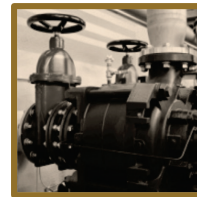


FLOW CONTROL

Industry In-Sight™

FOURTH 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.
- 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.

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**

- Acquisition Advisory: 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.
- 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
- Building Products and Services
- 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/research-library. 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



Xylem Agrees to Acquire Pure Technologies Ltd.

To supply the nation's homes and businesses with water, the United States depends on a country-wide network of 156,000 public water systems that provide drinking water to about 320 million people through more than 700,000 miles of aging underground pipes criss-crossing the U.S., many of which are reaching, or have exceeded, the end of their useful life. For example, the American Society of Civil Engineers estimates the number of water main breaks across the country to be 240,000 every year. Water is the largest infrastructure liability American cities face, as the Environmental Protection Agency estimates a need for \$600 billion to be spent over the next 20 years to meet essential drinking and wastewater needs.

Xylem Inc. of Rye Brook, New York, agreed to acquire Pure Technologies Ltd. of Calgary, Canada, a provider of diagnostic and analytics solutions that address key water and wastewater infrastructure challenges, for CAD \$9.00 per share in cash, representing an enterprise value of approximately U.S. \$397 million. Founded in 1995, Pure Technologies develops and provides technologies and services for the inspection, monitoring and management of physical water infrastructure worldwide. It is a leader in intelligent leak detection and condition assessment solutions for water distribution networks.

The acquired company has approximately 500 employees worldwide with corporate offices in Mississauga, Ontario and Columbia, Maryland. Regional offices are located in the U.S., Mexico, Colombia, Australia and China. Pure Technologies reported revenue of \$101 million and adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) of \$16.8 million for the 12 months ending September 30, 2017.

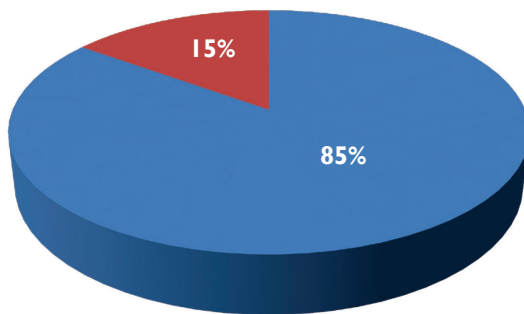
Xylem expects to achieve annual cost synergies of \$12 million within two years of closing. The company also expects to generate revenue synergies including accelerated international growth and cross-selling of complementary solutions. Xylem is funding the acquisition with a mix of cash and low interest Euro-based short term debt and anticipates paying back the borrowings within a year. Combined with the recent acquisitions of Sensus and Visenti, Pure Technologies will serve as another growth platform within Xylem, bringing together sensing, communications, analytics and control capabilities.

With expected revenue of \$4.7 billion in 2017, Xylem designs, manufactures and services engineered solutions for water and wastewater applications. It operates through three segments: Water Infrastructure, Applied Water and Sensus. The Water Infrastructure segment offers pumps, treatment and testing equipment, and controls and systems, as well as filtration, disinfection and biological treatment equipment for public utilities and industrial applications. The Applied Water segment provides pumps, valves, heat exchangers, controls and dispensing equipment systems for

residential and commercial building services, industrial water and irrigation applications. The Sensus segment provides communications, smart metering, measurement and control technologies and services for water, electricity and natural gas distribution networks. This segment also offers software and services, including cloud-based analytics, remote monitoring and data management. The company has almost 16,000 employees and does business in more than 150 countries.

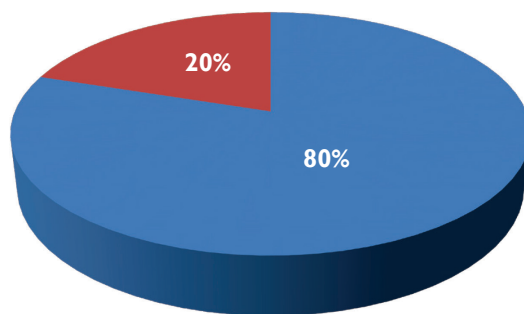
Pure Technologies Ltd.⁽¹⁾

Geographic Revenue Mix



- North America
- Other

End Market Revenue Mix



- Water
- Oil and Gas

(1) Source: Xylem Inc. based on 2016 revenue.

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 2017⁽¹⁾

Announced Date	Target	Acquirer(s)
12/19/2017	CEME Group	InvestIndustrial
12/15/2017	Equip'inox SAS	RK Flex
12/14/2017	Bimba Manufacturing Company Inc.	IMI plc
11/27/2017	Engelsbergs Ventiler AB	Ramén Valves AB
11/23/2017	Actuator Solutions AB	Oden Control AB
11/16/2017	Taconova Group AG	Taco Comfort Solutions Inc.
10/29/2017	ROVAC Pte. Ltd.	Ham-Let Group
10/5/2017	Quality Oil Tools Inc.	Chromatic Industries LLC

TABLE III: SELECTED PUMP M&A TRANSACTIONS: 4Q 2017⁽¹⁾

Announced Date	Target	Acquirer(s)
12/19/2017	CEME Group	InvestIndustrial
11/3/2017	Zodiac Pool Systems Inc.	Fluidra SA
11/1/2017	Ellehammer A/S	Iron Pump A/S
10/30/2017	OASE GmbH	Argand Partners LP
10/23/2017	Amkin Technologies LLC / Axon Pressure Pump Product Line	AFGlobal Corp.
10/23/2017	American Controls Inc.	Anderson Process

TABLE IV: SELECTED FILTER M&A TRANSACTIONS: 4Q 2017⁽¹⁾

Announced Date	Target	Acquirer(s)
12/21/2017	JWC Environmental LLC	Sulzer Ltd.
12/11/2017	Pure Technologies Ltd.	Xylem Inc.
11/28/2017	Nimbus Water Systems	Kinetico Inc.
11/3/2017	Zodiac Pool Systems Inc.	Fluidra SA
10/30/2017	OASE GmbH	Argand Partners LP
10/4/2017	CCI Thermal Technologies Inc.	Thermon Group Holdings 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 10.9% over the last 12 months, while the broader S&P 500 Index gained 18.4%.

