

Industrials

INDUSTRY REPORT

Fall | 2023

CREATING
M&A STRATEGIES
FOR BUSINESS OWNERS
SINCE 1956





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Market Observations

Market Summary

Industrials Market

The industrial sector is expected to continue its post-pandemic recovery. However, the performance of industrial output is still considered to be influenced by the European energy crisis due to Russia's invasion of Ukraine, a gradual recovery in travel after the pandemic, persistent inflation, and the cost-of-living crisis. Attributing to the rising interest rates and cost inflation, industrial rents continue their upward trajectory. According to the Federal Reserve, industrial production increased by 0.3% in September 2023, manufacturing output rose by 0.4%, and capacity utilization increased by 0.2%. The United States Industrial Production Index stood at 102.9 while the manufacturing PMI was 49.0 as of July 2023, with a 0.1% y-o-y growth in September 2023, indicating positive economic growth. The manufacturing PMI for the UK and Brazil stood at 45.3 and 47.8 respectively. Global composite PMI (excluding China), which reached 50.4 in August, suggests that growth has likely persisted through the summer. The global production and trade volumes of chemicals are anticipated to grow by 2.5% and 3.1% respectively in 2024, according to the American Chemistry Council. China's industrial production growth was unchanged at 4.5% in September 2023, maintaining its highest reading since April and slightly exceeding market forecasts of 4.3%, fueled by demand for products like solar cells and electric vehicles and the recent rush of policy initiatives helping bolster the economic rebound. The U.S. automotive aftermarket industry is projected to be \$534 billion in 2024 according to AAPEX. The tyres and exhaust systems are expected to hold the highest market shares of the overall automotive aftermarket in 2023 and are expected to continue their dominance from 2023-2030 according to Global Data.

Public Company Valuation

The CFA Select Industrials index decreased by 2.7% in the third quarter of 2023 and the 12-month return on the index was 50.8%. Our index for each of the subsector of industrials decreased in the third quarter of 2023 with Building Products registering the highest decline of 7.9%. The Electrical Products Index had the highest median EBITDA multiple and revenue multiple of 18.6x and 3.5x while the Heavy Machinery Index had the lowest median EBITDA multiple and revenue multiple of 7.2x and 1.2x. Automotive Parts, Building Products, Specialty Chemicals, Diversified Industrials and Tool & Hardware Manufacturing had median EBITDA multiples of 10.8x, 9.1x, 13.4x, 15.6x and 12.4x, and median revenue multiples of 1.3x, 1.4x, 2.1x, 2.2x and 1.3x respectively.

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*The public
industrials market
declined in the third
quarter of 2023...*

Mergers and Acquisitions

The M&A activity in the industrials market declined in the third quarter of 2023. Higher financing costs, fear of potential recession, and disparate views on valuation are considered key reasons for resulting in fewer closed transactions. However, the M&A activity is expected to rebound since financial sponsors have commenced pursuing buy-and-build strategies that reduce dependence on large debt financings. With anticipation of future rate cuts, M&A activities are expected to spark in advance of policy actions. Growing PMI and IPI of the companies are also expected to boost the M&A activity, making them a desirable target.

Industry Trends

Growing Demand for Modular Construction

The global modular construction market is estimated to be worth \$2.5 billion in 2023 and is expected to grow at a compounded annual growth rate (CAGR) of 9.9% from 2023 to 2035 according to a report published by Roots Analysis. Modular construction, particularly in pharmaceutical and biotech facilities, is gaining significant attention. It involves building structures using prefabricated modular units, off-site, under a controlled factory setting. Off-site construction can significantly reduce weather-related issues by 60%-90% and has the potential to be completed 40% faster than traditional methods. This leads to a 25%-30% reduction in overall construction costs. Attributing to these factors, there are over 250 manufacturers specializing in modular cleanrooms, offering a range of accessories and customization options tailored for the life sciences industry. This indicates an anticipated future trend of more efficient and standardized modular manufacturing, resulting in cost savings. Technologies such as 3D Printing and Prefabrication as well as Building Information Modelling are also embraced, evolving the modular construction landscape.

Declining Orders of Manufacturing Technology

The new orders of manufacturing technology totaled \$353.9 million in July 2023, according to the latest U.S. Manufacturing Technology Orders Report published by AMT – The Association For Manufacturing Technology. July orders declined 12.4% from June 2023 but were only 10.5% lower than July 2022. Year-to-date orders reached \$2.83 billion, 12.7% lower than the last year due to higher interest rates and economic uncertainty. In July 2023, job shops, the largest customer group, placed their lowest total monthly orders. Metal valve manufacturers experienced their third-highest monthly order value on record, surpassing pre-COVID levels, accounting for nearly 5% of the total manufacturing technology orders for that month. Manufacturers of motor vehicle transmissions, as noted in last month's USMTO press release, continued to order machinery at a high rate. Although the aerospace industry still holds a significant market share, its orders remain below the peak levels of early 2022. However, the federal government's \$1.5 billion investment in communications satellites is expected to lead to a positive shift in the demand.



Industrial Internet of Things (IoT)

The Industrial IoT market worldwide is forecasted to witness significant growth in revenue, with projections indicating a staggering figure of \$273.3 billion by 2023. The U.S. is expected to generate the highest amount of revenue, with an estimated revenue of \$65.6 billion by 2023 according to Statista. The International Data Corporation (IDC) predicts that global spending on the Internet of Things (IoT) will reach \$805.7 billion in 2023, a 10.6% increase from 2022. Investments in the IoT ecosystem are projected to exceed \$1 trillion by 2026, with an average annual growth rate of 10.4% from 2023 to 2027. The industries leading in IoT investment in 2023 and beyond will be discrete and process manufacturing, making up over one-third of global IoT spending. About two-thirds of industrial organizations reported their preference for IOT strategy-based executions since their median time for projects to break even has decreased from 24 months to 20 months in a span of 5 years, having a 14% higher success rate. In September 2023, Intel Corporation (U.S.) launched industrial IoT processors and software packages for various industries. The main driver for market growth is the industry's aim to boost Overall Equipment Effectiveness (OEE) by gaining better access to real-time data, leading to improved efficiency and cost savings.

Significant News

Laser Photonics' CleanTech Streamlines Engine Cleaning During Car Restorations

Business Wire, September 21, 2023

"Laser Photonics Corporation, a leading global industrial developer of CleanTech laser systems for laser cleaning and other material applications, highlights a key application for its CleanTech systems. Their laser cleaning systems can be used when rebuilding an automotive engine to instantly remove years of rust, grease, oil and carbon buildup without causing damage to the cleaned parts."

[Read More >](#)

IOTech Announces Edge Connect for Industrial Data Collection & Management

Embedded Computing Design, August 10, 2023

"IOTech announced the general availability of Edge Connect, a solution designed for acquiring large amounts of data in complex multi-protocol industrial environments. Industrial IoT applications play significant roles in sectors like manufacturing and energy, but before organizations can benefit from these applications, they must first connect the edge devices and collect that data — a complex and time-consuming process. Edge Connect aims to simplify this process to enable fast deployment of new edge-based use cases."

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China Restricts Export of Chipmaking Metals in Clash With US

Bloomberg, July 3, 2023

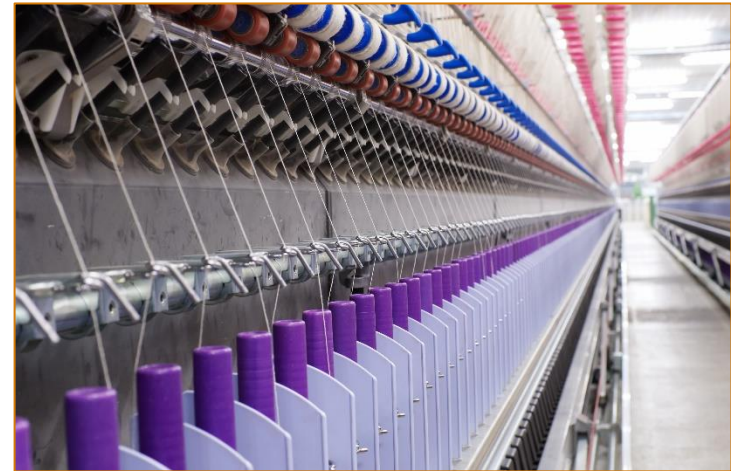
"China imposed restrictions on exporting two metals that are crucial to parts of the semiconductor, telecommunications and electric-vehicle industries in an escalation of the country's tit-for-tat trade war on technology with the US and Europe."

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M&A Metrics

Industrials Industry

M&A activity in the Industrials sector decreased from 177 in Q2 2023 to 136 Q3 2023. The number of sub-\$50 million transactions decreased from 170 in Q2 2023 to 129 in Q3 2023. The number of transactions above \$100 million increased from 5 in Q2 2023 to 7 in Q3 2023. The total number of M&A transactions year on year decreased 20% from 170 in Q3 2022 to 136 in Q3 2023.



