

Industrials

INDUSTRY REPORT

Winter | 2024

CREATING
M&A STRATEGIES
FOR BUSINESS OWNERS
SINCE 1956





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Market Observations

Market Summary

Industrials Market

The global industrials sector encompasses capital goods manufacturers in aerospace, defense, building products, electrical equipment, machinery, construction, and engineering services. This capital-intensive sector navigates complex supply chains and embraces innovation to shape the modern global economy. Despite challenges such as the global pandemic, supply chain disruptions, inflation, geopolitical tensions, localization pressures, carbon footprint concerns, and talent shortages, industrials leaders have demonstrated resilience. In the U.S., recent data shows a 0.2% increase in industrial production in November, with manufacturing output rising by 0.3%, led by a 7.1% rebound in motor vehicles and parts production post-resolution of strikes. The industrial construction pipeline slowed dramatically at the start of 2023, but semiconductor and electric vehicle manufacturing continue to prop up the sector. CommercialEdge reported that since the beginning of 2022, most of the 94 million square feet of industrial space under construction was devoted to semiconductors, batteries, and EV plants. According to a report by KPMG, CEOs remain confident in their companies' three-year growth despite global economic challenges, extending optimism to industry growth until 2025. Short-term concerns arise due to governments curbing demand to address rising inflation. Despite this, over three-quarters acknowledge potential impacts on three-year growth in case of an economic downturn. Macroeconomic trends are driving executives to focus even more than before on a twin transformation: smart digitization and a focus on ESG. These remain key imperatives, but now the global picture has become distorted. The world economy is slowing down while technological change is accelerating.

Public Company Valuation

The CFA Select Industrials index increased by 12.5% in the fourth quarter of 2023 and the 12-month return on the index was 34.6%. Our index for each of the subsector of industrials increased in the fourth quarter of 2023 with Building Products registering the highest increase of 18.4%. The Electrical Products Index had the highest median EBITDA multiple of 19.8x while the Heavy Machinery Index had the lowest median EBITDA multiple of 7.9x. Heavy Machinery Index had the lowest revenue multiple of 1.3x while Building Products Index and Speciality Chemicals Index had the highest revenue multiple of 1.8x.

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*The public
industrials market
increased in the
fourth quarter of
2023...*

Mergers and Acquisitions

The M&A activity in the industrials market increased in the fourth quarter of 2023. Despite persistent challenges in the automotive industry, government initiatives like the CHIPS Act and the Inflation Reduction Act (IRA) are poised to strengthen domestic semiconductor production, providing crucial support for the growth of EV sales. In the engineering and construction sector, robust expansion in non-residential buildings and nonbuilding structures is anticipated to sustain industry spending throughout 2023. The metal, plastics, and paper packaging industry predicts paper and paperboard packaging products to be the highest growth segment, driven by the increasing adoption of sustainable materials. In the specialty channels of the US chemical sector, characterized by portfolio realignments, supply chain enhancements, and innovative material advancements, 2023 is positioned for a significant transformation in the materials landscape.

Industry Trends

From Factories to Powerhouses: Smart Industrials Rise in a Digitally Transformed Landscape

The industrial sector is undergoing a paradigm shift, driven by the convergence of digital technologies and the rise of "smart industrials." This new breed of manufacturer leverages data and intelligent machinery to not only optimize production processes but also develop smart products, implement innovative business models like "as-a-service," and connect with customers and stakeholders in novel ways. This transition is multi-faceted, encompassing new revenue streams, talent acquisition, revamped governance, and strategic technology adoption. Leaders are prioritizing AI, robotics, and VR/AR for tasks like customer insights, prospect conversion, and lifetime value optimization. However, challenges remain, including talent gaps, cost concerns, and the need for careful integration of these powerful technologies. Despite the hurdles, the potential rewards are immense, with first-mover advantage in the smart industrial landscape promising significant competitive edge. As traditional manufacturers embrace digital transformation and evolve into smart industrial powerhouses, the entire landscape of the industrial sector stands to be reshaped. By ensuring current technology is being leveraged, manufacturers can make informed decisions in their path to smart manufacturing – a path with greater efficiency, scalability, and cost savings.

Closing The Cybersecurity Gap to Safeguard Manufacturing Operations

As cyber threats increasingly target manufacturers, the focus on cybersecurity has primarily centered on information technology (IT) aspects, leaving operational technology (OT) vulnerable on factory floors. In many organizations, the collaboration gap between IT and OT teams presents challenges in areas such as cyber-attack mapping, asset management, security monitoring, vulnerability management, and reporting. In 2022, ransomware targeting industrial environments nearly doubled the previous year's total, with more than 70% of the incidents aimed at manufacturers. Entry points for attacks span interconnected enterprise IT environments, digital supply chains, connected factory operations (especially with the rise of AI and machine learning), and internet-connected products. Exploitations like the Log4j software and various threats have heightened concerns in industrial C-suites. In response, in July 2023 the SEC implemented rules requiring public companies to disclose cybersecurity incidents promptly and provide annual information on risk management, strategy, and governance.



Manufacturing Industry Transforms to Strengthen Operations Amid Challenges

In response to recent significant supply chain disruptions, there is a heightened imperative to instill resilience, redundancy, and risk mitigation in global manufacturing operations. This urgency is particularly pronounced when critical supply chain elements face potential exposure to geopolitical tensions, wage inflation, or raw material shortages. The push for greater supply chain transparency is on the rise, driven by the need to achieve ESG targets and comply with government regulations. Vertical integration is gaining popularity, mirroring successful models like Tesla's gigafactories, especially within the aerospace industry. The trend of reshoring and nearshoring supply chains is accelerating, with 70% of US and European manufacturers planning such initiatives. Increasing supply chain transparency is a difficult challenge in the industrials sector, particularly when an average aerospace company could have 12,000+ Tier 2 suppliers. Today, 70% of global business leaders describe their supply chains as "very" or "extremely" complex and are prioritizing greater transparency to ensure resilience, ESG alignment, and regulatory compliance. Workforce implications include the need for a highly skilled workforce due to vertical integration, intensified competition for talent in skilled trades amid reshoring efforts, and a potential shortage of skilled manufacturing talent concurrent with the aging workforce in developed markets.

Significant News

China's industrial profits post double-digit gains but recovery uneven

Reuters, December 27, 2023

"China's November industrial profits posted double-digit gains as overall manufacturing improved, although soft demand continued to constrain business growth expectations, emboldening calls for more macro policy support."

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Cracks Emerge in Manufacturing Spending Boom

Bloomberg, October 20, 2023

"The problem is that markets that were recently booming are now looking less robust. Rising interest rates, inflation and a shortage of skilled workers have also made many projects materially more expensive than even just a few months ago."