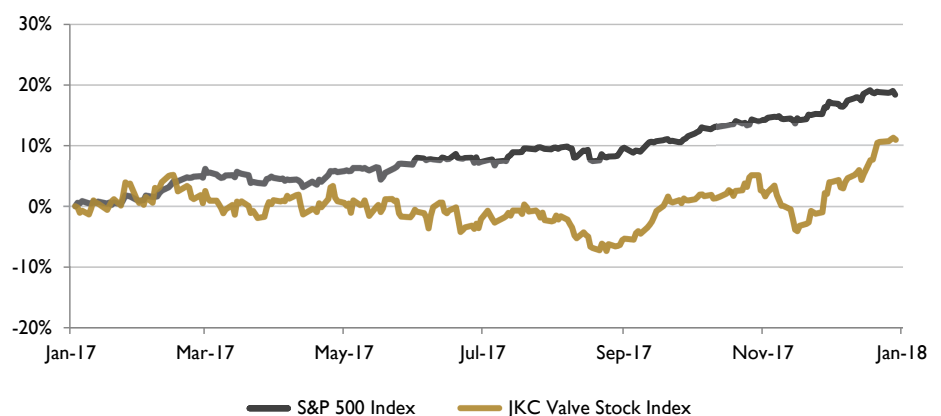
The price of Brent crude oil closed at its highest level in more than two years in late October ...

The price of Brent crude oil closed at its highest level in more than two years in late October, settling at more than \$60 per barrel for the first time since July 2015. The U.S. Energy Information Administration (EIA) forecasts Brent prices to ease in the coming months and average \$53 per barrel in 2017 and \$56 per barrel in 2018. Global economic data remain robust and support rising oil demand. The EIA expects the growth of the global oil supply to outpace the growth in global oil demand in 2018, contributing to global oil inventories rising by 0.3 million barrels per day in 2018, compared with a 0.2 million barrels per day draw in 2017.⁽¹⁾

The Organization of Petroleum Exporting Countries (OPEC) and some non-OPEC producers including Russia, agreed to extend oil output reductions until the end of 2018. The current agreement expires in March 2018. The 21 nations participating in the agreement are collectively trying to reduce output by 1.8 million barrels a day (with October 2016 levels as a starting point). The new agreement also caps the combined output of Nigeria and Libya below 2.8 million barrels per day. Both countries had been exempt from cuts due to unrest and lower than normal production. The organizations will meet again in June 2018 to discuss any adjustments to the agreement based on market conditions. OPEC and Russia combined produce over 40% of the global oil supply.

On Wall Street for the month of December the Dow Jones Industrial Average rose 1.8%, the S&P 500 Index increased 1.0% and the NASDAQ Composite grew 0.4%. For the year, the Dow, S&P 500 and NASDAQ grew 25.2%, 19.5% and 28.2%, respectively. In addition to a strengthening economy and strong corporate earnings, the recent passage of the tax cut bill and the third rate hike of the year by the Federal Reserve provided a significant boost to the markets.

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 December 31, 2017, domestic and international Valve companies were trading at median total enterprise value / latest twelve months (“TEV/LTM”) EBITDA multiples of 13.9x and 13.2x, respectively, while both groups have median EBITDA margins of 17.3% and 11.4%, respectively. The median stock price as a percentage of the 52-week high for both groups is 97% 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 12/31/2017	% 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)	\$402	\$80	19.8%	\$47.80	91.7%	\$1,392	\$1,423	3.5x	17.8x	0.4x
CIRCOR International Inc. (CIR)	614	61	9.9	48.68	66.7	803	997	1.6	16.4	3.2
Crane Co. (CR)	2,786	495	17.8	89.22	98.4	5,295	5,480	2.0	11.1	0.1
Curtiss-Wright Corp. (CW)	2,271	439	19.4	121.85	97.5	5,377	5,910	2.6	13.4	0.8
Dover Corp. (DOV)	7,830	1,388	17.7	100.99	99.0	15,733	18,880	2.4	13.6	2.0
Emerson Electric Co. (EMR)	15,864	3,358	21.2	69.69	99.3	44,507	46,153	2.9	13.7	0.7
Flowserve Corp. (FLS)	3,661	417	11.4	42.13	80.9	5,504	6,607	1.8	15.8	2.1
General Electric Co. (GE)	120,467	(675)	(0.6)	17.45	54.8	151,328	296,278	2.5	NM	NM
Honeywell International Inc. (HON)	40,534	8,305	20.5	153.36	97.9	116,064	122,834	3.0	14.8	0.9
ITT Corporation (ITT)	2,585	417	16.1	53.37	97.4	4,697	4,494	1.7	10.8	(0.5)
Mueller Water Products, Inc. (MWA)	837	151	18.1	12.53	89.4	1,987	2,110	2.5	14.0	0.9
Parker Hannifin Corporation (PH)	13,351	2,160	16.2	199.58	99.4	26,589	31,553	2.4	14.6	2.3
Schlumberger Limited (SLB)	30,440	6,856	22.5	67.39	76.7	93,353	106,042	3.5	15.5	1.9
SPX Flow Inc. (FLOW)	1,952	200	10.2	47.55	98.6	2,016	2,740	1.4	13.7	3.2
TechnipFMC plc (FTI)	15,057	1,580	10.5	31.31	86.6	14,604	11,344	0.8	7.2	(1.8)
Watts Water Technologies, Inc. (WTS)	1,457	222	15.3	75.95	97.3	2,594	2,870	2.0	12.9	1.0
Xylem Inc. (XYL)	4,707	815	17.3	68.20	97.6	12,249	14,269	3.0	17.5	2.2
Median			17.3%		97.4%			2.4x	13.9x	0.9x
Mean			15.5		89.9			2.3	13.9	1.2

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

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/17.

