

FLOW CONTROL

Industry In-Sight™

SECOND QUARTER 2022



**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 ... than... larger companies.

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.

■ 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



Gorman-Rupp Acquires Fill-Rite and Sotera

Pump and pump systems company Gorman-Rupp Company completed the acquisition of Tuthill Corporation's Fill-Rite and Sotera division (Fill-Rite), a leading provider of mission-critical fuel and chemical transfer pumps. The \$525 million transaction, which includes \$80 million in expected tax benefits for a net transaction value of approximately \$445 million, was funded through \$110 million of cash and new debt comprised of a \$350 million term loan and an unsecured subordinated term loan of approximately \$90 million. Gorman-Rupp also entered into a \$100 million revolving credit facility. The transaction is expected to be cash earning per share accretive with double digit percentage accretion anticipated in 2023.

With leadership positions in niche pump markets, Fill-Rite is a provider of fixed and portable liquid and chemical transfer pumps and also offers a comprehensive line of mechanical and digital meters, precision weights and measures certified meters, hand pumps, hoses, nozzles, and accessories. The company operates facilities in Fort Wayne, Indiana, and Lenexa, Kansas, and serves the agriculture, construction, mining, marine, fleets, and municipalities markets. In 2021, Fill-Rite earned approximately \$132 million in revenue with an adjusted EBITDA of approximately \$33 million, with three-fourths of its sales coming from its pump products. Fill-Rite's supply chain is 95% U.S. based.

Gorman-Rupp is headquartered in Mansfield, Ohio, and designs, manufactures, and sells pumps and pump systems globally used in water, wastewater, construction, dewatering, industrial, petroleum, original equipment, agriculture, fire protection, heating, ventilating and air conditioning, military, and other liquid-handling settings. The company's product line comprises pump models ranging in size from 1/4" to almost 15 feet and also ranging in rated capacity from less than one gallon per minute to almost one million gallons per minute. Offering different types of pumps that include self-priming centrifugal, standard centrifugal, magnetic drive centrifugal, axial and mixed-flow, vertical turbine line shaft, submersible, high-pressure booster, rotary gear, diaphragm, bellows, and oscillating.

Gorman-Rupp generated approximately \$378 million in revenue in 2021. With international manufacturing and distribution facilities in Europe, South Africa, the Middle East and the Americas, the company ships its products to approximately 135 countries.

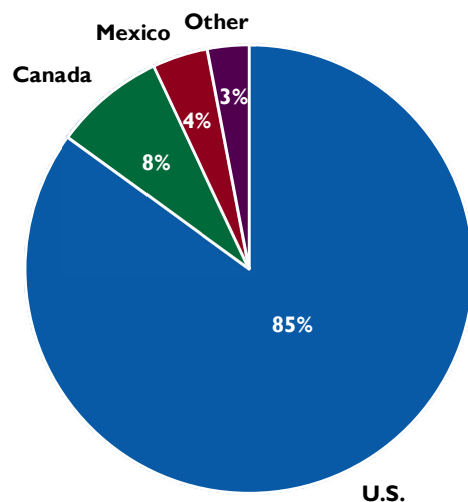
Gorman-Rupp believes that the acquisition of the Fill-Rite and Sotera division will create value through:

- Complementing and expanding Gorman-Rupp's portfolio of products in mission-critical applications; associated equipment for critical, engineered, and remote environments; and adjacent end markets; the agriculture and construction end markets are set to

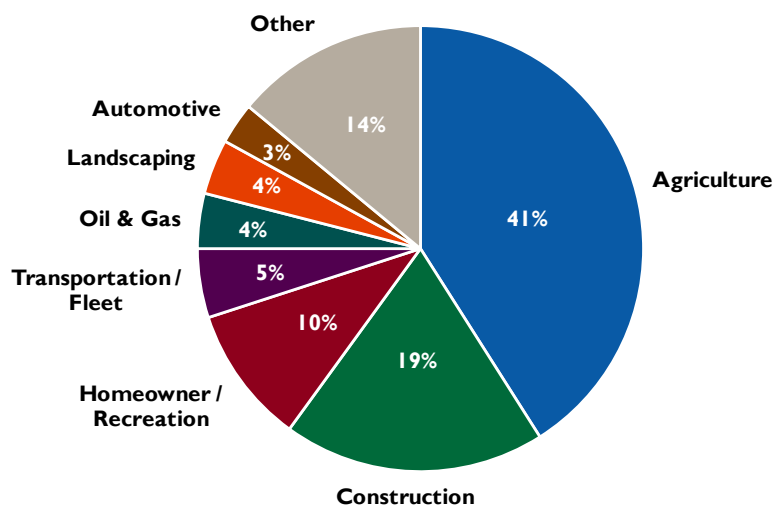
benefit from rising demand in equipment spend, harvesting, and infrastructure activity;

- Extending Gorman-Rupp’s portfolio of mission-critical pumps, pumping systems
- Enhancing brand recognition with the #1 brand in fuel transfer pump industry;
- Enhancing the new product development pipeline; and
- Improving its financial profile by increasing its adjusted EBITDA margin and the generation of strong cash flows.

Fill-Rite 2021 Sales by Country⁽¹⁾



Fill-Rite 2021 Sales by Industry⁽¹⁾



(1) Gorman-Rupp Company.

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 2022⁽¹⁾

Announced Date	Target	Acquirer(s)
6/28/2022	Fluid-Press SpA	DexKo Global Inc.
6/23/2022	Southwest Valve & Equipment, Inc.	United Flow Technologies
6/13/2022	ARGO-HYTOS GmbH	Voith GmbH & Co. KGaA
5/24/2022	BORSIG GmbH	GPR Siebzigste Verwaltungsgesellschaft GmbH
5/5/2022	NORVALVES AS	Connector Subsea Solutions AS
5/2/2022	Petroleum Technology Company AS	Interwell Norway AS
4/28/2022	Duplomatic MS SpA	Daikin Industries, Ltd.
4/7/2022	Northman Co., Ltd.	Impro Fluidtek Limited
4/4/2022	RTS Group	VAG Holding GmbH
4/4/2022	Habonim Industrial Valves & Actuators Ltd.	ITT Inc.
4/2/2022	Eagle Valve Solutions, Inc.	Centro Inc.

