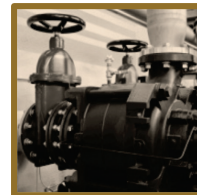


FLOW CONTROL

Industry In-Sight™

SECOND 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



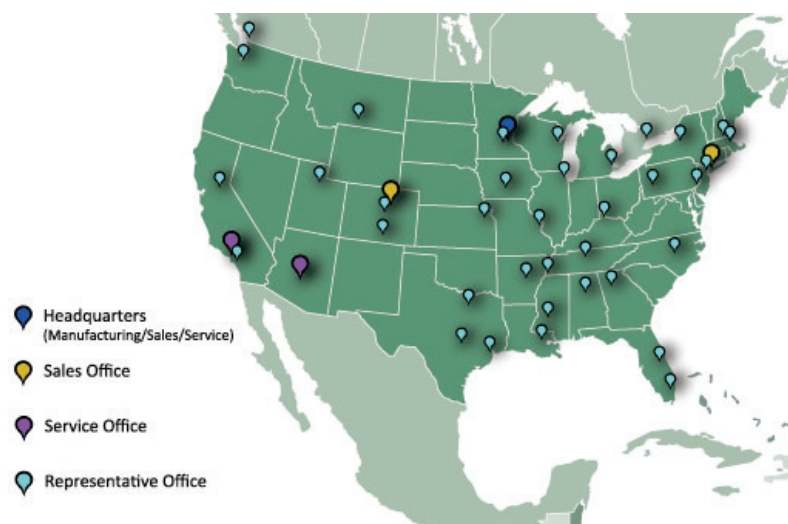
Wigen Water Technologies Acquired by METAWATER

METAWATER Co., Ltd., a leading supplier of water treatment solutions headquartered in Tokyo, Japan, agreed to acquire Wigen Water Technologies, Inc. of Chaska, Minnesota. Founded in 1965, Wigen evolved from a manufacturer's representative firm into a global leader in custom water treatment and purification systems. The company manufactures and supplies custom membrane, media filtration and ion exchange systems for various industrial and government markets throughout North America, Europe and Asia.

Wigen has fully integrated production and fabrication capabilities, with operations in Chicago, Illinois; Denver, Colorado; New York, New York; and Phoenix, Arizona. The company's manufacturing center includes metalworking, welding, panel building, pipefitting, cleanroom assembly, general fabrication and testing operations. Wigen will maintain its name as a METAWATER company; and Jeff Wigen will continue to lead the organization as President and Chief Executive Officer. The acquisition will provide Wigen with the resources to expedite its growth objectives, including a number of new products, service offerings and initiatives to build on its current platform.

In the United States there is a growing demand for the utilization of treated wastewater for drinking water. Through the acquisition of Wigen, METAWATER will enhance its presence in the rapidly growing potable water reuse market in the United States. In combination with Aqua-Aerobic Systems, Inc., which became a subsidiary in January 2016, the acquisition will strengthen and expand METAWATER's North American business by leveraging synergies with the resources of each company.

Wigen Locations



Founded in 2007, METAWATER designs and constructs equipment for water treatment plants, sewage treatment plants and waste treatment facilities in Japan and internationally. The company also designs, manufactures and sells various devices; implements repair work; and installs machine and equipment. In addition, it offers civil engineering, building, electrical, plumbing, tile, brick, and block works. With annual revenue of \$1.2 billion, METAWATER operates in Asia, Europe and North America.

METAWATER North America Business ⁽¹⁾



(1) METAWATER.

Mergers & Acquisitions Activity

BY DAVID A. KAKAREKA

Flow Control M&A activity continues to be resilient as evidenced by the recent transactions listed below.

TABLE II: SELECTED VALVE M&A TRANSACTIONS: 2Q 2020⁽¹⁾

Announced Date	Target	Acquirer(s)
6/11/2020	Distributed Valves Business of CIRCOR Energy Products LLC	MS Valves GmbH
6/5/2020	ZMK Technologies GmbH	Vexve Oy
5/28/2020	Franz Gysi AG	KLINGER International Management GmbH
4/1/2020	Liaoning Nengfa Weiye Energy Technology Company Ltd.	Yunfei Lu

TABLE III: SELECTED PUMP M&A TRANSACTIONS: 2Q 2020⁽¹⁾

Announced Date	Target	Acquirer(s)
6/29/2020	United Pumps Pty. Ltd.	Sterling Pumps Pty. Ltd.
5/14/2020	IWAKI Nordic A/S	IWAKI EUROPE GmbH

TABLE IV: SELECTED FILTER M&A TRANSACTIONS: 2Q 2020⁽¹⁾

Announced Date	Target	Acquirer(s)
6/23/2020	Environmental Dynamics International, Inc.	KKR & Co. Inc., XPV Water Partners
6/15/2020	Silhorko-Eurowater A/S	Grundfos A/S
4/28/2020	Cascade Lab Water Purification Product Line of Pall Corporation	Avidity Science LLC
4/5/2020	Wigen Water Technologies, Inc.	METAWATER Co., Ltd.
4/2/2020	Resema AB	Camfil Svenska 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 24.2% over the last 12 months, while the broader S&P 500 Index was up 4.5%.

