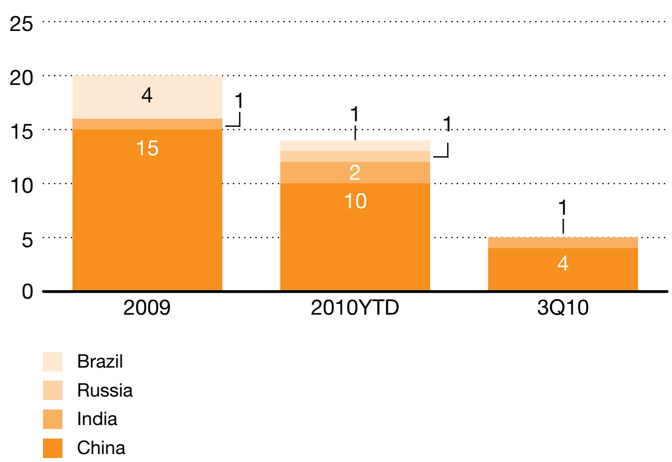
Activity affiliated with BRIC countries has fluctuated in the first three quarters of 2010. There were four deals for BRIC targets in the third quarter compared with seven in the second quarter and none in the first quarter. Similarly, there were five deals with BRIC acquirers this quarter compared with seven in the second quarter and only one in the first quarter. While the number of transactions with BRIC acquirers is on pace to match 2009, transactions with BRIC targets are lagging the prior year.

China was the key driver of BRIC-related activity. Of the four deals announced for BRIC targets, three were for targets in China. Of the five deals announced by BRIC acquirers, four were by Chinese companies. The Chinese deals were predominantly local market (three deals), and there was one deal each in the industrial machinery, rubber and plastic products, and electronic and electrical equipment categories. The fourth China-based deal was the acquisition by Hong Kong-based Zhen Hua Engineering Company of US-based industrial machinery manufacturer Friede & Goldman.

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



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



Regional analysis

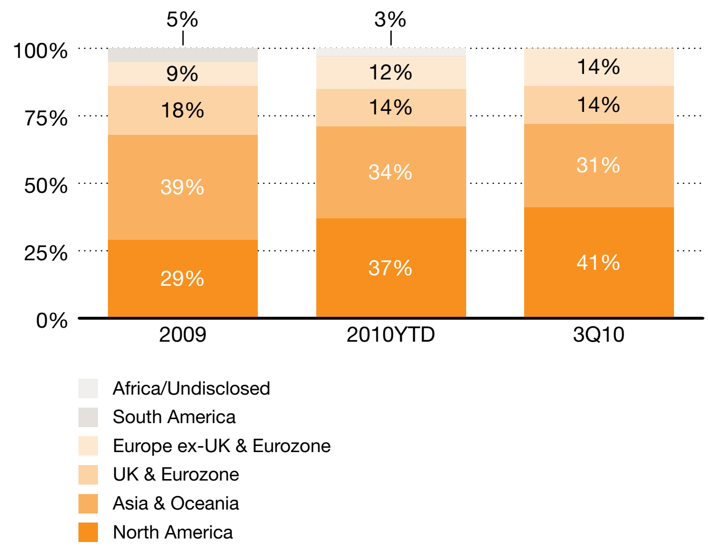
North American targets lead deal activity

During the third quarter, targets in North America led deal activity, as 12 deals, or 41% of all transactions valued at $50 million or more, were announced in the region. In relative terms, Asia and Oceania remained a strong focus for deals as well with nine transactions announced in the region for the quarter.