M&A Deal Summary Table | Count by Deal Size over Time

Transaction Value	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Not Disclosed	155	151	190	159	110
Under \$10 MM	7	14	12	8	10
\$10 - \$25 MM	1	2	3	3	6
\$25 - \$50 MM	4	1	3	0	3
\$50 - \$100 MM	2	2	2	2	0
\$100 - \$500 MM	1	5	3	4	5
\$500 MM+	0	1	2	1	2
Total Transactions	170	176	215	177	136

Source: FactSet

Industry Metrics

Industry Financial Data and Ratios

NAICs 3326 - Spring and Wire Product Manufacturing

Financial Metric	Last12 Mo	2022	2021
Current Ratio	3.16	3.04	4.65
Gross Profit Margin	24.69%	25.86%	30.14%
Net Profit Margin	7.28%	7.73%	9.45%
Accounts Receivable Days	46.44	48.28	47.66
Accounts Payable Days	30.62	34.1	36.8
Debt-to-Equity Ratio	1.61	1.63	1.18
Return on Equity	31.58%	37.33%	35.53%
Sales per Employee	2.28	2.21	2.07
Profit per Employee	--	\$155,688	\$139,753
Sales Growth	--	\$21,323	\$8,787
Profit Growth	23.16%	23.31%	27.07%

NAICs 3339 - Other General Purpose Machinery Manufacturing

Financial Metric	Last12 Mo	2022	2021
Current Ratio	3.32	3.48	3.81
Gross Profit Margin	42.59%	41.13%	40.94%
Net Profit Margin	8.13%	7.30%	8.16%
Accounts Receivable Days	53.29	54.01	52.04
Accounts Payable Days	40.11	40.42	43.08
Debt-to-Equity Ratio	1.95	1.93	2.32
Return on Equity	34.20%	34.95%	42.63%
Sales per Employee	\$223,299	\$226,762	\$199,544
Profit per Employee	\$24,492	\$21,605	\$13,698
Sales Growth	21.95%	22.47%	15.53%
Profit Growth	13.77%	9.64%	28.90%

Source: Profit Cents

NAICs 4237 - Hardware, Plumbing, Heating Equip. & Supplies Merchant Wholesalers

Financial Metric	Last12 Mo	2022	2021
Current Ratio	3.31	3.2	3.38
Gross Profit Margin	31.78%	29.74%	30.56%
Net Profit Margin	7.94%	7.87%	6.92%
Accounts Receivable Days	44.34	45.22	42.87
Accounts Payable Days	45.87	45.25	43.8
Debt-to-Equity Ratio	2.26	2.27	1.9
Return on Equity	46.35%	46.84%	48.22%
Sales per Employee	\$713,238	\$684,354	\$532,808
Profit per Employee	\$77,683	\$72,874	\$47,427
Sales Growth	19.01%	19.55%	20.51%
Profit Growth	23.84%	34.30%	63.83%

NAICs 3359 - Other Electrical Equipment and Component Manufacturing

Financial Metric	Last12 Mo	2022	2021
Current Ratio	3.69	3.34	3.87
Gross Profit Margin	35.38%	33.87%	36.75%
Net Profit Margin	7.56%	8.40%	8.72%
Accounts Receivable Days	53.14	46.19	46.26
Accounts Payable Days	53.34	47.29	50.37
Debt-to-Equity Ratio	1.66	1.67	1.82
Return on Equity	43.18%	49.30%	47.52%
Sales per Employee	--	--	\$466,506
Profit per Employee	\$52,167	\$52,167	\$53,944
Sales Growth	17.46%	15.51%	18.44%
Profit Growth	34.98%	29.25%	27.52%

Industry Metrics

Industry Financial Data and Ratios

NAICs 4246 - Chemical and Allied Products Merchant Wholesalers

Financial Metric	Last 12 Mo	2022	2021
Current Ratio	2.78	2.62	2.89
Gross Profit Margin	34.56%	31.75%	34.64%
Net Profit Margin	10.31%	8.65%	6.32%
Accounts Receivable Days	46.5	50.47	48
Accounts Payable Days	41.52	43.25	50.6
Debt-to-Equity Ratio	1.94	1.95	2.29
Return on Equity	55.52%	48.24%	51.27%
Sales per Employee	--	--	\$777,900
Profit per Employee	\$500,482	\$500,482	\$88,492
Sales Growth	38.99%	38.88%	26.11%
Profit Growth	6.72%	17.75%	46.49%

NAICs 4238 - Machinery, Equipment, and Supplies Merchant Wholesalers

Financial Metric	Last 12 Mo	2022	2021
Current Ratio	3.35	3.37	3.33
Gross Profit Margin	29.96%	29.46%	29.11%
Net Profit Margin	7.63%	7.76%	6.76%
Accounts Receivable Days	43.7	44.05	42.18
Accounts Payable Days	43.69	43.69	42.52
Debt-to-Equity Ratio	2.11	2	2.18
Return on Equity	42.34%	42.28%	44.71%
Sales per Employee	\$560,510	\$570,728	\$531,955
Profit per Employee	\$41,734	\$38,467	\$50,761
Sales Growth	20.43%	21.86%	17.53%
Profit Growth	28.11%	26.25%	41.27%

Source: Profit Cents



Transaction Highlights

Notable Transactions



In September 2023, **Amara Raja Batteries Ltd** acquired Amara Raja Power Systems Ltd from **Rngalla Family Pvt Ltd** for INR1.33 billion (\$16.1 million) in cash. The acquisition expands the business capabilities of Amara Raja Batteries Ltd. Amara Raja Power Systems Ltd is located in Hyderabad, Telangana, India and manufactures and supplies chargers and power systems. The deal was expected to close within three months and was subject to customary closing conditions.



In September 2023, **XANO Industri AB** acquired **Integrated Packaging Solutions LLC** for \$21 million in cash. The acquisition enables XANO Industri AB to enhance its business capabilities. Integrated Packaging Solutions LLC is located in Colorado, United States and manufactures machineries for metal packaging industry. It had generated net sales of approximately \$16 million in the year 2022 and has around 40 employees. The deal is expected to close during September 2023, subject to confirmatory due diligence by XANO and fulfillment of customary closing conditions.



In September 2023, **Watsco Inc** acquired **Gateway Supply Co Inc** for \$106.2 million in cash and stock. Under the terms of agreement, Watsco Inc paid \$4 million in cash and issued 280,215 common shares to Gateway Supply Co Inc. Gateway Supply Co Inc is located in United States and wholesales plumbing, heating, ventilation, and air conditioning products.



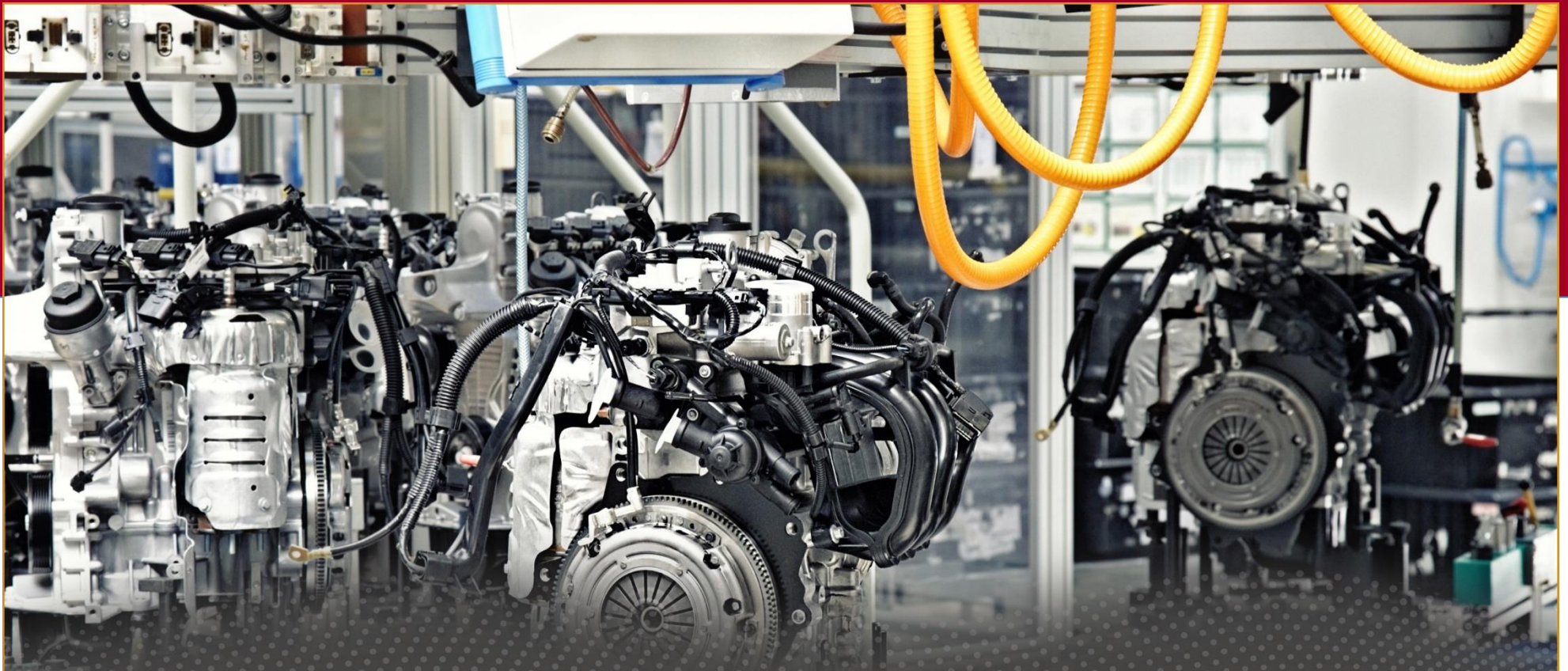
In August 2023, **Bulten AB** entered acquired **Exim & Mfr Enterprise** for SGD66.3 million (\$49 million) in cash. The acquisition was funded from an existing credit facility with Svenska Handelsbanken AB and an additional loan from the Swedish Export Credit Corp. The acquisition gives Bulten AB access to a large, broad customer base in growth sectors in a dynamic region. Established in 1982, Exim & Mfr Enterprise is located in Central Singapore, Singapore and supplies fasteners and electro-mechanical components. It has approximately 140 employees in Singapore, India, Indonesia, Malaysia, Thailand, the Philippines and Vietnam and annual sales of about SGD40 million (\$29.6 million). The deal was subject to customary closing conditions and was expected to close by the third quarter of 2023.



