

FLOW CONTROL

Industry In-Sight™

THIRD 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

Building Products & Services

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

Energy Logistics & Distribution

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

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

Growing Through Industry Diversification

Valve company Neles Oyj agreed to acquire the valve and pump businesses of Finland-based Flowrox Group. The acquired businesses design and manufacture valve and pump solutions used in a variety of process industries, including mining, minerals processing, metallurgy, construction, energy, environment and chemical industries. Flowrox is a leader in pinch valves and also offers knife-gate valves, hose pumps, centrifugal pumps and peristaltic pumps.

The purchase price included \$48.4 million, payable in cash at closing, with an additional orders received-based earn-out consideration of up to \$3.5 million for a one-year period after closing, also payable in cash. The transaction includes the Flowrox brand. In 2020, Flowrox's valve and pump businesses had sales of about \$36.7 million. Approximately 50% of Flowrox personnel will transfer to Neles.

Founded in 1977, the acquired businesses employ approximately 110 people. The company headquarters and main manufacturing facility are located in Lappeenranta, Finland with manufacturing in Kouvola, Finland; Sydney, Australia; Johannesburg, South Africa; and Baltimore, Maryland in the United States. The company also has well-established sales channels in over 80 countries.

Flowrox's industrial automation, environmental technologies and filter business are excluded from the acquisition and will continue under a new name and brand.

Neles provides flow control solutions and services worldwide in 115 countries. It offers control, on-off, emergency shutdown, butterfly, ball, globe, segment and eccentric rotary plug valves; pneumatic, electric and manual actuators; limit switches; and valve controllers, as well as valve parts. The company also provides valve repairs and maintenance, PID tuning and process control, and maintenance planning and lifecycle services. It offers its products to chemicals, energy, gas processing and LNG, industrial gas, marine, mining, metals and steel processing, pipeline, pulp, paper and bioproducts, refining, and water and wastewater industries. Neles was founded in 1956 and is headquartered in Vantaa, Finland.

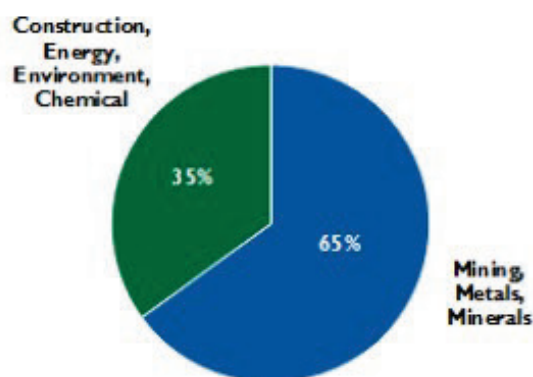
Neles had sales of approximately \$652 million in 2020 and employs about 2,850 people in approximately 40 countries. Geographically, 40% of company's sales are in the Americas, 36% in Europe, the Middle East and Africa, and 24% in Asia Pacific.

Diversification of customer industries is a key component of Neles' long-term growth strategy. This acquisition complements its current offering and market exposure and helps fill gaps in the mining and metals business.

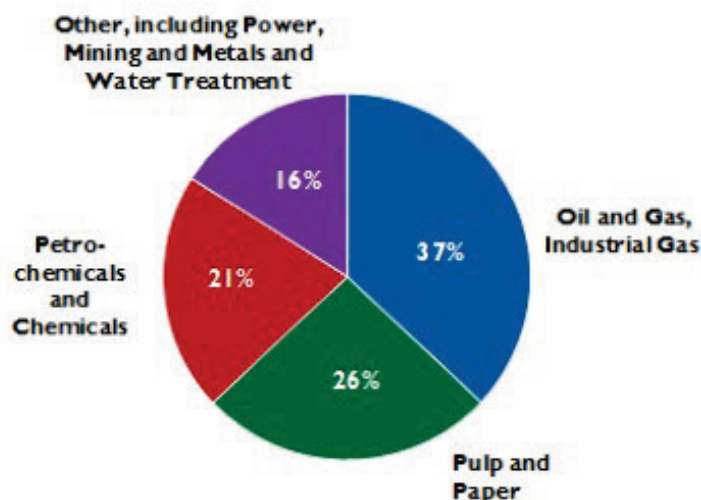
Areas of synergy are expected to include:

- Cross-sales of complementary products through wide direct and channel presence;
- Project wins in mining and metals with a more comprehensive offering;
- Leveraging Neles' wide service presence to cater to Flowrox valves and pumps installed base; and
- Packaging Flowrox valves and pumps products in Neles' other industries (chemicals, pulp and paper).

Flowrox Valve and Pump Business by Industry⁽¹⁾



Neles Revenue by Industry⁽¹⁾



⁽¹⁾ Neles Oyj.

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: 3Q 2021 ⁽¹⁾

Announced Date	Target	Acquirer(s)
9/13/2021	Hunt Valve Company, Inc.	Fairbanks Morse Defense
8/12/2021	Trillium Flow Technologies India Private Limited	IMC Swarnaa Ventures Private Limited
7/27/2021	Valve and Pump Businesses of Flowrox Oy	Neles Oyj
7/26/2021	RW Flow Controls, Inc.	AIV Inc.
7/2/2021	Tecnovielle SpA	Bonomi Group
7/2/2021	Neles Oyj	Valmet Oyj

TABLE III: SELECTED PUMP M&A TRANSACTIONS: 3Q 2021 ⁽¹⁾

Announced Date	Target	Acquirer(s)
9/7/2021	Masterflex	Avantor, Inc.
8/12/2021	Trillium Flow Technologies India Private Limited	IMC Swarnaa Ventures Private Limited
8/19/2021	KETO Pumps South Africa	Schur & Company, Inc.
8/5/2021	CPC Pumps International Inc.	Atlas Copco Compressor AB
7/28/2021	H. E. Danby Co., Inc.	Fischer Pump & Valve Company
7/27/2021	Valve and Pump Businesses of Flowrox Oy	Neles Oyj

