

PEAKSTONE

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Industrials & Manufacturing Industry Insight

December 2019

Industrials & Manufacturing Industry Update

Industrials & Manufacturing categories continue to see strong M&A activity

In 2019 YTD, strategic buyers accounted for 89% of Industrials and Manufacturing M&A transactions while financial buyers making up the difference. During 2018, strategic buyers accounted for approximately 88% of the transactions.

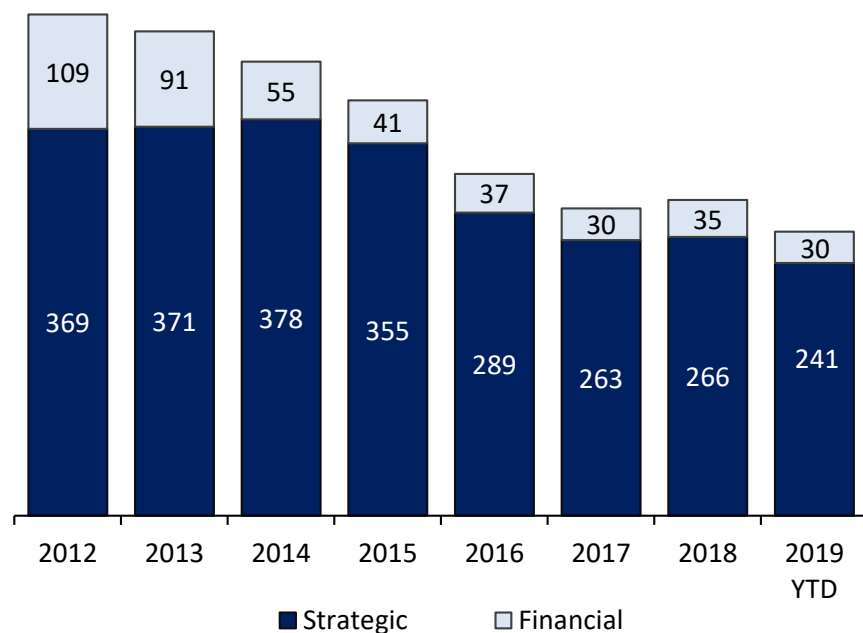
Select Recent Notable Publicly Announced M&A Transactions

Date	Status	Target	Transaction Size	Buyer
Aug-2019	Closed	 INFILTRATOR® water technologies	\$1.0 billion	
May-2019	Closed	 Air-X-Changers <small>A Chart Industries Company</small>	\$592 million	
May-2019	Closed	 THE COMPASS GROUP	\$628 million	
Apr-2019	Closed	Chiller Holdco	\$1.2 billion	
Apr-2019	Closed	 KeyW	\$946 million	

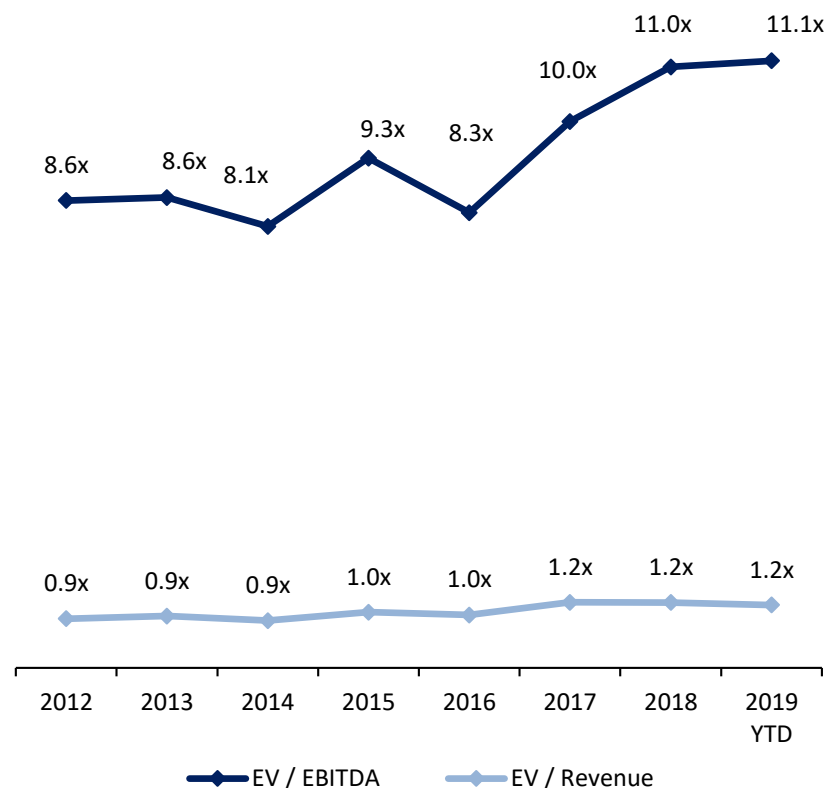
U.S. Industrials & Manufacturing Industry - M&A Market Overview

