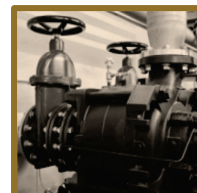
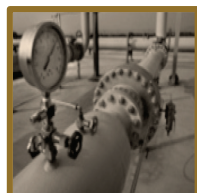


FLOW CONTROL

Industry In-Sight™

SECOND QUARTER 2017



IN THIS REPORT

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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 Logistics and Distribution | ■ Business and Professional Services |
| ■ Natural Resources and Renewables | ■ Value Added Manufacturing |
| ■ Building and Construction Products | ■ Manufacturing Process Technology |
| ■ 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

FLOW CONTROL TRENDS

The Pentair Water business is focused on sustainable water and fluid processing applications and is built around two global themes: water quality and availability, and food and beverage processing.

Pentair Plans to Separate into Two Publicly-traded Companies

The Board of Directors of Pentair plc approved a plan to separate the company into two independent, publicly-traded companies. Pentair's electrical business ("Electrical") will be spun off in a tax-free transaction to Pentair shareholders and become a new publicly-traded company. Pentair's remaining water business ("Water") will retain the Pentair name and ticker symbol. The separation is expected to be completed in the second quarter of next year and will allow both companies to pursue their own strategies for growth, both organic and through acquisitions. One-time costs and fees associated with the transaction are expected to be between \$100 million and \$125 million.

The Electrical business had sales of approximately \$2.1 billion last year and will be led by the current President of Pentair's electrical segment, Ms. Beth Wozniak. Mr. Randall Hogan will retire as Pentair's Chairman and Chief Executive Officer and serve as Chairman of Electrical. The new company will focus on industrial enclosures, fastening systems and thermal management technologies that improve utilization, protect sensitive equipment, lower costs and maximize uptime for its customers. A name for the new company has not been selected.

The Pentair Water business is focused on sustainable water and fluid processing applications and is built around two global themes: water quality and availability, and food and beverage processing. Water quality and availability focuses on reducing, recovering and reusing water while using less energy and represents about 85% of the overall Water business. Food and beverage processing concentrates on increasing yields, while decreasing waste, energy use and water consumption and makes up 15% of the business. Mr. John Stauch, Senior Vice President and Chief Financial Officer of Pentair, will become Water's Chief Executive Officer. The Water business had sales of approximately \$2.8 billion in 2016 and will be made up of three segments: Filtration & Process, Flow Technologies, and Aquatic & Environmental Systems.

The Filtration & Process business segment includes a comprehensive line of compatible water filtration and purification products including pumps, filters, membranes, housings, valves, meters and controls. The segment serves industrial, residential, commercial and municipal customers and had sales of approximately \$1.0 billion last year. This segment also includes filtration and desalination solutions for sustainable fresh water.

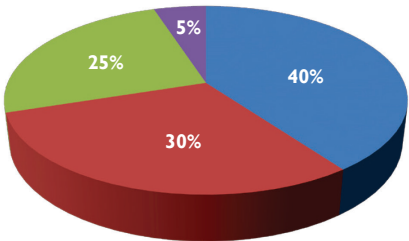
The Flow Technologies segment, with revenue of \$900 million in 2016, is focused on water supply and disposal and contains a broad pump portfolio used in agriculture, infrastructure, residential and commercial applications. Solutions include turbine pumps, condensate systems, split case pumps, in-line pumps and complete pressure systems.

The third segment, Aquatic & Environmental Systems, provides technology and products for water filtration, circulation, treatment and operation in the aquaculture and swimming pool markets. Products include pumps, tanks, nets, filtration supplies, lab equipment and aeration equipment. The segment had revenue of approximately \$900 million last year.

Pentair was founded in 1966 and is based in London, United Kingdom. At the end of April, Pentair completed the sale of its Valves & Controls business to Emerson Electric Co. for \$3.15 billion.

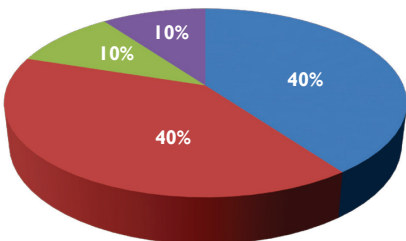
2016 Filtration & Process Business Segment⁽¹⁾

By Geography



■ North America ■ Fast Growth
■ Europe ■ Asia

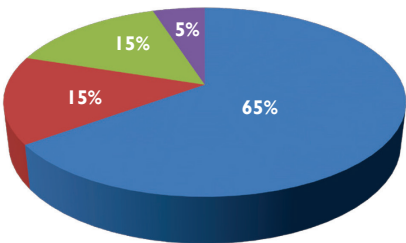
By End Market



■ Residential & Commercial ■ Food & Beverage
■ Infrastructure ■ Industrial

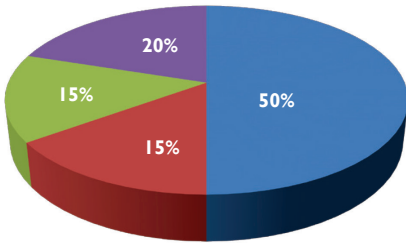
2016 Flow Technologies Business Segment⁽¹⁾

By Geography



■ North America ■ Fast Growth
■ Europe ■ Asia

By End Market



■ Residential & Commercial ■ Food & Beverage
■ Infrastructure ■ Industrial

(1) Source: Pentair plc.