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Select M&A Transactions

Date	Target Name	Acquirer Name	Enterprise Value(MM)	Revenue	EBITDA
29-Sep-2023	Amara Raja Power Systems Ltd.	Amara Raja Batteries Ltd.	16.06	22.24	0.25
28-Sep-2023	Integrated Packaging Solutions LLC	XANO Industri AB	21.00	16.00	NA
01-Sep-2023	Gateway Supply Co., Inc.	Watsco, Inc.	106.15	NA	NA
01-Sep-2023	Murat Ticaret Kablo Sanayi AS	Volex Plc	195.11	173.09	36.15
31-Aug-2023	Exim & Mfr Enterprise	Bulten AB	49.01	29.57	NA
31-Aug-2023	Sisource AB	Chemgroup Holding AB	7.65	NA	NA
25-Aug-2023	Noco-Noco Pte Ltd.	Prime Number Acquisition I Corp.	1,350.00	NA	NA
08-Aug-2023	Balfour Pole Co. /Yellow Pine Pole Peeling & Drying Assets/	Stella-Jones, Inc.	14.95	NA	NA
03-Aug-2023	Dura Automotive Systems LLC /Battery Enclosures Business/	Linamar Corp.	325.00	NA	NA
01-Aug-2023	Imprint Energy, Inc. /Intellectual Property Suite/	CCL Industries, Inc.	20.40	NA	NA
01-Aug-2023	Univar Solutions, Inc.	Apollo Management LP; Abu Dhabi Investment Authority (Private Equity); Univar Solutions, Inc. /Private Group/	7,992.35	11,475.30	1,012.00
31-Jul-2023	Electriq Power, Inc.	TLG Acquisition One Corp.	431.42	17.81	-13.78
31-Jul-2023	Smile Robotics, Inc.	IRIS OHYAMA, Inc.	7.05	NA	NA
13-Jul-2023	Distribuidora Internacional Carmen SA	Diploma Plc	245.64	97.53	NA
12-Jul-2023	Sakai Trading Co., Ltd.	Sakai Chemical Industry Co., Ltd.	59.51	97.76	9.42
11-Jul-2023	Cortland Industrial LLC	Tufropes Pvt Ltd.	26.60	36.50	NA
05-Jul-2023	Pouch Partners Srl	CCL Industries, Inc.	44.00	104.00	6.80
04-Jul-2023	Transindia Realty & Logistics Parks Ltd. /Crane Division/	Premier Heavy Lift Pvt Ltd.	14.80	NA	NA
(\$ in millions) Source: Factset					



Public Companies

Industry Performance

CFAW Select Industrials Index

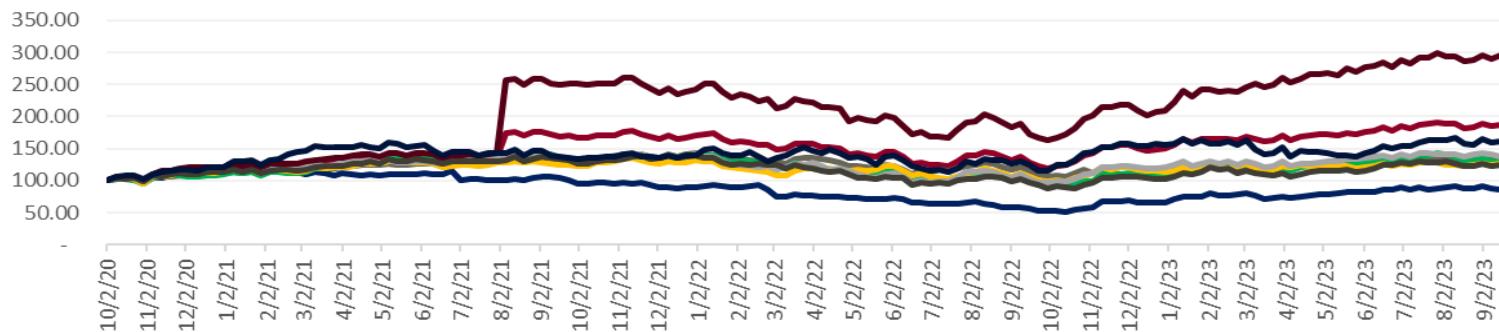
CFAW Select Industrials Index | Median EBITDA Multiples



CFAW Select Industrials Index | Median Revenue Multiples



- Select CFAW Select Industrials Index
- CFAW Selected Automotive Parts Index
- CFAW Selected Specialty Chemicals Index
- CFAW Selected Diversified Industrials Index
- CFAW Selected Heavy Machinery Index
- S&P 500
- CFAW Selected Building Products Index
- CFAW Selected Electrical Products Index
- CFAW Selected Tool & Hardware Manufacturing Index

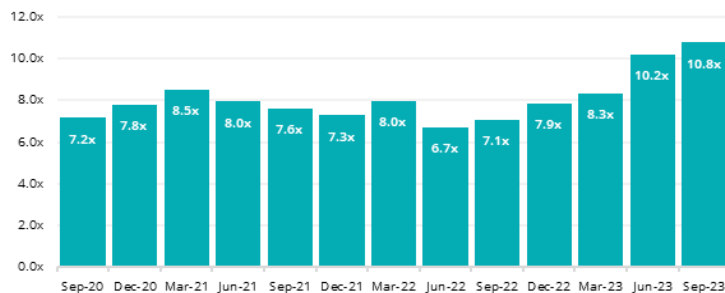


Source: FactSet

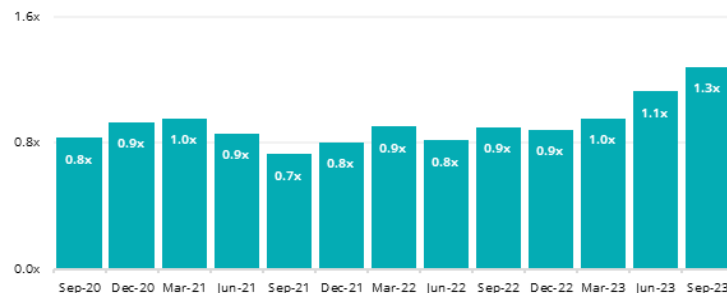
Public Comparables

Automotive Parts

Automotive Parts | Median EBITDA Multiples



Automotive Parts | Median Revenue Multiples



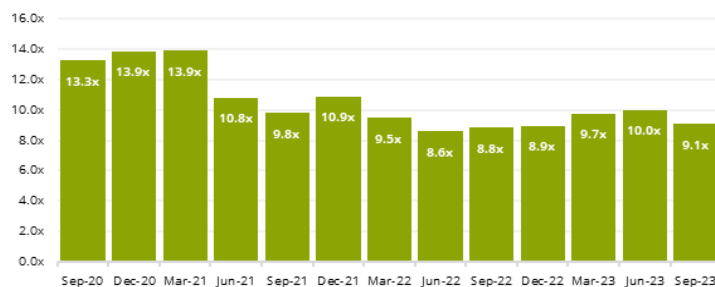
Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
							Revenues	EBITDA
Modine Manufacturing Company	\$45.75	52	\$2,392	\$2,723	\$2,379	\$250	1.1x	10.9x
Exide Industries Limited	\$3.14	850	\$2,669	\$2,651	\$1,870	\$199	1.4x	13.3x
TVS Holdings Limited	\$65.66	20	\$1,329	\$4,305	\$4,334	\$559	1.0x	7.7x
Knorr-Bremse AG	\$63.72	161	\$10,271	\$12,443	\$8,010	\$1,166	1.6x	10.7x
Mean				\$5,531	\$4,148	\$544	1.3x	10.6x
Median				\$3,514	\$3,357	\$405	1.3x	10.8x

