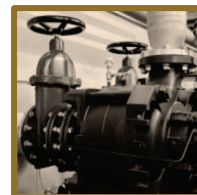


FLOW CONTROL

Industry In-Sight™

FOURTH QUARTER 2016



**JORDAN KNAUFF
& COMPANY**

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Introduction

BY G. COOK JORDAN, JR.

Who is JKC and What Do We Do?

Jordan Knauff & Company (“JKC”) was founded in 2001 to undertake a distinct mission: to assemble and maintain a staff of top-notch investment banking personnel and offer their knowledge and experience to provide the best available investment banking services to middle-market companies, the entrepreneurs that lead them and the financial entities that transact with them. On a combined basis, over the course of their careers our employees have completed over 300 transactions as investors, owners, operators, buyers, sellers and investment bankers of middle-market businesses across a variety of industries. The majority of our firm’s broad transaction experience has been with private companies owned by one shareholder, a partnership, a family or private equity investors.

Experience has taught us that the owners and executives of middle-market businesses tend to have very different needs and goals in capital transactions from those that are common to capital events related to larger companies. Our personnel apply their considerable expertise to accomplish important goals: delivery of successful outcomes for our clients. Pursuant to that, we direct and manage all aspects of the capital transaction process, assist our clients with the management of important constituents (employees, customers, vendors and lenders), act as a teammate to other important client advisors (legal counsel, accountant, tax advisor) and collaborate with transaction counsel in the negotiations with the parties on the other side of the transaction.

The Services We Provide

■ **Mergers and Acquisitions Advisory**

- Selling Companies: Representation of owners who are seeking the sale of their business – ranging from the sale of part of the equity of a company to a full liquidity transaction involving the sale of the entire business. In either case, our objective is to transfer the inherent value of the business into an exchange which yields the best price and structure that meet the specific transaction goals of our client.
- Acquisitions: Assistance to clients in the successful closing of an acquisition. Pertinent services include: valuation, optimization of structure, direction of the due diligence process and negotiation of transaction documents. Acquisition advisory services encompass work on a standalone target or a series of acquisitions that form a strategic consolidation plan.

Experience has taught us that the owners and executives of middle-market businesses tend to have very different needs and goals ... than... larger companies.

■ Capital Formation

- Raising Capital: We represent clients in the raising of all forms of capital: senior debt, mezzanine debt and equity capital. Proceeds may be typically used for a variety of applications, including: funding growth, recapitalization, expansion of assets, acquisitions or partial liquidity for shareholders.
- Capital Road Map™: Due to the day-to-day press of managing their organizations, middle-market entrepreneurs often find themselves without the time or resources to develop a capital plan for their businesses. We have learned that capital planning is a critical component of the broader strategic plan for a company and a necessity as an initial step toward the closing of a successful capital raise. We developed a proprietary Capital Road Map™ which: 1) analyzes in detail a client's current capital situation and projects future capital requirements as measured against the functional business plan, 2) provides recommendations as to the available sources of and amounts of capital required that would best satisfy the funding requirements of the business plan and 3) describes and explains the benefits, detriments and ramifications of each.

Due to the day-to-day press of managing their organizations, middle-market entrepreneurs often find themselves without the time or resources to develop a capital plan ...

Areas of Expertise

Our team of professionals has notable experience in a broad portfolio of industries. While each project is evaluated on a case-by-case basis and the firm has the capabilities to service middle-market companies in almost any industry, JKC has significant expertise in the following industries:

- | | |
|------------------------------------|--------------------------------------|
| ■ Flow Control | ■ Medical Plastics Manufacturing |
| ■ Energy Distribution | ■ Consumer Products |
| ■ Natural Resources and Renewables | ■ Education/Career Colleges |
| ■ Windows and Doors | ■ Financial Services |
| ■ Flooring | ■ Business and Professional Services |
| ■ Food | ■ Specialty Manufacturing |
| ■ Warehousing and Logistics | ■ Value Added Distribution |

Closing Thoughts

Thank you for taking the time to review this quarterly publication. We hope that you will find it to be relevant and informative. With that purpose in mind, we would welcome any thoughts or comments that you may have about it. To view our previous quarterly publications, as well as our other Flow Control related publications, visit our research portal at www.jordanknauff.com/flowcontrol. Should you desire more information about our firm and its mission, please contact any member of our team listed on the back cover of this report. Our website is www.jordanknauff.com and our main telephone number is (312) 254-5900.

... please contact any member of our team listed on the back cover of this report.

Current Events / Trends

BY G. COOK JORDAN, JR.
LORI A. CALLAWAY

Sulzer in Discussion to Acquire Ensival Moret

FLOW CONTROL TRENDS

Ensival has leading positions in a range of industrial applications such as fertilizers, sugar, mining and chemical processing.

Driven by an improved environment for fixed investment spending in developed nations and by increased investment in water infrastructure in developing countries, global demand for fluid handling pumps is expected to increase 5.5% per year to \$84 billion in 2018. According to a recent Freedonia Group report, the Asia Pacific region will account for 44% of new pump demand during this period, but the U.S. will remain the largest national market due to its large process manufacturing industries and water infrastructure needs. Centrifugal pumps will continue to be the most commonly used design and demand for aftermarket parts will benefit from rising manufacturing activity, particularly in harsh environments like the chemical industry.

Global pump manufacturer Sulzer Ltd. is in discussions to acquire Ensival Moret (“Ensival”) for an enterprise value of approximately \$83.6 million from Moret Industries. Ensival designs, manufactures and markets a complete range of centrifugal and mixed flow pumps. Their product range includes self-priming, liquid ring vacuum, high capacity submersible and canned motor pumps. The company also provides repair, equipment upgrades, technical support, maintenance and custom engineered services. With sales of approximately \$120 million in 2015, Ensival has leading positions in a range of industrial applications such as fertilizers, sugar, mining and chemical processing.

The company was founded in 1905 and is based in Saint-Quentin, France. Ensival has seven manufacturing facilities (two in France, two in Belgium, one in China, one in Brazil, and one in India) and 15 service centers. The business will be integrated into Sulzer’s Pumps Equipment division and will allow Sulzer to become a full line supplier in most industrial process applications by closing the gaps in its general industry pump portfolio, such as axial flow pumps.

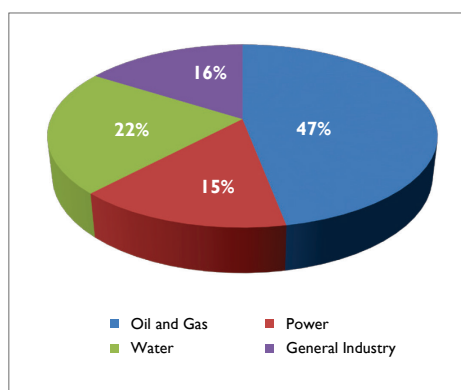
Sulzer provides pumping solutions, rotating equipment maintenance and services, as well as separation, reaction, and mixing technology solutions worldwide. The company has annual revenue of approximately \$3 billion and operates through three divisions: Pumps Equipment, Rotating Equipment Services and Chemtech. The Pumps Equipment division offers various pumps and systems for engineered, configured and standard pumping solutions. In 2015, the company reorganized this division into three market-oriented business units and now focuses on the production, transport and processing of crude oil and derivatives; the supply, treatment and transport of water and wastewater collection; and fossil-fired, nuclear and renewable power generation. The Pumps Equipment division has a network of over 20 manufacturing sites and more than 150 sales and service centers worldwide. The division had sales of approximately \$1.7 billion in 2015.