Industrials & Manufacturing M&A market has seen moderate activity

Industrials & Manufacturing Transactions by Buyer Type



Industrials & Manufacturing Transaction Multiples



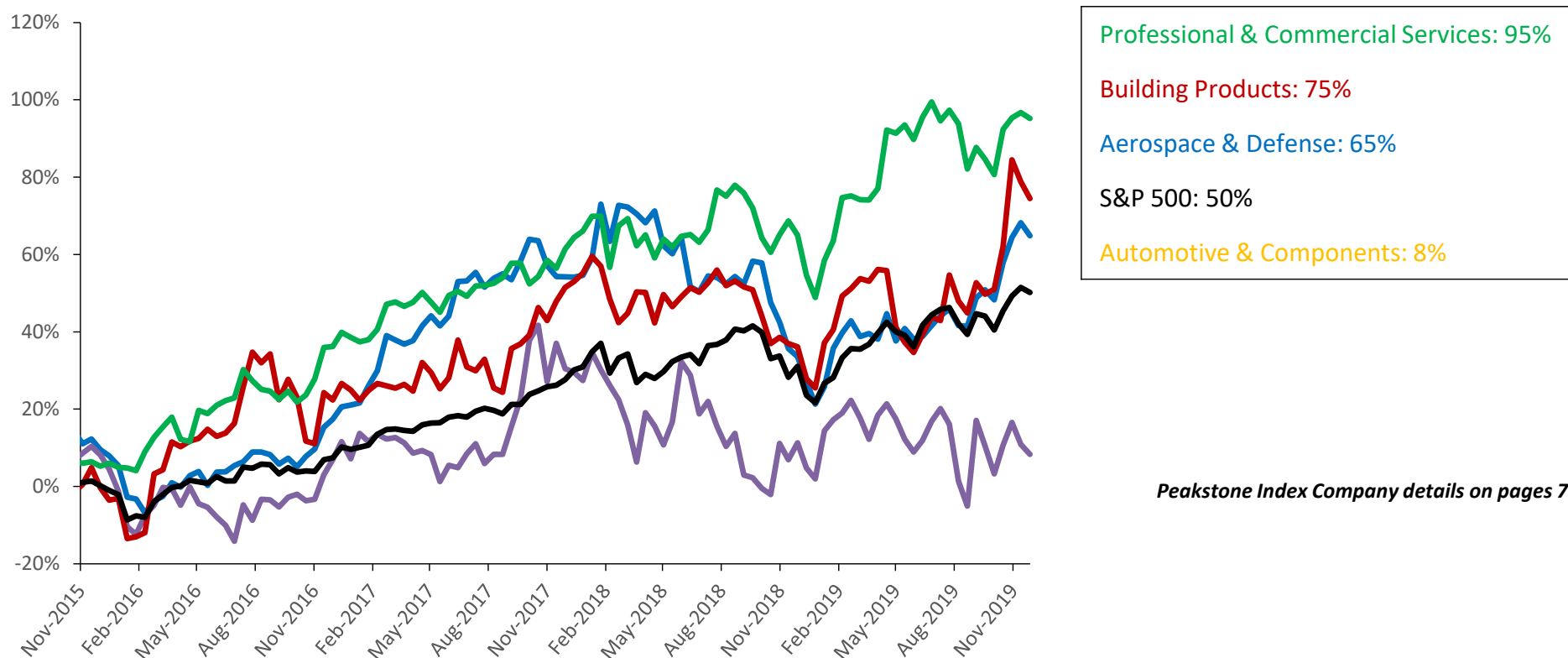
Source: Capital IQ, as of November 2019

Note: Only includes transactions with total transaction value greater than \$1.0 M

