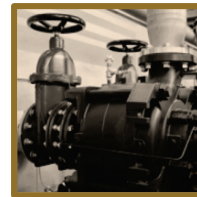


FLOW CONTROL

Industry In-Sight™

FIRST QUARTER 2017



**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
- Energy Logistics and Distribution
- Natural Resources and Renewables
- Building and Construction Products
- Value Added Distribution
- Medical Plastics Manufacturing
- Business and Professional Services
- Value Added Manufacturing
- Manufacturing Process Technology

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

FLOW CONTROL TRENDS

Parker purchased all outstanding CLARCOR shares for \$83 per share, a 17.8% premium to its share price as of November 30, 2016.

Parker Hannifin Completes Acquisition of CLARCOR

The market for filters in the U.S. is expected to grow to \$14.8 billion by 2018.⁽¹⁾ Filters are installed in a broad range of equipment and vehicles as original equipment, but the vast majority of filter sales is made up of aftermarket (replacement) demand. The motor vehicle market accounts for the largest portion of total demand, with a 27% share expected in 2018. Demand for filters in the industrial, manufacturing, consumer and utilities markets (comprised of air and liquid filters) is anticipated to have above average growth in the next year. Public utilities comprise the single largest market for air and fluid filters, accounting for over one-third of demand in 2015. Even though fluid filters represented more than three-fifths of demand in this segment in 2015, the fastest market gains through 2020 will be seen in air washer and cartridge filters.

At the end of February, Parker Hannifin Corporation (“Parker”) completed the acquisition of engine and industrial filtration manufacturer CLARCOR Inc. for approximately \$4.3 billion in cash, including the assumption of net debt. Parker purchased all outstanding CLARCOR shares for \$83 per share, a 17.8% premium to its share price as of November 30, 2016. The transaction represents a 17.0x aggregate value/latest twelve months (“AV/LTM”) adjusted EBITDA multiple (earnings before interest, taxes, depreciation and amortization) or a 10.9x AV/LTM adjusted EBITDA multiple when cost synergies of approximately \$140 million over three years are included.

Parker will finance a portion of the deal value through its offering of \$700 million of senior notes due 2027, \$600 million of senior notes due 2047 and €700 million (\$743.91 million) of senior notes due 2025. In addition to the notes, the company used: (i) borrowings under its existing term loan agreement, (ii) borrowings under its commercial paper program and (iii) cash on hand to finance its acquisition of CLARCOR.

Founded in 1904 and headquartered in Franklin, Tennessee, CLARCOR provides filtration products, systems and services worldwide. The company has annual sales of approximately \$1.4 billion with 80% of its revenue generated by aftermarket sales. CLARCOR employs 6,000 globally with 100 facilities and 37 manufacturing plants in 20 countries.

The acquired company operates through two segments, Engine/Mobile Filtration and Industrial/Environmental Filtration. The Engine/Mobile Filtration segment, which accounted for 42% of its revenue in 2015, manufactures first-fit filtration systems and replacement products, such as oil, air, fuel, coolant, transmission and hydraulic filters for on-road and off-road mobile and stationary applications.

The Industrial/Environmental Filtration segment, which accounted for 58% of its revenue in 2015, offers specialty industrial process liquid and air filters. It offers various liquid filters used in pharmaceutical processes, beverages, coalescers for the oil and natural gas industry, aircraft refueling, anti-pollution,

(1) The Freedonia Group, Inc.

sewage treatment, water recycling, bilge water separators and sand control filters for oil and gas drilling.

It also offers air filters and systems for use in gas turbine power generation systems, heavy industrial manufacturing processes, thermal power plants, commercial buildings, general factories, residential buildings, medical devices and facilities, motor vehicle systems, aircraft cabins, clean rooms, compressors and compressor stations.

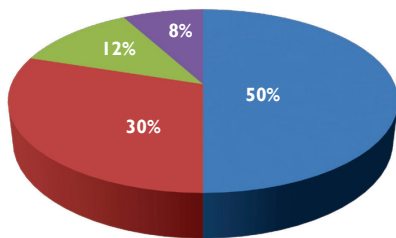
The acquisition will strengthen Parker’s presence in the U.S. and its aftermarket sales. CLARCOR will become part of Parker’s Filtration Group and add to its portfolio with additional proprietary media, industrial air, and process filtration products and technologies.

Based in Cleveland, Ohio, Parker manufactures engineered components and systems that facilitate motion and the controlled flow of liquids and gasses for a variety of global markets. Applications include aerospace, climate control, electromechanical, filtration, fluid and gas handling, hydraulics, pneumatics, process control, and sealing and shielding.

The newly combined filtration business will focus on industries with highly engineered solutions, significant aftermarket sales and solutions that protect its customers’ key equipment, processes and assets. Targeted industries include aerospace, gas turbine air inlet, off-highway engines, on-highway trucking, railroad engines, oil and natural gas, industrial air and industrial processes.

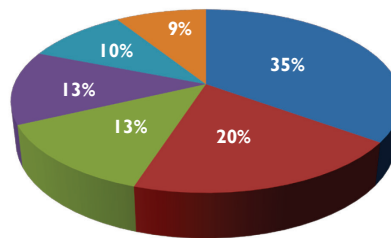
CLARCOR Sales Breakdown by Segment⁽¹⁾

Engine / Mobile
(42% of 2015 Revenue)



- On-Highway
- Agriculture
- Construction
- Power Generation, Marine, Rail & Mining

Industrial / Environmental
(58% of 2015 Revenue)



- Industrial Air Filtration
- Natural Gas
- Distribution
- Gas Turbine Filtration
- Aerospace

(1) Source: Parker Hannifin Corporation.

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: IQ 2017⁽¹⁾

Announced Date	Target	Acquirer(s)
3/14/2017	Diplomatic Oleodinamica SpA	Alcedo SGR SpA
3/8/2017	GE Water & Process Technologies	Suez and CDPQ
2/16/2017	Industrial Valves Ltd. and IVL Flow Control Ltd.	Ham Baker Group Ltd.
2/8/2017	KSB AMRI Inc.	Bray International Inc.
2/3/2017	Inoxpa SA	Interpump Group SpA
1/10/2017	ChargePoint Technology Ltd.	LDC (Managers) Ltd.
1/9/2017	Cooper Valves LLC and Innovate Valve Components	Forum Energy Technologies Inc.