Sulzer's Rotating Equipment Services division provides service solutions for turbines, pumps, compressors, motors and generators. The Chemtech division provides separation technology, process solutions and field services for the hydrocarbon and chemical processing industries. In addition, this division provides mixing and dispensing technology.

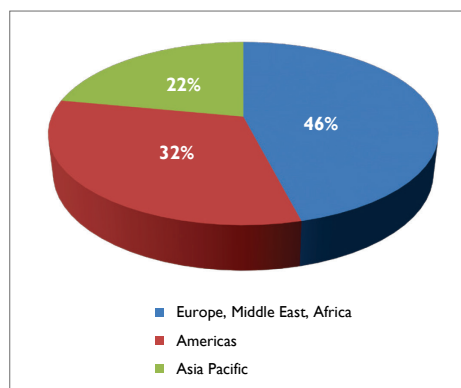
Sulzer was founded in 1834 and is headquartered in Winterthur, Switzerland, with a presence in over 40 countries. Europe, the Middle East and Africa comprised 41% of the company's total sales in 2015 with production and service locations in 26 countries in the region. With operations in 8 countries, the Americas accounted for 38% of the company's sales, while the Asia Pacific region accounted for 21% of sales in 2015 with operations in 10 countries.

Sulzer's Pumps Equipment Division 2015 Sales⁽¹⁾

By Market



By Region



(1) Source: Sulzer Ltd.

Mergers & Acquisitions Activity

BY DAVID A. KAKAREKA

Flow Control M&A activity continues to be resilient as evidenced by the recent transactions listed below.

TABLE II: SELECTED VALVE M&A TRANSACTIONS: 4Q 2016⁽¹⁾

Announced Date	Target	Acquirer(s)
12/15/2016	Kemper Valve & Fittings Corp.	Caterpillar Inc.
12/6/2016	Guizhou Fengyang Hydraulic Limited Co.	AVIC Electromechanical Systems Co.
10/27/2016	Fluid Control AS	BR Industries
10/26/2016	Wuxi Kangyu Water Treatment Equipment Co. Ltd.	Shimge Pump Industry Group Co. Ltd.

TABLE III: SELECTED PUMP M&A TRANSACTIONS: 4Q 2016⁽¹⁾

Announced Date	Target	Acquirer(s)
12/6/2016	Seko Middle East FZE	LEWA GmbH
12/5/2016	Vaccon Company Inc.	Bimba Manufacturing Company Inc.
11/28/2016	Ensival Moret France SA	Sulzer Ltd.
11/3/2016	Deccan Pumps Pvt. Ltd.	EKKI Pumps Pvt. Ltd.
10/31/2016	Baker Hughes Inc.	General Electric Company
10/26/2016	Wuxi Kangyu Water Treatment Equipment Co. Ltd.	Shimge Pump Industry Group Co. Ltd.

TABLE IV: SELECTED FILTER M&A TRANSACTIONS: 4Q 2016⁽¹⁾

Announced Date	Target	Acquirer(s)
12/15/2016	KBA-CleanAir	Durr Aktiengesellschaft
12/1/2016	CLARCOR Inc.	Parker-Hannifin Corporation
11/30/2016	MGF Gutsche GmbH & Co. KG	Lydall Inc.
11/21/2016	LightAir Holding AB	Ascenditur AB
11/14/2016	Dinair Group AB	AAF International BV
11/14/2016	Josef Schimmel GmbH & Co. KG	Lafayette Capital Partners
11/7/2016	Ahlstrom Oyj	Munksjo Oyj
11/2/2016	Multi Fan Systems Ltd.	Filtermist International Ltd.
11/2/2016	Environmental Treatment Systems Inc.	Evoqua Water Technologies LLC

(1) Source: S&P Capital IQ and JKC research.

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Public Equity and Valuation Analysis

BY DAVID A. KAKAREKA

Wall Street Valve Watch

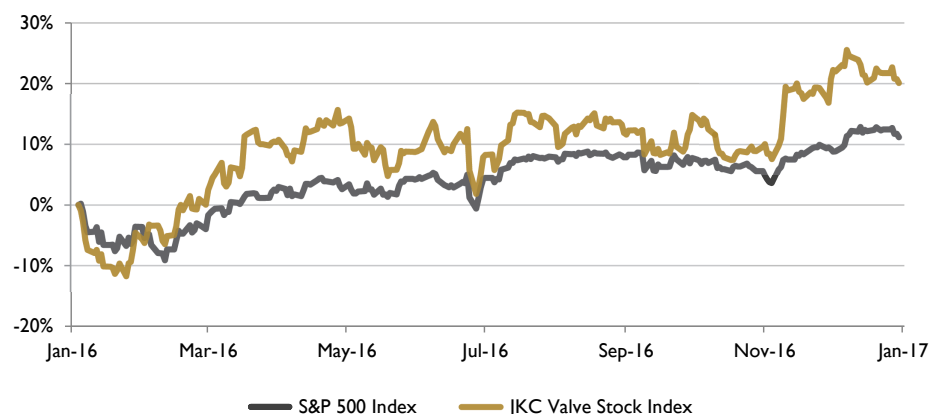
The JKC Valve Stock Index was up 20.1% over the last 12 months, while the broader S&P 500 Index gained 11.2%.

Crude oil production in the United States declined in 2016 by more than 500,000 barrels per day over 2015 according to estimates from the U.S. Energy Information Administration. Despite the decline, production of crude oil is forecast to average 8.9 million barrels per day in 2016, the second highest level since 1985, and total crude oil exports were up for 2016. The number of countries receiving U.S. exports have risen since the restrictions on crude oil exports were lifted in December 2015.⁽¹⁾

Relatively high production and inventory levels put downward pressure on crude oil prices throughout most of 2016, even with a strong demand for petroleum products. The annual average West Texas Intermediate oil price was \$43 per barrel in 2016, down \$5 per barrel from 2015. Recent agreements to curb production by OPEC and key non-OPEC producers put upward pressure on prices at the end of the year with West Texas Intermediate pricing ending 2016 at \$53 per barrel, \$16 per barrel higher than at the end of 2015. At the end of November, OPEC agreed to its first crude oil production cuts in eight years, reducing oil output by 1.2 million barrels a day. Iran was allowed to raise output to about 3.8 million barrels a day as it recovers from international sanctions. Russia, the largest non-OPEC producer, also agreed to cut its production by 300,000 barrels per day.

On Wall Street for the month of December, the Dow Jones Industrial Average, the S&P 500 Index and the NASDAQ Composite rose 3.3%, 1.8% and 1.1%, respectively. The markets were boosted by strong manufacturing and services data, along with solid jobs and housing data. For the fourth quarter, all indices advanced with the Dow gaining 7.9%, the S&P 500 up 3.3% and the NASDAQ increasing 1.3%, benefiting from OPEC's decision to cut oil production for the first time since 2008.

CHART 1: JKC VALVE STOCK INDEX⁽²⁾



(1) See Economic Indicators section of this report for more detailed information on these indicators.