TABLE IV: SELECTED FILTER M&A TRANSACTIONS: 3Q 2021 ⁽¹⁾

Announced Date	Target	Acquirer(s)
9/30/2021	HealthWay Home Products, Inc.	AE Industrial Partners, LP
9/21/2021	MECO, Inc.	Grundfos Holding A/S
9/15/2021	Pleatco LLC	Pentair plc
8/12/2021	Assets of BOSS Separators	H2O Inc.
8/12/2021	The Filter Design/Core Protection Systems	Gentex Corporation
8/2/2021	Filtration Business in Argentina of Sogefi SpA	SA Eagle Holdings LLC
8/2/2021	Custom Filter LLC	Rens a Filtration
7/28/2021	H. E. Danby Co., Inc.	Fischer Pump & Valve Company
7/14/2021	ACA Purifiers AS	Interfil AS
7/1/2021	Air Quality Control System Technology Business of GE Steam Power	Andritz AG

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

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Public Equity and Valuation Analysis

BY DAVID A. KAKAREKA

Wall Street Valve Watch

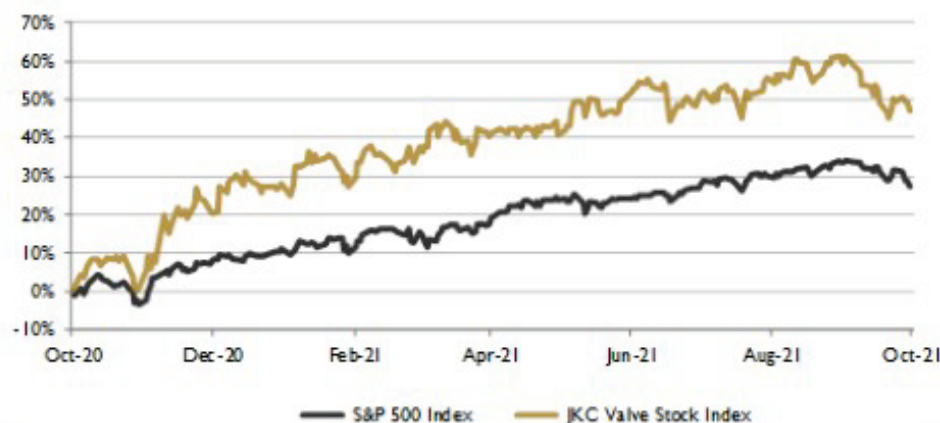
The JKC Valve Stock Index was up 47.0% over the last 12 months, while the broader S&P 500 Index was up 27.4%.

Brent crude oil spot prices averaged \$71 per barrel (b) in August, down slightly from July but up \$26/b over last August. Brent prices have risen over the past year due to steady draws on global oil inventories. The U.S. Energy Information Administration expects Brent prices to remain near current levels for the rest of 2021. Growth in production from OPEC+ countries, U.S. tight oil, and other non-OPEC countries will outpace slowing growth in global oil consumption in 2022 and is expected to contribute to Brent prices declining to an annual average of \$66/b.⁽¹⁾

Crude oil inventories in Cushing, Oklahoma, the home to 14% of U.S. commercial tank and underground crude oil working storage capacity, totaled 32.9 million barrels in the week ending September 10, a 42% decrease since the beginning of the year. Crude oil inventories at Cushing are 26% lower than the previous five-year average for this time of year. The storage withdrawals are consistent with high crude oil inventory withdrawals elsewhere in the United States and globally in recent months. The 35 million barrels (the equivalent of 1.2 million barrels per day) decline in June 2021 was the largest decline in U.S. crude oil inventory (including crude oil held in the Strategic Petroleum Reserve) since 1981 when data collection began.

On Wall Street, all the major indices fell for the month of September, as the Dow Jones Industrial Average fell 4.3%, the S&P 500 Index lost 4.8% and the NASDAQ Composite was down 5.3%. For the third quarter of the year, the Dow Jones slid 1.9%, while the S&P 500 and the NASDAQ added 0.2% and 0.4%, respectively. Inflation concerns weighed on investors, while supply chain constraints, especially chip and labor shortages, put pressure on the economy.

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.

Crude oil inventories at Cushing are 26% lower than the previous five-year average for this time of year.

