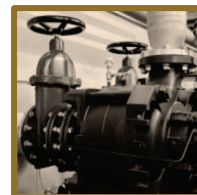


FLOW CONTROL

Industry In-Sight™

FOURTH 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

SPX FLOW to be Acquired by Lone Star Funds



In December, SPX FLOW, Inc. (FLOW) agreed to be acquired by an affiliate of Lone Star Funds (Lone Star) in an all cash offer valued at \$3.8 billion, including the assumption of debt. Lone Star will offer \$86.5 per share in cash for FLOW. Lone Star has secured equity and debt financing to fund the transaction. Upon completion of the transaction, FLOW will become a privately held company and FLOW's shares will no longer trade on The New York Stock Exchange. As a condition to the transaction, FLOW has agreed to suspend payment of its quarterly dividend, effective immediately. The transaction is not subject to a financing condition and is expected to close in the first half of 2022.

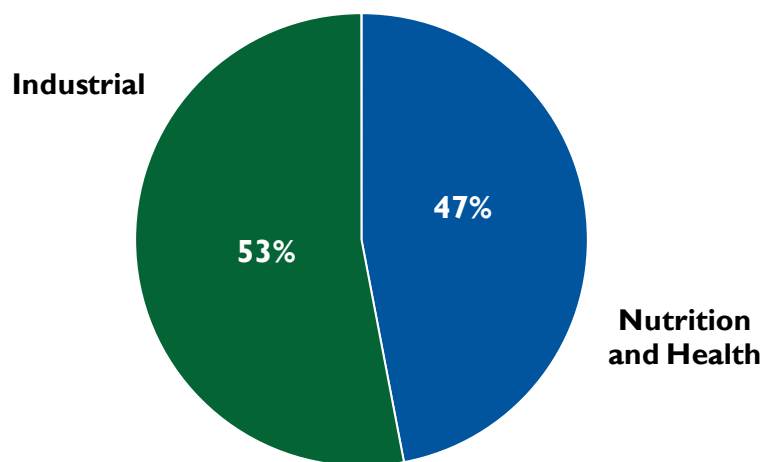
For the trailing twelve months, ending October 2021, FLOW had revenues of \$1.5 billion and EBITDA of approximately \$207 million. With an implied enterprise value of \$3.8 billion, this equates to an EBITDA valuation multiple of just over 18.3x. The transaction was unanimously approved by the FLOW Board of Directors. The purchase price represents a premium of nearly 40% over FLOW's closing stock price on July 16, 2021, the last trading day prior to the publication of an article stating that the company received an unsolicited purchase offer.

Based in Charlotte, North Carolina, FLOW designs, delivers, and services process technology solutions that perform mixing, blending, fluid handling, separation, thermal heat transfer, and other activities that are integral to processes performed across a wide variety of nutrition, health and industrial solutions markets. The nutrition and health segments offer homogenizers, pumps, valves, separators, and heat exchangers. The Industrial segment offers air dryers, filtration equipment, mixers, pumps, hydraulic technologies, and heat exchangers for customers in the chemical, air treatment, mining, pharmaceutical, marine, infrastructure construction, general industrial, and water treatment industries. The company has operations in more than 30 countries and sales in more than 140 countries.

The FLOW sale process was likely kicked off last summer after the company announced it rejected an \$85-per-share offer from pumps and compressors manufacturer Ingersoll Rand Inc., a global provider of mission-critical flow creation and industrial solutions. The proposal represents a premium of approximately 20% over Flow's all-time high closing price. The SPX Flow Board of Directors rejected the proposal and declined Ingersoll Rand's request to engage in constructive dialogue. This followed the rejection by Flow of a prior offer by Ingersoll Rand of \$81.50 per share made on May 27, 2021.

FLOW was created in 2015 when SPX Corporation announced the spin-off of its flow technology and hydraulic technologies businesses. The spin-off was designed to create two separate, stand-alone, publicly traded companies: SPX FLOW, Inc., a company focused on providing highly engineered technologies and services to customers in the global food and beverage, power and energy, and industrial markets; and SPX Corporation, a global supplier of infrastructure equipment with a scalable heating, ventilation and air conditioning platform, positions in niche detection and measurement markets, and a presence in engineered solutions for industry.

FLOW 2020 Sales by Segment⁽¹⁾



⁽¹⁾ SPX FLOW 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: 4Q 2021 ⁽¹⁾

Announced Date	Target	Acquirer(s)
12/16/2021	Engineered Controls International, LLC	Dover Corporation
12/13/2021	SPX FLOW, Inc.	Lone Star Americas Acquisitions, Inc.
12/6/2021	ValvTechnologies, Inc.	Severn Glocon Group plc
12/3/2021	Simmons Manufacturing Company, Inc.	The Boshart Group
10/14/2021	Control Devices, LLC	HBM Holdings Company
10/12/2021	Leslie Controls, Inc.	Armstrong International, Inc.

TABLE III: SELECTED PUMP M&A TRANSACTIONS: 4Q 2021 ⁽¹⁾

Announced Date	Target	Acquirer(s)
12/13/2021	SPX FLOW, Inc.	Lone Star Americas Acquisitions, Inc.
12/1/2021	Australia Fluid Handling Pty. Ltd.	Torishima Pump Mfg. Co., Ltd.
11/2/2021	Assets of Tuthill Pump Group	Ingersoll Rand Inc.
10/28/2021	Air Dimensions, Inc.	Ingersoll Rand Inc.
10/27/2021	HHV Pumps Pvt. Ltd.	Atlas Copco AB

TABLE IV: SELECTED FILTER M&A TRANSACTIONS: 4Q 2021 ⁽¹⁾

Announced Date	Target	Acquirer(s)
12/16/2021	Fluid Filtration Specialists, LLC	Fairbanks Morse Defense
11/30/2021	Roome Technologies, Inc	Sidco Filter Corporation
11/26/2021	Purification Solutions Business of Cabot Corporation	OEP Capital Advisors, LP
11/16/2021	Boresow's Water Company	Waterlogic Americas, LLC
11/3/2021	Lawrence Factor, Inc.	Ingersoll Rand Inc.
11/1/2021	Cembrane A/S	Ovivo Inc.
10/22/2021	Columbus Industries, Inc.	Filtration Group Corporation
10/14/2021	Substantially All Assets of Scientific Air Management	SteriLumen, Inc.