(2) Source: S&P Capital IQ and JKC research. Local currency converted to USD using historical spot rates. The JKC Valve Stock Index includes a select list of publicly-traded companies involved in the valve industry weighted by market capitalization.

At the end of November, OPEC agreed to its first crude oil production cuts in eight years, reducing oil output by 1.2 million barrels a day.

Valve Companies

As shown in Tables V and VI, as of December 31, 2016, domestic and international Valve companies were trading at median total enterprise value / latest twelve months (“TEV/LTM”) EBITDA multiples of 12.8x and 9.8x, respectively, while both groups have median EBITDA margins of 16.0% and 11.2%, respectively. The median stock price as a percentage of the 52-week high for both groups is 94% and 91%, respectively, of their 52-week highs. With the exception of a few companies, we believe both groups are fairly well capitalized.

TABLE V: SELECTED DOMESTIC VALVE COMPANIES⁽¹⁾

(US\$ in millions, except per share data)

Company	LTM			Stock Price 12/31/2016	% of 52-Week High	Market Cap	Total Enterprise Value ⁽³⁾	TEV / LTM		Net Debt ⁽⁴⁾ EBITDA
	Revenues ⁽²⁾	EBITDA ⁽²⁾	Margin					Revenues	EBITDA	
Badger Meter Inc. (BMI)	394	73	18.7	36.95	93.9	1,076	1,115	2.8	15.2	0.4
CIRCOR International Inc. (CIR)	590	54	9.1	64.88	93.3	1,066	1,073	1.8	19.9	3.6
Crane Co. (CR)	2,748	465	16.9	72.12	91.4	4,230	4,585	1.7	9.9	0.5
Curtiss-Wright Corp. (CW)	2,109	405	19.2	98.36	91.4	4,350	4,865	2.3	12.0	1.0
Dover Corp. (DOV)	6,794	1,119	16.5	74.93	95.7	11,640	14,253	2.1	12.7	2.9
Emerson Electric Co. (EMR)	14,401	3,109	21.6	55.75	95.7	35,928	39,442	2.7	12.7	(0.0)
Flowserve Corp. (FLS)	3,991	489	12.3	48.05	91.5	6,268	7,637	1.9	15.6	2.5
General Electric Co. (GE)	123,693	16,796	13.6	31.60	95.8	279,546	423,107	3.4	25.2	7.5
Honeywell International Inc. (HON)	39,302	7,744	19.7	115.85	96.5	88,292	95,736	2.4	12.4	0.8
ITT Corporation (ITT)	2,405	335	13.9	38.57	89.6	3,402	3,165	1.3	9.4	(0.7)
Mueller Water Products, Inc. (MWA)	1,143	191	16.7	13.31	93.7	2,157	2,454	2.1	12.8	1.6
Parker Hannifin Corporation (PH)	11,200	1,638	14.6	140.00	96.3	18,676	19,788	1.8	12.1	0.6
Schlumberger Limited (SLB)	27,810	6,469	23.3	83.95	96.5	116,800	127,693	4.6	19.7	1.6
SPX Flow Inc. (FLOW)	1,996	203	10.2	32.06	94.7	1,343	2,231	1.1	11.0	4.4
Watts Water Technologies, Inc. (WTS)	1,398	193	13.8	65.20	91.8	2,232	2,497	1.8	13.0	1.6
Xylem Inc. (XYL)	3,771	587	15.6	49.52	90.1	8,884	9,435	2.5	16.1	3.5
Median			16.0%		93.8%			2.1x	12.8x	1.6x
Mean			16.0		93.6			2.3	14.4	2.0

(1) Source: S&P Capital IQ and JKC research.

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/16.

(3) Total enterprise value is defined as market capitalization plus total debt less cash and cash equivalents.

(4) Net debt is defined as total debt less cash and cash equivalents.

TABLE VI: SELECTED INTERNATIONAL VALVE COMPANIES⁽¹⁾

(US\$ in millions, except per share data)

Company	LTM			Stock Price 12/31/2016	% of 52-Week High	Market Cap	Total Enterprise Value ⁽³⁾	TEV / LTM		Net Debt ⁽⁴⁾ EBITDA
	Revenues ⁽²⁾	EBITDA ⁽²⁾	Margin					Revenues	EBITDA	
Aalberts Industries NV (AALB)	2,645	405	15.3	32.53	96.3	3,598	4,507	1.7	11.1	2.3
Alfa Laval AB (ALFA)	4,025	704	17.5	16.61	97.7	6,968	8,328	2.1	11.8	1.7
Georg Fischer AG (FI-N)	3,662	409	11.2	821.04	92.6	3,359	3,792	1.0	9.3	1.0
Hisaka Works Ltd. (6247)	209	18	8.7	7.55	91.0	226	118	0.6	6.5	(5.3)
Hitachi Ltd. (6501)	82,066	9,318	11.4	5.41	91.2	26,136	60,105	0.7	6.5	0.5
IMI plc (IMI)	1,924	333	17.3	12.84	91.4	3,457	3,884	2.0	11.7	1.2
Kitz Corp. (6498)	961	106	11.0	5.47	91.9	572	673	0.7	6.3	0.7
KSB Aktiengesellschaft (KSB)	2,434	174	7.1	372.53	88.5	654	743	0.3	4.3	(0.4)
Kubota Corp. (6326)	13,586	2,179	16.0	14.29	88.0	17,737	23,507	1.7	10.8	2.5
Lupatech S.A. (LUPA3)	49	(50)	(101.8)	1.24	32.3	12	110	2.2	NM	(2.0)
Metso Corp. (METSO)	2,812	88	3.1	28.61	95.6	4,291	4,385	1.6	50.0	(0.2)
Okano Valve Manufacturing Co. (6492)	65	4	6.6	2.36	80.9	41	24	0.4	5.7	(3.5)
Saint Gobain (SGO)	41,499	4,230	10.2	46.72	100.0	25,885	33,258	0.8	7.9	1.7
SMC Corp. (6273)	3,962	1,248	31.5	239.01	84.6	16,060	12,959	3.3	10.4	(3.0)
Spirax-Sarco Engineering plc (SPX)	853	219	25.7	51.66	88.2	3,787	3,763	4.4	17.2	(0.1)
The Weir Group PLC (WEIR)	2,226	341	15.3	23.34	97.6	5,077	6,145	2.8	18.0	3.3
Velan, Inc. (VLN)	353	31	8.9	12.84	89.8	279	218	0.6	7.0	(2.0)
Median			11.2%		91.2%			1.6x	9.8x	0.5x
Mean			6.8		88.1			1.6	12.1	(0.1)

(1) Source: S&P Capital IQ and JKC research.

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/16.

(3) Total enterprise value is defined as market capitalization plus total debt less cash and cash equivalents.

(4) Net debt is defined as total debt less cash and cash equivalents.

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Wall Street Pump Watch

The JKC Pump Stock Index rose 23.9% over the last twelve months, while the S&P 500 Index gained 11.2% over the same time period.

