



PwC Global Industrial Manufacturing Capability Statement

April 2011



pwc

Innovative, cost-effective, flexible businesses have a brighter future ahead

What's next for industrial manufacturing?

The short answer is it remains uncertain, but the world is changing. We could be heading for a period of slower growth, or even a double-dip recession in some countries. No matter what, the impact of the economic crisis will be felt for some time to come. Regulators are looking for ways to prevent similar crises, and that could mean changes to corporate and industrial regulation.

You are looking for ways to grow, but want to get more efficient while you do. Increasing stability means more M&A activity, and you might be thinking about selling non-core businesses and buying the ones which will help you to grow. The emerging markets, BRIC and beyond, aren't just sources of low cost manufacturing any more – they are the new competitors, partners and consumer markets of the future.

If you want to compete in a global market, you need to understand your customers, and set up your business to deliver the value to them. Your supply chain must work with strategically located manufacturing operations and deliver your products when and where they are needed. You need to innovate and differentiate your product portfolio – and that means getting the right people onto your workforce, developing their skills, and enabling them to help you take a fresh look at your products, processes and markets. Environmental concerns will remain at the forefront, and there's a real opportunity for industry to lead the way in addressing these issues.

In this document, we share our thoughts on some of these challenges, and how we've helped businesses like yours to create sustainable success. We know that no two businesses are the same, and "off-the-shelf" products and services might not work for you. So this is just the start of the conversation. We'll continue by getting to know you and your business – you do the talking and we'll listen. What you tell us will shape how we use our network of 163,000 people around the world, their knowledge and expertise, to help you create the value you're looking for.

Graeme Billings, Global Industrial Manufacturing Leader



Table of contents

Section	Page
1 Industrial manufacturing: Facing the challenges	4
2 PwC commitment to the industrial manufacturing industry	17
3 Service and solutions	22
4 PwC difference	26
5 Industry knowledge perspectives	27
6 Contacts	37

Industrial manufacturing

Facing the challenges

The industrial manufacturing sector is a priority focus for PwC. We work with all types of industrial manufacturers, including:

- machinery and equipment manufacturers
- electrical and metal product manufacturers
- automation technology manufacturers
- plastic and rubber products manufacturers.

Our clients make diverse products – but share similar industry challenges. The markets your operate in are changing rapidly, and a strategic approach to long term success is essential. Those that honestly ask themselves what their real challenges are have a better chance of turning these challenges into business opportunities.

In this section, we aim to guide you through the maze of industry challenges currently facing the industrial manufacturing sector and outline how we can assist you in these rapidly changing times.

Grow your business

Emerging markets

Emerging markets – taking a new place in the world economy

In the 80's and 90's, many companies looked to the emerging markets for low-cost sourcing. Now, though, more companies are looking to places like China as important markets in their own right. So what can you learn from manufacturing companies who are already building plants, working with local partners and governments, conducting research – and most importantly, generating significant sales – in some key emerging markets?

Why are these markets so important to growth? We think the reasons are clear. Infrastructure spend is on the rise. Existing customers are getting bigger. Sectors like mining, agriculture, and construction are important customers for industrial machinery and equipment makers, and in the emerging markets all of these areas are growing fast. Overall industrial production is growing, too. In India it was up 10.4% in FY10.

And as these economies get bigger, they'll also be the source of most new customers. In 2008 China and India each produced 111 new multinational companies (MNCs); we expect the number of new MNCs will continue to rise in both countries over the next 14 years, with India overtaking China for the top position around 2018. The other two BRIC countries, Brazil and Russia, will also produce significant numbers of MNCs, as will Malaysia, Singapore and Korea¹. Many of these new players will be big customers for machinery and equipment manufacturers. Some companies are already earning major revenues from emerging markets. If you want to be one of them, you need to understand how these markets work and learn the lessons from your predecessors.

For companies headquartered in emerging markets, the opportunity to become a player on the global scene cannot be ignored. Your competitors may already be aggressively targeting other emerging markets, or moving into western markets including the US and UK. Is the time right for you to broaden your horizons, and how can you leverage your relationships with international partners to move overseas?

1. PwC Emerging Multinationals: the rise of new multinational companies from emerging economies. 2010.

Grow your business

Emerging markets

Let's talk

Emerging markets are more complex than ever – but the opportunities are exciting, and coming out of a downturn, we think this is a good time to take a look around and expand your horizons. It also makes sense to take a second look at your existing structures in emerging markets, to see if they need fine-tuning.

At PwC we have a global network of functional and industry specialists who can address your industry needs wherever they arise. We can provide you with a multi-national team, tailored to meet your requirements, who combine local knowledge, understanding of the wider industry, and the technical specialism you need to successfully take your business into new markets.

To start the conversation, contact your local territory industrial manufacturing leader (see p38).

Case study: The path to growth

Once you've identified the key markets where your business has potential to grow, the next step is deciding your entry strategy. We've found that understanding the market is the first step.

When one of our clients, a large international producer of construction equipment and off-road vehicles, was considering their options for the Russia market, we helped them understand the Russian construction equipment market. That meant talking to other manufacturers to find out what they are already doing in Russia and what their plans are. We also had conversations with potential customers, so we could help our client understand what strategy would best fit their needs. Construction equipment has to be reliable, so we also talked to dealers and distributors in order to understand the dealer and service environment. And tax and legal issues are critical in entering any new market, so we spoke with local authorities and provided an overview of important tax and legal issues.

Once this information set the stage, we helped them review all of their entry options and possible sites, and make an informed decision.

1. PwC Emerging Multinationals: the rise of new multinational companies from emerging economies. 2010.

Grow your business

Doing deals

The new deals landscape: How much has changed?

The impact of the recession can't be underestimated. We saw dramatic falls in deal values and volumes – survival was the priority. We saw a sharp increase in distress deals as manufacturers sold off non-core businesses, but the big value deals disappeared.

Deal drivers haven't changed

Manufacturers have always used deals to rationalise operations and acquire core skills and market leadership. Industry consolidation builds financial strength and stronger negotiating positions with customers and suppliers. At the company level, think strategically. If you can manoeuvre in today's challenging environment, M&A will help you expand into new markets, innovate, or broaden product portfolios and capabilities, by buying up assets which strengthen your core business.

To make the right deal, you must consider the effect of two years of economic contraction on the balance of supply and demand, which has made due diligence even more important. Climate change, commodity prices, pension plan structures, changing tax laws, company culture, and the role of human resources must be factored into your due diligence process. Get these right, and you'll find your new acquisition much easier to integrate into your business.

We expect to see growth in deal activity in 2011

The scene is ripe for a recovery (albeit gradual) in the deal environment. In many markets, credit is loosening, equity markets are advancing, and economic growth rates are stabilizing. As economic recovery strengthens, your stakeholders will be asking how you intend to grow. Deal making can offer the leverage which you need to push ahead of the competition.

Grow your business

Doing deals

Let's talk

At PwC we provide a full range of transaction services, assisting with acquisitions, divestitures, carve-outs and many other transactions. Whether you want to develop an acquisitions strategy, find targets, or complete a deal, our teams can help you make the right moves. Then you might want to talk to our integration experts, who will help you integrate your new acquisition successfully and start realising the business benefits.