(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

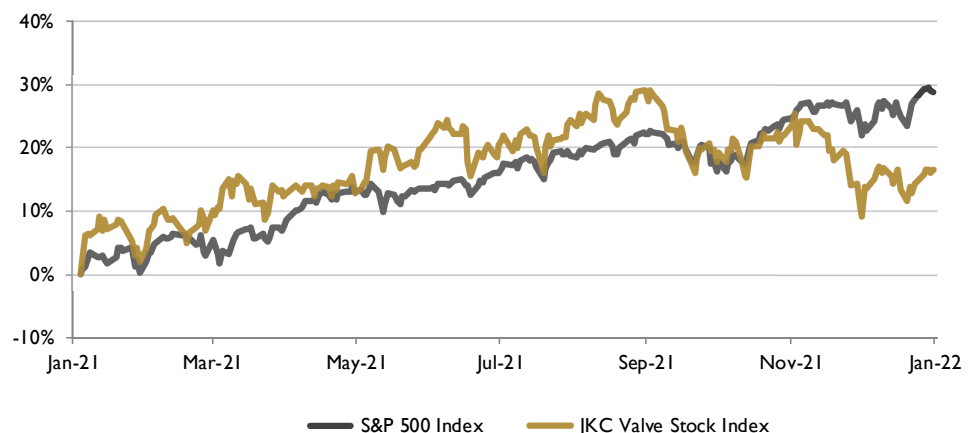
The JKC Valve Stock Index was up 16.4% over the last 12 months, while the broader S&P 500 Index was up 28.7%.

Spot prices of Brent crude and West Texas Intermediate (WTI) have risen since their April 2020 lows and are now above pre-pandemic levels. In October, the price of Brent crude oil averaged \$84 per barrel, and the price of WTI averaged \$81 per barrel, the highest nominal prices since October 2014. Since the third quarter of 2020, global consumption of crude oil has increased faster than production, which has caused lower inventory levels and higher crude oil prices. Global oil inventories are forecast to build in 2022, driven by rising production from OPEC+ countries and the United States along with slowing growth in global oil demand. This shift will put downward pressure on the Brent price which is forecast to average \$72 per barrel during 2022.⁽¹⁾

The U.S. oil and gas rig count, an early indicator of future output, has been rising for a record 16 months in a row, going from a low of 250 in August 2020 to 579 in December 2021. This is reflected in U.S. drilling activity which continues to increase but in modest increments. Energy companies are completing wells that were drilled in the past, known as DUC (drilled but uncompleted) wells. There were only 4,855 DUCs left in the seven largest U.S. shale basins in November, the lowest since June 2014.

On Wall Street, the Dow Jones Industrial Average, the S&P 500 Index and the NASDAQ Composite rose 5.4%, 4.4% and 0.7%, respectively, in December. For the full year of 2021, the three major stock indexes rallied 18.7%, 26.9% and 21.4%, respectively. The supply chain disruption, shortage of labor and pent-up demand by Americans resulted in mounting inflationary pressure. Economic growth and corporate profit rose sharply in 2021. Availability of COVID-19 vaccines, government's effort for nationwide vaccination and continuation of fiscal and monetary stimulus resulted in an earlier than expected reopening of the U.S. 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.

Spot prices of Brent crude and West Texas Intermediate (WTI) have risen since their April 2020 lows and are now above pre-pandemic levels.

Valve Companies

As shown in Tables V and VI, as of December 31, 2021, domestic and international Valve companies were trading at median total enterprise value / latest twelve months (“TEV/LTM”) EBITDA multiples of 14.3x and 12.0x, respectively, while both groups have median EBITDA margins of 19.6% and 14.8%, respectively. The median stock price as a percentage of the 52-week high for both groups is 88% and 88%, 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 12/31/2021	% 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)	\$505	\$110	21.7%	\$106.56	94.8%	\$3,117	\$3,057	6.1x	27.9x	(0.7x)
CIRCOR International Inc. (CIR)	770	99	12.8	27.18	62.9	551	992	1.3	10.0	4.5
Crane Co. (CR)	3,180	622	19.6	101.73	93.6	5,974	6,391	2.0	10.3	0.6
Curtiss-Wright Corp. (CW)	2,506	572	22.8	138.67	99.1	5,441	6,388	2.5	11.2	1.8
Dover Corp. (DOV)	7,907	1,680	21.2	181.60	99.3	26,148	28,469	3.6	17.0	1.7
Emerson Electric Co. (EMR)	18,548	4,201	22.7	92.97	87.7	55,308	60,227	3.2	14.3	1.1
Flowserve Corp. (FLS)	3,541	468	13.2	30.60	68.9	3,986	4,874	1.4	10.4	1.8
General Electric Co. (GE)	74,196	6,698	9.0	94.47	81.3	103,696	150,283	2.0	22.4	1.8
Honeywell International Inc. (HON)	34,392	9,020	26.2	208.51	88.0	143,543	153,947	4.5	17.1	1.0
ITT Corporation (ITT)	2,765	576	20.8	102.19	96.8	8,747	8,455	3.1	14.7	(0.6)
Mueller Water Products, Inc. (MWA)	1,146	213	18.6	14.40	82.9	2,259	2,508	2.2	11.7	1.3
Parker Hannifin Corporation (PH)	15,293	3,408	22.3	318.12	95.0	40,883	46,946	3.1	13.8	2.3
Schlumberger Limited (SLB)	22,929	5,709	24.9	29.95	81.2	42,009	54,765	2.4	9.6	2.1
SPX Flow Inc. (FLOW)	1,529	208	13.6	86.48	97.7	3,630	3,730	2.4	17.9	0.7
TechnipFMC plc (FTI)	6,404	419	6.5	5.92	45.4	2,668	4,189	0.7	10.0	0.9
Watts Water Technologies, Inc. (WTS)	1,809	318	17.6	194.17	91.6	6,528	6,442	3.6	20.2	(0.1)
Xylem Inc. (XYL)	5,195	837	16.1	119.92	86.4	21,625	22,904	4.4	27.4	1.3
Median			19.6%		88.0%			2.5x	14.3x	1.3x
Mean			18.2		85.5			2.8	15.6	1.3