Valve Companies

As shown in Tables V and VI, as of September 30, 2021, domestic and international Valve companies were trading at median total enterprise value / latest twelve months ("TEV/LTM") EBITDA multiples of 14.9x and 12.5x, respectively, while both groups have median EBITDA margins of 19.0% and 14.8%, respectively. The median stock price as a percentage of the 52-week high for both groups is 89% and 89%, 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 9/30/2021	% of 52-Week High	Market Cap	Total Enterprise Value ⁽³⁾	TEV / LTM		Net Debt ⁽⁴⁾ EBITDA
	Revenues ⁽²⁾	EBITDA ⁽²⁾	Margin					Revenues	EBITDA	
Bidger Meter Inc. (BMI)	\$482	\$103	21.4%	\$101.14	90.5%	\$2,951	\$2,901	6.0x	28.1x	(0.6x)
ORCOR International Inc. (OR)	766	97	12.6	33.01	76.4	669	1,118	1.5	11.6	4.6
Crane Co. (CR)	3,269	674	20.6	94.81	90.5	5,538	6,005	1.8	8.9	0.6
Curtiss-Wright Corp. (CW)	2,508	576	23.0	126.18	94.6	5,159	6,146	2.5	10.7	1.6
Dover Corp. (DOV)	7,698	1,657	21.5	155.50	88.1	22,381	24,863	3.2	15.0	1.4
Emerson Electric Co. (EMR)	18,236	4,121	22.6	94.20	88.9	56,312	61,321	3.4	14.9	1.2
Flowserve Corp. (FLS)	3,607	502	13.9	34.67	78.1	4,516	5,446	1.5	10.8	1.7
General Electric Co. (GE)	78,622	8,296	10.6	103.03	89.3	113,085	162,002	2.1	19.5	5.4
Honeywell International Inc. (HON)	34,635	9,045	26.1	212.28	89.6	146,558	156,868	4.5	17.3	1.1
ITT Corporation (ITT)	2,690	419	15.6	85.84	84.7	7,391	7,110	2.6	17.0	(0.7)
Mueller Water Products, Inc. (MWA)	1,111	211	19.0	15.22	90.1	2,413	2,657	2.4	12.6	1.2
Parisk Hannifin Corporation (PH)	14,880	3,263	21.9	279.62	86.1	36,099	42,061	2.8	12.9	1.9
Schlumberger Limited (SLB)	22,236	6,055	27.2	29.64	80.4	41,450	54,788	2.5	9.0	2.1
SPX Flow Inc. (FLOW)	1,498	180	12.0	73.10	84.8	3,043	3,131	2.1	17.4	0.5
TechnipFMC plc (FTI)	13,001	1,880	14.5	7.53	57.7	3,394	5,103	0.4	2.7	0.8
Watts Water Technologies, Inc. (WTS)	1,739	313	18.0	168.09	95.4	5,655	5,607	3.2	17.9	(0.2)
Xylem Inc. (XYL)	5,245	977	18.6	123.68	89.1	22,283	23,588	4.5	24.1	1.3
Median			19.0%		88.9%			2.5x	14.9x	1.2x
Mean			18.8		85.6			2.8	14.7	1.4

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

(2) Revenues and EBITDA are for the latest twelve months as of 9/30/21.

(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 9/30/2021	% of 52-Week High	Market Cap	Total Enterprise Value ⁽²⁾	TEV / LTM		Net Debt ⁽⁴⁾ EBITDA
	Revenues ⁽³⁾	EBITDA ⁽³⁾	Margin					Revenues	EBITDA	
Aalberts Industries NV (AALB)	\$3,285	\$567	17.3%	\$57.79	90.7%	\$6,390	\$7,191	2.2x	12.7x	1.4x
Alfa Laval AB (ALFA)	4,500	923	20.5	37.56	88.5	15,660	16,646	3.7	18.0	1.0
Georg Fischer AG (FIN)	3,759	392	10.4	1,489.64	89.7	6,097	6,352	1.7	16.2	0.6
Hsaka Works Ltd. (6247)	247	18	7.4	7.93	91.3	223	97	0.4	5.3	(7.6)
Hitachi Ltd. (6501)	85,190	6,545	7.7	59.53	95.6	57,580	75,065	0.9	11.5	2.9
IMI plc (IMI)	2,518	484	19.2	22.41	89.2	5,941	6,394	2.5	13.2	1.0
Kitz Corp. (6498)	1,051	114	10.8	7.07	88.4	634	758	0.7	6.7	1.2
KSB Aktiengesellschaft (KSB)	2,641	233	8.8	491.42	88.0	820	685	0.3	2.9	(1.5)
Kubota Corp. (6326)	18,562	2,774	14.9	21.42	87.4	25,874	33,227	1.8	12.0	2.5
Lupatech S.A. (LUPA3)	13	(52)	(390.8)	0.97	44.3	28	46	3.4	NM	(0.4)
Okano Valve Manufacturing Co. (6492)	56	8	14.6	24.65	100.0	42	20	0.4	2.4	(2.5)
Salinc Gobain (SGO)	49,252	7,340	14.9	67.50	89.7	35,599	44,793	0.9	6.1	1.2
SMC Corp. (6273)	5,441	1,746	32.1	628.28	88.1	41,513	35,890	6.6	20.6	(3.4)
Spirax-Sarco Engineering plc (SPX)	1,711	458	26.8	202.12	89.6	14,897	15,203	8.9	33.2	0.7
The Weir Group PLC (WER)	2,639	547	20.7	22.84	79.4	5,916	6,948	2.6	12.5	1.7
Velan, Inc. (VLN)	287	5	1.7	6.41	72.0	138	138	0.5	28.6	(0.2)
Median			14.8%		88.8%			1.7x	12.5x	0.8x
Mean			(18.2)		85.7			2.3	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 9/30/21.

(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 45.0% over the last twelve months, while the S&P 500 Index was up 27.4% over the same time period.

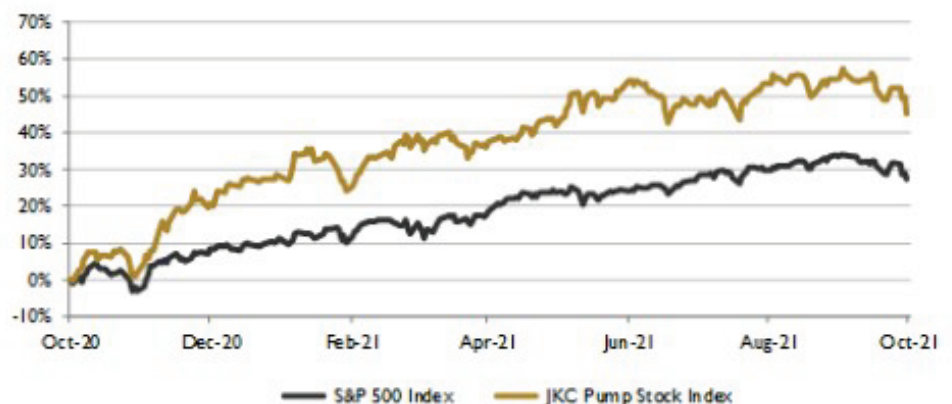
The Institute for Supply Management's Manufacturing Report On Business'® Purchasing Managers' Index (PMI®) rose to 61.1% in September. The largest segment increase was a 3.9 point rise in the supplier delivery index which rises when factories have to wait longer for supplies. Eight out of ten survey respondents, reflecting almost every industry, cited supply chain and sourcing problems. As a result, the production index fell to 59.4% and backlogged orders fell 3.4 points. The prices paid index rose to 81.2% with 17 of the 18 manufacturing industries reporting paying higher prices for inputs. Labor is another concern for manufacturers who continue to struggle to fill job openings. Four industries (transportation, food & beverage, paper and machinery) specifically noted labor challenges as a constraint on their activity.⁽¹⁾