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: 2Q 2017⁽¹⁾

Announced Date	Target	Acquirer(s)
6/22/2017	Nor-Cal Products Inc.	Pfeiffer Vacuum Inc.
6/12/2017	KOP Surface Products Pte. Ltd.	The Weir Group plc
5/17/2017	D2FC Energy Valves SAS	Valco Group France SAS
5/8/2017	Choice Completion Systems LLC	Rubicon Oilfield International Holdings LP
4/3/2017	Gestra AG	Spirax-Sarco Engineering plc

TABLE III: SELECTED PUMP M&A TRANSACTIONS: 2Q 2017⁽¹⁾

Announced Date	Target	Acquirer(s)
6/19/2017	Hayward Industries Inc.	CCMP Capital Advisors LP and MSD Partners LP
4/20/2017	Cryogenic Industries Inc.	Nikkiso Co. Ltd.
4/10/2017	2M Company Inc., Western Hydro Corporation and Drillers Service Inc.	Franklin Electric Co. Inc.

TABLE IV: SELECTED FILTER M&A TRANSACTIONS: 2Q 2017⁽¹⁾

Announced Date	Target	Acquirer(s)
6/6/2017	Blupura Srl	Culligan International Company
5/16/2017	Summit Filter Corporation and Shaffer Products Inc.	Hadley Capital
5/9/2017	Noble Water Technologies Inc.	Evoqua Water Technologies LLC
5/5/2017	RWL Water	Emefcy Group Ltd.
5/1/2017	Hy-Pro Corporation	Donaldson Company Inc.
4/25/2017	W. L. Gore & Associates Inc. / Water and Chemical Filtration Product Line	Entegris Inc.

(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 18.1% over the last 12 months, while the broader S&P 500 Index gained 15.2%.

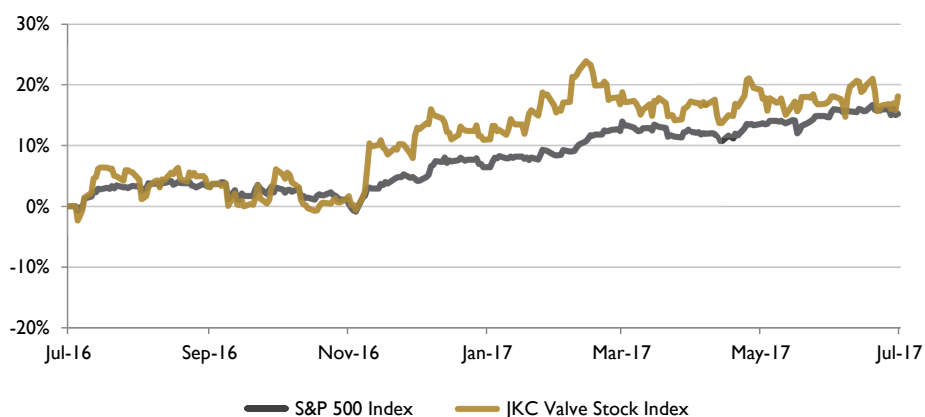
U.S. crude oil and other petroleum product gross exports have more than doubled over the past six years.

U.S. refineries are currently running at record high levels with gross inputs of 17.6 million barrels per day for the week ending June 9. Weekly U.S. gross inputs to petroleum refineries (known as refinery runs) have exceeded 17 million barrels per day only 24 times since 1990 with all of those instances occurring since July 2015. Despite these record high inputs, refinery utilization reached only 95 percent for the week ending May 26, due to increases in refinery capacity in recent years. U.S. refinery capacity has increased by 659,000 barrels per calendar day since mid-August 2015. Refinery capacity represents the amount of input that a crude oil distillation unit can process in a 24-hour period under usual operating conditions.⁽¹⁾

Increasing from 2.4 million barrels per day in 2010 to 5.2 million barrels per day in 2016, U.S. crude oil and other petroleum product gross exports have more than doubled over the past six years. The U.S. exported 1.1 million barrels per day of crude oil in February, the highest monthly level recorded. In December 2015, restrictions on U.S. exports were lifted and the country exported an average of 520,000 barrels of crude oil per day in 2016. Favorable price differentials, lower shipping costs and rising U.S. production also contributed to the rise in exports. Canada remains the largest destination for U.S. crude oil exports with the Netherlands, Curacao, China, Italy and the United Kingdom following. Canada's share of U.S. exports dropped from 92% in 2015 to 58% in 2016.

On Wall Street the Dow Jones Industrial Average rose 1.6%, the S&P 500 Index increased 0.5% and the NASDAQ Composite declined 0.9% for the month of June. Bank stocks rose as the Federal Reserve Bank increased its key interest rate by 25 basis points during the month. However, technology stocks, which have outperformed the overall market so far this year, had several setbacks related to concerns about overvaluation.

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.

Valve Companies

As shown in Tables V and VI, as of June 30, 2017, domestic and international Valve companies were trading at median total enterprise value / latest twelve months (“TEV/LTM”) EBITDA multiples of 12.9x and 10.7x, respectively, while both groups have median EBITDA margins of 16.1% and 11.8%, respectively. The median stock price as a percentage of the 52-week high for both groups is 91% and 93%, 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 6/30/2017	% 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	\$78	19.7	\$39.85	95.6	\$1,160	\$1,187	3.0	15.3	0.4
CIRCOR International Inc. (CIR)	585	56	9.6	59.38	81.4	979	1,157	2.0	20.5	3.1
Crane Co. (CR)	2,752	482	17.5	79.38	96.4	4,724	4,977	1.8	10.3	0.5
Curtiss-Wright Corp. (CW)	2,164	414	19.1	91.78	85.3	4,061	4,754	2.2	11.5	1.5
Dover Corp. (DOV)	7,292	1,221	16.7	80.22	95.0	12,488	15,709	2.2	12.9	2.6
Emerson Electric Co. (EMR)	14,761	3,184	21.6	59.62	92.6	38,424	37,504	2.5	11.8	0.6
Flowserve Corp. (FLS)	3,761	438	11.7	46.43	89.1	6,065	7,328	1.9	16.7	2.5
General Electric Co. (GE)	118,846	17,916	15.1	27.01	81.8	234,554	360,219	3.0	20.1	6.7
Honeywell International Inc. (HON)	39,359	7,876	20.0	133.29	98.1	101,612	108,091	2.7	13.7	0.8
ITT Corporation (ITT)	2,427	365	15.0	40.18	91.3	3,564	3,430	1.4	9.4	(0.4)
Mueller Water Products, Inc. (MWA)	1,153	185	16.1	11.68	82.3	1,863	2,018	1.8	10.9	0.7
Parker Hannifin Corporation (PH)	12,029	1,742	14.5	159.82	95.9	21,285	26,466	2.2	15.2	2.8
Schlumberger Limited (SLB)	28,482	6,359	22.3	65.84	75.0	91,483	103,602	3.6	16.3	2.0
SPX Flow Inc. (FLOW)	1,924	201	10.4	36.88	90.7	1,559	2,409	1.3	12.0	4.2
TechnipFMC plc (FTI)	11,942	1,527	12.8	27.20	75.3	12,691	9,238	0.8	6.0	(2.2)
Watts Water Technologies, Inc. (WTS)	1,401	196	14.0	63.20	89.0	2,165	2,502	1.8	12.8	1.7
Xylem Inc. (XYL)	4,227	726	17.2	55.43	99.6	9,962	12,079	2.9	16.6	2.9
Median			16.1%		90.7%			2.2x	12.9x	1.7x
Mean			16.1		89.1			2.2	13.6	1.8