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

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/21.

(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 12/31/2021	% 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)	\$3,223	\$556	17.3%	\$66.26	99.7%	\$7,327	\$8,113	2.5x	14.6x	1.4x
Alfa Laval AB (ALFA)	4,414	916	20.7	40.30	93.2	16,744	17,674	4.0	19.3	0.8
Georg Fischer AG (FI-N)	3,848	401	10.4	1,519.29	89.4	6,219	6,480	1.7	16.1	0.6
Hisaka Works Ltd. (6247)	248	21	8.3	7.50	91.2	211	78	0.3	3.8	(7.0)
Hitachi Ltd. (6501)	85,131	8,107	9.5	54.11	83.5	52,335	78,562	0.9	9.7	2.4
IMI plc (IMI)	2,525	486	19.2	23.51	92.4	6,119	6,573	2.6	13.5	1.7
Kitz Corp. (6498)	1,018	110	10.8	6.18	79.7	554	679	0.7	6.2	0.9
KSB Aktiengesellschaft (KSB)	2,592	229	8.8	511.77	92.6	828	696	0.3	3.0	(1.5)
Kubota Corp. (6326)	18,570	2,834	15.3	22.18	93.4	26,426	34,097	1.8	12.0	2.5
Lupatech S.A. (LUPA3)	15	(52)	(356.7)	0.95	44.9	28	48	3.3	NM	(0.4)
Okano Valve Manufacturing Co. (6492)	57	9	16.2	22.29	87.2	38	18	0.3	2.0	(2.0)
Saint Gobain (SGO)	48,328	7,202	14.9	70.36	95.3	37,108	46,130	1.0	6.4	1.2
SMC Corp. (6273)	5,722	1,961	34.3	673.89	97.6	44,527	38,847	6.8	19.8	(3.0)
Spirax-Sarco Engineering plc (SPX)	1,716	460	26.8	217.33	93.2	16,018	16,324	9.5	35.5	0.7
The Weir Group PLC (WEIR)	2,647	549	20.7	23.17	80.4	6,004	6,938	2.6	12.6	1.7
Velan, Inc. (VLN)	333	16	4.7	6.48	72.9	140	142	0.4	9.1	(1.1)
Median			15.1%		91.8%			1.8x	12.0x	0.8x
Mean			(7.4)		86.7			2.4	12.3	(0.1)

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

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/21.

(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

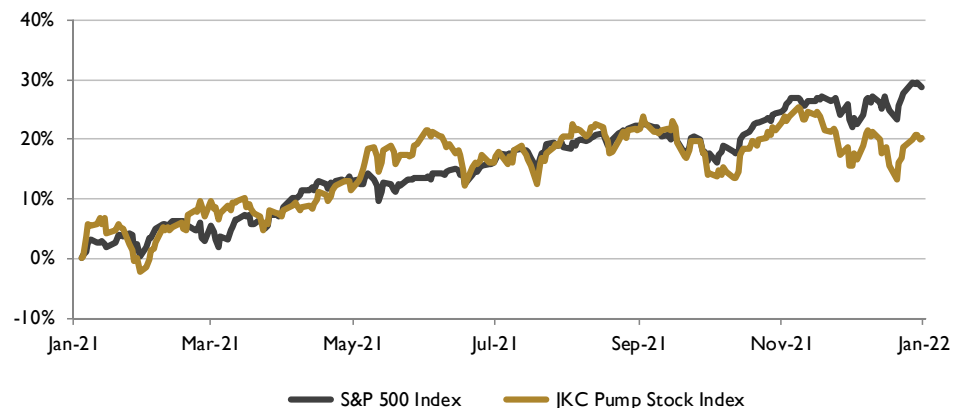
The JKC Pump Stock Index was up 20.2% over the last twelve months, while the S&P 500 Index was up 28.7% over the same time period.

The Institute for Supply Management's Manufacturing Report On Business'® Purchasing Managers' Index (PMI®) fell 2.4 points to 58.7% in December. The Prices Paid Index fell 14.2 points, the biggest monthly drop in the prices paid measure in over a decade. However, at 68.2% prices are still rising, but no longer at the 82.4% level seen in November. New orders were at 60.4% in December and production at 59.2%, both are consistent with a strong demand environment. Thirteen of 18 manufacturing industries reported growth in new orders in December. The two industries reporting a decline in new orders were: wood products and paper products. Ten industries reported growth in production during the month.⁽¹⁾

U.S. industrial production increased 0.5% in November. Total industrial production was 1.8% below its pre-pandemic peak in August 2018. Manufacturing output, which comprises roughly three-quarters of all industrial output, was up 0.7% as motor vehicle strength offset some weakness in machinery. Production of motor vehicles and parts rose 2.8%. Overall capacity utilization rose to 76.8%, which is the highest reading since November 2019.

