

Engineering growth

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First-quarter 2013 global engineering and construction industry mergers and acquisitions analysis



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Deals in the engineering and construction sector declined during the first quarter of 2013, with economic uncertainty driving companies to reevaluate their growth strategies and proceed more cautiously with mergers and acquisitions.

The M&A environment nevertheless is expected to improve later in 2013, particularly with major E&C players seeking to expand their geographic footprints.

PwC analysts are monitoring several additional trends expected to affect the values and locations of deals in engineering & construction:

- Twenty-three E&C transactions worth \$50 million or more, totaling \$11.2 billion, were announced in the first three months of 2013. Deal volume and total value declined compared with the same period in 2012, but average deal value increased, jumping from \$291 million to \$487 million. The gain was bolstered by four mega deals (valued at \$1 billion or more) with a combined value of more than \$6.8 billion during the first quarter
- Financial investor activity fell to just less than 27 percent of deal volume in the first quarter of 2013, compared with 53 percent in the first quarter of 2012, a decline likely due to continuing economic uncertainty in the eurozone and cooling economies in China and India.
- Local deals accounted for 78 percent of E&C transactions during the first quarter of 2013, with Asia and Oceania continuing to be the most active regions, representing more than half of transactions worth more than \$50 million.
- Deals from advanced economies increased as a proportion of total deal volume and value, with advanced economy acquirers representing nearly 70 percent of M&A activity in the first quarter of 2013. Emerging markets M&A slowed as economic growth cooled.

The construction and construction materials categories, representing 88 percent of deal value, led E&C transactions in the first quarter of 2013, partially resulting from four mega deals involving targets associated with these segments.

Launch the data explorer at <http://www.pwc.com/us/en/industrial-products/publications/engineering-growth.jhtml> for a deeper dive into the data, or contact us to further discuss our insights.

Sincerely,

A handwritten signature in black ink, appearing to read "Kent".

Kent Goetjen
US Engineering & Construction
Industry Leader

A handwritten signature in black ink, appearing to read "Jonathan".

Jonathan Hook
Global Engineering & Construction
Industry Leader