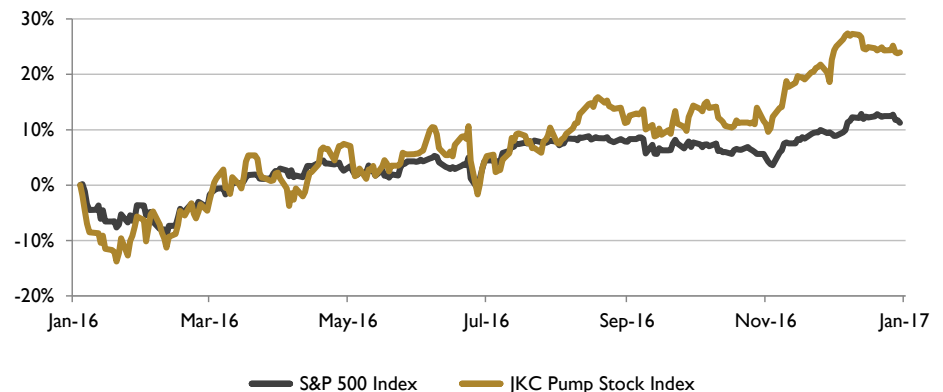
The Institute for Supply Management's Purchasing Managers' Index ("PMI") increased to a two-year high of 54.7 percentage points in December. The PMI index was at a 48.0 level a year earlier in December 2015. Production and new orders surged to above 60 percentage points with production increasing 4.3 points and new orders growing 7.2 points over the prior month. Both of these measures exceeded 60 percentage points for the first time since November 2014.⁽¹⁾

The Bureau of Labor Statistics reported that nonfarm employment increased by 156,000 jobs in December. Over the past year payroll growth averaged 180,000 jobs per month, below the average of 229,000 jobs per month seen in 2015. Although manufacturing employment rose by 17,000 jobs in December, manufacturing hiring was down by 45,000 workers for the entire year of 2016. The largest employment gains in December were in fabricated metal products, motor vehicles and parts, nonmetallic mineral products, furniture, plastics and rubber, primary metals and wood products.

U.S. real gross domestic product ("GDP") increased at an annual rate of 1.9% in the fourth quarter of the year, according to the "advance" estimate released by the Bureau of Economic Analysis. For the full year, GDP increased 1.6% compared with an increase of 2.6% in 2015. Positive contributors included personal consumption expenditures, residential fixed investment and state and local government spending.

On Wall Street for the month of December, the Dow Jones Industrial Average, the S&P 500 Index and the NASDAQ Composite rose 3.3%, 1.8% and 1.1%, respectively. The markets were boosted by strong manufacturing and services data, along with solid jobs and housing data. For the fourth quarter, all indices advanced with the Dow gaining 7.9%, the S&P 500 up 3.3% and the NASDAQ increasing 1.3%, benefiting from OPEC's decision to cut oil production for the first time since 2008.

CHART II: JKC PUMP STOCK INDEX⁽²⁾



(1) See Economic Indicators section of this report for more detailed information on these indicators.

(2) Source: S&P Capital IQ and JKC research. Local currency converted to USD using historical spot rates. The JKC Pump Stock Index includes a select list of publicly-traded companies involved in the pump industry weighted by market capitalization.

**Over the past year
payroll growth
averaged 180,000 jobs
per month, below the
average of 229,000
jobs per month seen in
2015.**

Pump Companies

Domestic Pump companies (as listed in Table VII) and international Pump companies (in Table VIII) were trading at median TEV/LTM EBITDA multiples of 13.5x and 10.5x, respectively, as of December 31, 2016. As you can see, both groups are similarly leveraged with a median net debt/LTM EBITDA ratio of 1.6x for domestic Pump companies compared to 0.1x for international Pump companies. In our assessment, both groups are extremely well capitalized and could afford to take on additional indebtedness.

TABLE VII: SELECTED DOMESTIC PUMP COMPANIES⁽¹⁾

(US\$ in millions, except per share data)

Company	LTM			Stock Price 12/31/2016	% of 52-Week High	Market Cap	Total Enterprise Value ⁽³⁾	TEV / LTM		Net Debt ⁽⁴⁾ EBITDA
	Revenues ⁽²⁾	EBITDA ⁽²⁾	Margin					Revenues	EBITDA	
Ampco-Pittsburgh Corp. (AP)	295	3	0.9	16.75	87.1	206	209	0.7	76.3	0.4
Baker Hughes Inc. (BHI)	9,841	(121)	(1.2)	64.97	94.7	27,469	26,833	2.7	NM	NM
Colfax Corporation (CFX)	3,647	444	12.2	35.93	90.2	4,407	5,796	1.6	13.1	2.4
Crane Co. (CR)	2,748	465	16.9	72.12	91.4	4,230	4,585	1.7	9.9	0.5
Curtiss-Wright Corp. (CWV)	2,109	405	19.2	98.36	91.4	4,350	4,865	2.3	12.0	1.0
Danaher Corp. (DHR)	16,882	3,879	23.0	77.84	75.7	53,842	61,256	3.6	15.8	2.9
Dover Corp. (DOV)	6,794	1,119	16.5	74.93	95.7	11,640	14,253	2.1	12.7	2.9
Energy Recovery, Inc. (ERII)	53	(1)	(0.9)	10.35	62.1	542	446	8.4	NM	NM
Flowserve Corp. (FLS)	3,991	489	12.3	48.05	91.5	6,268	7,637	1.9	15.6	2.5
Franklin Electric Co. Inc. (FELE)	930	142	15.3	38.90	87.3	1,801	1,922	2.1	13.5	0.8
General Electric Co. (GE)	123,693	16,796	13.6	31.60	95.8	279,546	423,107	3.4	25.2	7.5
Gorman-Rupp Co. (GRC)	382	53	13.9	30.95	89.8	808	744	1.9	14.0	(1.1)
Graco Inc. (GGG)	1,329	354	26.6	83.09	95.9	4,627	4,938	3.7	13.9	0.7
IDEX Corp. (IEX)	2,113	533	25.2	90.06	94.0	6,866	7,728	3.7	14.5	1.5
Illinois Tool Works Inc. (ITW)	13,599	3,595	26.4	122.46	95.7	42,984	48,383	3.6	13.5	1.5
Ingersoll-Rand Co. Ltd. (IR)	13,509	1,924	14.2	75.04	94.7	19,385	22,017	1.6	11.4	1.2
ITT Corporation (ITT)	2,405	335	13.9	38.57	89.6	3,402	3,165	1.3	9.4	(0.7)
Layne Christensen Co. (LAYN)	632	26	4.2	10.87	95.2	215	304	0.5	11.5	3.4
National Oilwell Varco, Incorporated (NOV)	7,251	(755)	(10.4)	37.44	85.8	14,140	15,916	2.2	NM	NM
Pentair, Inc. (PNR)	4,890	886	18.1	56.07	83.7	10,190	14,431	3.0	16.3	4.6
Roper Technologies Inc. (ROP)	3,790	1,295	34.2	183.08	96.6	18,571	20,777	5.5	16.0	4.2
Schlumberger Limited (SLB)	27,810	6,469	23.3	83.95	96.5	116,800	127,693	4.6	19.7	1.6
SPX Flow Inc. (FLOW)	1,996	203	10.2	32.06	94.7	1,343	2,231	1.1	11.0	4.4
Standex International Corp. (SXI)	725	94	13.0	87.85	90.1	1,119	1,103	1.5	11.7	0.0
United Technologies Corp. (UTX)	57,244	10,275	17.9	109.62	98.1	90,262	107,712	1.9	10.5	1.6
Weatherford International Ltd. (WFT)	5,749	(359)	(6.2)	4.99	56.7	4,895	12,006	2.1	NM	NM
Xylem Inc. (XYL)	3,771	587	15.6	49.52	90.1	8,884	9,435	2.5	16.1	3.5
Median			14.2%		91.4%			2.1x	13.5x	1.6x
Mean			13.6		89.3			2.6	16.7	2.1

(1) Source: S&P Capital IQ and JKC research.