The J.P. Morgan Global Manufacturing PMI™ posted a reading of 54.1% in September, unchanged from August's six-month low. The global manufacturing upturn was curtailed by supply chain disruptions and material shortages. European manufacturing held nine out of the ten best growth readings. The weaker performances were generally seen in Asia. Thailand, Malaysia, Myanmar, Vietnam, Mexico and Russia registered sub-50% readings.

On Wall Street, all the major indices fell for the month of September, as the Dow Jones Industrial Average fell 4.3%, the S&P 500 Index lost 4.8% and the NASDAQ Composite was down 5.3%. For the third quarter of the year, the Dow Jones slid 1.9%, while the S&P 500 and the NASDAQ added 0.2% and 0.4%, respectively. Inflation concerns weighed on investors, while supply chain constraints, especially chip and labor shortages, put pressure on the economy.

The largest segment increase was a 3.9 point rise in the supplier delivery index which rises when factories have to wait longer for supplies.

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 17.0x and 8.5x, respectively, as of September 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 0.3x for international Pump companies. In our assessment, both groups are extremely well capitalized and could afford to take on additional indebtedness.

TABLE VII: SELECTED DOMESTIC PUMP COMPANIES⁽¹⁾

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

Company	LTM			Stock Price 9/30/2021	% 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)	\$247	\$21	6.1%	\$4.70	53.3%	\$90	\$130	0.4x	6.1x	1.9x
Baker Hughes Inc. (BKR)	20,512	3,699	18.0	24.73	93.1	20,488	26,314	1.3	7.1	0.7
Colfax Corporation (CFX)	3,499	602	17.2	45.90	91.2	6,533	8,280	2.4	13.7	2.8
Crane Co. (CR)	3,269	674	20.6	94.81	90.5	5,538	6,005	1.8	8.9	0.6
Curtiss-Wright Corp. (CW)	2,508	576	23.0	126.18	94.6	5,159	6,146	2.5	10.7	1.6
Danaher Corp. (DHR)	26,720	9,310	34.8	304.44	91.2	217,340	234,727	8.8	25.2	1.5
Dover Corp. (DOV)	7,698	1,657	21.5	155.50	88.1	22,381	24,863	3.2	15.0	1.4
Energy Recovery, Inc. (ERII)	97	21	21.9	19.03	80.3	1,088	984	10.2	46.4	(4.2)
Flowserve Corp. (FLS)	3,607	502	13.9	34.67	78.1	4,516	5,446	1.5	10.8	1.7
Franklin Electric Co. Inc. (FELE)	1,550	230	14.8	79.85	91.0	3,708	3,888	2.5	16.9	0.7
General Electric Co. (GE)	78,622	8,296	10.6	103.03	89.3	113,085	162,002	2.1	19.5	5.4
Gorman-Rupp Co. (GRC)	367	50	13.6	35.81	95.7	936	811	2.2	16.2	(2.6)
Graco Inc. (GGG)	1,918	588	30.6	69.97	86.9	11,877	11,599	6.0	19.7	(0.6)
IDEX Corp. (IEX)	2,665	760	28.5	206.95	87.8	15,728	16,312	6.1	21.5	0.7
Illinois Tool Works Inc. (ITW)	14,251	4,007	28.1	206.63	85.4	65,082	70,673	5.0	17.6	1.4
Ingersoll-Rand Co. Ltd. (IR)	5,889	1,236	21.0	50.41	90.6	21,180	21,483	3.6	17.4	1.2
ITT Corporation (ITT)	2,690	419	15.6	85.84	84.7	7,391	7,110	2.6	17.0	(0.7)
National Oilwell Varco, Incorporated (NOV)	5,334	42	0.8	12.11	72.8	5,122	6,006	1.1	144.7	17.6
Pentair, Inc. (PNR)	3,572	736	20.6	72.63	90.3	12,047	12,750	3.6	17.3	0.8
Roper Technologies Inc. (ROP)	6,274	2,361	37.6	446.13	89.4	47,033	55,397	8.8	23.5	3.4
Schlumberger Limited (SLB)	22,236	6,055	27.2	29.64	80.4	41,450	54,788	2.5	9.0	2.1
SPX Flow Inc. (FLOW)	1,498	180	12.0	73.10	84.8	3,043	3,131	2.1	17.4	0.5
Sandvik International Corp. (SXI)	681	132	19.3	98.91	91.4	1,200	1,304	1.9	9.9	0.8
Weatherford International Ltd. (WFRD)	3,522	597	16.9	19.67	94.9	1,379	3,027	0.9	5.1	2.6
Xylem Inc. (XYL)	5,245	977	18.6	123.68	89.1	22,283	23,588	4.5	24.1	1.3
Median			19.3%		89.3%			2.5x	17.0x	1.3x
Mean			19.7		86.6			3.5	21.6	1.7

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

(2) Revenues and EBITDA are for the latest twelve months as of 9/30/21.

