

FLOW CONTROL

Industry In-Sight™

SECOND QUARTER 2021



**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



Ingersoll Rand to Acquire Seepex

Ingersoll Rand Inc., a global provider of flow control and industrial solutions, agreed to acquire positive displacement pump manufacturer, Seepex GmbH. The all-cash transaction, valued at approximately \$500 million, is expected to close during the third quarter of the year.

Seepex is a world-wide manufacturer of progressive cavity pumps and positive displacement pumps that primarily serve water, wastewater, food and beverage, and chemical end markets. Based in Bottrop, Germany with facilities in North America and Asia Pacific, Seepex has approximately 800 employees and annual revenue of approximately \$180 million. The company has an installed base of more than 210,000 pumps globally.

Seepex product offerings include:

- Standard Pumps (70% of revenue) -- Standardized made-to-order pumps that can be applied across almost all industrial sectors and can pump a wide spectrum of media. Seepex sells 263 variations of standard pumps.
- Open Hopper Pumps (14% of revenue) -- Handle viscous to semi-solid products with low or no flow ability. Suitable for nearly all industrial sectors.
- Metering Pumps (8% of revenue) -- Handle low to high viscous media that may or may not contain solids.
- Food Pumps (4% of revenue) -- Food hygiene certificate compliant pumps used when cleanliness, sterilization and hygiene are of utmost importance.
- Semi-Submersible Pumps (4% of revenue) -- Drain full containers, basins and barrels containing abrasive or corrosive media with low to high viscosity.

The Seepex business will join the Ingersoll Rand Precision and Science Technologies (PST) segment. Adding progressive cavity pumps to its portfolio has been a strategic priority for Ingersoll Rand, according to PST management.

Ingersoll Rand believes the acquisition will continue to accelerate their growth plans by:

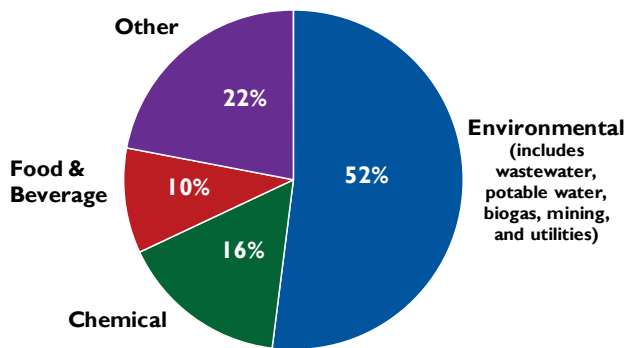
- Expanding the PST segment's total addressable market by an estimated \$1.7 billion through the addition of incremental positive displacement pump technology;
- Providing entry into attractive applications in water, food and beverage, and chemical markets;
- Providing scalable software and hardware platform that enables various digital revenue streams, from e-commerce to full scale software as a service; and
- Providing recurring revenues driven by aftermarket sales (more than 40% of Seepex revenue).

The merger of Gardner Denver and Ingersoll Rand Industrial in February 2020, created the new Ingersoll Rand Inc. as a global leader in mission-critical flow control and industrial technologies. With more than 16,000 employees globally, the company produces flow control systems, including air compressors, pumps, blowers, and systems for fluid management, loading and material handling, as well as the Club Car brand of electric vehicles.

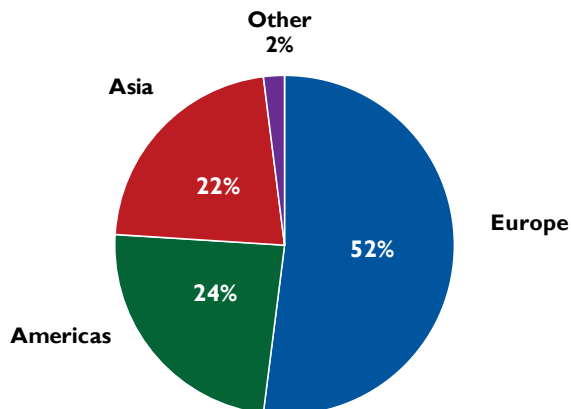
Based in Davidson, North Carolina, Ingersoll Rand has annual revenue of more than \$5 billion. It operates through four segments: Industrial Technologies and Services; Precision and Science Technologies; Specialty Vehicle Technologies; and High Pressure Solutions segments. The company’s products are used in medical, laboratory, industrial manufacturing, water and wastewater, chemical processing, drilling, hydraulic fracturing, well servicing applications, precision irrigation, food and beverage, agriculture, and automated liquid handling end-markets.

Last September, Ingersoll Rand acquired Albin Pump SAS, a manufacturer of industrial hose pumps based in Montélimar, France. The company continues to look for strategic bolt-on targets with high-growth, sustainable end markets, digital capabilities and strong synergy potential.

Seepex 2020 Revenue by Industry⁽¹⁾



Seepex 2020 Revenue by Region⁽¹⁾



(1) Ingersoll Rand 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: 2Q 2021⁽¹⁾

Announced Date	Target	Acquirer(s)
6/14/2021	NEM Srl	Helios Technologies, Inc.
6/14/2021	i2O Water Ltd.	Mueller Water Products, Inc.
5/21/2021	Victory I Performance, Inc.	Race Winning Brands, Inc.
5/3/2021	Equilibar, LLC	Richards Industries, Inc.
4/27/2021	Airtech Vacuum Inc. / U.S. Valve Corporation	IDEX Corporation

TABLE III: SELECTED PUMP M&A TRANSACTIONS: 2Q 2021⁽¹⁾

Announced Date	Target	Acquirer(s)
6/24/2021	Quantex Arc Ltd.	Dover Corporation
6/21/2021	Seepex GmbH & Co. Kg	Ingersoll Rand Inc.
6/10/2021	Premier Pump Inc.	Anderson Process
5/3/2021	Carter & Verplanck, Inc.	DXP Enterprises, Inc.
4/27/2021	Airtech Vacuum Inc. / U.S. Valve Corporation	IDEX Corporation

