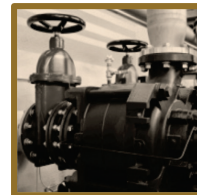


FLOW CONTROL

Industry In-Sight™

FIRST QUARTER 2020



**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. Visit our research library at www.jordanknauff.com/research-library to view our previous Flow Control quarterly publications, as well as our other industry publications.

If 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

Sundyne Acquired by Warburg Pincus

In March, private equity firm Warburg Pincus completed the acquisition of Sundyne from BC Partners Advisors LP and The Carlyle Group. Based in Arvada, Colorado, Sundyne is a global leader in the design and manufacture of API compliant pumps and compressors. Financial terms of the transaction were not disclosed. Sundyne's current management team led by Chief Executive Officer Mark Sefcik will continue under the new ownership.

With operations and presence in the U.S., Europe, the Middle East, India, Asia, Japan and China, Sundyne is a manufacturer of precision-engineered centrifugal pumps and compressors for use in hydrocarbon processing, chemical processing, power generation, industrial, and high-pressure water applications. Sundyne is a leader in delivering lowflow, high-head integrally geared centrifugal pumps and compressors, as well as a leader in the supply of safe and leakage-free sealless magnetic drive centrifugal pumps and diaphragm compressors. The company also provides aftermarket services, including overhaul and repair, packaging, specialized engineering, and technical support, as well as spare parts. Sundyne's pumps and compressor designs are compliant with the industry's most stringent API, ANSI/ASME and ISO standards.

Sundyne has a long history of building proprietary, mission-critical products, which are regarded for their reliability and efficiency while operating in harsh and complex environments. While the Sundyne brand traces its roots back to 1957 and the aerospace industry, the story actually begins with The Rockford Milling Machine Company which became the Sundstrand Machine Tool Company in 1926, producing oil burner pumps, hydraulic pumps, motors and valves.

During the 1960s, the company expanded its business to commercial markets. Earlier work on naval contracts revealed innovative research for the design of a lightweight and superior efficient pump that was used during World War II. The pump design solved a critical issue that plagued early jet engines. This research led to the first water injection pump for commercial jet aircraft, opening new doors for Sundstrand, as the technology was sold to Boeing for use in the 707 jet.

By 1965, compressor designs were introduced, which utilized the high-speed gearboxes developed for pumps, but with different impeller configurations suitable for gases. Union Carbide became the first customer to purchase the high-speed process gas compressors, signaling the creation of another new market for Sundstrand.

1970 marked the opening of a Sundstrand Fluid Handling manufacturing plant in Dijon, France. Focused on manufacturing industrial pumps and compressors for the hydrocarbon and chemical processing industries, the Dijon facility signaled Sundstrand's commitment to the European market.

In 1999 United Technologies acquired Sundstrand and merged it with the Hamilton Standard division and Sundstrand was rechristened as Sundyne Corporation. In 2012 United Technologies sold Sundyne (and other brands in its Industrials Division) to BC Partners and The Carlyle Group.

Today, Sundyne is one of the few companies that designs and manufactures both pumps and compressors. It designs and builds fully-packaged systems, which include flow conditioning, controls, lube and seal systems.

Sundyne and Warburg Pincus have launched a 90-day transition period to formally identify areas of opportunity for developing and funding strategic initiatives that will broaden product offerings and enhance customer services globally. Established more than 50 years ago, New York City-based Warburg Pincus is one of the top ten private equity firms in the world, managing a \$62 billion portfolio of companies in the energy, industrial, technology, telecommunications, financial, healthcare and consumer markets.

With hundreds of employees and manufacturing operations and service facilities in the United States, England, France, Spain and Japan, Sundyne is positioned to serve customers' needs on a global scale, providing service to over 100 countries.

Sundyne Service and Global Reach⁽¹⁾



(1) Sundyne.

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 2020⁽¹⁾

Announced Date	Target	Acquirer(s)
3/25/2020	Sirag AG/UNIPROD AG/Univer AG	Drumag GmbH, EPH Elektronik Produktions
3/9/2020	Leonard Valve Company	Bessemer Investor Services, Inc.
2/27/2020	Dyna-Flo Control Valve Services Ltd.	Curtiss-Wright Corporation
2/6/2020	PA Ventiler AB	Lundgrens Sverige AB
1/24/2020	Cassavant Machining, Inc.	CMI Group Holdings, LLC

TABLE III: SELECTED PUMP M&A TRANSACTIONS: IQ 2020⁽¹⁾

Announced Date	Target	Acquirer(s)
3/10/2020	WATERKOTTE GmbH	NIBE Industrier AB
2/28/2020	Dekker Vacuum Technologies, Inc.	Atlas Copco AB
1/6/2020	Sundyne LLC	Warburg Pincus LLC

TABLE IV: SELECTED FILTER M&A TRANSACTIONS: IQ 2020⁽¹⁾

Announced Date	Target	Acquirer(s)
3/4/2020	Airepure Australia Pty. Ltd.	Camfil AB
2/4/2020	Filtration Services Group, LLC	Blue Box Air LLC
1/8/2020	SolarSpring GmbH	Industrial Solar Holding Europe AB

(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 down 39.2% over the last 12 months, while the broader S&P 500 Index was down 9.8%.