(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 12/31/2017	% 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)	\$3,140	\$498	15.9%	\$50.91	96.9%	\$5,629	\$6,613	2.1x	13.3x	1.8x
Alfa Laval AB (ALFA)	4,289	739	17.2	23.68	89.5	9,931	11,197	2.6	15.2	1.5
Georg Fischer AG (FI-N)	3,991	455	11.4	1,321.62	97.8	5,404	5,777	1.4	12.7	0.7
Hisaka Works Ltd. (6247)	234	24	10.4	10.63	94.5	317	187	0.8	7.7	(5.3)
Hitachi Ltd. (6501)	81,546	8,770	10.8	7.79	96.6	37,628	50,060	0.6	5.7	0.1
IMI plc (IMI)	2,355	399	16.9	18.02	98.7	4,853	5,257	2.2	13.2	1.0
Kitz Corp. (6498)	1,054	121	11.4	7.75	80.9	775	873	0.8	7.2	0.9
KSB Aktiengesellschaft (KSB)	2,642	218	8.3	580.02	93.0	1,042	1,135	0.4	5.2	(0.4)
Kubota Corp. (6326)	14,928	2,085	14.0	19.62	99.0	24,060	30,182	2.0	14.5	2.6
Lupatech S.A. (LUPA3)	35	(40)	(113.1)	0.88	63.7	8	61	1.7	NM	(1.2)
Metso Corp. (METSO)	3,208	330	10.3	34.19	84.4	5,128	5,201	1.6	15.7	0.1
Okano Valve Manufacturing Co. (6492)	73	3	4.8	24.02	86.5	42	30	0.4	8.7	(5.1)
Saint Gobain (SGO)	47,974	4,939	10.3	55.21	87.7	30,425	39,042	0.8	7.9	1.6
SMC Corp. (6273)	4,875	1,630	33.4	411.77	93.1	27,670	23,190	4.8	14.2	(2.9)
Spirax-Sarco Engineering plc (SPX)	1,138	302	26.5	75.96	93.7	5,581	5,736	5.0	19.0	0.5
The Weir Group PLC (WEIR)	2,798	379	13.5	28.70	98.2	6,430	7,616	2.7	20.1	3.0
Velan, Inc. (VLN)	331	12	3.6	14.35	90.9	310	262	0.8	22.0	(5.0)
Median			11.4%		93.1%			1.6x	13.2x	0.5x
Mean			6.2		90.9			1.8	12.6	(0.4)

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

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/17.

(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 3.7% over the last twelve months, while the S&P 500 Index gained 18.4% over the same time period.

The Institute for Supply Management's Purchasing Managers' Index (PMI) reached its highest level in three months in December rising to 59.7% from 58.2% in November. Faster growth was seen in new orders, rising to 69.4% (the fastest pace in 13 years) from 64.0%; production, increasing to 65.8% from 63.9%; and new export orders rising to 58.5% (a six month high) from 56.0%. Order backlogs increased a full point to 56.0%. Employment slowed, falling to 57.0% from 59.7%.⁽¹⁾

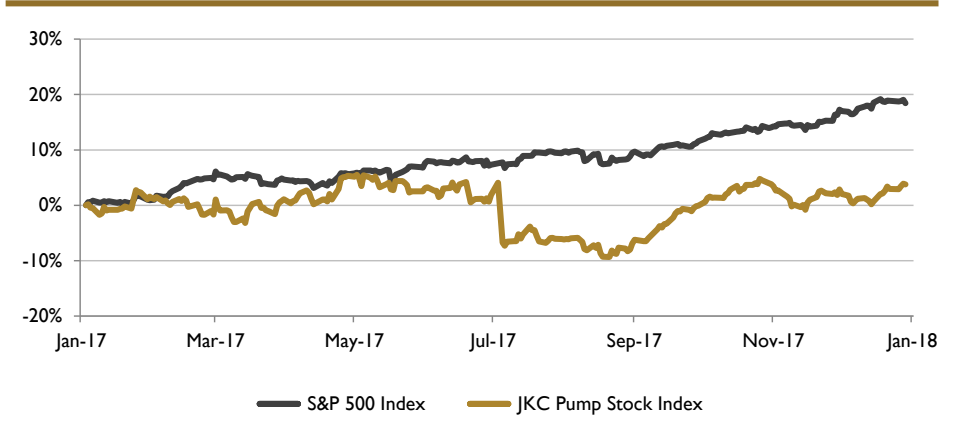
The Bureau of Labor Statistics reported that the U.S. economy added 148,000 jobs in December after averaging gains of 232,000 jobs in the prior two months. Healthcare added 31,000 jobs, construction added 30,000 workers and manufacturers added 25,000 jobs during the month. Overall U.S. job growth fell for the full year compared to 2016, falling to 2.1 million from 2.2 million.

The U.S. economy grew at its fastest pace in more than two years in the third quarter, with U.S. gross domestic product (GDP) increasing at an annual rate of 3.2%. In the second quarter, GDP increased 3.1%, marking the first time since 2014 that the economy experienced growth of 3% or more for two straight quarters.