(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 9/30/2021	% 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)	\$4,500	\$923	20.5%	\$37.56	88.5%	\$15,660	\$16,646	3.7x	18.0x	1.0x
Andritz AG (ANDR)	7,598	633	8.3	54.80	94.1	5,439	5,354	0.7	8.5	(0.2)
DMW Corp. (6265)	200	28	14.0	32.72	82.0	138	50	0.3	1.8	(2.5)
Ebara Corp. (6361)	4,952	613	12.4	49.76	86.3	4,655	4,322	0.9	7.0	(0.4)
FLSmidth & Co. A/S (FLS)	2,471	163	6.6	34.93	79.4	1,976	2,155	0.9	13.2	1.1
Gevelot SA (ALGEV)	107	7	6.1	198.19	82.0	153	(15)	NM	NM	(26.7)
GUD Holdings Ltd. (GUD)	403	85	21.0	7.44	75.0	706	876	2.2	10.3	2.1
Hyundai Heavy Industries Co. Ltd. (A329180)	6,544	(125)	(1.9)	97.72	85.6	8,675	10,177	1.5	NM	(7.7)
John Wood Group plc (WG)	6,481	473	7.3	3.11	62.7	2,093	3,833	0.6	8.1	3.8
Kirloskar Brothers Ltd. (500241)	389	38	9.7	5.32	78.2	423	420	1.1	11.2	0.3
KSB Aktiengesellschaft (KSB)	2,641	233	8.8	491.42	88.0	820	685	0.3	2.9	(1.5)
Kubota Corp. (6326)	18,562	2,774	14.9	21.42	87.4	25,874	33,227	1.8	12.0	2.5
Nikkiso Co. Ltd. (6376)	1,446	159	11.0	8.69	77.1	619	1,610	1.1	10.1	6.4
Pfafflier Vacuum Technology AG (PFV)	821	125	15.2	211.64	95.1	2,109	2,039	2.5	16.4	(0.8)
SKF AB (SKF B)	9,004	1,443	16.0	23.73	80.2	10,802	11,752	1.3	8.1	1.5
Spirax-Sarco Engineering plc (SPX)	1,711	458	26.8	202.12	89.6	14,897	15,203	8.9	33.2	0.7
Sulzer, Ltd. (SUN)	3,691	456	12.3	95.59	61.8	3,230	3,855	1.0	8.5	1.4
Taiheku Electric Mfg. Co., Ltd. (6333)	181	31	17.4	12.69	96.5	243	132	0.7	4.2	(3.8)
The Weir Group PLC (WEIR)	2,639	547	20.7	22.84	79.4	5,916	6,848	2.6	12.5	1.7
Torishima Pump Manufacturing Co. Ltd. (6262)	470	48	10.2	8.27	94.0	217	154	0.3	3.2	(0.2)
Tsurumi Manufacturing Co. Ltd. (6251)	415	60	14.5	15.73	89.7	394	243	0.6	4.0	(2.5)
Median			12.4%		85.6%			1.1x	8.5x	0.3x
Mean			12.9		83.5			1.6	10.2	(1.1)

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

(2) Revenues and EBITDA are for the latest twelve months as of 9/30/21.

(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 25.2% over the last twelve months, while the S&P 500 Index was up 27.4%.

U.S. homebuilding fell in September and permits dropped to a one-year low amid shortages of raw materials and labor. Housing starts dropped 1.6% to a seasonally adjusted annual rate of 1.555 million units. Single-family starts were unchanged from the previous month at a 1.08 million seasonally adjusted annual rate, and are up 20.5% year-to-date. The multifamily sector decreased 5.0% to a 475,000 pace.⁽¹⁾

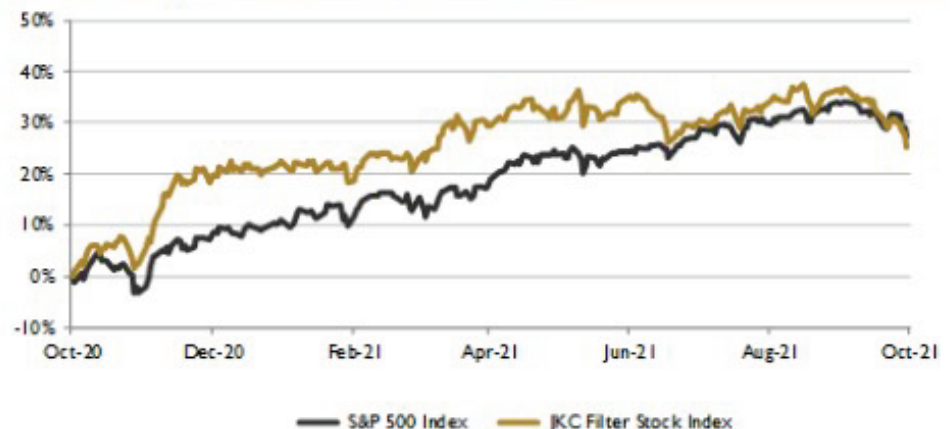
On a regional and year-to-date basis (January through September compared to the same time frame a year ago), combined single-family and multifamily starts were 28.9% higher in the Northeast, 12.1% higher in the Midwest, 18.6% higher in the South and 22.6% higher in the West.

Depleted stocks due to chip shortages dragged down U.S. vehicle sales to their lowest level for the month of September since 2010. U.S. auto sales totaled 3.36 million units in the third quarter, down by 14% year over year and the lowest third quarter since 2011. Volumes fell 22% from the pre-pandemic level in the third quarter of 2019. The seasonally adjusted annualized pace in September measured 12.18 million. The sales pace in the U.S. market has fallen every month since reaching a peak of 18.3 million in April. Available supply on dealer lots is now 58% lower than last September, down nearly 1.4 million units. While sales are up year-to-date, inventory is expected to remain tight through the fourth quarter with a full year sales forecast annual rate of 15.5 million.

