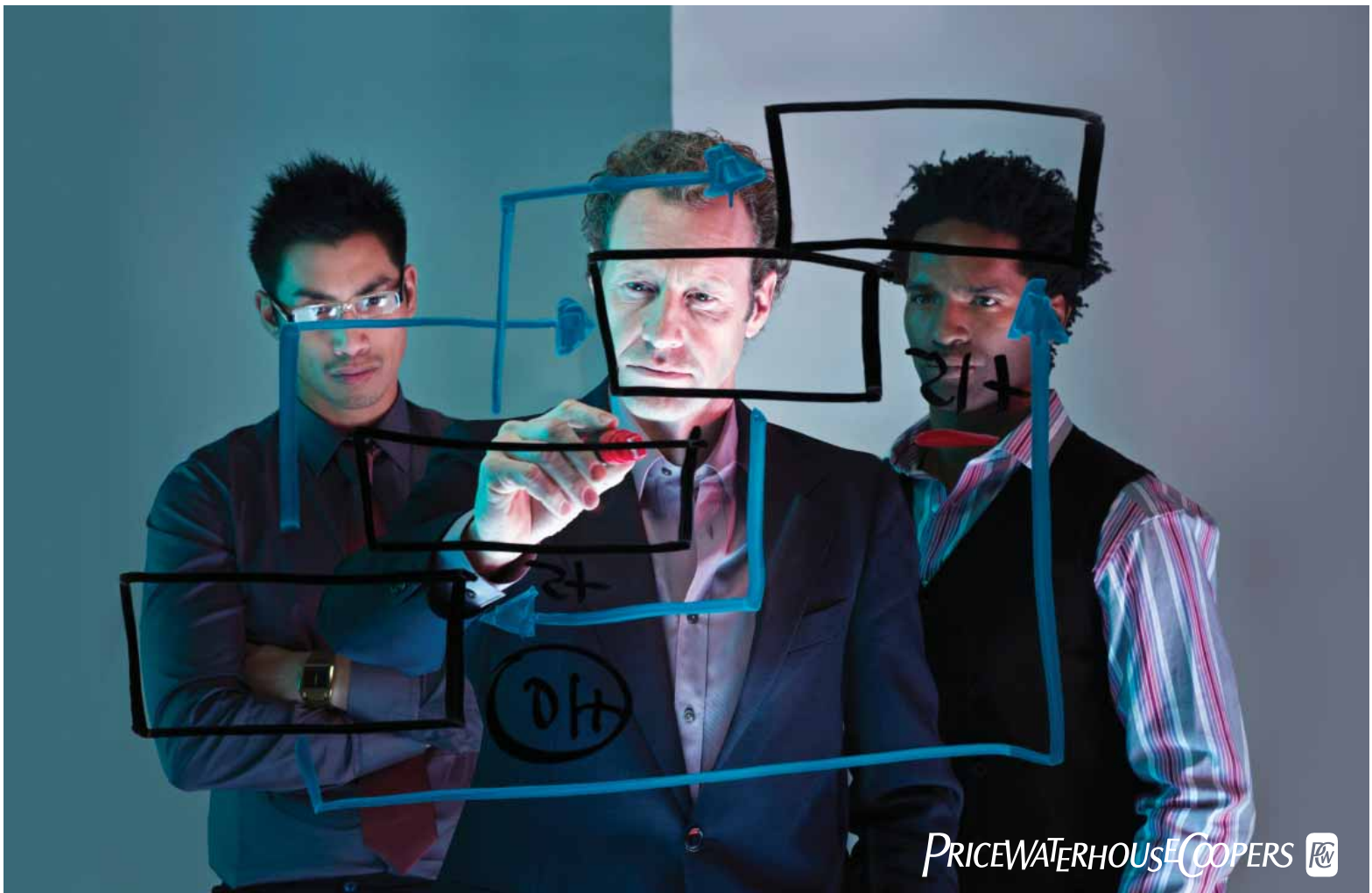


# Engineering growth

Second-quarter 2010 global engineering and construction industry mergers and acquisitions analysis

Making smarter deals in a changing environment: Merger integration



Welcome to the second-quarter 2010 edition of *Engineering growth*, our analysis of mergers and acquisitions (M&A) in the global engineering and construction sector. In addition to a detailed summary of M&A activity in the second quarter of 2010, we continue our special report series on making smarter deals in a changing environment and look at merger integration and the ever-increasing importance of capturing synergies to maximize deal value. The discussion explores the significance of cost containment and synergy target identification, and presents strategies for successful M&A integration.

## Special report

# Making smarter deals in a changing environment: Merger integration

### Capturing synergies to maximize deal value

It's perhaps the hardest and most important part of a transaction. When done right, it unites two entities and improves the operations and financial well-being of nearly everyone involved, from the owners and investors, to the employees of both organizations. But without a vision and a plan to capture synergies that make the whole better than the sum of the parts, a merger integration is in trouble from the start.

In today's soft economy, the merger integration planning process is more important than ever. Engineering and construction (E&C) companies must balance a desire to quickly reach the finish line with a need to systematically leverage synergies and contain costs after a transaction. As the number of announced E&C deals grows and as more companies enter this toughest phase of the deal process, organizations focused on outpacing their competitors can lose sight of the deal's objectives.

For E&C companies dealing with a depressed construction market, there are added complications when large and midsize companies acquire smaller "mom and pop" type operations hit hard by the building slowdown. In these types of integrations, it is difficult to transfer the rigor and structure of the larger company to the new company. The increase in industry consolidations also is seen as a way for companies to survive while the economy slowly improves.