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/17.

(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 6/30/2017	% 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)	\$2,877	\$450	15.6	\$39.77	94.0	\$4,398	\$5,237	1.8	11.7	2.0
Alfa Laval AB (ALFA)	4,213	719	17.1	20.42	93.0	8,567	9,794	2.3	13.6	1.8
Georg Fischer AG (FI-N)	3,925	446	11.4	969.16	96.1	3,962	4,232	1.1	9.5	0.5
Hisaka Works Ltd. (6247)	223	20	9.0	8.68	96.5	259	147	0.7	7.4	(5.6)
Hitachi Ltd. (6501)	81,562	8,792	10.8	6.14	98.5	29,630	43,350	0.5	4.9	0.1
IMI plc (IMI)	2,152	367	17.1	15.52	90.7	4,179	4,559	2.1	12.4	1.1
Kitz Corp. (6498)	1,016	120	11.8	9.33	97.1	933	1,002	1.0	8.3	0.7
KSB Aktiengesellschaft (KSB)	2,477	169	6.8	516.56	96.3	892	953	0.4	5.6	(0.7)
Kubota Corp. (6326)	14,186	1,957	13.8	16.80	96.0	20,795	27,450	1.9	14.0	2.8
Lupatech S.A. (LUPA3)	37	(58)	(156.4)	0.85	22.5	8	55	1.5	NM	(0.8)
Metso Corp. (METSO)	3,004	355	11.8	34.64	90.0	5,196	5,137	1.7	14.5	0.3
Okano Valve Manufacturing Co. (6492)	65	3	5.0	26.23	94.2	46	30	0.5	9.1	(6.9)
Saint Gobain (SGO)	44,601	4,551	10.2	53.37	89.3	29,656	36,524	0.8	8.0	1.7
SMC Corp. (6273)	4,341	1,383	31.9	304.00	92.7	20,428	16,311	3.8	11.8	(3.0)
Spirax-Sarco Engineering plc (SPX)	984	257	26.1	69.48	92.0	5,105	5,071	5.2	19.7	(0.1)
The Weir Group PLC (WEIR)	2,396	347	14.5	22.48	82.6	4,905	6,000	2.5	17.3	3.3
Velan, Inc. (VLN)	338	27	7.9	14.23	93.4	308	257	0.8	9.7	(1.7)
Median			11.8%		93.4%			1.5x	10.7x	0.3x
Mean			3.8		89.1			1.7	11.1	(0.3)

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/17.

(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 21.5% over the last twelve months, while the S&P 500 Index gained 15.2% over the same time period.

The Institute for Supply Management's Purchasing Managers' Index ("PMI") increased strongly from 54.9% in May to 57.8% in June, its highest reading since August 2014. Comments from the survey generally reflect an expanding business environment with new orders, production, employment, backlog and export orders all growing during the month. New orders grew 4.0%, production increased 5.3% and export orders rose 2.0%. The employment reading reached a 15-month high rising 3.7% during the month.⁽¹⁾

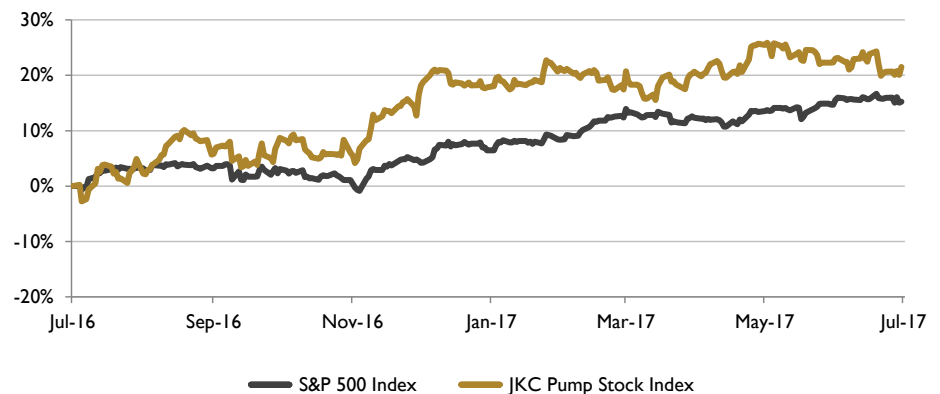
The global manufacturing sector continued to expand in May with the J.P. Morgan Global Manufacturing PMI reaching 52.6%. The index was down slightly for the month, but is still above the long-term average of 51.4%. Developed nations generally outperformed emerging markets. The United Kingdom PMI for May was close to April's three-year high, while the Euro area hit a six-year high and Japan reached a three-month high. The China PMI fell below the 50.0% expansion mark for the first time in 11 months.