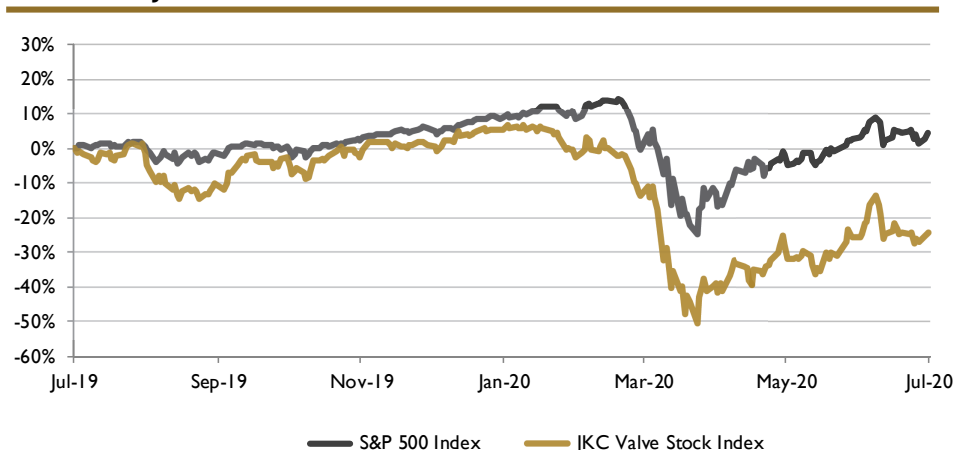
Horizontal wells have become the predominant way of drilling oil and natural gas wells in the United States. In 2019, 75% of newly drilled wells were horizontal, averaging 18,000 foot wellbores compared with directional wells which average 10,000 feet, and vertical wells which average 4,500 feet. The number of U.S. oil and natural gas wells drilled each month per active rig has decreased since the peak of 3.6 wells per rig per month in 1986. In 2019, an average rig drilled 1.5 wells per month. By drastically increasing the horizontal length of wells, producers have increased production despite using fewer rigs and drilling fewer wells.⁽¹⁾

This increase in drilling efficiency pushed U.S. crude oil and natural gas production to new records in 2019 of 12.2 million barrels per day and 111.5 billion cubic feet per day, respectively. Using preliminary data for 2019, the average active rig count per month was 943, and the average count of new wells drilled per month was 1,400, according to Baker Hughes rig data and IHS Markit well data. Both the number of active rigs and the number of wells drilled were at the lower end of the range during the past 45 years, despite the record production.

On Wall Street, the Dow Jones Industrial Average rose 1.7%, the S&P 500 Index gained 1.8% while the NASDAQ Composite rose 6.0% for the month of June, posting third consecutive monthly gains. Stocks rallied as the stimulus package and reopening process boosted investors' sentiments. However, the rally slowed later due to resurgence in new coronavirus cases in several U.S. states. For the second quarter, the Dow gained 17.8%, the S&P 500 Index soared nearly 20%, and the tech-laden NASDAQ gained 30.6%, its best quarterly surge since 1999.

... increase in drilling efficiency pushed U.S. crude oil and natural gas production to new records in 2019 ...

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 June 30, 2020, domestic and international Valve companies were trading at median total enterprise value / latest twelve months (“TEV/LTM”) EBITDA multiples of 11.3x and 9.0x, respectively, while both groups have median EBITDA margins of 18.6% and 13.0%, respectively. The median stock price as a percentage of the 52-week high for both groups is 73% and 77%, respectively, of their 52-week highs. With the exception of a few companies, we believe both groups are fairly well capitalized.

TABLE V: SELECTED DOMESTIC VALVE COMPANIES⁽¹⁾

(US\$ in millions, except per share data)

Company	LTM			Stock Price 6/30/2020	% 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)	\$416	\$89	21.3%	\$62.92	88.8%	\$1,832	\$1,774	4.3x	20.0x	(0.8x)
CIRCOR International Inc. (CIR)	858	105	12.2	25.48	53.3	509	936	1.1	8.9	4.4
Crane Co. (CR)	3,086	527	17.1	59.46	65.2	3,447	4,392	1.4	8.3	1.6
Curtiss-Wright Corp. (CW)	2,422	529	21.9	89.28	59.6	3,719	4,608	1.9	8.7	1.5
Dover Corp. (DOV)	6,756	1,259	18.6	96.56	80.3	13,900	16,854	2.5	13.4	2.3
Emerson Electric Co. (EMR)	17,198	3,770	21.9	62.03	79.1	37,061	42,726	2.5	11.3	1.4
Flowserve Corp. (FLS)	3,884	531	13.7	28.52	53.0	3,711	4,665	1.2	8.8	1.9
General Electric Co. (GE)	87,871	9,972	11.3	6.83	51.5	59,743	118,534	1.3	11.9	6.3
Honeywell International Inc. (HON)	34,522	8,263	23.9	144.59	78.6	101,480	109,773	3.2	13.3	0.9
ITT Corporation (ITT)	2,609	487	18.7	58.74	77.7	5,069	4,721	1.8	9.7	(1.0)
Mueller Water Products, Inc. (MWA)	966	186	19.3	9.43	74.2	1,488	1,852	1.9	9.9	1.6
Parker Hannifin Corporation (PH)	13,696	2,290	16.7	183.27	84.9	23,498	31,991	2.3	14.0	3.4
Schlumberger Limited (SLB)	29,579	7,267	24.6	18.39	44.4	25,522	39,242	1.3	5.4	1.9
SPX Flow Inc. (FLOW)	1,345	161	12.0	37.44	75.0	1,597	2,130	1.6	13.2	0.7
TechnipFMC plc (FTI)	13,351	1,882	14.1	6.84	23.9	3,066	3,345	0.3	1.8	0.3
Watts Water Technologies, Inc. (WTS)	1,516	230	15.2	81.00	70.8	2,731	2,866	1.9	12.4	0.5
Xylem Inc. (XYL)	4,950	958	19.4	64.96	72.7	11,687	13,503	2.7	14.1	1.8
Median			18.6%		72.7%			1.9x	11.3x	1.6x
Mean			17.8		66.6			2.0	10.9	1.7

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/20.