"Multinational companies strengthened their cash positions during the recession, and as they look forward over the next three to five years, acquisitions are seen as a key enabler for revenue growth," said Jim Smith, a PricewaterhouseCoopers (PwC) M&A Integration practice leader. "Having done acquisitions in the past, many of these companies are reflecting on how well those deals were executed, and they see opportunities for improvement—opportunities to execute a smooth transaction with an early realization of synergies."

### The economic recovery highlights the importance of cost containment

During the economic downturn, E&C companies spent considerable time and effort right-sizing their cost and organizational structures. Now that the economy is slowly recovering, the time is ripe for acquisitions that stimulate revenue growth, keeping in mind that capturing value depends on making the most of each company's strengths, consolidating operations, and reducing costs.

This is a good time for E&C companies to review past transactions with an eye toward completing integrations that were not finalized during the building boom. In most cases, companies are able to improve upon the integration process and realize cost savings from past transactions by consolidating back-office functions or reducing overhead through efficient changes.

During the integration phase, companies must guard against inadvertently adding unnecessary overhead by failing to recognize redundant processes. Instead, companies are challenged to stay lean and hold on to cost benefits achieved during the downturn. To meet that goal requires identifying and quantifying synergy targets. With a disciplined approach and the right tools, companies can accelerate the integration process and realize savings of up to 40 percent.

"As companies are doing acquisitions, they must be focused, structured, and fast-moving to take out excess overhead and leverage the economy of scale or cost advantages that businesses obtain as a result of an acquisition," said PwC's Michael Wright, an M&A Integration practice leader. "The value driver initiative could be combining the two back-office finance functions, or consolidating and implementing best practices that eliminate redundancy." Synergy also is found by combining purchasing power and driving better costs and terms with strategic vendors and service providers.

## Identifying synergy targets

The synergies identified during the merger integration phase can be categorized into three common areas: revenue and market growth; cost reduction and efficiency leverage; and capital optimization.

### Revenue and market growth

The deal strategy may anticipate synergies from entering into new markets, expanding to new geographies, or accessing new distribution channels. Other synergies can be realized by leveraging an expanded sales force to reach new customers. Still more could result from product innovation by combining each company's research and development efforts and leveraging existing production platforms to deliver new products or services.

### Cost reduction and efficiency leverage

Typically, opportunities for cost reduction can be found in the income statement, particularly in back-office functional areas such as procurement, payroll, finance, human resources, and information technology. These synergies can result from permanent reductions in departmental operating costs (e.g., head count reductions), better management of combined spend (e.g., policy alignment), or increased productivity from consolidated operations (e.g., economies of scale, better use of technology, vendor consolidation, leveraged purchasing, etc.), among others.

### Capital optimization

A company's balance sheet might also be the source of synergy opportunities. For example, "hard" assets such as property, plant, equipment, and inventory can be rationalized through combination or closure, or more optimized utilization. "Soft" asset synergies can be realized through better management of working capital, cost of capital, accounts receivable (e.g., collection periods, A/R turnover, etc.), and optimizing debt-to-equity levels.

## Staying on track during the integration phase

During the integration phase, both companies must maintain their customer base. They can achieve that goal by making preparations during the due diligence process to define the marketing and sales strategy of the combined company. Once the deal is announced, they should educate their sales force on how the deal will impact each customer segment. They should also contact their most loyal customers from both companies to communicate ways the new company will better serve them and to quickly demonstrate their unified entity to the customers. This is particularly important when purchasing a complementary product where the acquired business shares a similar customer base.

It also is critically important for the finance function to deliver a centralized process for monitoring, tracking, and reporting synergies to ensure the new company stays on task and delivers measurable results. Companies depend on their finance function to structure the tracking to measure the capture of deal value, integrate business operations, maintain common controls, provide accurate and consistent financial reporting, ensure tax compliance, and establish interim legal structures and business processes that provide the new company with the flexibility it needs to grow and thrive.

Other issues faced by E&C companies as they work toward merger integration include:

- Reputation management
- Climate strategy, renewable energy, and energy efficiency
- Environmental impacts of production operations
- Workforce health and safety
- Social/community impact

## Strategies for successful M&A integration

Companies that seek to achieve profound organizational change through a deal should consider the following strategies:

- **Manage diligence and integration in lockstep**—In a merger or acquisition, an integrated process for due diligence and integration can help companies better identify issues and opportunities.
- **Envision and plan for day one**—During the deal process, companies that focus on all of the operational details for their new company will be well positioned to hit the ground running as soon as the deal concludes.
- **Secure leadership commitment**—When companies pursue transformation, it is essential to establish executive leadership both for the deal itself and for the organization going forward. This includes defining the span of control, responsibility, accountability, and reporting relationships.
- **Aspire to excellence in deal communication**—How companies communicate about a deal, both internally and externally, matters. This includes the deal announcement, integration progress, and people plans.
- **Prioritize initiatives for maximum impact**—During a deal, companies that don't try to boil the ocean but rather focus on those projects that either generate revenue or drive down cost tend to be more successful in their efforts.

- **Establish an integration management office**—Integration in particular requires rigorous program management and realistic timelines. Without a central governance structure and a methodology driving the integration, people might fail to complete important tasks.
- **Execute quickly and methodically**—Companies should consider all areas touched by the transformation and engage the various stakeholders, such as finance, information technology, human resources, legal, operations, and sales and marketing. They should also focus on speed, particularly during an integration.
- **Remember to put people issues first**—Especially during a transformative deal, it's critical that the goals for individuals align with the goals of the overall company. People should understand where they fit, what they are being asked to do, and how what they do is associated with the value they provide every day.