TABLE III: SELECTED PUMP M&A TRANSACTIONS: 2Q 2022⁽¹⁾

Announced Date	Target	Acquirer(s)
6/27/2022	Assets of Shandong Jinggong Pump Co., Ltd.	Atlas Copco AB
6/22/2022	DESMI A/S	OEP Capital Advisors, LP
4/28/2022	Duplomatic MS SpA	Daikin Industries, Ltd.
4/27/2022	Fill-Rite and Sotera	Gorman-Rupp Company

TABLE IV: SELECTED FILTER M&A TRANSACTIONS: 2Q 2022⁽¹⁾

Announced Date	Target	Acquirer(s)
6/13/2022	ARGO-HYTOS GmbH	Voith GmbH & Co. KGaA
6/8/2022	Atlantic Filter Corporation	A. O. Smith Corporation
5/10/2022	Air Filtration Business of AirLabs Ltd.	Rensair Limited
5/10/2022	Compass Water Solutions, Inc.	CECO Environmental Corp.
4/28/2022	Assets of Ezi-Duct Pty Ltd.	Nederman Holding AB
4/7/2022	SagiCofim SpA	Systemair AB
4/6/2022	ViaeX Technologies Inc.	Tidal Vision Products, Inc.
4/1/2022	Filtech Nederland BV	Zehnder Group 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 down 19.3% over the last 12 months, while the broader S&P 500 Index was down 12.4%.

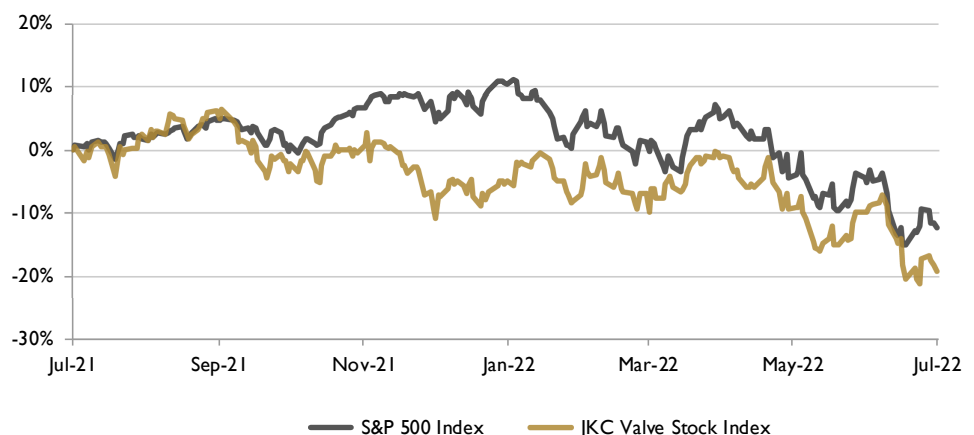
Crude oil prices increased at the end of May as COVID restrictions eased in Shanghai and Beijing and after the European Union announced it will reduce crude oil imports from Russia by 90% by the end of the year. These factors contributed to upward pressure on prices that have been high because of low inventory levels globally and uncertain supply from Russia following its invasion of Ukraine. The Brent crude oil spot price averaged \$113 per barrel (b) in May. The Brent price is expected to average \$108/b in the second half of 2022 and then fall to \$97/b in 2023.⁽¹⁾

It is estimated that world production of petroleum and other liquids has returned to within 1% of its pre-pandemic level. U.S. production of crude oil and other liquids in May was within 3% of January 2020's record high production. It is also estimated that OPEC crude oil and other liquids production has returned to pre-pandemic levels.

The Labor Department reported that the consumer price index (CPI) increased 8.6% in May from the same month a year ago, its fastest growth since December 1981. The increase was driven by sharp rises in the prices for energy, which rose 34.6% from a year earlier, and groceries, which rose 11.9% over last year, the biggest increase since 1979. The gasoline index increased 48.7%. Energy prices rose in May as Russia's invasion of Ukraine continued to push up prices for crude oil and natural gas. The annual rate of inflation has risen sharply since early 2021, when the U.S. economy's rebound from the pandemic accelerated.

On Wall Street, the Dow Jones Industrial Average and the S&P 500 Index dropped 6.7% and 8.4%, respectively, while the Nasdaq Composite fell 9.4% in June. Investors were concerned about high inflation, a possible recession and slowing economic growth. The Dow Jones Industrial Average fell 15.3% in the first half of the year, the S&P 500 Index fell 20.6%, while the Nasdaq Composite dropped 29.5%.

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.