Source: FactSet

Public Comparables

Building Products

Building Products | Median EBITDA Multiples



Building Products | Median Revenue Multiples



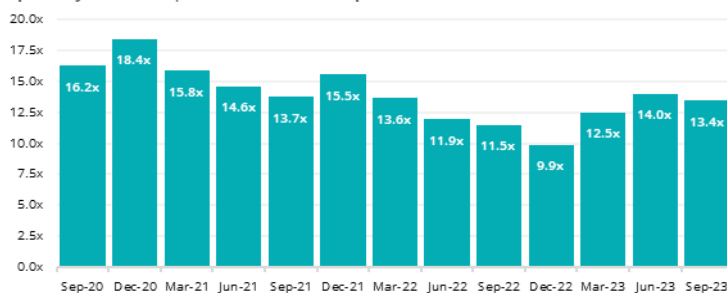
Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
							Revenues	EBITDA
Allegion Public Limited Company	\$104.20	88	\$9,147	\$11,033	\$3,662	\$833	3.0x	13.2x
Wienerberger AG	\$25.45	112	\$2,844	\$4,363	\$4,817	\$960	0.9x	4.5x
Watsco, Inc.	\$377.72	34	\$12,676	\$15,711	\$7,171	\$816	2.2x	19.2x
TOTO Ltd	\$25.89	177	\$4,582	\$4,096	\$5,125	\$548	0.8x	7.5x
Fortune Brands Innovations, Inc.	\$62.16	127	\$7,888	-	-	-		
Masco Corporation	\$53.45	225	\$12,022	\$15,139	\$8,233	\$1,424	1.8x	10.6x
Builders FirstSource, Inc.	\$124.49	125	\$15,566	\$19,660	\$18,531	\$3,128	1.1x	6.3x
Otis Worldwide Corporation	\$80.31	412	\$33,067	\$39,246	\$13,849	\$2,343	2.8x	16.8x
Compagnie de Saint-Gobain SA	\$60.22	506	\$30,497	\$40,768	\$52,979	\$7,647	0.8x	5.3x
Mean				\$18,752	\$14,296	\$2,212	1.7x	10.4x
Median				\$15,425	\$7,702	\$1,192	1.4x	9.1x

Source: FactSet

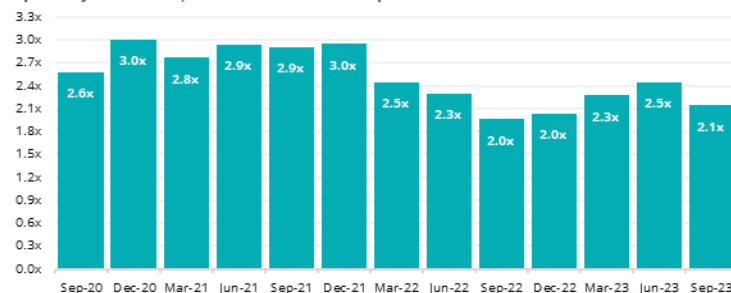
Public Comparables

Specialty Chemicals

Specialty Chemicals | Median EBITDA Multiples



Specialty Chemicals | Median Revenue Multiples



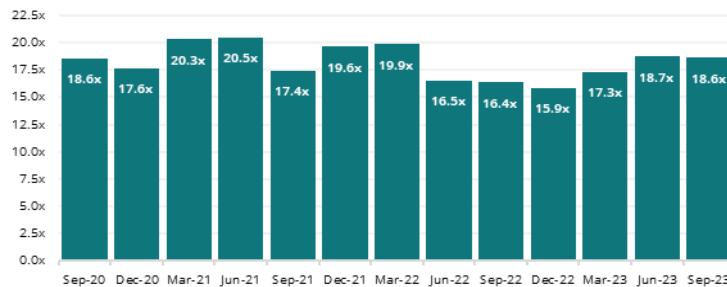
Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
							Revenues	EBITDA
Albemarle Corporation	\$170.04	117	\$19,954	\$22,291	\$9,663	\$3,557	2.3x	6.3x
Avient Corporation	\$35.32	91	\$3,217	\$4,889	\$2,471	\$375	2.0x	13.0x
Avantor, Inc.	\$21.08	676	\$14,248	\$19,896	\$7,176	\$1,437	2.8x	13.8x
Air Products and Chemicals, Inc.	\$283.40	222	\$62,957	\$72,311	\$12,979	\$4,007	5.6x	18.0x
Ecolab Inc.	\$169.40	285	\$48,285	\$56,821	\$14,764	\$2,794	3.8x	20.3x
Sumitomo Chemical Co., Ltd.	\$2.73	1,656	\$4,518	\$15,771	\$19,533	\$815	0.8x	19.3x
LG Chem Ltd.	\$367.94	71	\$25,974	\$43,924	\$43,123	\$4,511	1.0x	9.7x
Linde plc	\$372.35	488	\$181,687	\$197,157	\$33,093	\$11,264	6.0x	17.5x
LyondellBasell Industries NV	\$94.70	324	\$30,701	\$41,384	\$43,053	\$4,728	1.0x	8.8x
Dow, Inc.	\$51.56	703	\$36,251	\$49,361	\$49,245	\$5,720	1.0x	8.6x
Mean				\$52,380	\$23,510	\$3,921	2.6x	13.6x
Median				\$42,654	\$17,148	\$3,782	2.1x	13.4x

Source: FactSet

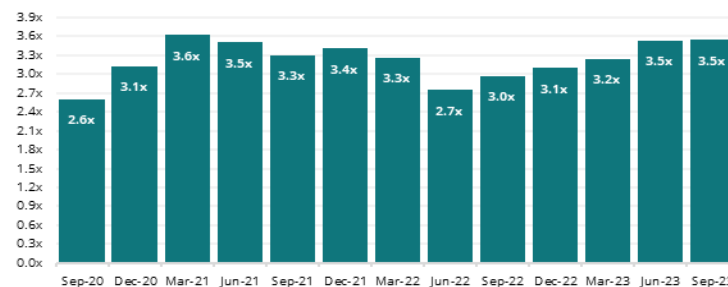
Public Comparables

Electrical Products

Electrical Products | Median EBITDA Multiples



Electrical Products | Median Revenue Multiples



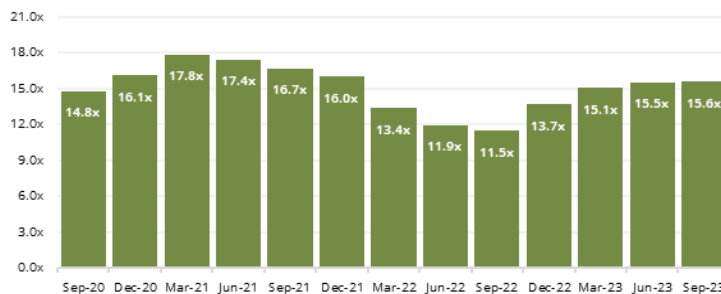
Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
							Revenues	EBITDA
Hubbell Incorporated	\$313.41	54	\$16,808	\$17,865	\$5,187	\$1,069	3.4x	16.7x
AMETEK, Inc.	\$147.76	231	\$34,090	\$35,852	\$6,421	\$1,935	5.6x	18.5x
Rockwell Automation, Inc.	\$285.87	115	\$32,835	\$36,755	\$8,616	\$1,827	4.3x	20.1x
Emerson Electric Co.	\$96.57	572	\$55,190	\$59,997	\$16,439	\$4,089	3.6x	14.7x
Vestas Wind Systems A/S	\$21.52	1,010	\$21,731	\$23,241	\$15,635	\$117	1.5x	198.1x
Eaton Corp. Plc	\$213.28	399	\$85,099	\$93,587	\$22,047	\$4,570	4.2x	20.5x
Schneider Electric SE	\$166.20	573	\$95,207	\$107,774	\$37,360	\$7,728	2.9x	13.9x
Siemens Energy AG	\$13.11	799	\$10,477	\$11,047	\$33,226	(\$857)	0.3x	NM
Fortive Corp.	\$74.16	352	\$26,106	\$28,543	\$5,973	\$1,534	4.8x	18.6x
Vertiv Holdings Co. Class A	\$37.20	381	\$14,156	\$16,996	\$6,391	\$883	2.7x	19.2x
Mean				\$43,166	\$15,730	\$2,289	3.3x	37.8x
Median				\$32,198	\$12,125	\$1,680	3.5x	18.6x