The U.S. Commerce Department reported that payrolls increased by 138,000 in May with solid gains in business services, education and health services, and leisure and hospitality. Construction industry jobs increased by 11,000, while the manufacturing sector lost 1,000 jobs during the month. The number of Americans employed overall fell from 153.2 million in April to 152.9 in May, a three-month low. At its lowest level since June 2016, the participation rate dropped from 62.9% to 62.7%.

On Wall Street the Dow Jones Industrial Average rose 1.6%, the S&P 500 Index increased 0.5% and the NASDAQ Composite declined 0.9% for the month of June. Bank stocks rose as the Federal Reserve Bank increased its key interest rate by 25 basis points during the month. However, technology stocks, which have outperformed the overall market so far this year, had several setbacks related to concerns about overvaluation.

The global manufacturing sector continued to expand in May ... The United Kingdom PMI for May was close to April's three-year high, while the Euro area hit a six-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 15.3x and 11.1x, respectively, as of June 30, 2017. 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 0.4x 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 6/30/2017	% 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)	\$389	\$9	2.3	\$14.75	80.8	\$181	\$207	0.5	23.1	2.6
Colfax Corporation (CFX)	3,624	446	12.3	39.37	93.8	4,842	6,086	1.7	13.6	2.4
Crane Co. (CR)	2,752	482	17.5	79.38	96.4	4,724	4,977	1.8	10.3	0.5
Curtiss-Wright Corp. (CW)	2,164	414	19.1	91.78	85.3	4,061	4,754	2.2	11.5	1.5
Danaher Corp. (DHR)	17,432	4,163	23.9	84.39	82.1	58,577	69,729	4.0	16.7	2.6
Dover Corp. (DOV)	7,292	1,221	16.7	80.22	95.0	12,488	15,709	2.2	12.9	2.6
Energy Recovery, Inc. (ERII)	56	4	7.1	8.29	49.7	447	350	6.3	88.5	(22.9)
Flowserve Corp. (FLS)	3,761	438	11.7	46.43	89.1	6,065	7,328	1.9	16.7	2.5
Franklin Electric Co. Inc. (FELE)	1,005	146	14.6	41.40	91.7	1,923	2,052	2.0	14.0	1.5
General Electric Co. (GE)	118,846	17,916	15.1	27.01	81.8	234,554	360,219	3.0	20.1	6.7
Gorman-Rupp Co. (GRC)	376	54	14.3	25.47	73.9	665	604	1.6	11.3	(1.2)
Graco Inc. (GGG)	1,396	397	28.5	109.28	95.3	6,071	6,381	4.6	16.1	0.6
IDEX Corp. (IEX)	2,188	554	25.3	113.01	98.3	8,624	9,358	4.3	16.9	1.2
Illinois Tool Works Inc. (ITW)	13,964	3,760	26.9	143.25	95.3	49,486	54,874	3.9	14.6	1.5
Ingersoll-Rand Co. Ltd. (IR)	13,836	1,983	14.3	91.39	98.1	23,398	26,218	1.9	13.2	1.4
ITT Corporation (ITT)	2,427	365	15.0	40.18	91.3	3,564	3,430	1.4	9.4	(0.4)
Layne Christensen Co. (LAYN)	593	10	1.8	8.79	77.0	174	283	0.5	27.3	10.5
National Oilwell Varco, Incorporated (NOV)	6,838	(450)	(6.6)	32.94	75.5	12,519	14,317	2.1	NM	NM
Pentair, Inc. (PNR)	4,848	938	19.3	66.54	96.4	12,127	16,418	3.4	17.5	1.6
Roper Technologies Inc. (ROP)	4,177	1,411	33.8	231.53	98.3	23,623	28,734	6.9	20.4	3.5
Schlumberger Limited (SLB)	28,482	6,359	22.3	65.84	75.0	91,483	103,602	3.6	16.3	2.0
SPX Flow Inc. (FLOW)	1,924	201	10.4	36.88	90.7	1,559	2,409	1.3	12.0	4.2
Standex International Corp. (SXI)	732	95	13.0	90.70	89.6	1,156	1,284	1.8	13.5	1.3
United Technologies Corp. (UTX)	58,108	10,375	17.9	122.11	99.2	97,838	117,249	2.0	11.3	1.7
Weatherford International Ltd. (WFT)	5,511	(256)	(4.6)	3.87	54.6	3,815	10,864	2.0	NM	NM
Xylem Inc. (XYL)	4,227	726	17.2	55.43	99.6	9,962	12,079	2.9	16.6	2.9
Median			15.1%		91.0%			2.1x	15.3x	1.6x
Mean			15.0		86.7			2.7	18.5	1.3

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/17.