TABLE IV: SELECTED FILTER M&A TRANSACTIONS: 2Q 2021⁽¹⁾

Announced Date	Target	Acquirer(s)
6/21/2021	Lydall, Inc.	Unifrax I LLC
6/14/2021	Tiger Filtration Limited	Xebec Adsorption Inc.
6/10/2021	Ewk Umwelttechnik GmbH	Valmet Oyj
6/9/2021	Calgon Carbon UV Technologies LLC	Industrie De Nora SpA
5/26/2021	AEW Wassertechnologie GmbH / AFS Solutions GmbH	EnviroFALK GmbH
5/17/2021	New Aqua, LLC	Franklin Electric Co., Inc.
4/16/2021	MAIRE SA	Aeroplast - SARL
4/6/2021	Bioclimatic Air Systems, Inc.	Clean Air Group, Inc.
4/1/2021	Harn R/O Systems, Inc.	Komline-Sanderson Corporation

(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 56.0% over the last 12 months, while the broader S&P 500 Index was up 37.9%.

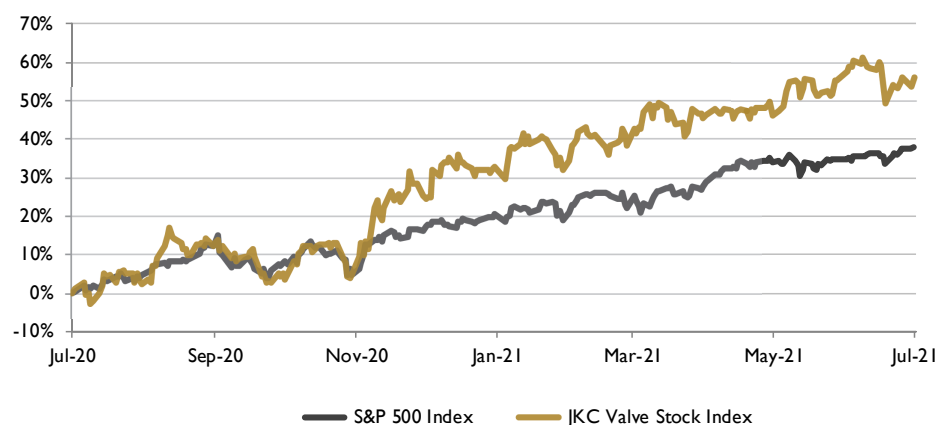
Fossil fuels (petroleum, natural gas and coal) accounted for 79% of total U.S. energy consumption last year. About 21% of U.S. energy consumption in 2020 came from nonfossil fuel sources such as renewables and nuclear, the highest share since the early 1900s. Renewable energy consumption increased to a record high of 11.6 quads. Increases in consumption of renewables used for electricity generation, including wind and solar energy, were partially offset by declines in biofuel consumption in the transportation sector.

So far in 2021, two petroleum liquids pipeline projects have been completed and 17 more projects have been announced or are currently under construction, according to the U.S. Energy Information Administration. That total includes 12 crude oil projects, 6 hydrocarbon gas liquids (HGLs) projects and 1 petroleum product project. Of the 19 projects, 10 projects are new pipelines, 7 projects are expansions or extensions of existing systems and 2 projects are conversions of the commodity carried on the pipeline. In 2020, 24 petroleum liquids pipeline projects were completed.

Brent crude oil prices were higher in May as global oil inventories continued to decline but at a slower pace than in the first four months of the year. Brent crude oil spot prices averaged \$68 per barrel in May. It is expected that Brent prices will remain near current levels in the third quarter of the year and fall to an average of \$60 per barrel in 2022.

On Wall Street, the Dow Jones Industrial Average fell 0.1% while the S&P 500 Index and NASDAQ Composite rose 2.2% and 5.5%, respectively, in the month of June. For the second quarter of the year, the Dow, the S&P 500 and the NASDAQ grew 8.2%, 4.6% and 9.5%, respectively. Vaccinations and government stimulus supported the economy in its recovery from the COVID-19 pandemic in the first-half of the year. An uptick in inflation has been a concern for investors.

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.

So far in 2021, two petroleum liquids pipeline projects have been completed and 17 more projects have been announced or are currently under construction ...