Valve Companies

As shown in Tables V and VI, as of June 30, 2022, domestic and international Valve companies were trading at median total enterprise value / latest twelve months (“TEV/LTM”) EBITDA multiples of 11.5x and 8.8x, respectively, while both groups have median EBITDA margins of 19.5% and 13.5%, respectively. The median stock price as a percentage of the 52-week high for both groups is 69% and 71%, 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 6/30/2022	% 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)	\$535	\$114	21.3%	\$80.89	72.0%	\$2,368	\$2,286	4.3x	20.1x	(0.8x)
CIRCOR International Inc. (CIR)	768	86	11.3	16.39	44.9	324	765	1.0	8.9	5.5
Crane Co. (CR)	3,227	612	19.0	87.56	76.2	4,908	5,573	1.7	9.1	0.5
Curtiss-Wright Corp. (CWV)	2,456	544	22.2	132.06	81.0	5,077	6,240	2.5	11.5	2.1
Dover Corp. (DOV)	8,218	1,689	20.6	121.32	65.9	17,490	20,295	2.5	12.0	1.7
Emerson Electric Co. (EMR)	19,216	4,464	23.2	79.54	75.0	47,239	51,847	2.7	11.6	2.2
Flowserve Corp. (FLS)	3,489	387	11.1	28.63	65.6	3,740	4,690	1.3	12.1	2.6
General Electric Co. (GE)	74,559	8,892	11.9	63.67	54.8	70,079	86,755	1.2	9.8	2.0
Honeywell International Inc. (HON)	34,459	8,695	25.2	173.81	73.4	118,318	129,655	3.8	14.9	1.3
ITT Corporation (ITT)	2,793	557	20.0	67.24	63.7	5,615	5,486	2.0	9.8	(0.2)
Mueller Water Products, Inc. (MWA)	1,212	205	16.9	11.73	67.5	1,842	2,152	1.8	10.5	1.6
Parker Hannifin Corporation (PH)	15,862	3,419	21.6	246.05	72.4	31,586	39,246	2.5	11.5	3.2
Schlumberger Limited (SLB)	24,807	6,245	25.2	35.76	71.8	50,545	62,274	2.5	10.0	1.8
TechnipFMC plc (FTI)	6,376	995	15.6	6.73	69.9	3,070	4,709	0.7	4.7	1.7
Watts Water Technologies, Inc. (WTS)	1,919	356	18.5	122.84	57.9	4,109	4,084	2.1	11.5	(0.1)
Xylem Inc. (XYL)	5,224	907	17.4	78.18	56.3	14,080	15,477	3.0	17.1	1.5
Median			19.5%		68.7%			2.3x	11.5x	1.7x
Mean			18.8		66.8			2.2	11.6	1.7

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/22.

(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 6/30/2022	% 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)	\$3,114	\$555	17.8%	\$38.88	62.2%	\$4,299	\$4,859	1.6x	8.8x	1.2x
Alfa Laval AB (ALFA)	4,153	809	19.5	24.07	63.1	9,947	10,943	2.6	13.5	1.1
Georg Fischer AG (GF)	3,921	434	11.1	49.18	60.6	4,024	4,107	1.0	9.5	0.1
Hisaka Works Ltd. (6247)	221	22	10.0	6.16	88.5	173	47	0.2	2.1	(5.2)
Hitachi Ltd. (6501)	75,536	9,706	12.8	47.38	86.3	45,733	66,301	0.9	6.8	1.5
IMI plc (IMI)	2,267	459	20.2	14.25	62.5	3,690	4,443	2.0	9.7	2.0
Kitz Corp. (6498)	1,051	124	11.8	4.66	70.9	417	521	0.5	4.2	0.7
KSB Aktiengesellschaft (KSB)	2,452	228	9.3	396.19	78.0	668	549	0.2	2.4	(0.8)
Kubota Corp. (6326)	16,574	2,054	12.4	14.92	76.1	17,896	26,312	1.6	12.8	4.4
Lupatech S.A. (LUPA3)	20	(29)	(143.1)	0.59	37.6	17	39	2.0	NM	(0.8)
Okano Valve Manufacturing Co. (6492)	46	7	14.7	21.22	97.9	35	20	0.4	2.9	(2.7)
Saint Gobain (SGO)	46,164	6,530	14.1	42.80	61.0	22,312	30,359	0.7	4.6	1.3
SMC Corp. (6273)	5,353	1,828	34.2	444.99	76.1	29,076	24,058	4.5	13.2	(2.9)
Spirax-Sarco Engineering plc (SPX)	1,634	460	28.2	120.03	57.3	8,838	9,071	5.6	19.7	0.7
The Weir Group PLC (WEIR)	2,350	422	18.0	16.56	70.4	4,300	5,251	2.2	12.4	2.8
Velan, Inc. (VLN)	405	51	12.5	6.44	77.6	139	115	0.3	2.3	(0.4)
Median			13.5%		70.6%			1.3x	8.8x	0.7x
Mean			6.5		70.4			1.6	8.3	0.2

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/22.

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

(4) Net debt is defined as total debt less cash and cash equivalents.

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Wall Street Pump Watch

The JKC Pump Stock Index was down 21.2% over the last twelve months, while the S&P 500 Index was down 12.4% over the same time period.

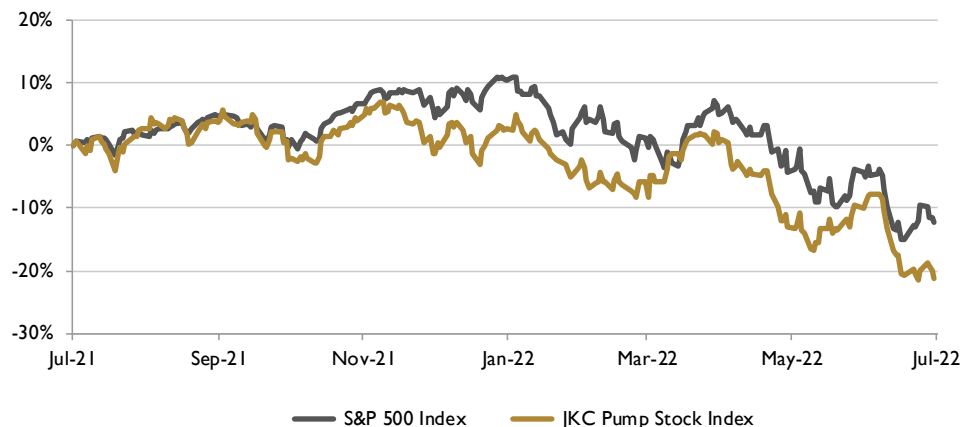
The Institute for Supply Management's Manufacturing Report On Business'® Purchasing Managers' Index (PMI®) fell 3.1 percentage points to 53.0% in June, its lowest reading in two years. New orders fell 5.9 percentage points to 49.2%, the first contraction reading since May 2020, while new export orders fell by 2.2 percentage points to 50.7%. The production index increased 0.7 percentage points to 54.9%. The employment index fell 2.3 percentage points to 47.3%. The prices paid component dropped 3.7 percentage points to a still high reading of 78.5%. Survey respondents continue to note supply chain and pricing issues as their biggest concerns, but sentiment remained optimistic regarding demand.(1)

New orders for manufactured durable goods increased \$1.9 billion in May, or 0.7% to \$267.2 billion. Following a 0.4% rise in April, durable goods have increased seven of the last eight months. Transportation equipment, up for two consecutive months, led the increase rising 0.8% followed by capital goods at 0.8% and machinery at 1.1%. Excluding transportation, new orders increased 0.7%. Excluding defense, new orders increased 0.6%.