TABLE III: SELECTED PUMP M&A TRANSACTIONS: IQ 2017⁽¹⁾

Announced Date	Target	Acquirer(s)
3/30/2017	Alyan Pump LLC	PumpMan Holdings LLC
3/9/2017	Weil Pump Company Inc. and Scot Pump Company	Wilo SE
3/8/2017	GE Water & Process Technologies	Suez and CDPQ
2/14/2017	Werner-Todd Pump Company	Anderson Process
2/3/2017	Inoxpa SA	Interpump Group SpA

TABLE IV: SELECTED FILTER M&A TRANSACTIONS: IQ 2017⁽¹⁾

Announced Date	Target	Acquirer(s)
3/27/2017	Vee Bee Filtration UK Ltd.	Signum Technology Ltd.
3/8/2017	GE Water & Process Technologies	Suez and CDPQ
2/6/2017	Royal Enterprises America Inc.	Forterra Inc.
1/31/2017	Union Engineering a/s	Pentair plc
1/11/2017	Universal Acoustic & Emission Technologies Inc.	MEGTEC Systems Inc.
1/6/2017	FRC Systems International LLC	JWC Environmental LLC
1/4/2017	Fremont Industries Inc.	Kurita Water Industries Ltd.

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

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Public Equity and Valuation Analysis

BY DAVID A. KAKAREKA

The U.S. Energy Information Administration reported that total U.S. energy production fell last year for the first time since 2009.

Wall Street Valve Watch

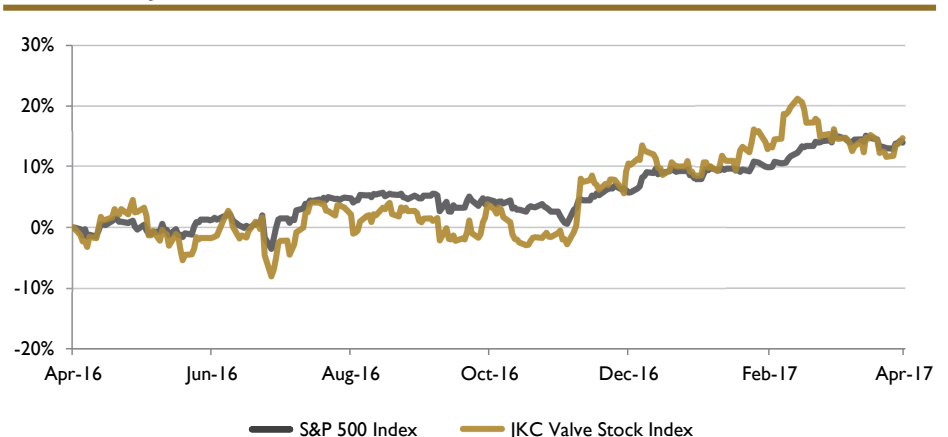
The JKC Valve Stock Index was up 14.7% over the last 12 months, while the broader S&P 500 Index gained 13.9%.

The U.S. Energy Information Administration reported that total U.S. energy production fell last year for the first time since 2009. U.S. production totaled 84.1 quadrillion Btu's in 2016, a decline of 4% over 2015. Petroleum production fell 5%, while natural gas fell 2%. Fossil fuel production declined 7%, with most of the decline coming from coal production which decreased 18%. U.S. renewable energy production increased 7% in 2016 after declining slightly in 2015. Wind energy was responsible for almost 50% of the increase, while solar and hydroelectricity accounted for almost 25% each.⁽¹⁾

Higher oil prices are contributing to an increase in upstream earnings for U.S. oil producers, causing some companies to increase their investment budgets. Between the fourth quarter of 2015 and the fourth quarter of 2016, 44 U.S. onshore-focused oil production companies increased their capital expenditures by 72%, based on their publicly available financial statements. Company announcements and increases in the number of active oil rigs suggest these companies are continuing to increase capital expenditures in exploration and development, which would support continued production growth in the U.S. this year.

On Wall Street the Dow Jones Industrial Average was down 0.7%, the S&P 500 Index decreased 0.8% and the NASDAQ Composite rose 1.5% for the month of March. The S&P 500 Index had its strongest first quarter since 2013 gaining 5.5%. The Dow Jones Industrial Average was up 4.5% and the NASDAQ Composite rose 9.8% for the quarter. The technology sector was up 12.2%, while energy was the weakest sector, down 7.7% for the quarter. An increase in U.S. oil production raised investor concerns over the oversupply in the global crude oil market.

CHART I: 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.