Whatever your requirement – Strategy, Financial Due Diligence, Private Equity, Corporate Finance, Technical Accounting, Reporting and Auditing, M&A pre- and post-transaction services, international tax planning, tax due diligence, tax deal structuring, post-deal tax integration, or risk management – we have a team in place to assist you. We also provide cost effective solutions to help emerging players from the BRIC countries understand new manufacturing markets, barriers and risk of entry, and challenges of doing business in new markets.

To start the conversation, talk to Philip Hines, from our Industrial Manufacturing Transactions team.

philip.hines@uk.pwc.com

Case study: Adding deal value

Our client was making the largest acquisition in their history, and they needed to carry out the full range of due diligence process as part of the deal. They turned to us to help them with the financial and tax due diligence based on our strong and long-standing relationship with them, because they trusted us to properly assess the value and risks associated with the proposed transaction.

Not only was this the largest acquisition in their history, but analysing the deal had become more complex in the wake of the economic recession. So we spent time talking with senior management to make sure we understood their concerns and the issues they were facing. We were able to use what we learned in these discussions to bring together a tailored, multidisciplinary team to help them, involving specialists in the area of tax, transaction services, human resources, and valuation. We added value by not only analysing the target, but also the entire value chain as well, using our industry expertise to ensure the client was able to assess and manage any additional risks.

Our assistance contributed to each step of the client's successful execution of the acquisition.

Grow your business

Simplify and improve efficiencies

Time for a change

You're constantly thinking about how to improve performance from the shop-floor, to the highest levels of the organisation and never more so than when economic recession puts pressure on your profits and margins. When times are tough, fresh thinking plays a vital role in making sustainable success happen. Your stakeholders are likely to be open to major change if it leads to sustainable success, and they are looking for positive growth. So we think now is the perfect opportunity to consider the benefits of a step change in the way you do things on the factory floor. You can use lean manufacturing, six sigma, and other established methodologies, or take a fresh approach, depending on what suits your business today.

Take your business with you

Why consider the factory floor in isolation? Looking to the future, we think successful manufacturers will move beyond short-term cost reduction programmes to wider structural and transformational change. With immediate survival assured, the priority now is to ensure that your organisation is agile and future-fit. As many are finding, business model simplification has a vital role to play.

A strategy which connects teams across the business, including back office functions, finance, procurement and HR, operations and sales, will help you achieve competitive advantage in a changing marketplace. We see companies taking a more holistic view, and as a result increasing their ability to:

- respond effectively to economic volatility and competition from emerging markets
- successfully assess and plan for future demand
- increase customer loyalty by adding value to their customers
- secure sustainable cost reductions and revenue growth
- engage their people to drive necessary change.

Grow your business

Simplify and improve efficiencies

Let's talk

You want to position yourself for a successful future, and reviewing operating models, shop-floor or functional operations could help to make that a reality. Ask yourself, do you see potential for improvements through:

- adapting your business model to respond to, and gain benefit from changes in your business' strategy
- reaching and communicating clear and timely management decisions
- delivering major business transformation initiatives
- aligning your tax structure with how the business actually works , to improve and simplify transfer pricing and tax efficiency, resulting in an optimised group tax strategy
- simplifying complex legacy legal structures with a high number of legal entities
- finding a practical framework to improve operating processes in order to reduce costs, capture lost revenue or improve service levels
- achieving quantifiable improvements by minimising inefficiencies, improving decision-making processes and improving control methods.

If the answer is yes, contact:

Jonathan Tate, Operational Improvement, jonathan.tate@uk.pwc.com

Mohi Khan, Business Models, mohi.khan@uk.pwc.com

Case study: The path to growth

Our client's manufacturing improvement programme had not delivered the business benefit they wanted. They turned to us for help in both performance improvement and successful cultural change.

We spent time talking to management and employees to understand the business and find the best way forward for them. We helped management to engage the network in the change process by sharing information acquired from the survey through the organisation, which also tackled issues around communication and information flow.

We helped the Change & Strategy team to assess their structure and delivery methodologies and proposed a decentralisation, which gave them clarity and direction for the manufacturing improvement effort and created momentum and consistency in the delivery of benefits.

Our client was also looking at their product portfolio and developing their 3rd party offerings to generate margins. The driver for world class manufacturing becomes greater in this environment, and 'lean' based improvement techniques offer great value. We provided direct input to accelerate performance improvement and demonstrate best practice implementation.

Assessing the needs of the business and tackling barriers around structure, capability assessment and delivery plans released the Change & Strategy team and allowed them to own the change process. In addition, our client accelerated realisation of operational improvement in the region of £11m through elimination of wasteful process and the associated opportunity in terms of released capacity.

Grow your business

IT strategy

Information technology – Driving innovation

It's well known that many industries have been transformed because of innovations involving advances in technology – automation, virtualization, digital transformation, microelectronics, and so on. When we think about the impact of electronic trading systems on the financial sector, or the way that travel websites have revolutionized airline and hotel booking, we're not surprised that you and your competitors are welcoming innovative ways of doing business, developing new products, and handling aftermarket issues and returns by using smart systems.

We see plenty of opportunities for your IT function to not only support your day to day business (and the importance of putting in place a well thought out IT structure cannot be underestimated) but also to bring competitive advantage. We think successful companies will develop forward looking IT strategies which work hand in hand with wider business strategy to develop innovative new ways of working. Opportunities include:

- advances in simulation technologies which enable you to simulate and verify the performance of machines and manufacturing systems before they are built
- automation and the application of Web interoperability standards allowing for the integration of factories
- combined IT and business systems which help extract vital data to enable plant-wide supply chain optimization.

Information technology – Supporting integration

You're making a successful acquisition, but research consistently shows that integrating IT systems is one of the top integration challenges. One of the most complex areas to manage is the integration of IT, exacerbated by the fact that IT commonly has the highest number of dependencies on other business functions. To deliver following a deal, you need to align your IT integration strategy with strategic objectives and goals, and refine it to meet the unique needs of individual business units. If not, it will degenerate into an almost frantic effort to complete a seemingly endless list of IT initiatives with little connection to the big picture. Your people are vital here – staff commitment to new ways of doing business, and support for a smooth integration of information technologies is vital to securing the stability and momentum to realize cost efficiency and capture synergies.

Let's talk

We can help if:

- you recognise a need to better align IT to business needs
- you want to understand the opportunities new technologies can bring to your business
- you want an IT organisation which adds value by supporting business requirements
- you need to be better equipped to perform IT due diligence activities for mergers and acquisitions
- your efforts to comply with regulations have uncovered operational issues in IT and information security
- you need to prioritise and measure IT projects
- you want to assess which IT services should be provided internally and which should be outsourced
- your IT set-up is seen as a constraint on the business or its reputation is held in low regard
- you are interested in IT automation of key direct and indirect tax processes
- you want to improve the effectiveness of relationships between IT, your other business functions and your suppliers.

