

INDUSTRIAL MANUFACTURING M&A

2018 OVERVIEW

Through the first half of 2018 deal momentum was robust, with deal value and volume significantly outpacing 2017. After a strong Q2 2018 where deal value eclipsed \$42 billion, deal volumes in Industrial Manufacturing returned to more normal levels, contributing to \$35 billion of additional deal value in the second half of 2018. **Overall, 2018 deal value was \$97 billion, an 11% increase compared to 2017** fueled by more megadeals. Deal volume significantly dropped off in the second half of 2018 resulting in part from geopolitical uncertainty, downward GDP growth concerns in the US and China as well as volatility in stock markets.

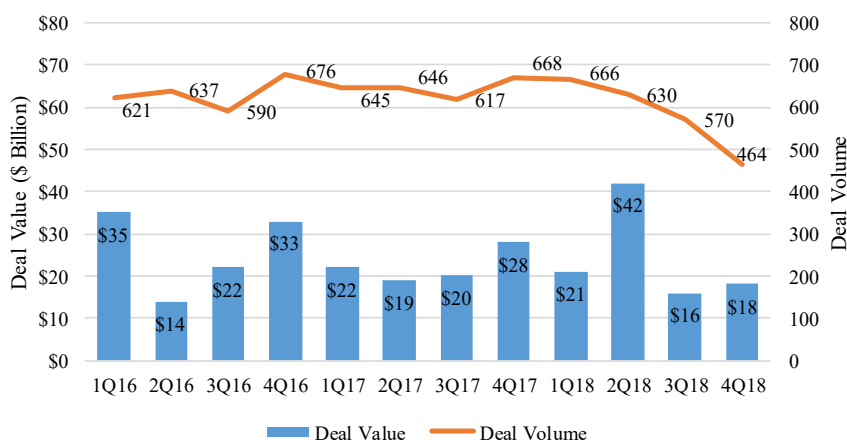
Amidst market uncertainty, sound deal fundamentals continue to support a solid M&A landscape and deal making in Industrial Manufacturing should continue to be healthy in 2019.

Record levels of dry powder from private equity funds and healthy corporate balance sheets indicate sufficient levels of capital to support M&A. Furthermore, business leaders need to continue to look for quality assets to aid in their growth strategies, especially given the more modest growth expected in the global economy.

INDUSTRIAL MANUFACTURING SNAP SHOT

2018	2018 vs. 2017
Total Deal Value \$97 billion	↑ 11%
Total Deal Volume \$2,330 billion	↓ 10%
Average Deal Size \$99 million	↑ 18%

TOTAL DEAL VALUE AND VOLUME



Source: PwC, Thomas Reuters

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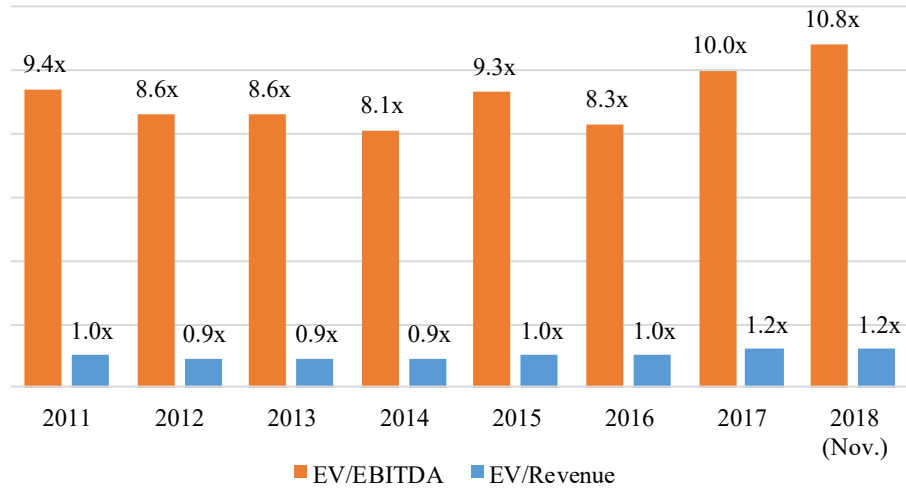
FIRM OVERVIEW:

Carleton McKenna & Co. is a boutique, independent investment banking firm providing M&A Advisory, Capital Raise Advisory, and Strategic and Financial Planning Advisory services. Our experienced professionals maintain a client-focused and entrepreneurial approach which enables us to maximize outcomes by being creative for our clients. Our professionals have over three decades of experience partnering with public and private companies led by strong, entrepreneurial management teams.