(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 6/30/2020	% 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)	\$3,198	\$499	15.6%	\$32.85	67.7%	\$3,632	\$4,519	1.4x	9.1x	1.8x
Alfa Laval AB (ALFA)	5,048	979	19.4	21.98	78.5	9,218	10,143	2.0	10.4	1.0
Georg Fischer AG (FI-N)	3,951	383	9.7	858.97	78.8	3,516	3,811	1.0	9.9	1.2
Hisaka Works Ltd. (6247)	302	32	10.7	6.90	71.2	194	83	0.3	2.6	(3.4)
Hitachi Ltd. (6501)	81,326	10,563	13.0	31.57	72.5	30,519	44,429	0.5	4.2	0.3
IMI plc (IMI)	2,319	456	19.7	11.42	76.0	3,094	3,631	1.6	8.0	1.1
Kitz Corp. (6498)	1,179	127	10.8	6.37	84.8	581	771	0.7	6.1	1.4
KSB Aktiengesellschaft (KSB)	2,704	199	7.4	270.09	74.1	428	430	0.2	2.2	(0.9)
Kubota Corp. (6326)	17,429	2,284	13.1	14.92	88.4	18,167	25,689	1.5	11.2	2.7
Lupatech S.A. (LUPA3)	7	11	160.8	0.37	64.2	9	37	5.2	17.9	2.6
Okano Valve Manufacturing Co. (6492)	62	(1)	(1.0)	22.42	99.3	39	31	0.5	NM	11.2
Saint Gobain (SGO)	47,910	5,936	12.4	36.07	81.0	19,552	31,768	0.7	5.4	1.9
SMC Corp. (6273)	4,879	1,511	31.0	511.86	94.1	34,048	28,982	5.9	19.2	(3.5)
Spirax-Sarco Engineering plc (SPX)	1,538	388	25.2	123.52	97.7	9,098	9,513	6.2	24.5	1.2
The Weir Group PLC (WEIR)	3,296	539	16.3	13.17	64.8	3,416	4,850	1.5	9.0	2.7
Velan, Inc. (VLN)	367	25	6.8	4.32	53.9	93	96	0.3	3.9	(0.7)
Median			13.0%		77.2%			1.2x	9.0x	1.2x
Mean			23.2		77.9			1.8	9.6	1.3

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/20.

(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.

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Wall Street Pump Watch

The JKC Pump Stock Index was down 17.9% over the last twelve months, while the S&P 500 Index was up 4.5% over the same time period.

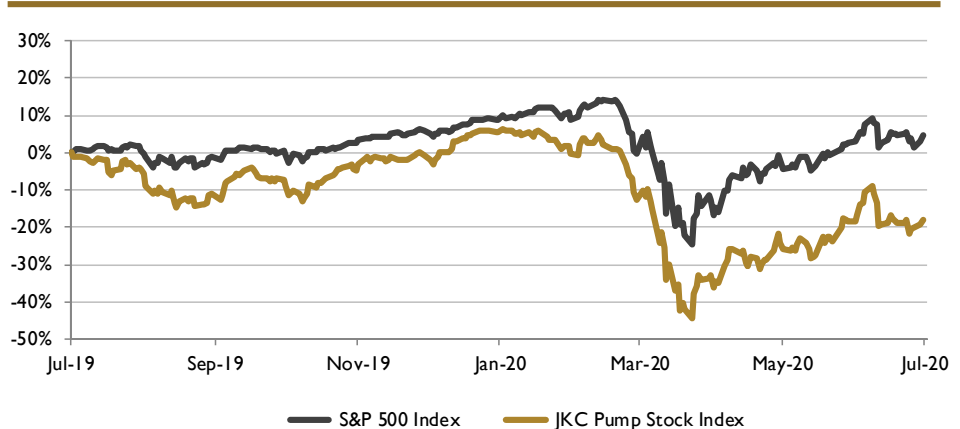
The Institute for Supply Management's Purchasing Managers' Index (PMI) jumped to 52.6% in June from 43.1% in May, the highest level over the past year. In an unexpected turn for the positive, new orders climbed to 56.4% from 31.8% the prior month. Order backlogs rebounded as well and although the 45.3% reading is still in contraction, it had a big jump from 38.2% the prior month.⁽¹⁾

The Department of Labor reported that non-farm payrolls rose 4.8 million in June. Over the past two months, payrolls have rebounded 7.5 million, as businesses that were shuttered due to the pandemic re-opened. However, the labor market still has a long way to go to recoup the 22 million jobs that were lost in March and April. Employment gains were broad-based. Increases were concentrated in industries that had borne the brunt of the layoffs, specifically, the leisure and hospitality sector and the retail sector. The unemployment rate fell to 11.1% in June from 13.3% in May. There are still nearly 18 million individuals currently classified as unemployed.

In its second estimate of U.S. gross domestic product (GDP), the Bureau of Economic Analysis reported real GDP declined at an annualized rate of 5.0% in the first quarter of 2020, slightly worse than the original estimate of a 4.8% decline. The new data includes pre-tax corporate profits which declined \$295 billion, or 13.9%, the largest drop since the fourth quarter of 2008. On a year-ago basis, profits were down 8.5%. Weak U.S. production and personal consumption weighed on corporate profitability.

On Wall Street, the Dow Jones Industrial Average rose 1.7%, the S&P 500 Index gained 1.8% while the NASDAQ Composite rose 6.0% for the month of June, posting third consecutive monthly gains. Stocks rallied as the stimulus package and reopening process boosted investors' sentiments. However, the rally slowed later due to resurgence in new coronavirus cases in several U.S. states. For the second quarter, the Dow gained 17.8%, the S&P 500 Index soared nearly 20%, and the tech-laden NASDAQ gained 30.6%, its best quarterly surge since 1999.

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.