U.S. employment rose by 390,000 jobs in May, and the unemployment rate remained at 3.6%. Notable job gains occurred in leisure and hospitality, in professional and business services, and in transportation and warehousing. Manufacturing employment continued to trend up in May, adding 18,000 jobs. Gains occurred in fabricated metal products (up 7,000), wood products (up 4,000), and electronic instruments (up 3,000). Employment in manufacturing is slightly below (-0.1%) its February 2020 level.

On Wall Street, the Dow Jones Industrial Average and the S&P 500 Index dropped 6.7% and 8.4%, respectively, while the Nasdaq Composite fell 9.4% in June. Investors were concerned about high inflation, a possible recession and slowing economic growth. The Dow Jones Industrial Average fell 15.3% in the first half of the year, the S&P 500 Index fell 20.6%, while the Nasdaq Composite dropped 29.5%.

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.

New orders fell 5.9 percentage points to 49.2%, the first contraction reading since May 2020, ...

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 12.0x and 6.1x, respectively, as of June 30, 2022. As you can see, both groups are leveraged with a median net debt/LTM EBITDA ratio of 1.7x 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 6/30/2022	% 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)	\$363	\$19	5.4%	\$3.87	58.0%	\$74	\$159	0.4x	8.2x	4.4x
Baker Hughes Inc. (BKR)	20,460	3,536	17.3	28.87	72.6	28,425	31,612	1.5	8.9	0.8
Crane Co. (CR)	3,227	612	19.0	87.56	76.2	4,908	5,573	1.7	9.1	0.5
Curtiss-Wright Corp. (CW)	2,456	544	22.2	132.06	81.0	5,077	6,240	2.5	11.5	2.1
Danaher Corp. (DHR)	30,283	10,808	35.7	253.52	75.9	181,494	203,929	6.7	18.9	1.8
Dover Corp. (DOV)	8,218	1,689	20.6	121.32	65.9	17,490	20,295	2.5	12.0	1.7
Energy Recovery, Inc. (ERII)	107	22	20.7	19.42	77.7	1,098	1,018	9.5	46.0	(3.2)
Flowserve Corp. (FLS)	3,489	387	11.1	28.63	65.6	3,740	4,690	1.3	12.1	2.6
Franklin Electric Co. Inc. (FELE)	1,894	282	14.9	73.26	75.6	3,393	3,688	1.9	13.1	1.2
General Electric Co. (GE)	74,559	8,892	11.9	63.67	54.8	70,079	86,755	1.2	9.8	2.0
Gorman-Rupp Co. (GRC)	418	52	12.4	28.30	60.1	739	616	1.5	11.9	8.0
Graco Inc. (GGG)	2,028	583	28.8	59.41	73.3	10,054	9,822	4.8	16.8	(0.4)
IDEX Corp. (IEX)	2,974	879	29.6	181.63	75.6	13,805	14,378	4.8	16.4	0.8
Illinois Tool Works Inc. (ITW)	15,185	3,997	26.3	182.25	73.0	56,760	63,323	4.2	15.8	1.7
Ingersoll-Rand Co. Ltd. (IR)	5,521	1,194	21.6	42.08	67.2	17,082	18,613	3.4	15.6	1.2
ITT Corporation (ITT)	2,793	557	20.0	67.24	63.7	5,615	5,486	2.0	9.8	(0.2)
National Oilwell Varco, Incorporated (NOV)	6,133	529	8.6	16.91	70.3	6,642	7,675	1.3	14.5	2.2
Pentair, Inc. (PNR)	4,022	785	19.5	45.77	56.9	7,570	8,644	2.1	11.0	1.1
Roper Technologies Inc. (ROP)	6,023	2,364	39.2	394.65	78.1	41,798	46,015	7.6	19.5	1.9
Schlumberger Limited (SLB)	24,807	6,245	25.2	35.76	71.8	50,545	62,274	2.5	10.0	1.8
Standex International Corp. (SXI)	735	143	19.5	84.78	69.8	1,023	1,118	1.5	7.8	0.8
Weatherford International Ltd. (WFRD)	3,912	771	19.7	21.17	52.7	1,493	3,297	0.8	4.3	2.2
Xylem Inc. (XYL)	5,224	907	17.4	78.18	56.3	14,080	15,477	3.0	17.1	1.5
Median			19.7%		70.3%			2.1x	12.0x	1.7x
Mean			20.3		68.4			3.0	13.9	1.6

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/22.