[Read More >](#)

Global coal industry expected to layoff over 400,000 miners by 2035: Report

Business Standard, October 11, 2023

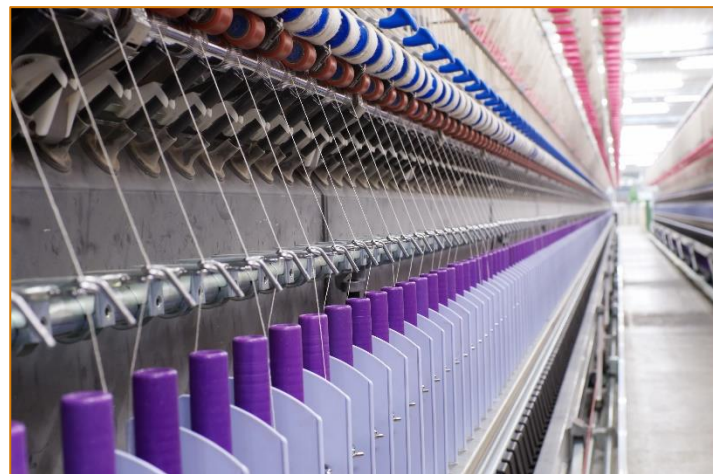
"The coal industry is expected to shed more than four hundred thousand mining jobs, equivalent to nearly 100 workers per day, by 2035, even without climate pledges or policies to phase out coal, with China and India likely to be the hardest hit, according to a new report."

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M&A Metrics

Industrials Industry

M&A activity in the Industrials sector increased from 136 in Q3 2023 to 138 in Q4 2023. The number of sub-\$50 million transactions decreased from 129 in Q3 2023 to 126 in Q4 2023. The number of transactions above \$100 million remained constant at 7 in Q3 2023 and Q4 2023. The total number of M&A transactions year on year decreased 21.6% from 176 in Q4 2022 to 138 in Q4 2023.



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

Transaction Value	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Not Disclosed	151	190	159	110	114
Under \$10 MM	14	12	8	10	7
\$10 - \$25 MM	2	3	3	6	2
\$25 - \$50 MM	1	3	0	3	3
\$50 - \$100 MM	2	2	2	0	5
\$100 - \$500 MM	5	3	4	5	3
\$500 MM+	1	2	1	2	4
Total Transactions	176	215	177	136	138

Source: FactSet

Industry Metrics

Industry Financial Data and Ratios

NAICs 3326 - Spring and Wire Product Manufacturing

Financial Metric	Last12 Mo	2023	2022
Current Ratio	3.11	3.11	3.05
Gross Profit Margin	26.96%	26.96%	25.93%
Net Profit Margin	8.92%	8.92%	7.89%
Accounts Receivable Days	49.8	49.8	48.24
Accounts Payable Days	29.93	29.93	33.66
Debt-to-Equity Ratio	1.16	1.16	1.61
Return on Equity	36.34%	36.34%	37.12%
Sales per Employee	\$138,653	\$138,653	\$155,688
Profit per Employee	\$10,858	\$10,858	\$21,323
Sales Growth	--	--	22.98%
Profit Growth	--	--	18.05%

NAICs 3339 - Other General Purpose Machinery Manufacturing

Financial Metric	Last12 Mo	2023	2022
Current Ratio	3.27	3.27	3.49
Gross Profit Margin	45.53%	45.53%	41.31%
Net Profit Margin	10.07%	10.07%	7.22%
Accounts Receivable Days	55.34	55.34	53.67
Accounts Payable Days	40.76	40.76	40.06
Debt-to-Equity Ratio	1.73	1.73	1.95
Return on Equity	38.36%	38.36%	34.83%
Sales per Employee	\$208,667	\$208,667	\$226,762
Profit per Employee	\$15,822	\$15,822	\$21,605
Sales Growth	11.89%	11.89%	23.13%
Profit Growth	65.13%	65.13%	8.82%

Source: Profit Cents

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

Financial Metric	Last12 Mo	2023	2022
Current Ratio	3.03	3.03	3.31
Gross Profit Margin	31.56%	31.56%	29.88%
Net Profit Margin	9.09%	9.09%	7.85%
Accounts Receivable Days	48.28	48.28	45.03
Accounts Payable Days	49.25	49.25	44.85
Debt-to-Equity Ratio	1.67	1.67	2.23
Return on Equity	46.63%	46.63%	46.84%
Sales per Employee	\$727,183	\$727,183	\$634,897
Profit per Employee	\$77,683	\$77,683	\$60,050
Sales Growth	16.14%	16.14%	19.36%
Profit Growth	12.86%	12.86%	32.04%

NAICs 3359 - Other Electrical Equipment and Component Manufacturing

Financial Metric	Last12 Mo	2023	2022
Current Ratio	4.24	4.24	3.31
Gross Profit Margin	33.61%	33.61%	33.68%
Net Profit Margin	8.73%	8.73%	8.26%
Accounts Receivable Days	50.33	50.33	46.51
Accounts Payable Days	54.31	54.31	48.41
Debt-to-Equity Ratio	0.94	0.94	1.68
Return on Equity	42.18%	42.18%	48.95%
Sales per Employee	--	--	--
Profit per Employee	--	--	\$52,167
Sales Growth	14.82%	14.82%	15.30%
Profit Growth	-0.62%	-0.62%	27.34%

Industry Metrics

Industry Financial Data and Ratios

NAICs 4246 - Chemical and Allied Products Merchant Wholesalers

Financial Metric	Last 12 Mo	2023	2022
Current Ratio	3.03	3.03	2.65
Gross Profit Margin	32.92%	32.92%	31.63%
Net Profit Margin	11.25%	11.25%	8.53%
Accounts Receivable Days	40.14	40.14	50.32
Accounts Payable Days	34.06	34.06	43.17
Debt-to-Equity Ratio	1.62	1.62	1.98
Return on Equity	51.68%	51.68%	47.90%
Sales per Employee	--	--	--
Profit per Employee	--	--	\$500,482
Sales Growth	-3.21%	-3.21%	38.52%
Profit Growth	10.60%	10.60%	20.51%

NAICs 4238 - Machinery, Equipment, and Supplies Merchant Wholesalers

Financial Metric	Last 12 Mo	2023	2022
Current Ratio	3.59	3.59	3.38
Gross Profit Margin	30.76%	30.76%	29.41%
Net Profit Margin	8.25%	8.25%	7.78%
Accounts Receivable Days	46.01	46.01	43.99
Accounts Payable Days	45.16	45.16	43.61
Debt-to-Equity Ratio	1.95	1.95	1.99
Return on Equity	42.86%	42.86%	41.91%
Sales per Employee	\$790,276	\$790,276	\$614,623
Profit per Employee	\$62,931	\$62,931	\$42,778
Sales Growth	6.70%	6.70%	21.58%
Profit Growth	25.20%	25.20%	26.07%

Source: Profit Cents



Transaction Highlights

Notable Transactions



In November 2023, **Ferronordic AB** acquired **Rudd Equipment Co** for US\$95 million in cash. The transaction was financed through own cash, equity and new bank debt. The acquisition expands the presence of Ferronordic AB in the United States. Founded in 1952, Rudd Equipment Co is located in Louisville, Kentucky, United States and distributes mining and construction equipment. The deal was expected to close by November 30, 2023, all conditions and approvals related to the transaction has been satisfied, including the approval of Volvo CE.



In October 2023, **Sosteneo SGR SpA** acquired business and assets related to Koorangie Energy Storage System of **Edify Energy Pty Ltd** for AUD400 million (US\$254 million) in cash. The transaction was funded through debt facility. Edify Energy Pty Ltd's Koorangie Energy Storage System is located in Australia and operates as battery energy storage project. It is expected to commence operations in 2025.