Peakstone Industrials & Manufacturing Index – Trading Statistics

Industrials & Manufacturing indexes have performed in line with the S&P 500

Relative Stock Performance – Group 1

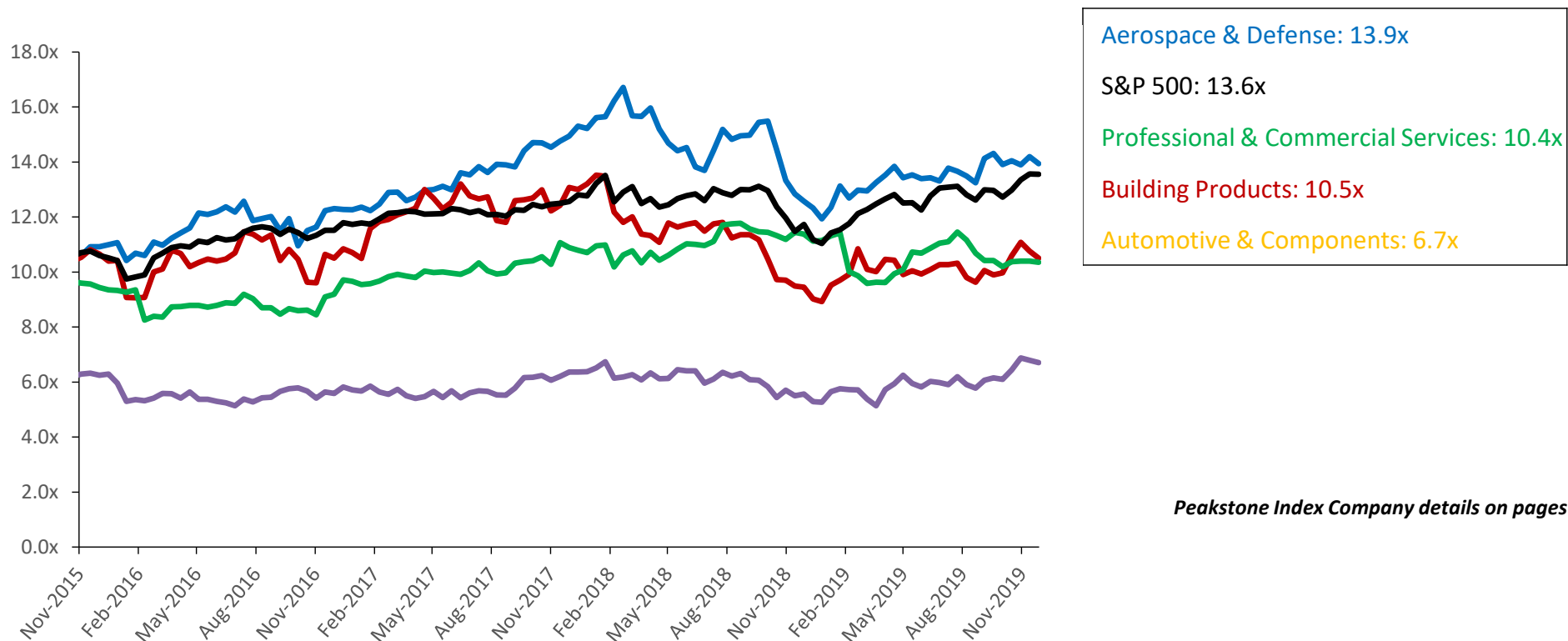


Source: Capital IQ, as of November 2019

Peakstone Industrials & Manufacturing Index – Trading Statistics (cont.)

Industrials & Manufacturing indexes have performed in line with the S&P 500

Comparable Valuation Trends – Enterprise Value/EBITDA – Group 1



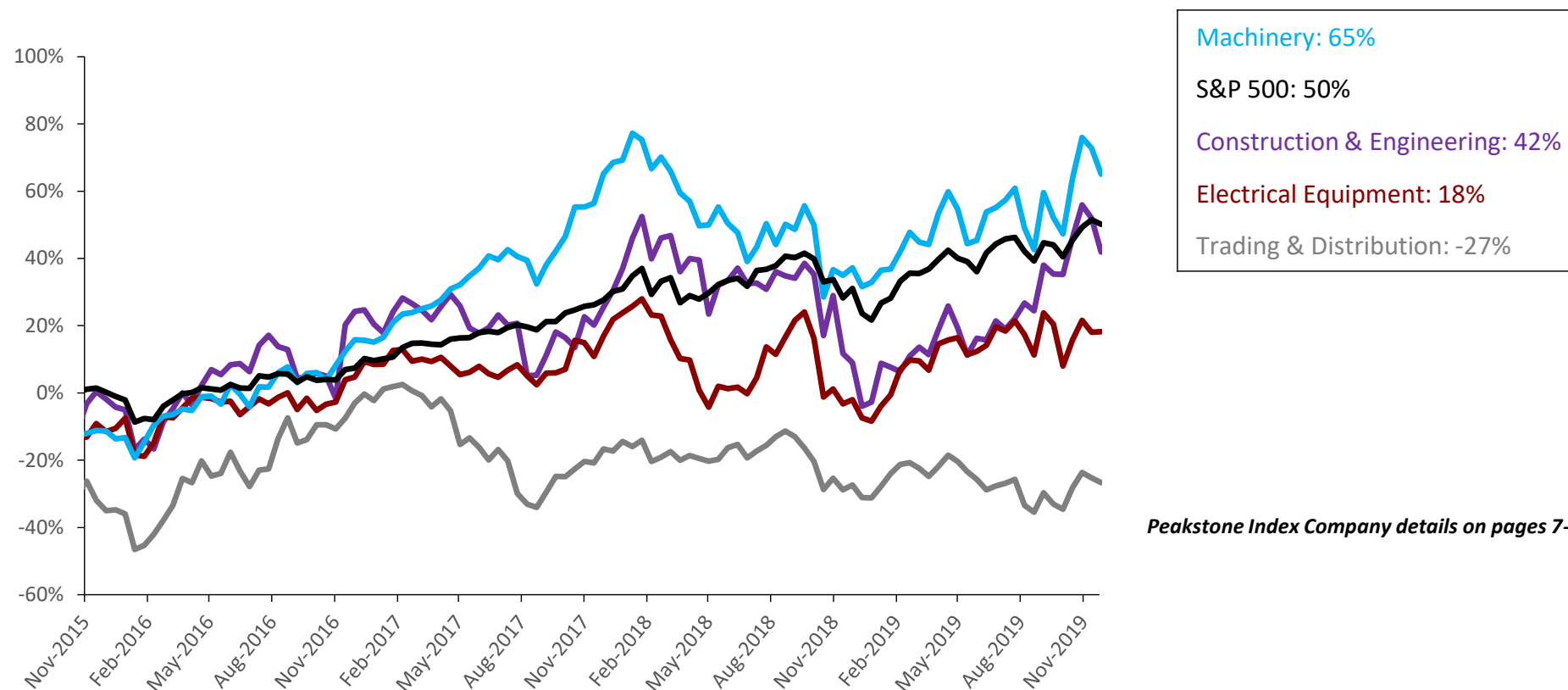
Peakstone Index Company details on pages 7-9