(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 6/30/2022	% 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)	\$4,153	\$809	19.5%	\$24.07	63.1%	\$9,947	\$10,943	2.6x	13.5x	1.1x
Andritz AG (ANDR)	6,793	616	9.1	40.18	75.4	3,986	3,329	0.5	5.4	(1.1)
DMW Corp. (6365)	168	22	13.0	22.74	77.3	96	53	0.3	2.4	(3.5)
Ebara Corp. (6361)	4,568	617	13.5	37.38	73.1	3,441	3,377	0.7	5.5	(0.4)
FLSmidth & Co. A/S (FLS)	2,613	208	8.0	24.54	63.8	1,392	1,269	0.5	6.1	(0.6)
Gevelot SA (ALGEV)	103	11	10.7	188.17	92.3	145	(2)	NM	NM	(14.7)
GUD Holdings Ltd. (GUD)	439	89	20.2	5.51	60.7	776	725	1.7	8.2	4.7
Hyundai Heavy Industries Co. Ltd. (A329180)	6,425	(613)	(9.5)	110.37	88.5	9,798	10,951	1.7	NM	(2.0)
John Wood Group plc (WG)	5,744	376	6.5	1.90	58.6	1,284	2,948	0.5	7.8	4.9
Kirloskar Brothers Ltd. (500241)	387	28	7.2	3.89	60.9	309	306	0.8	11.1	(0.1)
KSB Aktiengesellschaft (KSB)	2,452	228	9.3	396.19	78.0	668	549	0.2	2.4	(0.8)
Kubota Corp. (6326)	16,574	2,054	12.4	14.92	76.1	17,896	26,312	1.6	12.8	4.4
Nikkiso Co. Ltd. (6376)	1,253	74	5.9	5.89	68.1	420	1,384	1.1	18.6	12.3
Pfeiffer Vacuum Technology AG (PFV)	832	151	18.1	151.58	65.3	1,547	1,455	1.7	9.7	(0.2)
SKF AB (SKF B)	8,276	1,329	16.1	14.69	64.2	6,764	7,979	1.0	6.0	0.9
Spirax-Sarco Engineering plc (SPX)	1,634	460	28.2	120.03	57.3	8,838	9,071	5.6	19.7	0.7
Sulzer, Ltd. (SUN)	3,304	374	11.3	62.10	41.1	2,095	2,198	0.7	5.9	0.8
Teikoku Electric Mfg.Co.,Ltd. (6333)	164	26	16.1	11.74	93.3	222	123	0.8	4.7	(3.9)
The Weir Group PLC (WEIR)	2,350	422	18.0	16.56	70.4	4,300	5,251	2.2	12.4	2.8
Torishima Pump Manufacturing Co. Ltd. (6363)	384	47	12.1	9.43	89.4	249	265	0.7	5.7	(0.8)
Tsurumi Manufacturing Co. Ltd. (6351)	377	48	12.7	13.68	95.7	339	243	0.6	5.1	(2.9)
Median			12.4%		70.4%			0.8x	6.1x	(0.2x)
Mean			12.3		72.0			1.3	8.6	0.1

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/22.

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

(4) Net debt is defined as total debt less cash and cash equivalents.

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Wall Street Filter Watch

The JKC Filter Stock Index was down 24.8% over the last twelve months, while the S&P 500 Index was down 12.4%.

Housing starts in the U.S. dropped 2% month-over-month to an annualized rate of 1.559 million units in June, the lowest since September of last year. The housing sector has been cooling amid rising prices and mortgage rates. Single family housing starts fell 8.1% to 982,000 while starts for multifamily construction were 568,000. Starts were lower in the South (-4.8%) and the Midwest (-7.7%) but rose in the Northeast (10.6%) and the West (3.7%) Building permits for single family homes declined 8% to a rate of 967,000 units, the lowest since June 2020.⁽¹⁾

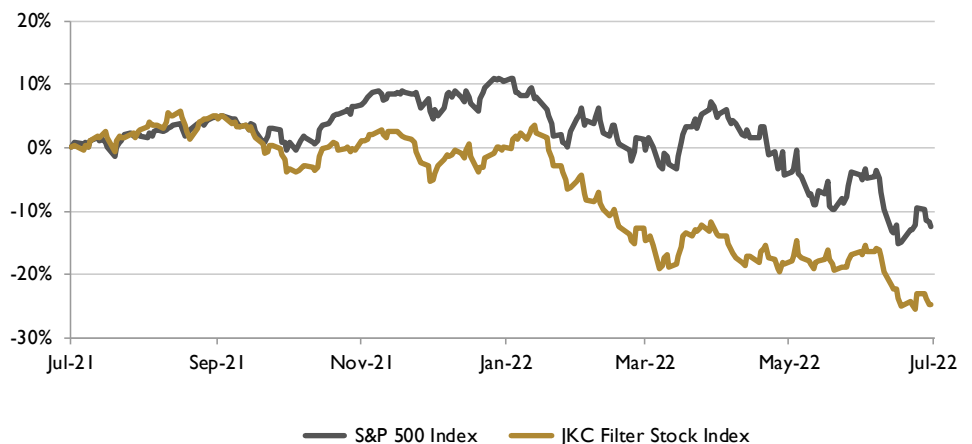
New light vehicle sales in the U.S. increased 2.3% to 13 million units on a seasonally adjusted basis in June from the previous month's sales of 12.7 million units. However, sales were down 16% compared to the same month last year. Demand is still outpacing supply, but a lack of inventory caused by supply chain disruptions continues to be the biggest factor limiting sales. Toyota, General Motors, Ford and Stellantis accounted for most of the sales, with crossovers and pickup trucks accounting for nearly two-thirds of sales. Electric vehicle sales reached 5.3% market share in the first quarter and are expected to remain at least 5% for the year.

General Motors returned to top of the sales list for the first half of 2022 after slipping behind Toyota for all of 2021 and the first quarter of this year. First half 2022 sales for the largest U.S. automakers: General Motors down 17.7%, Toyota down 19.1%, Ford down 6.5%, Stellantis down 15% and Honda down 39.3%.

On Wall Street, the Dow Jones Industrial Average and the S&P 500 Index dropped 6.7% and 8.4%, respectively, while the Nasdaq Composite fell 9.4% in June. Investors were concerned about high inflation, a possible recession and slowing economic growth. The Dow Jones Industrial Average fell 15.3% in the first half of the year, the S&P 500 Index fell 20.6%, while the Nasdaq Composite dropped 29.5%.

Electric vehicle sales reached 5.3% market share in the first quarter and are expected to remain at least 5% for the year.