On Wall Street, the Dow Jones Industrial Average, the S&P 500 Index and the NASDAQ Composite rose 5.4%, 4.4% and 0.7%, respectively, in December. For the full year of 2021, the three major stock indexes rallied 18.7%, 26.9% and 21.4%, respectively. The supply chain disruption, shortage of labor and pent-up demand by Americans resulted in mounting inflationary pressure. Economic growth and corporate profit rose sharply in 2021. Availability of COVID-19 vaccines, government's effort for nationwide vaccination and continuation of fiscal and monetary stimulus resulted in an earlier than expected reopening of the U.S. economy.

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.

Production of motor vehicles and parts rose 2.8%. Overall [industrial production] capacity utilization rose to 76.8%, which is the highest reading since November 2019.

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 17.9x and 9.0x, respectively, as of December 31, 2021. As you can see, both groups are leveraged with a median net debt/LTM EBITDA ratio of 1.3x for domestic Pump companies compared to -0.2x for international Pump companies. In our assessment, domestic companies 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 12/31/2021	% 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)	\$347	\$21	6.1%	\$5.00	56.8%	\$95	\$144	0.4x	6.8x	1.9x
Baker Hughes Inc. (BKR)	20,502	3,434	16.7	24.06	87.0	20,931	26,260	1.3	7.6	0.8
Colfax Corporation (CFX)	3,854	642	16.6	45.97	84.1	7,115	8,771	2.3	13.7	2.4
Crane Co. (CR)	3,180	622	19.6	101.73	93.6	5,974	6,391	2.0	10.3	0.6
Curtiss-Wright Corp. (CW)	2,506	572	22.8	138.67	99.1	5,441	6,388	2.5	11.2	1.8
Danaher Corp. (DHR)	29,453	10,641	36.1	329.01	98.5	235,103	260,455	8.8	24.5	1.9
Dover Corp. (DOV)	7,907	1,680	21.2	181.60	99.3	26,148	28,469	3.6	17.0	1.7
Energy Recovery, Inc. (ERII)	104	22	21.5	21.49	86.0	1,219	1,128	10.9	50.5	(4.0)
Flowserve Corp. (FLS)	3,541	468	13.2	30.60	68.9	3,986	4,874	1.4	10.4	1.8
Franklin Electric Co. Inc. (FELE)	1,662	241	14.5	94.56	97.5	4,390	4,550	2.7	18.8	0.8
General Electric Co. (GE)	74,196	6,698	9.0	94.47	81.3	103,696	150,283	2.0	22.4	1.8
Gorman-Rupp Co. (GRC)	378	49	12.9	44.55	94.5	1,164	1,033	2.7	21.1	(2.6)
Graco Inc. (GGG)	1,988	590	29.7	80.62	99.4	13,703	13,339	6.7	22.6	(0.7)
IDEX Corp. (IEX)	2,765	801	29.0	236.32	98.3	17,968	18,466	6.7	23.1	0.6
Illinois Tool Works Inc. (ITW)	14,455	3,957	27.4	246.80	99.5	77,466	83,031	5.7	21.0	1.6
Ingersoll-Rand Co. Ltd. (IR)	5,152	1,086	21.1	61.87	99.4	25,217	26,752	5.2	24.6	1.3
ITT Corporation (ITT)	2,765	576	20.8	102.19	96.8	8,747	8,455	3.1	14.7	(0.6)
National Oilwell Varco, Incorporated (NOV)	5,524	341	6.2	13.55	75.2	5,294	6,093	1.1	17.9	2.3
Pentair, Inc. (PNR)	3,765	758	20.1	73.03	90.8	12,085	12,693	3.4	16.7	1.2
Roper Technologies Inc. (ROP)	5,778	2,278	39.4	491.86	97.4	51,884	59,860	10.4	26.3	3.4
Schlumberger Limited (SLB)	22,929	5,709	24.9	29.95	81.2	42,009	54,765	2.4	9.6	2.1
SPX Flow Inc. (FLOW)	1,529	208	13.6	86.48	97.7	3,630	3,730	2.4	17.9	0.7
Standex International Corp. (SXI)	710	140	19.7	110.66	91.1	1,351	1,461	2.1	10.5	0.6
Weatherford International Ltd. (WFRD)	3,645	678	18.6	27.72	79.3	1,945	3,520	1.0	5.2	2.5
Xylem Inc. (XYL)	5,195	837	16.1	119.92	86.4	21,625	22,904	4.4	27.4	1.3
Median			19.7%		93.6%			2.7x	17.9x	1.3x
Mean			19.9		89.6			3.8	18.1	1.0

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

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/21.