Source: FactSet

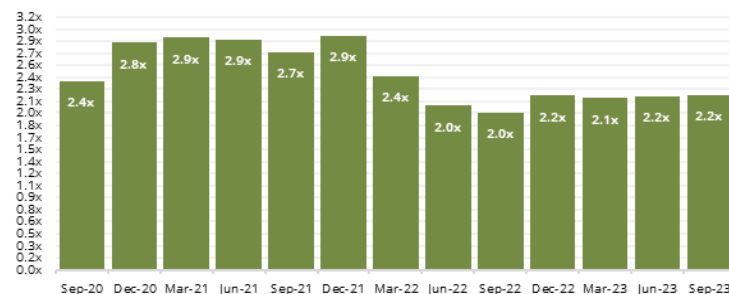
Public Comparables

Diversified Industrials

Diversified Industrials | Median EBITDA Multiples



Diversified Industrials | Median Revenue Multiples



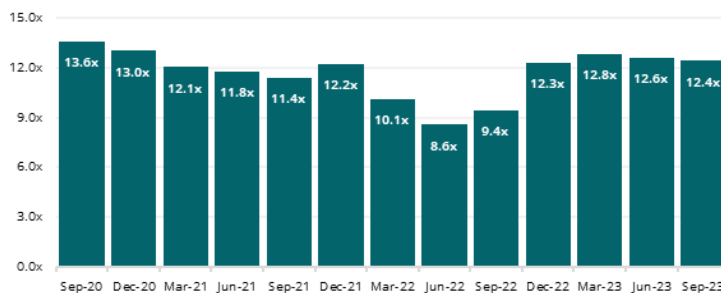
Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
							Revenues	EBITDA
Trane Technologies plc	\$202.91	228	\$46,344	\$50,726	\$17,070	\$3,072	3.0x	16.5x
Honeywell International Inc.	\$184.74	664	\$122,660	\$136,857	\$36,134	\$8,779	3.8x	15.6x
3M Company	\$93.62	552	\$51,678	\$64,223	\$33,054	(\$3,369)	1.9x	NM
Siemens Aktiengesellschaft	\$143.63	800	\$114,904	\$154,824	\$80,455	\$13,414	1.9x	11.5x
Hitachi,Ltd.	\$62.15	938	\$58,316	\$71,120	\$77,378	\$9,191	0.9x	7.7x
Schindler Holding AG Pref	\$200.04	41	\$8,145	\$19,820	\$12,485	\$1,516	1.6x	13.1x
Illinois Tool Works Inc.	\$230.31	302	\$69,644	\$76,944	\$16,075	\$4,351	4.8x	17.7x
Parker-Hannifin Corporation	\$389.52	128	\$50,027	\$62,352	\$19,065	\$4,039	3.3x	15.4x
Carrier Global Corp.	\$55.20	838	\$46,237	\$52,614	\$21,821	\$3,336	2.4x	15.8x
General Electric Company	\$110.55	1,088	\$120,320	\$121,725	\$72,071	\$6,365	1.7x	19.1x
Mean				\$81,121	\$38,561	\$5,069	2.5x	14.7x
Median				\$67,672	\$27,438	\$4,195	2.2x	15.6x

Source: FactSet

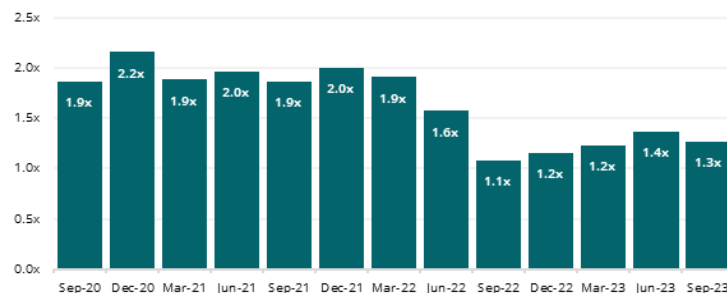
Public Comparables

Tool & Hardware Manufacturing

Tool & Hardware Manufacturing | Median EBITDA Multiples



Tool & Hardware Manufacturing | Median Revenue Multiples



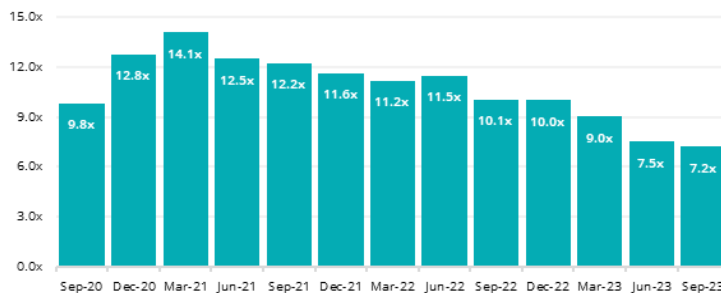
Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
							Revenues	EBITDA
Albany International Corp. Class A	\$86.28	31	\$2,692	\$2,882	\$1,073	\$247	2.7x	11.7x
Q.E.P. Co., Inc.	\$15.41	4	\$57	\$103	\$420	\$7	0.2x	14.0x
Snap-on Incorporated	\$255.06	53	\$13,497	\$13,924	\$4,994	\$1,369	2.8x	10.2x
Makita Corporation	\$24.74	280	\$6,928	\$6,737	\$5,485	\$414	1.2x	16.3x
Techtronic Industries Co., Ltd.	\$9.70	1,835	\$17,805	\$19,985	\$13,101	\$1,595	1.5x	12.5x
Stanley Black & Decker, Inc.	\$83.58	153	\$12,807	\$20,298	\$16,197	\$859	1.3x	23.6x
Ferguson Plc	\$165.57	204	\$33,773	\$38,154	\$29,734	\$3,105	1.3x	12.3x
Sumitomo Corporation	\$20.00	1,223	\$24,458	\$47,155	\$50,261	\$4,525	0.9x	10.4x
W.W. Grainger, Inc.	\$691.84	50	\$34,593	\$37,127	\$16,017	\$2,687	2.3x	13.8x
Toyota Tsusho Corp.	\$58.94	354	\$20,867	\$31,485	\$72,866	\$4,148	0.4x	7.6x
Mean				\$21,785	\$21,015	\$1,895	1.5x	13.2x
Median				\$20,142	\$14,559	\$1,482	1.3x	12.4x

Source: FactSet

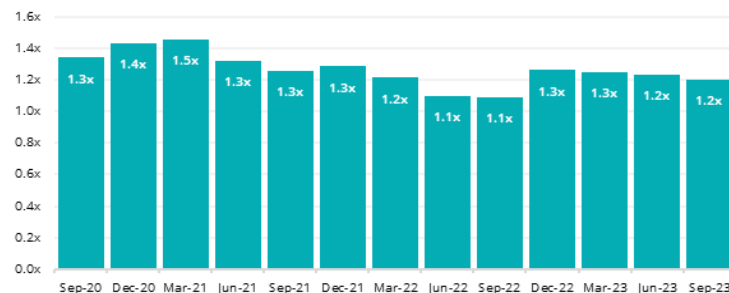
Public Comparables

Heavy Machinery

Heavy Machinery | Median EBITDA Multiples



Heavy Machinery | Median Revenue Multiples



Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
							Revenues	EBITDA
Wabash National Corporation	\$21.12	47	\$993	\$1,316	\$2,620	\$337	0.5x	3.9x
Hyster-Yale Materials Handling, Inc. Class A	\$44.58	13	\$597	\$1,258	\$3,915	\$206	0.3x	6.1x
China Yuchai International Limited	\$10.10	41	\$413	\$57	\$2,382	-	0.0x	
Toro Company	\$83.10	104	\$8,629	\$9,662	\$4,727	\$733	2.0x	13.2x
AGCO Corporation	\$118.28	75	\$8,857	\$10,786	\$14,177	\$1,977	0.8x	5.5x
Cummins Inc.	\$228.46	142	\$32,361	\$39,287	\$32,194	\$3,986	1.2x	9.9x
CNH Industrial NV	\$12.10	1,334	\$16,146	\$37,452	\$24,695	\$5,385	1.5x	7.0x
Deere & Company	\$377.38	288	\$108,686	\$163,544	\$61,353	\$16,379	2.7x	10.0x
Volvo AB Class B	\$20.77	1,588	\$32,985	\$58,506	\$49,362	\$8,111	1.2x	7.2x
Caterpillar Inc.	\$273.00	510	\$139,269	\$169,602	\$64,771	\$14,491	2.6x	11.7x
Mean				\$49,147	\$26,020	\$5,734	1.3x	8.3x
Median				\$24,119	\$19,436	\$3,986	1.2x	7.2x