On Wall Street for the month of December the Dow Jones Industrial Average rose 1.8%, the S&P 500 Index increased 1.0% and the NASDAQ Composite grew 0.4%. For the year, the Dow, S&P 500 and NASDAQ grew 25.2%, 19.5% and 28.2%, respectively. In addition to a strengthening economy and strong corporate earnings, the recent passage of the tax cut bill and the third rate hike of the year by the Federal Reserve provided a significant boost to the markets.

The U.S. economy grew at its fastest pace in more than two years in the third quarter ...

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 15.8x and 14.0x, respectively, as of December 31, 2017. As you can see, both groups are similarly leveraged with a median net debt/LTM EBITDA ratio of 1.5x for domestic Pump companies compared to 0.3x 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 12/31/2017	% 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)	\$410	\$7	1.7%	\$12.40	66.7%	\$153	\$197	0.5x	27.9x	5.8x
Baker Hughes Inc. (BHGE)	17,259	1,770	10.3	31.64	48.1	13,547	38,838	2.3	21.9	0.7
Colfax Corporation (CFX)	3,300	426	12.9	39.62	91.5	4,878	6,172	1.9	14.5	1.5
Crane Co. (CR)	2,786	495	17.8	89.22	98.4	5,295	5,480	2.0	11.1	0.1
Curtiss-Wright Corp. (CWV)	2,271	439	19.4	121.85	97.5	5,377	5,910	2.6	13.4	0.8
Danaher Corp. (DHR)	18,330	4,260	23.2	92.82	97.5	64,566	74,832	4.1	17.6	2.3
Dover Corp. (DOV)	7,830	1,388	17.7	100.99	99.0	15,733	18,880	2.4	13.6	2.0
Energy Recovery, Inc. (ERII)	59	6	10.4	8.75	76.4	469	378	6.4	61.8	(15.0)
Flowserve Corp. (FLS)	3,661	417	11.4	42.13	80.9	5,504	6,607	1.8	15.8	2.1
Franklin Electric Co. Inc. (FELE)	1,125	150	13.3	45.90	97.2	2,139	2,312	2.1	15.4	1.1
General Electric Co. (GE)	120,467	(675)	(0.6)	17.45	54.8	151,328	296,278	2.5	NM	NM
Gorman-Rupp Co. (GRC)	379	57	15.1	31.21	93.2	815	739	1.9	12.9	(1.4)
Graco Inc. (GGG)	1,475	406	27.5	45.22	98.3	7,615	7,781	5.3	19.2	0.3
IDEX Corp. (IEX)	2,287	586	25.6	131.97	97.3	10,083	10,655	4.7	18.2	0.8
Illinois Tool Works Inc. (ITW)	14,314	3,861	27.0	166.85	98.3	57,163	62,518	4.4	16.2	1.4
Ingersoll-Rand Co. Ltd. (IR)	14,198	2,052	14.5	89.19	92.7	22,286	25,158	1.8	12.3	1.2
ITT Corporation (ITT)	2,585	417	16.1	53.37	97.4	4,697	4,494	1.7	10.8	(0.5)
Layne Christensen Co. (LAYN)	602	17	2.9	12.55	92.0	250	389	0.6	22.3	8.0
National Oilwell Varco, Incorporated (NOV)	7,304	416	5.7	36.02	86.0	13,689	15,247	2.1	36.7	3.1
Pentair, Inc. (PNR)	4,937	865	17.5	70.62	98.4	12,824	14,219	2.9	16.4	1.5
Roper Technologies Inc. (ROP)	4,607	1,555	33.8	259.00	96.7	26,512	31,240	6.8	20.1	2.9
Schlumberger Limited (SLB)	30,440	6,856	22.5	67.39	76.7	93,353	106,042	3.5	15.5	1.9
SPX Flow Inc. (FLOW)	1,952	200	10.2	47.55	98.6	2,016	2,740	1.4	13.7	3.2
Standex International Corp. (SXI)	826	112	13.5	101.85	92.6	1,302	1,433	1.7	12.8	1.0
United Technologies Corp. (UTX)	59,837	10,043	16.8	127.57	99.3	101,874	122,850	2.1	12.2	1.8
Weatherford International Ltd. (WFT)	5,699	(323)	(5.7)	4.17	58.8	4,139	11,671	2.0	NM	NM
Xylem Inc. (XYL)	4,707	815	17.3	68.20	97.6	12,249	14,269	3.0	17.5	2.2
Median			15.1%		96.7%			2.1x	15.8x	1.5x
Mean			14.7		88.2			2.8	18.8	1.2

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

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/17.