On Wall Street, all the major indices fell for the month of September, as the Dow Jones Industrial Average fell 4.3%, the S&P 500 Index lost 4.8% and the NASDAQ Composite was down 5.3%. For the third quarter of the year, the Dow Jones slid 1.9%, while the S&P 500 and the NASDAQ added 0.2% and 0.4%, respectively. Inflation concerns weighed on investors, while supply chain constraints, especially chip and labor shortages, put pressure on the economy.

U.S. auto sales totaled 3.36 million units in the third quarter, down by 14% year over year and the lowest third quarter since 2011.

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 September 30, 2021, domestic and international Filter companies (listed in Table IX and Table X, respectively) were trading at medians of 15.2x and 10.3x, respectively, of TEV/LTM EBITDA with median LTM EBITDA margins of 18.7% and 13.4%, 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 9/30/2021	% 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)	\$35,326	\$10,596	30.0%	\$175.42	84.0%	\$101,505	\$115,189	3.3x	10.9x	1.3x
CECO Environmental Corp. (CECE)	313	27	8.5	7.04	74.3	251	298	1.0	11.2	1.7
Corning Inc. (GLW)	12,756	3,766	27.4	36.49	77.9	31,164	37,116	2.7	9.9	1.5
Crane Co. (CR)	3,249	674	20.6	94.81	90.5	5,538	6,005	1.8	8.9	0.6
Cummins Inc. (CMI)	23,151	3,784	16.3	224.56	81.0	32,248	34,652	1.5	9.2	0.4
Donaldson Company Inc. (DCI)	2,854	518	18.1	57.41	82.8	7,119	7,458	2.6	14.4	0.7
Eaton Corporation (ETN)	19,517	3,505	18.0	149.31	87.2	59,543	71,582	3.7	20.4	2.5
Entegris, Inc. (ENTG)	2,083	623	29.9	125.90	92.6	17,072	17,670	8.5	28.3	1.0
ESCO Technologies Inc. (ESE)	715	134	18.7	77.00	66.5	2,007	2,036	2.8	15.2	0.9
General Electric Co. (GE)	78,622	8,296	10.6	103.03	89.3	113,085	162,002	2.1	19.5	5.4
Honeywell International Inc. (HON)	24,635	9,045	26.1	212.28	89.6	146,558	156,868	4.5	17.3	1.1
Illinois Tool Works Inc. (ITW)	14,251	4,007	28.1	206.63	85.4	65,082	70,673	5.0	17.6	1.4
Parker Hannifin Corporation (PH)	14,880	3,263	21.9	279.62	86.1	36,099	42,061	2.8	12.9	1.9
Pentair, Inc. (PNR)	3,572	736	20.6	72.63	90.3	12,047	12,750	3.6	17.3	0.8
Tenneco Inc. (TEN)	18,296	1,473	8.1	14.27	62.7	1,170	6,086	0.3	4.1	3.1
Watts Water Technologies, Inc. (WTS)	1,739	313	18.0	168.09	95.4	5,655	5,607	3.2	17.9	(0.3)
Xylem Inc. (XYL)	5,245	977	18.6	123.68	89.1	22,283	23,588	4.5	24.1	1.3
Median			18.7%		86.1%			2.8x	15.2x	1.3x
Mean			20.0		83.8			3.2	15.3	1.5

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

(2) Revenues and EBITDA are for the latest twelve months as of 9/30/21.

(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 9/30/2021	% 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)	4,500	923	20.5	37.56	88.5	15,660	16,646	3.7	18.0	1.0
Amlad Water Systems Ltd. (AMD)	111	13	12.1	5.00	68.6	152	150	1.3	11.2	(0.4)
Andritz AG (ANDR)	7,598	633	8.3	54.80	94.1	5,439	5,354	0.7	8.5	(0.2)
Asahi Kasei Corp. (2407)	20,031	3,102	15.5	10.73	86.7	14,884	19,502	1.0	6.3	1.4
Daikin Industries Ltd. (6367)	24,302	3,858	15.9	219.29	82.6	64,175	62,820	2.6	16.5	(0.4)
Denso Corp. (6902)	49,564	6,457	13.0	65.85	90.0	50,810	51,469	1.0	8.0	(0.0)
Esurex SA (EO)	18,953	1,933	10.2	47.40	80.6	6,388	10,634	0.6	5.5	2.0
FLSmidth & Co. A/S (FLS)	2,471	163	6.6	34.93	79.4	1,976	2,155	0.9	13.2	1.1
GEA Group AG (GIA)	5,329	548	10.3	45.86	96.1	8,244	8,009	1.5	14.6	(0.9)
GUD Holdings Ltd. (GUD)	403	85	21.0	7.44	75.0	706	876	2.2	10.3	2.1
Idem Co., Ltd. (4062)	3,146	786	25.0	55.58	89.5	7,760	8,136	2.6	10.4	0.3
Johnson Matthey plc (JMAT)	21,161	915	4.3	36.25	79.8	6,984	8,057	0.4	8.8	1.1
NGK Insulators Ltd. (5333)	4,463	1,100	24.6	17.06	88.4	5,316	6,150	1.4	5.6	0.6
Nitto Denko Corp. (6988)	7,188	1,359	18.9	71.54	78.5	10,587	9,008	1.1	5.9	(2.1)
Ponvair plc (PRV)	177	24	13.6	9.34	93.5	430	439	2.5	18.3	0.4
Sartorius AG (SRT)	3,370	1,097	32.6	775.38	79.7	48,246	50,690	15.0	46.2	1.9
Siemens AG (SIE)	71,304	9,426	13.2	164.49	93.6	131,316	182,511	2.6	19.5	4.8
Toray Industries Inc. (3402)	17,927	2,223	12.4	6.42	92.2	10,282	17,522	1.0	7.9	2.8
Median			13.4%		87.5%			1.4x	10.3x	0.8x
Mean			15.4		85.4			2.3	13.0	0.9

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

(2) Revenues and EBITDA are for the latest twelve months as of 9/30/21.