(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 12/31/2021	% 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)	\$4,414	\$916	20.7%	\$40.30	93.2%	\$16,744	\$17,674	4.0x	19.3x	0.8x
Andritz AG (ANDR)	7,287	633	8.7	51.61	89.1	5,123	4,997	0.7	7.9	(0.2)
DMW Corp. (6365)	199	27	13.6	31.53	83.4	133	64	0.3	2.4	(2.0)
Ebara Corp. (6361)	4,988	643	12.9	55.50	95.2	5,122	4,939	1.0	7.7	(0.4)
FLSmidth & Co. A/S (FLS)	2,552	181	7.1	37.37	86.5	2,114	2,113	0.8	11.7	(0.8)
Gevelot SA (ALGEV)	107	7	6.1	185.37	79.1	143	(21)	NM	NM	(26.7)
GUD Holdings Ltd. (GUD)	405	85	21.0	8.27	83.1	1,106	1,277	3.2	15.0	(0.6)
Hyundai Heavy Industries Co. Ltd. (A329180)	6,544	(125)	(1.9)	79.92	70.5	7,095	8,053	1.5	NM	(7.7)
John Wood Group plc (WG)	6,500	475	7.3	2.59	52.0	1,752	3,497	0.5	7.4	3.7
Kirloskar Brothers Ltd. (500241)	402	34	8.5	4.43	65.3	351	362	0.9	10.5	0.3
KSB Aktiengesellschaft (KSB)	2,592	229	8.8	511.77	92.6	828	696	0.3	3.0	(1.5)
Kubota Corp. (6326)	18,570	2,834	15.3	22.18	93.4	26,426	34,097	1.8	12.0	2.5
Nikkiso Co. Ltd. (6376)	1,438	146	10.2	6.98	64.0	498	1,494	1.0	10.2	7.0
Pfeiffer Vacuum Technology AG (PFV)	842	132	15.7	247.92	98.2	2,424	2,331	2.8	17.7	(0.7)
SKF AB (SKF B)	8,883	1,452	16.3	23.72	82.8	10,819	13,101	1.5	9.0	0.4
Spirax-Sarco Engineering plc (SPX)	1,716	460	26.8	217.33	93.2	16,018	16,324	9.5	35.5	0.7
Sulzer, Ltd. (SUN)	3,778	466	12.3	98.56	62.2	3,330	3,970	1.1	8.5	0.2
Teikoku Electric Mfg.Co.,Ltd. (6333)	178	30	17.1	12.85	96.7	245	130	0.7	4.3	(3.8)
The Weir Group PLC (WEIR)	2,647	549	20.7	23.17	80.4	6,004	6,938	2.6	12.6	1.7
Torishima Pump Manufacturing Co. Ltd. (6363)	469	54	11.5	8.31	97.5	219	210	0.4	3.9	0.5
Tsurumi Manufacturing Co. Ltd. (6351)	410	58	14.2	14.38	85.2	360	224	0.5	3.8	(2.2)
Median			12.9%		85.2%			1.0x	9.0x	(0.2x)
Mean			13.0		83.0			1.8	10.7	(1.4)

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

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/21.

(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 7.6% over the last twelve months, while the S&P 500 Index was up 28.7%.

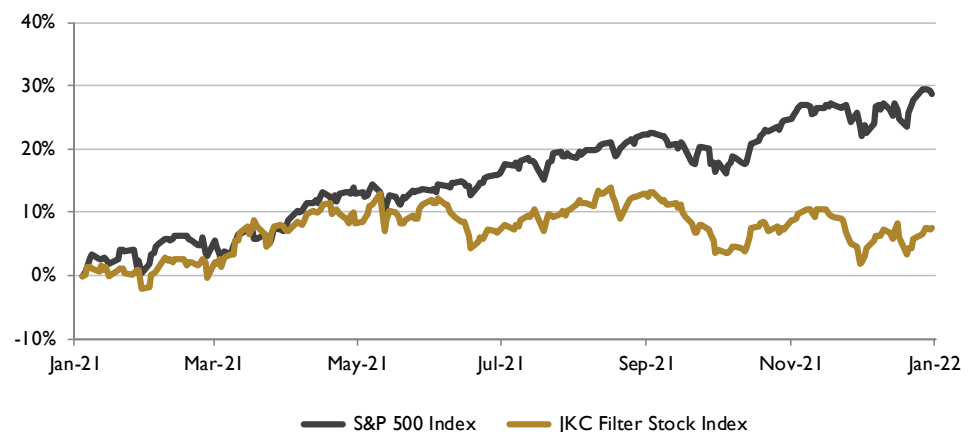
Housing starts rose 1.4% to a 1.702 million-unit pace in December. Multifamily starts surged 13.7% during the month and accounted for all of December's increase. Single-family starts fell 2.3% but remained at a high level at a 1.172 million-unit pace. Single-family starts rose sharply in the Midwest (50.8%) and Northeast (11.1%) but fell in the South (-8.2%) and West (-14.6%). The latter two regions account for 80% of the nation's single-family starts. Housing permits jumped 17.2% in 2021 to 1.725 million. Single-family permits rose 13.4% to 1.111 million, while multifamily permits surged 24.9% to 614,000 units. The strength in permits suggests homebuilding is set for another strong year in 2022, even with rising mortgage rates.⁽¹⁾

Home builders began construction on 1,595,100 homes in 2021, with single-family starts totaling 1,123,100 units. That marks the best year for single-family starts since 2006. Multifamily starts rose 21.3% this past year to 472,000 units, marking their best year since 1987.

Auto sales topped 15 million units in 2021, up from the approximately 14.5 million vehicles sold in 2020. The semiconductor chip shortage was a serious threat in 2021. Toyota overtook GM in total sales, the first time a foreign manufacturer unseated a domestic leader. GM's sales fell 13% over 2020, while Toyota's rose by 10%.

On Wall Street, the Dow Jones Industrial Average, the S&P 500 Index and the NASDAQ Composite rose 5.4%, 4.4% and 0.7%, respectively, in December. For the full year of 2021, the three major stock indexes rallied 18.7%, 26.9% and 21.4%, respectively. The supply chain disruption, shortage of labor and pent-up demand by Americans resulted in mounting inflationary pressure. Economic growth and corporate profit rose sharply in 2021. Availability of COVID-19 vaccines, government's effort for nationwide vaccination and continuation of fiscal and monetary stimulus resulted in an earlier than expected reopening of the U.S. economy.

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.

Toyota overtook GM in total sales, the first time a foreign manufacturer unseated a domestic leader.

Filter Companies

As of December 31, 2021, domestic and international Filter companies (listed in Table IX and Table X, respectively) were trading at medians of 16.7x and 10.9x, respectively, of TEV/LTM EBITDA with median LTM EBITDA margins of 18.5% and 14.0%, respectively. With the exception of a few companies, the domestic Filter companies are conservatively capitalized.