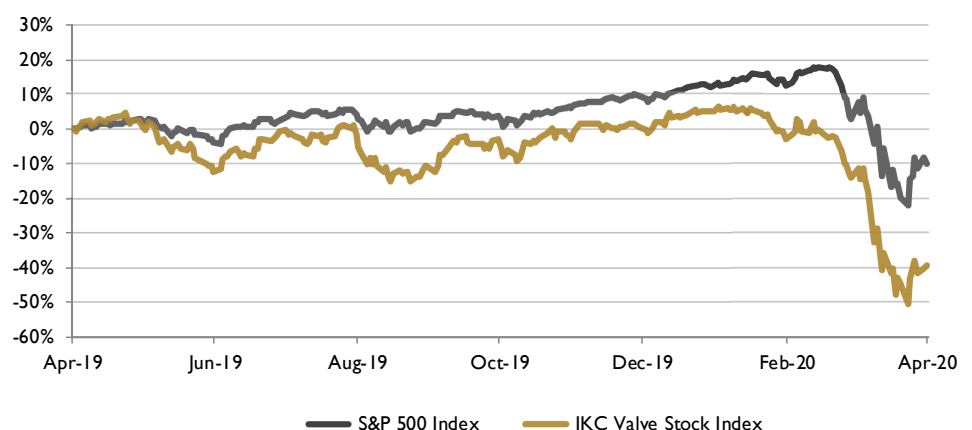
In March Russia and Saudi Arabia launched an oil price war.

In March, Russia and Saudi Arabia launched an oil price war. The world's top oil exporter, Saudi Arabia, aggressively cut most of its official selling prices and threatened to increase production to record levels, while Russia's largest oil producer announced it would ramp up production in April. On March 9th, oil prices recorded their biggest one-day crash since the Gulf War of 1991 with Brent crude falling 24% to \$34.36 per barrel. Oil prices continued to fall and were at their lowest level in four years after a peak of \$70.25 on January 6th. Saudi Arabia plans to increase daily production to 12.3 million barrels per day in April compared to about 9.7 million barrels per day in February.⁽¹⁾

Oil prices had been falling for much of the year before the crash on March 9th due to a demand shock from the coronavirus' effect on global travel and industrial activity, in combination with the warmest winter on record in the Northern Hemisphere. Global oil demand is expected to be down 2.5 million barrels a day in the first quarter of 2020, with China accounting for 1.8 million barrels of that drop according to the International Energy Association (IEA). The IEA is forecasting that global oil demand will fall this year for the first time since 2009, contracting by 90,000 barrels per day.

On Wall Street, due to the coronavirus' effect on global travel and industrial activity, the Dow Jones Industrial Average recorded its worst start to a year in history declining 23.2% during the first quarter. The S&P 500 Index recorded its worst quarter since the fourth quarter of 2008, decreasing 20.0%. The tech-laden NASDAQ Composite had a more limited decline, falling 14.2%, its worst quarter since the fourth quarter of 2018. The Dow Jones lost 12.1%, the S&P 500 fell 11.1% while the NASDAQ slipped 10.1% for the month of March, due to the sharp decline in economic activity after social distancing measures were enforced in the country.

CHART I: JKC VALVE STOCK INDEX⁽²⁾



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

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

Valve Companies

As shown in Tables V and VI, as of March 31, 2020, domestic and international Valve companies were trading at median total enterprise value / latest twelve months (“TEV/LTM”) EBITDA multiples of 8.6x and 7.1x, respectively, while both groups have median EBITDA margins of 19.1% and 13.9%, respectively. The median stock price as a percentage of the 52-week high for both groups is 60% and 66%, 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 3/31/2020	% 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)	\$428	\$91	21.3%	\$53.60	75.7%	\$1,560	\$1,525	3.6x	16.7x	(0.6x)
CIRCOR International Inc. (CIR)	964	135	14.0	11.63	24.3	232	813	0.8	6.0	4.3
Crane Co. (CR)	3,249	594	18.3	49.18	53.9	2,911	3,627	1.1	6.1	1.6
Curtiss-Wright Corp. (CW)	2,511	571	22.7	92.41	61.6	3,929	4,483	1.8	7.8	1.6
Dover Corp. (DOV)	7,068	1,421	20.1	83.94	69.8	12,094	14,941	2.1	10.5	2.1
Emerson Electric Co. (EMR)	17,968	3,972	22.1	47.65	60.8	29,154	34,075	1.9	8.6	1.4
Flowserve Corp. (FLS)	3,949	526	13.3	23.89	44.1	3,127	4,047	1.0	7.7	1.8
General Electric Co. (GE)	93,536	12,468	13.3	7.94	59.9	69,406	150,488	1.6	12.1	4.6
Honeywell International Inc. (HON)	36,288	8,993	24.8	133.79	72.7	94,628	101,138	2.8	11.2	0.9
ITT Corporation (ITT)	2,814	524	18.6	45.36	60.0	3,993	3,579	1.3	6.8	(0.7)
Mueller Water Products, Inc. (MWA)	1,012	209	20.6	8.01	63.0	1,266	1,605	1.6	7.7	1.7
Parker Hannifin Corporation (PH)	14,216	2,713	19.1	129.73	60.1	16,653	25,472	1.8	9.4	3.1
Schlumberger Limited (SLB)	32,493	8,102	24.9	13.49	27.6	18,726	33,680	1.0	4.2	1.6
SPX Flow Inc. (FLOW)	1,423	149	10.5	28.42	56.9	1,212	1,694	1.2	11.4	3.5
TechnipFMC plc (FTI)	13,626	1,993	14.6	6.74	23.6	3,022	3,242	0.2	1.6	0.1
Watts Water Technologies, Inc. (WTS)	1,594	249	15.6	84.65	74.0	2,863	2,999	1.9	12.1	0.5
Xylem Inc. (XYL)	5,135	1,021	19.9	65.13	72.9	11,738	13,586	2.6	13.3	1.8
Median			19.1%		60.1%			1.6x	8.6x	1.6x
Mean			18.5		56.5			1.7	9.0	1.7

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/20.