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/16.

(3) Total enterprise value is defined as market capitalization plus total debt less cash and cash equivalents.

(4) Net debt is defined as total debt less cash and cash equivalents.

TABLE VIII: SELECTED INTERNATIONAL PUMP COMPANIES⁽¹⁾

(US\$ in millions, except per share data)

Company	LTM			Stock Price 12/31/2016	% of 52-Week High	Market Cap	Total Enterprise Value ⁽³⁾	TEV / LTM		Net Debt ⁽⁴⁾ EBITDA
	Revenues ⁽²⁾	EBITDA ⁽²⁾	Margin					Revenues	EBITDA	
Alfa Laval AB (ALFA)	4,025	704	17.5	16.61	97.7	6,968	8,328	2.1	11.8	1.7
Andritz AG (ANDR)	6,364	559	8.8	50.35	95.8	5,152	4,266	0.7	7.6	(1.7)
DMW Corp. (6365)	163	16	9.9	15.71	92.7	69	34	0.2	2.1	(1.8)
Ebara Corp. (6361)	4,035	419	10.4	28.52	98.5	2,812	2,968	0.7	7.1	0.2
FLSmidth & Co. A/S (FLS)	2,551	221	8.7	41.60	97.9	2,035	2,487	1.0	11.2	1.6
Gevelot SA (ALGEV)	208	16	7.9	153.07	100.0	126	21	0.1	1.3	(6.8)
GUD Holdings Ltd. (GUD)	431	56	13.1	7.57	94.7	649	796	1.8	14.1	2.1
Hyundai Heavy Industries Co. Ltd. (A009540)	33,320	1,559	4.7	120.86	87.7	7,548	15,000	0.5	9.6	4.1
John Wood Group plc (WG)	4,184	352	8.4	10.82	97.5	4,024	4,387	1.0	12.5	1.1
Kirloskar Brothers Ltd. (500241)	380	10	2.6	2.43	83.4	193	238	0.6	24.4	0.0
KSB Aktiengesellschaft (KSB)	2,434	174	7.1	372.53	88.5	654	743	0.3	4.3	(0.4)
Kubota Corp. (6326)	13,586	2,179	16.0	14.29	88.0	17,737	23,507	1.7	10.8	2.5
Metso Corp. (METSO)	2,812	88	3.1	28.61	95.6	4,291	4,385	1.6	50.0	(0.2)
Nikkiso Co. Ltd. (6376)	1,294	134	10.4	9.52	99.6	706	1,080	0.8	8.0	2.7
Pfeiffer Vacuum Technology AG (PFV)	475	80	16.9	92.03	84.7	908	823	1.7	10.2	(1.1)
SKF AB (SKF B)	7,956	1,016	12.8	18.46	95.0	8,408	10,007	1.3	9.9	1.4
Spirax-Sarco Engineering plc (SPX)	853	219	25.7	51.66	88.2	3,787	3,763	4.4	17.2	(0.1)
Sulzer, Ltd. (SUN)	2,913	298	10.2	103.37	97.4	3,522	3,472	1.2	11.7	(0.2)
Teikoku Electric Mfg. Co., Ltd. (6333)	167	24	14.2	8.70	97.2	177	107	0.6	4.5	(2.8)
The Weir Group PLC (WEIR)	2,226	341	15.3	23.34	97.6	5,077	6,145	2.8	18.0	3.3
Torishima Pump Manufacturing Co. Ltd. (6363)	342	11	3.3	9.72	95.5	265	311	0.9	27.2	3.5
Tsurumi Manufacturing Co. Ltd. (6351)	338	46	13.7	14.49	84.6	363	288	0.9	6.2	(1.7)
Median			10.3%		95.6%			0.9x	10.5x	0.1x
Mean			10.9		93.5			1.2	12.7	0.3

(1) Source: S&P Capital IQ and JKC research.

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/16.

(3) Total enterprise value is defined as market capitalization plus total debt less cash and cash equivalents.

(4) Net debt is defined as total debt less cash and cash equivalents.

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Wall Street Filter Watch

The JKC Filter Stock Index was up 18.1% over the last twelve months, while the S&P 500 Index gained 11.2%.

Due to a surge in multifamily housing, housing starts ended 2016 on a solid note, rising 11.3% in December. The moving three-month average shows housing starts up 5% in December, with single-family starts rising 0.6% and multifamily starts increasing 16%.

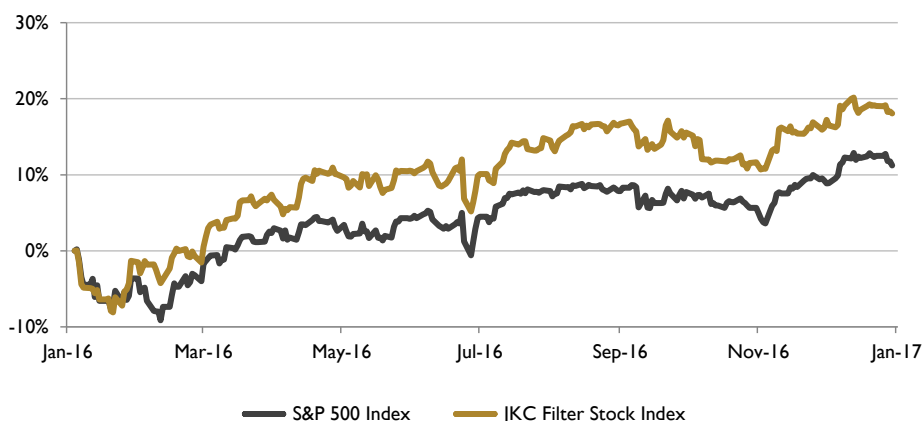
The National Association of Realtors reported that existing home sales decreased 2.8% in December, up a slight 0.7% from the same month a year ago. Total 2016 existing home sales reached 5.45 million, exceeding the 5.25 million in 2015 and reaching its highest level since 2006. New home sales fell 10.4% in December due to higher mortgage rates and winter weather. Despite this decline, new home sales rose 12.2% for the full year.

Total housing inventory has fallen for 19 straight months and decreased by 10.8% in December. The December unsold inventory represents a 3.6-month supply, the lowest level since the series was started in 1999. Almost 37% of homes sold in December were on the market for less than a month.

U.S. light vehicle sales grew 3% in December as consumer confidence reached levels not seen in 15 years. For the entire year, auto sales hit a record high of 17.55 million, 0.4% higher than the previous record set in 2015. Pickup trucks and SUVs accounted for 59.5% of 2016 auto sales, up from 55.8% in 2015. December sales at General Motors rose 10%, while Toyota Motor Corporation sales increased 2% and Ford Motor Company sales gained 0.3%.