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, 2022, domestic and international Filter companies (listed in Table IX and Table X, respectively) were trading at medians of 11.5x and 7.8x, respectively, of TEV/LTM EBITDA with median LTM EBITDA margins of 19.0% and 14.4%, 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 6/30/2022	% 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)	\$35,085	\$9,069	25.8%	\$129.41	63.7%	\$73,642	\$87,961	2.5x	9.7x	1.6x
CECO Environmental Corp. (CECE)	371	33	8.8	5.98	77.5	210	284	0.8	8.7	2.3
Corning Inc. (GLW)	14,586	3,998	27.4	31.51	72.5	26,614	32,560	2.2	8.1	1.5
Crane Co. (CR)	3,227	612	19.0	87.56	76.2	4,908	5,573	1.7	9.1	0.5
Cummins Inc. (CMI)	24,789	3,705	14.9	193.53	78.2	27,307	30,084	1.2	8.1	0.5
Donaldson Company Inc. (DCI)	3,190	547	17.1	48.14	69.4	5,915	6,385	2.0	11.7	0.9
Eaton Corporation (ETN)	19,775	3,796	19.2	125.99	71.7	50,270	59,783	3.0	15.7	2.5
Entegris, Inc. (ENTG)	2,436	760	31.2	92.13	58.3	12,519	13,166	5.4	17.3	0.9
ESCO Technologies Inc. (ESE)	806	149	18.5	68.37	70.1	1,767	1,962	2.4	13.2	1.1
General Electric Co. (GE)	74,559	8,892	11.9	63.67	54.8	70,079	86,755	1.2	9.8	2.0
Honeywell International Inc. (HON)	34,459	8,695	25.2	173.81	73.4	118,318	129,655	3.8	14.9	1.3
Illinois Tool Works Inc. (ITW)	15,185	3,997	26.3	182.25	73.0	56,760	63,323	4.2	15.8	1.7
Parker Hannifin Corporation (PH)	15,862	3,419	21.6	246.05	72.4	31,586	39,246	2.5	11.5	3.2
Pentair, Inc. (PNR)	4,022	785	19.5	45.77	56.9	7,570	8,644	2.1	11.0	1.1
Tenneco Inc. (TEN)	18,035	1,033	5.7	17.16	85.8	1,431	6,206	0.3	6.0	4.5
Watts Water Technologies, Inc. (WTS)	1,919	356	18.5	122.84	57.9	4,109	4,084	2.1	11.5	(0.1)
Xylem Inc. (XYL)	5,224	907	17.4	78.18	56.3	14,080	15,477	3.0	17.1	1.5
Median			19.0%		71.7%			2.2x	11.5x	1.5x
Mean			19.3		68.7			2.4	11.7	1.6

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/22.

(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 6/30/2022	% 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)	4,153	809	19.5	24.07	63.1	9,947	10,943	2.6	13.5	1.1
Amiad Water Systems Ltd. (AMD)	109	15	13.6	4.28	63.6	130	134	1.2	9.0	0.2
Andritz AG (ANDR)	6,793	616	9.1	40.18	75.4	3,986	3,329	0.5	5.4	(1.1)
Asahi Kasei Corp. (3407)	18,112	2,647	14.6	7.62	80.6	10,576	14,727	0.8	5.6	1.9
Daikin Industries Ltd. (6367)	22,880	3,428	15.0	160.06	73.5	46,846	47,163	2.1	13.8	(0.1)
Denso Corp. (6902)	40,588	5,205	12.8	53.04	70.8	40,489	43,079	1.1	8.3	0.2
Faurecia SA (EO)	16,326	1,581	9.7	19.77	38.6	3,895	7,929	0.5	5.0	5.6
FLSmidth & Co. A/S (FLS)	2,613	208	8.0	24.54	63.8	1,392	1,269	0.5	6.1	(0.6)
GEA Group AG (GIA)	4,980	526	10.6	33.96	67.0	6,101	5,612	1.1	10.7	(0.6)
GUD Holdings Ltd. (GUD)	439	89	20.2	5.51	60.7	776	725	1.7	8.2	4.7
Ibiden Co., Ltd. (4062)	2,952	909	30.8	28.15	51.8	3,930	3,897	1.3	4.3	(0.4)
Johnson Matthey plc (JMAT)	19,473	819	4.2	23.40	60.3	4,276	5,322	0.3	6.5	1.4
NGK Insulators Ltd. (5333)	3,756	990	26.3	13.45	88.7	4,192	4,724	1.3	4.8	0.5
Nitto Denko Corp. (6988)	6,280	1,304	20.8	64.61	88.5	9,563	6,871	1.1	5.3	(1.5)
Porvair plc (PRV)	178	26	14.5	6.59	70.2	303	305	1.7	11.9	(0.0)
Sartorius AG (SRT)	3,850	1,279	33.2	338.70	38.6	23,437	25,892	6.7	20.2	1.5
Siemens AG (SIE)	70,109	10,084	14.4	102.41	62.0	80,872	130,363	1.9	12.9	4.3
Toray Industries Inc. (3402)	16,399	2,000	12.2	5.60	99.3	8,967	14,799	0.9	7.4	2.7
Median			14.4%		65.4%			1.2x	7.8x	0.3x
Mean			16.1		67.6			1.5	8.8	1.1

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

(2) Revenues and EBITDA are for the latest twelve months as of 6/30/22.

(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.