Valve Companies

As shown in Tables V and VI, as of March 31, 2017, domestic and international Valve companies were trading at median total enterprise value / latest twelve months (“TEV/LTM”) EBITDA multiples of 12.9x and 10.5x, respectively, while both groups have median EBITDA margins of 15.9% and 11.6%, respectively. The median stock price as a percentage of the 52-week high for both groups is 92% and 96%, 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 3/31/2017	% 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)	395	76	19.2	36.75	92.2	1,070	1,100	2.8	14.5	0.4
CIRCOR International Inc. (CIR)	590	58	9.8	59.44	81.5	973	1,166	2.0	20.1	3.3
Crane Co. (CR)	2,761	473	17.1	74.83	94.8	4,449	4,696	1.7	9.9	0.5
Curtiss-Wright Corp. (CW)	2,129	399	18.7	91.26	84.8	4,044	4,456	2.1	11.2	1.7
Dover Corp. (DOV)	6,985	1,147	16.4	80.35	97.3	12,502	15,774	2.3	13.7	2.8
Emerson Electric Co. (EMR)	14,396	3,098	21.5	59.86	93.0	38,614	38,573	2.7	12.5	(0.3)
Flowserve Corp. (FLS)	3,908	459	11.7	48.42	92.2	6,320	7,544	1.9	16.4	2.7
General Electric Co. (GE)	119,929	17,641	14.7	29.80	90.3	259,520	389,900	3.3	22.1	6.8
Honeywell International Inc. (HON)	39,272	7,854	20.0	124.87	97.9	94,991	101,096	2.6	12.9	0.8
ITT Corporation (ITT)	2,422	369	15.2	41.02	93.2	3,637	3,392	1.4	9.2	(0.4)
Mueller Water Products, Inc. (MWA)	1,146	182	15.9	11.82	83.2	1,918	2,231	1.9	12.3	0.8
Parker Hannifin Corporation (PH)	11,490	1,704	14.8	160.32	99.4	21,370	22,403	1.9	13.1	3.0
Schlumberger Limited (SLB)	28,184	6,282	22.3	78.10	88.9	108,881	119,740	4.2	19.1	1.9
SPX Flow Inc. (FLOW)	1,996	203	10.2	34.71	94.2	1,467	2,362	1.2	11.6	4.4
TechnipFMC plc (FTI)	9,872	1,188	12.0	32.50	89.9	15,164	11,431	1.2	9.6	(2.9)
Watts Water Technologies, Inc. (WTS)	1,398	193	13.8	62.35	87.8	2,132	2,444	1.7	12.7	1.6
Xylem Inc. (XYL)	3,995	668	16.7	50.22	91.3	9,024	11,101	2.8	16.6	3.1
Median			15.9%		92.2%			2.0x	12.9x	1.7x
Mean			15.9		91.3			2.2	14.0	1.8

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/17.

(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 3/31/2017	% 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)	2,697	421	15.6	37.43	99.0	4,138	4,925	1.8	11.7	1.8
Alfa Laval AB (ALFA)	3,990	686	17.2	18.93	99.9	7,941	9,052	2.3	13.2	1.7
Georg Fischer AG (FI-N)	3,759	427	11.4	910.83	97.3	3,724	3,982	1.1	9.3	0.5
Hisaka Works Ltd. (6247)	219	21	9.6	8.20	92.8	245	144	0.7	6.8	(5.3)
Hitachi Ltd. (6501)	83,618	9,429	11.3	5.40	88.7	26,089	41,178	0.5	4.4	0.4
IMI plc (IMI)	2,075	354	17.1	14.94	91.9	4,023	4,389	2.1	12.4	0.9
Kitz Corp. (6498)	1,010	117	11.6	6.65	93.5	687	771	0.8	6.6	0.5
KSB Aktiengesellschaft (KSB)	2,322	158	6.8	416.98	97.8	727	784	0.3	5.0	(0.7)
Kubota Corp. (6326)	14,315	2,122	14.8	14.99	88.2	18,528	24,958	1.7	11.8	2.8
Lupatech S.A. (LUPA3)	51	(70)	(138.4)	0.93	23.6	9	57	1.1	NM	(0.7)
Metso Corp. (METSO)	2,765	323	11.7	30.35	95.9	4,552	4,547	1.6	14.1	(0.2)
Okano Valve Manufacturing Co. (6492)	67	4	5.9	2.76	98.4	48	33	0.5	8.2	(4.0)
Saint Gobain (SGO)	41,802	4,265	10.2	51.47	100.0	28,528	34,964	0.8	8.2	1.4
SMC Corp. (6273)	4,191	1,321	31.5	295.25	96.9	19,839	15,997	3.8	12.1	(3.2)
Spirax-Sarco Engineering plc (SPX)	948	248	26.1	59.72	98.6	4,387	4,354	4.6	17.6	(0.1)
The Weir Group PLC (WEIR)	2,310	334	14.5	24.01	93.1	5,229	6,284	2.7	18.8	3.1
Velan, Inc. (VLN)	340	27	7.9	12.99	90.2	281	225	0.7	8.3	(2.3)
Median			11.6%		95.9%			1.1x	10.5x	0.4x
Mean			5.0		90.9			1.6	10.5	(0.2)

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/17.

(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 25.4% over the last twelve months, while the S&P 500 Index gained 13.9% over the same time period.

The Institute for Supply Management’s Purchasing Managers’ Index (PMI) decreased slightly to 57.2% in March, a level still consistent with solid activity in the manufacturing sector. All 18 industries reported growth in new orders for the month of March as the New Order Index remains near a three-year high. The New Export Orders Index rose 4.0 points to 59.0%, the fastest pace of export growth since 2013. The Employment Index registered 58.9%, an increase of 4.7 percentage points from the February reading. Manufacturing payrolls have increased an average of 19,000 jobs over the past three months.⁽¹⁾

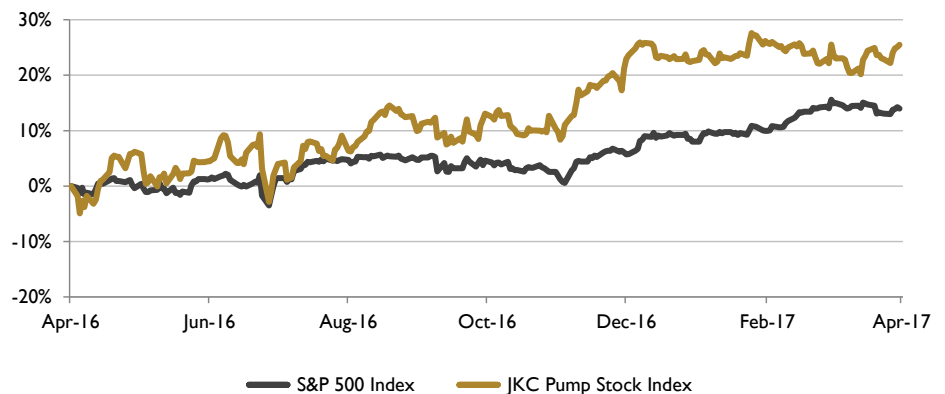
The Bureau of Labor Statistics reported that the unemployment rate decreased by 0.2 percentage points to 4.5% in March. The total number of jobs increased by only 79,000 during the month with growth in professional and business services, and mining, while retail trade lost jobs. In February 232,000 jobs were added.