To start the conversation, contact your local territory industrial manufacturing leader (see p38)

Grow your people

Recruit, develop, retain

Your people drive your success story

You've made some tough decisions during the financial crisis. You had to re-evaluate your people and resourcing models, and in many cases that meant significant cuts. Now it's time to think about what that means for your company in the future. What do you need to do to make sure you have the right people driving your business forward?

We are seeing the employment situation stabilise as the rate of redundancies falls, and recruitment shows signs of growth. We know the biggest issue facing manufacturers now is a war for talent, both against direct competitors, and against other industries seen to offer more attractive career prospects.

Getting the best from your people

Your people have a direct impact on how well you can respond to the changing economic times. You need to recruit and retain the best talent, but the competition is fierce, and many employees feel less loyal after the difficulties of the recession. As recruiters try to take advantage of dissatisfaction stemming from pay freezes, benefit cuts and increased workloads, you must take steps to ensure that your key people are engaged and do not leave in search of better opportunities.

How can you ensure your people have the tools and motivation to perform at the highest level, with a strategy in place for developing leaders who will ensure sustainable success. Effective change management is essential, as you revisit business models and strategies in the wake of the downturn. It's an ongoing process, and we think the winners will be the companies that continually review and develop the quality and skills of their workforce, enabling them to adapt as the marketplace changes.

Let's talk

Solid strategies, processes and technology alone do not deliver results. You need people to accept, adopt, drive, and sustain change to get results. We'll talk to you about where you're heading, and what you need from your people to help you get there. Whether you're trying to:

- attract, motivate and retain the right employees
- develop effective compensation and benefits schemes
- quantify the contribution your employees make
- manage major change programmes and ensure that the changes stick
- benchmark your HR function against your competitors
- develop the internal resources to manage HR issues proactively

we'll draw on our network of 6000 HR professionals to help you find and develop the people you need to take your business forward.

To start the conversation, contact your local territory industrial manufacturing leader (see p38)

Grow your business

Sustainability and innovation

Your products and processes are green and sustainable, and you're the manufacturer suppliers and customers want to work with.

We know environmental regulation is a growing and complex area, and we'll talk more about that on p17, but sustainability also offers a real opportunity to drive market success. We see leading manufacturers' using the sustainability agenda to promote innovation and efficiency. They are winning market share and customer loyalty, and attracting the next generation of leaders who care about the environmental performance of the company they work for. Growth in green procurement, particularly in the public sector, means ensuring your business has a response adequate to ensure your inclusion on tender lists. Ethical issues remain a focus. The new Dodd Frank Act in the US could have implications for SEC registered manufacturers, particularly in automotive, aerospace and defence and general manufacturing, who source 'conflict minerals' from central Africa.

Understanding your upstream value chain and managing your downstream product stewardship are becoming just as important to perceptions of your sustainability performance as what you do inside the factory gate. You'll want to understand how to drive improvement in all these aspects and also spot where they might impact new deals you're considering.

There are plenty of opportunities to reduce your carbon footprint by lowering emissions and energy consumption, and many have the additional benefits of helping you to reduce costs and gain efficiencies. Examples include:

- improving energy efficiency in factories by installing new energy tracking and monitoring equipment
- building new, more energy efficient factories and offices, or upgrading your existing buildings
- improving the carbon footprint of shipping and logistics processes by:
 - using ship or rail transport, which have lower emissions
 - downsizing products and packaging
 - upgrading truck fleets to be more fuel efficient or use bio-fuels.

Targeting your own carbon footprint is just one opportunity. We see many manufacturers fighting climate change through researching and developing product offerings which help their customers to reduce their carbon footprint. For example, designing products that:

- use less water and energy in their manufacture and end-use
- have longer useful lives, with a lower carbon footprint
- fit new value chains for renewable power generation or electronic vehicles
- can be manufactured using recycled parts – and can be recycled themselves.

Your customers are dealing with the same issues – and wouldn't you want to work with someone who understands your needs and is actively trying to help you?

Grow your business

Sustainability and innovation

Let's talk

PwC can help you to take a strategic approach to the whole sustainability agenda. Talk to us about your business, your products, and the environmental and ethical challenges that are important to you, your customers and your staff.

Whether it concerns benchmarking best practices, structuring and advising on projects or optimising revenue-generating opportunities, we'll share our years of experience, enabling you to consider the implications across the full context of corporate activities. Then we'll work with you to develop a plan tailored to suit your needs, and maybe open up opportunities you haven't seen yet.

To get started, talk to Mark Thompson, from our Industrial Manufacturing Sustainability and Climate Change team.

mark.z.thompson@uk.pwc.com

Case study: Heating up new business opportunities

Our client (a division of a Belgium-based multinational company) needed to address mounting competition and environmental scrutiny across Europe. So they decided to be proactive. They asked us to help them get better at identifying and communicating the environmental impacts of their high performance fire protection and insulation materials products.

We used our extensive life-cycle analysis (LCA) and Environmental Product Declarations (EPD) research to help them to improve regulatory compliance and increase competitive advantage during tender offers.

Our team spent time talking to the client to identify their key products, and then we carried out an LCA for each one. We helped the client (and their stakeholders) to understand what we were doing by providing an interpretation of our report methodology.

The findings of our research mean that our client is able quickly and easily to respond to tenders requiring environmental data information. As a result, they gained competitive advantage in the European marketplace.

Service and solutions

Environmental regulation

How do you cope with the demands on your compliance and assurance functions?

As the world intensifies its focus on sustainability, you're facing growing restrictions on the materials you use, the by-products you produce, and the safety of your facilities. These restrictions are enforced by governmental and non-governmental organizations, often with overlapping jurisdiction, and each with a unique set of reporting requirements. The EU Emissions Trading Scheme is one example of a regulatory framework which hits manufacturers hard, no matter where in the world you are based. So:

- how do you make sure products manufactured under EU regulation are internationally competitive?
- how confident are you that you are accurately measuring and reporting on your emissions? (in our Manufacturing Barometer Q2 2010 only 25% of panellists were very confident)
- and how will you respond to similar carbon regulations appearing in Russia, the US, Japan, and Australia?

What other risks, reporting and compliance requirements do you need to think about?

There are too many to list here but they include:

- EU REACH regulations for chemical use and EcoDesign Directive on improving the environmental performance of energy related products
- policies and compliance systems to ensure sustainability and avoid corruption and bribery along the length of your supply chain
- in emerging economies, potential environmental and human rights risks.

Where is the good news?

The carbon agenda offers opportunities to offset the cost of compliance through carbon trading and Clean Development Mechanism projects. It drives value in many transactions – environmental high-performers are a more attractive investment. Positioning your business, and by extension the industry, as a contributor to a more energy efficient world can turn a regulatory burden into a long term revenue generating opportunity.

PwC provides compliance and assurance services for all facets of the sustainability agenda including:

- certified emissions reductions
- forestry management practices
- life-cycle carbon and water footprints
- REACH, the European Union chemical standards
- truth in labelling
- stand-alone sustainability reports and sustainability portions of annual reports.

