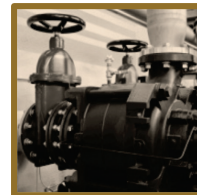


FLOW CONTROL

Industry In-Sight™

FIRST QUARTER 2018



**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 200 transactions as investors, owners, operators, investment bankers, buyers of middle-market businesses or sellers 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

■ **Sell 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.

■ **Raise Debt and Equity 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.

■ **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.

■ **Strategic Business Services**

- A suite of consulting projects designed specifically for middle-market business owners and executives to enable them to make better decisions about their companies or industries. Services include:
 - Company Specific Valuations
 - Capital Road Maps®
 - Strategic Industry Analyses

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:

Manufacturing & Distribution

- Manufacturing / Valued Added Manufacturing
- Manufacturing Process Technology
- Distribution / Value Added Distribution

Energy Logistics & Distribution

- Natural Gas Liquids: Direct to Consumer, Wholesale & Midstream
- Light Fuels
- Lubricants
- Petro Chemicals

Building Products & Services

- Windows & Doors
- Pre-fabricated Forms and Components
- Caulks & Sealants
- Flooring Products

Flow Control

- Pumps, Valves & Filtration
- Water Management
- Related Technology

Business Services

Real Estate

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



Granite Construction Agrees to Acquire Layne Christensen

Capital expenditures for U.S. municipal water, wastewater and storm water infrastructure will exceed \$683 billion over the next decade, according to a new forecast.⁽¹⁾ With leakage a key issue plaguing the water industry, investment in pipes continues to dominate water infrastructure spending. Almost two trillion gallons of water per year are lost to leaks, about 15% of the total drinking water treated in the U.S. The distribution and collection networks for water and wastewater – pipes, pumps, tanks and valves – will account for \$375 billion of the ten-year total. Pipes represent 75% of this amount, of which more than 60% will be dedicated to the rehabilitation of existing networks.

Granite Construction Inc. of Watsonville, California, agreed to acquire Layne Christensen Company, a leading water management, construction and drilling company, in a stock-for-stock transaction valued at \$565 million, including the assumption of net debt. Layne shareholders will receive a 0.27 Granite share for each share of Layne common stock, representing \$17.00 per share, a premium of 33% based on the volume-weighted average prices for both companies over the past 90 trading days. Layne shareholders will hold approximately 12% of Granite shares upon completion of the transaction. The agreement represents an enterprise value multiple of 8.2x 2018 expected earnings before interest, taxes, depreciation and amortization.

Founded in 1882 and headquartered in The Woodlands, Texas, Layne is a water management, infrastructure services and drilling company that provides products and services for the water, mineral and energy end markets. The company's Water Resources segment (with revenues of approximately \$170 million) offers hydrologic design, source of supply exploration, well and intake construction, and well and pump maintenance and rehabilitation services. This segment also provides water treatment equipment and engineering services for the treatment of contaminants. The Water Resources segment is ranked number one in water well drilling and pump repairs, with more than 50,000 wells drilled.

Layne's Inliner segment (with revenues of approximately \$200 million) offers process, sanitary and storm water rehabilitation techniques and services to municipalities and industrial customers dealing with aging infrastructure. The company's Mineral Services segment (with revenues of approximately \$95 million) conducts ground drilling activities and provides exploratory and definitional drilling services.

Layne serves government agencies, utilities, industrial companies, multi-national mining companies, consulting engineering firms, oil and gas companies, and power companies. The acquired company has about 2,200 employees with more than 50 offices in the United States, Canada, Brazil and Mexico.

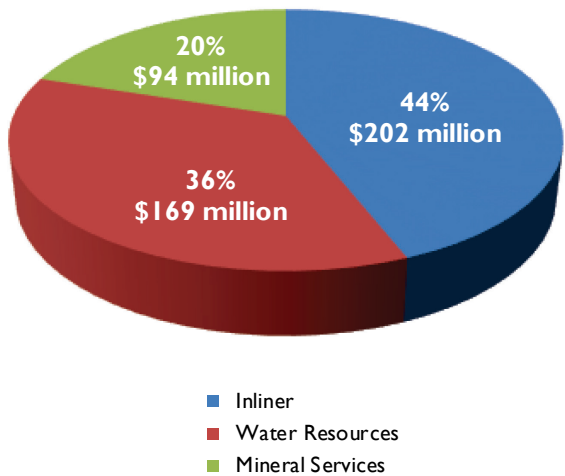
(1) Bluefield Research.

As a part of the transaction, Granite will assume Layne’s outstanding convertible debt of \$170 million and honor the original terms and existing maturity dates of the debt. Under the agreement, Granite will pay approximately \$70 million in cash funded through a combination of excess balance sheet cash and an existing revolving credit facility.

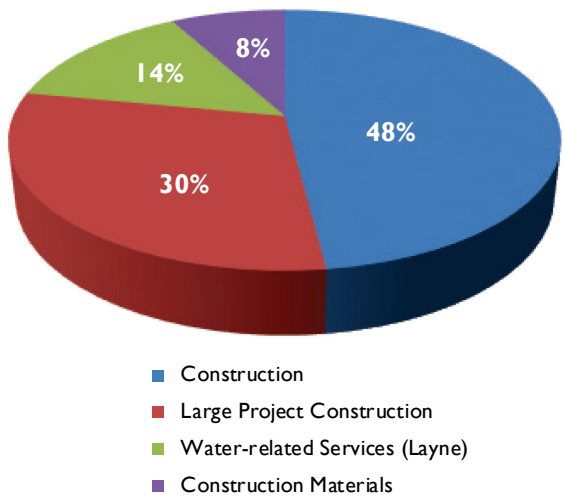
Granite is an infrastructure contractor and a construction materials producer in the United States operating through three segments: Construction, Large Project Construction and Construction Materials. It serves customers in the public, transportation, utilities and industrial sectors. The Construction Materials segment mines and processes aggregates; and produces and sells construction materials, primarily asphalt.