Source: Capital IQ, as of November 2019

Peakstone Industrials & Manufacturing Index – Trading Statistics (cont.)

Industrials & Manufacturing indexes have performed in line with the S&P 500

Relative Stock Performance – Group 2



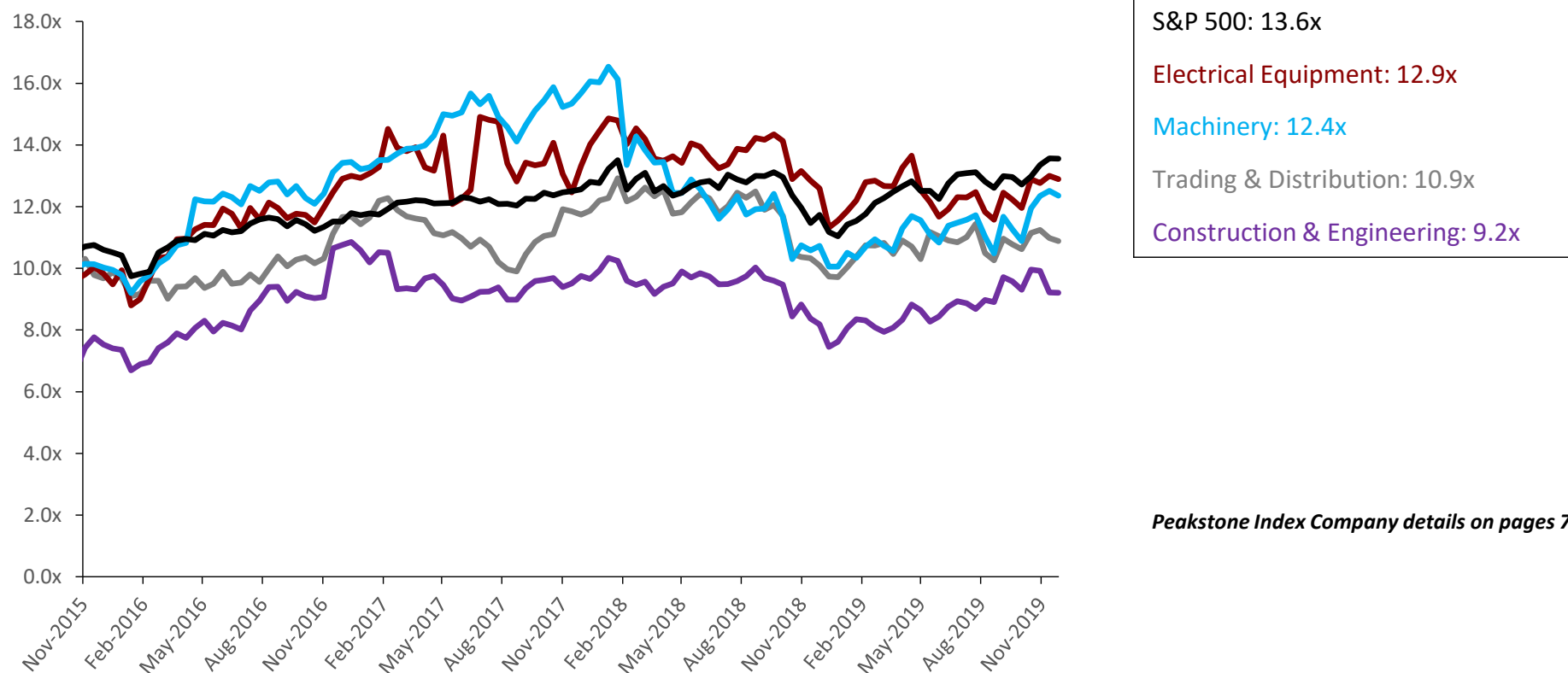
Peakstone Index Company details on pages 7-9