In October 2023, **Octopus Investments Aust Pty Ltd**, a subsidiary of Octopus Capital Ltd acquired business and assets related to **Blackstone Project** from Firm Power Pty Ltd for an enterprise value of AUD800 million (US\$504.3 million). The acquisition would enhance Octopus Investments Aust Pty Ltd's service offerings. The acquired business and assets located in Queensland, Australia and develop a 500MW/1000MWh battery energy storage system.



In October 2023, **Expro Group Holdings NV** acquired **PRT Offshore** for US\$106 million in cash, stock and with an undisclosed amount in contingent payout, subject to customary closing conditions and working capital adjustments. Under the terms of the transaction, Expro Group Holdings NV would pay US\$62 million of cash and US\$44 million through newly issued Expro Group Holdings NV's shares and an undisclosed amount in contingent payout to the shareholders of PRT Offshore. The acquisition would enhance Expro Group Holdings NV's portfolio of service offering and expand its business capabilities.

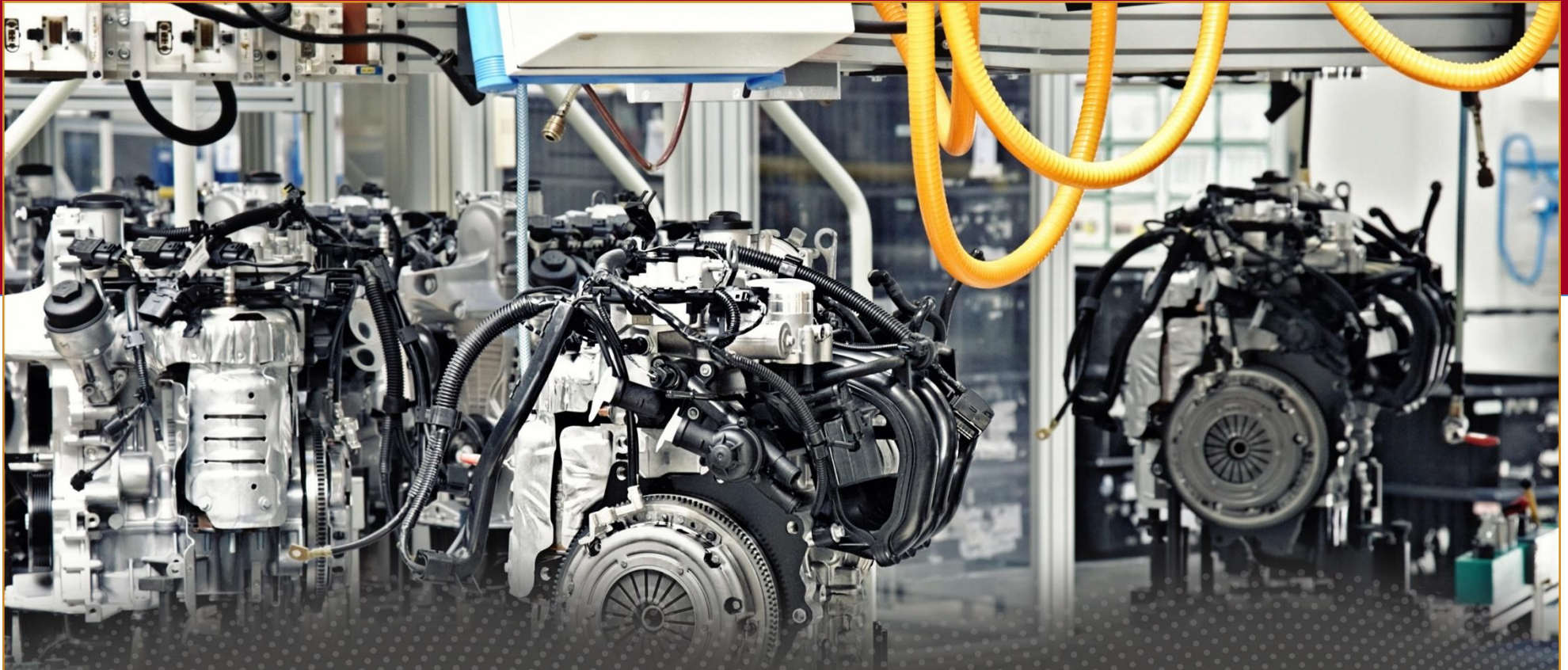


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Select M&A Transactions

Date	Target Name	Acquirer Name	Enterprise Value (MM)	Revenue	EBITDA
21-Dec-2023	Global Hydrogen Energy LLC	Dune Acquisition Corp.	40.88	-	-
20-Dec-2023	P&F Industries, Inc.	ShoreView Industries LLC	48.71	59.00	2.19
30-Nov-2023	Rudd Equipment Co.	Ferronordic AB	95.00	308.30	-
30-Oct-2023	Edify Energy Pty Ltd. /Koorangie Energy Storage System/	Sosteneo SGR SpA	254.02	-	-
18-Oct-2023	CIRCOR International, Inc.	Kohlberg Kravis Roberts & Co. LP	1,625.62	804.36	120.27
04-Oct-2023	Firm Power Pty Ltd. /Blackstone Project/	Octopus Investments Aust Pty Ltd.	504.28	-	-
03-Oct-2023	PRT Offshore	Expro Group Holdings NV	106.00	-	-
30-Sep-2023	T.W. International, Inc.	Earnest Machine Products Co.	68.00	-	-
01-Sep-2023	Gateway Supply Co., Inc.	Watsco, Inc.	106.15	-	-
08-Aug-2023	Balfour Pole Co. /Yellow Pine Pole Peeling & Drying Assets/	Stella-Jones, Inc.	14.95	-	-
03-Aug-2023	Dura Automotive Systems LLC /Battery Enclosures Business/	Linamar Corp.	325.00	-	-
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
01-Aug-2023	Imprint Energy, Inc. /Intellectual Property Suite/	CCL Industries, Inc.	20.40	-	-
31-Jul-2023	Wiferion GmbH	Tesla, Inc.	-	273.88	-
02-Jun-2023	Virgin Orbit Holdings, Inc. /Conant Manufacturing Facility/	Rocket Lab USA, Inc.	17.70	-	-
31-May-2023	Southern Hydraulic Cylinder, Inc.	Miller Industries, Inc. (Tennessee)	17.50	-	-
18-May-2023	ECM Industries LLC	nVent Electric Plc	1,100.00	415.00	104.00
03-Mar-2023	Rochester Wire & Cable LLC	Hexatronic Group AB	55.00	-	-
24-Jan-2023	Totoku Electric Co. Ltd.	Carlyle Japan Asset Management YK	198.80	166.08	30.75
06-Jan-2023	MSA Safety, Inc. /Legacy Liabilities Business/	Obra Capital, Inc.; R&Q Insurance Holdings Ltd.; MSA Safety, Inc. /Legacy Liabilities Business/ /Private Group/	35.00	-	-
04-Jan-2023	Blasters, Inc.	Federal Signal Corp.	22.00	-	-
15-Dec-2022	Lee Container Corp., Inc.	Greif, Inc.	300.00	-	33.00
01-Dec-2022	Fori Automation, Inc.	Lincoln Electric Holdings, Inc.	427.00	-	-
03-Nov-2022	A. & H. MEYER GmbH Leuchten & Büroelektrik	Legrand SA	-	19.74	-