There are still nearly 18 million individuals currently classified as unemployed.

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 13.2x and 7.0x, respectively, as of June 30, 2020. As you can see, both groups are similarly leveraged with a median net debt/LTM EBITDA ratio of 1.8x 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 6/30/2020	% 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)	\$354	\$27	7.7%	\$3.07	68.2%	\$39	\$105	0.3x	3.9x	1.5x
Baker Hughes Inc. (BKR)	22,390	2,571	11.5	15.39	59.2	10,081	20,081	0.9	7.8	1.4
Colfax Corporation (CFX)	3,460	629	18.2	27.90	71.0	3,301	5,696	1.6	9.1	3.7
Crane Co. (CR)	3,086	527	17.1	59.46	65.2	3,447	4,392	1.4	8.3	1.6
Curtiss-Wright Corp. (CW)	2,422	529	21.9	89.28	59.6	3,719	4,608	1.9	8.7	1.5
Danaher Corp. (DHR)	18,034	4,684	26.0	176.83	98.9	125,022	149,097	8.3	31.8	4.8
Dover Corp. (DOV)	6,756	1,259	18.6	96.56	80.3	13,900	16,854	2.5	13.4	2.3
Energy Recovery, Inc. (ERII)	110	35	32.3	7.60	63.1	423	367	3.4	10.4	(2.1)
Flowserve Corp. (FLS)	3,884	531	13.7	28.52	53.0	3,711	4,665	1.2	8.8	1.9
Franklin Electric Co. Inc. (FELE)	1,244	170	13.7	52.52	85.4	2,425	2,547	2.0	15.0	0.5
General Electric Co. (GE)	87,871	9,972	11.3	6.83	51.5	59,743	118,534	1.3	11.9	6.3
Gorman-Rupp Co. (GRC)	370	48	13.1	31.08	78.5	811	728	2.0	15.1	(1.8)
Graco Inc. (GGG)	1,553	435	28.0	47.99	84.2	7,995	8,016	5.2	18.4	0.0
IDEX Corp. (IEX)	2,386	662	27.8	158.04	88.7	11,915	12,442	5.2	18.8	0.6
Illinois Tool Works Inc. (ITW)	12,740	3,333	26.2	174.85	91.6	55,241	61,506	4.8	18.5	1.8
Ingersoll-Rand Co. Ltd. (IR)	3,267	533	16.3	28.12	72.2	11,715	14,866	4.6	27.9	5.4
ITT Corporation (ITT)	2,609	487	18.7	58.74	77.7	5,069	4,721	1.8	9.7	(1.0)
National Oilwell Varco, Incorporated (NOV)	7,786	96	1.2	12.25	47.5	4,756	6,472	0.8	67.4	13.9
Pentair, Inc. (PNR)	2,892	543	18.8	37.99	80.1	6,296	7,660	2.6	14.1	1.9
Roper Technologies Inc. (ROP)	5,405	1,918	35.5	388.26	94.6	40,533	44,810	8.3	23.4	2.1
Schlumberger Limited (SLB)	29,579	7,267	24.6	18.39	44.4	25,522	39,242	1.3	5.4	1.9
SPX Flow Inc. (FLOW)	1,345	161	12.0	37.44	75.0	1,597	2,130	1.6	13.2	0.7
Standex International Corp. (SXI)	605	111	18.3	57.55	70.4	714	863	1.4	7.8	1.1
Weatherford International Ltd. (WFT)	4,596	326	7.1	1.97	5.3	138	1,962	0.4	6.0	5.4
Xylem Inc. (XYL)	4,950	958	19.4	64.96	72.7	11,687	13,503	2.7	14.1	1.8
Median			18.3%		72.2%			1.9x	13.2x	1.8x
Mean			18.3		69.5			2.7	15.5	2.3

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/20.

(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 6/30/2020	% 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)	\$5,048	\$979	19.4%	\$21.98	78.5%	\$9,218	\$10,143	2.0x	10.4x	1.0x
Andritz AG (ANDR)	7,543	565	7.5	36.46	75.6	3,641	3,819	0.5	6.8	0.3
DMW Corp. (6365)	182	21	11.3	25.03	96.3	108	39	0.2	1.9	(5.3)
Ebara Corp. (6361)	4,776	456	9.6	23.42	70.7	2,233	2,019	0.4	4.4	(1.3)
FLSmidth & Co. A/S (FLS)	3,133	278	8.9	28.88	60.5	1,446	1,850	0.6	6.7	1.2
Gevelot SA (ALGEV)	122	13	10.9	158.68	69.8	122	(43)	NM	NM	(12.4)
GUD Holdings Ltd. (GUD)	305	69	22.8	7.95	89.9	689	854	2.8	12.3	2.2
Hyundai Heavy Industries Co. Ltd. (A009540)	13,216	652	4.9	72.87	65.7	5,153	7,601	0.6	11.7	2.8
John Wood Group plc (WG)	9,246	673	7.3	2.40	34.6	1,611	3,546	0.4	5.3	2.6
Kirloskar Brothers Ltd. (500241)	415	28	6.7	1.53	57.6	122	146	0.4	5.2	0.9
KSB Aktiengesellschaft (KSB)	2,704	199	7.4	270.09	74.1	428	430	0.2	2.2	(0.9)
Kubota Corp. (6326)	17,429	2,284	13.1	14.92	88.4	18,167	25,689	1.5	11.2	2.7
Nikkiso Co. Ltd. (6376)	1,529	182	11.9	9.52	69.4	678	1,663	1.1	9.1	5.3
Pfeiffer Vacuum Technology AG (PFV)	712	95	13.4	182.76	97.9	1,826	1,787	2.5	18.8	(0.4)
SKF AB (SKF B)	9,120	1,304	14.3	18.62	84.9	8,479	9,441	1.0	7.2	0.7
Spirax-Sarco Engineering plc (SPX)	1,538	388	25.2	123.52	97.7	9,098	9,513	6.2	24.5	1.2
Sulzer, Ltd. (SUN)	3,937	456	11.6	79.72	67.8	2,712	3,102	0.8	6.8	1.1
Teikoku Electric Mfg.Co.,Ltd. (6333)	219	47	21.3	11.53	77.3	227	138	0.6	3.0	(1.9)
The Weir Group PLC (WEIR)	3,296	539	16.3	13.17	64.8	3,416	4,850	1.5	9.0	2.7
Torishima Pump Manufacturing Co. Ltd. (6363)	437	30	6.9	7.42	73.1	201	214	0.5	7.1	(1.7)
Tsurumi Manufacturing Co. Ltd. (6351)	423	55	13.1	17.13	84.1	429	312	0.7	5.7	(2.2)
Median			11.6%		74.1%			0.7x	7.0x	0.9x
Mean			12.6		75.2			1.2	8.5	(0.1)