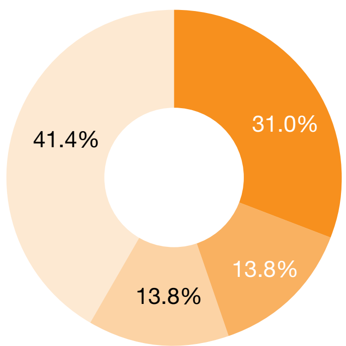
The regions driving geographic trends for acquirers are typically North America, Asia and Oceania, and UK and Eurozone. We expect deal activity to remain strong in these regions because they benefit from regulatory environments that generally support both foreign investment and domestic consolidation. These regions also feature more efficient capital markets systems and infrastructure compared to the other regions (South America, Europe ex-UK and Eurozone, and Africa), which makes raising capital for M&A transactions easier.

A considerable portion of the activity in Asia involved local-market deals, particularly in China. We saw Chinese companies increasing their stakes in subsidiaries and joint ventures.

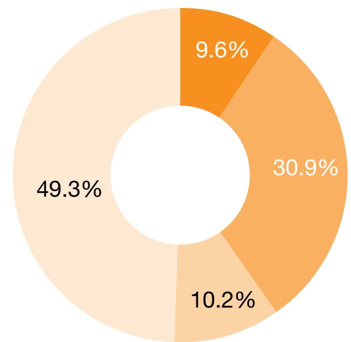
Regional distribution of deal volume by target region
Measured by number of announced deals worth $50 million or more



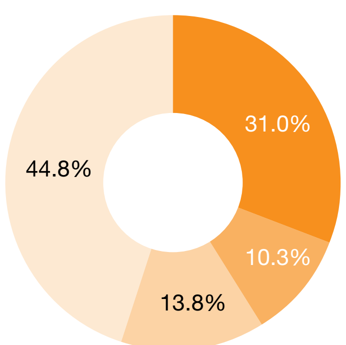
Regional distribution of deal volume by target region
Measured by number of announced deals worth $50 million or more (3Q10)



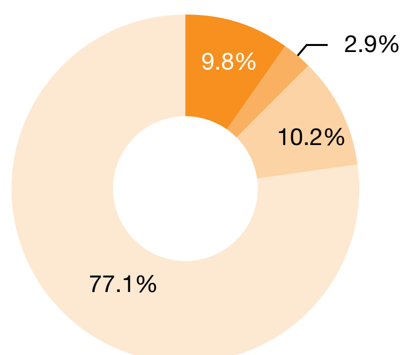
Regional distribution of deal value by target region
Measured by value of announced deals worth $50 million or more (3Q10)



Regional distribution of deal volume by acquirer region
Measured by number of announced deals worth $50 million or more (3Q10)



Regional distribution of deal value by acquirer region
Measured by value of announced deals worth $50 million or more (3Q10)



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

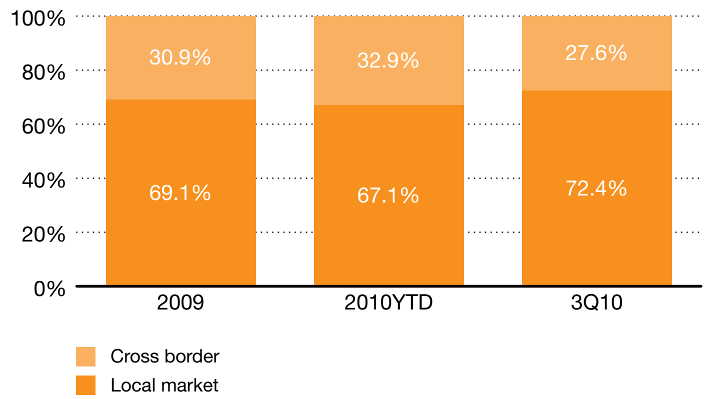
Allocation of cross-border deals lower in third quarter

Historically, cross-border transactions have been an integral part of the M&A story, although recently fewer of these transactions have occurred. With their political, socioeconomic, and currency considerations, cross-border transactions often involve higher risks than local-market deals.

Local-market activity may have increased because of cost synergies as well as the lower risk of acquiring companies in the same geography. As economies continue to improve, cross-border deal activity should begin to increase as perceived rewards begin to outweigh perceived risks.