Valuation Trends over Time

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

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

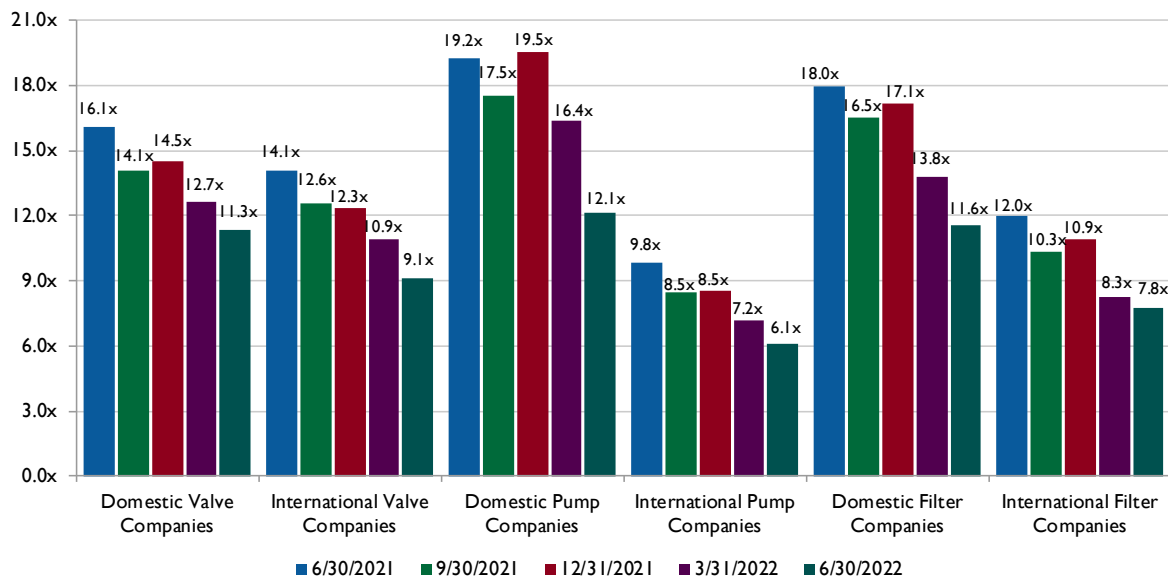
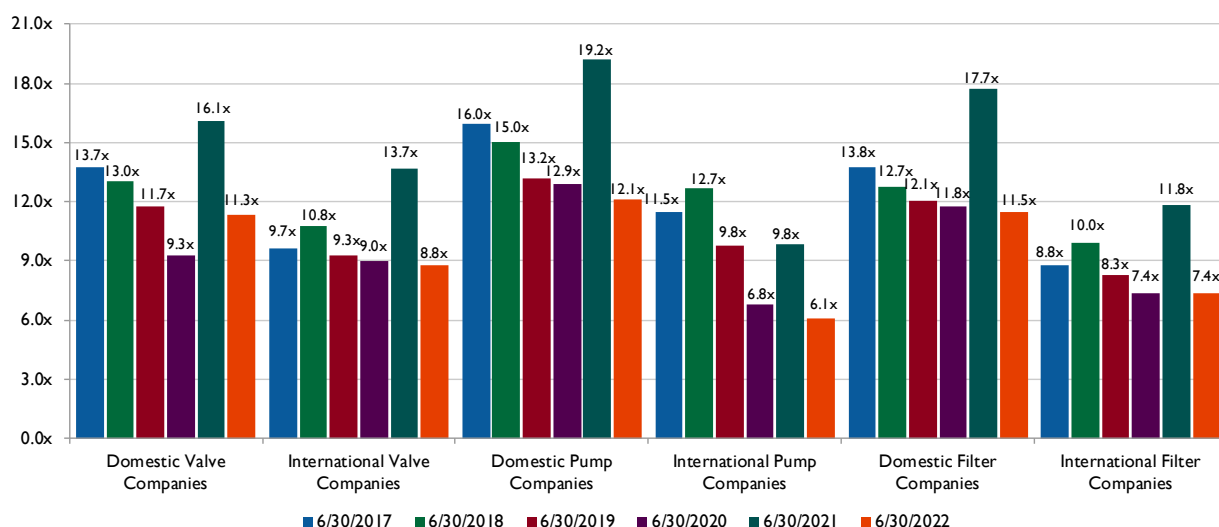


CHART V: ANNUAL MEDIAN TEV/LTM EBITDA VALUATION MULTIPLES⁽¹⁾



(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⁾

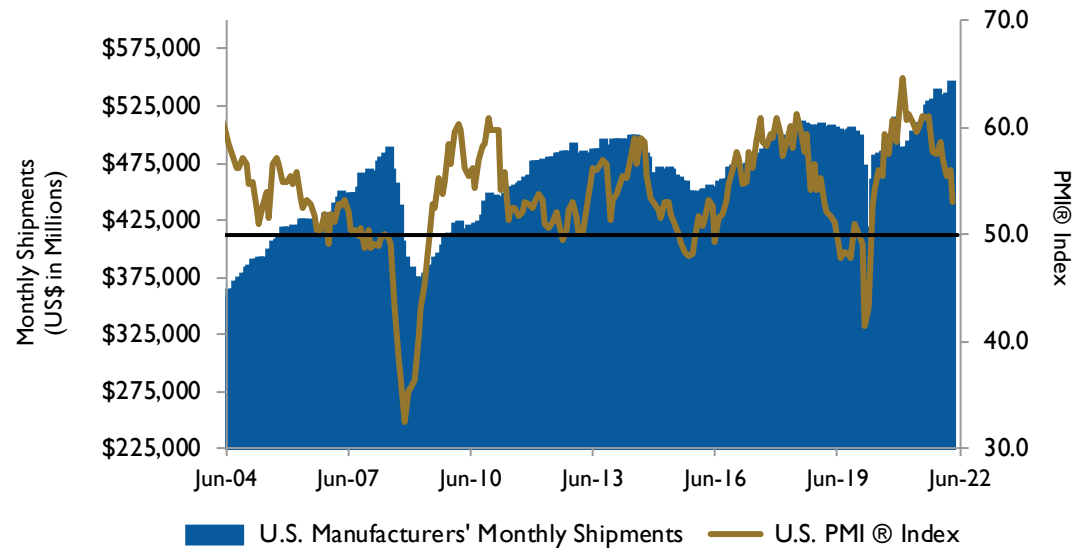
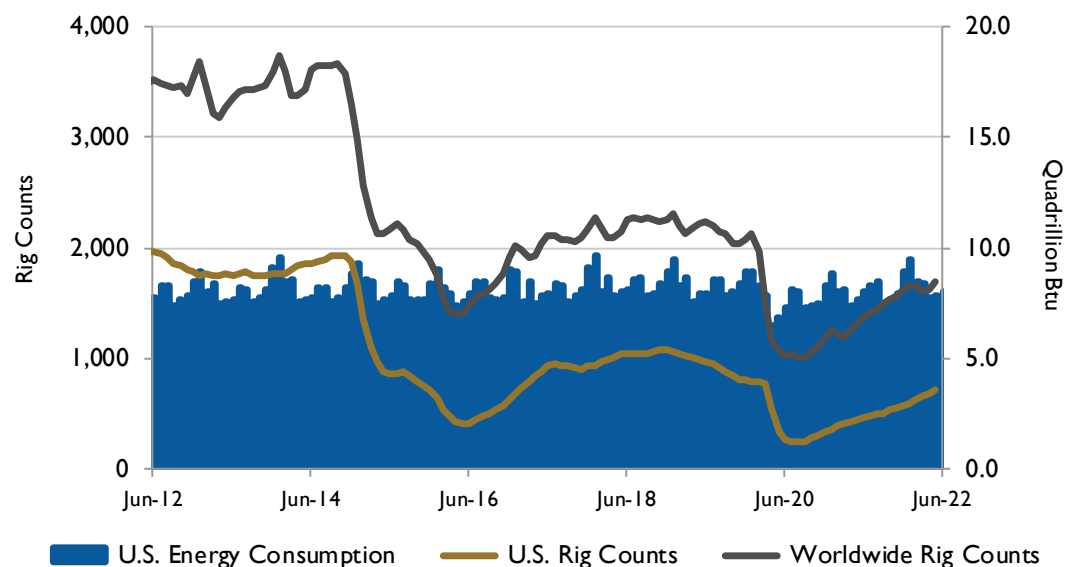