Real gross domestic product (“GDP”) increased at an annual rate of 0.7% in the first quarter of 2017 according to the “advance” estimate released by the Bureau of Economic Analysis. In the fourth quarter of 2016, real GDP increased 2.1%. The deceleration in the first quarter reflected a slow down in personal consumption and downturns in private inventory investment and in state and local government spending that were partly offset by an upturn in exports and growth in both nonresidential and residential fixed investment.

On Wall Street the Dow Jones Industrial Average was down 0.7%, the S&P 500 Index decreased 0.8% and the NASDAQ Composite rose 1.5% for the month of March. The S&P 500 Index had its strongest first quarter since 2013 gaining 5.5%. The Dow Jones Industrial Average was up 4.5% and the NASDAQ Composite rose 9.8% for the quarter. The technology sector was up 12.2%, while energy was the weakest sector, down 7.7% for the quarter. An increase in U.S. oil production raised investor concerns over the oversupply in the global crude oil market.

All 18 [manufacturing] industries reported growth in new orders for the month of March as the New Order Index remains near a three-year high.

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.

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 14.6x and 11.9x, respectively, as of March 31, 2017. As you can see, both groups are similarly leveraged with a median net debt/LTM EBITDA ratio of 1.7x 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 3/31/2017	% 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)	372	3	0.9	14.05	73.1	172	188	0.5	56.2	7.0
Baker Hughes Inc. (BHI)	9,433	113	1.2	59.82	87.2	25,444	23,971	2.5	212.1	(11.4)
Colfax Corporation (CFX)	3,615	445	12.3	39.26	93.5	4,823	6,090	1.7	13.7	2.3
Crane Co. (CR)	2,761	473	17.1	74.83	94.8	4,449	4,696	1.7	9.9	0.5
Curtiss-Wright Corp. (CW)	2,129	399	18.7	91.26	84.8	4,044	4,456	2.1	11.2	1.7
Danaher Corp. (DHR)	17,164	4,164	24.3	85.53	83.2	59,296	70,676	4.1	17.0	2.7
Dover Corp. (DOV)	6,985	1,147	16.4	80.35	97.3	12,502	15,774	2.3	13.7	2.8
Energy Recovery, Inc. (ERII)	57	5	9.0	8.32	49.9	448	348	6.1	68.1	(19.1)
Flowserve Corp. (FLS)	3,908	459	11.7	48.42	92.2	6,320	7,544	1.9	16.4	2.7
Franklin Electric Co. Inc. (FELE)	952	144	15.1	43.05	96.6	1,998	2,093	2.2	14.6	0.8
General Electric Co. (GE)	119,929	17,641	14.7	29.80	90.3	259,520	389,900	3.3	22.1	6.8
Gorman-Rupp Co. (GRC)	374	51	13.7	31.40	91.1	819	762	2.0	14.9	(1.2)
Graco Inc. (GGG)	1,365	378	27.7	94.14	99.0	5,203	5,466	4.0	14.5	0.8
IDEX Corp. (IEX)	2,164	548	25.3	93.51	97.2	7,137	7,917	3.7	14.4	1.3
Illinois Tool Works Inc. (ITW)	13,796	3,679	26.7	132.47	97.4	45,791	51,153	3.7	13.9	1.5
Ingersoll-Rand Co. Ltd. (IR)	13,615	1,938	14.2	81.32	99.0	21,103	23,533	1.7	12.1	1.4
ITT Corporation (ITT)	2,422	369	15.2	41.02	93.2	3,637	3,392	1.4	9.2	(0.4)
Layne Christensen Co. (LAYN)	602	5	0.9	8.84	77.4	175	264	0.4	49.1	17.4
National Oilwell Varco, Incorporated (NOV)	6,803	(659)	(9.7)	40.09	91.9	15,183	17,052	2.5	NM	NM
Pentair, Inc. (PNR)	4,884	930	19.0	62.78	93.7	11,428	15,469	3.2	16.6	4.6
Roper Technologies Inc. (ROP)	3,974	1,343	33.8	206.49	96.3	21,036	26,488	6.7	19.7	3.8
Schlumberger Limited (SLB)	28,184	6,282	22.3	78.10	88.9	108,881	119,740	4.2	19.1	1.9
SPX Flow Inc. (FLOW)	1,996	203	10.2	34.71	94.2	1,467	2,362	1.2	11.6	4.4
Standex International Corp. (SXI)	732	95	13.0	100.15	98.9	1,277	1,280	1.7	13.5	1.3
United Technologies Corp. (UTX)	57,702	10,341	17.9	112.21	98.1	89,957	108,587	1.9	10.5	1.7
Weatherford International Ltd. (WFT)	5,550	(272)	(4.9)	6.65	78.3	6,548	13,149	2.4	NM	NM
Xylem Inc. (XYL)	3,995	668	16.7	50.22	91.3	9,024	11,101	2.8	16.6	3.1
Median			15.1%		93.2%			2.3x	14.6x	1.7x
Mean			14.2		90.0			2.7	27.6	1.6

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/17.