Several factors should aid such an increase in cross-border activity. The forces include the perceived need of corporations to augment slow organic growth by entering new, faster-growing geographies and companies' repositioning of product portfolios for increased growth.

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



Results from PwC's 13th Annual Global CEO Survey showed that CEOs from large companies were more likely than those from smaller companies to complete an acquisition or enter a strategic alliance. Leaders of large corporations also were planning deals and alliances in the coming year, according to the survey released in January 2010. And many of these planned transactions were expected to be cross-border deals because of the opportunities available in emerging markets.

The appeal of cross-border deals will continue to grow as more companies venture beyond their own country's borders to find the ideal acquisition candidate. The PwC Corporate Finance network closes a deal a day on average around the globe in midmarket M&A transactions and more than 40% of them are cross-border deals.

Perceptive acquirers learn lessons from each successful cross-border transaction and use this knowledge to navigate effectively through such obstacles as questionable business practices, inconsistent bookkeeping methods, political instability, and poor environmental controls. And while the challenges of cross-border deals differ based on the size of the business and the countries involved, leading companies follow the same basic process in conducting deals. They establish the strategic purpose for each acquisition; manage and monitor employee engagement; address change management issues; apply best practices for integration; and track their progress toward achieving the desired cultural end state of the new company.[2]

How PwC Corporate Finance[3] can help

PwC's award-winning Corporate Finance practice (more commonly known as Investment Banking in the US) provides independent financial advice to corporations, institutional investors, and governments seeking to buy or sell businesses, raise new financing, or improve the efficiency of the funding on their balance sheets. Our focus is on building long-term client relationships rather than closing a deal regardless of whether it is in the client's best interests. We are independent of the source of finance and so we differentiate ourselves through intellectual not financial capital. These factors, together with our deep industrial products sector knowledge and international network, combine to make great deals better.

Our global network of corporate finance advisors makes the difference because:

- We have a talented team of more than 1,000 corporate finance professionals operating in more than 60 countries. We can deploy our professionals whenever and wherever you are doing deals.

- We have provided in-depth financial advice on more than 300 announced deals globally per year with an average deal size of $135 million in the 10 years from December 1999 to December 2009. More than 40% of those deals were cross-border.

- We have extensive industry capabilities, local-market knowledge, and we have successfully advised both corporate clients and institutional investors.

- Thompson Reuters reported that PwC Corporate Finance completed the second-highest volume of deals globally in the mid-market for the 10 years through December 31, 2009.

- We can bring the strength of the PwC Corporate Finance network to bear by sourcing acquisitions targets globally including the BRIC countries and other emerging markets.

As experienced dealmakers, we offer integrated solutions with full access to PwC's due diligence, tax, and post-deal professionals providing the full range of deal support from identification and strategic planning to post-merger integration.

2 PwC Global Best Practices: "Analyze and capitalize on cross-border opportunities"

3 Corporate Finance services in the US are performed by PricewaterhouseCoopers Corporate Finance LLC, a registered broker dealer. PricewaterhouseCoopers Corporate Finance LLC is owned by PricewaterhouseCoopers LLP, a member firm of the PricewaterhouseCoopers Network, and is a member of FINRA and SIPC.

Specialty Case Studies: Buying and selling global assets

Noncore disposal

Issue

A global IM company based in Europe made a strategic decision to sell one of its noncore business units located in the United States, but needed help planning, executing, and finalizing the divestment to maximize proceeds. In particular, the client needed assistance finding an appropriate global buyer, determining valuation, anonymously soliciting interest from global buyers, as well as presenting the noncore business in the best light. Complicating the transaction, the financial records of the business to be divested were integrated into the financial records of the client's other operations and needed to be carved out.