Source: Capital IQ, as of November 2019

Peakstone Industrials & Manufacturing Index – Trading Statistics (cont.)

Industrials & Manufacturing indexes have performed in line with the S&P 500

Comparable Valuation Trends – Enterprise Value/EBITDA – Group 2



Peakstone Index Company details on pages 7-9

Source: Capital IQ, as of November 2019

Public Trading Comparables by Sector

Selected Industrials & Manufacturing Public Trading Comparables

(\$ in millions)

Company Name	Cap	Value	Revenue	EBITDA	EBIT	P/E Ratio	Margin %	Margin %
Aerospace & Defense								
The Boeing Company	\$198,148	\$213,423	2.5x	32.5x	49.2x	20.7x	13%	8%
United Technologies Corporation	122,702	165,074	2.2x	11.5x	15.2x	17.2x	26%	19%
Honeywell International Inc.	123,293	130,455	3.5x	15.1x	17.2x	20.4x	33%	23%
Lockheed Martin Corporation	107,644	119,782	2.1x	12.9x	14.5x	16.5x	14%	16%
General Dynamics Corporation	51,097	65,525	1.7x	12.1x	14.3x	14.0x	18%	14%
Northrop Grumman Corporation	57,832	72,539	2.2x	14.5x	18.1x	15.6x	21%	15%
Raytheon Company	59,530	62,963	2.2x	13.9x	15.8x	17.0x	27%	16%
Aerospace & Defense Median	\$107,644	\$119,782	2.2x	13.9x	15.8x	17.0x	21%	16%
Automotive & Components								
Ford Motor Company	\$35,248	\$167,099	1.1x	14.4x	53.1x	7.1x	9%	7%
General Motors Company	50,765	137,499	0.9x	9.3x	16.6x	7.0x	10%	9%
The Goodyear Tire & Rubber Company	3,633	10,480	0.7x	6.7x	13.2x	7.0x	21%	10%
BorgWarner Inc.	8,584	9,951	1.0x	6.0x	8.2x	10.5x	21%	16%
Lear Corporation	7,201	9,057	0.5x	4.5x	6.1x	8.8x	11%	10%
Automotive & Components Median	\$8,584	\$10,480	0.9x	6.7x	13.2x	7.1x	11%	10%
Building Products								
Masco Corporation	\$12,484	\$15,360	1.8x	10.6x	11.9x	18.5x	33%	17%
Lennox International Inc.	9,578	11,155	3.0x	20.4x	23.4x	21.4x	28%	14%
Fortune Brands Home & Security, Inc.	8,659	10,846	1.9x	12.1x	14.7x	16.1x	36%	16%
USG Corporation	0	0	0.0x	0.0x	0.0x	0.0x	18%	13%
JELD-WEN Holding, Inc.	2,252	3,823	0.9x	10.4x	15.9x	15.1x	21%	8%
Universal Forest Products, Inc.	2,970	3,141	0.7x	10.3x	13.1x	15.4x	15%	7%
Building Products Median	\$5,815	\$7,334	1.4x	10.5x	13.9x	15.8x	24%	14%

Source: Capital IQ, as of November 2019

Public Trading Comparables by Sector (cont.)

Selected Industrials & Manufacturing Public Trading Comparables

(\$ in millions)