TABLE IX: SELECTED DOMESTIC FILTER COMPANIES⁽¹⁾

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

Company	LTM			Stock Price 12/31/2021	% 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)	\$35,355	\$10,161	28.7%	\$177.63	85.0%	\$102,360	\$115,703	3.3x	11.4x	1.3x
CECO Environmental Corp. (CECE)	313	27	8.5	6.23	65.8	223	269	0.9	10.2	1.7
Corning Inc. (GLW)	14,082	3,774	26.8	37.23	79.5	31,772	37,561	2.7	10.0	1.5
Crane Co. (CR)	3,180	622	19.6	101.73	93.6	5,974	6,391	2.0	10.3	0.6
Cummins Inc. (CMI)	24,021	3,676	15.3	218.14	78.7	31,201	33,505	1.4	9.1	0.4
Donaldson Company Inc. (DCI)	2,978	539	18.1	59.26	85.5	7,321	7,709	2.6	14.3	0.7
Eaton Corporation (ETN)	19,628	3,635	18.5	172.82	98.3	68,886	77,745	4.0	21.4	2.3
Entegris, Inc. (ENTG)	2,299	713	31.0	138.58	87.7	18,775	19,297	8.4	27.1	0.8
ESCO Technologies Inc. (ESE)	730	131	17.9	89.99	77.7	2,349	2,509	3.4	19.2	1.5
General Electric Co. (GE)	74,196	6,698	9.0	94.47	81.3	103,696	150,283	2.0	22.4	1.8
Honeywell International Inc. (HON)	34,392	9,020	26.2	208.51	88.0	143,543	153,947	4.5	17.1	1.0
Illinois Tool Works Inc. (ITW)	14,455	3,957	27.4	246.80	99.5	77,466	83,031	5.7	21.0	1.6
Parker Hannifin Corporation (PH)	15,293	3,408	22.3	318.12	95.0	40,883	46,946	3.1	13.8	2.3
Pentair, Inc. (PNR)	3,765	758	20.1	73.03	90.8	12,085	12,693	3.4	16.7	1.2
Tenneco Inc. (TEN)	18,035	1,318	7.3	11.30	49.7	928	5,891	0.3	4.5	3.5
Watts Water Technologies, Inc. (WTS)	1,809	318	17.6	194.17	91.6	6,528	6,442	3.6	20.2	(0.1)
Xylem Inc. (XYL)	5,195	837	16.1	119.92	86.4	21,625	22,904	4.4	27.4	1.3
Median			18.5%		86.4%			3.3x	16.7x	1.3x
Mean			19.4		84.4			3.3	16.2	1.4

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

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/21.

(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 12/31/2021	% 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)	4,414	916	20.7	40.30	93.2	16,744	17,674	4.0	19.3	0.8
Amiad Water Systems Ltd. (AMD)	116	14	12.1	5.47	72.2	166	164	1.4	11.7	(0.3)
Andritz AG (ANDR)	7,287	633	8.7	51.61	89.1	5,123	4,997	0.7	7.9	(0.2)
Asahi Kasei Corp. (3407)	19,956	3,097	15.5	9.39	78.3	13,026	17,567	0.9	5.7	1.6
Daikin Industries Ltd. (6367)	24,518	3,824	15.6	226.60	88.2	66,320	65,209	2.7	17.1	(0.2)
Denso Corp. (6902)	47,290	6,396	13.5	82.76	99.5	63,436	64,707	1.4	10.1	0.2
Faurecia SA (EO)	18,597	1,896	10.2	47.57	82.4	6,410	10,577	0.6	5.6	0.0
FLSmidth & Co. A/S (FLS)	2,552	181	7.1	37.37	86.5	2,114	2,113	0.8	11.7	(0.8)
GEA Group AG (GIA)	5,290	626	11.8	54.87	100.0	9,796	9,329	1.8	14.9	(0.8)
GUD Holdings Ltd. (GUD)	405	85	21.0	8.27	83.1	1,106	1,277	3.2	15.0	(0.6)
Ibiden Co., Ltd. (4062)	3,260	896	27.5	59.41	92.7	8,294	8,586	2.6	9.6	0.1
Johnson Matthey plc (JMAT)	23,399	1,102	4.7	27.70	60.8	5,319	6,287	0.3	5.7	0.9
NGK Insulators Ltd. (5333)	4,406	1,166	26.5	16.88	90.3	5,261	5,934	1.3	5.1	0.6
Nitto Denko Corp. (6988)	7,205	1,478	20.5	77.21	87.4	11,428	8,641	1.2	5.8	(2.0)
Porvair plc (PRV)	178	24	13.6	9.75	93.3	449	458	2.6	19.0	0.1
Sartorius AG (SRT)	3,619	1,204	33.3	565.22	59.2	42,566	45,128	12.5	37.5	1.6
Siemens AG (SIE)	70,812	10,020	14.2	173.14	97.3	139,263	188,079	2.7	18.8	4.5
Toray Industries Inc. (3402)	18,157	2,527	13.9	5.92	87.8	9,478	16,296	0.9	6.4	2.5
Median			14.0%		88.0%			1.4x	10.9x	0.1x
Mean			16.1		85.6			2.3	12.6	0.4

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

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/21.