(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 3/31/2020	% 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)	\$3,122	\$488	15.6%	\$23.78	50.2%	\$2,630	\$3,496	1.1x	7.2x	1.7x
Alfa Laval AB (ALFA)	4,682	909	19.4	17.34	66.1	7,273	8,125	1.7	8.9	0.9
Georg Fischer AG (FI-N)	3,884	377	9.7	694.31	63.2	2,842	3,132	0.8	8.3	0.6
Hisaka Works Ltd. (6247)	302	33	10.9	6.86	70.6	193	82	0.3	2.5	(3.4)
Hitachi Ltd. (6501)	84,030	7,788	9.3	29.21	67.0	28,223	43,834	0.5	5.6	0.6
IMI plc (IMI)	2,332	459	19.7	9.31	61.5	2,520	3,061	1.3	6.7	1.3
Kitz Corp. (6498)	1,185	127	10.7	6.07	75.8	562	798	0.7	6.3	1.4
KSB Aktiengesellschaft (KSB)	2,641	194	7.4	246.15	67.5	408	410	0.2	2.1	(1.0)
Kubota Corp. (6326)	17,844	2,484	13.9	12.84	75.9	15,663	22,786	1.3	9.2	2.7
Lupatech S.A. (LUPA3)	6	9	147.7	0.24	39.3	6	30	4.8	16.8	3.4
Metso Corp. (METSO)	725	133	18.3	23.87	54.6	3,582	3,636	5.0	27.3	0.8
Okano Valve Manufacturing Co. (6492)	62	(2)	(3.4)	19.04	84.8	33	28	0.5	NM	NM
Saint Gobain (SGO)	46,784	5,797	12.4	24.36	56.0	13,242	25,171	0.5	4.3	2.0
SMC Corp. (6273)	4,913	1,547	31.5	425.18	84.1	28,282	23,096	4.7	14.9	(3.3)
Spirax-Sarco Engineering plc (SPX)	1,547	390	25.2	101.65	85.6	7,488	7,905	5.1	20.3	1.1
The Weir Group PLC (WEIR)	3,314	542	16.3	8.98	39.6	2,329	3,771	1.1	7.0	2.8
Velan, Inc. (VLN)	341	19	5.7	3.38	43.9	73	71	0.2	3.7	(0.0)
Median			13.9%		66.1%			1.1x	7.1x	1.0x
Mean			21.8		63.9			1.8	9.4	0.7

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/20. Due to the Covid-19 pandemic, many international companies have not yet reported 3/31/20 financials.

(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

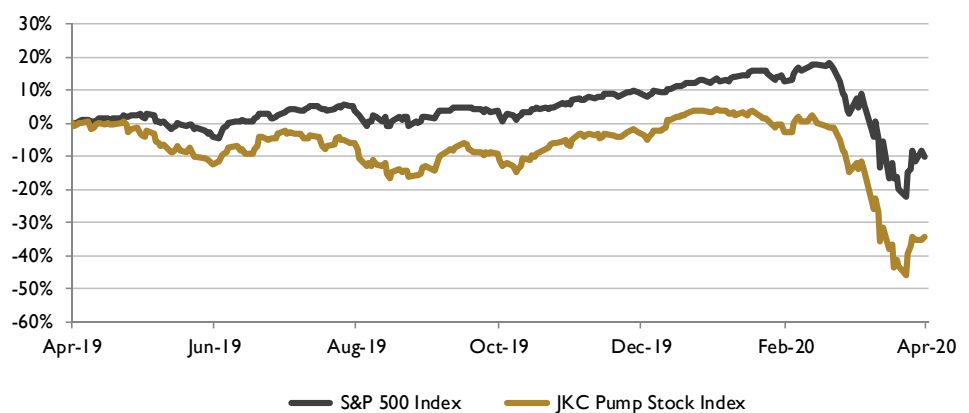
The JKC Pump Stock Index was down 34.2% over the last twelve months, while the S&P 500 Index was down 9.8% over the same time period.

The Institute for Supply Management's Purchasing Managers' Index (PMI) fell slightly to 49.1% in March, down 1 percentage point from the February reading of 50.1%. The New Orders Index fell to 42.2%, down 7.6 percentage points from February showing the fastest pace of contraction since 2009. The New Export Orders Index decreased 4.6 percentage points to 46.6%. The Production Index was also down registering 47.7%, a decrease of 2.6 percentage points. The Employment Index fell to a level not seen since 2009 coming in at 43.8%, down 3.1 percentage points. All manufacturing sectors have been effected by the coronavirus and the tumult in the world energy markets. Food, beverage and tobacco products remained the strongest sector, followed by chemical products which supplies both the pharmaceutical and food and beverage sectors while also benefiting from low feedstock and energy prices.⁽¹⁾

Despite the Phase I trade deal reached between the U.S. and China, industrial sector production fell for the third time in four months in January, with total production falling 0.3%. After another unusually warm winter month, some of the weakness can be tied to a 4% drop in utilities output. Due to Boeing's stopping production of the 737 MAX, aircraft and parts declined 10.7% in January. Offsetting this weakness was a 0.8% increase in computers and electronics. Another source of strength in January was a 2.4% increase in motor vehicles and parts.

On Wall Street, due to the coronavirus' effect on global travel and industrial activity, the Dow Jones Industrial Average recorded its worst start to a year in history declining 23.2% during the first quarter. The S&P 500 Index recorded its worst quarter since the fourth quarter of 2008, decreasing 20.0%. The tech-laden NASDAQ Composite had a more limited decline, falling 14.2%, its worst quarter since the fourth quarter of 2018. The Dow Jones lost 12.1%, the S&P 500 fell 11.1% while the NASDAQ slipped 10.1% for the month of March, due to the sharp decline in economic activity after social distancing measures were enforced in the country.