Closing deals is tough, but capturing deal value is even tougher. In some ways, deciding whether to go forward with a merger or acquisition is the easy part. The act of “owning” after the transaction is complete is the real challenge. In the end, the market will reward or punish shareholders of the combined company depending on how well its management succeeds at achieving stated deal objectives. So, it is imperative that synergies are realized, deal value is captured, and the resulting performance is communicated to all those with a stake in the outcome.

## Perspective

# Thoughts on deal activity in the second quarter of 2010

Into the second quarter, we expected a sequential improvement in deal activity due to improvements in the economy. The first half of 2010 concluded on a strong note, with 44 transactions announced in the second quarter. Volume exceeded that of the first quarter, but value lagged considerably. Going forward, we expect activity to continue to build upon the first half's momentum. The year looks promising, and we believe the deal environment will continue to improve throughout 2010 as risk aversion moderates. Additionally, the decrease in local deal volume for the first half of 2010 indicates that acquirers are more comfortable with cross-border deals. It should be noted, however, that based upon the increased proportion of minority stakes in the second quarter compared with 2009, some characteristics of risk avoidance remain.

As the global economy improves, smaller deals and transactions with undisclosed values remain the drivers of overall activity. At the same time, the rate of middle market deal activity (deals with disclosed value between \$50 million and \$250 million) is improving, while large and mega-deal activity has declined compared with the first quarter. Overall, the near-term outlook should become more conducive to larger deal sizes.

There were two mega-deals (transactions with a disclosed value of \$1 billion or more) in the second quarter, a less than favorable comparison with the first quarter, during which there were four mega-deals. Both transactions in the second quarter involved UK and Eurozone-based targets: United Kingdom-based Acergy MS Ltd.'s \$2.5 billion cross-border offer for Norway-based Subsea 7 Inc. and French-based Eiffage SAS' local-market acquisition of French-based Societe des Autoroutes Paris-Rhin-Rhon SA for \$1.05 billion.

In second-quarter 2010, strategic investor contribution declined; however, it was still responsible for almost two-thirds of deal volume. Based on deal value to earnings before interest, taxes, depreciation, and amortization (EBITDA), and deal value to sales, valuations have been increasing compared with 2009. Strategic investors might be realizing that organic growth will not be sufficient during the current recovery and, therefore, are turning to acquisitive growth. In addition, large corporations with adequate capital access might be looking to make acquisitions as part of their long-term strategic goals.

During the second quarter, targets in Asia and Oceania continued to drive deal activity, accounting for 48 percent of the number of transactions valued at \$50 million or more. In relative terms, North America declined significantly, from 21 percent in first-quarter 2010 to 11 percent in the second quarter. This might be partly driven by the slowed construction industry in the United States, as many E&C constituents find themselves constrained by low revenue and reduced margins. While North America declined and the UK and Eurozone saw only a slight increase in activity between 2009 and second-quarter 2010, the Europe ex-UK and Eurozone region saw an increase in activity, jumping from 6 percent in first-quarter 2010 to 14 percent in the second quarter. Among Brazil, Russia, India, and China (the BRIC countries), China was the key driver of activity. Of the 19 BRIC targets among announced deals, 11 were in China. Of the 15 BRIC acquisitions announced, 11 were by China-based companies. The China-based deals were predominantly local market (nine deals); almost half of the deals were for construction machinery and materials, and 20 percent were for civil engineering firms. China's increase in investment in infrastructure is likely driving this activity.

Looking ahead, we see a number of indicators pointing to continued improvement in the deal environment: credit access is loosening, equity markets are advancing, and economic growth rates are stabilizing. Although many factors have improved, others continue to exhibit weakness, such as stubbornly high levels of unemployment and weak commercial and residential construction activity, particularly in the United States and other developed economies. Nevertheless, we believe that buyers are becoming increasingly optimistic in their near-term economic outlooks. Cash conservation, cost containment, and margin expansion remain relevant considerations. However, valuations remain constrained (although they are improving) relative to historical levels, which will continue to present buying opportunities for companies with strong balance sheets and access to capital markets. The first half of 2010 ended on a strong note, and we believe that an improving global economy should continue to drive a strong recovery in deal activity as the year progresses.

# Commentary

Second-quarter 2010 volume exceeded that of the first quarter, although value lagged considerably. Going forward, we expect activity to continue to build upon the first half's momentum. Average deal value fell compared with the first quarter (\$0.3 billion versus \$0.7 billion), primarily due to a significantly lower volume of mega-deal activity.

## Quarterly E&C deal activity

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

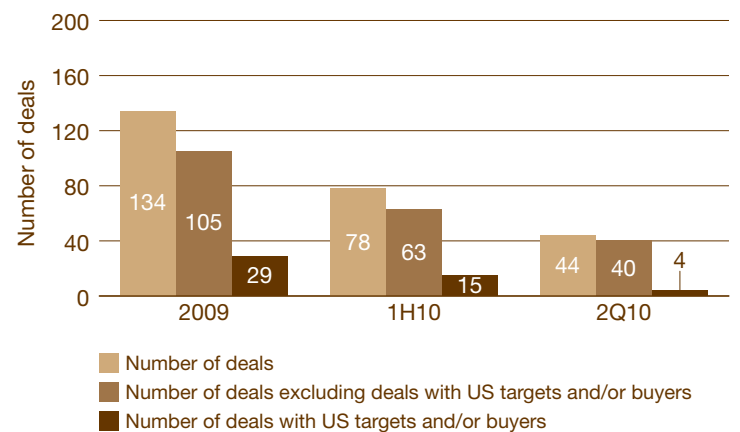
	2007		2008		2009				2010			
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Number of deals	64	52	57	66	43	45	15	32	37	50	34	44
Total deal value (\$ bil.)	40.37	40.99	15.34	17.48	14.43	23.03	2.59	10.44	9.21	20.18	22.53	11.84
Average deal value (\$ bil.)	0.6	0.8	0.3	0.3	0.3	0.5	0.2	0.3	0.2	0.4	0.7	0.3