On Wall Street for the month of December, the Dow Jones Industrial Average, the S&P 500 Index and the NASDAQ Composite rose 3.3%, 1.8% and 1.1%, respectively. The markets were boosted by strong manufacturing and services data, along with solid jobs and housing data. For the fourth quarter, all indices advanced with the Dow gaining 7.9%, the S&P 500 up 3.3% and the NASDAQ increasing 1.3%, benefiting from OPEC's decision to cut oil production for the first time since 2008.

CHART III: JKC FILTER STOCK INDEX⁽²⁾



(1) See Economic Indicators section of this report for more detailed information on these indicators.

(2) Source: S&P Capital IQ and JKC research. Local currency converted to USD using historical spot rates. The JKC Filter Stock Index includes a select list of publicly-traded companies involved in the filter industry weighted by market capitalization.

The December unsold [housing] inventory represents a 3.6-month supply, the lowest level since the series was started in 1999.

Filter Companies

As of December 31, 2016, domestic and international Filter companies (listed in Table IX and Table X, respectively) were trading at medians of 13.1x and 10.5x, respectively, of TEV/LTM EBITDA with median LTM EBITDA margins of 16.9% and 12.4%, respectively. With the exception of a few companies, both the domestic and international Filter companies are conservatively capitalized.

TABLE IX: SELECTED DOMESTIC FILTER COMPANIES⁽¹⁾

(US\$ in millions, except per share data)

Company	LTM			Stock Price 12/31/2016	% of 52-Week High	Market Cap	Total Enterprise Value ⁽³⁾	TEV / LTM		Net Debt ⁽⁴⁾ EBITDA
	Revenues ⁽²⁾	EBITDA ⁽²⁾	Margin					Revenues	EBITDA	
3M Co. (MMM)	30,109	8,697	28.9	178.57	98.0	107,404	117,145	3.9	13.5	1.0
Calgon Carbon Corp. (CCC)	508	81	16.0	17.00	90.4	861	906	1.8	11.2	0.6
Cantel Medical Corp. (CMD)	697	130	18.7	78.75	88.7	3,285	3,421	4.9	26.2	1.0
CECO Environmental Corp. (CECE)	418	53	12.6	13.95	93.8	477	586	1.4	11.1	2.1
CLARCOR Inc. (CLC)	1,390	251	18.0	82.47	99.4	4,005	4,204	3.0	16.8	0.6
Corning Inc. (GLW)	9,390	2,564	27.3	24.27	95.8	23,086	24,554	2.6	9.6	(0.5)
Crane Co. (CR)	2,748	465	16.9	72.12	91.4	4,230	4,585	1.7	9.9	0.5
Cummins Inc. (CMI)	17,509	2,611	14.9	136.67	92.9	22,903	23,681	1.4	9.1	0.2
Donaldson Company Inc. (DCI)	2,235	378	16.9	42.08	90.9	5,557	5,869	2.6	15.5	0.8
Eaton Corporation (ETN)	19,747	3,190	16.2	67.09	95.8	30,305	38,090	1.9	11.9	2.4
El DuPont de Nemours & Co. (DD)	24,594	5,169	21.0	73.40	96.8	63,810	70,074	2.8	13.6	0.5
Entegris, Inc. (ENTG)	1,175	262	22.3	17.90	94.5	2,530	2,727	2.3	10.4	0.7
ESCO Technologies Inc. (ESE)	585	102	17.4	56.65	96.4	1,457	1,513	2.6	14.9	1.3
General Electric Co. (GE)	123,693	16,796	13.6	31.60	95.8	279,546	423,107	3.4	25.2	7.5
Honeywell International Inc. (HON)	39,302	7,744	19.7	115.85	96.5	88,292	95,736	2.4	12.4	0.8
Illinois Tool Works Inc. (ITW)	13,599	3,595	26.4	122.46	95.7	42,984	48,383	3.6	13.5	1.5
Lydall Inc. (LDL)	554	82	14.8	61.85	95.4	1,061	1,079	1.9	13.2	0.2
MFRI Inc. (MFRI)	102	(0)	(0.4)	8.10	91.0	61	66	0.7	NM	NM
Parker Hannifin Corporation (PH)	11,200	1,638	14.6	140.00	96.3	18,676	19,788	1.8	12.1	0.6
Pentair, Inc. (PNR)	4,890	886	18.1	56.07	83.7	10,190	14,431	3.0	16.3	4.6
Tenneco Inc. (TEN)	8,599	775	9.0	62.47	93.3	3,438	4,623	0.5	6.0	1.3
Watts Water Technologies, Inc. (WTS)	1,398	193	13.8	65.20	91.8	2,232	2,497	1.8	13.0	1.6
Xylem Inc. (XYL)	3,771	587	15.6	49.52	90.1	8,884	9,435	2.5	16.1	3.5
Median			16.9%		94.5%			2.4x	13.1x	0.9x
Mean			17.1		93.7			2.4	13.7	1.5

(1) Source: S&P Capital IQ and JKC research.

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/16.

(3) Total enterprise value is defined as market capitalization plus total debt less cash and cash equivalents.

(4) Net debt is defined as total debt less cash and cash equivalents.

TABLE X: SELECTED INTERNATIONAL FILTER COMPANIES⁽¹⁾

(US\$ in millions, except per share data)

Company	LTM			Stock Price 12/31/2016	% of 52-Week High	Market Cap	Total Enterprise Value ⁽³⁾	TEV / LTM		Net Debt ⁽⁴⁾ EBITDA
	Revenues ⁽²⁾	EBITDA ⁽²⁾	Margin					Revenues	EBITDA	
Ahlstrom Oyj (AHLIV)	1,134	121	10.6	15.96	95.8	744	886	0.8	7.4	1.2
Alfa Laval AB (ALFA)	4,025	704	17.5	16.61	97.7	6,968	8,328	2.1	11.8	1.7
Amiad Filtration Systems Ltd (AFS)	104	9	8.5	1.35	58.9	31	40	0.4	4.5	1.2
Andritz AG (ANDR)	6,364	559	8.8	50.35	95.8	5,152	4,266	0.7	7.6	(1.7)
Asahi Kasei Corp. (3407)	16,053	2,273	14.2	8.73	95.1	12,197	14,619	0.9	6.4	1.1
BWT AG (BWT)	614	53	8.7	24.28	98.3	407	417	0.7	7.8	0.0
Daikin Industries Ltd. (6367)	17,215	2,713	15.8	91.95	98.2	26,872	29,446	1.7	10.9	0.8
Denso Corp. (6902)	38,312	4,745	12.4	43.37	87.7	34,357	32,489	0.8	6.8	(0.7)
Faurecia SA (EO)	19,860	1,419	7.1	38.88	98.6	5,336	6,514	0.3	4.6	0.3
FLSmidth & Co. A/S (FLS)	2,551	221	8.7	41.60	97.9	2,035	2,487	1.0	11.2	1.6
GEA Group AG (GIA)	4,787	519	10.8	40.29	76.3	7,756	6,936	1.4	13.4	(1.7)
GUD Holdings Ltd. (GUD)	431	56	13.1	7.57	94.7	649	796	1.8	14.1	2.1
Hyflux Ltd. (600)	665	100	15.1	0.36	78.0	280	1,199	1.8	12.0	9.7
Ibiden Co., Ltd. (4062)	2,440	412	16.9	13.47	90.5	1,793	1,590	0.7	3.9	(0.6)
Johnson Matthey plc (JMAT)	13,067	730	5.6	39.29	89.2	7,533	8,638	0.7	11.8	1.6
NGK Insulators Ltd. (5333)	3,593	876	24.4	19.42	81.6	6,245	6,258	1.7	7.1	(0.1)
Nitto Denko Corp. (6988)	6,272	1,005	16.0	76.82	97.5	12,469	10,520	1.7	10.5	(2.0)
Porvair plc (PRV)	125	15	11.6	5.34	94.4	242	233	1.9	16.0	(1.2)
Sartorius AG (SRT)	1,319	329	25.0	75.71	80.8	5,134	5,797	4.4	17.6	1.6
Siemens AG (SIE)	84,074	10,397	12.4	122.88	99.3	99,318	118,892	1.4	11.4	1.3
Toray Industries Inc. (3402)	17,412	2,211	12.7	8.10	83.8	12,960	18,524	1.1	8.4	2.4
Median			12.4%		94.7%			1.1x	10.5x	1.1x
Mean			13.1		90.0			1.3	9.8	0.9