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/20.

(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.

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Wall Street Filter Watch

The JKC Filter Stock Index was down 7.3% over the last twelve months, while the S&P 500 Index was up 4.5%.

Housing demand surprised to the upside. According to the Mortgage Bankers Association, applications for purchase mortgages have expanded for nine consecutive weeks. For May, single-family starts held at a flat annual rate of 675,000; however, single-family permits expanded by 12%. Multifamily permits are down more than 10% thus far in 2020. For home sales, new single-family home contracts jumped in May, posting a 13% year-over-year gain. Inventory fell to a sales-adjusted level of a 5.6-month supply, generally supporting growth for new home building.⁽¹⁾

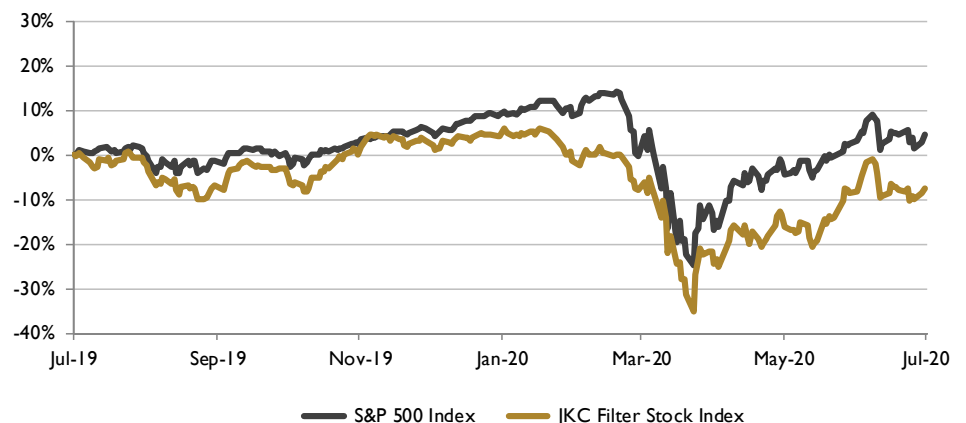
Retail auto sales rebounded after April as the reopening of the economy, steady gas prices, and access to low interest loans spurred people to buy. While U.S. consumer demand for new vehicles rebounded surprisingly quickly, fleet sales to rental car companies, corporations and government agencies dragged overall sales down.

For the second quarter of the year, General Motors saw a sales decline of 34%, Ford’s total sales were down 33.3%, while Fiat Chrysler sales dropped 39% compared to the same time last year, but had higher than expected sales in May and June. Nissan Motor Co. Ltd. said its second quarter sales were down nearly 50%. Toyota Motor Corp. reported a 26.7% drop in sales in June, though sales for some SUV models were up versus the same month in 2019. Hyundai Motor Co. said that while its overall sales fell 22% in June, sales to consumers rose 6% versus June 2019.

On Wall Street, the Dow Jones Industrial Average rose 1.7%, the S&P 500 Index gained 1.8% while the NASDAQ Composite rose 6.0% for the month of June, posting third consecutive monthly gains. Stocks rallied as the stimulus package and reopening process boosted investors’ sentiments. However, the rally slowed later due to resurgence in new coronavirus cases in several U.S. states. For the second quarter, the Dow gained 17.8%, the S&P 500 Index soared nearly 20%, and the tech-laden NASDAQ gained 30.6%, its best quarterly surge since 1999.

While U.S. consumer demand for new vehicles rebounded surprisingly quickly, fleet sales to rental car companies, corporations and government agencies dragged overall sales down.

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 June 30, 2020, domestic and international Filter companies (listed in Table IX and Table X, respectively) were trading at medians of 13.3x and 8.4x, respectively, of TEV/LTM EBITDA with median LTM EBITDA margins of 17.8% and 11.4%, respectively. With the exception of a few companies, both the domestic and international Filter companies are conservatively capitalized.