(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 6/30/2017	% 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)	\$4,213	\$719	17.1	\$20.42	93.0	\$8,567	\$9,794	2.3	13.6	1.8
Andritz AG (ANDR)	7,012	602	8.6	60.17	95.5	6,141	5,047	0.7	8.4	(1.4)
DMW Corp. (6365)	163	16	9.6	16.78	91.5	74	45	0.3	2.9	(1.9)
Ebara Corp. (6361)	4,238	396	9.4	27.69	84.1	2,811	2,867	0.7	7.2	0.0
FLSmidth & Co. A/S (FLS)	2,886	255	8.8	63.13	93.7	3,105	3,470	1.2	13.6	1.3
Gevelot SA (ALGEV)	224	35	15.4	213.52	96.2	175	55	0.2	1.6	(3.3)
GUD Holdings Ltd. (GUD)	456	73	16.0	9.91	94.0	849	976	2.1	13.4	1.7
Hyundai Heavy Industries Co. Ltd. (A009540)	32,607	2,420	7.4	154.12	94.1	6,511	9,328	0.3	3.9	0.5
John Wood Group plc (WG)	4,334	327	7.5	8.32	70.5	3,112	3,493	0.8	10.7	1.1
Kirloskar Brothers Ltd. (500241)	411	17	4.2	3.90	84.9	310	354	0.9	20.6	2.6
KSB Aktiengesellschaft (KSB)	2,477	169	6.8	516.56	96.3	892	953	0.4	5.6	(0.7)
Kubota Corp. (6326)	14,186	1,957	13.8	16.80	96.0	20,795	27,450	1.9	14.0	2.8
Metso Corp. (METSO)	3,004	355	11.8	34.64	90.0	5,196	5,137	1.7	14.5	0.3
Nikkiso Co. Ltd. (6376)	1,175	103	8.8	9.61	83.1	684	1,086	0.9	10.5	3.8
Pfeiffer Vacuum Technology AG (PFV)	572	106	18.6	142.63	92.0	1,407	1,293	2.3	12.1	(0.1)
SKF AB (SKF B)	8,851	1,180	13.3	20.22	84.0	9,210	10,843	1.2	9.2	1.2
Spirax-Sarco Engineering plc (SPX)	984	257	26.1	69.48	92.0	5,105	5,071	5.2	19.7	(0.1)
Sulzer, Ltd. (SUN)	3,003	302	10.1	113.46	91.7	3,867	3,915	1.3	12.9	1.0
Teikoku Electric Mfg.Co.,Ltd. (6333)	172	24	13.8	10.25	96.9	209	135	0.8	5.7	(3.1)
The Weir Group PLC (WEIR)	2,396	347	14.5	22.48	82.6	4,905	6,000	2.5	17.3	3.3
Torishima Pump Manufacturing Co. Ltd. (6363)	395	26	6.6	10.10	94.6	274	298	0.8	11.5	(0.7)
Tsurumi Manufacturing Co. Ltd. (6351)	348	44	12.6	16.59	96.4	415	316	0.9	7.2	(2.5)
Median			10.9%		92.5%			0.9x	11.1x	0.4x
Mean			11.9		90.6			1.3	10.7	0.3

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/17.

(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 21.3% over the last twelve months, while the S&P 500 Index gained 15.2%.

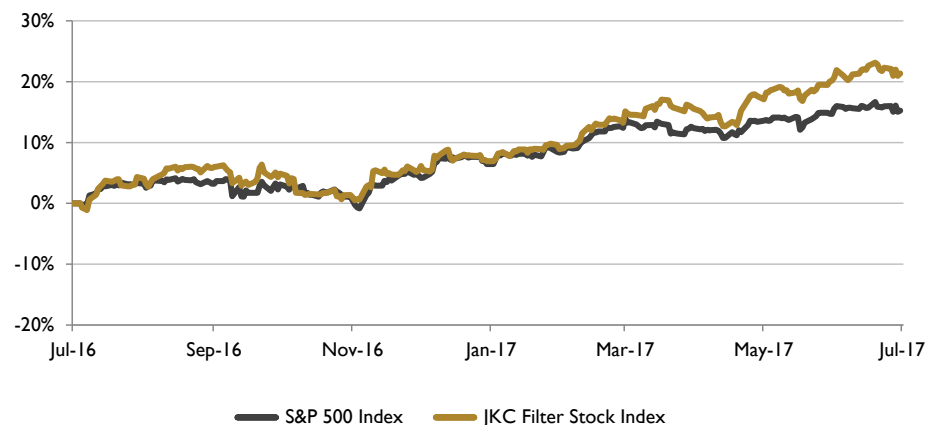
After a weak May, total housing starts bounced back in June increasing 8.3% to a 1.215 million seasonally adjusted annual rate, according to the U.S. Census Bureau. Monthly increases were seen for both single-family and multifamily development. Single-family starts were up 8% year-to-date compared to 2016. After five consecutive months of decline, multifamily starts increased 13% in June, but are down 5% on a year-to-date basis.

According to the National Association of Home Builders, the Remodeling Market Index (“RMI”) dropped 3 points to 55 in the second quarter of 2017. Although the RMI posted a decrease, it has been at or above 50 for 17 consecutive quarters, indicating that more remodelers report that market activity is higher (compared to the prior quarter) than report it is lower. Although market activity has been strong, 84% of respondents reported that the cost/availability of labor is one of the most significant challenges they face.

As consumers continued to shun compact cars and mid-size sedans in favor of crossovers, sport utility vehicles and pickup trucks, U.S. light vehicle sales fell 3% in June from a year earlier. Auto sales fell 2.1% through the first six months of the year compared to the same period last year. Low gas prices are contributing to the shift to larger vehicles, as mid-size SUVs and crossovers gained 1.4% in market share in the first half of the year, rising to 12.8%. Mid-size cars lost 2.2% in market share, falling to 10.9%. For the first six months of the year, most auto makers sales were down, while Nissan rose 2.7% and Subaru continued to increase its market share as sales rose 9.1%.

On Wall Street the Dow Jones Industrial Average rose 1.6%, the S&P 500 Index increased 0.5% and the NASDAQ Composite declined 0.9% for the month of June. Bank stocks rose as the Federal Reserve Bank increased its key interest rate by 25 basis points during the month. However, technology stocks, which have outperformed the overall market so far this year, had several setbacks related to concerns about overvaluation.

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.