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Valuation Trends over Time

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

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

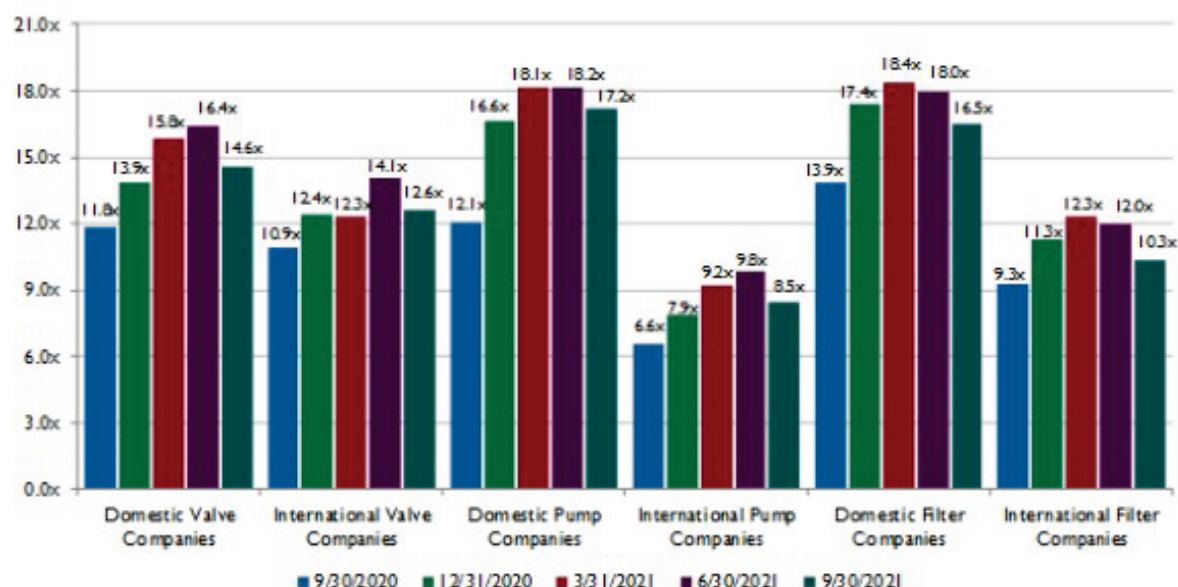
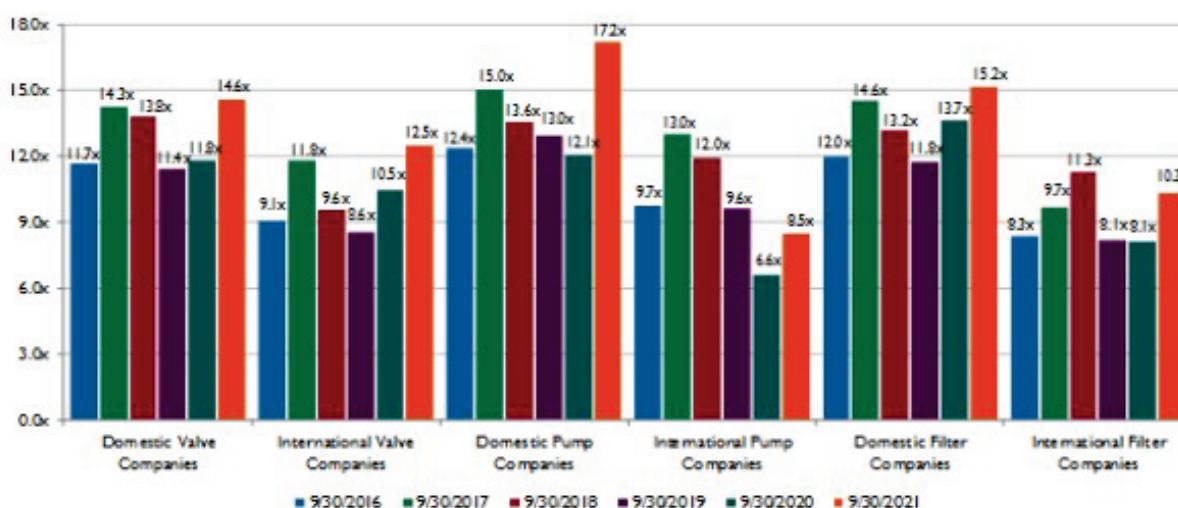