CHART VII: U.S. ENERGY CONSUMPTION⁽⁴⁾ AND RIG COUNTS⁽⁵⁾



(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⁾

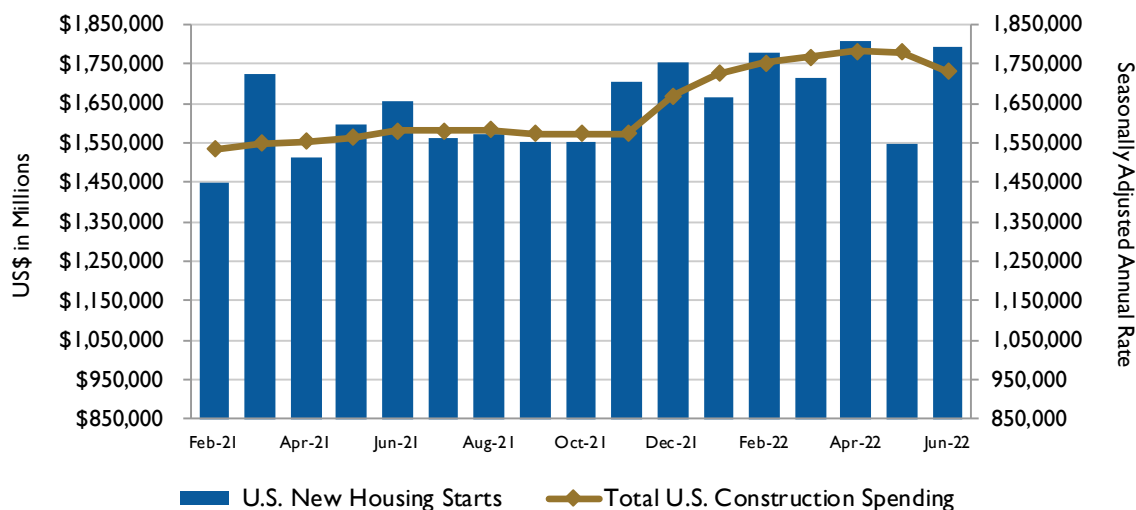
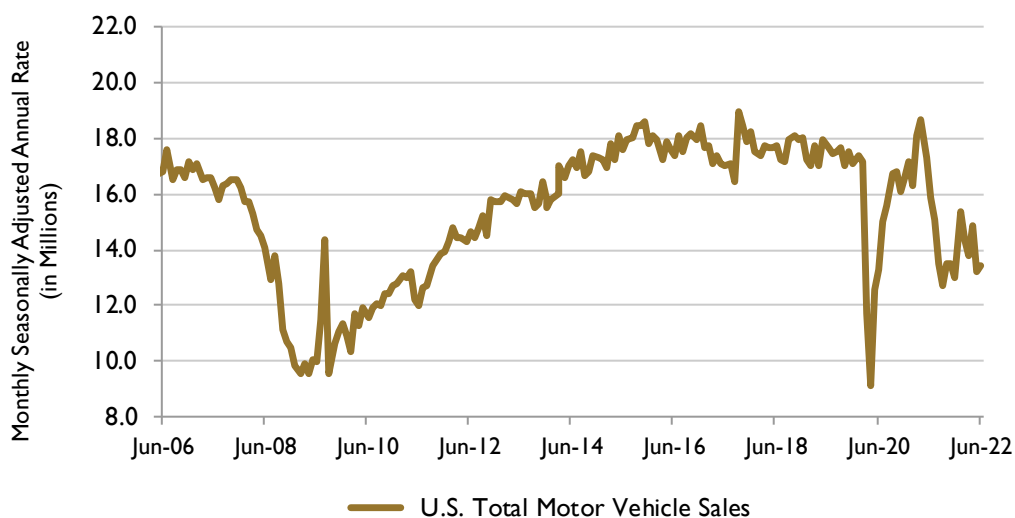


CHART IX: U.S. MOTOR VEHICLE SALES⁽³⁾



(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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