(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 12/31/2017	% 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)	\$4,289	\$739	17.2%	\$23.68	89.5%	\$9,931	\$11,197	2.6x	15.2x	1.5x
Andritz AG (ANDR)	7,146	631	8.8	56.54	85.2	5,770	4,875	0.7	7.7	(1.4)
DMW Corp. (6365)	156	16	10.3	18.90	98.5	83	38	0.2	2.4	(1.9)
Ebara Corp. (6361)	4,359	429	9.8	38.13	90.9	3,874	3,642	0.8	8.5	(0.6)
FLSmith & Co. A/S (FLS)	2,997	274	9.2	58.27	81.8	2,877	3,231	1.1	11.8	0.9
Gevelot SA (ALGEV)	235	42	17.8	238.59	90.3	196	49	0.2	1.2	(3.4)
GUD Holdings Ltd. (GUD)	333	68	20.5	9.52	88.7	821	947	2.8	13.9	2.2
Hyundai Heavy Industries Co. Ltd. (A009540)	32,264	2,366	7.3	94.08	53.6	5,326	6,567	0.2	2.8	0.0
John Wood Group plc (WG)	4,062	280	6.9	8.79	71.5	5,874	6,417	1.6	22.9	1.8
Kirloskar Brothers Ltd. (500241)	401	19	4.6	5.20	97.1	413	458	1.1	24.7	0.0
KSB Aktiengesellschaft (KSB)	2,642	218	8.3	580.02	93.0	1,042	1,135	0.4	5.2	(0.4)
Kubota Corp. (6326)	14,928	2,085	14.0	19.62	99.0	24,060	30,182	2.0	14.5	2.6
Metso Corp. (METSO)	3,208	330	10.3	34.19	84.4	5,128	5,201	1.6	15.7	0.1
Nikkiso Co. Ltd. (6376)	1,238	76	6.2	10.93	94.8	778	1,566	1.3	20.5	10.3
Pfeiffer Vacuum Technology AG (PFV)	681	128	18.8	185.70	88.4	1,832	1,803	2.6	14.1	(0.2)
SKF AB (SKF B)	9,454	1,237	13.1	22.26	89.7	10,133	11,692	1.2	9.4	1.0
Spirax-Sarco Engineering plc (SPX)	1,138	302	26.5	75.96	93.7	5,581	5,736	5.0	19.0	0.5
Sulzer, Ltd. (SUN)	3,001	309	10.3	121.29	91.0	4,134	4,435	1.5	14.3	0.9
Teikoku Electric Mfg.Co.,Ltd. (6333)	174	26	15.1	13.93	95.3	279	221	1.3	8.4	(2.4)
The Weir Group PLC (WEIR)	2,798	379	13.5	28.70	98.2	6,430	7,616	2.7	20.1	3.0
Torishima Pump Manufacturing Co. Ltd. (6363)	376	22	5.8	10.57	97.9	287	315	0.8	14.6	1.8
Tsurumi Manufacturing Co. Ltd. (6351)	354	44	12.3	18.48	98.4	463	336	0.9	7.7	(2.9)
Median			10.3%		90.9%			1.3x	14.0x	0.3x
Mean			12.1		89.6			1.5	12.5	0.6

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

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/17.

(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 31.0% over the last twelve months, while the S&P 500 Index gained 18.4%.

Total housing starts declined 8% in December after strong readings in the prior months, with single-family starts falling 12%. Over the year, single-family starts posted a strong year, increasing 8.5% compared to 2016. Single-family permits increased 1.8% in December, reaching a post-recession seasonally adjusted annual rate high of 881,000 units.

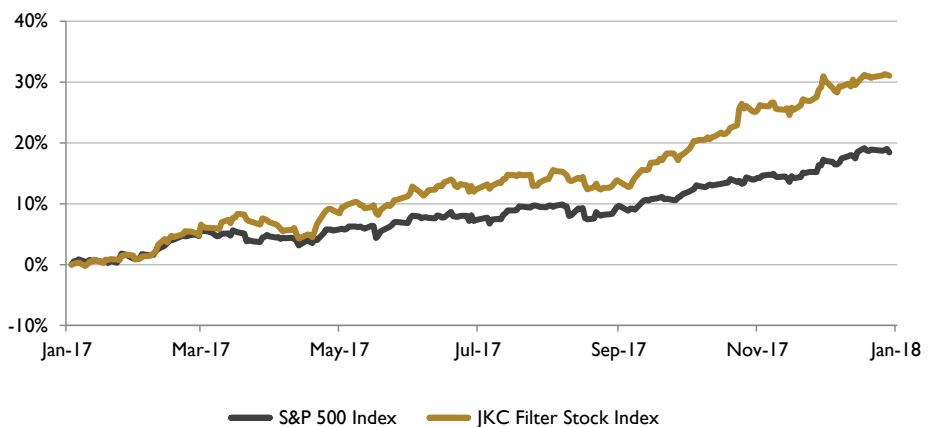
Total U.S. private residential construction spending rose 1% in November to a seasonally adjusted annual rate of \$530.8 billion, the highest level since February 2007. The gain is largely attributed to the strong growth in single-family construction spending which rose to a \$270.1 billion annual pace in November, an increase of 1.9%. It was the highest monthly annual rate since November 2007. Total private residential construction spending was up 7.9% above last year.

December capped another strong year for U.S. light vehicle sales, with final 2017 figures averaging 17.5 million, just short of the record number sold in 2016. General Motors Company December sales dropped 3.3%, while the company posted record sales for the year in both pickup trucks and crossover SUVs. Ford Motor Company reported a 1.3% sales increase in December including a 2% increase in its F-series pickup trucks and an 8% increase in sales of its SUVs. Fiat Chrysler Automobiles NV December sales dropped 11% with sales declining across most of its brands including a 12% decline in Jeep sales.

On Wall Street for the month of December the Dow Jones Industrial Average rose 1.8%, the S&P 500 Index increased 1.0% and the NASDAQ Composite grew 0.4%. For the year, the Dow, S&P 500 and NASDAQ grew 25.2%, 19.5% and 28.2%, respectively. In addition to a strengthening economy and strong corporate earnings, the recent passage of the tax cut bill and the third rate hike of the year by the Federal Reserve provided a significant boost to the markets.

... single-family starts posted a strong year, increasing 8.5% compared to 2016.