Valve Companies

As shown in Tables V and VI, as of June 30, 2021, domestic and international Valve companies were trading at median total enterprise value / latest twelve months (“TEV/LTM”) EBITDA multiples of 15.2x and 13.7x, respectively, while both groups have median EBITDA margins of 19.8% and 12.2%, respectively. The median stock price as a percentage of the 52-week high for both groups is 92% and 94%, 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 6/30/2021	% 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)	\$467	\$103	22.0%	\$98.12	87.8%	\$2,863	\$2,819	6.0x	27.5x	(0.5x)
CIRCOR International Inc. (CIR)	762	98	12.8	32.60	75.5	660	1,120	1.5	11.5	4.7
Crane Co. (CR)	3,122	617	19.8	92.37	92.4	5,395	6,023	1.9	9.8	0.8
Curtiss-Wright Corp. (CW)	2,459	569	23.1	118.76	89.0	4,862	5,899	2.4	10.4	1.7
Dover Corp. (DOV)	7,428	1,591	21.4	150.60	96.7	21,675	24,202	3.3	15.2	1.6
Emerson Electric Co. (EMR)	17,847	4,210	23.6	96.24	97.1	57,715	63,241	3.5	15.0	1.2
Flowsolve Corp. (FLS)	3,665	554	15.1	40.32	90.8	5,254	6,145	1.7	11.1	1.6
General Electric Co. (GE)	78,722	7,839	10.0	107.68	93.4	118,161	167,634	2.1	21.4	6.0
Honeywell International Inc. (HON)	33,959	8,654	25.5	219.35	93.7	152,351	162,118	4.8	18.7	1.2
ITT Corporation (ITT)	2,513	373	14.9	91.59	90.4	7,882	7,265	2.9	19.5	(1.7)
Mueller Water Products, Inc. (MWA)	1,081	223	20.7	14.42	95.8	2,286	2,533	2.3	11.3	1.1
Parker Hannifin Corporation (PH)	14,348	2,966	20.7	307.11	94.6	39,634	45,879	3.2	15.5	2.0
Schlumberger Limited (SLB)	21,647	5,576	25.8	32.01	86.8	44,761	58,863	2.7	10.6	2.3
SPX Flow Inc. (FLOW)	1,425	161	11.3	65.24	91.1	2,754	2,783	2.0	17.3	0.2
TechnipFMC plc (FTI)	13,149	1,546	11.8	9.05	69.4	4,079	5,532	0.4	3.6	1.1
Watts Water Technologies, Inc. (WTS)	1,668	300	18.0	145.91	99.7	4,913	4,886	2.9	16.3	(0.2)
Xylem Inc. (XYL)	5,200	977	18.8	119.96	99.1	21,598	23,043	4.4	23.6	1.3
Median			19.8%		92.4%			2.7x	15.2x	1.2x
Mean			18.5		90.8			2.8	15.2	1.4

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/21.

(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 6/30/2021	% 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)	\$3,095	\$458	14.8%	\$53.73	95.7%	\$5,942	\$6,705	2.2x	14.6x	1.7x
Alfa Laval AB (ALFA)	4,658	950	20.4	35.34	94.9	14,785	15,473	3.3	16.3	1.0
Georg Fischer AG (FI-N)	3,462	303	8.7	1,485.06	98.8	6,079	6,244	1.8	20.6	0.7
Hisaka Works Ltd. (6247)	256	22	8.7	7.30	83.7	205	70	0.3	3.2	(5.7)
Hitachi Ltd. (6501)	78,658	9,243	11.8	57.32	97.5	55,437	73,334	0.9	7.9	1.0
IMI plc (IMI)	2,521	497	19.7	23.76	97.9	6,354	6,787	2.7	13.7	0.9
Kitz Corp. (6498)	1,057	114	10.8	6.80	92.3	610	737	0.7	6.4	1.2
KSB Aktiengesellschaft (KSB)	2,636	192	7.3	467.16	81.7	795	708	0.3	3.7	(1.8)
Kubota Corp. (6326)	17,584	2,611	14.9	20.25	82.2	24,458	32,174	1.8	12.3	2.5
Lupatech S.A. (LUPA3)	13	(9)	(73.6)	1.34	56.7	38	57	4.8	NM	(0.4)
Okano Valve Manufacturing Co. (6492)	58	7	11.9	23.18	94.6	40	20	0.3	2.9	(3.3)
Saint Gobain (SGO)	45,208	5,662	12.5	65.85	94.8	35,271	44,154	1.0	7.8	1.6
SMC Corp. (6273)	4,976	1,549	31.1	591.57	94.0	39,088	33,443	6.7	21.6	(3.7)
Spirax-Sarco Engineering plc (SPX)	1,648	420	25.5	188.04	98.5	13,860	14,224	8.6	33.9	0.7
The Weir Group PLC (WEIR)	2,713	552	20.3	25.56	86.9	6,623	8,030	3.0	14.6	1.7
Velan, Inc. (VLN)	310	8	2.5	8.35	91.9	180	184	0.6	23.5	(0.5)
Median			12.2%		94.3%			1.8x	13.7x	0.8x
Mean			9.2		90.1			2.4	13.5	(0.1)

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/21.

(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 up 60.1% over the last twelve months, while the S&P 500 Index was up 37.9% over the same time period.

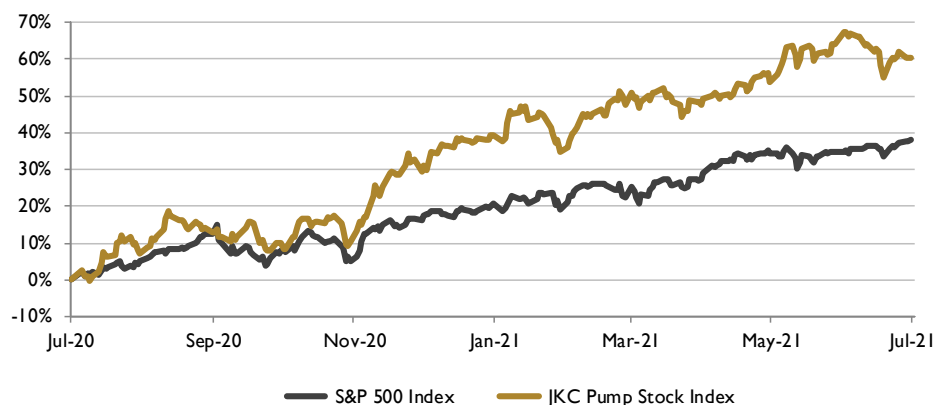
The Institute for Supply Management’s Manufacturing Report On Business’® Purchasing Managers’ Index (PMI®) decreased slightly in June to 60.6% from 61.2%. At 92.1%, the Price Index was the highest since 1979, passing the peak in commodities in 2008. The Production Index rose 2.3 points to 60.8% as wait times for deliveries came down and the Supplier Index fell to 75.1% from 78.8% in May. New orders remained strong at 66.0%. The Employment Index dropped one point to fall below the 50% level. Labor remains a challenge across the supply chain, slowing down suppliers or preventing manufacturers from running at full capacity. Only 10 of 18 industries reported hiring in June.⁽¹⁾

The Bureau of Labor Statistics reported total nonfarm payroll employment rose by 850,000 in June, following increases of 583,000 in May and 269,000 in April. Employment is up by 15.6 million since April 2020 but is down 4.4% from its pre-pandemic level in February 2020. Job gains occurred in leisure and hospitality, public and private education, professional and business services, retail trade and other services. Employment in leisure and hospitality increased by 343,000, with over half of the job gains occurring in food services and drinking places. Hourly wages among private sector workers rose 3.6% from a year earlier. Hourly wages for restaurant and other hospitality workers were up 7.9% in June from their pre-pandemic level.