We can help you with the wider assurance issues too. Besides ensuring compliance, assurance can help you to dispel scepticism arising from others' unfounded promotions of products as "green" and some sustainability reports in which elaborate descriptions of green activities mask de facto continuations of business as usual. Reliable assurances of claims that your products exact less of a toll on resources and other aspects of sustainability can help give your customers confidence in your bona fide sustainable business efforts.

Contact: Mark Thompson, Industrial Manufacturing Sustainability and Climate Change leader.

mark.z.thompson@uk.pwc.com

Our sustainability and climate change tax network helps clients cut through the complexity of different environmental policies and economic instruments around the world. We can help you to improve performance, implement long-term sustainable tax strategies and understand and communicate the total tax contribution you make to society. Our sustainability and climate change tax services include:

- compliance with relevant environmental tax legislation
- footprint and monitoring – Keep track of your exposure to environmental taxes around the world
- incentives – Understand what incentives you are eligible for and how to structure your investments
- fund structuring – Helping you to invest in sustainability related project funds
- the carbon agenda – Advising on the tax implications of participating in schemes from both a direct and indirect tax perspective
- transfer pricing – Addressing issues arising as a result of the green agenda
- identification of key tax credits and incentives
- human resources – Re-defining your people strategy in response to the sustainability and climate change agenda.

PwC commitment to the industrial manufacturing industry

Creating relationships that create value

PwC is one of the world's largest providers of assurance, tax, and business consulting services. We believe that the best outcomes are achieved through close collaboration with our clients and the many stakeholder communities we serve. So every day, 161,000 PwC people in 154 countries work hard to build strong relationships with others and understand the issues and aspirations that drive them.

At PwC, we measure success by our ability to create the value that our clients, our people and the wider investing public are looking for.

We are dedicated to working with you to find the right solution to the complex business challenges which you face in today's market. As global leaders in serving the industry, we have extensive experience working with companies on industry-specific strategic, operational, and financial issues.

We believe in serving our clients through one dedicated Global Relationship Partner ('GRP') who operates as your single point of contact, giving you access to our industrial manufacturing experts in various countries around the world. We have dedicated resources on the ground in all major territories who have specific manufacturing experience, giving you comfort that we can not only serve you effectively at HQ-level but also in other major hubs and cities where your subsidiaries are based around the world. To ensure our relationship is regularly reviewed, we also carry out client satisfaction surveys that measure our performance and an independent Senior Review Partner (SRP), both of which allow us to improve the client service which we provide.

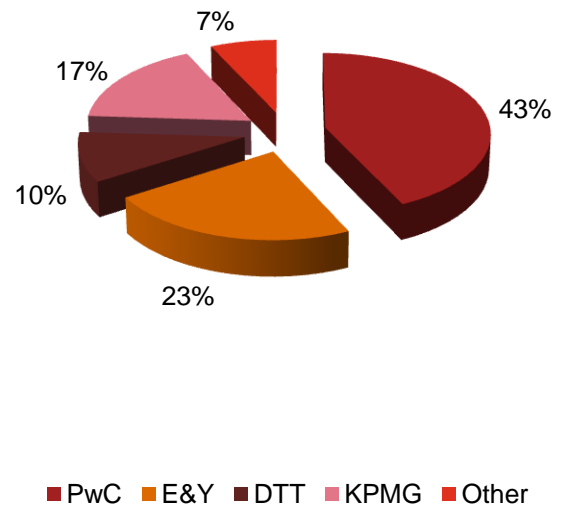
Local penetration, global connections

PwC audits 43% of Industrial Manufacturing companies in the Global FT500

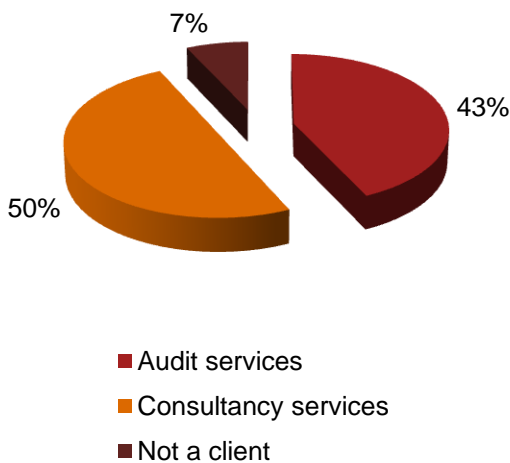
Our audit clients include:

- Alfa, S.A.B. de C.V.
- Alstom
- Assa Abloy AB
- Citic Group
- Compagnie de Saint-Gobain
- Dover Corporation
- Dresser-Rand Group Inc.
- Flowserve Corporation
- Ingersoll-Rand
- KOC Holding A S
- Prysmian
- Quinn Group Ltd
- Terex Corp
- Vestas Wind Systems.

Audit market share FT500 Industrial Manufacturing Co's



PwC services to FT500 Industrial Manufacturing Co's



PwC provides audit or consultancy services to 93% of Industrial Manufacturing companies in the Global FT500

Working with industry

Board Member of the National Association of Manufacturers (NAM)

PwC US is proud to be a member of NAM and serve on its Board of Directors. To help increase awareness and understanding of key industry issues that may impact association members, PwC and NAM join together to provide value-add forums, such as timely roundtable events on tax-related topics and relevant communications.

Institution of Mechanical Engineers (IMechE)

PwC UK is proud to support the Manufacturing Excellence Awards for the third year running. This rigorous process, run by the Institution of Mechanical Engineers tests and showcases the very best in UK manufacturing

Australian Industry Group (AIG)