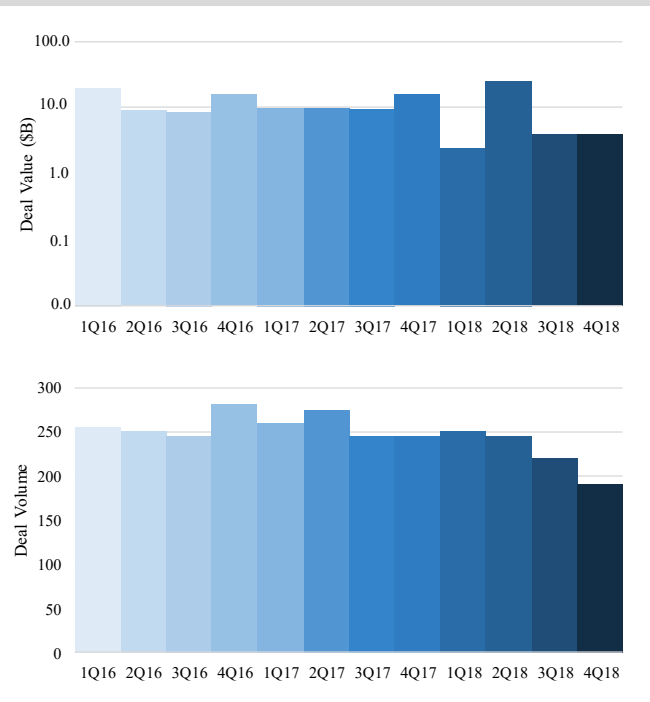
Using this expertise, Carleton McKenna & Co. specializes in providing sell-side and buy-side M&A Advisory services to small- to mid-cap clients which have closely-held businesses, portfolio companies of financial sponsor firms, and divisions or subsidiaries of public companies.

Carleton McKenna & Co. has deep experience in the niche manufacturing, specialty chemicals and materials, business services, consumer products and healthcare markets.

INDUSTRIAL MANUFACTURING TRANSACTION MULTIPLES



DEAL VALUE (\$B) AND VOLUME
INDUSTRIAL MACHINERY SUB-SECTOR



The Industrial Machinery category led the industry in 2018 with:

37% Share in Value

29% Share in Volume

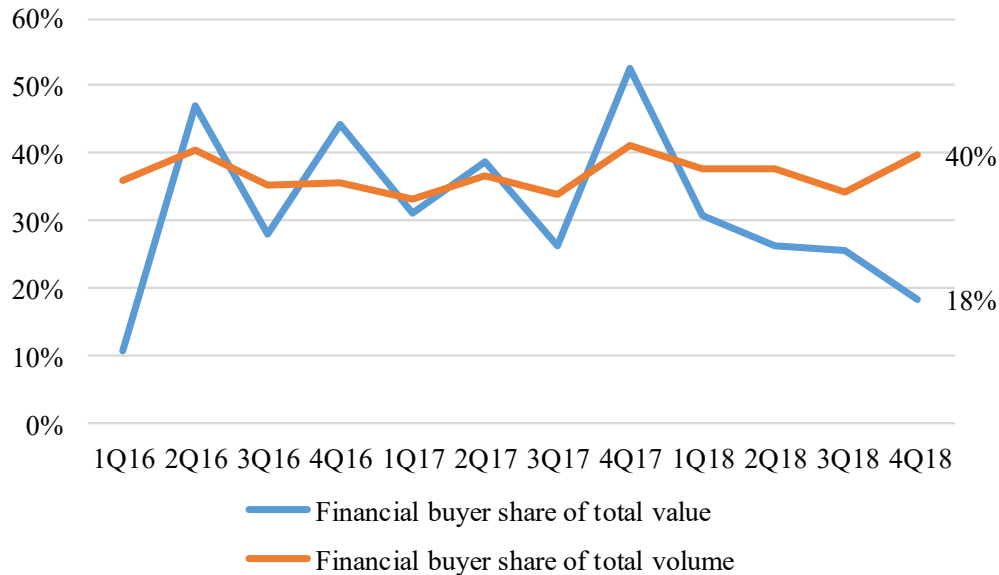
Source: PwC, Thomas Reuters, FactSet

SELECT PUBLIC COMPARABLE COMPANY
VALUATION DATA — DECEMBER 2018

Company Name	Market Cap	TEV/ Revenue	TEV/ EBITDA
Illinois Tool Works	\$42,036	3.2x	11.9x
Ingersoll-Rand	\$22,411	1.7x	11.8x
Rockwell Automation	\$18,161	2.9x	13.1x
Parker-Hannifin	\$19,739	1.7x	9.6x
Gardner Denver	\$4,065	2.1x	9.5x
Hubbell	\$5,435	1.7x	10.0x
Crane	\$4,291	1.6x	9.0x
Colfax	\$2,449	1.0x	7.7x
Chart Industries	\$2,029	2.0x	15.6x
Actuant	\$1,283	1.4x	10.6x
EnPro Industries	\$1,246	1.1x	7.4x
Honeywell	\$97,807	2.4x	11.5x
Median	\$4,863	1.7x	10.3x
Mean	\$18,413	1.9x	10.6x

\$ in millions

FINANCIAL INVESTOR SHARE OF M&A ACTIVITY



MOST ACTIVE STRATEGIC BUYERS

SELECT FINANCIAL SPONSORS WITH ACTIVE PORTFOLIO HOLDINGS

Strategic Buyer	Date	Select 2018 Acquisitions
Boston Scientific	12-18	• Millipede
	09-18	• Augmenix
	08-18	• Veniti
	04-18	• Securus Medical Group
	03-18	• Apama M
Installed Business Products	12-18	• Hamilton Benchmark
	10-18	• Advanced Fiber Technology
	01-18	• Rocket Insulation & Coatings
Patrick Industries	10-18	• Engineered Metals & Composites
	06-18	• Marine Accessories
	04-18	• Dehco
	03-18	• IMP Holdings
	02-18	• Aluminum Metals
	02-18	• Metal Moulding
The Middleby Corp.	12-18	• EVO
	10-18	• M-TEK
	05-18	• Taylor Co.
	04-18	• JoeTap

Financial Buyer	Date	Select 2018 Acquisitions
AEA Investors	12-18	• Axsun Technologies
	11-18	• Insultab
	09-18	• Numotion
	08-18	• Custom Extrusion
	07-18	• Research Electro-Optics
	05-18	• Fermatex Vascular Technologies
	05-18	• Vornado Air
	04-18	• Springs Window Fashions
Cerberus Capital Management	12-18	• Sparton Corp.
	12-18	• Navistar International
	04-18	• Electrical Components International
Kohlberg & Co.	02-18	• Cyanco Holding
	05-18	• Senneca Holdings
Riverside Partners	04-18	• Cadence
	07-18	• Abracon
Speyside Equity	05-18	• Clarus Glassboards
	07-18	• Block & Co.