TABLE IX: SELECTED DOMESTIC FILTER COMPANIES⁽¹⁾

(US\$ in millions, except per share data)

Company	LTM			Stock Price 6/30/2020	% 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)	\$31,353	\$8,881	28.3%	\$155.99	83.1%	\$89,725	\$108,652	3.5x	12.2x	1.9x
Cantel Medical Corp. (CMD)	1,022	190	18.6	44.23	47.1	1,850	2,774	2.7	14.6	4.9
CECO Environmental Corp. (CECE)	330	36	10.9	6.59	67.8	232	271	0.8	7.5	1.4
Corning Inc. (GLW)	10,703	2,273	21.2	25.90	75.6	19,709	28,535	2.7	12.6	2.8
Crane Co. (CR)	3,086	527	17.1	59.46	65.2	3,447	4,392	1.4	8.3	1.6
Cummins Inc. (CMI)	20,209	3,166	15.7	173.26	92.8	25,543	28,298	1.4	8.9	0.7
Donaldson Company Inc. (DCI)	2,691	479	17.8	46.52	79.8	5,868	6,422	2.4	13.4	1.1
Eaton Corporation (ETN)	19,197	3,066	16.0	87.48	82.7	34,992	43,567	2.3	14.2	2.7
Entegris, Inc. (ENTG)	1,682	494	29.4	59.05	91.0	7,949	8,746	5.2	17.7	1.4
ESCO Technologies Inc. (ESE)	825	156	18.9	84.53	78.9	2,201	2,303	2.8	14.7	0.6
General Electric Co. (GE)	87,871	9,972	11.3	6.83	51.5	59,743	118,534	1.3	11.9	6.3
Honeywell International Inc. (HON)	34,522	8,263	23.9	144.59	78.6	101,480	109,773	3.2	13.3	0.9
Illinois Tool Works Inc. (ITW)	12,740	3,333	26.2	174.85	91.6	55,241	61,506	4.8	18.5	1.8
Lydall Inc. (LDL)	745	46	6.2	13.56	50.2	240	463	0.6	10.0	4.7
Parker Hannifin Corporation (PH)	13,696	2,290	16.7	183.27	84.9	23,498	31,991	2.3	14.0	3.4
Pentair, Inc. (PNR)	2,892	543	18.8	37.99	80.1	6,296	7,660	2.6	14.1	1.9
Tenneco Inc. (TEN)	14,935	832	5.6	7.56	46.4	614	6,196	0.4	7.4	6.6
Watts Water Technologies, Inc. (WTS)	1,516	230	15.2	81.00	70.8	2,731	2,866	1.9	12.4	0.5
Xylem Inc. (XYL)	4,950	958	19.4	64.96	72.7	11,687	13,503	2.7	14.1	1.8
Median			17.8%		78.6%			2.4x	13.3x	1.8x
Mean			17.7		73.2			2.4	12.6	2.5

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/20.

(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 6/30/2020	% 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)	\$3,237	\$334	10.3%	\$14.97	85.4%	\$1,721	\$2,695	0.8x	8.1x	3.0x
Alfa Laval AB (ALFA)	5,048	979	19.4	21.98	78.5	9,218	10,143	2.0	10.4	1.0
Amiad Filtration Systems Ltd (AFS)	108	8	7.7	2.97	81.6	90	125	1.2	15.0	4.2
Andritz AG (ANDR)	7,543	565	7.5	36.46	75.6	3,641	3,819	0.5	6.8	0.3
Asahi Kasei Corp. (3407)	19,959	2,807	14.1	8.12	67.6	11,273	16,138	0.8	5.7	1.7
Daikin Industries Ltd. (6367)	23,657	3,656	15.5	160.80	99.3	47,048	48,985	2.1	13.4	0.3
Denso Corp. (6902)	47,805	3,557	7.4	39.01	81.3	30,225	29,898	0.6	8.4	0.0
Faurecia SA (EO)	19,996	2,183	10.9	39.13	65.6	5,356	8,566	0.4	3.9	2.1
FLSmidth & Co. A/S (FLS)	3,133	278	8.9	28.88	60.5	1,446	1,850	0.6	6.7	1.2
GEA Group AG (GIA)	5,533	284	5.1	31.63	92.8	5,718	5,692	1.0	20.0	(0.4)
GUD Holdings Ltd. (GUD)	305	69	22.8	7.95	89.9	689	854	2.8	12.3	2.2
Ibiden Co., Ltd. (4062)	2,746	407	14.8	29.17	97.8	4,077	3,968	1.4	9.7	0.1
Johnson Matthey plc (JMAT)	18,049	875	4.9	25.98	61.5	5,001	6,398	0.4	7.3	1.6
NGK Insulators Ltd. (5333)	4,100	890	21.7	13.80	74.6	4,369	5,603	1.4	6.3	1.4
Nitto Denko Corp. (6988)	6,874	1,079	15.7	56.58	93.8	8,506	5,661	0.8	5.2	(2.2)
Porvair plc (PRV)	181	27	14.9	6.91	70.1	317	335	1.8	12.4	0.6
Sartorius AG (SRT)	2,140	581	27.2	273.46	78.1	20,648	22,006	10.3	37.9	3.2
Siemens AG (SIE)	98,261	11,228	11.4	117.38	87.0	93,672	136,987	1.4	12.2	3.4
Toray Industries Inc. (3402)	20,543	2,214	10.8	4.71	59.8	7,532	15,176	0.7	6.9	3.3
Median			11.4%		78.5%			1.0x	8.4x	1.4x
Mean			13.2		79.0			1.6	11.0	1.4