(1) Source: S&P Capital IQ and JKC research.

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/16.

(3) Total enterprise value is defined as market capitalization plus total debt less cash and cash equivalents.

(4) Net debt is defined as total debt less cash and cash equivalents.

Valuation Trends over Time

Quarterly median TEV/LTM EBITDA valuation multiples have generally increased over last quarter levels for domestic companies and international companies. Annual multiples for domestic and international companies are now at higher levels than last year at this time.

CHART IV: QTRLY MEDIAN TEV/LTM EBITDA VALUATION MULTIPLES⁽¹⁾

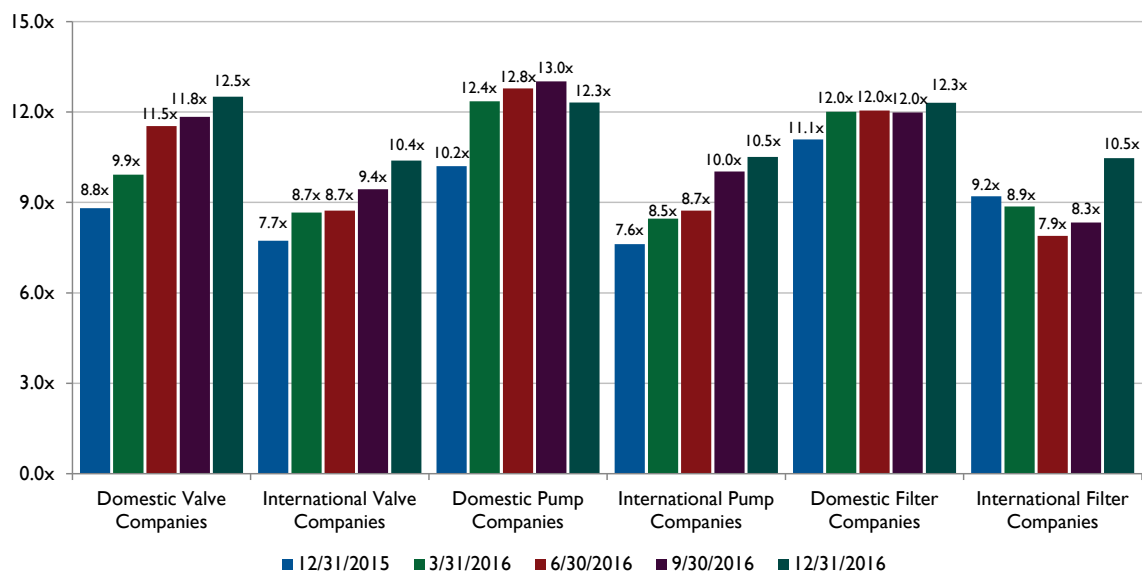
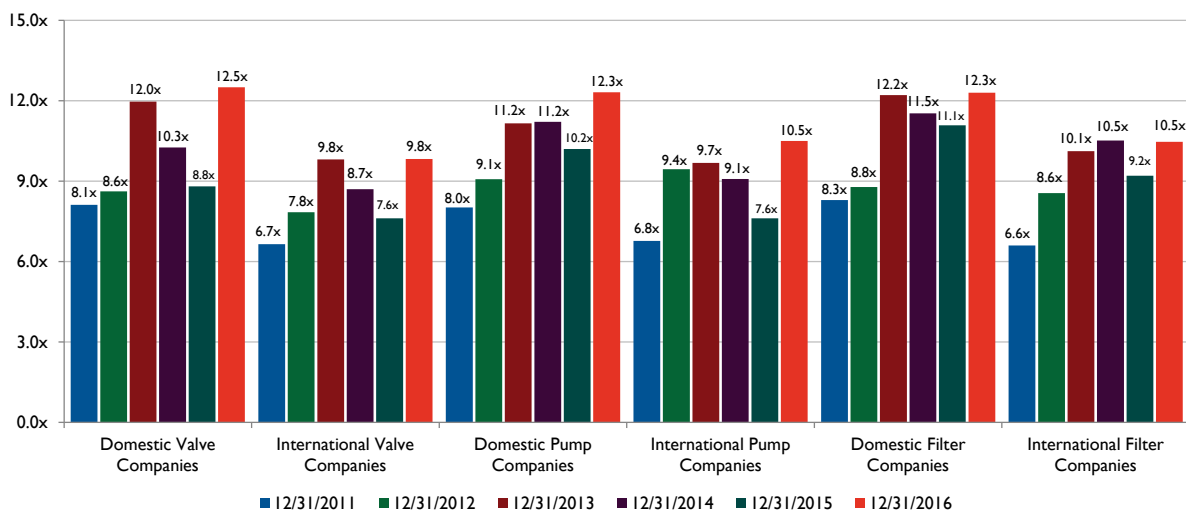


CHART V: ANNUAL MEDIAN TEV/LTM EBITDA VALUATION MULTIPLES⁽¹⁾



(1) Source: S&P Capital IQ and JKC research.