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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⁾

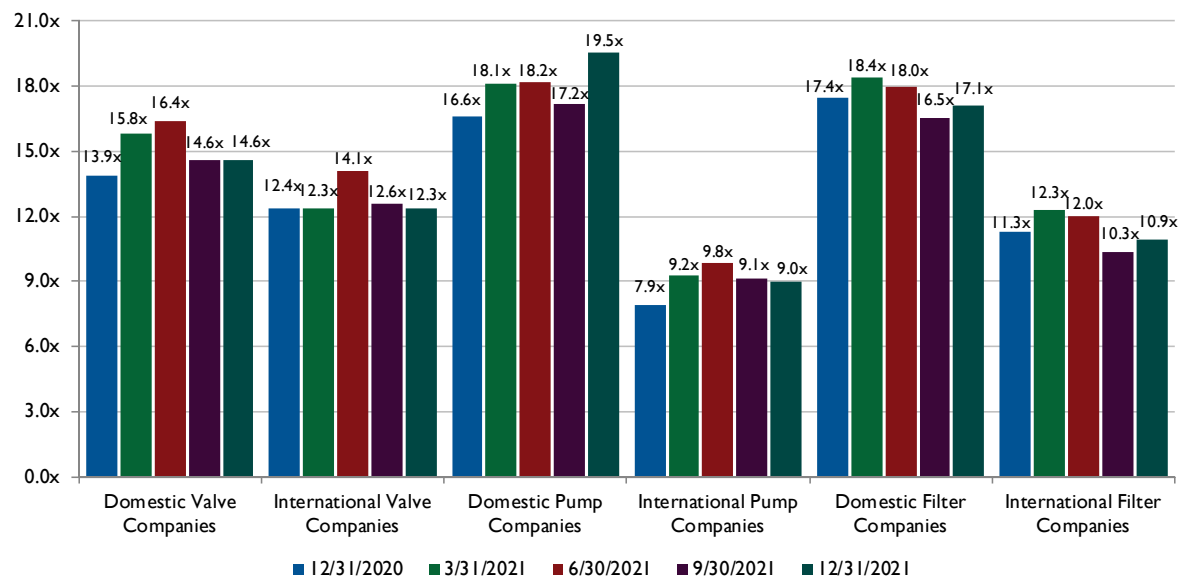
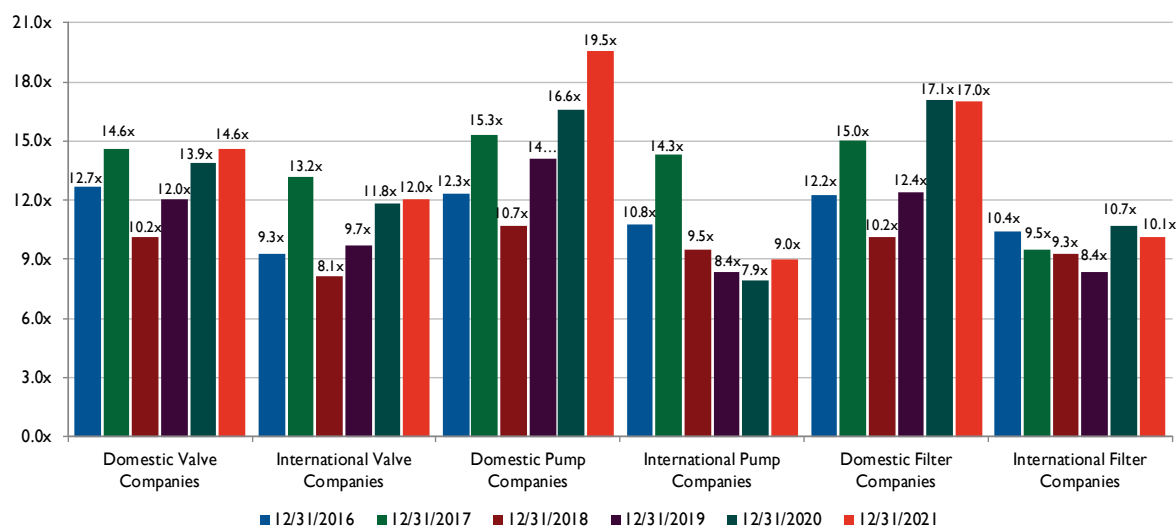


CHART V: ANNUAL MEDIAN TEV/LTM EBITDA VALUATION MULTIPLES⁽¹⁾



(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⁾

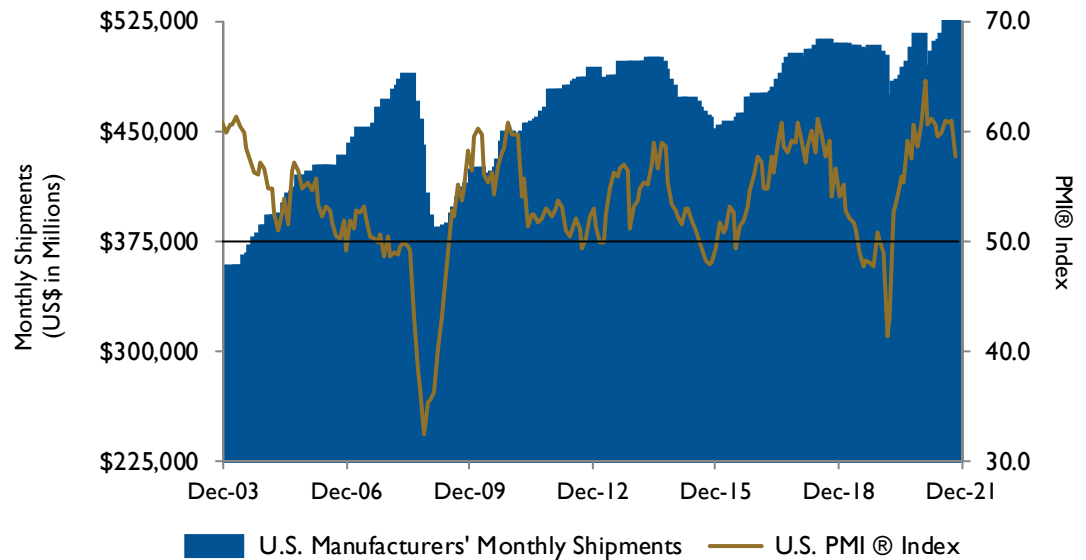
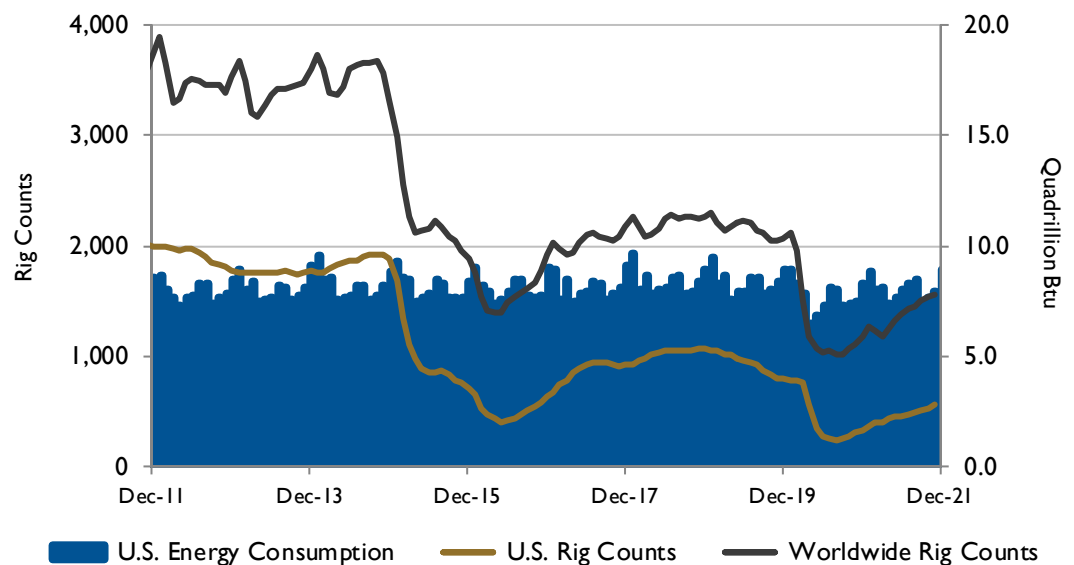