The combined company will have revenue of approximately \$3.3 billion with approximately 14% of this revenue coming from water-related services.

Layne Revenue by Segment⁽¹⁾



Combined Company Revenue by Segment⁽¹⁾



(1) Source: Granite Construction Inc.

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 2018⁽¹⁾

Announced Date	Target	Acquirer(s)
2/2/2018	Denholm Valvecare Ltd.	EnerMech Ltd.
1/24/2018	Mercury Manufacturing Company	Alpha Precision Group Inc.

TABLE III: SELECTED PUMP M&A TRANSACTIONS: IQ 2018⁽¹⁾

Announced Date	Target	Acquirer(s)
2/28/2018	Cinti Srl	AxFlow Holding AB
2/27/2018	Xymat LLC	CR3 Capital LLC
2/14/2018	Layne Christensen Company	Granite Construction Inc.
2/1/2018	Pumpen Karrer	AxFlow Holding AB
1/16/2018	RDC Productions	AxFlow Holding AB
1/11/2018	Simmons Pump LLC	Simflo Corporation
1/8/2018	Circulator Pump Business of HALM Motors + Systems	Armstrong Fluid Technology
1/3/2018	Federal Pump	PumpMan Holdings LLC

TABLE IV: SELECTED FILTER M&A TRANSACTIONS: IQ 2018⁽¹⁾

Announced Date	Target	Acquirer(s)
3/28/2018	RMF Systems BV	Des-Case Corporation
3/23/2018	Seebach GmbH	Smiths Group plc
3/1/2018	Walker Filtration Ltd.	Atlas Copco AB
3/1/2018	Keystone Filter Business of CECO Environmental Corp.	Porvair plc
2/21/2018	Hydro International plc	Agilitas Private Equity LLP
2/2/2018	RoboVent Products Group Inc.	Air Filtration Holdings LLC
1/26/2018	MayAir Group plc	T&U Investment Co. Ltd.
1/9/2018	Ettlinger Kunststoffmaschinen GmbH	Maag Pump Systems AG

(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

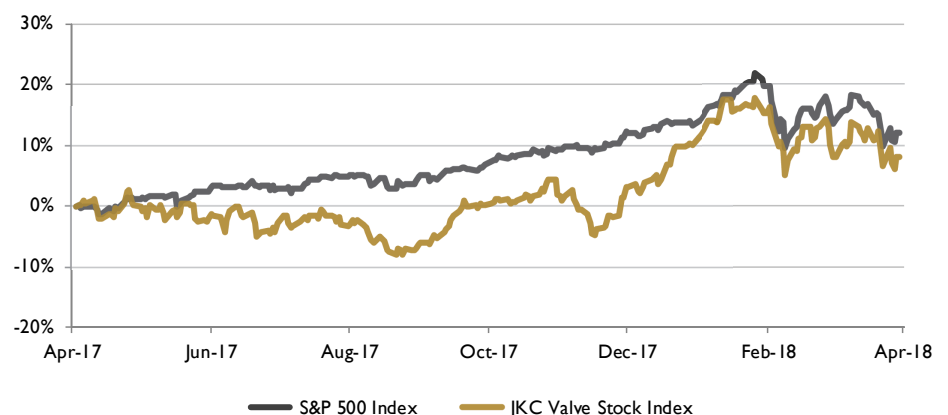
The JKC Valve Stock Index was up 8.1% over the last 12 months, while the broader S&P 500 Index gained 11.9%.

U.S. total net energy imports fell 35% in 2017 versus 2016 and were at their lowest levels since 1982. The largest factor affecting this decline was a 27% increase in gross energy exports which rose to 18.0 quadrillion Btu in 2017, the highest annual level of energy exports on record. Led by production increases in renewable energy (8%), coal (6%), natural gas plant liquids (6%), crude oil (5%) and natural gas (1%), an increase in total U.S. energy production also contributed to the decline in net energy imports. Gross energy imports have been decreasing from a high of 34.7 quadrillion Btu in 2007.⁽¹⁾

In 2017, fossil fuel exports from the U.S. increased substantially with exports of crude oil 89% higher than in 2016, coal 61% higher, natural gas 36% higher and petroleum products 11% higher than in 2016. U.S. exports of liquefied natural gas (LNG) quadrupled from 0.5 billion cubic feet per day in 2016 to 1.94 billion cubic feet per day in 2017. More than half of LNG exports went to three countries: Mexico, South Korea and China. With four additional LNG export capacity projects scheduled to be completed within the next two years, U.S. LNG export capacity is expected to reach 9.6 billion cubic feet per day by the end of 2019. The U.S. is projected to become the third-largest LNG exporter in the world by 2020, behind only Australia and Qatar.

On Wall Street for the month of March all of the indexes showed a sharp decline. The Dow Jones Industrial Average, the S&P 500 Index and the NASDAQ Composite decreased by 3.5%, 2.7% and 2.9%, respectively. In the first quarter of the year, the Dow and S&P 500 lost 2.3% and 1.2%, respectively, while the NASDAQ gained 2.3%. Stocks suffered in March due to the Administration's tariff policies and the tech fall. Facebook and Amazon both took large hits to their stock.

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.

The U.S. is projected to become the third-largest LNG exporter in the world by 2020 ...