On Wall Street, the Dow Jones Industrial Average fell 0.1% while the S&P 500 Index and NASDAQ Composite rose 2.2% and 5.5%, respectively, in the month of June. For the second quarter of the year, the Dow, the S&P 500 and the NASDAQ grew 8.2%, 4.6% and 9.5%, respectively. Vaccinations and government stimulus supported the economy in its recovery from the COVID-19 pandemic in the first-half of the year. An uptick in inflation has been a concern for investors.

At 92.1%, the Price Index was the highest since 1979, passing the peak in commodities in 2008.

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 17.5x and 11.2x, respectively, as of June 30, 2021. As you can see, both groups are similarly leveraged with a median net debt/LTM EBITDA ratio of 1.3x for domestic Pump companies compared to 0.7x 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 6/30/2021	% 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)	\$342	\$22	6.6%	\$6.07	68.9%	\$114	\$146	0.4x	6.5x	1.4x
Baker Hughes Inc. (BKR)	20,469	3,210	15.7	22.87	86.1	17,698	24,599	1.2	7.7	0.7
Colfax Corporation (CFX)	3,134	513	16.4	45.81	91.1	6,212	7,877	2.5	15.3	3.2
Crane Co. (CR)	3,122	617	19.8	92.37	92.4	5,395	6,023	1.9	9.8	0.8
Curtiss-Wright Corp. (CW)	2,459	569	23.1	118.76	89.0	4,862	5,899	2.4	10.4	1.7
Danaher Corp. (DHR)	24,799	8,287	33.4	268.36	98.3	191,416	209,620	8.5	25.3	1.8
Dover Corp. (DOV)	7,428	1,591	21.4	150.60	96.7	21,675	24,202	3.3	15.2	1.6
Energy Recovery, Inc. (ERII)	103	26	24.9	22.78	99.9	1,310	1,208	11.7	47.0	(4.0)
Flowserve Corp. (FLS)	3,665	554	15.1	40.32	90.8	5,254	6,145	1.7	11.1	1.6
Franklin Electric Co. Inc. (FELE)	1,443	213	14.8	80.62	91.9	3,747	3,758	2.6	17.6	0.8
General Electric Co. (GE)	78,722	7,839	10.0	107.68	93.4	118,161	167,634	2.1	21.4	6.0
Gorman-Rupp Co. (GRC)	354	48	13.6	34.44	92.2	899	783	2.2	16.3	(2.6)
Graco Inc. (GGG)	1,871	585	31.3	75.70	95.4	12,826	12,587	6.7	21.5	(0.5)
IDEX Corp. (IEX)	2,534	714	28.2	220.05	93.3	16,709	16,904	6.7	23.7	0.8
Illinois Tool Works Inc. (ITW)	14,002	3,962	28.3	223.56	92.4	70,619	76,086	5.4	19.2	1.4
Ingersoll-Rand Co. Ltd. (IR)	5,677	1,178	20.8	48.81	93.6	20,473	22,814	4.0	19.4	0.2
ITT Corporation (ITT)	2,513	373	14.9	91.59	90.4	7,882	7,265	2.9	19.5	(1.7)
National Oilwell Varco, Incorporated (NOV)	5,377	15	0.3	15.32	85.0	5,985	6,994	1.3	466.2	54.3
Pentair, Inc. (PNR)	3,402	694	20.4	67.49	95.4	11,217	12,138	3.6	17.5	1.0
Roper Technologies Inc. (ROP)	5,988	2,237	37.4	470.20	99.6	49,483	58,226	9.7	26.0	3.7
Schlumberger Limited (SLB)	21,647	5,576	25.8	32.01	86.8	44,761	58,863	2.7	10.6	2.3
SPX Flow Inc. (FLOW)	1,425	161	11.3	65.24	91.1	2,754	2,783	2.0	17.3	0.2
Standex International Corp. (SXI)	656	124	18.9	94.91	87.7	1,164	1,288	2.0	10.4	0.8
Weatherford International Ltd. (WFRD)	3,384	531	15.7	18.20	90.9	1,276	2,972	0.9	5.6	3.0
Xylem Inc. (XYL)	5,200	977	18.8	119.96	99.1	21,598	23,043	4.4	23.6	1.3
Median			18.9%		92.2%			2.6x	17.5x	1.3x
Mean			19.5		91.7			3.7	35.4	3.2

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/21.