**Auto sales fell
2.1% through the
first six months of
the year compared
to the same period
last year.**

Filter Companies

As of June 30, 2017, domestic and international Filter companies (listed in Table IX and Table X, respectively) were trading at medians of 13.7x and 11.2x, respectively, of TEV/LTM EBITDA with median LTM EBITDA margins of 17.4% 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 6/30/2017	% 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)	\$30,533	\$8,531	27.9	\$208.19	97.0	\$124,339	\$133,790	4.4	15.7	1.0
Calgon Carbon Corp. (CCC)	557	81	14.5	15.10	80.3	766	964	1.7	12.0	2.8
Cantel Medical Corp. (CMD)	742	142	19.1	77.91	87.7	3,251	3,365	4.5	23.7	0.8
CECO Environmental Corp. (CECE)	406	55	13.5	9.18	61.7	318	397	1.0	7.3	1.5
Corning Inc. (GLW)	9,855	2,770	28.1	30.05	98.2	27,653	29,084	3.0	10.5	(0.1)
Crane Co. (CR)	2,752	482	17.5	79.38	96.4	4,724	4,977	1.8	10.3	0.5
Cummins Inc. (CMI)	17,807	2,695	15.1	162.22	98.8	27,152	27,941	1.6	10.4	0.2
Donaldson Company Inc. (DCI)	2,306	405	17.5	45.54	93.1	5,970	6,283	2.7	15.5	0.8
Eaton Corporation (ETN)	19,834	3,216	16.2	77.83	98.1	34,813	42,556	2.1	13.2	2.4
El DuPont de Nemours & Co. (DD)	25,295	5,425	21.4	80.71	96.2	69,978	74,880	3.0	13.8	1.4
Entegris, Inc. (ENTG)	1,226	285	23.2	21.95	80.7	3,110	3,279	2.7	11.5	0.6
ESCO Technologies Inc. (ESE)	607	105	17.4	59.65	97.1	1,541	1,657	2.7	15.7	1.1
General Electric Co. (GE)	118,846	17,916	15.1	27.01	81.8	234,554	360,219	3.0	20.1	6.7
Honeywell International Inc. (HON)	39,359	7,876	20.0	133.29	98.1	101,612	108,091	2.7	13.7	0.8
Illinois Tool Works Inc. (ITW)	13,964	3,760	26.9	143.25	95.3	49,486	54,874	3.9	14.6	1.5
Lydall Inc. (LDL)	640	92	14.4	51.70	79.7	891	947	1.5	10.2	0.5
Parker Hannifin Corporation (PH)	12,029	1,742	14.5	159.82	95.9	21,285	26,466	2.2	15.2	2.8
Pentair, Inc. (PNR)	4,848	938	19.3	66.54	96.4	12,127	16,418	3.4	17.5	1.6
Tenneco Inc. (TEN)	8,860	631	7.1	57.83	81.5	3,126	4,415	0.5	7.0	2.0
Watts Water Technologies, Inc. (WTS)	1,401	196	14.0	63.20	89.0	2,165	2,502	1.8	12.8	1.7
Xylem Inc. (XYL)	4,227	726	17.2	55.43	99.6	9,962	12,079	2.9	16.6	2.9
Median			17.4%		95.9%			2.7x	13.7x	1.4x
Mean			18.1		90.6			2.5	13.7	1.6

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/17.

(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 6/30/2017	% 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)	\$1,311	\$151	11.5	\$20.31	86.9	\$1,951	\$2,166	1.7	14.3	3.2
Alfa Laval AB (ALFA)	4,213	719	17.1	20.42	93.0	8,567	9,794	2.3	13.6	1.8
Amiad Filtration Systems Ltd (AFS)	111	7	6.2	1.56	75.0	35	48	0.4	6.9	1.3
Andritz AG (ANDR)	7,012	602	8.6	60.17	95.5	6,141	5,047	0.7	8.4	(1.4)
Asahi Kasei Corp. (3407)	16,762	2,432	14.5	10.75	98.7	15,013	17,455	1.0	7.2	0.9
BWT AG (BWT)	698	43	6.2	30.79	100.0	516	517	0.7	12.0	(0.2)
Daikin Industries Ltd. (6367)	18,195	2,811	15.5	102.11	97.5	29,853	32,419	1.8	11.5	0.8
Denso Corp. (6902)	40,301	5,183	12.9	42.21	89.1	32,915	30,165	0.7	5.8	(0.7)
Faurecia SA (EO)	21,347	1,574	7.4	50.74	90.7	6,963	7,600	0.4	4.8	0.3
FLSmidth & Co. A/S (FLS)	2,886	255	8.8	63.13	93.7	3,105	3,470	1.2	13.6	1.3
GEA Group AG (GIA)	5,196	478	9.2	41.13	72.1	7,917	6,897	1.3	14.4	(1.3)
GUD Holdings Ltd. (GUD)	456	73	16.0	9.91	94.0	849	976	2.1	13.4	1.7
Hyflux Ltd. (600)	622	77	12.4	0.40	87.3	314	1,307	2.1	17.0	10.6
Ibiden Co., Ltd. (4062)	2,372	326	13.8	17.22	91.9	2,409	2,149	0.9	6.6	(1.3)
Johnson Matthey plc (JMAT)	15,625	848	5.4	37.29	80.5	7,151	8,073	0.5	9.5	1.1
NGK Insulators Ltd. (5333)	3,572	816	22.8	19.93	86.9	6,411	6,351	1.8	7.8	(0.1)
Nitto Denko Corp. (6988)	6,834	1,231	18.0	82.25	93.7	13,352	10,898	1.6	8.9	(2.0)
Porvair plc (PRV)	147	17	11.9	7.20	90.9	328	323	2.2	18.5	(0.3)
Sartorius AG (SRT)	1,531	369	24.1	93.10	92.7	6,479	7,553	4.9	20.5	2.8
Siemens AG (SIE)	92,521	11,894	12.9	137.75	90.5	111,344	133,376	1.4	11.2	1.7
Toray Industries Inc. (3402)	18,040	2,243	12.4	8.37	91.5	13,386	19,142	1.1	8.5	2.4
Median			12.4%		91.5%			1.3x	11.2x	0.9x
Mean			12.7		90.1			1.5	11.2	1.1

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/17.