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 10.9x and 6.6x, respectively, as of March 31, 2020. 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 0.9x 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 3/31/2020	% 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)	\$381	\$27	7.1%	\$2.50	50.8%	\$32	\$107	0.3x	3.9x	2.2x
Baker Hughes Inc. (BKR)	23,648	3,999	16.9	10.50	37.6	6,864	23,649	1.0	5.9	0.9
Colfax Corporation (CFX)	3,327	629	18.9	19.80	50.4	2,339	4,766	1.4	7.6	3.8
Crane Co. (CR)	3,249	594	18.3	49.18	53.9	2,911	3,627	1.1	6.1	1.6
Curtiss-Wright Corp. (CW)	2,511	571	22.7	92.41	61.6	3,929	4,483	1.8	7.8	1.6
Danaher Corp. (DHR)	17,911	4,712	26.3	138.41	81.8	96,457	100,682	5.6	21.4	0.6
Dover Corp. (DOV)	7,068	1,421	20.1	83.94	69.8	12,094	14,941	2.1	10.5	2.1
Energy Recovery, Inc. (ERII)	89	15	16.9	7.44	61.8	413	340	3.8	22.6	(3.7)
Flowserve Corp. (FLS)	3,949	526	13.3	23.89	44.1	3,127	4,047	1.0	7.7	1.8
Franklin Electric Co. Inc. (FELE)	1,291	181	14.1	47.13	76.6	2,189	2,270	1.8	12.5	0.7
General Electric Co. (GE)	93,536	12,468	13.3	7.94	59.9	69,406	150,488	1.6	12.1	4.6
Gorman-Rupp Co. (GRC)	393	56	14.2	31.21	78.8	814	735	1.9	13.2	(1.5)
Graco Inc. (GGG)	1,615	466	28.9	48.73	85.5	8,210	8,193	5.1	17.6	0.0
IDEX Corp. (IEX)	2,467	697	28.2	138.11	77.5	10,529	10,831	4.4	15.5	0.8
Illinois Tool Works Inc. (ITW)	13,785	3,765	27.3	142.12	74.5	45,126	51,086	3.7	13.6	1.7
Ingersoll-Rand Co. Ltd. (IR)	2,632	526	20.0	24.80	63.7	5,089	6,266	2.4	11.9	5.9
ITT Corporation (ITT)	2,814	524	18.6	45.36	60.0	3,993	3,579	1.3	6.8	(0.7)
National Oilwell Varco, Incorporated (NOV)	8,422	(85)	(1.0)	9.83	33.5	3,794	5,468	0.6	NM	NM
Pentair, Inc. (PNR)	2,978	577	19.4	29.76	62.7	4,989	6,016	2.0	10.4	2.4
Roper Technologies Inc. (ROP)	5,430	1,937	35.7	311.81	78.9	33,086	37,928	7.0	19.6	2.2
Schlumberger Limited (SLB)	32,493	8,102	24.9	13.49	27.6	18,726	33,680	1.0	4.2	1.6
SPX Flow Inc. (FLOW)	1,423	149	10.5	28.42	56.9	1,212	1,694	1.2	11.4	3.5
Standex International Corp. (SXI)	786	117	14.8	49.02	60.0	610	742	0.9	6.4	1.3
Weatherford International Ltd. (WFT)	5,084	541	10.6	5.95	16.1	416	2,290	0.5	4.2	3.3
Xylem Inc. (XYL)	5,135	1,021	19.9	65.13	72.9	11,738	13,586	2.6	13.3	1.8
Median			18.6%		61.6%			1.8x	10.9x	1.7x
Mean			18.4		59.9			2.2	11.1	1.6

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/20.

(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 3/31/2020	% 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)	\$4,682	\$909	19.4%	\$17.34	66.1%	\$7,273	\$8,125	1.7x	8.9x	0.9x
Andritz AG (ANDR)	7,341	567	7.7	31.41	65.2	3,136	3,277	0.4	5.8	0.3
DMW Corp. (6365)	175	16	9.3	19.52	84.4	84	18	0.1	1.1	(4.0)
Ebara Corp. (6361)	4,855	476	9.8	19.12	57.6	1,819	1,738	0.4	3.7	(0.6)
FLSmidth & Co. A/S (FLS)	3,044	282	9.3	22.64	45.9	1,133	1,503	0.5	5.3	1.4
Gevelot SA (ALGEV)	114	12	10.9	157.14	70.8	121	(47)	NM	NM	(13.4)
GUD Holdings Ltd. (GUD)	271	59	21.6	5.75	73.2	498	645	2.4	11.0	2.9
Hyundai Heavy Industries Co. Ltd. (A009540)	12,488	570	4.6	64.65	59.1	4,572	7,038	0.6	12.3	2.2
John Wood Group plc (WJG)	9,297	677	7.3	1.94	27.8	1,301	3,246	0.3	4.8	3.1
Kirloskar Brothers Ltd. (500241)	466	32	6.8	1.18	44.3	94	145	0.3	4.6	1.7
KSB Aktiengesellschaft (KSB)	2,641	194	7.4	246.15	67.5	408	410	0.2	2.1	(1.0)
Kubota Corp. (6326)	17,844	2,484	13.9	12.84	75.9	15,663	22,786	1.3	9.2	2.7
Metso Corp. (METSO)	725	133	18.3	23.87	54.6	3,582	3,636	5.0	27.3	0.8
Nikkiso Co. Ltd. (6376)	1,541	190	12.4	7.49	53.4	533	1,469	1.0	7.7	5.1
Pfeiffer Vacuum Technology AG (PFV)	695	97	14.0	144.95	82.2	1,418	1,373	2.0	14.1	(0.4)
SKF AB (SKF B)	8,658	1,257	14.5	13.76	67.0	6,266	7,235	0.8	5.8	0.6
Spirax-Sarco Engineering plc (SPX)	1,547	390	25.2	101.65	85.6	7,488	7,905	5.1	20.3	1.1
Sulzer, Ltd. (SUN)	3,870	448	11.6	63.41	53.9	2,157	2,541	0.7	5.7	0.8
Teikoku Electric Mfg. Co., Ltd. (6333)	222	43	19.5	12.20	81.7	240	163	0.7	3.7	(2.1)
The Weir Group PLC (WEIR)	3,314	542	16.3	8.98	39.6	2,329	3,771	1.1	7.0	2.8
Torishima Pump Manufacturing Co. Ltd. (6363)	434	16	3.6	7.10	69.5	191	219	0.5	13.9	1.6
Tsurumi Manufacturing Co. Ltd. (6351)	421	53	12.6	18.04	88.4	446	351	0.8	6.6	(2.3)
Median			12.0%		66.6%			0.7x	6.6x	0.9x
Mean			12.5		64.3			1.2	8.6	0.2