Economic Indicators — Valves and Pumps⁽¹⁾

BY DAVID A. KAKAREKA

CHART VI: U.S. PMI INDEX⁽²⁾ AND MANUFACTURING SHIPMENTS⁽³⁾

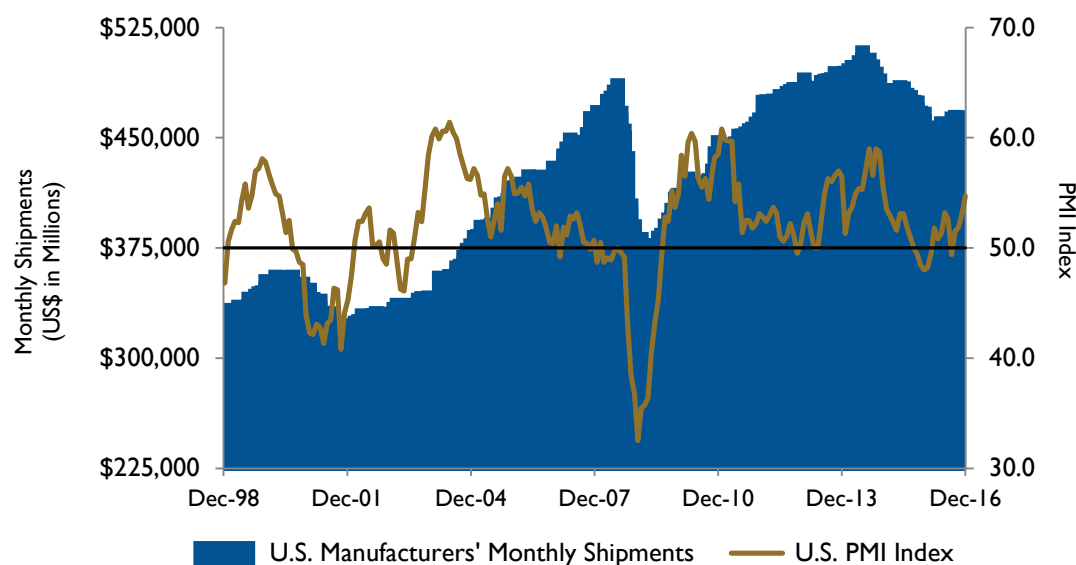
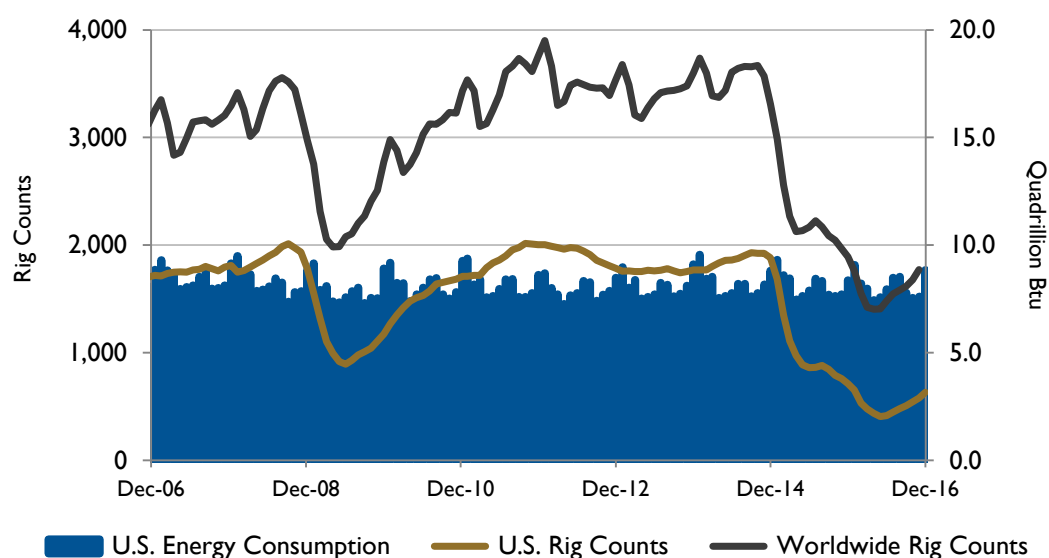


CHART VII: U.S. ENERGY CONSUMPTION⁽⁴⁾ AND RIG COUNTS⁽⁵⁾



(1) Economic indicators used in Public Equity and Valuation Analysis section of this report.

(2) Source: Institute for Supply Management Manufacturing Report on Business®. A PMI Index above 50 represents expansion within the manufacturing sector compared with the prior month.

(3) Source: U.S. Census Bureau; Manufacturers' Shipments, Inventories and Orders Survey.

(4) Source: U.S. Energy Information Administration, Short-term Energy Outlook.

(5) Source: Baker Hughes Inc.

Economic Indicators – Filters⁽¹⁾

BY DAVID A. KAKAREKA

CHART VIII: U.S. HOUSING STARTS AND CONSTRUCTION SPENDING⁽²⁾

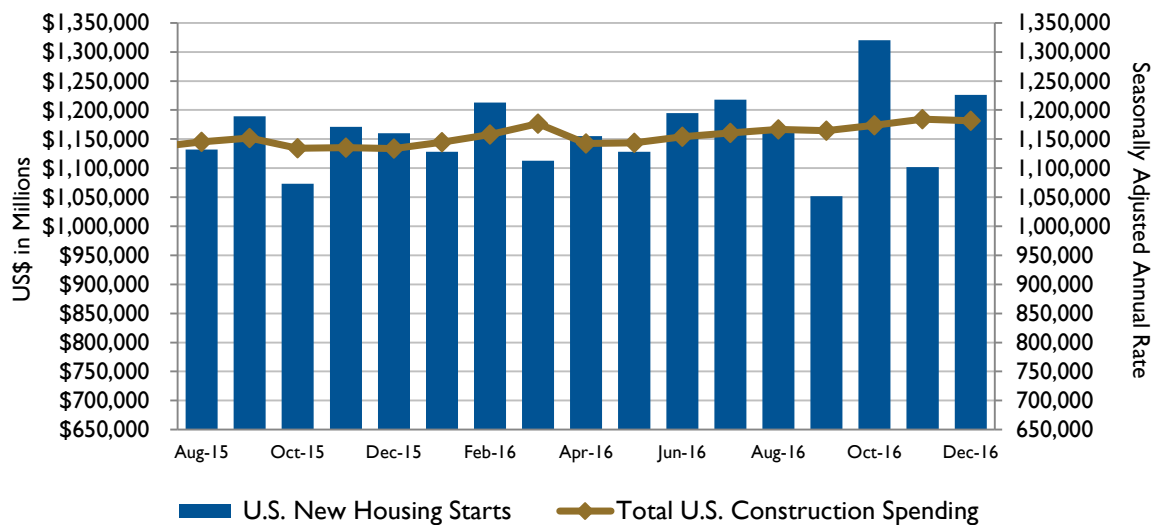


CHART IX: U.S. MOTOR VEHICLE SALES⁽³⁾



(1) Economic indicators used in Public Equity and Valuation Analysis section of this report.

(2) Source: U.S. Census Bureau; Manufacturing, Mining and Construction Statistics.

(3) Source: U.S. Department of Commerce, Bureau of Economic Analysis.

JORDAN KNAUFF & COMPANY

FLOW CONTROL TEAM



G. COOK JORDAN, JR.

Managing Principal
Office (312) 254-5901
cj@jordanknauff.com



DAVID A. KAKAREKA

Vice President of Transaction Management
Office (312) 254-5907
dkakareka@jordanknauff.com



LORI A. CALLAWAY

Vice President of Research and Publications
Office (312) 254-5914
lcallaway@jordanknauff.com

ABOUT JORDAN KNAUFF & COMPANY

Jordan Knauff & Company was founded in 2001 to undertake a distinct mission: to assemble and maintain a staff of top-notch investment banking personnel and offer their knowledge and experience to provide the best available investment banking services to middle-market companies, the entrepreneurs that lead them and the financial entities that transact with them. On a combined basis, over the course of their careers our employees have completed over 200 transactions as investors, owners, operators, buyers, sellers and investment bankers of middle-market businesses across a variety of industries. The majority of our firm's broad transaction experience has been with private companies owned by one shareholder, a partnership, a family or private equity investors.



200 West Madison Street, Suite 980

Chicago, Illinois 60606-3414

tel: (312) 254-5900 ■ fax: (312) 254-5999

email: info@jordanknauff.com ■ web: www.jordanknauff.com

MEMBER FINRA, SIPC

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