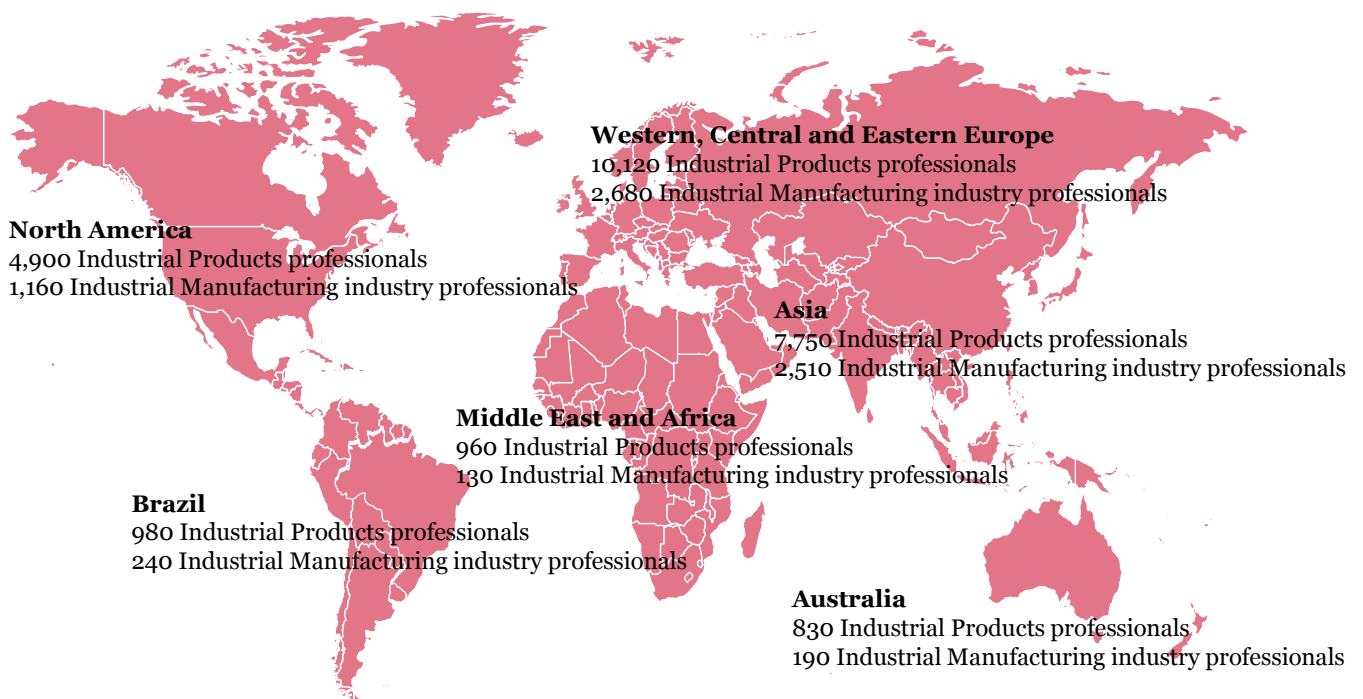
In Australia we collaborate with the AIG to publish a monthly Performance of Manufacturing Index™, reporting on the state of manufacturing in Australia.

<http://www.pwc.com.au/industry/industrial-products/publications/performance-manufacturing.htm>

Local coverage, global connections

Global Industrial Manufacturing Industry Group

At PwC, our Global Industrial Manufacturing Industry network includes over **8,650** professionals who work with our Industrial Manufacturing industry. It is part of an Industrial Products group consisting of over **32,000** professionals, including over **18,500** providing Assurance services, **7,700** providing Tax services, and **5,000** providing Advisory services. The map below shows where many of our people are located – but if even your location isn't shown, you can find your local contact on p38.



Service and solutions

Audit and assurance

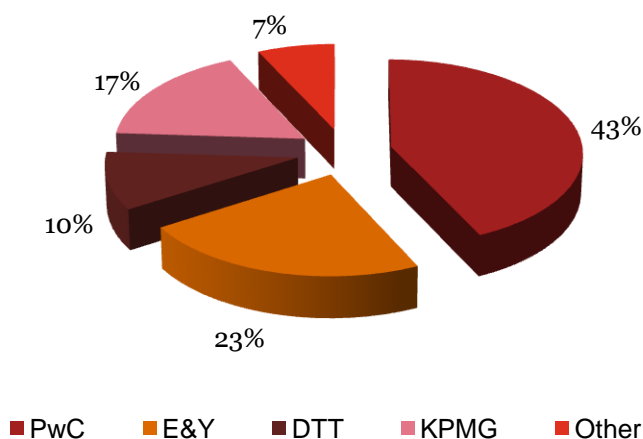
Our people have the knowledge and experience to help you with complex financial accounting issues, including valuations, pensions and share plans, listings, IFRS conversions, and corporate treasury and company secretarial functions.

You need an auditor who understands your business, and we have a strong track record in providing audit services to Industrial Manufacturing companies. We use our knowledge of the industry sector to help you with specific challenges including auditing long-term contracts, inventory management, production processes and cost accounting.

Our member firms audit many of the world's best-known manufacturing companies and thousands of other organisations both large and small. Our audit approach, at the leading edge of best practice, is tailored to suit the size and nature of your organisation and draws upon our extensive industry knowledge. Our deep understanding of regulation and legislation means we can also help with complex reporting issues involving Sarbanes-Oxley and International Financial Reporting Standards (IFRS).

Additionally, we are leaders in the development of non-financial performance reporting, helping our clients respond to the need for greater transparency, improved corporate governance, and business models based on the principles of sustainability.

PwC audits 43% of Industrial Manufacturing companies in the Global FT500



Contact: Graeme Billings, Global Industrial Manufacturing Assurance & Advisory Leader
graeme.billings@au.pwc.com

Service and solutions

Tax

Market turmoil, intense competition and global expansion have sparked unprecedented levels of regulation which companies need to keep up with. According to the latest PwC Annual CEO Survey, tax is one of the most important regulatory concerns of the CEO, and is driving demand for proper internal controls and robust financial reporting processes, to satisfy regulators and stakeholders. In the industrial manufacturing sector, you're facing a range of challenges and opportunities including value chain transformation, transfer pricing. With returning levels of international deal activity, you'll need to comply with increasingly complex domestic tax regimes.

Clients engage us because we understand the business and economic environment and combine this with specialist tax knowledge. We help you navigate complexity to:

- achieve business objectives by reducing tax risks and meeting your compliance obligations
- improve business and operating efficiency through tax efficiency and understand and manage the total tax contribution your business makes to governments.

We have the courage to ask the tough questions that get to the heart of the matter. We are leading the debate with tax authorities and governments around the world, changing the way we all think about tax. Having clarity around your challenges helps us put ourselves in your shoes, and together achieve a successful tax strategy.

Our services include:

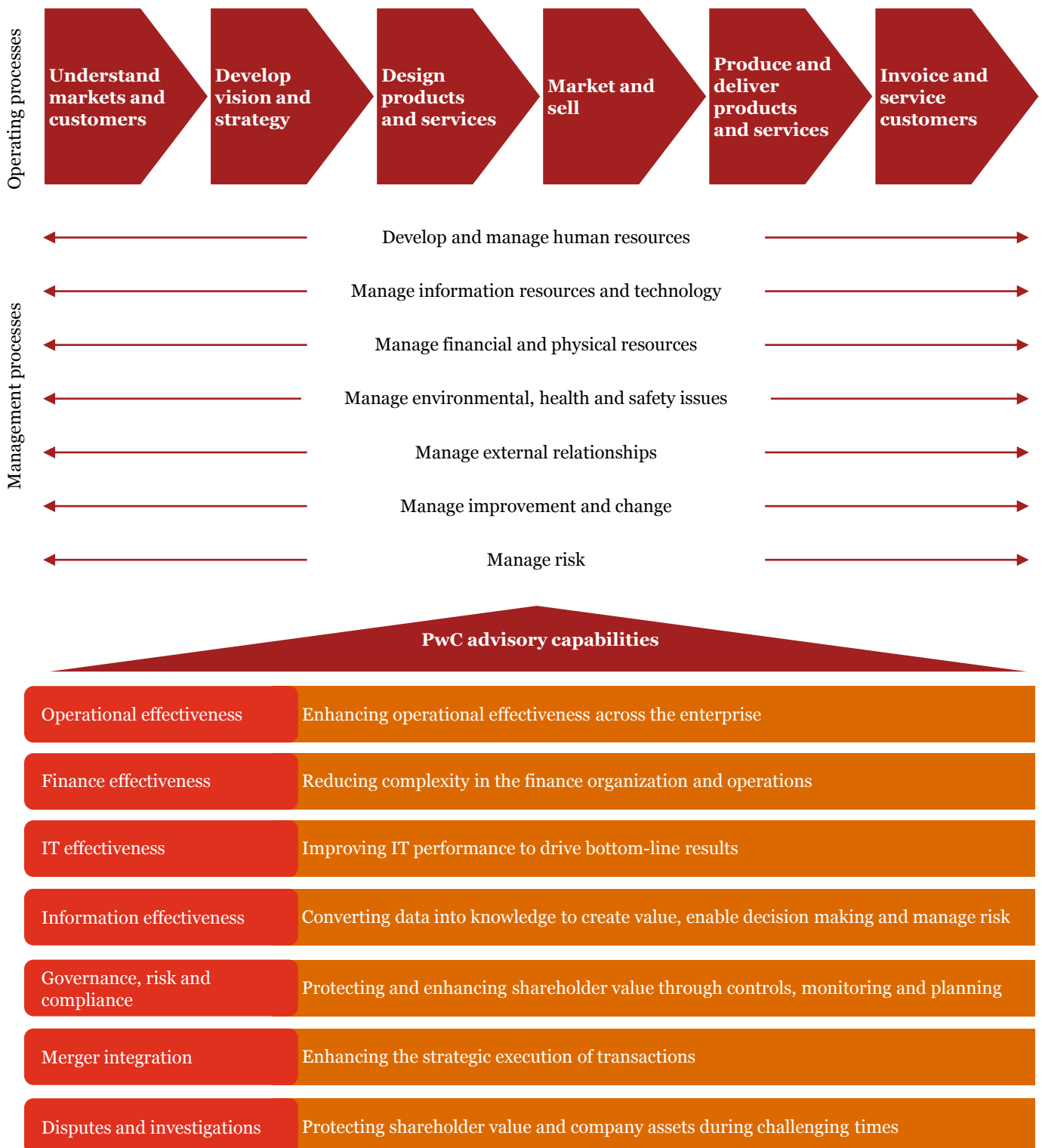
- global tax planning
- international tax services
- value chain transformation
- mergers & acquisitions tax structuring and support
- global compliance services
- tax accounting services
- inter-company transfer pricing
- tax function effectiveness and automation
- indirect taxes
- international assignments
- legal services
- customs duties

Contact: Michael Burak, Global Industrial Manufacturing Tax Leader, michael.burak@us.pwc.com

Service and solutions

Advisory

Supporting management processes across the value chain



Contact: Graeme Billings, Global Industrial Manufacturing Assurance & Advisory Leader
 graeme.billings@au.pwc.com

PwC difference

PwC member firms consistently build relationships that help clients create the value they're looking for. Client relationships go beyond single engagements. We work hard to understand the client's business and how they define value. PwC's clients typically turn to us for help in solving problems that involve numerous concurrent factors, weighing complex trade-offs, and prioritising multiple objectives. These sorts of challenges mean that technical expertise must be reinforced with excellent judgement, broad business experience, and a keen understanding of the client's implicit, as well as explicit, goals. In circumstances like these – particularly when the stakes are high – there is an excellent opportunity for a strong and lasting relationship to develop between a client and its PwC engagement team. In our experience, it is almost always the case that a strong relationship between PwC and its client leads to better results. This is PwC's approach to doing business.

PwC Global Annual Review 2010

Industry knowledge and perspectives

We know you want to do business with professionals who understand your business. Our industrial manufacturing industry trained professionals around the world deliver ideas and solutions embedded with a deep knowledge of the industry.

The Global Industry Programme is the PwC channel for that industry knowledge. The programme provides each PwC professional with an exceptional range of marketing resources, intellectual capital, industry specific training and, most importantly, an accessible network of global industry professionals to help deliver to you, our clients.

Thought leaders

Our industry practitioners speak at flagship industry events and we are regularly asked to comment in the media on our insights on industry developments – for example our Global Industrial Manufacturing Leader Graeme Billings is a regular media commentator on the Ai Group/PwC Performance of Manufacturing Index where he provides insight into the direction and challenges of the manufacturing sector. We also regularly publish articles and release thought leadership surveys and reports that examine the current and future challenges confronting the manufacturing industry globally.

We are committed to sharing knowledge amongst our industrial manufacturing specialists, so that our people stay abreast of the latest industrial manufacturing trends. We want to tell you things you don't know. So we invest in the knowledge of our people and clients through research, regular networking events, and the use of technology. This means our industrial manufacturing teams are able to:

- talk to you knowledgeably, so that you can discuss and address issues that may not be identified from the analysis of financial statements alone
- understand industry developments and their potential impacts, and work with you to identify and resolve potential issues
- provide insightful and commercial recommendations to your management teams.

We support this sector focus using technology platforms, including Global Gateway (our internal knowledge management platform) which provides an interactive forum for our client teams to access industry research and share best practices with you. Our industry focused learning and education programme delivers technical and industry focused training to practitioners desktops. We never forget that our people love to learn from each other, so we make sure our internal networks are strong, and our people know where to find the right expertise to help them help you.

Thought leadership

Manufacturing excellence

Capturing growth markets

In the 80's and 90's, many companies looked to the emerging markets for low-cost sourcing. Now they are looking to places like China as important markets in their own right. We highlight some examples of manufacturers who are already building plants, working with local partners and governments, conducting research – and most importantly, generating significant sales – in some key emerging markets. We take a look at why they've been successful, and what we think is likely to happen next.

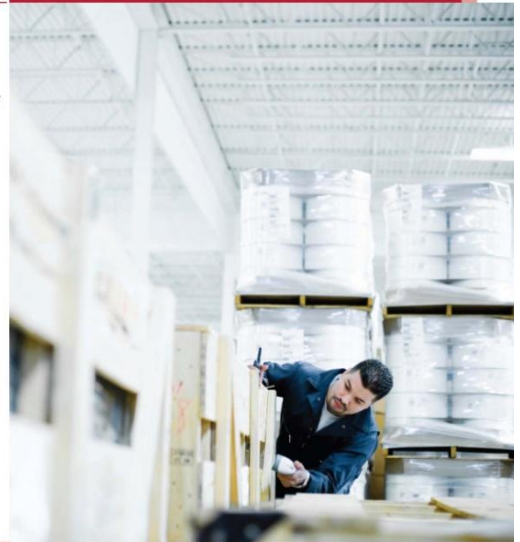
pwc.com/industrialmanufacturing

Capturing Growth Markets

Industrial Products

Industrial Manufacturing

In the first installment of our new Manufacturing Excellence series we look at key strategies for growing in emerging markets.



pwc

What would you like to grow?

2009: 141

2005: 54

Trend



Number of new multinational companies based in China

Thought leadership Sustaining success

Never waste a good crisis

Business leaders have taken their companies through unprecedented times recently and now face new challenges in embedding the lessons learned and driving for growth in a rapidly changing environment. In this report we show how some leading players in the Industrial Manufacturing sector have used the period to adapt and strengthen their businesses providing lessons for those tackling their own particular stage of the cycle.