Company Name	Cap	Value	Revenue	EBITDA	EBIT	P/E Ratio	Margin %	Margin %
Professional & Commercial Services								
Waste Management, Inc.	\$47,528	\$58,451	3.8x	13.6x	21.4x	24.7x	38%	28%
Republic Services, Inc.	28,078	36,961	3.6x	13.4x	22.2x	25.6x	39%	28%
Cintas Corporation	26,432	29,375	4.2x	19.0x	24.8x	29.2x	46%	22%
ManpowerGroup Inc.	5,394	6,052	0.3x	7.4x	8.1x	12.2x	16%	4%
Essendant Inc.	0	0	0.0x	0.0x	0.0x	0.0x	14%	2%
Kelly Services, Inc.	833	895	0.2x	7.1x	9.4x	9.9x	18%	2%
Professional & Commercial Services Median	\$15,913	\$17,714	1.9x	10.4x	15.4x	18.5x	28%	13%
Construction & Engineering								
Jacobs Engineering Group Inc.	\$11,775	\$12,599	1.0x	13.5x	16.5x	16.0x	19%	7%
AECOM	6,678	9,209	0.5x	9.2x	12.3x	12.8x	4%	5%
Quanta Services, Inc.	5,784	7,884	0.7x	8.3x	11.5x	11.0x	13%	7%
MasTec, Inc.	4,780	6,300	0.9x	7.6x	10.5x	12.4x	15%	11%
EMCOR Group, Inc.	4,840	4,984	0.6x	9.2x	11.0x	14.7x	15%	6%
Fluor Corporation	2,335	2,568	0.1x	NM	NM	12.3x	-1%	-1%
Construction & Engineering Median	\$5,312	\$7,092	0.6x	9.2x	11.5x	12.6x	14%	7%
Trading & Distribution								
United Rentals, Inc.	\$11,226	\$23,526	2.6x	8.9x	10.5x	7.8x	41%	29%
W.W. Grainger, Inc.	16,838	19,154	1.7x	11.6x	13.6x	17.2x	38%	14%
HD Supply Holdings, Inc.	6,501	9,005	1.5x	10.9x	12.2x	12.3x	39%	13%
Univar Solutions Inc.	3,828	6,888	0.8x	10.9x	16.1x	14.8x	23%	7%
WESCO International, Inc.	2,175	3,664	0.4x	9.0x	10.3x	9.7x	19%	5%
Veritiv Corporation	292	1,437	0.2x	14.1x	22.6x	NM	19%	1%
Trading & Distribution Median	\$5,164	\$7,947	1.1x	10.9x	12.9x	12.3x	31%	10%

Source: Capital IQ, as of November 2019

Public Trading Comparables by Sector (cont.)

Selected Industrials & Manufacturing Public Trading Comparables

(\$ in millions)

Company Name	Cap	Value	Revenue	EBITDA	EBIT	P/E Ratio	Margin %	Margin %
Electrical Equipment								
Emerson Electric Co.	\$44,231	\$48,498	2.6x	12.9x	15.8x	20.3x	43%	20%
AMETEK, Inc.	22,144	24,018	4.7x	17.4x	20.7x	22.5x	35%	27%
Rockwell Automation, Inc.	22,421	23,620	3.5x	15.6x	17.2x	21.8x	43%	23%
Hubbell Incorporated	7,914	9,462	2.0x	12.8x	15.8x	17.6x	29%	16%
Acuity Brands, Inc.	5,028	4,923	1.3x	8.9x	10.6x	13.1x	40%	15%
Electrical Equipment Median	\$7,208	\$9,233	1.6x	11.3x	14.7x	14.8x	37%	15%
Machinery								
General Electric Company	\$95,982	\$179,765	1.5x	12.9x	26.6x	17.1x	19%	12%
Caterpillar Inc.	77,405	109,673	2.0x	10.2x	13.5x	13.3x	27%	20%
Deere & Company	51,192	93,368	2.4x	14.7x	21.5x	17.8x	23%	16%
Illinois Tool Works Inc.	54,867	60,872	4.3x	15.7x	17.6x	22.2x	42%	27%
PACCAR Inc	27,701	33,983	1.3x	9.6x	11.0x	14.1x	15%	14%
Stanley Black & Decker, Inc.	23,075	29,431	2.0x	13.3x	17.6x	17.5x	34%	15%
Cummins Inc.	26,947	29,145	1.2x	7.6x	9.2x	14.0x	26%	14%
Parker-Hannifin Corporation	25,198	30,535	2.2x	11.8x	14.2x	18.3x	25%	18%
Electrical Equipment Median	\$22,144	\$23,620	1.7x	11.6x	14.7x	15.9x	31%	15%
Total Industrials and Manufacturing Median	\$12,484	\$19,154	1.5x	11.6x	14.6x	15.3x	21%	14%