(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 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⁾

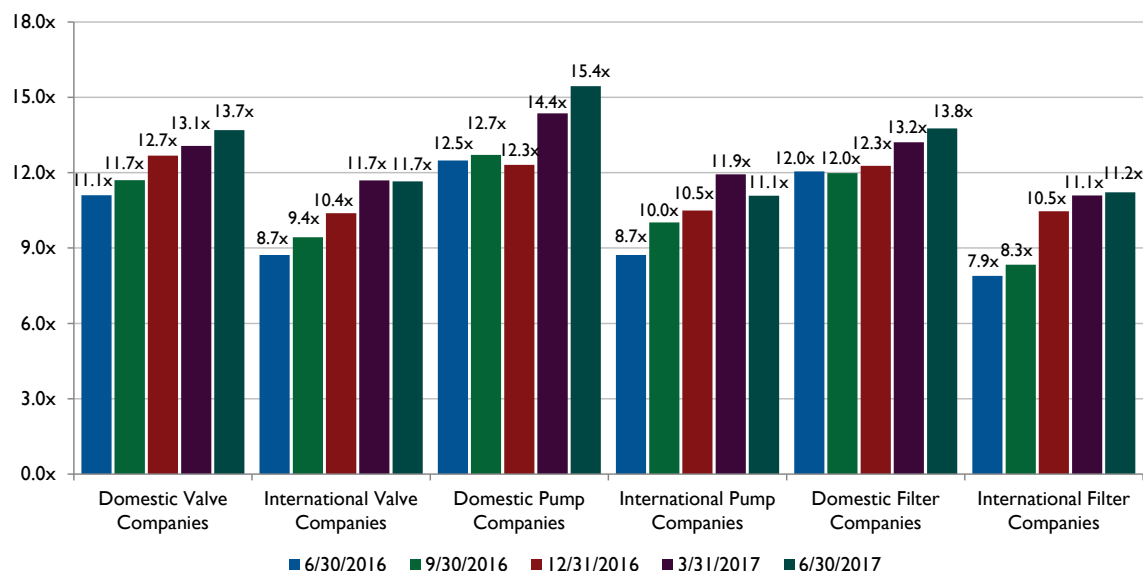
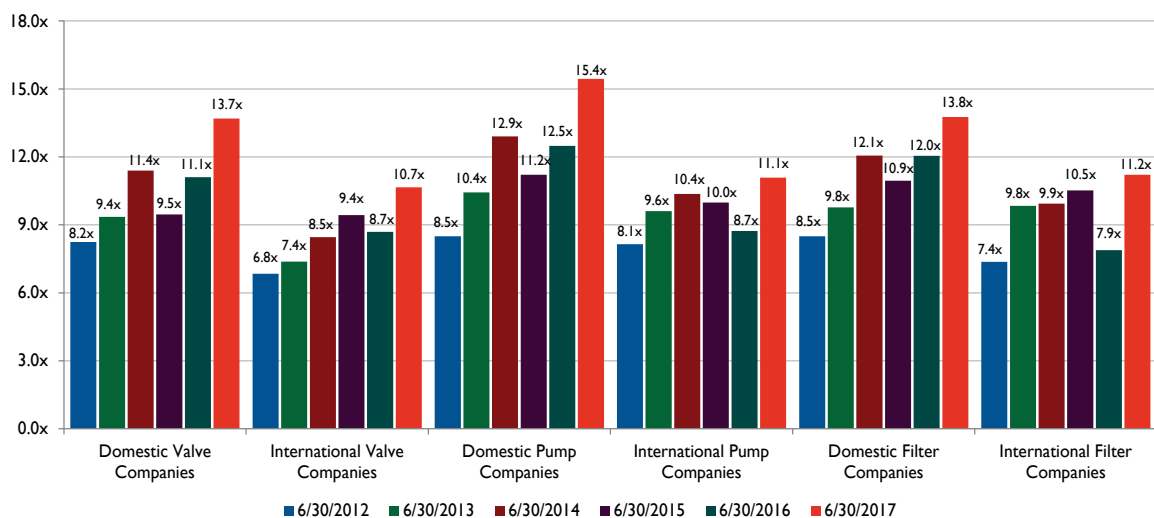