Valve Companies

As shown in Tables V and VI, as of March 31, 2018, domestic and international Valve companies were trading at median total enterprise value / latest twelve months (“TEV/LTM”) EBITDA multiples of 13.1x and 11.7x, respectively, while both groups have median EBITDA margins of 17.6% and 11.6%, respectively. The median stock price as a percentage of the 52-week high for both groups is 88% and 82%, 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 3/31/2018	% 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)	\$406	\$78	19.2%	\$47.15	90.5%	\$1,373	\$1,406	3.5x	18.0x	0.4x
CIRCOR International Inc. (CIR)	662	65	9.8	42.66	62.0	846	1,530	2.3	23.7	10.6
Crane Co. (CR)	2,912	513	17.6	92.74	90.3	5,536	5,577	1.9	10.9	1.5
Curtiss-Wright Corp. (CW)	2,295	456	19.9	135.07	96.4	5,976	6,315	2.8	13.8	0.9
Dover Corp. (DOV)	7,939	1,421	17.9	98.22	90.1	15,183	17,996	2.3	12.7	2.2
Emerson Electric Co. (EMR)	16,538	3,484	21.1	68.30	91.7	43,359	45,770	2.8	13.1	0.8
Flowserve Corp. (FLS)	3,714	406	10.9	43.33	83.5	5,667	6,556	1.8	16.2	2.6
General Electric Co. (GE)	123,031	5,526	4.5	13.48	44.1	117,054	254,562	2.1	46.1	20.5
Honeywell International Inc. (HON)	41,434	8,510	20.5	144.51	87.5	108,149	115,382	2.8	13.6	0.9
ITT Corporation (ITT)	2,649	437	16.5	48.98	85.0	4,320	4,104	1.5	9.4	(0.4)
Mueller Water Products, Inc. (MWA)	871	170	19.5	10.87	83.7	1,726	1,860	2.1	11.0	0.9
Parker Hannifin Corporation (PH)	13,981	2,357	16.9	171.03	80.4	22,755	27,675	2.0	11.7	2.0
Schlumberger Limited (SLB)	31,375	6,973	22.2	64.78	80.1	89,782	103,311	3.3	14.8	2.0
SPX Flow Inc. (FLOW)	2,009	216	10.7	49.19	89.6	2,099	2,741	1.4	12.7	2.9
TechnipFMC plc (FTI)	14,794	2,060	13.9	29.45	84.1	13,736	10,875	0.7	5.3	(1.2)
Watts Water Technologies, Inc. (WTS)	1,457	222	15.3	77.70	92.2	2,650	2,867	2.0	12.9	1.0
Xylem Inc. (XYL)	4,853	855	17.6	76.92	96.4	13,832	15,634	3.2	18.3	2.7
Median			17.6%		87.5%			2.1x	13.1x	1.5x
Mean			16.1		84.0			2.3	15.5	3.0

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/18.

(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 3/31/2018	% 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)	\$3,319	\$523	15.8%	\$50.95	91.8%	\$5,635	\$6,365	1.9x	12.2x	1.3x
Alfa Laval AB (ALFA)	4,233	744	17.6	23.63	91.1	9,912	10,928	2.6	14.7	1.4
Georg Fischer AG (FI-N)	4,371	505	11.6	1,340.30	90.0	5,487	5,734	1.3	11.3	0.4
Hisaka Works Ltd. (6247)	250	24	9.7	9.75	81.8	291	154	0.6	6.3	(5.9)
Hitachi Ltd. (6501)	87,726	9,705	11.1	7.26	81.6	35,038	47,649	0.5	4.9	(0.0)
IMI plc (IMI)	2,458	429	17.5	15.16	74.3	4,083	4,435	1.8	10.3	0.8
Kitz Corp. (6498)	1,151	133	11.6	8.61	84.7	752	876	0.8	6.6	0.8
KSB Aktiengesellschaft (KSB)	2,723	174	6.4	540.84	84.5	955	891	0.3	5.1	(1.5)
Kubota Corp. (6326)	16,492	2,330	14.1	17.53	78.6	21,629	28,142	1.7	12.1	2.3
Lupatech S.A. (LUPA3)	36	(48)	(133.9)	0.82	57.4	8	61	1.7	NM	(1.0)
Metso Corp. (METSO)	3,334	335	10.1	31.55	75.9	4,733	4,774	1.4	14.2	0.1
Okano Valve Manufacturing Co. (6492)	78	5	6.7	25.47	87.8	44	26	0.3	4.9	(1.2)
Saint Gobain (SGO)	50,277	5,116	10.2	52.80	81.8	29,097	36,907	0.7	7.2	1.4
SMC Corp. (6273)	5,420	1,866	34.4	405.54	77.1	27,260	22,357	4.1	12.0	(2.7)
Spirax-Sarco Engineering plc (SPX)	1,402	362	25.8	80.78	93.5	5,943	6,469	4.6	17.9	1.4
The Weir Group PLC (WEIR)	3,307	471	14.2	27.99	85.7	6,272	7,458	2.3	15.8	2.4
Velan, Inc. (VLN)	338	12	3.6	13.10	82.4	283	230	0.7	19.2	(4.9)
Median			11.6%		82.4%			1.4x	11.7x	0.4x
Mean			5.1		82.4			1.6	10.9	(0.3)

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/18.

(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 2.5% over the last twelve months, while the S&P 500 Index gained 11.9% over the same time period.

The Institute for Supply Management's Purchasing Managers' Index (PMI) declined from 60.8% in February to 59.3% in March. The data for new orders and production were down slightly for the month but have been above 60% since June of last year. Despite some decreases, exports at 58.7% and employment at 57.3% still remain healthy. Prices for raw materials were up from 74.2% to 78.1%, a level not seen since April 2011.⁽¹⁾

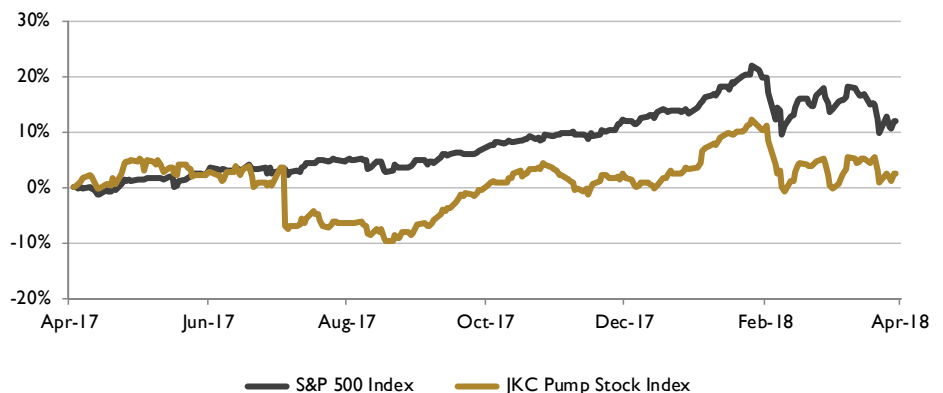
Prices for raw materials were up from 74.2% to 78.1%, a level not seen since April 2011.