(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 6/30/2021	% 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)	\$4,658	\$950	20.4%	\$35.34	94.9%	\$14,785	\$15,473	3.3x	16.3x	1.0x
Andritz AG (ANDR)	7,927	635	8.0	56.18	97.1	5,576	5,507	0.7	8.7	(0.1)
DMW Corp. (6365)	196	27	13.9	33.88	85.5	143	80	0.4	2.9	(3.2)
Ebara Corp. (6361)	4,833	550	11.4	49.29	94.8	4,690	4,463	0.9	8.1	(0.7)
FLSmidth & Co. A/S (FLS)	2,492	158	6.3	41.57	92.3	2,085	2,336	0.9	14.8	1.2
Gevelot SA (ALGEV)	104	6	5.2	205.12	84.0	158	(13)	NM	NM	NM
GUD Holdings Ltd. (GUD)	347	76	21.9	8.99	87.6	847	1,004	2.9	13.2	2.3
Hyundai Heavy Industries Co. Ltd. (A009540)	12,950	376	2.9	118.53	82.0	8,382	11,101	0.9	29.5	3.6
John Wood Group plc (WG)	7,652	566	7.4	3.03	59.8	2,044	3,650	0.5	6.5	2.8
Kirloskar Brothers Ltd. (500241)	365	33	9.1	5.59	84.8	444	441	1.2	13.3	(0.1)
KSB Aktiengesellschaft (KSB)	2,636	192	7.3	467.16	81.7	795	708	0.3	3.7	(1.8)
Kubota Corp. (6326)	17,584	2,611	14.9	20.25	82.2	24,458	32,174	1.8	12.3	2.5
Nikkiso Co. Ltd. (6376)	1,445	176	12.2	10.07	88.9	717	1,675	1.2	9.5	5.5
Pfeiffer Vacuum Technology AG (PFV)	779	106	13.5	189.23	83.1	1,874	1,806	2.3	17.1	(0.7)
SKF AB (SKF B)	8,724	1,206	13.8	25.47	84.1	11,599	12,267	1.4	10.2	0.7
Spirax-Sarco Engineering plc (SPX)	1,648	420	25.5	188.04	98.5	13,860	14,224	8.6	33.9	0.7
Sulzer, Ltd. (SUN)	3,590	402	11.2	138.23	97.7	4,677	5,158	1.4	12.8	1.2
Teikoku Electric Mfg.Co.,Ltd. (6333)	179	31	17.0	11.45	90.1	223	117	0.6	3.8	(3.7)
The Weir Group PLC (WEIR)	2,713	552	20.3	25.56	86.9	6,623	8,030	3.0	14.6	1.7
Torishima Pump Manufacturing Co. Ltd. (6363)	458	49	10.7	7.76	92.3	203	203	0.4	4.2	(1.3)
Tsurumi Manufacturing Co. Ltd. (6351)	408	58	14.2	15.63	87.4	391	271	0.7	4.7	(2.8)
Median			12.2%		87.4%			1.0x	11.2x	0.7x
Mean			12.7		87.4			1.7	12.0	0.4

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/21.

(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 43.5% over the last twelve months, while the S&P 500 Index was up 37.9%.

Housing starts rose 6.3% in June to a 1.643 million-unit pace, with both single-family and multifamily starts rising. Both new home construction and apartment development seem to be regaining any momentum they lost earlier this spring.

Housing permits through the first six months of this year total 865,500 units, which is a full 10% more than starts. Housing permits fell 5.1% in June, marking their third consecutive drop. Single-family permits fell 6.3% and multifamily permits fell 2.6%. Permits have been running ahead of starts for the past year.

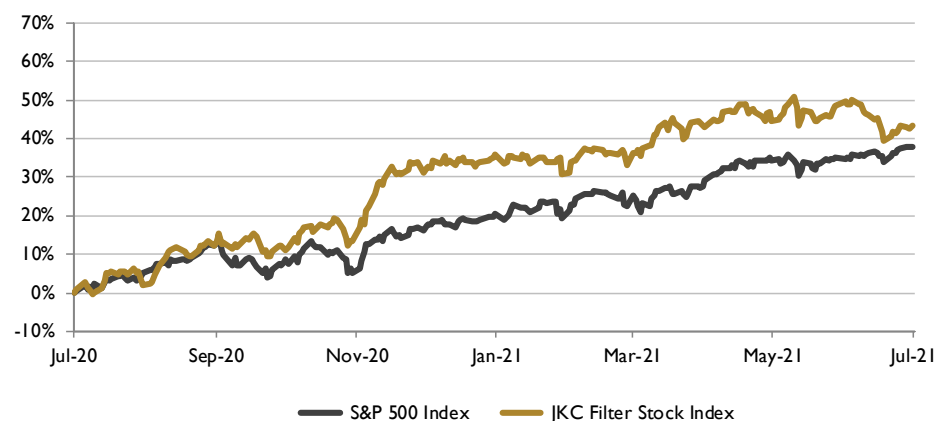
New home sales dropped 6.6% in June to a 676,000-unit annual rate. Issues currently restraining new home sales include rising home prices and home builders limiting sales at new home communities due to material supply issues. Inventories of completed homes, while they have increased slightly, remain near an all-time low.

U.S. auto sales were down approximately 14% in June compared to pre-pandemic numbers from 2019. The total seasonally adjusted annualized rate for the month was 15.8 million vehicles, up 2.6 million units from 2020 but 1.4 million units less than 2019. A semiconductor chip shortage is affecting new vehicle supply as the number of new vehicles available in the marketplace has dropped substantially and production hasn't caught up to demand.

On Wall Street, the Dow Jones Industrial Average fell 0.1% while the S&P 500 Index and NASDAQ Composite rose 2.2% and 5.5%, respectively, in the month of June. For the second quarter of the year, the Dow, the S&P 500 and the NASDAQ grew 8.2%, 4.6% and 9.5%, respectively. Vaccinations and government stimulus supported the economy in its recovery from the COVID-19 pandemic in the first-half of the year. An uptick in inflation has been a concern for investors.

Housing starts rose 6.3% in June ... with both single-family and multifamily starts rising.