(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 3/31/2017	% 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)	3,990	686	17.2	18.93	99.9	7,941	9,052	2.3	13.2	1.7
Andritz AG (ANDR)	6,463	550	8.5	50.13	91.0	5,117	4,247	0.7	7.7	(1.9)
DMW Corp. (6365)	173	19	11.0	17.62	95.4	78	47	0.3	2.5	(1.5)
Ebara Corp. (6361)	4,209	398	9.5	32.60	98.2	3,311	3,459	0.8	8.7	0.0
FLSmidth & Co. A/S (FLS)	2,616	221	8.4	53.63	95.1	2,627	2,992	1.1	13.5	1.5
Gevelot SA (ALGEV)	211	17	7.9	172.16	99.4	141	35	0.2	2.1	(6.8)
GUD Holdings Ltd. (GUD)	454	73	16.0	9.04	99.3	775	902	2.0	12.4	1.6
Hyundai Heavy Industries Co. Ltd. (A009540)	35,169	2,333	6.6	147.59	91.7	6,873	14,944	0.4	6.4	2.3
John Wood Group plc (WG)	4,179	315	7.5	9.52	83.7	3,563	3,930	0.9	12.5	1.1
Kirloskar Brothers Ltd. (500241)	395	14	3.4	3.91	95.7	311	358	0.9	26.5	0.0
KSB Aktiengesellschaft (KSB)	2,322	158	6.8	416.98	97.8	727	784	0.3	5.0	(0.7)
Kubota Corp. (6326)	14,315	2,122	14.8	14.99	88.2	18,528	24,958	1.7	11.8	2.8
Metso Corp. (METSO)	2,765	323	11.7	30.35	95.9	4,552	4,547	1.6	14.1	(0.2)
Nikkiso Co. Ltd. (6376)	1,192	109	9.1	11.43	98.2	814	1,210	1.0	11.1	3.6
Pfeiffer Vacuum Technology AG (PFV)	507	93	18.4	126.18	98.3	1,245	1,128	2.2	12.1	(1.2)
SKF AB (SKF B)	8,149	1,068	13.1	19.85	96.0	9,038	10,629	1.3	10.0	1.3
Spirax-Sarco Engineering plc (SPX)	948	248	26.1	59.72	98.6	4,387	4,354	4.6	17.6	(0.1)
Sulzer, Ltd. (SUN)	2,876	290	10.1	104.78	89.6	3,571	3,617	1.3	12.5	0.1
Teikoku Electric Mfg.Co.,Ltd. (6333)	170	23	13.6	9.95	97.9	203	134	0.8	5.8	(3.2)
The Weir Group PLC (WEIR)	2,310	334	14.5	24.01	93.1	5,229	6,284	2.7	18.8	3.1
Torishima Pump Manufacturing Co. Ltd. (6363)	351	17	4.8	9.81	91.2	268	313	0.9	18.4	1.2
Tsurumi Manufacturing Co. Ltd. (6351)	347	42	12.2	14.59	90.8	365	288	0.8	6.8	(1.9)
Median			10.5%		95.8%			1.0x	11.9x	0.1x
Mean			11.4		94.8			1.3	11.3	0.1

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/17.

(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 19.2% over the last twelve months, while the S&P 500 Index gained 13.9%.

Following a strong pace in February of 1.303 million units due to mild weather, housing starts declined 6.8% in March to a 1.215 million unit pace. Single-family construction fell 6.2% to an 821,000 unit pace in March, following its strongest post-recession pace of 875,000 units in February. Multifamily construction declined 7.9% for the month, while year-to-date construction is up 14.1%.

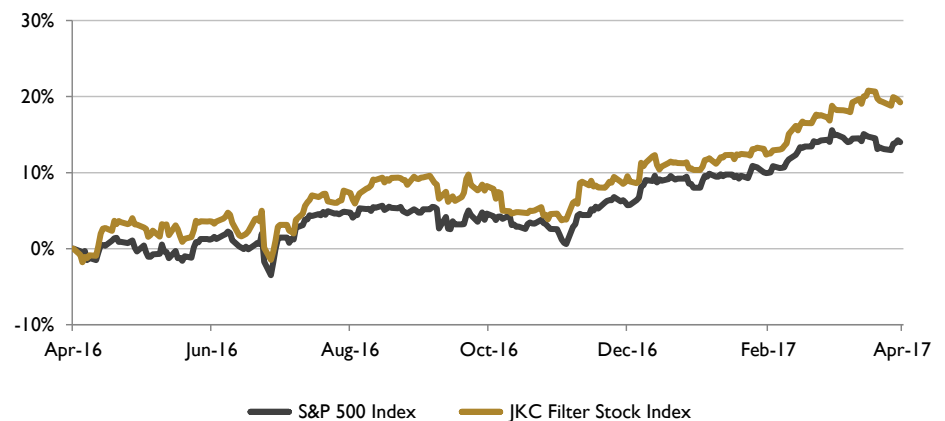
Contracts for new single-family home sales expanded in March, according to the U.S. Census Bureau. The seasonally-adjusted annual pace for March was 621,000 units. The three-month moving average is currently at a post-recession high of 598,000 units. The March rate was 5.8% better than February and a 15.6% gain over a year ago. Regionally, there was strong sales growth in the Northeast (25.8%) and the West (16.7%). Flat or declining conditions were reported in the South (1.6%) and the Midwest (-4.5%) where snow and other weather factors had an impact.

U.S. light vehicle sales fell to a seasonally-adjusted annualized rate of 16.9 million in March, down from sales of 17.9 million in both January and February. Trucks and SUVs continued to push sales at the expense of cars as consumers shunned smaller vehicles due to low gas prices. General Motors reported a 2% increase in sales in March, with sales of its Tahoe and Suburban SUV models having their best sales month since 2008. Sales of Ford's F-Series pickup trucks rose 10%.

On Wall Street the Dow Jones Industrial Average was down 0.7%, the S&P 500 Index decreased 0.8% and the NASDAQ Composite rose 1.5% for the month of March. The S&P 500 Index had its strongest first quarter since 2013 gaining 5.5%. The Dow Jones Industrial Average was up 4.5% and the NASDAQ Composite rose 9.8% for the quarter. The technology sector was up 12.2%, while energy was the weakest sector, down 7.7% for the quarter. An increase in U.S. oil production raised investor concerns over the oversupply in the global crude oil market.

The March rate [of new single-family homes sales] was 5.8% better than February and a 15.6% gain over a year ago.

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.