## Non-US affiliated transactions fuel deal activity

Transactions excluding US targets and/or buyers drove deal activity during the second quarter. Of these 44 transactions, 40 (almost 91 percent) did not involve a US entity. This compares with 78 percent in 2009. Similarly, almost 95 percent of total deal value during the second quarter was attributable to non-US affiliated activity, as compared with almost 78 percent in 2009, indicating that the US economic recovery is lagging behind other regions, particularly BRIC nations, which are showing signs of growth.

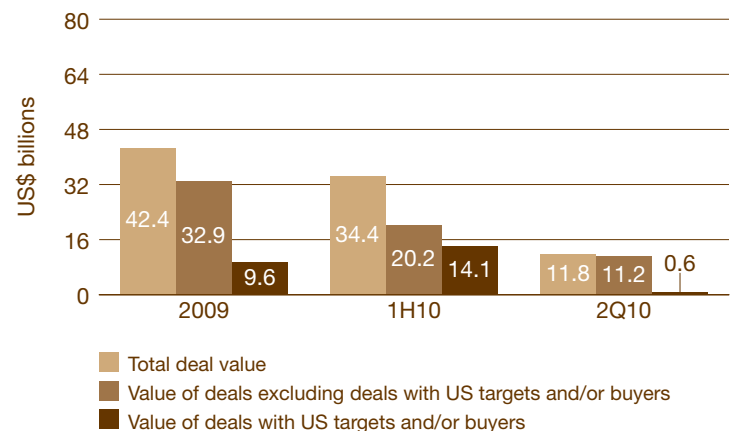
## Deal activity by number of deals

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



## Deal activity by total deal value

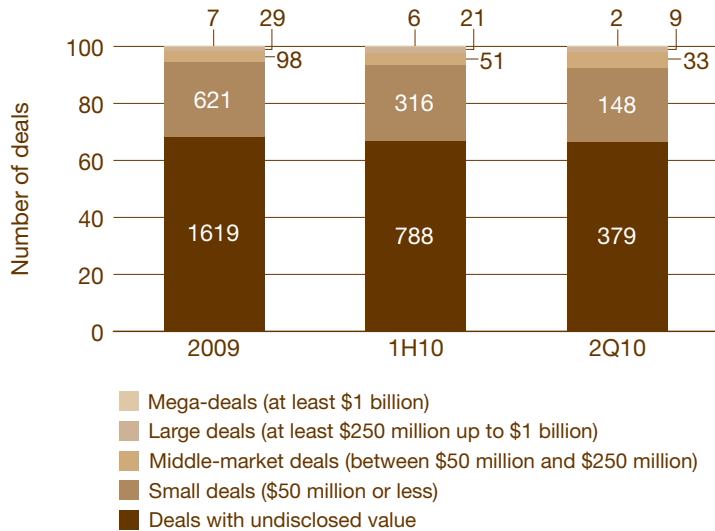
Measured by value of announced deals worth \$50 million or more



Numbers may not sum due to rounding

**Deal activity by volume and range of deal value (including transactions with undisclosed values)**

Measured by number of announced deals

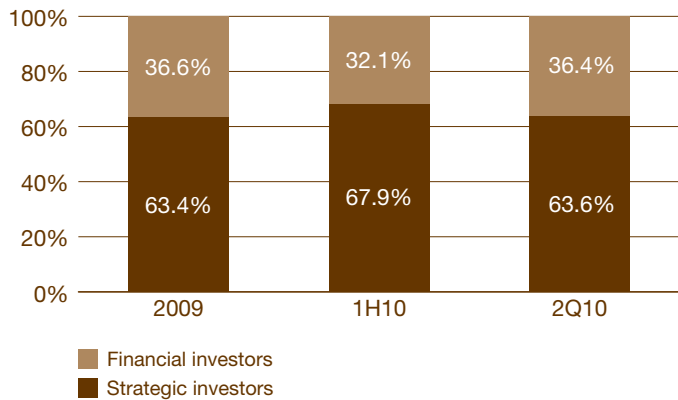


**Smaller deals continue to drive activity, but larger deals increasing**

As global economic trends improve, smaller deals and transactions with undisclosed values continue to drive overall activity, in line with historical trends. Mega-deals contributed about the same percentage to volume in the second quarter as they did in 2009, (although they declined against first-quarter 2010). Large deals (with disclosed values of at least \$250 million and up to \$1 billion), such as the \$318 million URS Corp. acquisition of Scott Wilson PLC, decreased against the first quarter but gained against 2009. Middle-market deals (with disclosed values between \$50 million and \$250 million) increased their contribution to volume over 2009 and the first quarter.