Manufacturing is emerging from the recession stronger and leaner than ever

Thought leadership

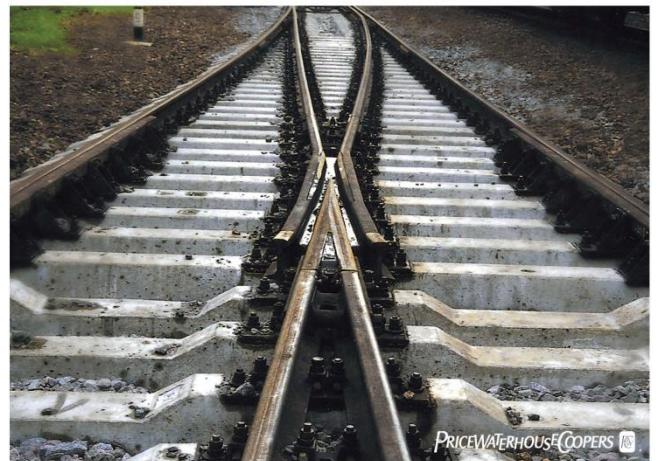
Sustaining success

Simplifying your industrials business

The economic downturn challenged the core operating models used to deliver business strategy by many industrial manufacturers. Many found operating models were too complex to enable the flexibility and efficiency needed to deliver business strategy in an uncompromising market. We share our views on achieving efficiency gains and sustainable cost reductions through closer alignment between simplified management models and legal structures.

Industrial Products

Simplifying your industrial business



Simplify your structure and reduce costs to compete in a post-downturn market

Different shades of green

In this short paper we look at the state of the climate change agenda post Copenhagen and the business implications for Industrial companies. The accompanying manufacturing sector supplement gives some background on the current state of the sector followed by an analysis of top sector companies and their responses to climate change issues based on publically available information.

Industrial Products
Industrial manufacturing

Industrial manufacturing

Sector climate change responses



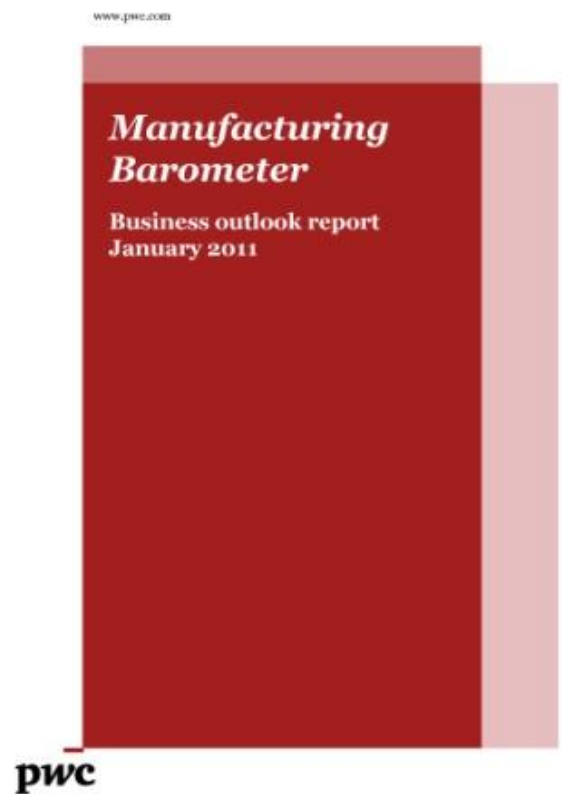
Helping your customers reduce their carbon footprint drives differentiation

Thought leadership

Industry surveys

Manufacturing barometer

Given today's economic conditions, this window on the views and expectations of other executives will help you to understand what your peers are thinking, and how they are responding to current business issues. Every quarter, the Manufacturing Barometer surveys US-based senior executives from multinational manufacturing companies regarding their view of the US and global industrial manufacturing economies over the past quarter and their outlook for the next 12 months.



Checking the industry pulse

Thought leadership

Industry surveys

14th PwC CEO survey: Industrial manufacturing sector summary

In 'Growth reimagined: Prospects in emerging markets', we show how CEO confidence is being driven by targeted investments in particular emerging markets – often far from home.

Like their peers in other sectors, industrial manufacturing CEOs have renewed confidence in their companies' growth prospects. They honed their cost-cutting skills during the recession, patiently waiting for the time when global growth would return.



86% of IM CEOs altered their corporate strategy in the past two years – 33% believe the change has been fundamental.

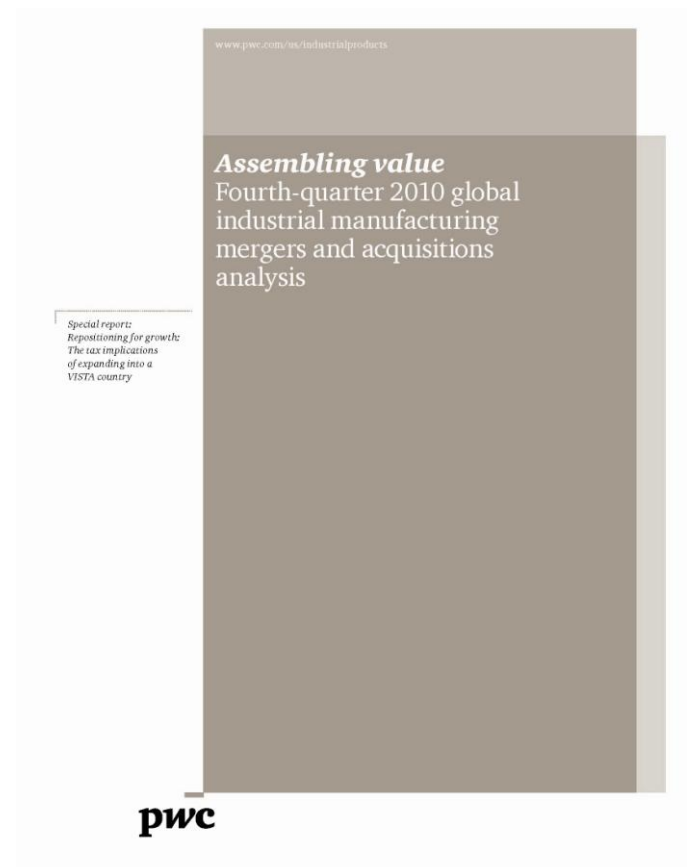
Thought leadership

Doing deals

Assembling value

Assembling value is the PwC quarterly analysis of mergers and acquisitions in the global industrial manufacturing industry.

In addition to a detailed summary of deal activity in each quarter, we supplement each issue of Assembling Value with a special report looking at the impact of wider industry challenges on the strategic deal environment.