Action

To help the client find the right buyer for its business unit, PwC's Corporate Finance practice conducted a global sales process and contacted more than 50 potential buyers in the United States, Canada, Europe, Brazil, South Africa, and Asia; including India, China, and Japan. PwC Corporate Finance assisted with positioning the business for sale, acting as the initial point of contact with the potential buyers, and assisting with the price negotiations and the other major terms in the sale and purchase agreement. The sale process also included the negotiation of multiple ancillary supply, tolling, and transition service agreements.

A PwC Transaction Services engagement team assisted and advised the client as they drafted separate and accurate financial records for the business unit being divested. These financial statements formed the basis from which potential buyers were then asked to submit offers for the business.

Impact

The Corporate Finance engagement team's sale process yielded nearly a dozen indicative offers and six final offers. Of the indicative offers, four were from the US and Canada, four were from Asia, and three were from Europe. Most of the offers were from strategic buyers. A deal was subsequently closed with an Indian buyer for a US asset owned by a European client.

The PwC sell-side diligence information withstood scrutiny from multiple buyers and the client was able to achieve its divestiture objectives. The client sold the business to a buyer for a price that was within 3% of the top end of the PwC Corporate Finance team's preliminary valuation range.

Acquisition identification and advice

Issue	A US IM company wanted to enter a high-growth market as a way to meet stakeholder demands to accelerate growth. The client had its sights set on making an acquisition in China, but had limited knowledge of the country and how to find a suitable target. To move its plans for strategic growth forward, the client informed PwC Corporate Finance in the US of its global acquisition criteria.
Action	PwC's US Corporate Finance team shared the client's acquisition criteria with the firm's global Corporate Finance network. PwC Singapore identified a potential acquisition target based in China and owned by a private equity firm in Singapore. Taking advantage of PwC Singapore's existing relationship with the private equity firm, the corporate finance engagement team was able to make an exclusive introduction of the US client to the target, without the deal going to auction. PwC's Transaction Services practice in both the US and China provided due diligence services to the US client.
Impact	The US client, which had limited previous exposure or experience in the Asian market, was given an opportunity to buy a business in China on a one-to-one exclusive basis. The PwC engagement teams assisted in sourcing the deal and in negotiations, including those on pricing and structure.

PwC's industrial manufacturing experience

Deep industrial manufacturing experience

Our Industrial Manufacturing practice is comprised of a global network of industry professionals who provide assurance, tax, and advisory services to public and private companies around the world. Central to the successful delivery of our services is an in-depth understanding of today's industry issues, in addition to a wealth of specialized resources and "best practices" that help solve complex business challenges. Our highly skilled team encourages conversations on top-of-mind trends and issues through active participation in industry conferences and associations, as well as through industry-focused publications and Web forums. To address your industry needs wherever they arise, our professionals are concentrated in areas where the industrial manufacturing industry operates today and in the emerging markets where it will increasingly operate in the future.

Quality deal professionals

PwC's Transaction Services practice, with more than 6,500 dedicated deal professionals worldwide, has the right industry and functional experience to advise you on factors that could affect a transaction, including market, financial accounting, tax, human resources, operating, IT, and supply chain considerations. Teamed with our Industrial Manufacturing practice, our deal professionals can bring a unique perspective to your deal, addressing it from a technical aspect as well as from an industrial manufacturing industry point of view.

Local coverage, global connection

In addition to the more than 9,300 professionals who serve the industrial manufacturing industry, our team is part of an Industrial Products group that consists of over 32,000 professionals, including 17,000 providing assurance services, 8,300 providing tax services, and 7,000 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

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; metal forgings and stampings; coating, engraving, and allied services; miscellaneous fabricated metal products; engines and turbines; farm and garden machinery; metalworking machinery; special industrial 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.

This analysis includes all individual mergers and acquisitions for disclosed or undisclosed values, leveraged buyouts, privatizations, minority stake purchases, and acquisitions of remaining interest announced between January 1, 2008, and September 30, 2010, with a deal status of completed, intended, partially completed, pending, pending regulatory approval, unconditional (i.e., initial conditions set forth by the buyer have been met but deal has not been completed), or withdrawn.

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

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