**Deal activity by investor group**

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



**Second-quarter financial investments increase over first quarter**

Over the past few years, private equity firms have faced considerable fundraising challenges, which deterred their participation in the deal environment. However, financial investors (i.e., private equity and pension funds) as a group continue to spur M&A activity, although to a lesser degree than strategic investors. In the second quarter of 2010, strategic investor contribution in driving M&A transactions declined but still drove almost two-thirds of deal volume. Current market valuations, based on deal value to EBITDA and deal value to sales for targets, although increasing, are still attractive when compared with pre-recessionary levels. With valuations constrained and sales growth continuing to exhibit weakness, strategic investors might see M&A as a method to bolster top lines while expanding market reach.

## Mega-deal activity continues to grow

There were two mega-deals in the second quarter, a 50 percent drop from the first quarter's four mega-deals. Both transactions during the second quarter involved UK and Eurozone-based targets: United Kingdom-based Acergy MS Ltd.'s \$2.5 billion cross-border offer for Norway-based Subsea 7 Inc. and French-based Eiffage SAS' local-market acquisition of Societe des Autoroutes Paris-Rhin-Rhone SA for \$1.05 billion.

Mega-deal activity by value in the first half of 2010 has already surpassed 2009. Mega-deal activity as measured by number of deals is also on pace to surpass it in the second half of 2010. This year-over-year increased activity of mega-deals may be, in part, a consequence of reduced capital constraints (i.e., less difficulty in raising capital at attractive costs). Although mega-deal activity remains constrained compared with historical averages, we believe that the level of mega-deal activity over the long term should improve as buyer interest expands.

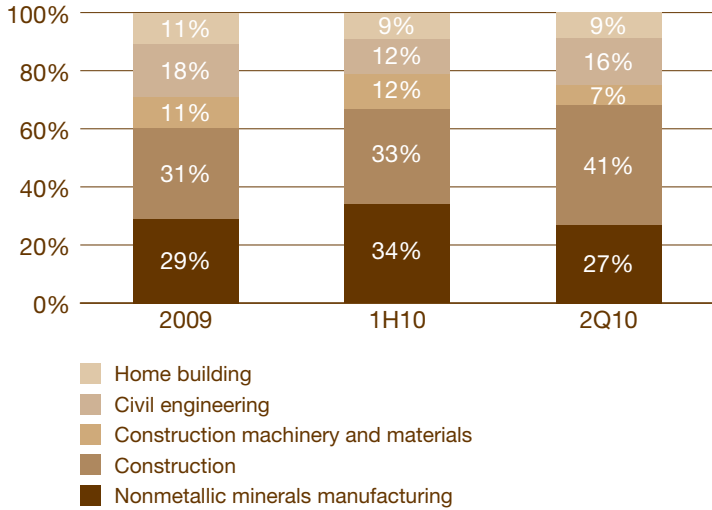
## Mega-deals in 2009

Month announced	Target name	Target nation	Acquirer name	Acquirer nation	Status	Value of transaction in US\$ bil	Category
Dec	Cimpor Cimentos de Portugal SGPS SA	Portugal	Cia Siderurgica Nacional	Brazil	Withdrawn	5.66	Nonmetallic minerals manufacturing
Apr	Centex Corp	United States	Pulte Homes Inc	United States	Completed	3.11	Home building
Dec	Daewoo Engineering & Construction Co Ltd	South Korea	KDB PEF	South Korea	Pending	2.47	Civil engineering
Aug	Cegelec SA	France	VINCI SA	France	Completed	1.71	Civil engineering
Jun	Cemex SAB de CV-Australian Assets	Australia	Holcim Ltd	Switzerland	Completed	1.63	Nonmetallic minerals manufacturing
Dec	Terreal SA	France	Terreal SA	France	Completed	1.36	Nonmetallic minerals manufacturing
Dec	Terex Corp-Mining Business	United States	Bucyrus International Inc	United States	Completed	1.30	Construction machinery and materials

## Mega-deals in 1H 2010

Month announced	Target name	Target nation	Acquirer name	Acquirer nation	Status	Value of transaction in US\$ bil	Category
Feb	Smith International Inc	United States	Schlumberger Ltd	United States	Pending	11.04	Construction machinery and materials
Jun	Subsea 7 Inc	Norway	Acergy MS Ltd	United Kingdom	Pending	2.50	Civil engineering
Jan	Arabtec Holdings PJSC	Utd Arab Em	Aabar Investments PJSC	Utd Arab Em	Withdrawn	1.75	Home building
Jan	Cimpor Cimentos de Portugal SGPS SA	Portugal	Camargo Correa Portugal SGPS SA	Portugal	Completed	1.33	Nonmetallic minerals manufacturing
Feb	KNM Group Bhd	Malaysia	BlueFire Capital Group Ltd	Malaysia	Withdrawn	1.05	Construction machinery and materials
Jun	Societe des Autoroutes Paris-Rhin-Rhone SA	France	Eiffage SAS	France	Completed	1.05	Construction

**Deal volume by engineering and construction category**  
 Measured by number of announced deals worth \$50 million or more



**Multiple engineering and construction categories drive activity**

PwC segments the engineering and construction 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:

- Home building
- Civil engineering
- Construction machinery and materials
- Construction
- Nonmetallic minerals manufacturing

Based on this methodology, during the second quarter of 2010, targets classified as construction and nonmetallic minerals manufacturing were the primary drivers of deals, contributing more than two-thirds of the quarter's activity. Construction's contribution to deal activity increased significantly in the second quarter relative to 2009, while nonmetallic mineral manufacturing's contribution decreased. Of the two mega-deals in the second quarter, one (Societe des Autoroutes Paris-Rhin-Rhone SA) falls within the construction category while the other (Subsea 7 Inc.) is in the civil engineering category.