Filter Companies

As of March 31, 2017, domestic and international Filter companies (listed in Table IX and Table X, respectively) were trading at medians of 13.1x and 11.1x, respectively, of TEV/LTM EBITDA with median LTM EBITDA margins of 17.1% and 12.9%, 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 3/31/2017	% 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)	30,385	8,685	28.6	191.33	98.9	114,338	123,400	4.1	14.2	1.1
Calgon Carbon Corp. (CCC)	537	80	14.9	14.60	77.7	741	928	1.7	11.6	2.5
Cantel Medical Corp. (CMD)	723	136	18.8	80.10	90.2	3,342	3,467	4.8	25.5	0.9
CECO Environmental Corp. (CECE)	406	55	13.5	10.51	70.6	361	457	1.1	8.3	1.5
Corning Inc. (GLW)	9,718	2,713	27.9	27.00	95.2	25,030	26,052	2.7	9.6	(0.3)
Crane Co. (CR)	2,761	473	17.1	74.83	94.8	4,449	4,696	1.7	9.9	0.5
Cummins Inc. (CMI)	17,509	2,611	14.9	151.20	97.2	25,291	26,066	1.5	10.0	0.2
Donaldson Company Inc. (DCI)	2,269	390	17.2	45.52	95.5	6,013	6,296	2.8	16.1	0.7
Eaton Corporation (ETN)	19,782	3,207	16.2	74.15	99.4	33,260	40,843	2.1	12.7	2.4
El DuPont de Nemours & Co. (DD)	24,932	5,327	21.4	80.33	97.5	69,451	72,455	2.9	13.6	0.8
Entegris, Inc. (ENTG)	1,175	264	22.4	23.40	98.1	3,305	3,483	3.0	13.2	0.7
ESCO Technologies Inc. (ESE)	607	105	17.4	58.10	98.6	1,495	1,623	2.7	15.4	1.1
General Electric Co. (GE)	119,929	17,641	14.7	29.80	90.3	259,520	389,900	3.3	22.1	6.8
Honeywell International Inc. (HON)	39,272	7,854	20.0	124.87	97.9	94,991	101,096	2.6	12.9	0.8
Illinois Tool Works Inc. (ITW)	13,796	3,679	26.7	132.47	97.4	45,791	51,153	3.7	13.9	1.5
Lydall Inc. (LDL)	603	86	14.2	53.60	82.7	923	979	1.6	11.4	0.7
Parker Hannifin Corporation (PH)	11,490	1,704	14.8	160.32	99.4	21,370	22,403	1.9	13.1	3.0
Pentair, Inc. (PNR)	4,884	930	19.0	62.78	93.7	11,428	15,469	3.2	16.6	4.6
Tenneco Inc. (TEN)	8,755	768	8.8	62.42	88.0	3,389	4,520	0.5	5.9	1.5
Watts Water Technologies, Inc. (WTS)	1,398	193	13.8	62.35	87.8	2,132	2,444	1.7	12.7	1.6
Xylem Inc. (XYL)	3,995	668	16.7	50.22	91.3	9,024	11,101	2.8	16.6	3.1
Median			17.1%		95.2%			2.7x	13.1x	1.1x
Mean			18.0		92.5			2.5	13.6	1.7

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/17.

(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 3/31/2017	% of 52-Week High	Market Cap	Total Enterprise Value ⁽³⁾	TEV / LTM		Net Debt ⁽⁴⁾ EBITDA
	Revenues ⁽²⁾	EBITDA ⁽²⁾	Margin					Revenues	EBITDA	
Ahlstrom-Munksjo Oyj (AMI)	1,222	143	11.7	14.91	85.1	1,433	1,619	1.3	11.3	1.4
Alfa Laval AB (ALFA)	3,990	686	17.2	18.93	99.9	7,941	9,052	2.3	13.2	1.7
Amiad Filtration Systems Ltd (AFS)	107	7	6.8	1.48	64.1	34	45	0.4	6.3	1.2
Andritz AG (ANDR)	6,463	550	8.5	50.13	91.0	5,117	4,247	0.7	7.7	(1.9)
Asahi Kasei Corp. (3407)	16,586	2,385	14.4	9.69	95.4	13,528	16,192	1.0	6.8	1.0
BWT AG (BWT)	654	40	6.2	24.70	98.3	414	414	0.6	10.2	(0.2)
Daikin Industries Ltd. (6367)	18,050	2,880	16.0	100.31	96.9	29,324	31,939	1.8	11.1	0.8
Denso Corp. (6902)	40,046	5,076	12.7	43.92	92.0	34,513	32,104	0.8	6.3	(0.8)
Faurecia SA (EO)	20,007	1,475	7.4	47.67	99.9	6,542	7,140	0.4	4.8	0.2
FLSmidth & Co. A/S (FLS)	2,616	221	8.4	53.63	95.1	2,627	2,992	1.1	13.5	1.5
GEA Group AG (GIA)	4,803	425	8.8	42.53	79.5	8,186	7,276	1.5	17.1	(2.3)
GUD Holdings Ltd. (GUD)	454	73	16.0	9.04	99.3	775	902	2.0	12.4	1.6
Hyflux Ltd. (600)	707	91	12.9	0.41	87.0	320	1,249	1.8	13.8	7.5
Ibiden Co., Ltd. (4062)	2,394	337	14.1	15.55	87.8	2,070	1,835	0.8	5.4	(0.9)
Johnson Matthey plc (JMAT)	13,254	741	5.6	38.57	86.3	7,396	8,516	0.6	11.5	1.6
NGK Insulators Ltd. (5333)	3,756	901	24.0	22.60	97.8	7,269	7,228	1.9	8.0	(0.2)
Nitto Denko Corp. (6988)	6,600	1,106	16.8	77.15	87.3	12,523	10,426	1.6	9.4	(2.2)
Porvair plc (PRV)	137	16	11.6	6.51	99.4	295	278	2.0	17.5	(1.1)
Sartorius AG (SRT)	1,390	333	23.9	85.00	96.9	5,914	6,591	4.7	19.8	2.5
Siemens AG (SIE)	85,406	11,047	12.9	136.95	99.9	110,697	124,733	1.5	11.3	1.8
Toray Industries Inc. (3402)	18,083	2,391	13.2	8.85	96.1	14,156	20,444	1.1	8.6	2.1
Median			12.9%		95.4%			1.3x	11.1x	1.0x
Mean			12.8		92.1			1.4	10.8	0.7

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/17.