(\$ in millions) Source: Factset

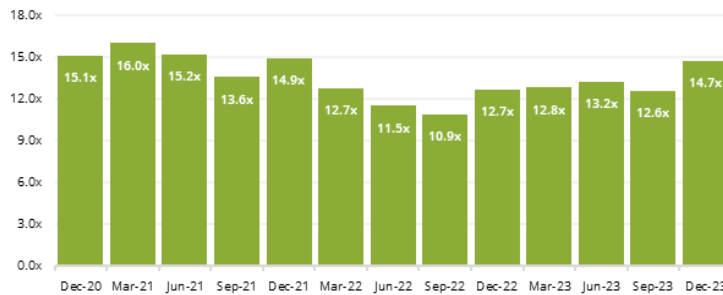


Public Companies

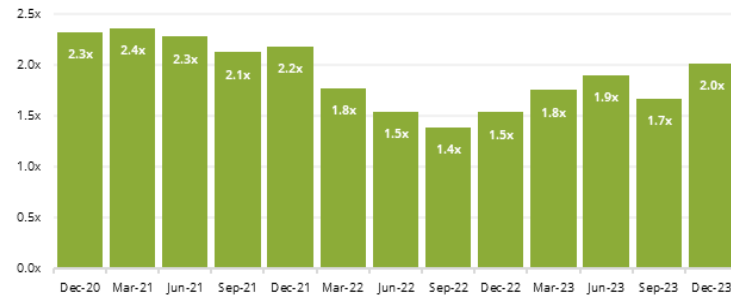
Industry Performance

CFAW Select Industrials Index

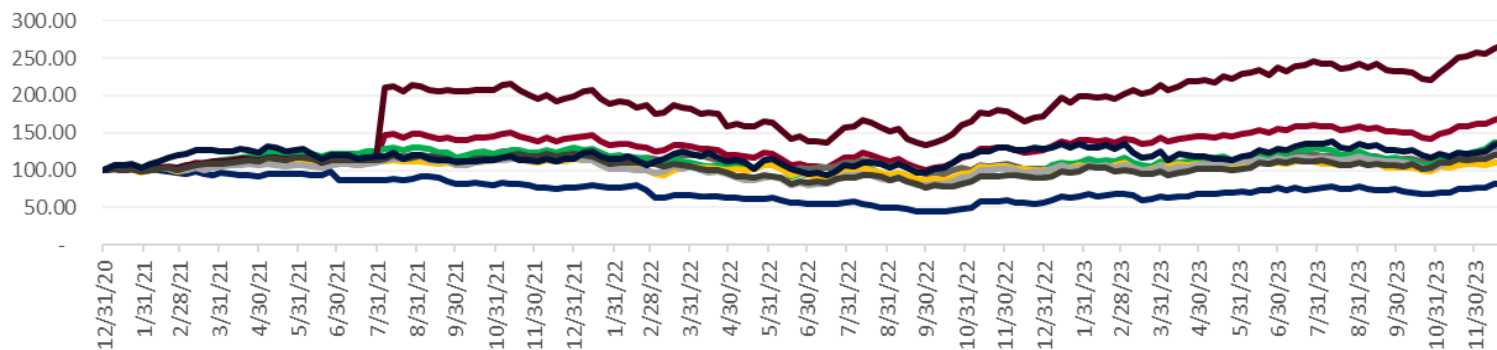
CFAW Select Industrials Index | Median EBITDA Multiples



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

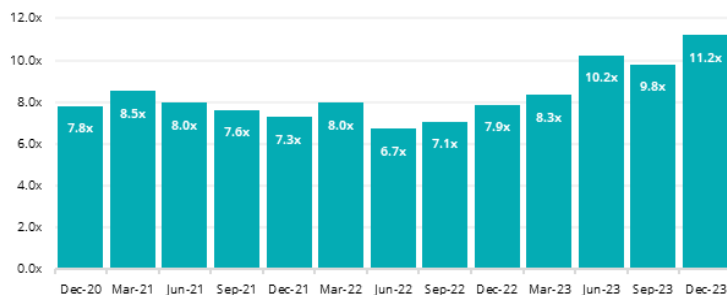


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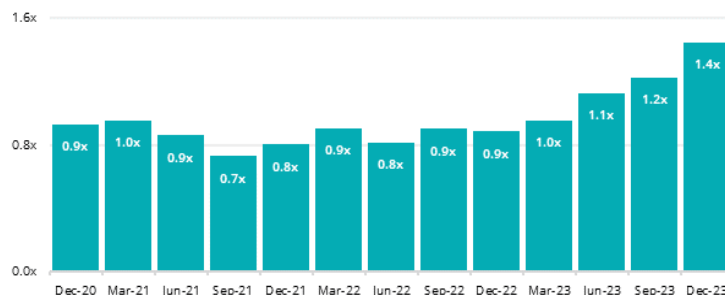
Public Comparables

Automotive Parts

Automotive Parts | Median EBITDA Multiples



Automotive Parts | Median Revenue Multiples



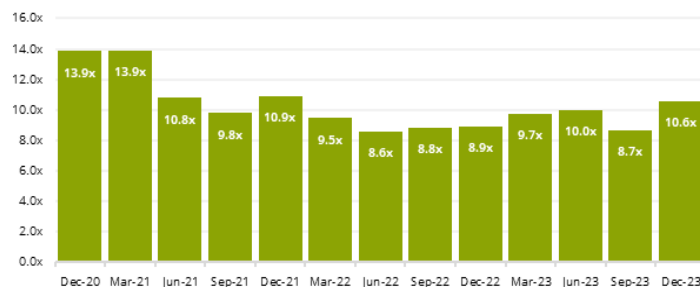
FactSet Identifier	Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
								Revenues	EBITDA
MOD-US	Modine Manufacturing Company	\$59.70	52	\$3,119	\$3,407	\$2,421	\$280	1.4x	12.2x
500086-IN	Exide Industries Limited	\$3.82	850	\$3,248	\$3,167	\$1,918	\$206	1.7x	15.4x
520056-IN	TVS Holdings Limited	\$93.24	20	\$1,886	\$5,096	\$4,479	\$579	1.1x	8.8x
KBX-DE	Knorr-Bremse AG	\$64.95	161	\$10,470	\$12,428	\$8,328	\$1,217	1.5x	10.2x
Mean					\$6,024	\$4,286	\$570	1.4x	11.6x
Median					\$4,252	\$3,450	\$430	1.4x	11.2x