The U.S. economy gained just 103,000 new jobs in March, much lower than February's revised increase of 326,000 jobs. On average the economy added an average of 202,000 jobs a month for the first quarter of the year, faster than the average gains in both 2017 and 2016. The strongest gains for the month took place in manufacturing (22,000), health care (22,000) and professional firms (33,000).

U.S. gross domestic product (GDP) expanded at a 2.5% annual rate in the last three months of 2017, a deceleration from the third quarter's 3.2% pace. For the full year, the economy grew 2.3% in 2017, above the 1.5% seen in 2016. Consumer spending grew 3.8% in the fourth quarter, the quickest pace since the last quarter of 2014, following a 2.2% rate growth in the third quarter. Growth in business spending on equipment rose 11.8% during the fourth quarter, the fastest pace since the third quarter of 2014.

On Wall Street for the month of March all of the indexes showed a sharp decline. The Dow Jones Industrial Average, the S&P 500 Index and the NASDAQ Composite decreased by 3.5%, 2.7% and 2.9%, respectively. In the first quarter of the year, the Dow and S&P 500 lost 2.3% and 1.2%, respectively, while the NASDAQ gained 2.3%. Stocks suffered in March due to the Administration's tariff policies and the tech fall. Facebook and Amazon both took large hits to their stock.

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 13.8x and 13.0x, respectively, as of March 31, 2018. 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 0.8x 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 3/31/2018	% 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)	\$444	\$16	3.6%	\$8.90	47.9%	\$110	\$158	0.4x	10.0x	3.8x
Baker Hughes Inc. (BHGE)	19,594	1,974	10.1	27.77	44.6	11,647	37,437	1.9	19.0	0.9
Colfax Corporation (CFX)	3,447	429	12.4	31.90	73.7	3,934	4,810	1.4	11.2	1.7
Crane Co. (CR)	2,912	513	17.6	92.74	90.3	5,536	5,577	1.9	10.9	1.5
Curtiss-Wright Corp. (CW)	2,295	456	19.9	135.07	96.4	5,976	6,315	2.8	13.8	0.9
Danaher Corp. (DHR)	18,819	4,560	24.2	97.91	93.4	68,385	78,286	4.2	17.2	2.1
Dover Corp. (DOV)	7,939	1,421	17.9	98.22	90.1	15,183	17,996	2.3	12.7	2.2
Energy Recovery, Inc. (ERII)	62	6	8.8	8.22	72.7	444	346	5.5	62.9	(15.9)
Flowsolve Corp. (FLS)	3,714	406	10.9	43.33	83.5	5,667	6,556	1.8	16.2	2.6
Franklin Electric Co. Inc. (FELE)	1,200	157	13.1	40.75	86.3	1,896	2,058	1.7	13.1	1.3
General Electric Co. (GE)	123,031	5,526	4.5	13.48	44.1	117,054	254,562	2.1	46.1	20.5
Gorman-Rupp Co. (GRC)	383	61	16.0	29.25	87.3	764	684	1.8	11.1	(1.4)
Graco Inc. (GGG)	1,541	433	28.1	45.72	92.0	7,730	7,859	5.1	18.2	0.4
IDEX Corp. (IEX)	2,346	606	25.8	142.51	94.6	10,915	11,399	4.9	18.8	0.7
Illinois Tool Works Inc. (ITW)	14,587	3,958	27.1	156.66	87.5	53,142	58,380	4.0	14.7	1.4
Ingersoll-Rand Co. Ltd. (IR)	14,582	2,099	14.4	85.51	87.5	21,368	23,949	1.6	11.4	1.5
ITT Corporation (ITT)	2,649	437	16.5	48.98	85.0	4,320	4,104	1.5	9.4	(0.4)
National Oilwell Varco, Incorporated (NOV)	7,358	512	7.0	36.81	91.3	13,993	15,334	2.1	29.9	2.9
Pentair, Inc. (PNR)	5,023	1,008	20.1	68.13	91.0	12,151	13,478	2.7	13.4	1.8
Roper Technologies Inc. (ROP)	4,724	1,600	33.9	280.69	95.8	28,862	33,347	7.1	20.8	2.7
Schlumberger Limited (SLB)	31,375	6,973	22.2	64.78	80.1	89,782	103,311	3.3	14.8	2.0
SPX Flow Inc. (FLOW)	2,009	216	10.7	49.19	89.6	2,099	2,741	1.4	12.7	2.9
Standex International Corp. (SXI)	858	118	13.8	95.35	86.7	1,223	1,330	1.6	11.2	0.9
United Technologies Corp. (UTX)	61,264	10,377	16.9	125.82	90.4	100,667	121,109	2.0	11.7	1.9
Weatherford International Ltd. (WFT)	5,736	(258)	(4.5)	2.29	33.4	2,276	9,407	1.6	NM	NM
Xylem Inc. (XYL)	4,853	855	17.6	76.92	96.4	13,832	15,634	3.2	18.3	2.7
Median			16.3%		87.5%			2.0x	13.8x	1.7x
Mean			15.7		81.2			2.7	18.0	1.7

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/18.