CHART VII: U.S. ENERGY CONSUMPTION⁽⁴⁾ AND RIG COUNTS⁽⁵⁾



(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⁾

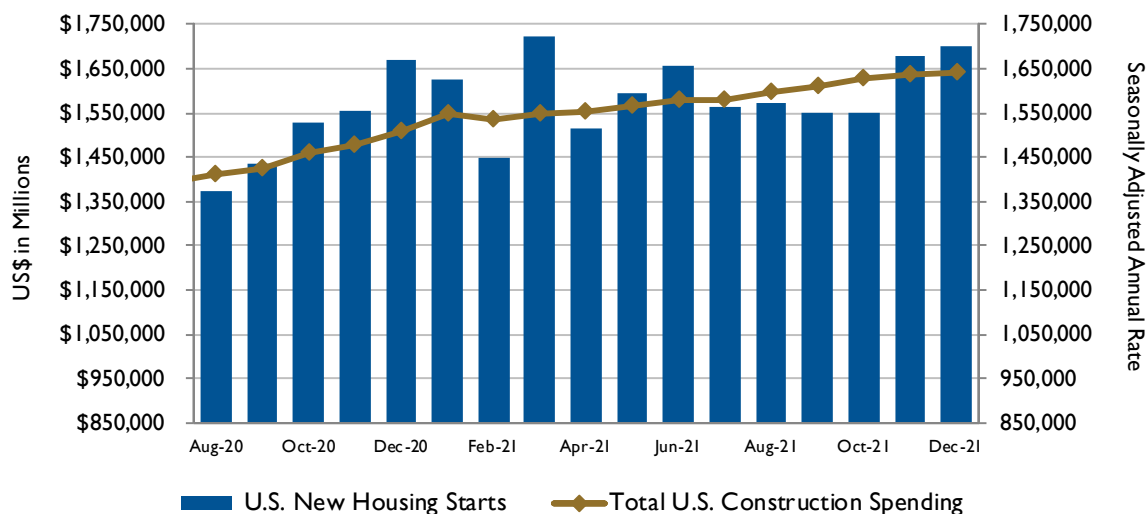
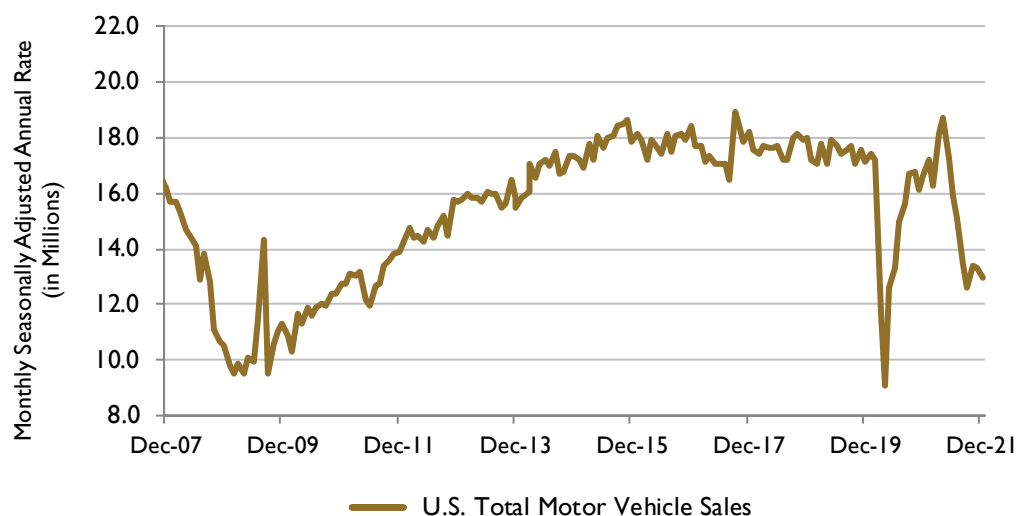


CHART IX: U.S. MOTOR VEHICLE SALES⁽³⁾



(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.

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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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