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/20. Due to the Covid-19 pandemic, many international companies have not yet reported 3/31/20 financials.

(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 down 22.3% over the last twelve months, while the S&P 500 Index was down 9.8%.

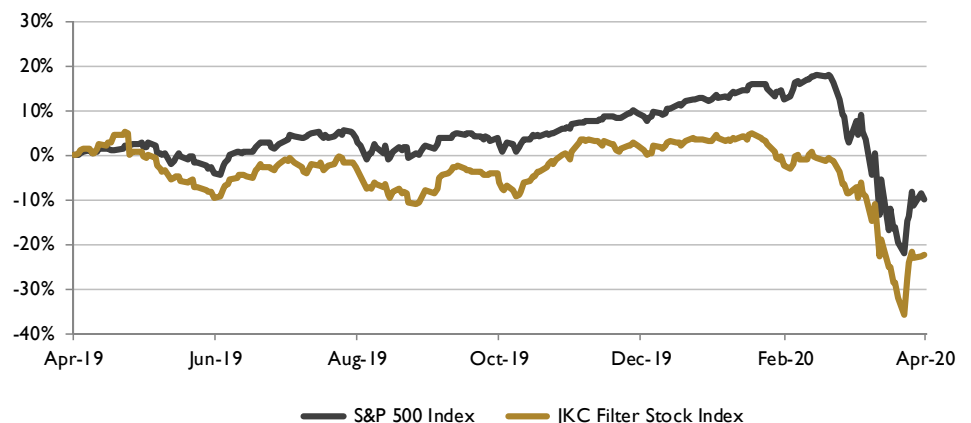
Housing starts tumbled 22.3% in March to a 1.216-million unit pace, following three months of strong activity where starts averaged a 1.595-million unit pace from December to February. Both single-family and multifamily starts fell sharply in March, tumbling 17.5% and 31.7%, respectively. Demand for single-family homes and apartments will certainly be impacted by the sharp pullback in overall economic activity and the spike in the unemployment rate due to the coronavirus. Cumulative single-family starts for the first three months of 2020 are running 12.4% ahead of the pace for the same period last year.⁽¹⁾

New vehicle sales fell for all automakers in March, with an overall average decline of 27%.

U.S. auto sales were strongly curbed as a result of the coronavirus. New vehicle sales fell for all automakers in March, with an overall average decline of 27%. For the first quarter, Ford saw sales drop 12.5%; Fiat Chrysler sales fell 10.4%; General Motors (GM) declined by 7.1%. For the monthly reporters, sales fell anywhere between 35% and 50% in March. Many automakers saw sales increases of their trucks and SUVs through the first quarter. Sales of the Chevy Silverado, GM's most popular pickup, surged 26.6% in the first quarter this year compared to last year, and sales for the GMC Sierra jumped 30.7%. Trucks comprised nearly a third of all of GM sales, up nearly 10% from a year ago.

On Wall Street, due to the coronavirus' effect on global travel and industrial activity, the Dow Jones Industrial Average recorded its worst start to a year in history declining 23.2% during the first quarter. The S&P 500 Index recorded its worst quarter since the fourth quarter of 2008, decreasing 20.0%. The tech-laden NASDAQ Composite had a more limited decline, falling 14.2%, its worst quarter since the fourth quarter of 2018. The Dow Jones lost 12.1%, the S&P 500 fell 11.1% while the NASDAQ slipped 10.1% for the month of March, due to the sharp decline in economic activity after social distancing measures were enforced in the country.