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 December 31, 2017, domestic and international Filter companies (listed in Table IX and Table X, respectively) were trading at medians of 14.6x and 10.0x, respectively, of TEV/LTM EBITDA with median LTM EBITDA margins of 16.9% and 12.3%, 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 12/31/2017	% 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)	\$31,657	\$8,877	28.0%	\$235.37	96.4%	\$140,188	\$148,493	4.7x	16.7x	1.1x
Calgon Carbon Corp. (CCC)	596	81	13.6	21.30	96.4	1,082	1,299	2.2	16.1	2.7
Cantel Medical Corp. (CMD)	795	154	19.4	102.87	95.3	4,314	4,445	5.6	28.8	0.8
CECO Environmental Corp. (CECE)	371	40	10.7	5.13	35.5	178	276	0.7	6.9	2.5
Corning Inc. (GLW)	10,116	2,788	27.6	31.99	97.5	27,634	30,765	3.0	11.0	0.3
Crane Co. (CR)	2,786	495	17.8	89.22	98.4	5,295	5,480	2.0	11.1	0.1
Cummins Inc. (CMI)	20,428	2,934	14.4	176.64	97.2	29,317	31,060	1.5	10.6	0.1
Donaldson Company Inc. (DCI)	2,464	420	17.1	48.95	97.7	6,359	6,685	2.7	15.9	0.8
Eaton Corporation (ETN)	20,404	3,416	16.7	79.01	96.0	34,812	41,998	2.1	12.3	1.9
Entegris, Inc. (ENTG)	1,343	355	26.5	30.45	92.1	4,306	4,382	3.3	12.3	0.1
ESCO Technologies Inc. (ESE)	713	118	16.5	60.25	91.4	1,557	1,805	2.5	15.4	2.1
General Electric Co. (GE)	120,467	(675)	(0.6)	17.45	54.8	151,328	296,278	2.5	NM	NM
Honeywell International Inc. (HON)	40,534	8,305	20.5	153.36	97.9	116,064	122,834	3.0	14.8	0.9
Illinois Tool Works Inc. (ITW)	14,314	3,861	27.0	166.85	98.3	57,163	62,518	4.4	16.2	1.4
Lydall Inc. (LDL)	698	91	13.1	50.75	79.5	875	904	1.3	9.9	0.3
Parker Hannifin Corporation (PH)	13,351	2,160	16.2	199.58	99.4	26,589	31,553	2.4	14.6	2.3
Pentair, Inc. (PNR)	4,937	865	17.5	70.62	98.4	12,824	14,219	2.9	16.4	1.5
Tenneco Inc. (TEN)	9,274	725	7.8	58.54	82.5	3,020	4,495	0.5	6.2	1.6
Watts Water Technologies, Inc. (WTS)	1,457	222	15.3	75.95	97.3	2,594	2,870	2.0	12.9	1.0
Xylem Inc. (XYL)	4,707	815	17.3	68.20	97.6	12,249	14,269	3.0	17.5	2.2
Median			16.9%		96.8%			2.5x	14.6x	1.1x
Mean			17.1		90.0			2.6	14.0	1.2

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

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/17.

(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 12/31/2017	% 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 (AM1)	\$2,036	\$229	11.2%	\$21.82	88.7%	\$2,096	\$2,592	1.3x	11.3x	2.0x
Alfa Laval AB (ALFA)	4,289	739	17.2	23.68	89.5	9,931	11,197	2.6	15.2	1.5
Amiad Filtration Systems Ltd (AFS)	113	8	6.9	2.03	96.8	46	57	0.5	7.3	1.0
Andritz AG (ANDR)	7,146	631	8.8	56.54	85.2	5,770	4,875	0.7	7.7	(1.4)
Asahi Kasei Corp. (3407)	17,375	2,678	15.4	12.90	94.8	18,016	20,080	1.2	7.5	0.7
Daikin Industries Ltd. (6367)	19,298	2,942	15.2	118.39	97.6	34,619	36,446	1.9	12.4	0.5
Denso Corp. (6902)	41,850	5,852	14.0	60.04	98.4	46,817	46,032	1.1	7.9	(0.5)
Faurecia SA (EO)	23,384	1,805	7.7	78.21	96.5	10,657	11,454	0.5	6.3	0.3
FLSmidth & Co. A/S (FLS)	2,997	274	9.2	58.27	81.8	2,877	3,231	1.1	11.8	0.9
GEA Group AG (GIA)	5,483	414	7.5	47.83	93.2	8,781	8,266	1.5	20.0	(1.2)
GUD Holdings Ltd. (GUD)	333	68	20.5	9.52	88.7	821	947	2.8	13.9	2.2
Hyflux Ltd. (600)	420	(10)	(2.4)	0.28	59.5	220	1,406	3.4	NM	NM
Ibiden Co., Ltd. (4062)	2,481	345	13.9	14.98	80.2	2,093	1,655	0.7	4.8	(1.2)
Johnson Matthey plc (JMAT)	17,415	915	5.3	41.56	87.6	7,971	9,161	0.5	10.0	1.3
NGK Insulators Ltd. (5333)	3,789	837	22.1	18.89	82.5	6,078	6,152	1.6	7.4	0.1
Nitto Denko Corp. (6988)	7,456	1,577	21.2	88.87	85.2	14,433	11,839	1.6	7.5	(1.7)
Porvair plc (PRV)	153	18	11.9	6.29	76.2	287	281	1.8	15.5	(0.7)
Sartorius AG (SRT)	1,656	391	23.6	91.26	83.7	6,386	7,651	4.6	19.6	2.7
Siemens AG (SIE)	99,723	12,481	12.5	139.71	87.2	116,467	143,960	1.4	11.5	1.2
Toray Industries Inc. (3402)	18,801	2,289	12.2	9.43	88.0	15,088	21,764	1.2	9.5	2.7
Median			12.3%		87.8%			1.4x	10.0x	0.7x
Mean			12.7		87.1			1.6	10.9	0.5

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

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/17.