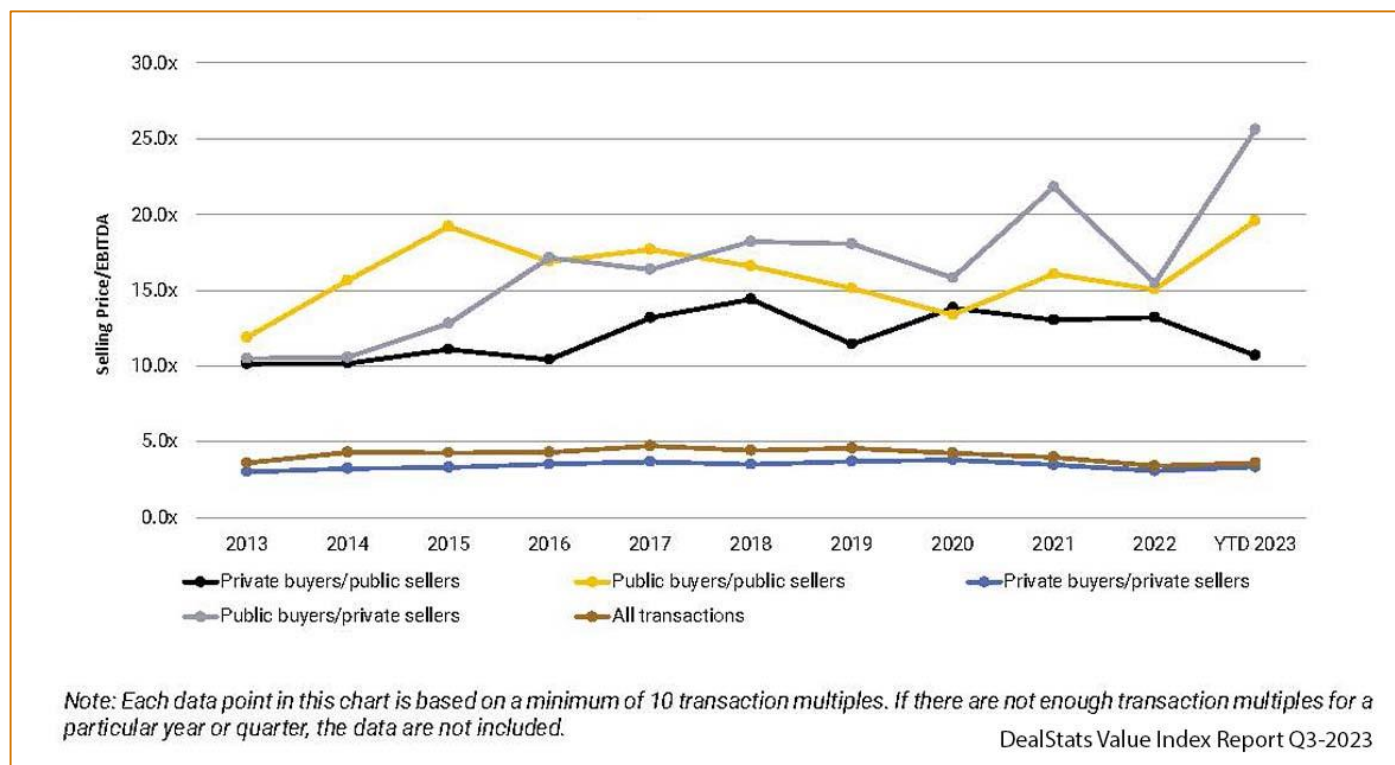
Source: FactSet

Public Vs. Private Comparables

Valuation Premiums Can Be Considerable

Regardless of industry, publicly traded companies often trade at premium valuations to privately held companies. This is reflected in M&A transactions and can lead to unrealistic value expectations for some business owners. The chart below illustrates this variance and shows that the variance has been both long term and growing.

Transactions between private buyer and private seller tend to be small by comparison and thus do not benefit from a “size” premium that is associated with transactions in general. While this chart does not breakout private equity transactions, our analysis indicates those transactions usually fall between public and private and move closer to public as size increases.





CFA Overview

About CFA

Who We Are / What We Do

Corporate Finance Associates (CFA) is an independent international investment banking firm serving middle-market businesses. For over 60 years Corporate Finance Associates has been advocating on behalf of business owners who are restructuring a company, either through divestiture, merger, acquisition or recapitalization. Combining the knowledge and leverage of a larger bank with the customer focused detail of a boutique firm, from inception to completion, our senior principals provide hands-on expertise to clients buying, selling or recapitalizing a business.

This Industrials Industry Practice Group was established to draw on the experience of CFA advisors, many of whom as former business owners and CEOs, have first-hand knowledge and have completed many transactions in this industry. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.



Sell-Side Advisory

Whether as a divestiture strategy or a recapitalization strategy selling all or part of a business requires equal parts creative thinking, critical analysis, expert advice, sound planning and flawless execution. Having the right team of investment banking professionals working for you is critical to ensure success.



Capital Markets

Our commitment to remaining independent from any investment or lending affiliates ensures that we deliver unbiased guidance. It also promotes maximum competition among lending sources, helping to fully leverage value for our clients. Our role is to help you raise the type of capital that best fits your needs.



Buy-Side Advisory

Growth through acquisition is a complex process. It involves strategy, planning, critical analysis, coordination and negotiation. When you want to take advantage of the fast growth offered by a consolidation or roll-up, CFA's broad reach, sources of financing and efficient closings can help you achieve your business growth goals.



Financial Advisory

Now that you have made the decision to raise capital for your business, choosing the right investment banker is critical. Whether you are buying out a partner, financing an acquisition or seeking growth capital, CFA is the right choice to help you achieve your financing goals.



Exit Planning

Every business will ultimately undergo a transfer via sale or merger, a charitable donation, a transfer to a child or relative or even bankruptcy, liquidation or death. Every ownership transfer carries with it a unique set of consequences and the best consequences usually begin with a clearly defined exit plan.



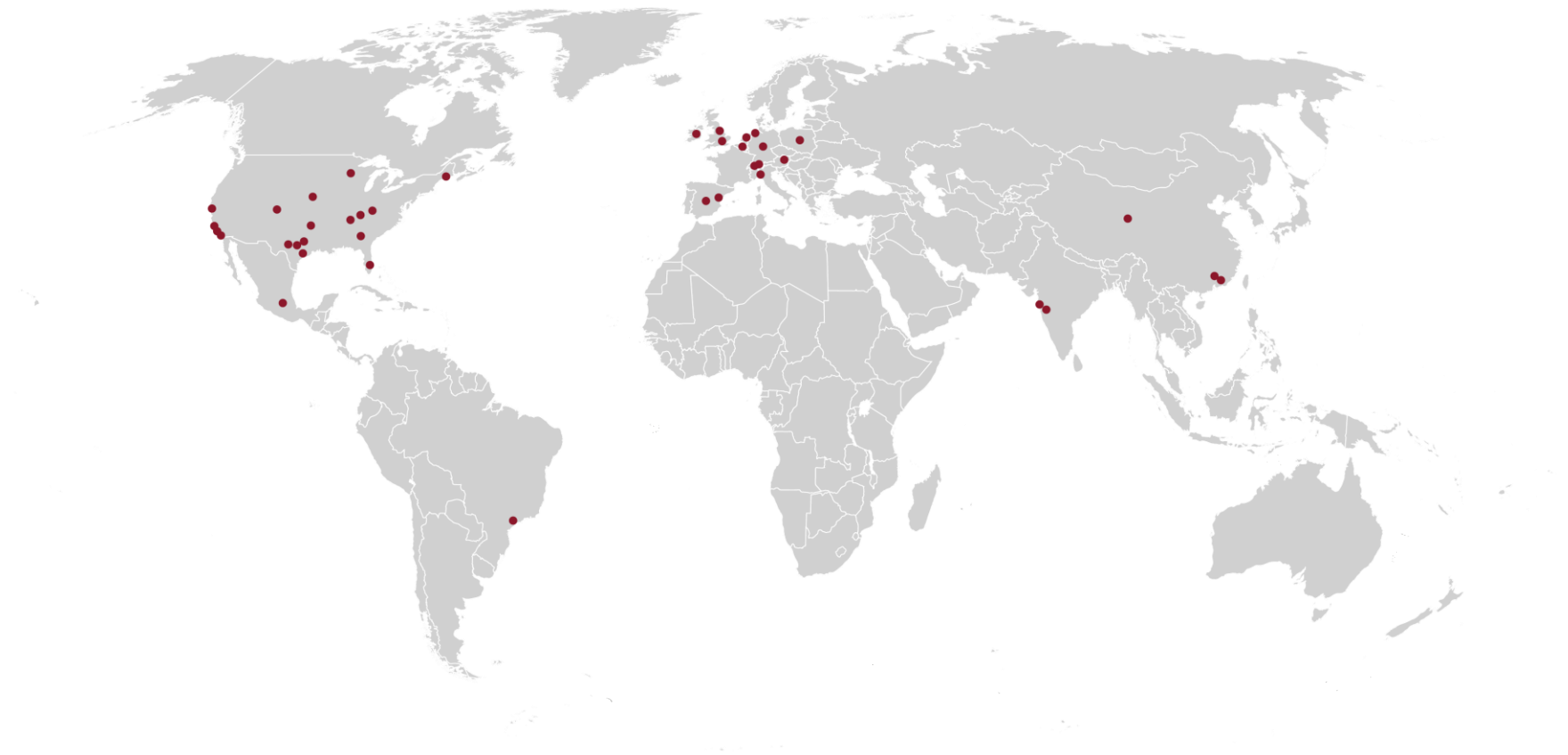
Business Valuation

"What is my business worth" is a question we often hear from business owners contemplating a business sale, merger or recapitalization. Answering this question depends on many factors, including the business valuation methods that are employed in the calculation.