(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 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⁾

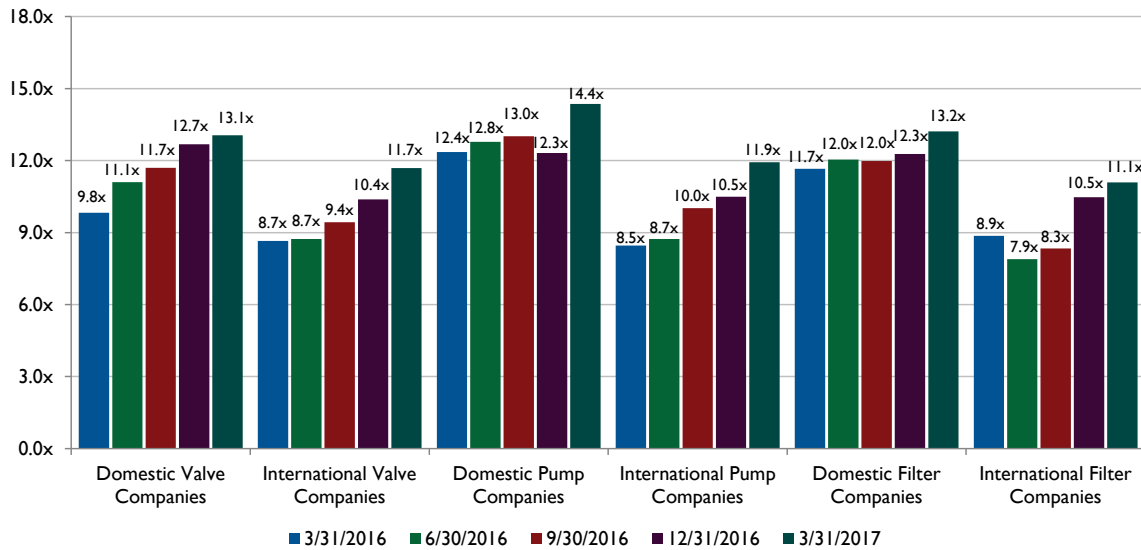
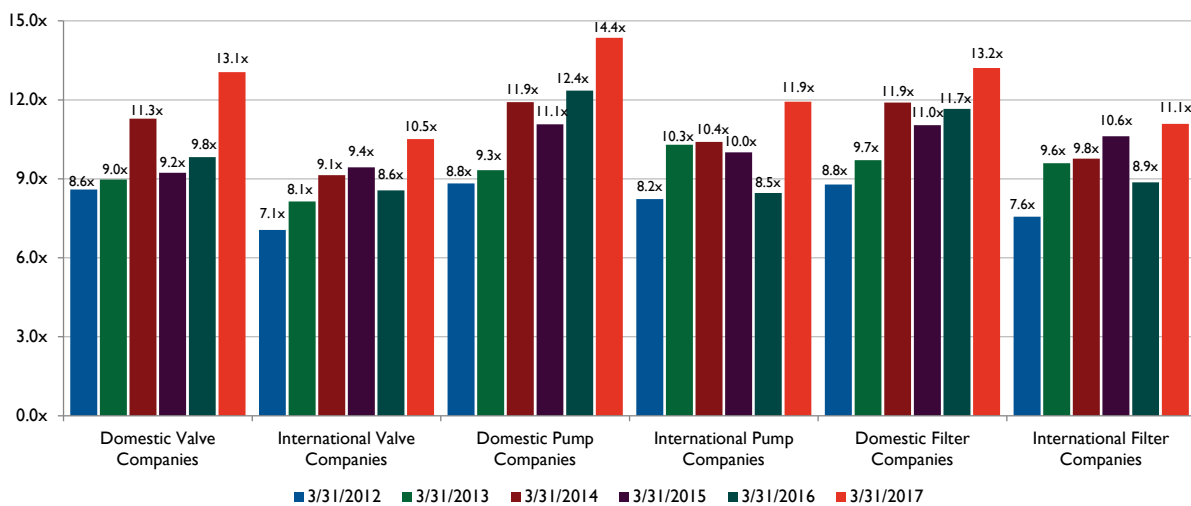