CHART V: ANNUAL MEDIAN TEV/LTM EBITDA VALUATION MULTIPLES⁽¹⁾



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

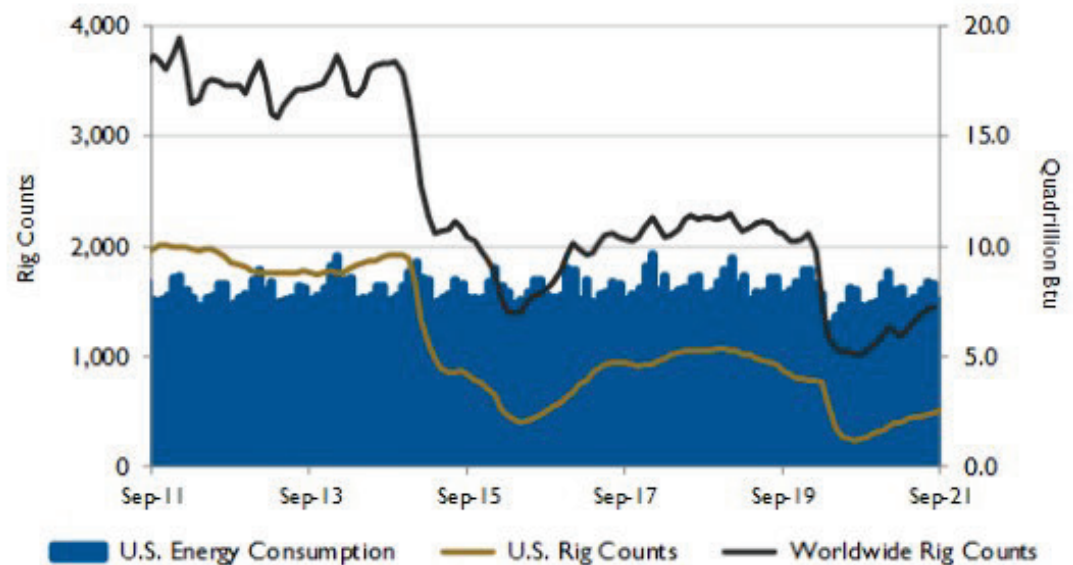
Economic Indicators — Valves and Pumps⁽¹⁾

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⁾

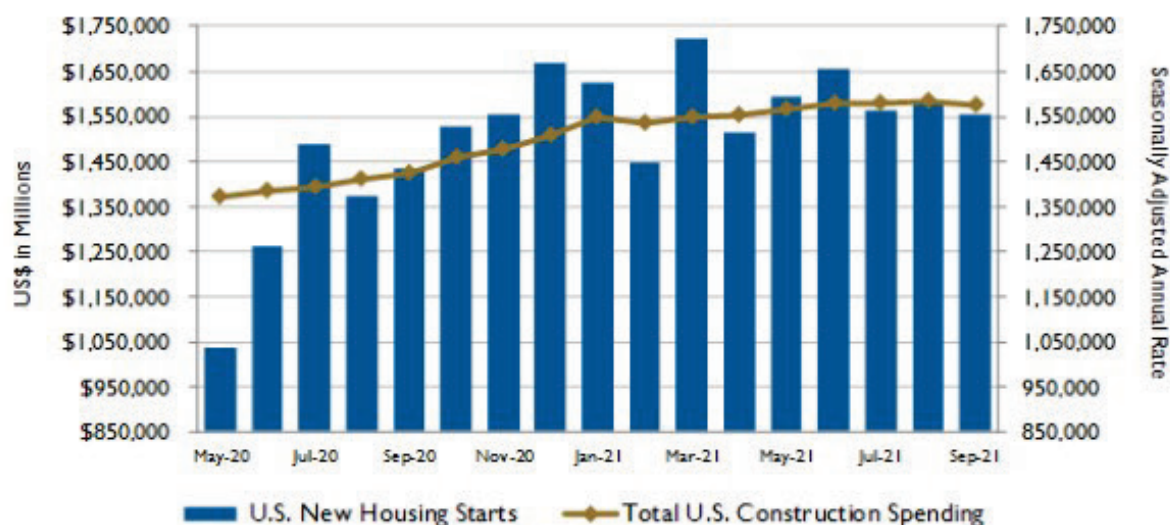
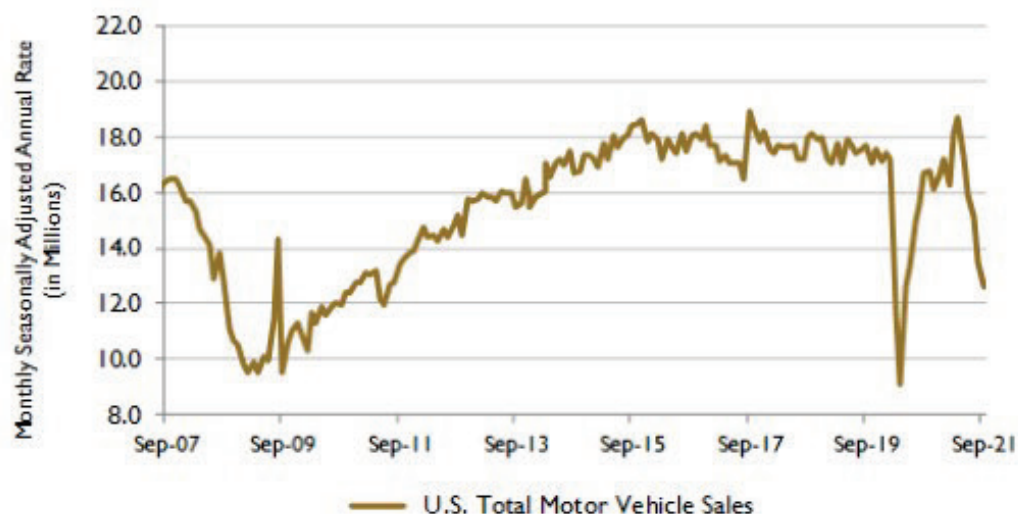


CHART IX: U.S. MOTOR VEHICLE SALES⁽³⁾



(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.

JORDAN KNAUFF & COMPANY FLOW CONTROL TEAM



G. COOK JORDAN, JR.

Managing Principal
Office (312) 254-5901
cj@jordanknauff.com



DAVID A. KAKAREKA

Managing Director
Office (312) 254-5907
dkakareka@jordanknauff.com



LORI A. CALLAWAY

Vice President of Research and Publications
Office (312) 254-5914
lcallaway@jordanknauff.com

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.



**JORDAN KNAUFF
& COMPANY**

200 West Madison Street, Suite 980
Chicago, Illinois 60606-3414

tel: (312) 254-5900 ■ fax: (312) 254-5999

email: info@jordanknauff.com ■ web: www.jordanknauff.com

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