Source: FactSet

Public Comparables

Building Products

Building Products | Median EBITDA Multiples



Building Products | Median Revenue Multiples



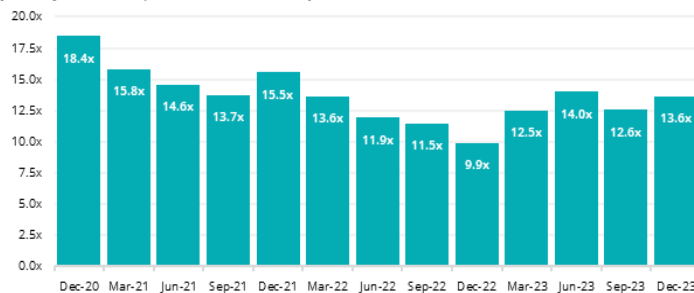
FactSet Identifier	Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
								Revenues	EBITDA
ALLE-US	Allegion Public Limited Company	\$126.69	88	\$11,122	\$12,917	\$3,773	\$868	3.4x	14.9x
WIE-AT	Wienerberger AG	\$33.38	112	\$3,730	\$5,050	\$4,709	\$908	1.1x	5.6x
WSO-US	Watsco, Inc.	\$428.47	34	\$14,511	\$17,635	\$7,262	\$835	2.4x	21.1x
5332-JP	TOTO Ltd	\$26.34	177	\$4,661	\$4,000	\$5,131	\$554	0.8x	7.2x
FBHS-US	Fortune Brands Innovations, Inc.	\$76.14	126	\$9,601	-	-	-		
MAS-US	Masco Corporation	\$66.98	225	\$15,037	\$17,972	\$8,008	\$1,459	2.2x	12.3x
BLDR-US	Builders FirstSource, Inc.	\$166.94	123	\$20,592	\$24,418	\$17,304	\$2,770	1.4x	8.8x
OTIS-US	Otis Worldwide Corporation	\$89.47	409	\$36,616	\$42,858	\$14,028	\$2,415	3.1x	17.7x
SGO-FR	Compagnie de Saint-Gobain SA	\$73.64	506	\$37,292	\$47,602	\$52,979	\$7,647	0.9x	6.2x
Mean					\$21,557	\$14,149	\$2,182	1.9x	11.7x
Median					\$17,804	\$7,635	\$1,184	1.8x	10.6x

Source: FactSet

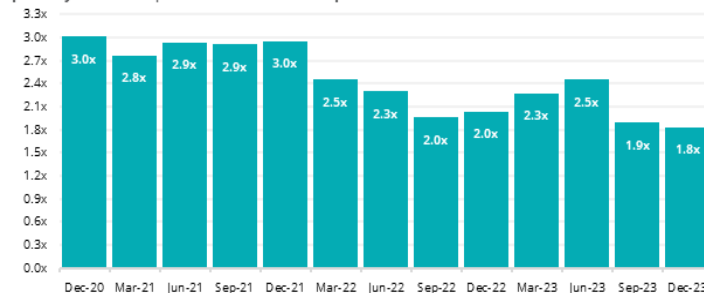
Public Comparables

Specialty Chemicals

Specialty Chemicals | Median EBITDA Multiples



Specialty Chemicals | Median Revenue Multiples



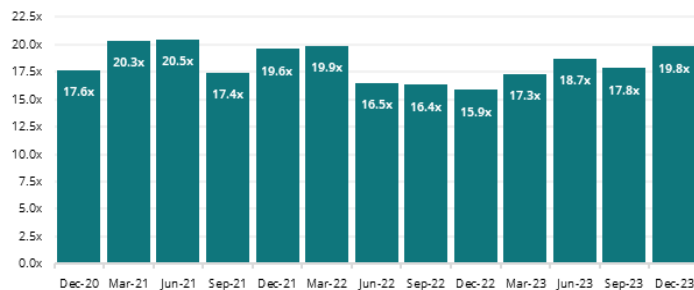
FactSet Identifier	Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
								Revenues	EBITDA
ALB-US	Albemarle Corporation	\$144.48	117	\$16,955	\$19,426	\$9,882	\$2,568	2.0x	7.6x
AVNT-US	Avient Corporation	\$41.57	91	\$3,790	\$5,449	\$3,214	\$451	1.7x	12.1x
AVTR-US	Avantor, Inc.	\$22.83	676	\$15,442	\$20,831	\$7,039	\$1,373	3.0x	15.2x
APD-US	Air Products and Chemicals, Inc.	\$273.80	222	\$60,846	\$71,276	\$12,599	\$4,067	5.7x	17.5x
ECL-US	Ecolab Inc.	\$198.35	285	\$56,557	\$64,733	\$15,053	\$3,022	4.3x	21.4x
4005-JP	Sumitomo Chemical Co., Ltd.	\$2.44	1,656	\$4,042	\$15,298	\$18,371	\$613	0.8x	24.9x
051910-KR	LG Chem Ltd.	\$387.45	71	\$27,351	\$46,462	\$42,527	\$4,419	1.1x	10.5x
LIN-US	Linde plc	\$410.71	485	\$199,149	\$214,598	\$32,451	\$11,602	6.6x	18.5x
LYB-US	LyondellBasell Industries NV	\$95.08	324	\$30,840	\$40,627	\$41,402	\$4,990	1.0x	8.1x
DOW-US	Dow, Inc.	\$54.84	701	\$38,465	\$51,234	\$45,860	\$5,237	1.1x	9.8x
Mean					\$54,993	\$22,840	\$3,834	2.7x	14.6x
Median					\$43,545	\$16,712	\$3,545	1.8x	13.6x

Source: FactSet

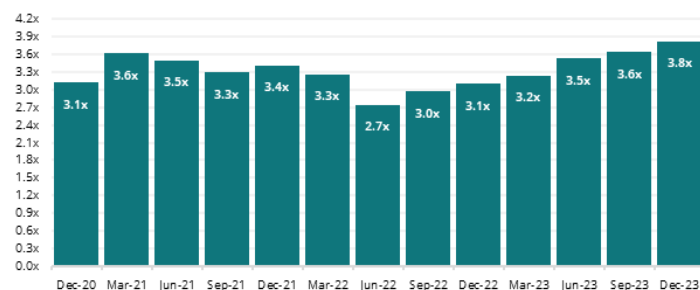
Public Comparables

Electrical Products

Electrical Products | Median EBITDA Multiples



Electrical Products | Median Revenue Multiples



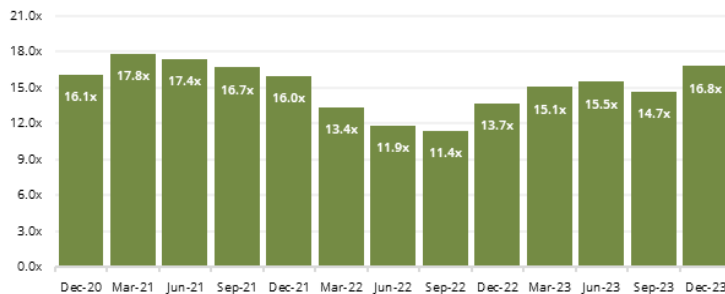
FactSet Identifier	Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
								Revenues	EBITDA
HUBB-US	Hubbell Incorporated	\$328.93	54	\$17,638	\$18,639	\$5,247	\$1,136	3.6x	16.4x
AME-US	AMETEK, Inc.	\$164.89	231	\$38,056	\$39,545	\$6,492	\$1,995	6.1x	19.8x
ROK-US	Rockwell Automation, Inc.	\$310.48	115	\$35,575	\$38,011	\$9,052	\$1,904	4.2x	20.0x
EMR-US	Emerson Electric Co.	\$97.33	570	\$55,488	\$62,051	\$15,168	\$3,767	4.1x	16.5x
VWS-DK	Vestas Wind Systems A/S	\$31.76	1,010	\$32,069	\$33,887	\$16,417	\$273	2.1x	124.0x
ETN-US	Eaton Corp. Plc	\$240.82	399	\$96,159	\$103,924	\$22,613	\$4,729	4.6x	22.0x
SU-FR	Schneider Electric SE	\$200.80	573	\$115,027	\$127,180	\$37,360	\$7,728	3.4x	16.5x
ENR-DE	Siemens Energy AG	\$13.26	799	\$10,595	\$11,006	\$33,192	(\$1,896)	0.3x	NM
FTV-US	Fortive Corp.	\$73.63	351	\$25,876	\$28,065	\$6,012	\$1,572	4.7x	17.9x
VRT-US	Vertiv Holdings Co. Class A	\$48.03	381	\$18,321	\$20,929	\$6,652	\$1,050	3.1x	19.9x
Mean					\$48,324	\$15,821	\$2,226	3.6x	30.3x
Median					\$35,949	\$12,110	\$1,738	3.8x	19.8x