## BRIC-affiliated transactions increasing with overall uptick in deal activity

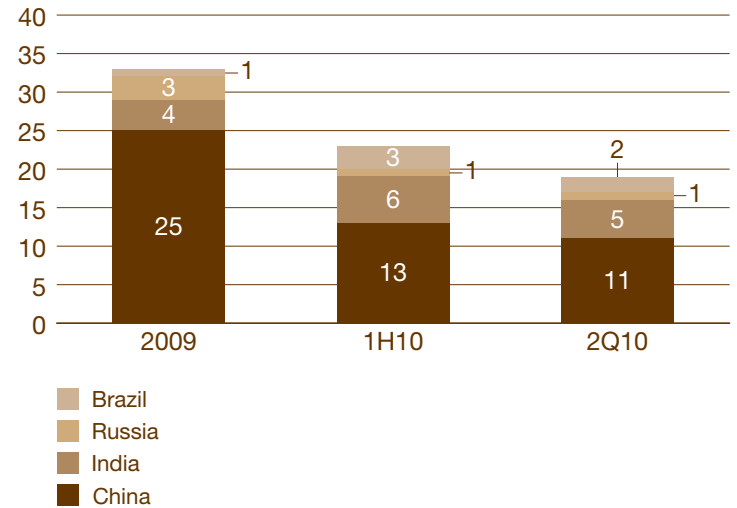
As deal activity overall improved during the second quarter, the level of activity affiliated with BRIC countries also grew, increasing sequentially to 19 deals<sup>†</sup> in the second quarter. This number is up considerably from the first quarter, in which only seven BRIC transactions<sup>†</sup> were announced (four targets and five acquirers).

China was a key driver of BRIC-related activity. Of the 19 deals announced for BRIC targets, 11 were in China. Of the 15 deals announced by BRIC acquirers, 11 were by China-based companies. The China-based deals were predominantly local market (nine deals); almost half of the deals were for construction machinery and materials, and 20 percent were for civil engineering firms.

<sup>†</sup>Number of deals with a BRIC target and/or acquirer; includes cross-border BRIC deals

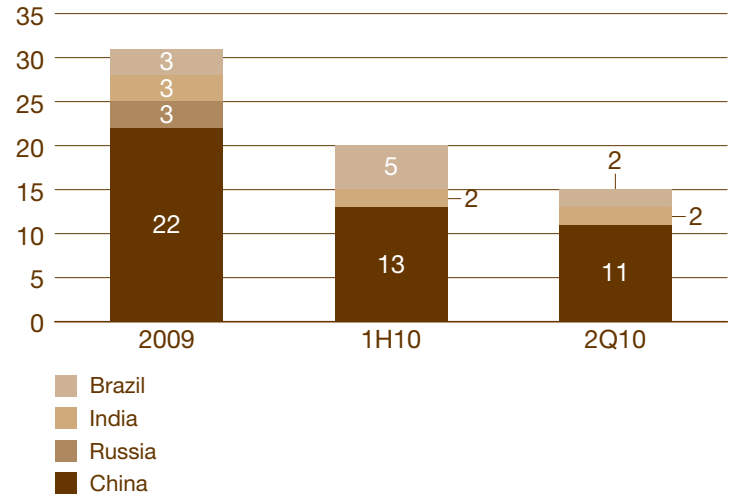
### Distribution of BRIC deals by target nation

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

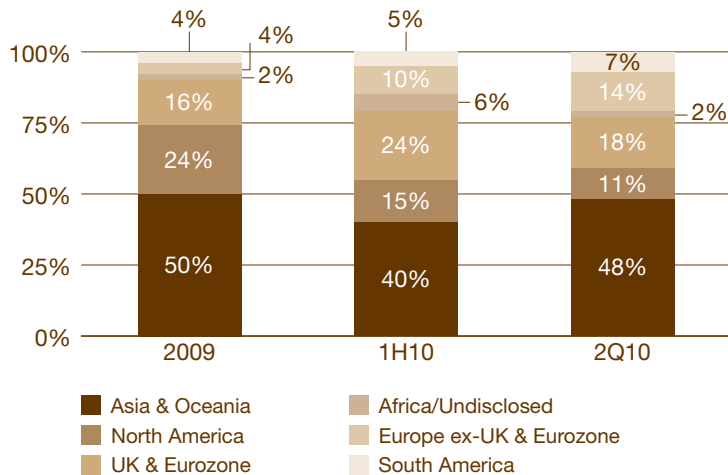


### Distribution of BRIC deals by acquirer nation

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



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



**Asia & Oceania leads deal activity; significant increase seen in Europe ex-UK & Eurozone**

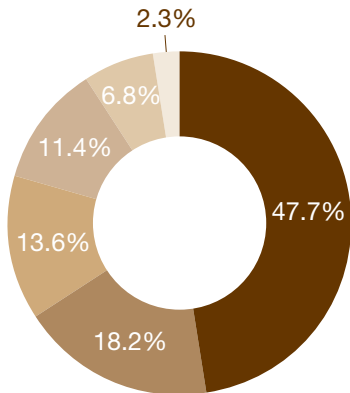
During the second quarter, targets in Asia & Oceania continued to drive deal activity, as 48 percent of all transactions valued at \$50 million or more were announced in the region. In relative terms, North America declined significantly, from 21 percent in first-quarter 2010 to 11 percent in the second quarter. As the United States slowly recovers from the recent recession, new construction is lagging, which has weakened E&C companies' sales and profits. While activity declined in North America and picked up slightly in the UK and Eurozone, it more than tripled in the Europe ex-UK and Eurozone region, jumping from 4 percent in 2009 to 14 percent in second-quarter 2010.