Source: PwC, Thomas Reuters, Capital IQ, FactSet

SELECT INDUSTRIAL MANUFACTURING M&A ACTIVITY — SECOND HALF 2018

Date	Target	Buyer	Transaction Value (\$M)	TEV/ Revenue	TEV/ EBITDA
12-18	Apex Clean Energy	Algonquin Power & Utilities			
12-18	Ardagh Group SA	Milford National	\$4		
12-18	Caraustar Industries	Greif, Inc.	\$1,800	1.3x	10.3x
12-18	CEI Equipment	R.C. Tway LLC, Alleghany Capital			
12-18	Luxtera	Cisco Systems	\$660		
12-18	Antelliq Corp.	Merck & Co	\$3,688		9.0x
12-18	Whitford Corp.	PPG Industries			
12-18	MP Pumps	Gardner Denver Holdings	\$58		
12-18	Ranpak	One Madison	\$950		
12-18	JGB Enterprises	HCI Equity Partners			
12-18	Sparton Corp.	Cerberus Capital Management	\$254	0.7x	9.1x
12-18	Deepwater Corrosion Services	KKR Co, Acteon Group			
12-18	Axsun Technologies	AEA Investors, Excelitas Technologies			
12-18	Pro Systems	Lincoln Electric Holdings			
12-18	Abtech Holdings	Abtech Acquisition	\$27		
12-18	Syntron Material Handling	Kadant	\$179	2.0x	
12-18	TCI LLC	Allied Motion Technologies	\$64		
12-18	Metal Tronics	Ironwood Capital, NSA Industries			
12-18	Regal Beloit	Sun Capital Partners			
12-18	LS Energy Solutions	LS Industrial Systems			
12-18	Keystone Consolidated Industries	GFG Alliance	\$320		
12-18	Trueco	Versalift Northwest			
11-18	ARC Technologies	Hexcel Corp.	\$160		
11-18	Roll-Rite	Oak Hill Capital Management, Safe Fleet			
11-18	SSI Technologies	Amphenol	\$400		
11-18	Diversified Machine Systems	SCM Group SpA			
11-18	ACG Materials	Arcosa	\$315		
11-18	Cooling Tower Resources	Dorilton Capital, Midwest Cooling Tower			
11-18	Vac-Tron Equipment	Vermeer			
11-18	AMIMON	The Vitec Group	\$55		
11-18	ARRIS International	CommScope Holding	\$7,140	1.1x	9.4x
11-18	Midland Metal Manufacturing	Wynnchurch Capital			
11-18	Telular Corp.	AMETEK	\$525	3.2x	
10-18	Alpha Technologies	EnerSys	\$750		
10-18	Precision Gears	United Stars			
10-18	IMPAKT Holdings	Celestica	\$329		
10-18	Ondax	Coherent			
10-18	M-Tek	The Middleby Corp.			
10-18	Enertechnix	Valmet Corp.			
10-18	Agile Magnetics	Standex International	\$39	2.3x	
09-18	Team Manufacturing	Emigrant Capital, East West Manufacturing			
09-18	MPM Holdings	KCC, Wonik QnC, SJL Partners	\$2,602	1.0x	7.5x
09-18	Kirkhill Manufacturing	HEXPOL AB	\$49		
08-18	Western Machine Works	B&D Industrial			
08-18	Caterpillar (Forestry)	Weiler			
08-18	Monzite	Omni-Lite Industries Canada	\$1	0.9x	
08-18	Digium	Sangoma Technologies	\$28	0.9x	
08-18	W-Technology	Snow Phipps Group			
08-18	Custom Extrusion	AEA Investors, Pexco			
08-18	International Equipment Solutions	Stanley Black & Decker	\$690		
08-18	Bemis Co	Amcor	\$6,718	1.6x	12.2x
07-18	George B. Wittmer Associates	Q2Earth	\$5		
07-18	LumaSense Technologies	Advanced Energy Industries	\$85	1.4x	
07-18	EPIC Systems Group	Compass Group Equity Partners			
07-18	Abracon	Riverside Partners			
07-18	ASAP Industries	Boyne Capital Partners			
07-18	Alco Manufacturing	MiddleGround Capital			
07-18	Griswold	Rogers Corp.	\$81	2.7x	
07-18	Titan Production Equipment	Branford Castle			
07-18	N&L Line Equipment	Energy Capital Partners			

\$ in millions

Median	1.4x	9.3x
Mean	1.6x	9.5x

Source: FactSet