Source: FactSet

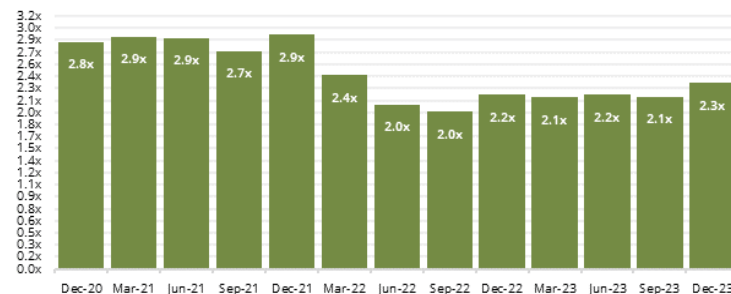
Public Comparables

Diversified Industrials

Diversified Industrials | Median EBITDA Multiples



Diversified Industrials | Median Revenue Multiples



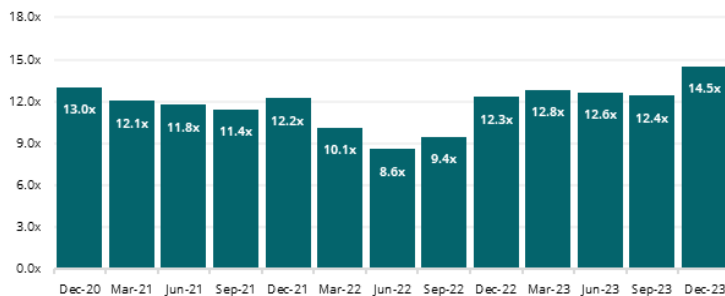
FactSet Identifier	Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
								Revenues	EBITDA
TT-US	Trane Technologies plc	\$243.90	228	\$55,501	\$59,384	\$18,105	\$3,286	3.3x	18.1x
HON-US	Honeywell International Inc.	\$209.71	659	\$138,251	\$152,170	\$36,394	\$8,959	4.2x	17.0x
MMM-US	3M Company	\$109.32	552	\$60,379	\$72,022	\$32,747	\$7,023	2.2x	10.3x
SIE-DE	Siemens Aktiengesellschaft	\$187.70	800	\$150,162	\$182,432	\$82,950	\$14,004	2.2x	13.0x
6501-JP	Hitachi,Ltd.	\$72.14	927	\$66,884	\$78,657	\$74,997	\$8,920	1.0x	8.8x
SCHP-CH	Schindler Holding AG Pref	\$249.87	41	\$10,174	\$25,175	\$12,485	\$1,516	2.0x	16.6x
ITW-US	Illinois Tool Works Inc.	\$261.94	301	\$78,814	\$85,891	\$16,095	\$4,433	5.3x	19.4x
PH-US	Parker-Hannifin Corporation	\$460.70	128	\$59,189	\$70,932	\$19,680	\$4,351	3.6x	16.3x
CARR-US	Carrier Global Corp.	\$57.45	839	\$48,203	\$53,863	\$22,101	\$2,497	2.4x	21.6x
GE-US	General Electric Company	\$127.63	1,088	\$138,911	\$142,686	\$70,346	\$6,933	2.0x	20.6x
Mean					\$92,321	\$38,590	\$6,192	2.8x	16.2x
Median					\$75,340	\$27,424	\$5,683	2.3x	16.8x

Source: FactSet

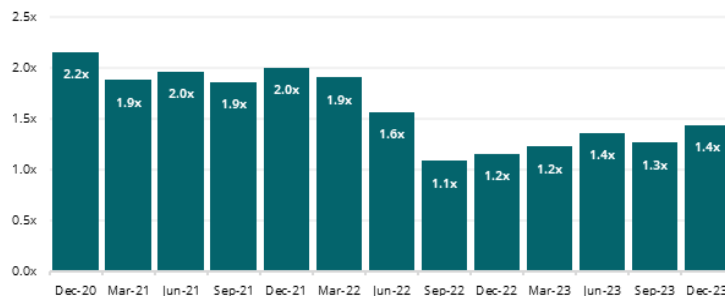
Public Comparables

Tool & Hardware Manufacturing

Tool & Hardware Manufacturing | Median EBITDA Multiples



Tool & Hardware Manufacturing | Median Revenue Multiples



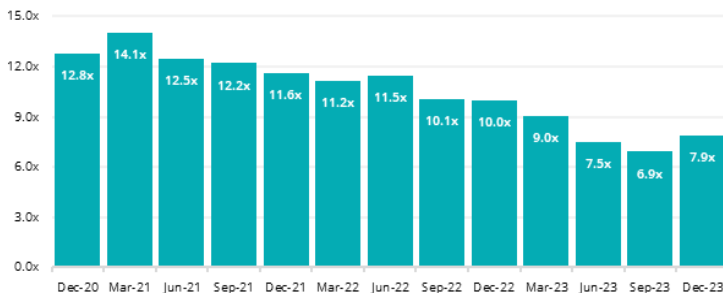
FactSet Identifier	Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
								Revenues	EBITDA
AIN-US	Albany International Corp. Class A	\$98.22	31	\$3,064	\$3,390	\$1,093	\$235	3.1x	14.4x
QEPC-US	Q.E.P. Co., Inc.	\$18.20	4	\$68	\$101	\$404	\$9	0.3x	11.5x
SNA-US	Snap-on Incorporated	\$288.84	53	\$15,245	\$15,584	\$5,059	\$1,394	3.1x	11.2x
6586-JP	Makita Corporation	\$27.59	280	\$7,726	\$7,139	\$5,346	\$477	1.3x	15.0x
669-HK	Techtronic Industries Co., Ltd.	\$11.92	1,834	\$21,859	\$24,029	\$13,101	\$1,595	1.8x	15.1x
SWK-US	Stanley Black & Decker, Inc.	\$98.10	153	\$15,040	\$22,290	\$16,031	\$889	1.4x	25.1x
FERG-GB	Ferguson Plc	\$192.30	203	\$39,132	\$43,800	\$29,488	\$3,004	1.5x	14.6x
8053-JP	Sumitomo Corporation	\$21.82	1,223	\$26,686	\$48,291	\$49,212	\$4,326	1.0x	11.2x
GWW-US	W.W. Grainger, Inc.	\$828.69	50	\$41,131	\$43,550	\$16,283	\$2,755	2.7x	15.8x
8015-JP	Toyota Tsusho Corp.	\$58.93	354	\$20,865	\$30,797	\$72,490	\$4,157	0.4x	7.4x
Mean					\$23,897	\$20,851	\$1,884	1.7x	14.1x
Median					\$23,159	\$14,566	\$1,494	1.4x	14.5x