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, 2020, domestic and international Filter companies (listed in Table IX and Table X, respectively) were trading at medians of 10.8x and 7.8x, respectively, of TEV/LTM EBITDA with median LTM EBITDA margins of 18.8% and 11.6%, 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 3/31/2020	% 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)	\$32,348	\$9,161	28.3%	\$136.51	62.1%	\$78,529	\$97,440	3.0x	10.6x	2.1x
Cantel Medical Corp. (CMD)	1,014	200	19.7	35.90	38.2	1,497	2,406	2.4	12.0	4.5
CECO Environmental Corp. (CECE)	336	33	9.8	4.67	47.5	164	216	0.6	6.5	1.2
Corning Inc. (GLW)	11,082	2,465	22.2	20.54	58.1	15,664	23,872	2.2	9.7	2.6
Crane Co. (CR)	3,249	594	18.3	49.18	53.9	2,911	3,627	1.1	6.1	1.6
Cummins Inc. (CMI)	22,578	3,663	16.2	135.32	72.5	20,044	22,400	1.0	6.1	0.5
Donaldson Company Inc. (DCI)	2,775	479	17.3	38.63	66.2	4,897	5,459	2.0	11.4	1.1
Eaton Corporation (ETN)	20,874	3,730	17.9	77.69	73.4	31,965	40,241	1.9	10.8	2.3
Entegris, Inc. (ENTG)	1,612	456	28.3	44.77	75.8	6,044	6,683	4.1	14.6	1.7
ESCO Technologies Inc. (ESE)	831	157	18.8	75.91	70.9	1,973	2,079	2.5	13.3	0.7
General Electric Co. (GE)	93,536	12,468	13.3	7.94	59.9	69,406	150,488	1.6	12.1	4.6
Honeywell International Inc. (HON)	36,288	8,993	24.8	133.79	72.7	94,628	101,138	2.8	11.2	0.9
Illinois Tool Works Inc. (ITW)	13,785	3,765	27.3	142.12	74.5	45,126	51,086	3.7	13.6	1.7
Lydall Inc. (LDL)	820	61	7.4	6.46	23.9	114	359	0.4	5.9	3.7
Parker Hannifin Corporation (PH)	14,216	2,713	19.1	129.73	60.1	16,653	25,472	1.8	9.4	3.1
Pentair, Inc. (PNR)	2,978	577	19.4	29.76	62.7	4,989	6,016	2.0	10.4	2.4
Tenneco Inc. (TEN)	16,802	1,216	7.2	3.60	13.8	292	6,006	0.4	4.9	4.3
Watts Water Technologies, Inc. (WTS)	1,594	249	15.6	84.65	74.0	2,863	2,999	1.9	12.1	0.5
Xylem Inc. (XYL)	5,135	1,021	19.9	65.13	72.9	11,738	13,586	2.6	13.3	1.8
Median			18.8%		62.7%			2.0x	10.8x	1.8x
Mean			18.5		59.6			2.0	10.2	2.2

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/20.

(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 3/31/2020	% 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)	\$3,205	\$306	9.5%	\$12.26	71.6%	\$1,410	\$2,395	0.7x	7.8x	3.1x
Alfa Laval AB (ALFA)	4,682	909	19.4	17.34	66.1	7,273	8,125	1.7	8.9	0.9
Amiad Filtration Systems Ltd (AFS)	109	9	8.4	2.55	69.7	58	93	0.9	10.3	3.8
Andritz AG (ANDR)	7,341	567	7.7	31.41	65.2	3,136	3,277	0.4	5.8	0.3
Asahi Kasei Corp. (3407)	20,187	2,943	14.6	7.11	59.1	9,862	13,177	0.7	4.5	1.6
Daikin Industries Ltd. (6367)	23,766	3,709	15.6	122.40	79.6	35,810	37,176	1.6	10.0	0.5
Denso Corp. (6902)	49,053	5,151	10.5	32.44	66.8	25,140	24,572	0.5	4.8	(0.2)
Faurecia SA (EO)	19,526	2,132	10.9	30.00	51.5	4,107	7,241	0.4	3.4	1.3
FLSmidth & Co. A/S (FLS)	3,044	282	9.3	22.64	45.9	1,133	1,503	0.5	5.3	1.4
GEA Group AG (GIA)	5,362	308	5.7	20.31	61.0	3,714	3,770	0.7	12.2	0.2
GUD Holdings Ltd. (GUD)	271	59	21.6	5.75	73.2	498	645	2.4	11.0	2.9
Ibiden Co., Ltd. (4062)	2,728	375	13.7	22.03	82.9	3,079	2,918	1.1	7.8	(0.4)
Johnson Matthey plc (JMAT)	15,682	888	5.7	22.39	51.7	4,300	6,171	0.4	7.0	2.1
NGK Insulators Ltd. (5333)	4,179	913	21.9	13.17	71.1	4,168	5,377	1.3	5.9	1.3
Nitto Denko Corp. (6988)	6,943	1,062	15.3	44.84	74.2	6,962	4,299	0.6	4.0	(2.7)
Porvair plc (PRV)	180	22	12.4	6.27	63.3	288	283	1.6	12.6	(0.2)
Sartorius AG (SRT)	2,008	540	26.9	236.26	96.8	16,428	17,824	8.9	33.0	1.9
Siemens AG (SIE)	95,660	11,074	11.6	83.79	63.6	68,085	102,686	1.1	9.3	3.6
Toray Industries Inc. (3402)	21,021	2,421	11.5	4.36	55.3	6,974	14,931	0.7	6.2	2.9
Median			11.6%		66.1%			0.7x	7.8x	1.3x
Mean			13.3		66.8			1.4	8.9	1.3

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/20. Due to the Covid-19 pandemic, many international companies have not yet reported 3/31/20 financials.

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Valuation Trends over Time

Quarterly median TEV/LTM EBITDA valuation multiples are lower than last quarter levels for all companies. Annual multiples for both domestic and international companies were also lower than last year.