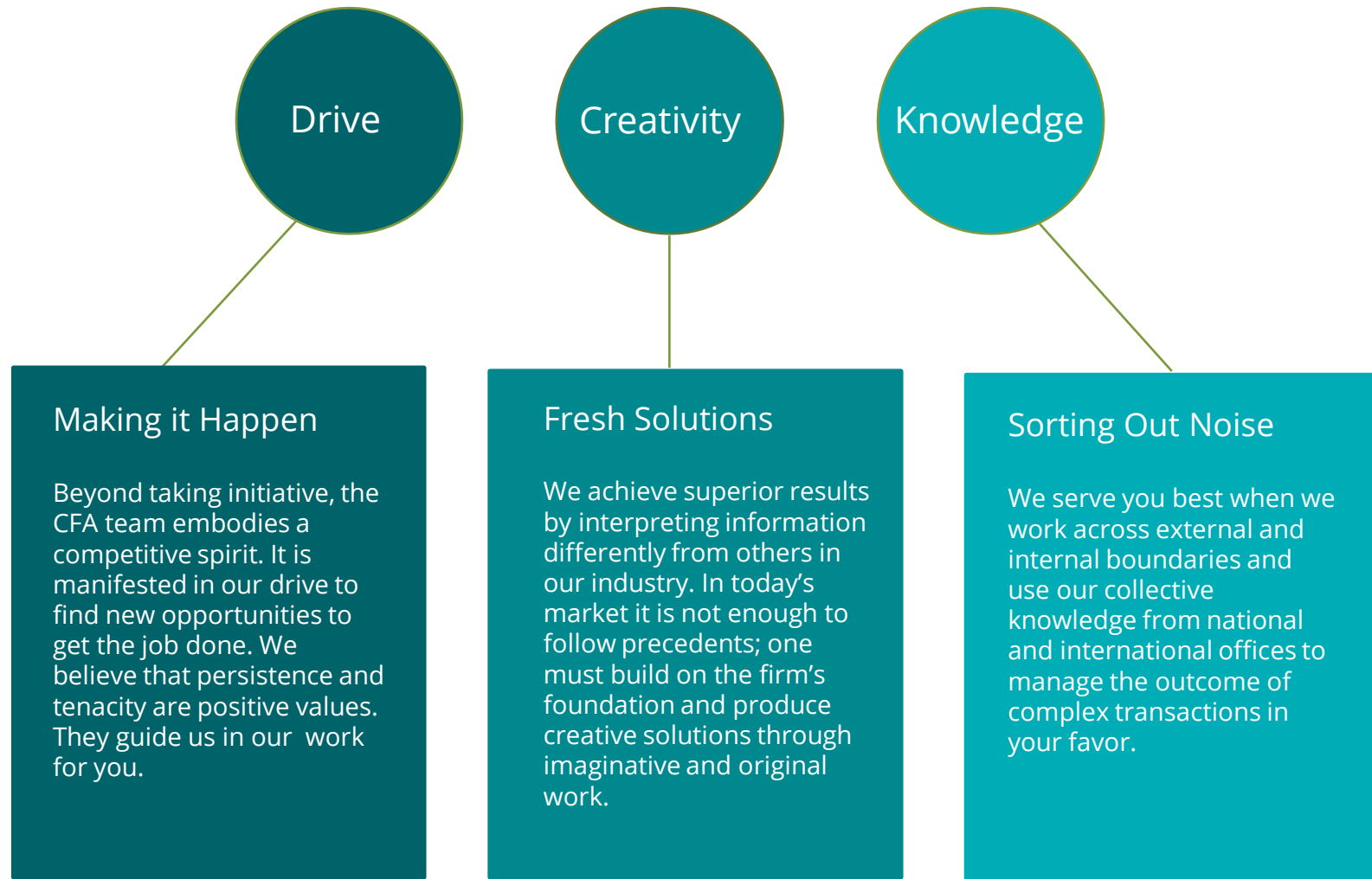
Local Service, Global Reach

Where We Are

With offices across the USA and in Austria, Belgium, Germany, Hong Kong, India, Ireland, Italy, Mexico, Netherlands, Poland, Spain, Switzerland and the United Kingdom providing middle-market companies with a wide range of M&A, financial advisory services and access to capital resources.



Delivering Results



Founded in 1956 • 70 Managing Directors • 37 Offices Worldwide • Billions in M&A Transactions

Worldwide Transactions

The figure is a world map with orange lines radiating from the center to various client logos and company names, representing global reach. The logos include:

- TRIO SUPPLY COMPANY**: has been acquired by. The undersigned initiated the transaction and acted as the exclusive investment banker to the seller. Since 1996.
- Office DEPOT**: The undersigned initiated the transaction and acted as the exclusive investment banker to the seller. Since 1996.
- CORAL SPRINGS**: has been acquired by. The undersigned initiated the transaction and acted as the exclusive investment banker to the seller. Since 1996.
- encore VET GROUP**: The undersigned initiated the transaction and acted as the exclusive investment banker to the seller. Since 1996.
- tyco**: Exclusive financial advisor to North Irish Nitro, S.A. de C.V., a 100% subsidiary, in connection with the rebranding of Camp Fire and other "TAC" (TAC) brands from the seller to the undersigned. Since 1996.
- PEXEM**: A member of the Financial Services Industry Practice Group was the exclusive advisor to Earth Tech Mexico S.A. in the transaction. Since 1996.
- HeadFirst**: has acquired. STERKSEN. Equity Backed by KARTESA. Legal Advisor: NOBILIS CLEMENT. Since 1996.
- MINT ARCHITECTURE**: has been acquired by. ATP. Since 1996.
- AMT**: has been acquired by. CERCQUISA. Since 1996.
- CERCQUISA**: has been acquired by. UPL. Since 1996.
- SPEAR**: has been acquired by. FM LOGISTIC. Since 1996.
- exult.**: has been acquired by. NEWGEN. Since 1996.
- cyberMatrix**: has been acquired by. SGS. Since 1996.
- SGS**: The undersigned initiated and acted as financial advisor to the seller in the transaction. Since 1996.
- SASTA**: has been acquired by. BASTA. Since 1996.
- Cerva**: has acquired. TB. Since 1996.
- BERKSHIRE HATHAWAY**: The undersigned acted as an advisor to the seller in the transaction. Since 1996.
- INDEFF**: The undersigned initiated and acted as advisor to the seller in the transaction. Since 1996.
- WESTERMO**: has been acquired by. Beijer. Since 1996.
- neratec**: has been acquired by. Since 1996.
- EWEN**: has been acquired by. VELJAN. Since 1996.
- CHARTER BUS LINES**: has merged with. TRAXX. Since 1996.
- GREENBRIAR**: has been acquired by. Harrison Pet Products Inc. Since 1996.
- creamedix BIOLAB**: has been acquired by. WESTLAK PARTNERS. Since 1996.

Industry Practice Groups

Industrials



The Industrials Industry Group is a multi-disciplinary team of investment banking advisors within Corporate Finance Associates. Collectively, the Industrials Practice Group advises companies in all sectors of the industrials industry regarding mergers, acquisitions, recapitalizations, and financial resources. This Practice Group is comprised of advisors with extensive experience working with companies in the industrials industry. We specialize in advising middle market companies in the following sectors:

- Diversified Industrials
- Automotive & Automotive After Market
- Industrial Services
- Industrial Minerals & Specialty Chemicals
- Building Products
- Security & Safety

Whether you want to acquire, merge, sell, or finance, let CFA's industry knowledge, international resources and proven dealmaking skills work for you. We research, identify, qualify, advocate, negotiate and help steer you through the mine fields of due diligence to maximize your value and secure your objective.