(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 3/31/2018	% 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)	\$4,233	\$744	17.6%	\$23.63	91.1%	\$9,912	\$10,928	2.6x	14.7x	1.4x
Andritz AG (ANDR)	7,264	535	7.4	55.93	82.2	5,652	4,742	0.7	8.9	(1.4)
DMW Corp. (6365)	160	15	9.7	21.63	95.7	95	62	0.4	4.0	(2.1)
Ebara Corp. (6361)	5,181	533	10.3	36.39	81.5	3,698	3,485	0.7	6.5	(0.5)
FLSmidth & Co. A/S (FLS)	2,975	272	9.1	64.25	88.0	3,164	3,429	1.2	12.6	0.7
Gevelot SA (ALGEV)	241	43	17.8	245.16	90.5	201	51	0.2	1.2	(4.5)
GUD Holdings Ltd. (GUD)	342	70	20.3	9.15	86.6	789	939	2.7	13.5	2.2
Hyundai Heavy Industries Co. Ltd. (A009540)	14,572	605	4.2	124.35	70.4	8,594	11,364	0.8	18.8	2.6
John Wood Group plc (WVG)	5,602	315	5.6	7.58	65.1	5,068	6,817	1.2	21.7	5.3
Kirloskar Brothers Ltd. (500241)	393	18	4.6	4.73	71.2	375	420	1.1	23.1	2.0
KSB Aktiengesellschaft (KSB)	2,723	174	6.4	540.84	84.5	955	891	0.3	5.1	(1.5)
Kubota Corp. (6326)	16,492	2,330	14.1	17.53	78.6	21,629	28,142	1.7	12.1	2.3
Metso Corp. (METSO)	3,334	335	10.1	31.55	75.9	4,733	4,774	1.4	14.2	0.1
Nikkiso Co. Ltd. (6376)	1,327	120	9.0	10.43	81.6	743	1,594	1.2	13.3	7.0
Pfeiffer Vacuum Technology AG (PFV)	723	117	16.2	154.24	71.5	1,522	1,476	2.0	12.6	(0.4)
SKF AB (SKF B)	9,342	1,269	13.6	20.44	83.9	9,310	10,709	1.1	8.4	0.9
Spirax-Sarco Engineering plc (SPX)	1,402	362	25.8	80.78	93.5	5,943	6,469	4.6	17.9	1.4
Sulzer, Ltd. (SUN)	3,198	308	9.6	131.62	89.7	4,481	4,740	1.5	15.4	0.8
Teikoku Electric Mfg. Co., Ltd. (6333)	198	32	16.2	14.71	89.4	291	223	1.1	7.0	(2.3)
The Weir Group PLC (WEIR)	3,307	471	14.2	27.99	85.7	6,272	7,458	2.3	15.8	2.4
Torishima Pump Manufacturing Co. Ltd. (6363)	402	20	4.9	9.37	81.6	254	298	0.7	15.2	1.8
Tsurumi Manufacturing Co. Ltd. (6351)	369	46	12.5	17.63	85.6	441	315	0.9	6.8	(2.7)
Median			10.2%		84.2%			1.1x	13.0x	0.8x
Mean			11.8		82.9			1.4	12.2	0.7

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/18.

(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 14.5% over the last twelve months, while the S&P 500 Index gained 11.9%.

Total housing starts increased slightly in March, led by multifamily construction strength. Starts increased 1.9% to a 1.32 million seasonally adjusted annual rate. However, due to lingering weather effects in some parts of the country, the pace of single-family starts declined in March, falling 3.7% to an 867,000 seasonally adjusted annual rate. For the first quarter of 2018, single-family starts were 7% higher than this time in 2017.⁽¹⁾

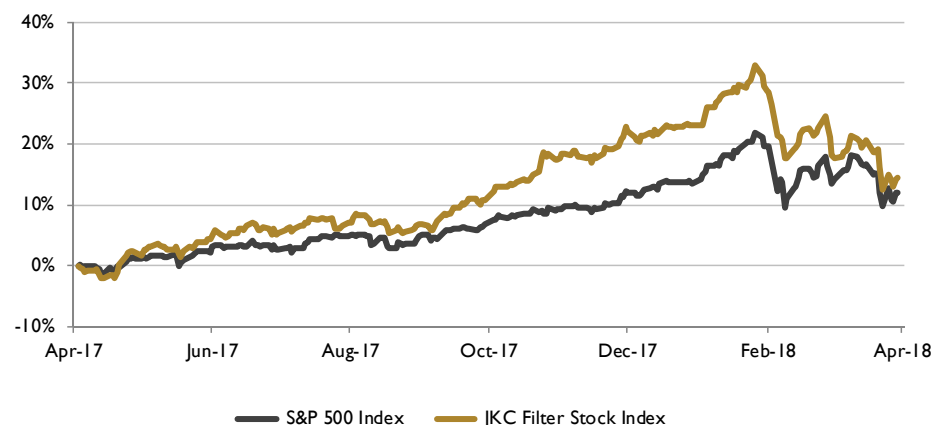
Permits for single-family homes grew in 34 states between February 2017 and February 2018. Single-family permits were down 5.5% in March, although they are showing a 5.3% improvement so far in 2018 relative to this time last year.

Despite stock market volatility and amid strong consumer confidence, sales of new light vehicles jumped 6% for the month of March compared with a year earlier. U.S. consumers, government agencies and companies replenishing their aging fleets, all contributed to the strong month. General Motors posted a sharp gain of 15.7% with the sale of crossover vehicles leading the way. Its fleet sales were up 19%. Fiat Chrysler rose 13.6% with an increase of 44.7% for their Jeep sports utility vehicles. Subaru continued its sales streak with a 5.9% increase. Honda rose 3.8%, Ford Motor and Toyota both increased 3.5%. Nissan declined 3.7%, while Hyundai sales fell 11.2% for the month.

On Wall Street for the month of March all of the indexes showed a sharp decline. The Dow Jones Industrial Average, the S&P 500 Index and the NASDAQ Composite decreased by 3.5%, 2.7% and 2.9%, respectively. In the first quarter of the year, the Dow and S&P 500 lost 2.3% and 1.2%, respectively, while the NASDAQ gained 2.3%. Stocks suffered in March due to the Administration's tariff policies and the tech fall. Facebook and Amazon both took large hits to their stock.

For the first quarter of 2018, single-family starts were 7% higher than this time in 2017.