Source: FactSet

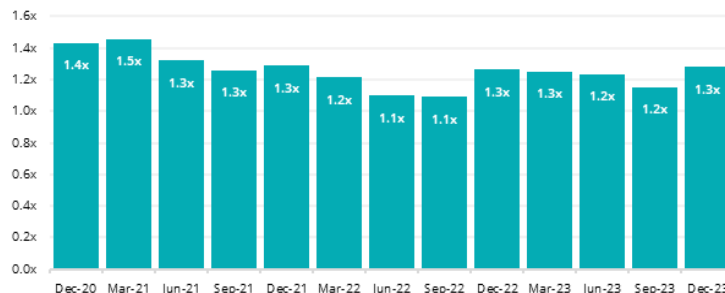
Public Comparables

Heavy Machinery

Heavy Machinery | Median EBITDA Multiples



Heavy Machinery | Median Revenue Multiples



FactSet Identifier	Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
								Revenues	EBITDA
WNC-US	Wabash National Corporation	\$25.62	46	\$1,181	\$1,502	\$2,598	\$359	0.6x	4.2x
HY-US	Hyster-Yale Materials Handling, Inc. Class A	\$62.19	14	\$853	\$1,517	\$4,076	\$281	0.4x	5.4x
CYD-US	China Yuchai International Limited	\$8.38	41	\$342	(\$13)	\$2,382	-	NM	
TTC-US	Toro Company	\$95.99	104	\$9,971	\$10,941	\$4,540	\$682	2.4x	16.0x
AGCO-US	AGCO Corporation	\$121.41	75	\$9,091	\$10,564	\$14,511	\$2,081	0.7x	5.1x
CMI-US	Cummins Inc.	\$239.57	142	\$33,958	\$39,884	\$33,292	\$4,294	1.2x	9.3x
CNHI-US	CNH Industrial NV	\$12.18	1,330	\$16,205	\$37,849	\$24,848	\$5,448	1.5x	6.9x
DE-US	Deere & Company	\$399.87	280	\$112,066	\$167,455	\$61,221	\$17,338	2.7x	9.7x
VOLV.B-SE	Volvo AB Class B	\$25.97	1,588	\$41,249	\$69,071	\$50,700	\$8,736	1.4x	7.9x
CAT-US	Caterpillar Inc.	\$295.67	509	\$150,521	\$181,133	\$66,587	\$14,900	2.7x	12.2x
Mean					\$51,990	\$26,475	\$6,013	1.5x	8.5x
Median					\$24,395	\$19,679	\$4,294	1.4x	7.9x

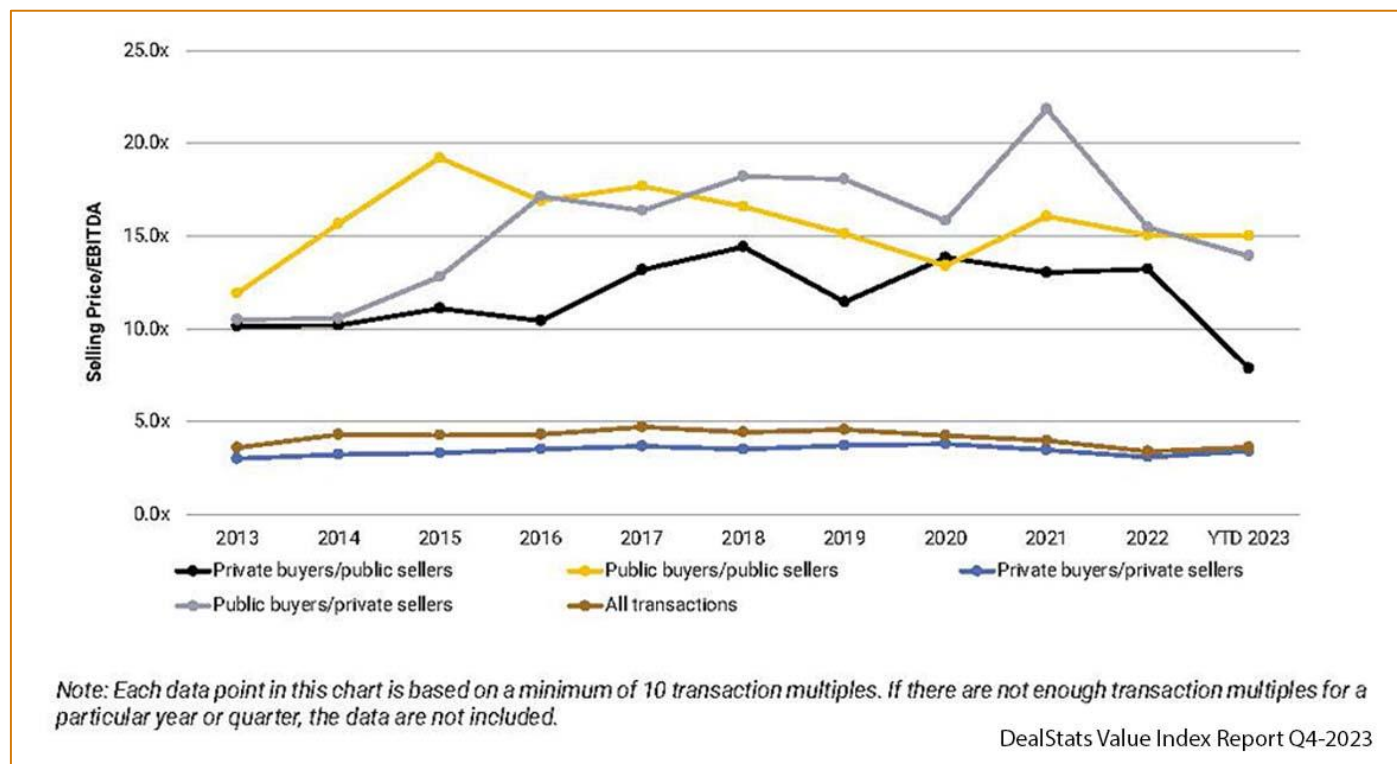
Source: FactSet

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.