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, 2021, domestic and international Filter companies (listed in Table IX and Table X, respectively) were trading at medians of 16.9x and 12.0x, respectively, of TEV/LTM EBITDA with median LTM EBITDA margins of 18.7% and 13.1%, 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 6/30/2021	% 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)	\$34,734	\$10,545	30.4%	\$198.63	95.1%	\$115,141	\$129,130	3.7x	12.2x	1.3x
CECO Environmental Corp. (CECE)	311	30	9.8	7.16	75.6	254	294	0.9	9.7	1.5
Corning Inc. (GLW)	13,142	3,642	27.7	40.90	87.4	34,820	42,945	3.3	11.8	1.6
Crane Co. (CR)	3,122	617	19.8	92.37	92.4	5,395	6,023	1.9	9.8	0.8
Cummins Inc. (CMI)	20,892	3,418	16.4	243.81	88.0	35,646	37,772	1.8	11.1	0.4
Donaldson Company Inc. (DCI)	2,698	468	17.3	63.53	97.0	7,978	8,262	3.1	17.7	0.6
Eaton Corporation (ETN)	19,120	3,455	18.1	148.18	99.2	59,050	68,307	3.6	19.8	3.5
Entegris, Inc. (ENTG)	1,960	579	29.5	122.97	97.3	16,663	17,252	8.8	29.8	1.0
ESCO Technologies Inc. (ESE)	718	134	18.7	93.81	81.0	2,443	2,468	3.4	18.4	0.2
General Electric Co. (GE)	78,722	7,839	10.0	107.68	93.4	118,161	167,634	2.1	21.4	6.0
Honeywell International Inc. (HON)	33,959	8,654	25.5	219.35	93.7	152,351	162,118	4.8	18.7	1.2
Illinois Tool Works Inc. (ITW)	14,002	3,962	28.3	223.56	92.4	70,619	76,086	5.4	19.2	1.4
Lydall Inc. (LDL)	866	101	11.6	60.52	97.5	1,091	1,289	1.5	12.8	1.8
Parker Hannifin Corporation (PH)	14,348	2,966	20.7	307.11	94.6	39,634	45,879	3.2	15.5	2.0
Pentair, Inc. (PNR)	3,402	694	20.4	67.49	95.4	11,217	12,138	3.6	17.5	1.0
Tenneco Inc. (TEN)	18,220	1,586	8.7	19.32	84.9	1,643	6,644	0.4	4.2	2.8
Watts Water Technologies, Inc. (WTS)	1,668	300	18.0	145.91	99.7	4,913	4,886	2.9	16.3	(0.2)
Xylem Inc. (XYL)	5,200	977	18.8	119.96	99.1	21,598	23,043	4.4	23.6	1.3

Median			18.7%		94.2%			3.2x	16.9x	1.3x
Mean			19.4		92.4			3.3	16.1	1.6

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/21.

(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 6/30/2021	% 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)	4,658	950	20.4	35.34	94.9	14,785	15,473	3.3	16.3	1.0
Amiad Filtration Systems Ltd (AFS)	106	12	11.0	4.01	74.4	122	122	1.2	10.5	(0.2)
Andritz AG (ANDR)	7,927	635	8.0	56.18	97.1	5,576	5,507	0.7	8.7	(0.1)
Asahi Kasei Corp. (3407)	18,978	2,780	14.6	11.00	88.4	15,260	19,487	1.0	7.0	1.6
Daikin Industries Ltd. (6367)	22,468	3,354	14.9	186.44	84.7	54,561	54,975	2.4	16.4	(0.2)
Denso Corp. (6902)	44,485	4,473	10.1	68.29	95.1	52,920	54,573	1.2	12.2	(0.2)
Faurecia SA (EO)	17,375	1,266	7.3	49.05	81.5	6,743	10,848	0.6	8.6	3.1
FLSmidth & Co. A/S (FLS)	2,492	158	6.3	41.57	92.3	2,085	2,336	0.9	14.8	1.2
GEA Group AG (GIA)	5,462	558	10.2	40.53	91.6	7,310	6,829	1.3	12.2	(0.3)
GUD Holdings Ltd. (GUD)	347	76	21.9	8.99	87.6	847	1,004	2.9	13.2	2.3
Ibiden Co., Ltd. (4062)	2,915	667	22.9	53.98	97.9	7,535	7,878	2.7	11.8	0.5
Johnson Matthey plc (JMAT)	21,646	936	4.3	42.44	91.4	8,176	9,274	0.4	9.9	1.2
NGK Insulators Ltd. (5333)	4,073	878	21.5	16.80	86.6	5,288	6,215	1.5	7.1	0.9
Nitto Denko Corp. (6988)	6,860	1,253	18.3	74.70	81.5	11,053	8,342	1.2	6.7	(2.1)
Porvair plc (PRV)	186	25	13.2	8.07	96.1	371	383	2.1	15.6	0.4
Sartorius AG (SRT)	3,103	950	30.6	500.36	89.6	34,942	37,524	12.1	39.5	2.1
Siemens AG (SIE)	69,262	8,972	13.0	158.88	91.9	126,596	154,797	2.2	17.3	4.4
Toray Industries Inc. (3402)	16,973	1,972	11.6	6.66	95.2	10,659	18,011	1.1	9.1	3.3
Median			13.1%		91.5%			1.2x	12.0x	1.0x
Mean			14.5		89.9			2.2	13.2	1.0

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/21.

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

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Valuation Trends over Time

Quarterly TEV/LTM EBITDA valuation multiples are generally higher than last quarter levels for most companies. Annual multiples for domestic and international companies are also higher than last year.