CHART V: ANNUAL MEDIAN TEV/LTM EBITDA VALUATION MULTIPLES⁽¹⁾



(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⁾

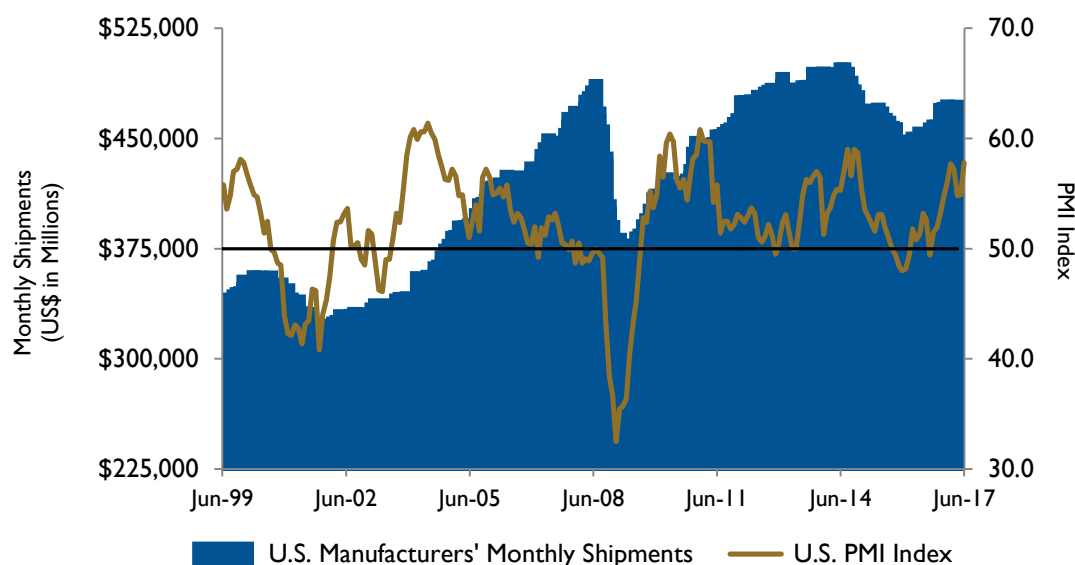
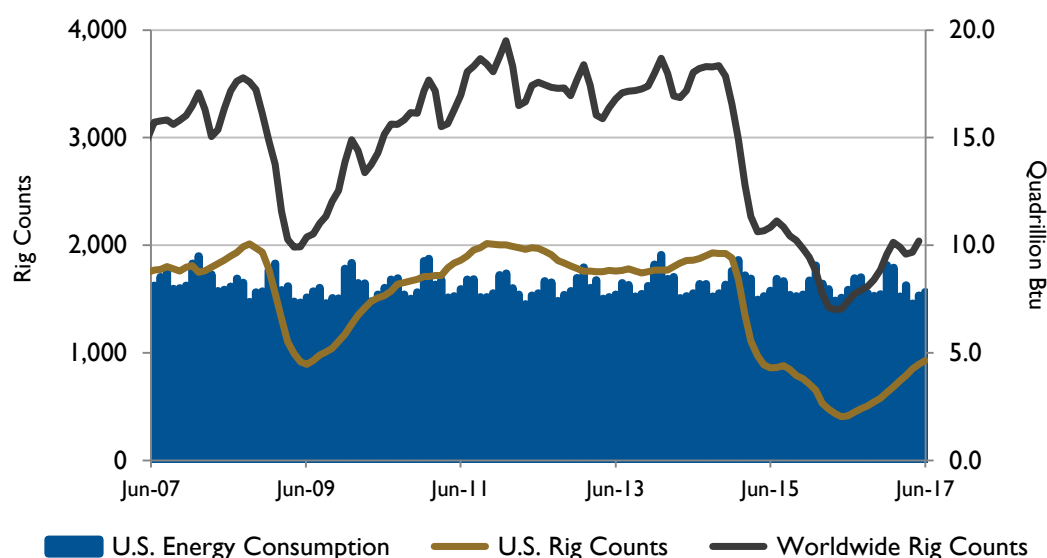


CHART VII: U.S. ENERGY CONSUMPTION⁽⁴⁾ AND RIG COUNTS⁽⁵⁾



(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⁾

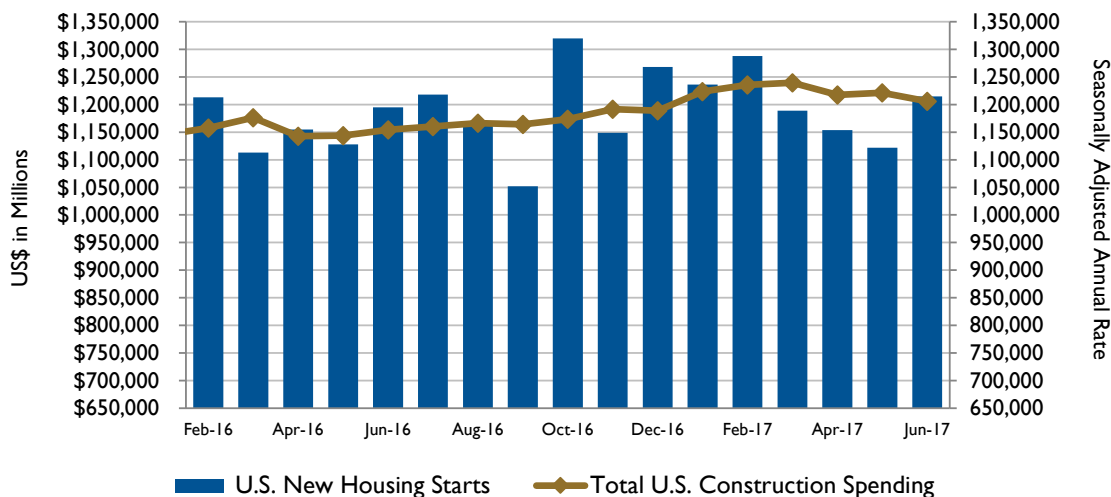
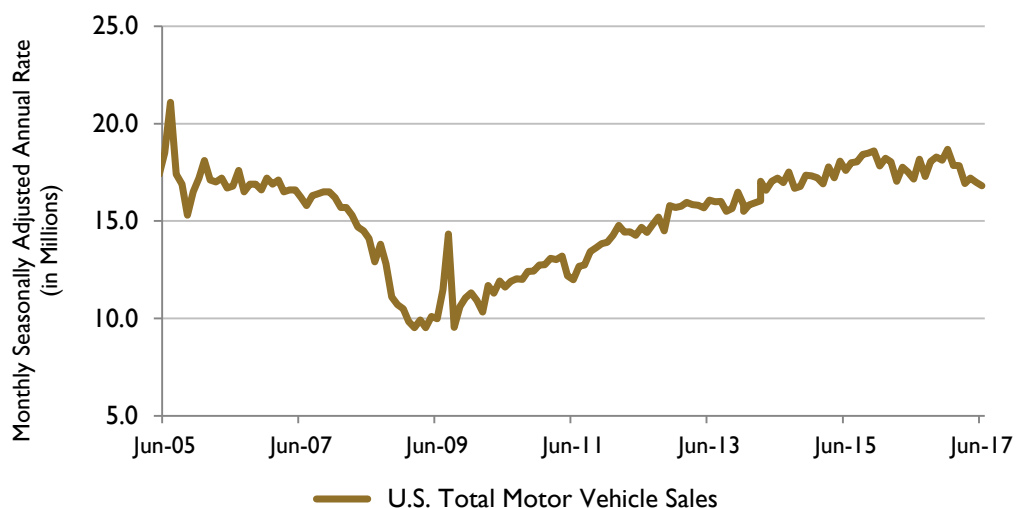


CHART IX: U.S. MOTOR VEHICLE SALES⁽³⁾



(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.

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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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