CHART IV: QTRLY MEDIAN TEV/LTM EBITDA VALUATION MULTIPLES⁽¹⁾⁽²⁾

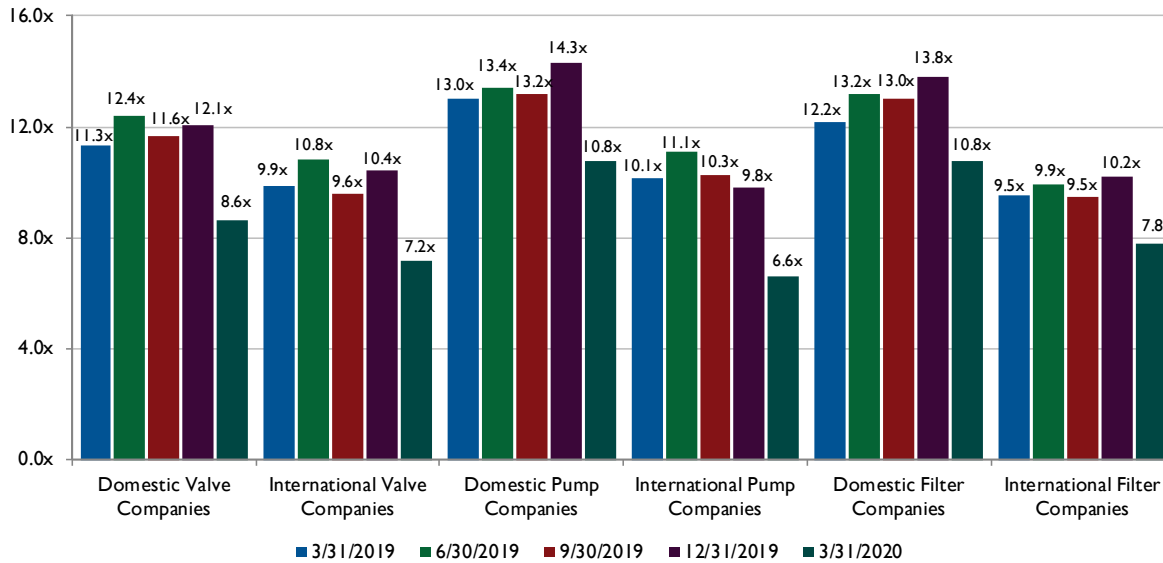
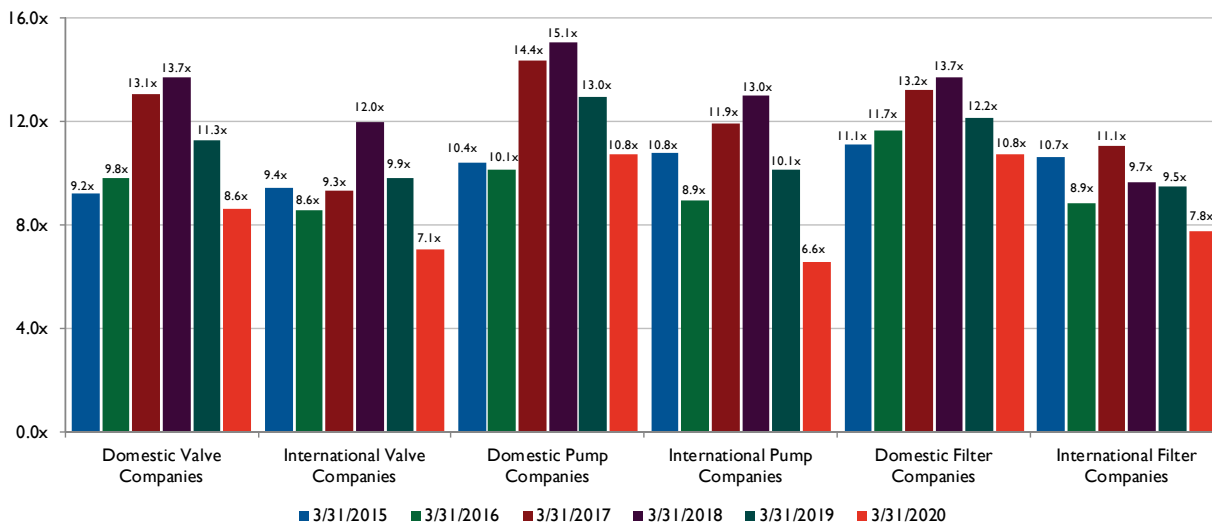


CHART V: ANNUAL MEDIAN TEV/LTM EBITDA VALUATION MULTIPLES⁽¹⁾⁽²⁾



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

(2) Due to the Covid-19 pandemic, many international companies have not yet reported 3/31/20 financials.

Economic Indicators – Valves and Pumps⁽¹⁾

BY DAVID A. KAKAREKA

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

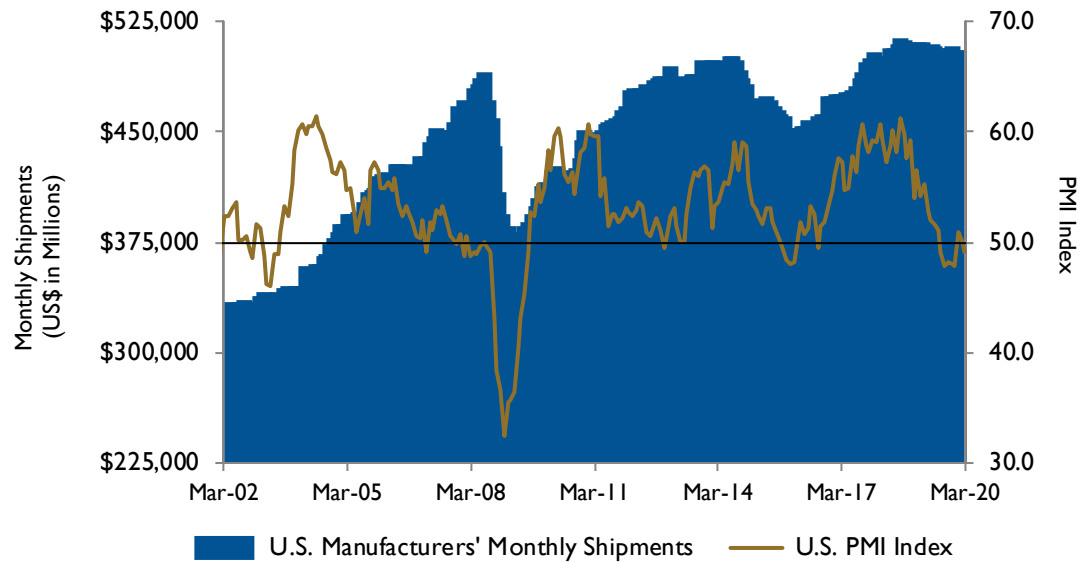
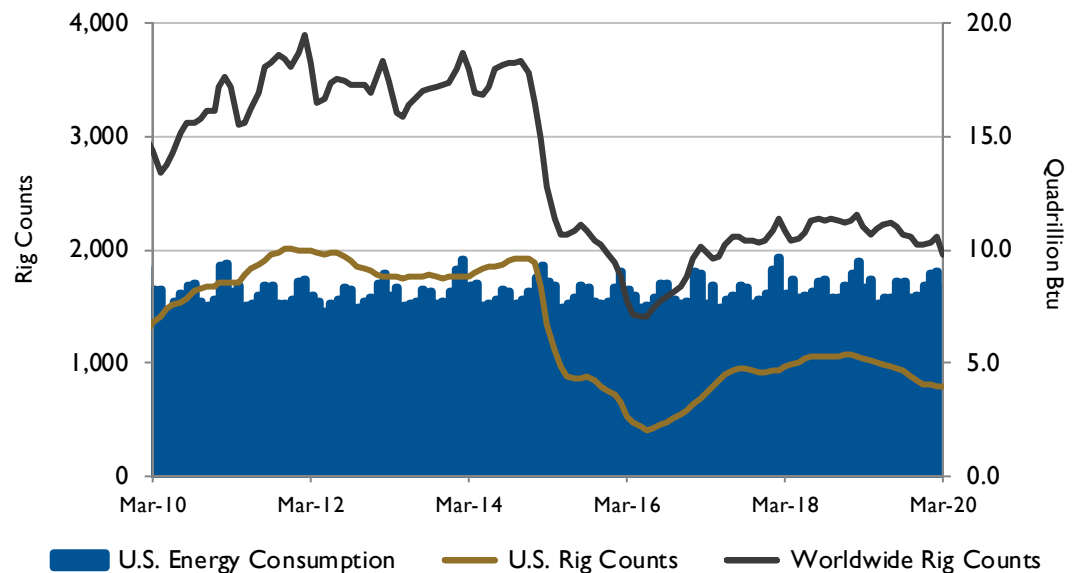