Source: Capital IQ, as of November 2019

Selected Industrials & Manufacturing Industry Transactions

Selected Industrials & Manufacturing Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
08/01/2019	Knight Point Systems, LLC	\$250	Perspecta Inc. (NYSE:PRSP)	-	Perspecta Inc. (NYSE:PRSP) acquired Knight Point Systems, LLC for \$250 million on August 1, 2019. The consideration is subject to customary purchase price adjustments. Post-completion Knight Point employees will join the Perspecta team.
08/01/2019	Infiltrator Water Technologies, LLC	\$1,080	Advanced Drainage Systems, Inc. (NYSE:WMS)	-	Advanced Drainage Systems, Inc. (NYSE:WMS) entered into an agreement to acquire Infiltrator Water Technologies, LLC from Ontario Teachers' Pension Plan Board for approximately \$1.1 billion on July 31, 2019.
06/24/2019	Petroleum Services Corporation	\$335	Aurora Capital Partners	-	FirstService Corporation and senior management team of Global Restoration Holdings LLC including Jeff Johnson, Stacy Mazur and Dave Demos entered into a definitive agreement to acquire Global Restoration from Delos Capital Management LP, Jeff Johnson, Stacy Mazur, Dave Demos and other shareholders for approximately \$530 million on May 22, 2019.
06/24/2019	All Assets of Elite Compression Services, LLC	\$416	Archrock Services, L.P.	-	Harsco Corporation (NYSE:HSC) entered into a definitive agreement to acquire CEHI Acquisition Corporation from Compass Group Diversified Holdings LLC and certain other minority stockholders for an enterprise value of approximately \$630 million on May 8, 2019.
05/23/2019	Global Restoration Holdings, LLC	\$530	FirstService Corporation (TSX:FSV)	-	FirstService Corporation entered into a definitive agreement to acquire Global Restoration Holdings, LLC for \$530 million in May 2019.
05/09/2019	CEHI Acquisition Corporation	\$628	Harsco Corporation (NYSE:HSC)	-	Harsco Corporation acquired CEHI Acquisition Corporation in May 2019 for \$628 million.
05/09/2019	Industrial Air-X-Changers Business Of Harsco Corporation	\$592	E&C FinFan, Inc.	11.2x	E&C FinFan, Inc. entered into an asset purchase agreement to acquire Industrial Air-X-Changers business of Harsco Corporation (NYSE:HSC) for approximately \$590 million on May 8, 2019. The consideration will be paid in cash at closing.

Source: Capital IQ, as of November 2019

Selected Industrials & Manufacturing Industry Transactions (cont.)

Selected Industrials & Manufacturing Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
05/01/2019	Automated Packaging Systems, Inc.	\$510	Sealed Air Corporation (NYSE:SEE)	-	Sealed Air Corporation (NYSE:SEE) entered into an equity purchase agreement to acquire Automated Packaging Systems, Inc. for \$510 million on April 30, 2019. The consideration will be paid in cash and is on a cash and debt free basis.
04/22/2019	The KeyW Holding Corporation	\$946	Jacobs Engineering Group Inc. (NYSE:JEC)	23.8x	Jacobs Engineering Group Inc. (NYSE:JEC) entered into a definitive merger agreement to acquire The KeyW Holding Corporation (NasdaqGS:KEYW) from Earl M.
04/16/2019	Chiller Holdco, LLC	\$1,242	Americold Realty Trust (NYSE:COLD)	33.0x	Americold Realty Trust (NYSE:COLD) entered into a definitive agreement to acquire Cloverleaf Cold Storage Co., Inc. from Cloverleaf management and an investor group led by private equity funds managed by The Blackstone Group L.P. (NYSE:BX) for \$1.
03/25/2019	Portfolio of Seven Cold Storage Properties	\$443	-	-	An unknown buyer entered into a definitive agreement to acquire Portfolio of Seven Cold Storage Properties from iStar Inc. (NYSE:STAR) for approximately \$440 million on March 23, 2019.
03/08/2019	International Wire Group Holdings, Inc.	\$317	Atlas Holdings LLC	7.1x	Atlas Holdings LLC entered into a definitive merger agreement to acquire International Wire Group Holdings, Inc. (OTCPK:ITWG) for \$49.9 million on March 8, 2019.
03/04/2019	Global Aerospace Operations of Jardine Lloyd Thompson Group plc	\$250	Arthur J. Gallagher & Co. (NYSE:AIG)	-	Arthur J. Gallagher & Co. (NYSE:AIG) signed an agreement to acquire the global aerospace operations of Jardine Lloyd Thompson Group plc (LSE:JLT) for approximately £190 million on March 4, 2019.
02/25/2019	Multi-Color Corporation	\$2,576	WS Packaging Group, Inc.	8.3x	WS Packaging Group, Inc. entered into an agreement to acquire Multi-Color Corporation (NasdaqGS:LABL) from Diamond Castle Holdings, LLC and its funds including Diamond Castle Partners 2014, L.P., DCP 2014 Deal Leaders Fund, L.P.

Source: Capital IQ, as of November 2019

Selected Industrials & Manufacturing Industry Transactions (cont.)