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

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Valuation Trends over Time

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

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

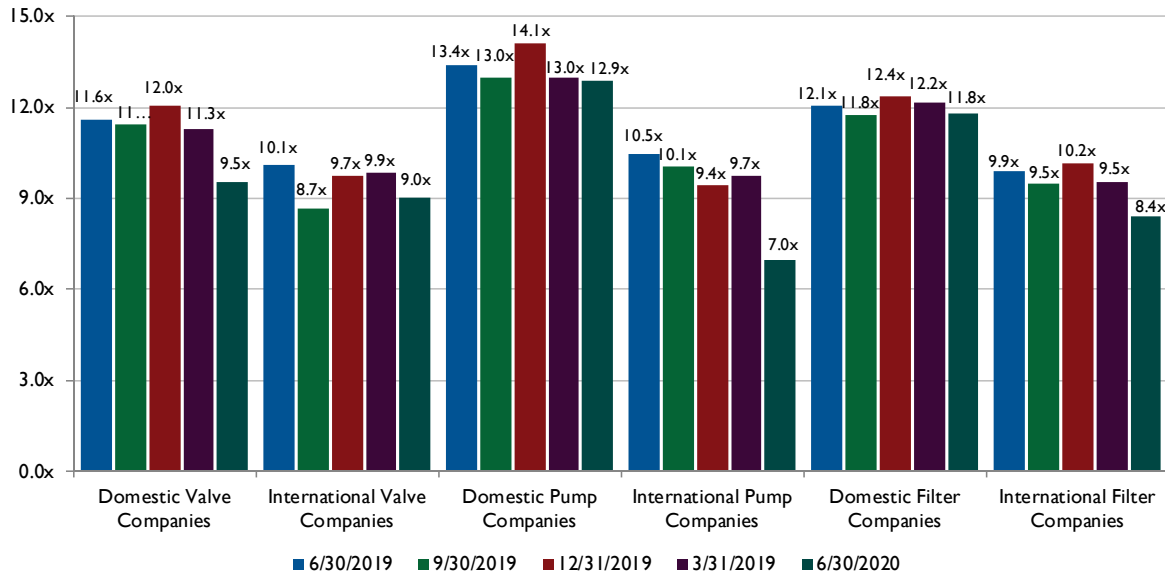
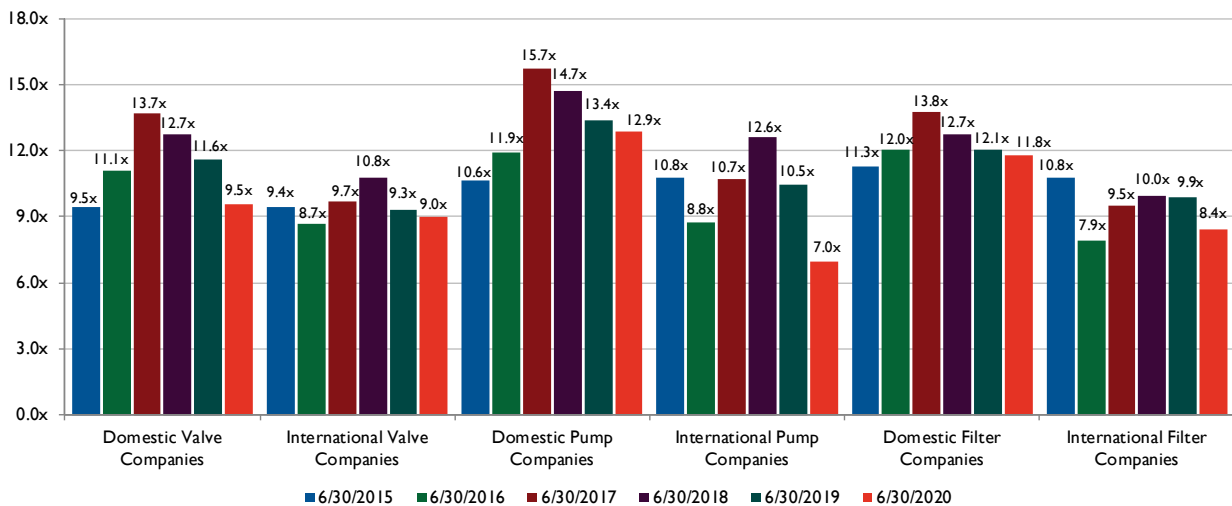


CHART V: ANNUAL MEDIAN TEV/LTM EBITDA VALUATION MULTIPLES⁽¹⁾



(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⁾

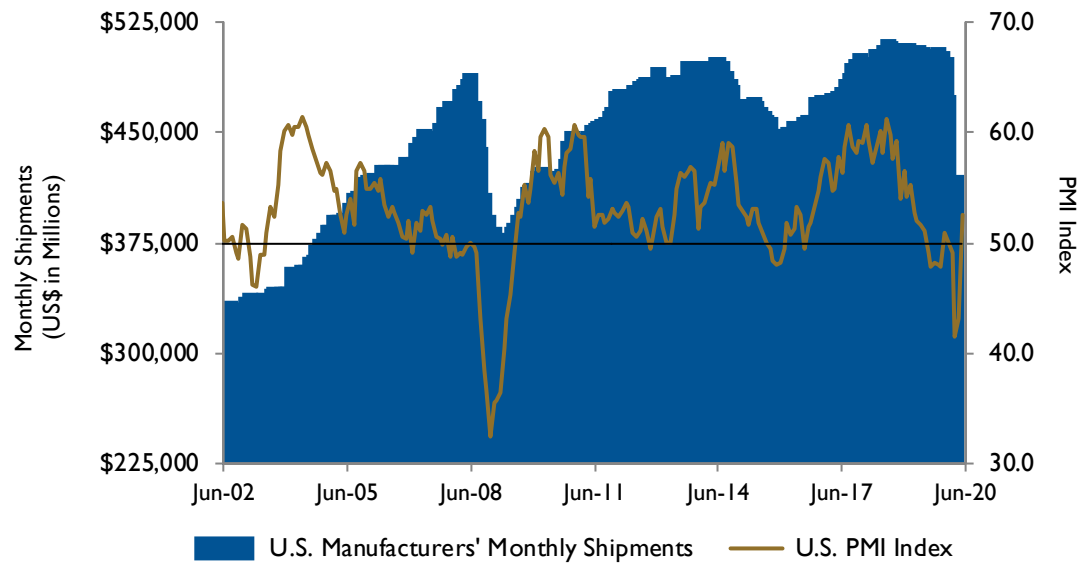
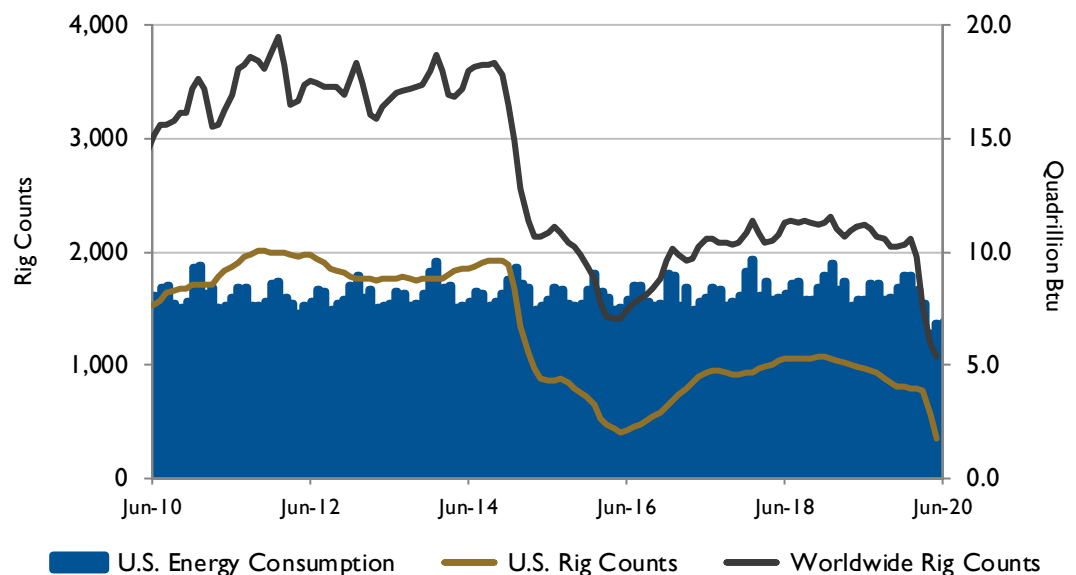