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

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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⁾

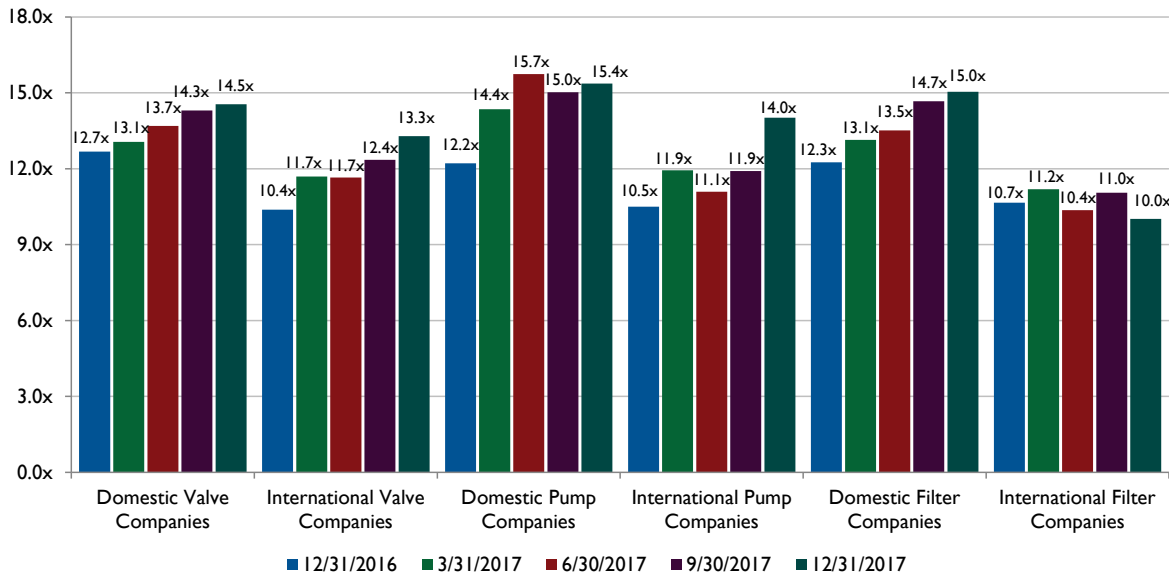
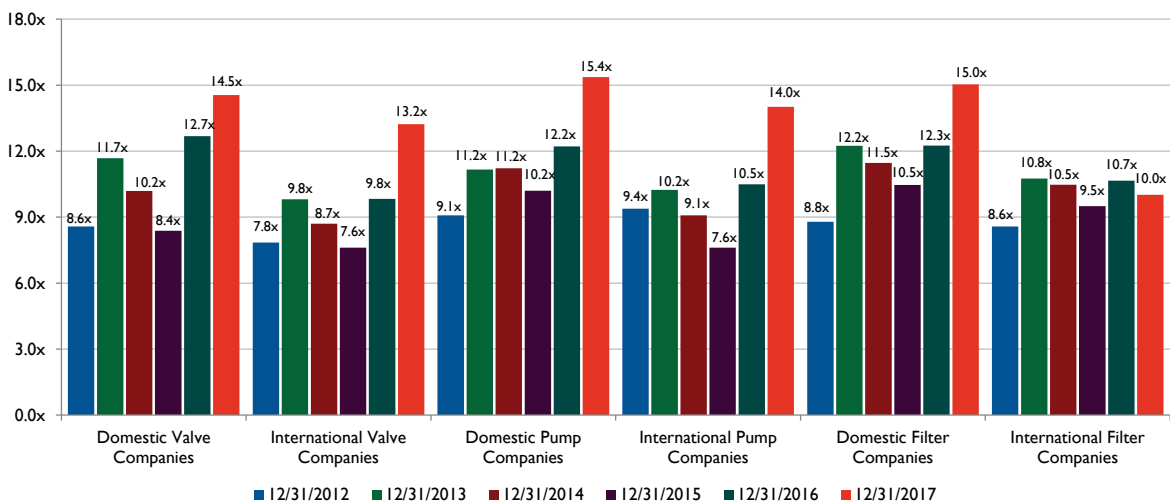


CHART V: ANNUAL MEDIAN TEV/LTM EBITDA VALUATION MULTIPLES⁽¹⁾



(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⁾

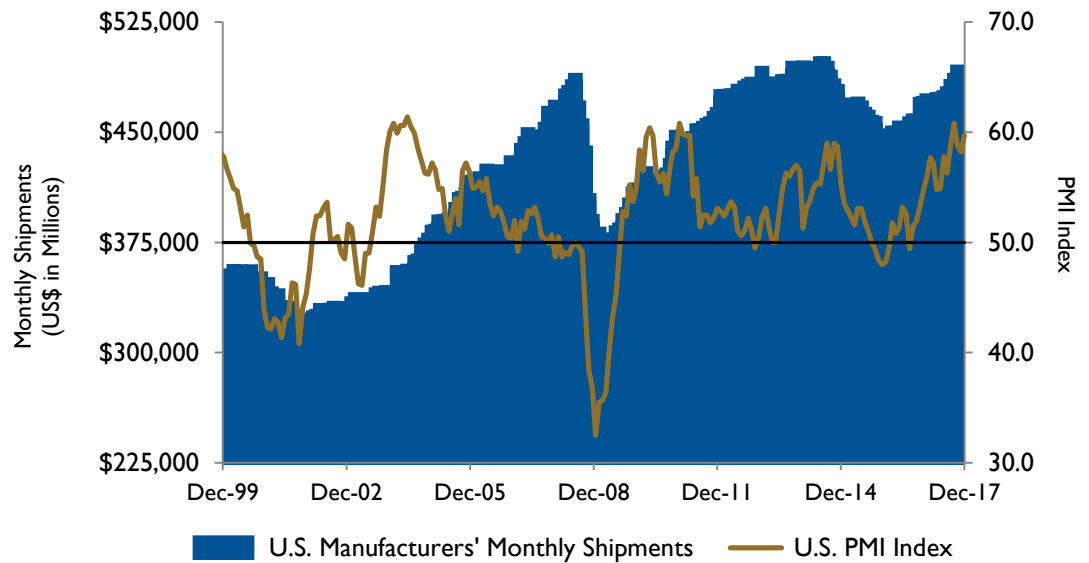
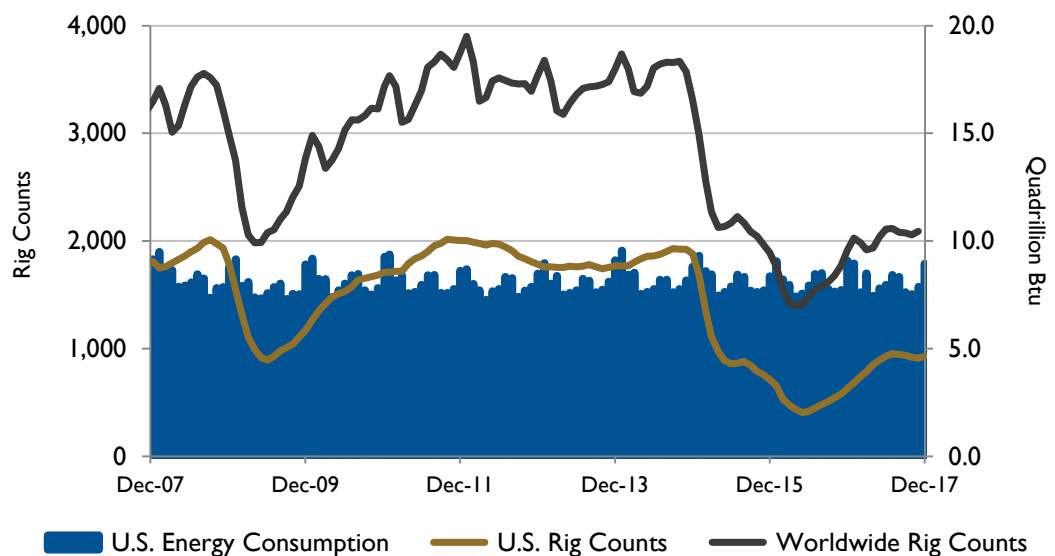