Tracking the growth of the manufacturing deals market

Assessing Tax: 2010 Tax Rate Benchmarking Study

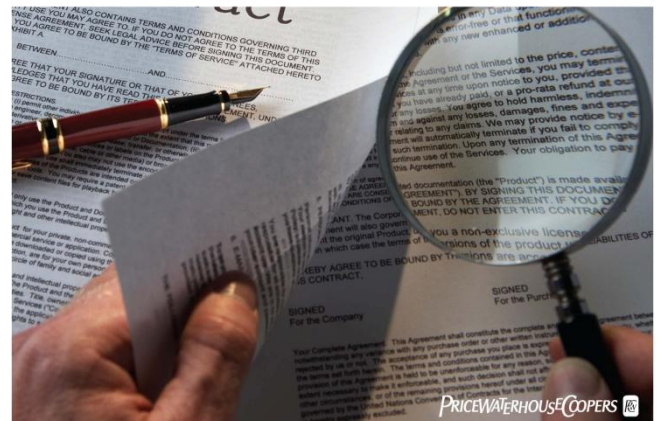
An annual benchmarking study that provides a detailed analysis of tax rate metrics and the drivers of these ratios for five industrial products industries. In addition to analyzing the industrial manufacturing industry, this report includes a special article that discusses several of the Obama administration's tax proposals and their potential impact on the industries.

Tax Services

Assessing tax

2010 Tax rate benchmarking study for the industrial manufacturing industry

Special report: A closer look at the changing tax environment and key proposals from the Obama administration



Industrial manufacturing industry focuses on controlling and managing tax expenses

Visit www.pwc.com/industrialmanufacturing to find out how we can help you. Our website is regularly updated with the latest thought leadership, case studies and service offerings. And you can find and contact the specialist you need to start up a conversation.



Global

- Home
- Industry sectors
- Today's issues
- Our services
- About us
- Research & insights
- Careers
- Press room

Industrial manufacturing

Publications | Manufacturing Barometer™ archive

Is China critical to future growth in the industrial manufacturing sector? 58% of CEOs say yes.

Find out more in PwC's 14th Annual CEO Survey: Growth reimaged ▶



1 2

Issues

Services

Helping you face today's challenges

- Making strategic acquisitions to achieve growth
- Manufacturing performance – Achieving excellence
- Simplifying your industrial business
- Sustainability – An opportunity for growth
- Winning the war for talent

The challenges that industrial manufacturing CEOs perceive are—not surprisingly—the same issues that we at PwC work with our clients to solve every day.

Subscribe to our feed [RSS](#)

Consult us



Graeme Billings
Global leader
Industrial manufacturing
Tel: +61 (3) 8603 3007



Mike Burak
Global tax leader
Industrial Products
Tel: +1 (973) 236 4459

Highlights



Global industrial manufacturing M&A analysis: Q4 2010

Assembling value is a quarterly analysis of global merger and acquisition (M&A) activity in the industrial manufacturing industry. Each edition includes a review of overall deal activity for the quarter and year-to-date and a summary of large deals. Also included is a spotlight on a PwC service



Manufacturing barometer: Business outlook report - 4Q 2010

A quarterly survey of US-based executives in large, multinational industrial manufacturing businesses about business performance, the state of the economy and their expectations for growth.

[Read more](#)



Emerging conversations: Global Industrial Products Tax Alert. Changes to the OECD Transfer Pricing Guidelines Chapters I-III

In the first of a new series of Global Tax Alerts, we help you to understand the changes to chapters I-III and the impacts we think they will have on global businesses in the industrial sectors.

[Read more](#)



Never waste a good crisis: Lessons in staying ahead for Industrial Manufacturing leaders

PwC conducted research and interviewed leading manufacturers in the UK & found that leading Industrial Manufacturing companies have been able to use the downturn to strengthen their operations, and improve working capital.

[Read more](#)

Contacts

Global industrial manufacturing leadership

Global industrial manufacturing leadership

Global Advisory and Assurance Leader: Graeme Billings (Australia)

Our Global Industrial Manufacturing industry practice is led by Graeme Billings. He has over 30 years experience providing assurance, transaction and consulting services with multinational and national clients in the automotive, construction and general industrial manufacturing industries. Graeme draws on his extensive experience with acquisitions and mergers and other business investigation areas such as due diligence, investigating accountants' reports, fraud investigations and internal control reports.

graeme.billings@au.pwc.com

Global Tax Leader: Michael Burak (US)

Michael has more than twenty years of experience teaming with client tax professionals to tackle complex global tax challenges, effectively manage risk, minimize their global effective tax rates and maximize cash.

During his career, Michael has provided key solutions to and industrial clients based upon his strong understanding and knowledge of client business and industry challenges. Several areas in which Michael has helped to deliver and provide solutions include: FAS109/IAS 12 income tax accounting, Sarbanes-Oxley 404 income tax accounting controls; environmental remediation and insurance recovery planning; international tax restructuring; federal tax legislative matters; and state and local corporate income tax minimization.

michael.burak@us.pwc.com

Contacts

Territory leadership

Australia

Graeme Billings
graeme.billings@au.pwc.com

India

N.V. Sivakumar
n.v.sivakumar@in.pwc.com

Malaysia

Thaya Sangara Pillai
thaya.sangara.pillai@my.pwc.com

South and Central America

Marcos Panassol
marcos.panassol@br.pwc.com

Canada

Calum Semple
calum.k.semple@ca.pwc.com

Ireland

Alisa Hayden
alisa.hayden@ie.pwc.com

Mexico

Fausto Cantu
fausto.cantu@mx.pwc.com

Spain

Julio Balaguer Abadia
julio.balaguer@es.pwc.com

Central and Eastern Europe

Matt Pottle
matthew.pottle@cz.pwc.com

Italy

Gianluca Sacchi
gianluca.s.sacchi@it.pwc.com

Middle East

Alistair Kett
a.kett@ae.pwc.com

Sweden

Olof Enerbäck
olof.enerback@se.pwc.com

China

Malcolm MacDonald
malcolm.macdonald@cn.pwc.com

Japan

Shigeru Shiina
shigeru.shiina@jp.pwc.com

Netherlands

Alexander Staal
alexander.staal@nl.pwc.com

Switzerland

Stephan Raepsamen
stefan.raepsamen@ch.pwc.com

Finland

Urmas Rania
urmas.rania@fi.pwc.com

Korea

Jae-Eun Lee
jae-eun.lee@kr.pwc.com

Russia

John Campbell
john.c.campbell@ru.pwc.com

Taiwan

Gary Chih
gary.chih@tw.pwc.com

France

Edouard Sattler
edouard.sattler@fr.pwc.com

Luxembourg

Mervyn Martins
mervyn.martins@lu.pwc.com

South Africa

Diederik Fouche
diederik.fouche@za.pwc.com

United Kingdom

Chris Baker
chris.baker@uk.pwc.com

Germany

Martin Bork
martin.bork@de.pwc.com

United States

Barry Misthal
barry.misthal@us.pwc.com

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PwCIL, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2011 PwC. All rights reserved. Not for further distribution without the permission of PwC. "PwC" refers to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL), or, as the context requires, individual member firms of the PwC network. Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm's professional judgment or bind another member firm or PwCIL in any way.