Aerospace/Defense/Government

Agriculture

Animal Health

Business Services

Commercial Real Estate

Consumer Retail

Energy

Engineering/Construction

Financial Services & FinTech

Food/Beverage

Healthcare/Life Sciences

Industrials

Metal Fabrication

Print/Packaging

Semiconductors

Technology/Media/Telecom



Transportation/Logistics/Supply Chain

Wholesale Distribution

Recent Industry Transactions

<p><i>This announcement appears as a matter of record only</i></p> <p>VIESMANN Allendorf, Germany</p> <p><i>has acquired</i></p> <p>BMIL Morehead City, North Carolina</p> <p><i>The undersigned initiated the transaction and acted as the exclusive investment banking representative to the acquirer</i></p> <p>cfa CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Silver Oak Securities, Inc. Silver Oak Securities, Inc. and Corporate Finance Associates are unrelated entities.</small></p>	<p><i>This announcement appears as a matter of record only</i></p> <p>1852</p> <p><i>together with the previous shareholder and management has acquired 100% of</i></p> <p>SPRINTUS Professionelle Reinigungsgeräte Welzheim, Germany</p> <p><i>CFAW Frankfurt and CARL jointly acted as exclusive M&A advisors to the sellers in a structured global sales process</i></p> <p>cfa CORPORATE FINANCE ASSOCIATES <i>Since 1956</i></p>	<p><i>This announcement appears as a matter of record only</i></p> <p>CHARTS Ltd. VALVES AND SUPPLY Midland, Texas</p> <p><i>has been acquired by</i></p> <p>GALLAGHER Fluid Seals, Inc. Philadelphia, Pennsylvania</p> <p><i>The undersigned acted as exclusive investment banking advisor to the seller</i></p> <p>cfa CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Silver Oak Securities, Inc. Silver Oak Securities, Inc. and Corporate Finance Associates are unrelated entities.</small></p>	<p><i>This announcement appears as a matter of record only</i></p> <p>ALUR</p> <p><i>has been acquired by</i></p> <p>SANWA HOLDINGS CORPORATION</p> <p><i>CFAW Zurich supported by CFAW Hong Kong initiated and acted as advisor to the seller in the transaction</i></p> <p>cfa CORPORATE FINANCE ASSOCIATES <i>Since 1956</i></p>	<p><i>This announcement appears as a matter of record only</i></p> <p>PVS chemistry for daily life Detroit, Michigan</p> <p><i>has acquired</i></p> <p>SACKETT WACONIA Baltimore, Maryland and Waconia, Minnesota</p> <p><i>The undersigned initiated the transaction and acted as the exclusive investment banking advisor to the acquirer</i></p> <p>cfa CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Silver Oak Securities, Inc. Silver Oak Securities, Inc. and Corporate Finance Associates are unrelated entities.</small></p>
<p><i>This announcement appears as a matter of record only</i></p> <p>SANITAS TROESCH</p> <p><i>has acquired</i></p> <p>Koer</p> <p><i>CFAW Zürich initiated and acted as advisor to the buyer in the transaction</i></p> <p>cfa CORPORATE FINANCE ASSOCIATES <i>Since 1956</i></p>	<p><i>This announcement appears as a matter of record only</i></p> <p>DMC Diversified Manufacturing Corporation</p> <p><i>has been acquired by</i></p> <p>Sv LABS a portfolio company of SF EP SAN FRANCISCO EQUITY PARTNERS</p> <p><i>The undersigned initiated the transaction and acted as the exclusive investment banker to the seller</i></p> <p>cfa CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Corporate Finance Securities, Inc.</small></p>	<p><i>This announcement appears as a matter of record only</i></p> <p>The Shareholders of Achilles Seibert GmbH</p> <p>achill classic · system · automotive Henstedt-Ulzburg</p> <p><i>have arranged the company succession from within the family and thus laid the foundation for the continued growth of the company.</i></p> <p><i>CFAW Frankfurt advised the shareholders on the family succession</i></p> <p>cfa CORPORATE FINANCE ASSOCIATES <i>Since 1956</i></p>	<p><i>This announcement appears as a matter of record only</i></p> <p>PFI PRECISION FOOD INNOVATIONS a division of PRECISION inc Pella, Iowa</p> <p><i>has been acquired by</i></p> <p>GROTE Columbus, Ohio</p> <p><i>The undersigned initiated and acted as the exclusive investment banker to the seller in the transaction</i></p> <p>cfa CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Silver Oak Securities, Inc. Silver Oak Securities, Inc. and Corporate Finance Associates are unrelated entities.</small></p>	<p><i>This announcement appears as a matter of record only</i></p> <p>american equipment Salt Lake City, Utah A Portfolio Company of Rotunda</p> <p><i>has acquired</i></p> <p>K KISTLER CRANE & HOIST Omaha, Nebraska</p> <p><i>The undersigned initiated and acted as an advisor to the acquirer</i></p> <p>cfa CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Silver Oak Securities, Inc. Silver Oak Securities, Inc. and Corporate Finance Associates are unrelated entities.</small></p>

Recent Industry Transactions

<p><i>This announcement appears as a matter of record only</i></p>  <p>INCODEMA SHAPING THE FUTURE</p> <p><i>has been acquired by</i></p> <p>Incodema Inc. Employee Stock Ownership Plan</p> <p><i>The undersigned initiated and acted as financial advisor to the company</i></p> <p>cfa CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Corporate Finance Securities, Inc.</small></p>	<p><i>This announcement appears as a matter of record only</i></p> <p>Diabrase AG</p> <p><i>has acquired a majority stake in</i></p>  <p>ZIEGLER and Diamant Weber ABRASIVE SOLUTIONS</p> <p><i>The undersigned initiated and acted as advisor to the sellers in the transaction</i></p> <p>cfa CORPORATE FINANCE ASSOCIATES <small>Since 1956</small></p>	<p><i>This announcement appears as a matter of record only</i></p>  <p>Hemco ramping up safety</p> <p><i>has been acquired by</i></p>  <p>BGRS Inc</p> <p><i>The undersigned initiated and acted as the investment banker for the seller in the transaction</i></p> <p>cfa CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Corporate Finance Securities, Inc.</small></p>	<p><i>This announcement appears as a matter of record only</i></p>  <p>RPC ROCKFORD PROCESS CONTROL, LLC</p> <p><i>has been acquired by</i></p>  <p>Modern Forge Companies, LLC</p> <p><i>The undersigned initiated and acted as advisor to the seller in the transaction</i></p> <p>cfa CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Corporate Finance Securities, Inc.</small></p>	<p><i>This announcement appears as a matter of record only</i></p>  <p>GSS 全球采购服务 Global Sourcing Services Simach, Switzerland</p> <p><i>has been acquired by</i></p>  <p>FAMILY TRUST INVESTOR Munich, Germany</p> <p><i>CFAW Zurich initiated and acted as advisor to the seller in the transaction</i></p> <p>cfa CORPORATE FINANCE ASSOCIATES <small>Since 1956</small></p>
<p><i>This announcement appears as a matter of record only</i></p>  <p>PRECISION MACHINE, INC.</p> <p><i>has been acquired by</i></p>  <p>Xtek</p> <p><i>The undersigned initiated and acted as exclusive financial advisor to the seller in the transaction</i></p> <p>cfa CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Corporate Finance Securities, Inc.</small></p>	<p><i>This announcement appears as a matter of record only</i></p>  <p>Challenger COMPONENT SERVICES</p> <p><i>has been acquired by</i></p>  <p>BOLTS & NUTS Connecting Products to Knowledge</p> <p><i>The undersigned initiated and acted as advisor to the seller in the transaction</i></p> <p>cfa CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Corporate Finance Securities, Inc.</small></p>	<p><i>This announcement appears as a matter of record only</i></p>  <p>PPI Precision, Inc. Pella, Iowa</p> <p><i>has acquired</i></p>  <p>MEYER INDUSTRIES, INC. San Antonio, Texas</p> <p><i>The undersigned initiated and acted as the investment banker for the acquirer in the transaction</i></p> <p>cfa CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Silver Oak Securities, Inc.</small></p>	<p><i>This announcement appears as a matter of record only</i></p>  <p>Great Lakes Fasteners™ Global Supply Local Service</p> <p><i>has been acquired by</i></p>  <p>AIS ALL Integrated Solutions a portfolio company of</p>  <p>highroad CAPITAL PARTNERS</p> <p><i>The undersigned initiated and acted as advisor to Great Lakes Fasteners in the transaction</i></p> <p>cfa CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Corporate Finance Securities, Inc.</small></p>	<p><i>This announcement appears as a matter of record only</i></p>  <p>SYRO Switzerland Since 1878 Switzerland</p> <p><i>has been acquired by</i></p>  <p>ELKUCH GROUP Switzerland</p> <p><i>CFAW Zurich initiated and acted as advisor to the seller in the transaction</i></p> <p>cfa CORPORATE FINANCE ASSOCIATES <small>Since 1956</small></p>

Recent Industry Transactions

This announcement appears as a matter of record only

STRONG BOX

has been acquired by

MUM INDUSTRIES

INTEGRA ENCLOSURES **ALL-FLO PUMP CO.**

The undersigned initiated and acted as advisor to the seller in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Securities transacted through Corporate Finance Securities, Inc.

This announcement appears as a matter of record only

ECHELON CAPITAL

has acquired the assets of

LYON Workspace Products

The undersigned initiated and acted as financial advisor in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Since 1956

This announcement appears as a matter of record only

Carr Metal Products Group

Has Been Acquired By

PRECIMED

The undersigned initiated and acted as advisor in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Since 1956

This announcement appears as a matter of record only

DOUBLE L GROUP

has been acquired by

BENFORD CAPITAL PARTNERS, LLC
and
HOPKINS & RHODES, LLC

The undersigned initiated and acted as the exclusive investment banker for the seller

cfa | CORPORATE FINANCE ASSOCIATES
Securities transacted through Silver Oak Securities, Inc.

This announcement appears as a matter of record only

American Whistle Corporation

has been acquired by

ENGINEERED CAPITAL, LLC

The undersigned initiated and acted as the investment banker for the seller in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Securities transacted through Corporate Finance Securities, Inc.

This announcement appears as a matter of record only

ALM MATERIALS HANDLING

has been acquired by

HAWK Technology, Ltd.
a portfolio company of

Highline Equity **BROADGATE CAPITAL**

The undersigned initiated and acted as advisor to the seller in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Since 1956

This announcement appears as a matter of record only

ALLIED WELDING, INC.

has obtained financing from

SUMMITFR
WORKING CAPITAL THAT WORKS

The undersigned initiated and acted as financial advisor in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Since 1956

This announcement appears as a matter of record only

Nuveau Designs, LTD

has been acquired by

Gary M. Day, Inc.

The undersigned initiated and acted as advisor in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Since 1956

This announcement appears as a matter of record only

James E. Baker and Associates, LLC

has obtained permanent financing from

WELLS FARGO
Wells Fargo Bank

The undersigned initiated and acted as financial advisor in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Since 1956

This announcement appears as a matter of record only

TAG-BARTON, LLC
Troy, Michigan

has acquired a majority interest in

BARTON
DeCATUR, Illinois

The undersigned initiated and acted as advisor to the Seller in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Securities transacted through Corporate Finance Securities, Inc.