Acquirers in the Asia & Oceania region continued to drive deal activity as well. A considerable portion of activity in Asia involved local market deals, particularly in China, where companies increased their stakes in subsidiaries and joint ventures. We expect that China will continue to drive M&A activity, as the region continues its rapid infrastructure expansion.

## Regional distribution of 2Q 2010 deals

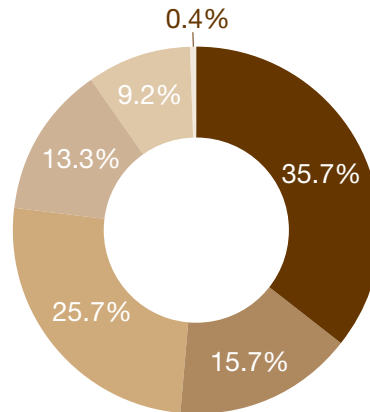
### Regional distribution of deals by target region

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



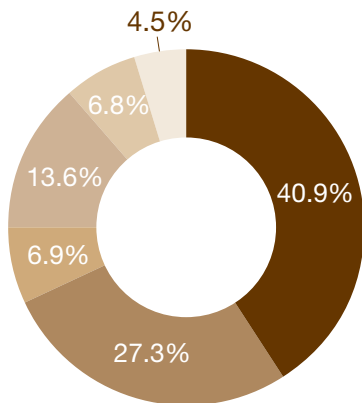
### Regional distribution of deals by target region

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



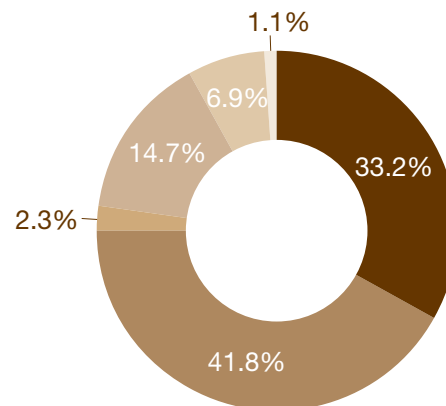
### Regional distribution of deals by acquirer region

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



### Regional distribution of deals by acquirer region

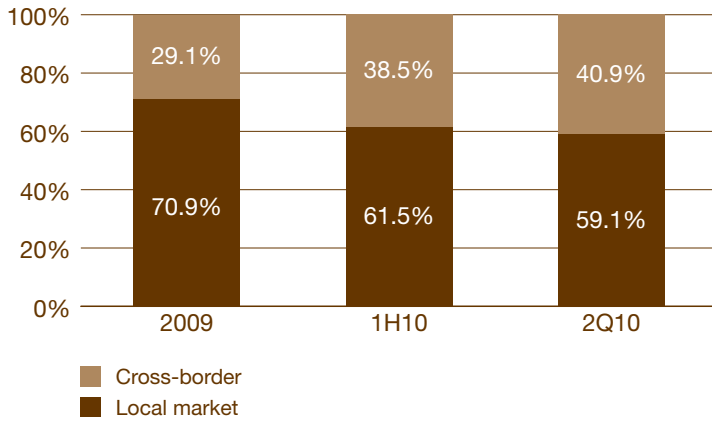
Measured by value of announced deals worth \$50 million or more



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

### Local market versus cross-border deals (all nations)

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



### Allocation of cross-border deals shows continued improvement

Historically, cross-border transactions have been an integral part of the M&A story, and since 2009 they have been increasing steadily as a percentage of deal volume. Due to political, socioeconomic, and currency risks, cross-border transactions generally entail greater levels of risk than local market transactions, so the greater concentration of local market activity during 2009 relative to 2007 and 2008 is not surprising. However, as the economy improves, cross-border deal activity should pick up as perceived rewards begin to outweigh perceived risks. This increase in cross-border activity also will be aided by the perceived need of corporations to augment slow organic growth by entering into new, fast-growing geographies and repositioning product portfolios for increased growth. In the second quarter, cross-border deals reached their highest contribution to total deal activity by number of deals since 2005.

# PricewaterhouseCoopers spotlight

## Capturing deal value through successful integration

Patience is not a virtue when it comes to integration. Yet in mergers and acquisitions, the chaos surrounding post-deal activities often impedes companies' ability to simultaneously focus on maintaining current operations, realizing valuable synergies, and achieving timely operational integration.

Research shows that most mergers and acquisitions fail to meet expectations. Despite the best intentions, deals often fall short when the time comes to begin translating carefully developed strategy into the right mix of people, process, and technology. Smart buyers can improve their odds by taking steps to execute a fast-paced integration that makes early use of disciplined planning, a well-coordinated launch, and a relentless focus on the value drivers behind the deal.

Successful acquirers are both quick and thorough in making the transition to the new entity because they plan for that process well in advance. They use the time between the deal's announcement and its closing to draw up plans for integrating the two companies and implementing synergies. As a result, their integration plans and major players are set before the transaction closes. They also transfer all the knowledge gained from their due diligence to the integration effort. They act quickly and decisively, prioritizing integration activities to reduce uncertainty among workers. And they limit the integration time frame, realizing there is more willingness to change if it is done quickly.