Selected Industrials & Manufacturing Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
02/15/2019	The Charles Machine Works, Inc.	\$700	The Toro Company (NYSE:TTC)	8.0x	The Toro Company (NYSE:TTC) entered into a definitive agreement to acquire The Charles Machine Works, Inc. for \$700 million on February 14, 2019. Out of total consideration, Toro will deposit up to \$26.
02/11/2019	Precision Flow Systems Management Business of Accudyne Industries LLC	\$1,450	Ingersoll-Rand Plc (NYSE:IR)	-	Ingersoll-Rand Plc (NYSE:IR) made a binding offer to acquire precision flow systems management business of Accudyne Industries LLC for \$1.5 billion on February 6, 2019. The consideration is subject to working capital and certain other adjustments.
02/08/2019	Plastics Distribution Business of Nexeo Solutions, Inc.	\$640	One Rock Capital Partners, LLC	-	Certain investment funds managed by One Rock Capital Partners, LLC entered into a definitive agreement to acquire plastics distribution business of Nexeo Solutions, Inc. (NasdaqCM:NXEO) for an enterprise value of \$640 million on February 8, 2019.
01/17/2019	Discovery Benefits, Inc.	\$425	WEX Inc. (NYSE:WEX)	-	WEX Inc. (NYSE:WEX) signed an agreement to acquire 95% stake in Discovery Benefits, Inc. for approximately \$430 million on January 16, 2019.
01/07/2019	OGSystems, LLC	\$300	Parsons Corporation (NYSE:PSN)	-	Parsons Corporation agreed to acquire OGSystems, LLC for \$300 million on January 7, 2019. The acquisition was funded by \$40.3 million cash on hand, \$150 million from unsecured term loan and \$110 million from \$550 million unsecured credit facility.
12/19/2018	Coach USA Administration Inc	\$271	Variant Equity Advisors, LLC	-	Variant Equity Advisors, LLC agreed to acquire Coach USA Administration Inc. from Scusi Limited for an enterprise value of approximately \$270 million on December 19, 2018.
12/17/2018	Formica Corporation	\$840	Broadview Holding B.V.	-	Broadview Holding B.V. entered into an agreement to acquire Formica Corporation from Fletcher Building Limited (NZSE:FBU) for approximately \$840 million on December 17, 2018.

Source: Capital IQ, as of November 2019

Selected Industrials & Manufacturing Industry Transactions (cont.)

Selected Industrials & Manufacturing Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
12/12/2018	Sparton Corporation	\$256	Cerberus Capital Management, L.P.	9.1x	Cerberus Capital Management, L.P. entered into a definitive agreement to acquire Sparton Corporation (NYSE:SPA) for approximately \$180 million on December 11, 2018.
12/07/2018	Helicopter Assets and Management Platform of Waypoint Leasing Holdings Ltd.	\$650	Macquarie Rotorcraft Leasing (Ireland) Limited	-	Macquarie Rotorcraft Leasing (Ireland) Limited entered into a definitive agreement to acquire Helicopter Assets and Management Platform of Waypoint Leasing Holdings Ltd. for approximately \$650 million on December 7, 2018.
11/29/2018	Quality Solutions, Inc.	\$251	Cushman & Wakefield plc (NYSE:CWK)	-	Cushman & Wakefield plc (NYSE:CWK) entered into a definitive agreement to acquire Quality Solutions, Inc. from Gridiron Capital, LLC on November 21, 2018.
11/12/2018	Miraclon	\$375	Montagu Private Equity LLP	11.4x	Montagu Private Equity LLP entered into a definitive agreement to acquire Flexographic Packaging Division from Eastman Kodak Company (NYSE:KODK) for approximately \$380 million on November 11, 2018.
10/14/2018	L3 Technologies, Inc.	\$19,723	L3Harris Technologies, Inc. (NYSE:LHX)	13.8x	Harris Corporation (NYSE:HRS) entered into a merger agreement to acquire L3 Technologies, Inc. (NYSE:LLL)(L3) from The Vanguard Group, Inc., BlackRock, Inc. (NYSE:BLK), ClearBridge Investments, LLC and others for \$16.
10/10/2018	Esterline Technologies Corporation	\$4,367	TransDigm Group Incorporated (NYSE:TDG)	13.0x	TransDigm Group Incorporated (NYSE:TDG) entered into definitive agreement to acquire Esterline Technologies Corporation (NYSE:ESL) for \$3.6 billion on October 9, 2018.
09/17/2018	Nexeo Solutions, Inc.	\$2,019	Univar Inc. (NYSE:UNVR)	10.5x	Univar Inc. (NYSE:UNVR) entered into an agreement to acquire Nexeo Solutions, Inc. (NasdaqCM:NXEO) from a consortium of sellers for \$1 billion on September 17, 2018. Under the terms, the purchase price will be paid in cash and stock.

Source: Capital IQ, as of November 2019

Peakstone Momentum

 FIRST CAPITAL PARTNERS M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	 The Purcell Companies M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE
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About Peakstone

Peakstone is an investment bank that specializes in mergers and acquisitions advisory and capital raising for middle market clients. Our team is comprised of senior investment banking professionals who have decades of experience and have executed hundreds of transactions totaling billions of dollars. For additional information, visit www.peakstone.com.

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