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, 2018, domestic and international Filter companies (listed in Table IX and Table X, respectively) were trading at medians of 12.9x and 9.7x, respectively, of TEV/LTM EBITDA with median LTM EBITDA margins of 17.0% 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 3/31/2018	% 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)	\$32,250	\$8,091	25.1%	\$219.52	84.5%	\$130,550	\$140,489	4.4x	17.4x	1.4x
Cantel Medical Corp. (CMD)	823	160	19.4	111.41	90.1	4,647	4,767	5.8	29.8	0.8
CECO Environmental Corp. (CECE)	327	23	6.9	4.45	37.0	155	257	0.8	11.4	2.5
Corning Inc. (GLW)	10,241	2,759	26.9	27.88	79.4	23,677	26,868	2.6	9.7	0.8
Crane Co. (CR)	2,912	513	17.6	92.74	90.3	5,536	5,577	1.9	10.9	1.5
Cummins Inc. (CMI)	20,428	2,934	14.4	162.09	83.5	26,676	28,020	1.4	9.6	0.1
Donaldson Company Inc. (DCI)	2,578	433	16.8	45.05	86.3	5,851	6,179	2.4	14.3	0.7
Eaton Corporation (ETN)	20,807	3,532	17.0	79.91	88.9	35,009	41,718	2.0	11.8	2.0
Entegris, Inc. (ENTG)	1,392	385	27.7	34.80	91.0	4,936	4,985	3.6	12.9	0.3
ESCO Technologies Inc. (ESE)	726	120	16.5	58.55	87.6	1,513	1,756	2.4	14.7	1.9
General Electric Co. (GE)	123,031	5,526	4.5	13.48	44.1	117,054	254,562	2.1	46.1	20.5
Honeywell International Inc. (HON)	41,434	8,510	20.5	144.51	87.5	108,149	115,382	2.8	13.6	0.9
Illinois Tool Works Inc. (ITW)	14,587	3,958	27.1	156.66	87.5	53,142	58,380	4.0	14.7	1.4
Lydall Inc. (LDL)	725	96	13.3	48.25	80.4	837	855	1.2	8.9	0.3
Parker Hannifin Corporation (PH)	13,981	2,357	16.9	171.03	80.4	22,755	27,675	2.0	11.7	2.0
Pentair, Inc. (PNR)	5,023	1,008	20.1	68.13	91.0	12,151	13,478	2.7	13.4	1.8
Tenneco Inc. (TEN)	9,556	726	7.6	54.87	83.7	2,822	4,036	0.4	5.6	1.6
Watts Water Technologies, Inc. (WTS)	1,457	222	15.3	77.70	92.2	2,650	2,867	2.0	12.9	1.0
Xylem Inc. (XYL)	4,853	855	17.6	76.92	96.4	13,832	15,634	3.2	18.3	2.7
Median			17.0%		87.5%			2.4x	12.9x	1.4x
Mean			17.4		82.2			2.5	15.1	2.3

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/18.

(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 3/31/2018	% 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)	\$2,415	\$256	10.6%	\$20.87	82.7%	\$2,005	\$2,478	1.0x	9.7x	1.9x
Alfa Laval AB (ALFA)	4,233	744	17.6	23.63	91.1	9,912	10,928	2.6	14.7	1.4
Amiad Filtration Systems Ltd (AFS)	118	8	6.9	2.58	96.6	58	70	0.6	8.6	1.2
Andritz AG (ANDR)	7,264	535	7.4	55.93	82.2	5,652	4,742	0.7	8.9	(1.4)
Asahi Kasei Corp. (3407)	18,932	3,002	15.9	13.17	89.0	18,391	20,535	1.1	6.8	0.5
Daikin Industries Ltd. (6367)	21,146	3,213	15.2	110.49	82.2	32,311	34,235	1.6	10.7	0.6
Denso Corp. (6902)	46,275	6,326	13.7	54.80	80.6	42,729	41,072	0.9	6.5	(0.5)
Faurecia SA (EO)	24,864	2,001	8.0	80.97	88.2	11,110	12,014	0.5	6.0	0.3
FLSmidth & Co. A/S (FLS)	2,975	272	9.1	64.25	88.0	3,164	3,429	1.2	12.6	0.7
GEA Group AG (GIA)	5,673	487	8.6	42.65	81.0	7,948	7,820	1.4	16.1	(0.1)
GUD Holdings Ltd. (GUD)	342	70	20.3	9.15	86.6	789	939	2.7	13.5	2.2
Hyflux Ltd. (600)	236	(72)	(30.3)	0.21	46.7	168	1,142	4.2	NM	NM
Ibiden Co., Ltd. (4062)	2,715	380	14.0	14.91	75.2	2,083	1,695	0.6	4.5	(1.1)
Johnson Matthey plc (JMAT)	18,085	939	5.2	42.70	86.6	8,189	9,424	0.5	10.0	1.3
NGK Insulators Ltd. (5333)	4,146	899	21.7	17.27	71.6	5,555	5,748	1.4	6.4	0.1
Nitto Denko Corp. (6988)	8,111	1,728	21.3	75.12	67.9	12,116	9,340	1.2	5.4	(1.7)
Porvair plc (PRV)	163	21	12.9	6.98	81.5	318	304	1.9	14.4	(0.6)
Sartorius AG (SRT)	1,730	433	25.0	125.05	87.1	9,057	10,374	6.0	24.0	2.5
Siemens AG (SIE)	103,066	12,194	11.8	127.88	77.8	106,594	124,152	1.2	10.2	1.2
Toray Industries Inc. (3402)	20,556	2,444	11.9	9.48	83.3	15,158	22,523	1.1	9.2	2.6
Median			12.4%		82.4%			1.2x	9.7x	0.6x
Mean			11.3		81.3			1.6	10.4	0.6

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/18.