CHART VII: U.S. ENERGY CONSUMPTION⁽⁴⁾ AND RIG COUNTS⁽⁵⁾



(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⁾

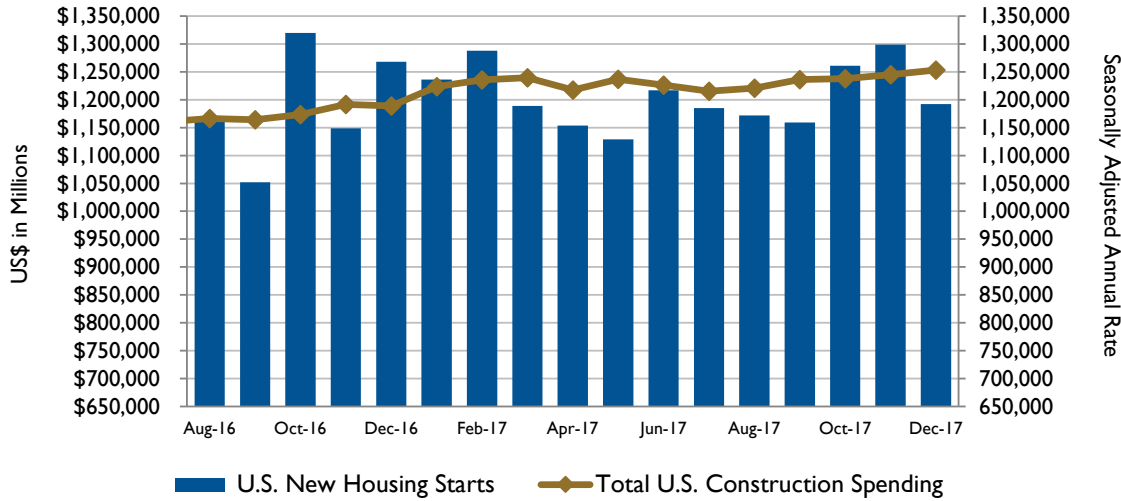
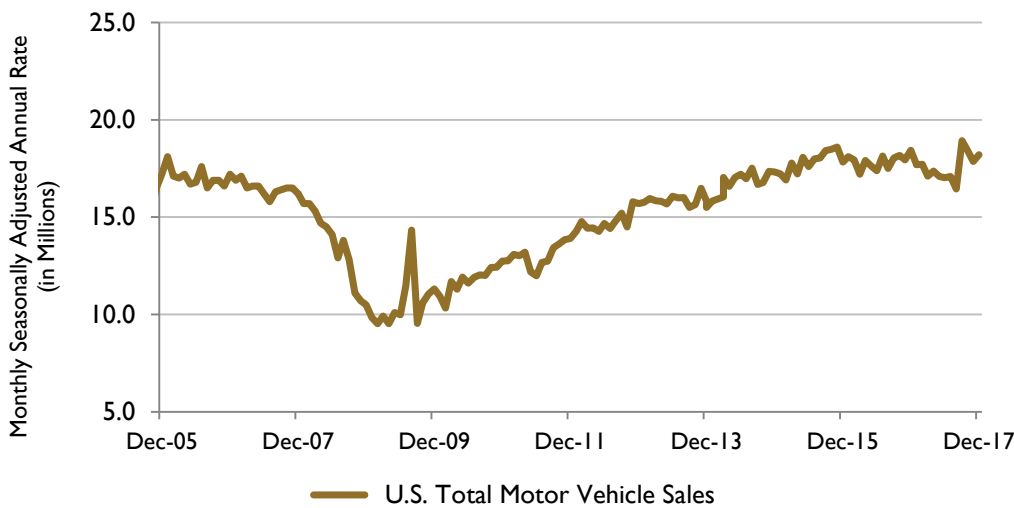


CHART IX: U.S. MOTOR VEHICLE SALES⁽³⁾



(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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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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