These companies maximize shareholder value by aligning integration strategies and priorities with strategic goals, addressing stakeholder concerns through ongoing communications, reducing workers' concerns over who will be responsible for what by assigning managers to specific responsibilities and accountabilities early, and treating integration as they would any other business process—in a highly disciplined, consistent manner.

How PricewaterhouseCoopers can help

Over the years, PwC has developed a winning approach to launching and managing enterprisewide integrations. Our solution includes a proven integration methodology and an expansive set of process tools, templates, and guides to support the overall integration.

Through a centralized integration management office (IMO) staffed by experienced PwC integration management professionals, we are able to uniformly roll out our methodology and facilitate the overall integration process across the combined organization.

PwC's M&A integration specialists help clients achieve rapid integration to capture desired synergies and allow for a quick return to "business as usual." This helps increase shareholder value and free up human and financial capital for reinvestment in core operations.

Our capabilities include both integration specialists and functional specialists to assist in the management and coordination of overall integration activities enterprise wide, and to provide tactical experience in critical functional areas as needed.

Our merger integration services and capabilities include:

- Designing the integration program and IMO
- Day one planning and execution readiness
- Robust synergy analysis, implementation, and tracking
- Blueprinting and execution business process and systems integration
- Providing functional integration assistance and tactical implementation support
- Helping deliver effective communications, as well as effective people and change management

# Specialty case study

## Diligent planning and execution lead to a smooth and successful integration

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Client issue	<p>A materials supplier with multiple facilities across the United States acquired a domestic competitor in a multibillion dollar transaction. The target expanded the acquirer's material supply for many years and expanded its footprint in a growing product line.</p> <p>The company was acquiring a competitor that would double the size of its business in revenue, number of locations, and employees.</p> <p>The company recognized it needed experience and a disciplined process to successfully tackle the complexities associated with such a large integration. The company also recognized that failure to execute effectively could have serious consequences on its business, employees, and reputation in the marketplace.</p>
Approach	<p>An experienced PwC team quickly established and operated the integration management office, coordinating efforts across functions and geographies. PwC also identified synergies in advance of deal closure and planned for their timely capture. PwC added value by:</p> <ul style="list-style-type: none"><li>• Detailing day-one plans that allowed the client to develop a road map highlighting the key areas of risk for various functional teams</li><li>• Providing planning and execution assistance that complemented the client's capabilities and resources</li><li>• Focusing the client on maintaining ongoing business operations without disruption throughout the integration process</li></ul> <p>In operating the IMO, PwC was responsible for coordinating integration team meetings and activities, leading change and communication management efforts across the organization, helping drive the decision-making process, and ensuring consistency of execution and results across the functional integration teams.</p>
Impact	<p>The client was able to capture more than \$40 million in synergies soon after transaction close and integrate quickly and effectively without losing focus on core business operations.</p> <p>PwC's IMO identified and helped the company successfully plan for post-close synergy capture. PwC also provided hands-on support and guidance to the information technology, finance, procurement, and human resources integration teams.</p> <p>Key employees were retained and retrained, and morale remained high across both businesses. The client later called the transition "smooth and successful" and praised PwC for its approach to planning and execution, which complemented the company's culture and available resources.</p>

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# PricewaterhouseCoopers' engineering and construction experience

## Deep E&C experience

PwC provides advisory, assurance, or tax services for nearly 90 percent 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 4,800 industry professionals who service approximately 20,000 engineering and construction companies around the world. We specialize in servicing 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 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, information technology, and supply chain considerations. 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 nearly 31,000 professionals, including approximately 15,800 providing assurance services, 9,000 providing tax services, and 6,200 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

## PricewaterhouseCoopers Engineering and Construction practice

PwC's Engineering & Construction practice provides industry-focused assurance, tax, and advisory services. Through our global network, we can draw upon the technical and industry experience of specialists in every country in which your company operates.

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## PricewaterhouseCoopers Global Transaction Services practice

PwC's Transaction Services practice offers a full range of tax, financial, business assurance, and advisory capabilities covering acquisitions, disposals, private equity, strategic M&A advice, advice on listed company transactions, financing, and public-private partnerships.

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## PricewaterhouseCoopers Global Capital Project and Infrastructure practice

PwC's Capital Project & Infrastructure (CP&I) practice focuses on transactions and the building of assets that span both the public and private spaces, with experience in the planning, analysis, execution, and governance and reporting of large capital programs, public-private partnership experience on both the public and commercial side, regulatory expertise, fund structuring, and deal expertise in synergistic areas such as tax, sustainability, fraud and corruption, utilities, energy, healthcare, and government.

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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: General Building Contractors-residential; Operative Builders; General Building Contractors-nonresidential; Highway and Street Construction; Heavy Construction; Plumbing, Heating, and Air-Conditioning; Electrical Work; Carpentry and Floor Work; Roofing, Siding, and Sheet Metal Work; Concrete Work; Water Well Drilling; Miscellaneous Special Trade Contractors; Asphalt Paving and Roofing Materials; Flat Glass; Other Pressed and Blown Glass and Glassware Manufacturing; Glass Products Made of Purchased Glass; Cement Manufacturing; Structural Clay Products; Pottery & Related Products; Concrete, Gypsum, and Plaster Products; Cut Stone and Stone Products; Abrasive, Asbestos, and Miscellaneous; Construction, Mining and Materials Handling; Lumber and Other Construction Materials; Lumber and Other Building Materials Dealers; Engineering, Architectural, and Surveying Services; Air and Water Resource and Solid Waste Management.

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, 2006, and June 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 Northern America and Latin 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, refers to deals with a disclosed value of at least \$50 million unless otherwise noted.

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