CHART VII: U.S. ENERGY CONSUMPTION⁽⁴⁾ AND RIG COUNTS⁽⁵⁾



(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⁾

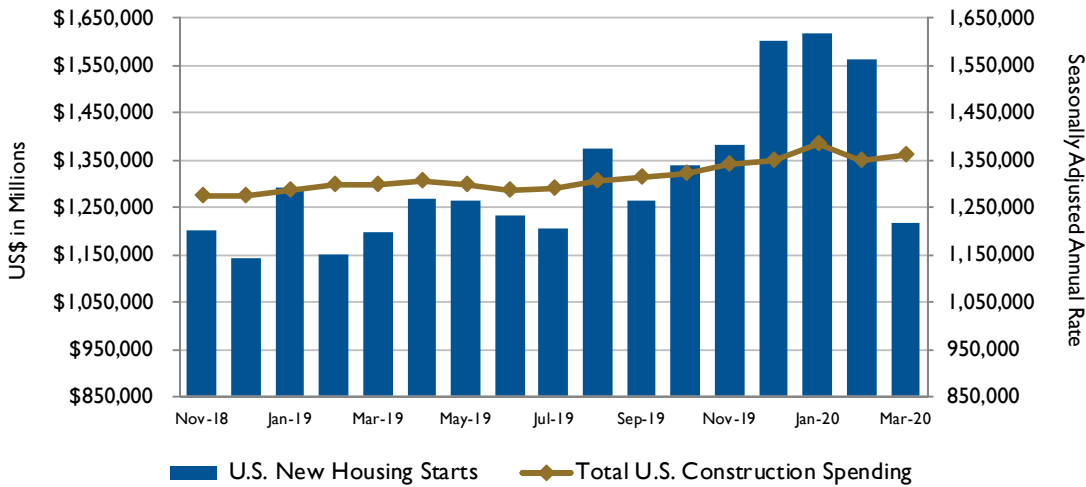
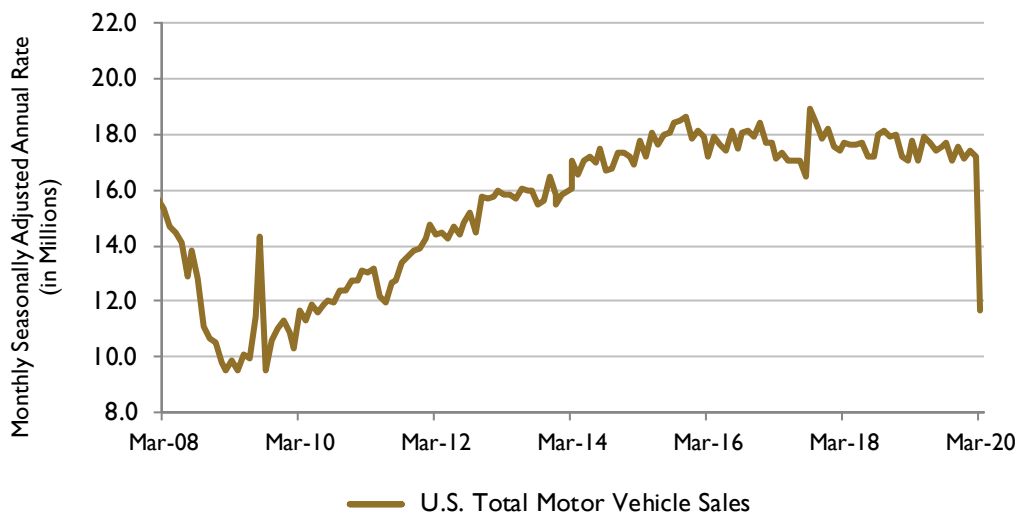


CHART IX: U.S. MOTOR VEHICLE SALES⁽³⁾



(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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