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Valuation Trends over Time

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

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

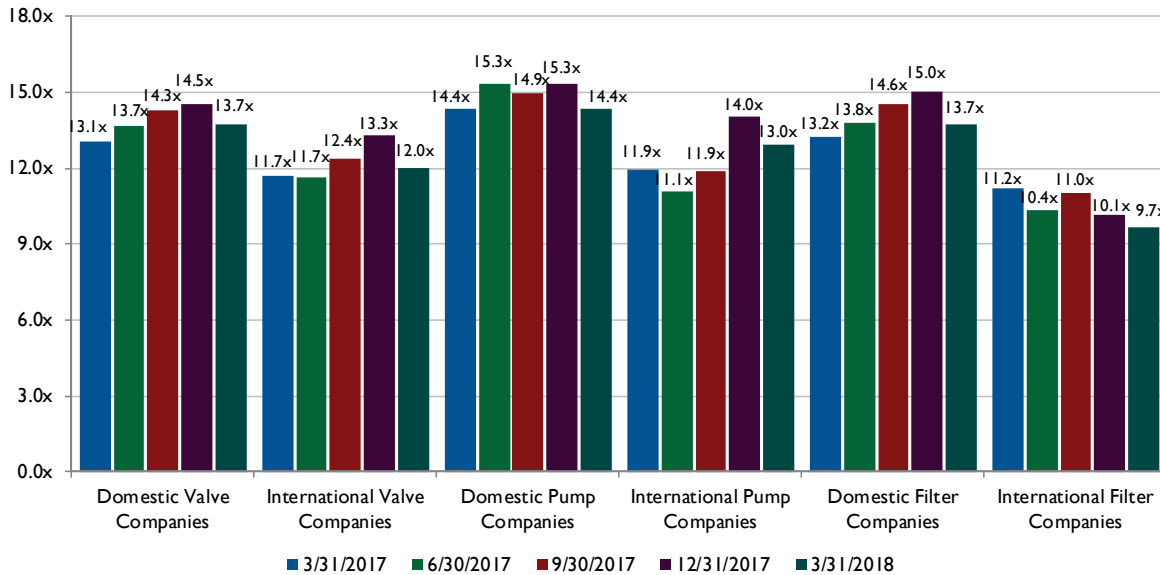
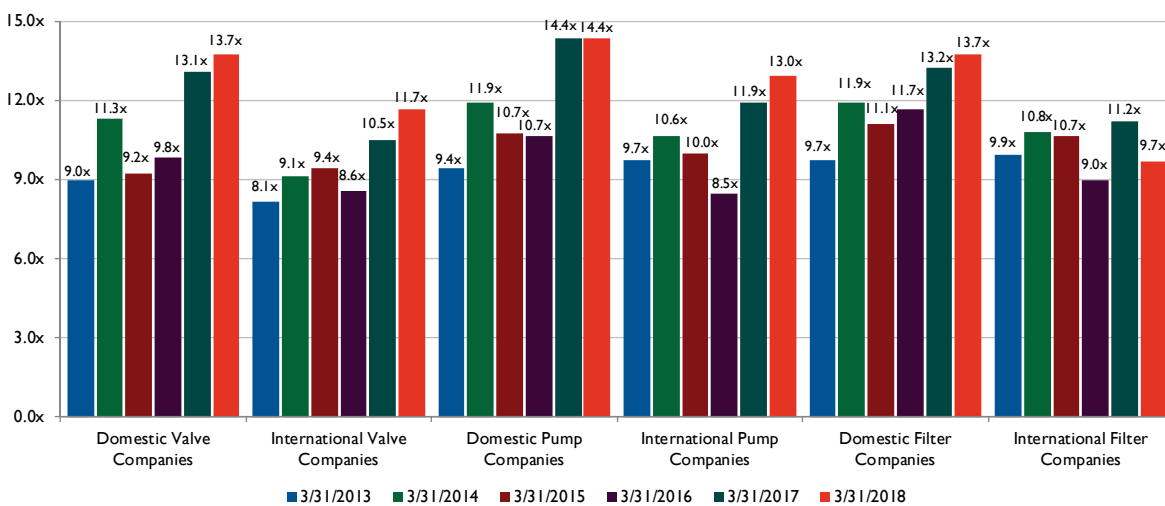