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

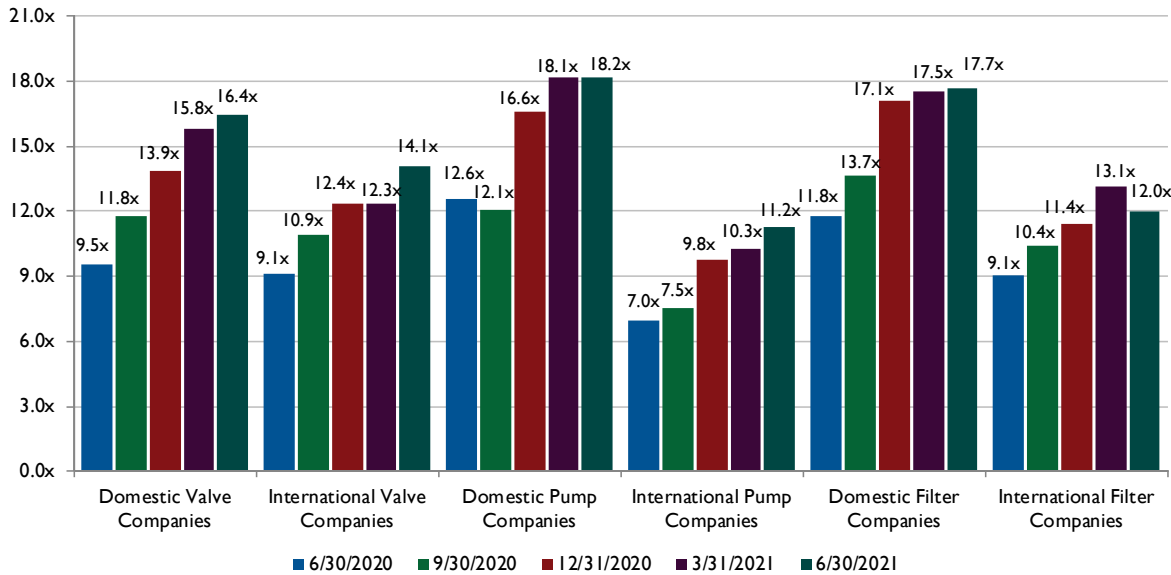
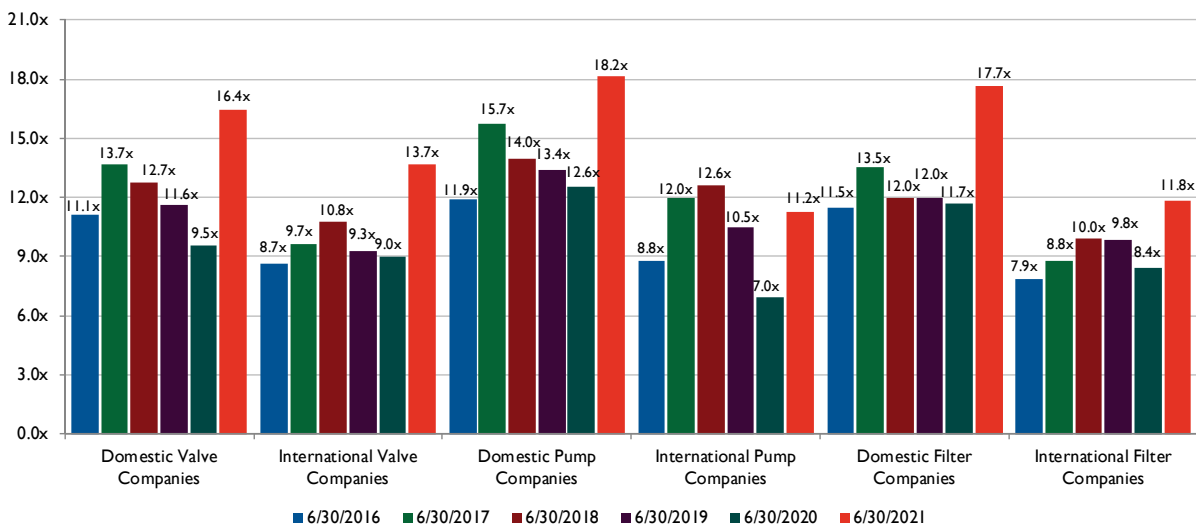


CHART V: ANNUAL MEDIAN TEV/LTM EBITDA VALUATION MULTIPLES⁽¹⁾



(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⁾

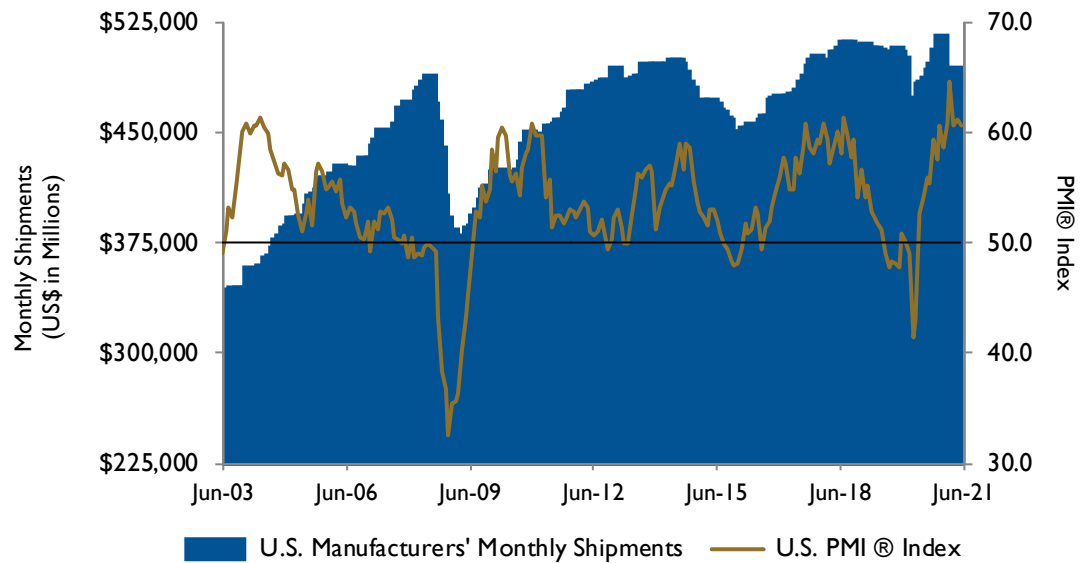
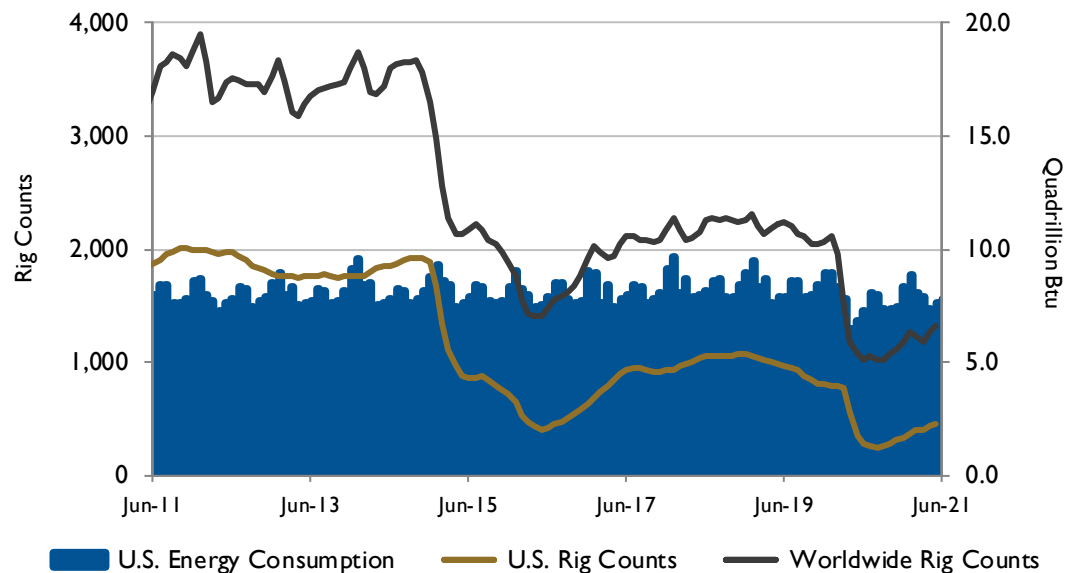