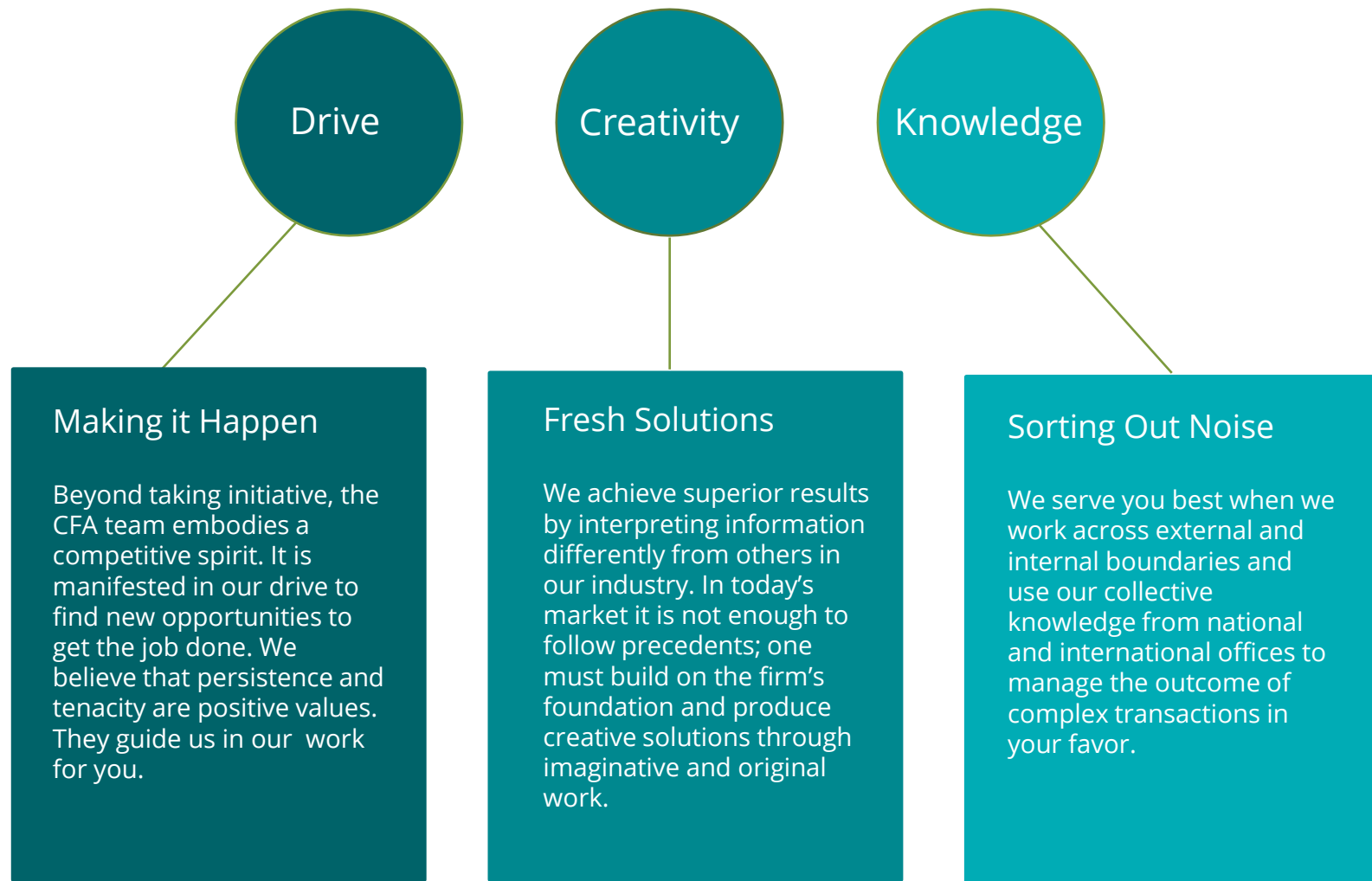
Local Service, Global Reach

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.

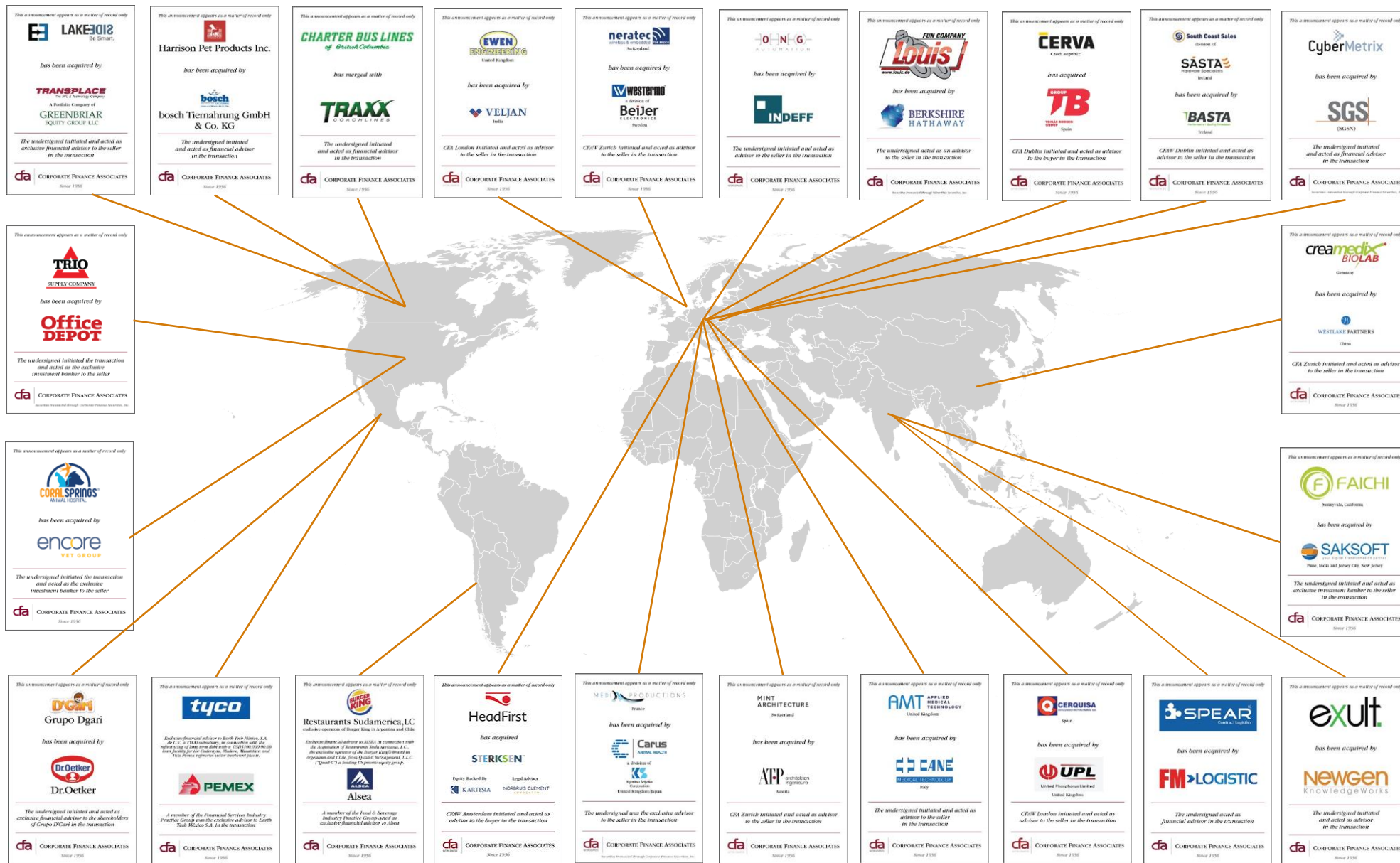


Delivering Results



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

Worldwide Transactions



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

Specialty Chemicals

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>CEAW 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>CEAW Zurich supported by CEAW 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>CEAW Zurich 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>CEAW 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 and **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 and **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 financial 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.