CHART V: ANNUAL MEDIAN TEV/LTM EBITDA VALUATION MULTIPLES⁽¹⁾



(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⁾

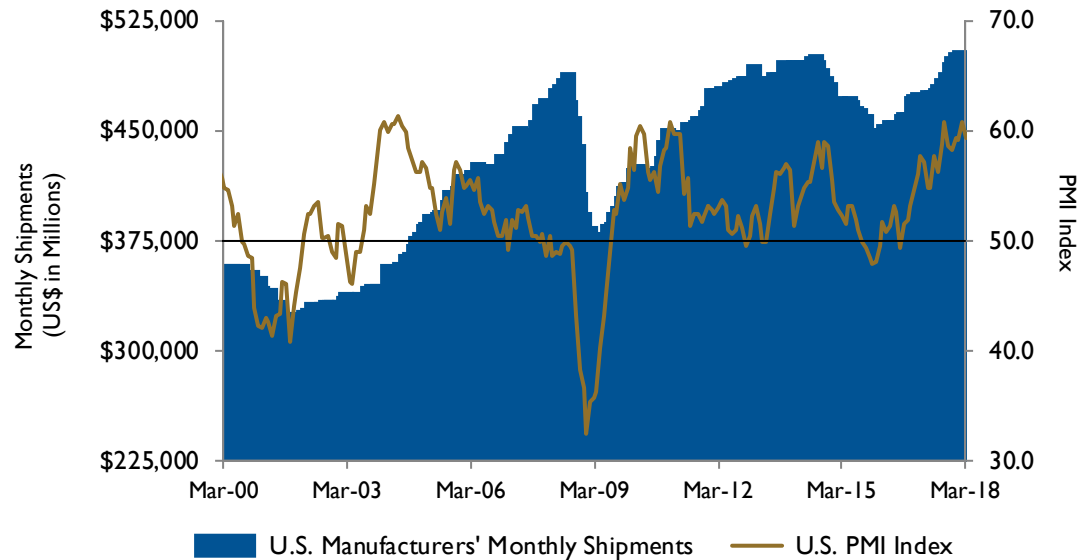
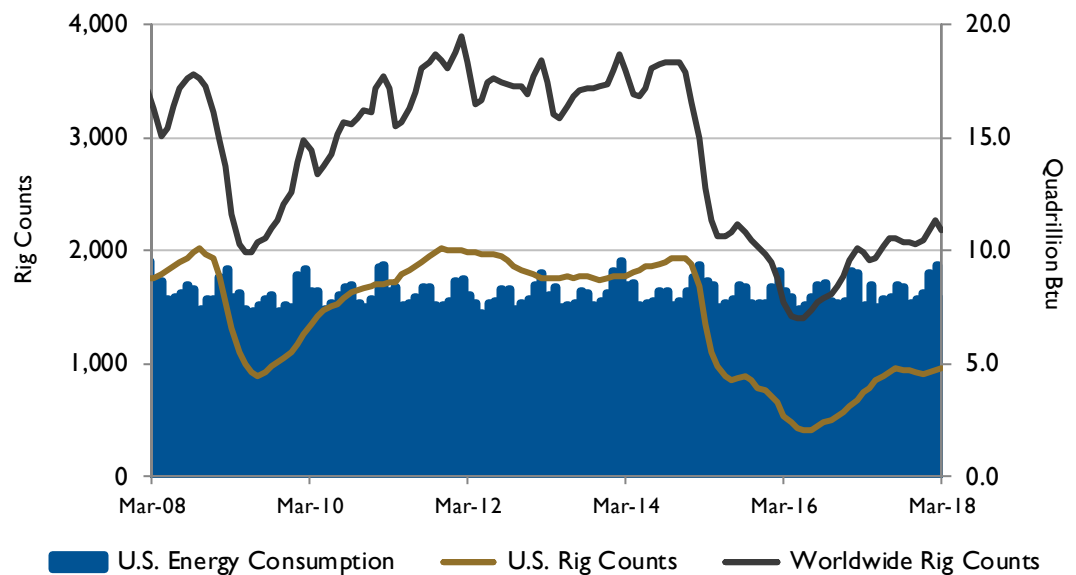


CHART VII: U.S. ENERGY CONSUMPTION⁽⁴⁾ AND RIG COUNTS⁽⁵⁾



(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⁾

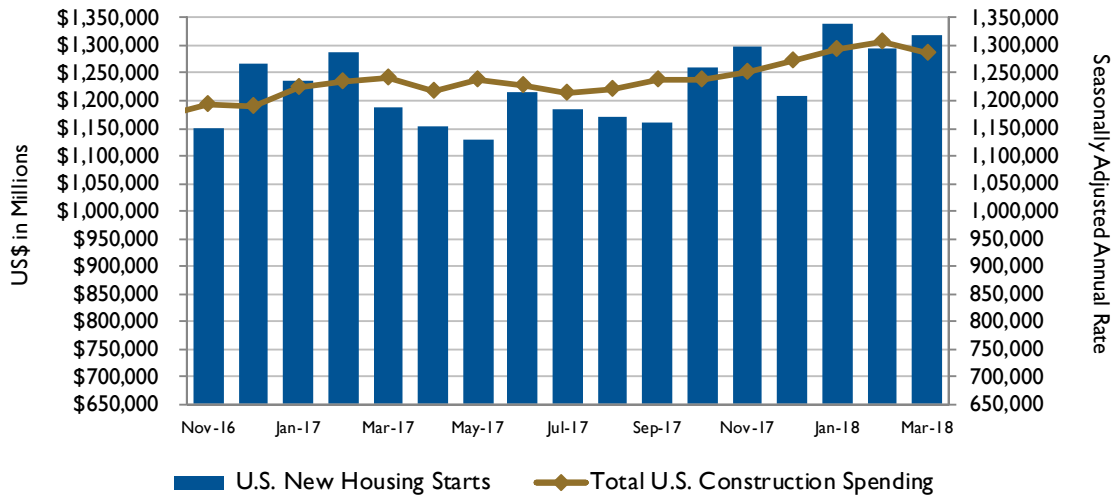
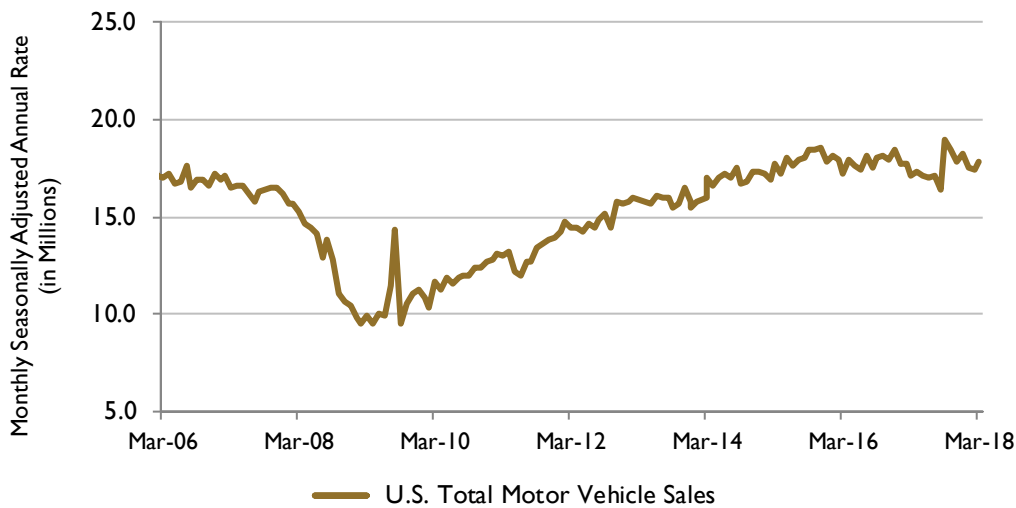


CHART IX: U.S. MOTOR VEHICLE SALES⁽³⁾



(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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