CHART VII: U.S. ENERGY CONSUMPTION⁽⁴⁾ AND RIG COUNTS⁽⁵⁾



(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⁾

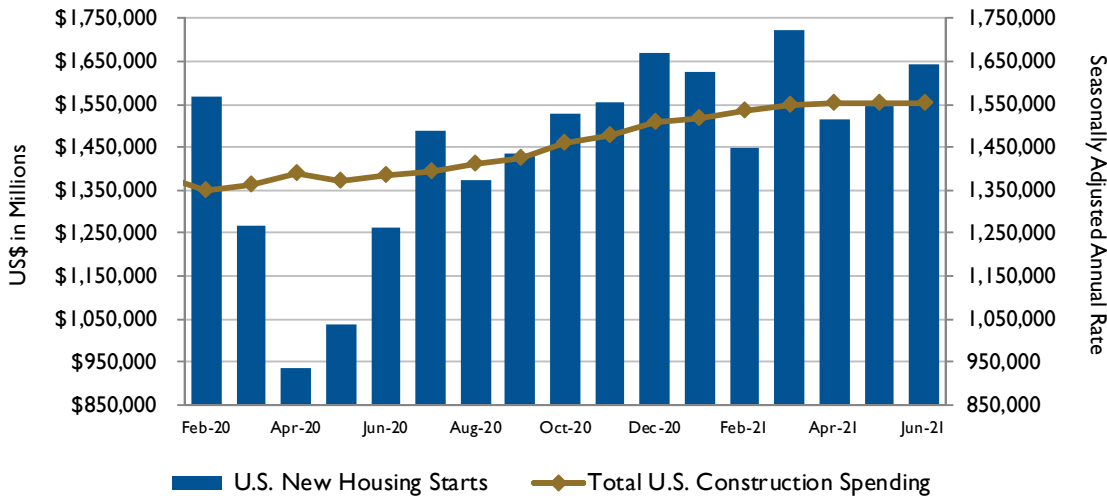
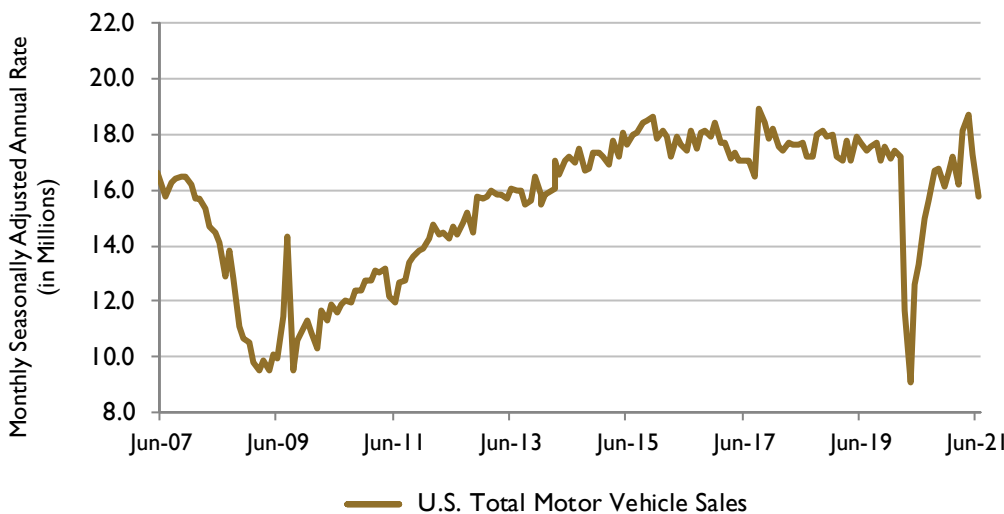


CHART IX: U.S. MOTOR VEHICLE SALES⁽³⁾



(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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