CHART V: ANNUAL MEDIAN TEV/LTM EBITDA VALUATION MULTIPLES⁽¹⁾



(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⁾

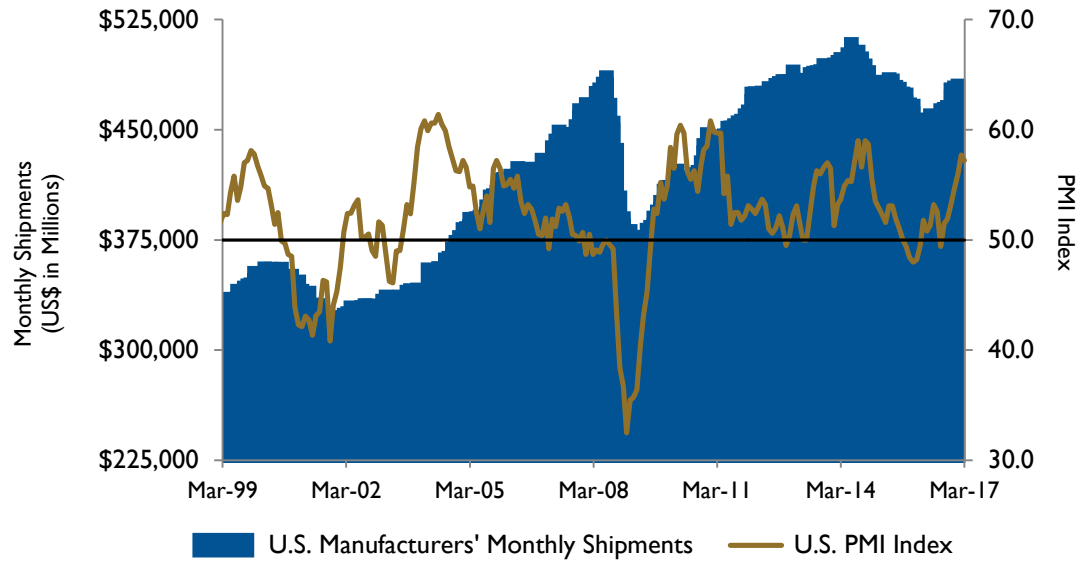
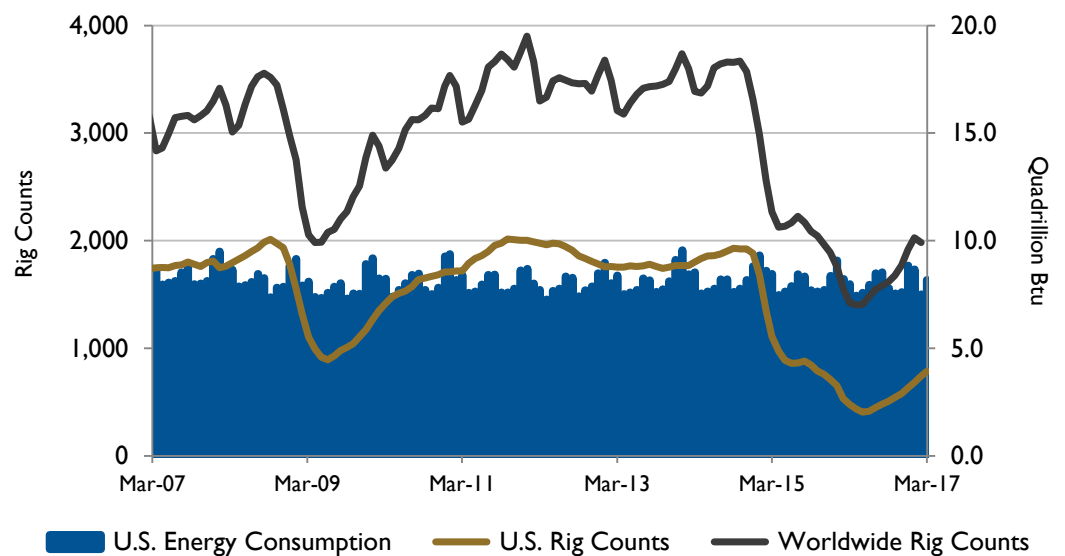


CHART VII: U.S. ENERGY CONSUMPTION⁽⁴⁾ AND RIG COUNTS⁽⁵⁾



(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⁾

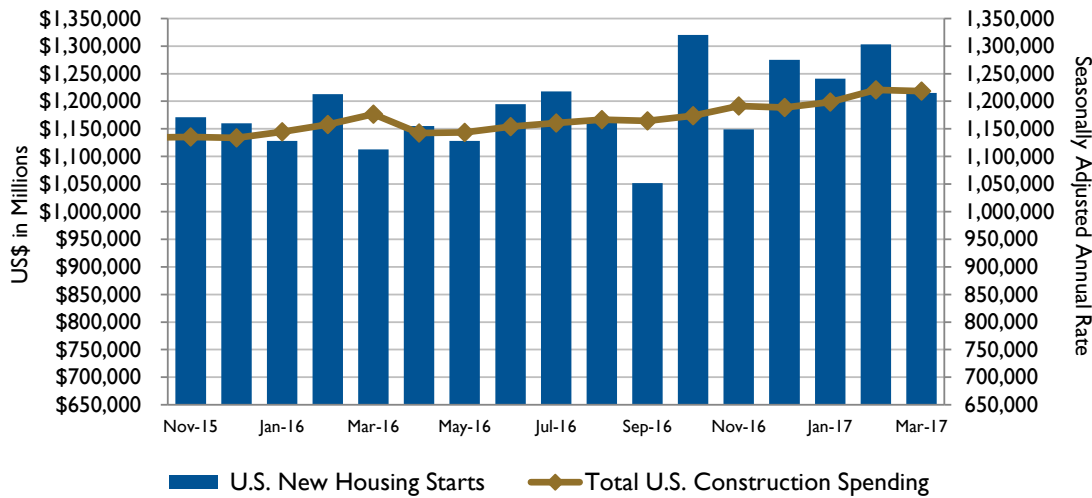
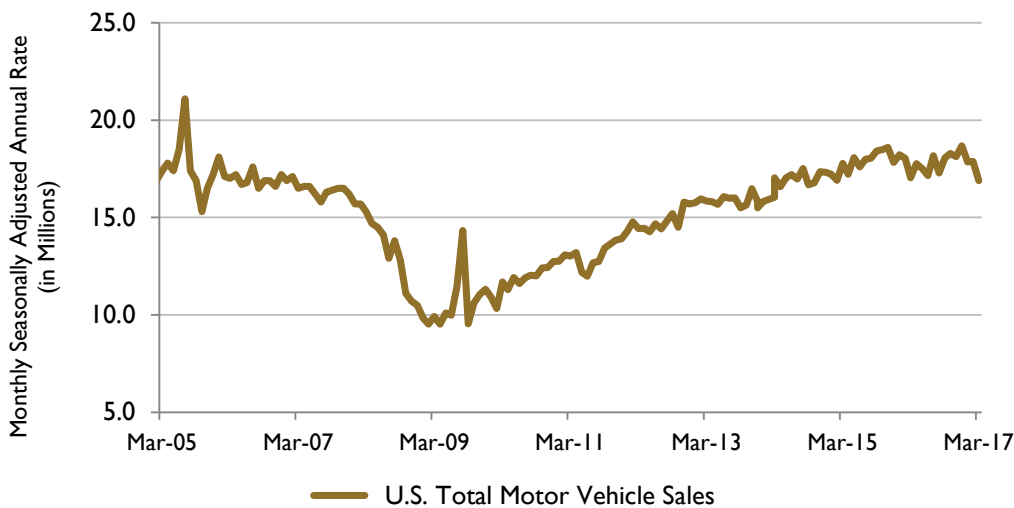


CHART IX: U.S. MOTOR VEHICLE SALES⁽³⁾



(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.

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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.



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