CHART VII: U.S. ENERGY CONSUMPTION⁽⁴⁾ AND RIG COUNTS⁽⁵⁾



(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⁾

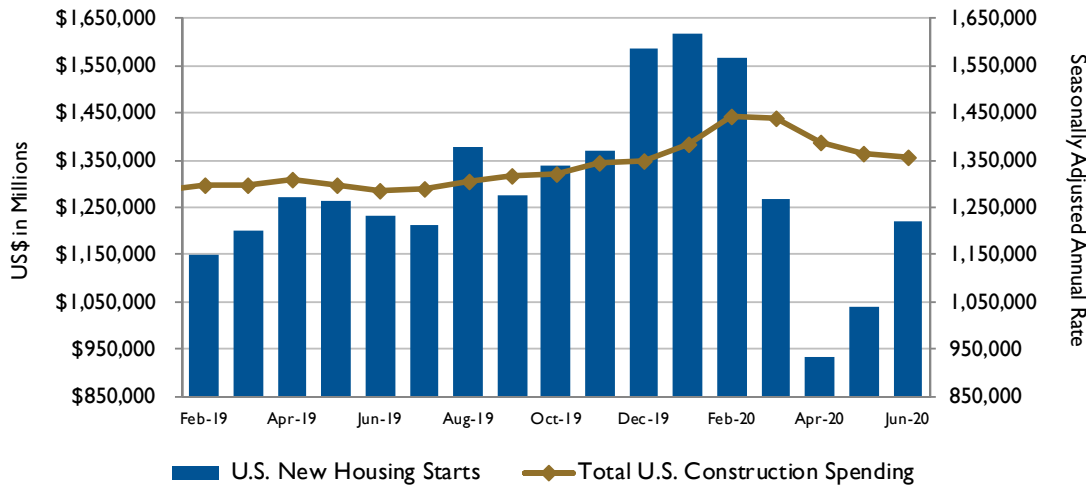
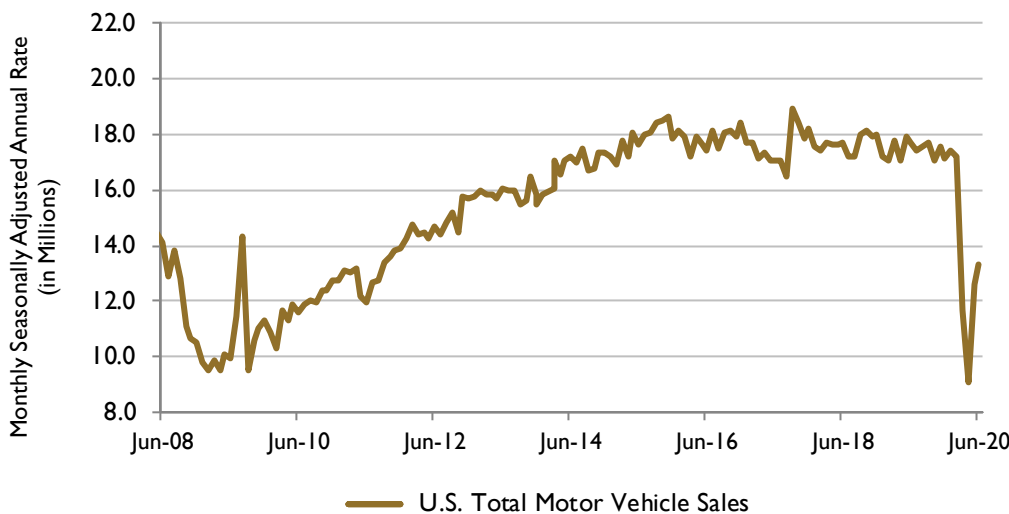


CHART IX: U.S. MOTOR VEHICLE SALES⁽³⁾



(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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