

FLOW CONTROL

Industry In-Sight™

FOURTH QUARTER 2022



**JORDAN KNAUFF
& COMPANY**

IN THIS REPORT

Introduction	1
Current Events / Trends	3
Mergers & Acquisitions Activity	5
Public Equity and Valuation Analysis	7
Economic Indicators	19

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



Ingersoll Rand Invested Approximately \$800 Million in Acquisitions in 2022

In October, global provider of flow control and industrial solutions Ingersoll Rand Inc. spent approximately \$600 million on the acquisition of three companies. At the beginning of the month, the company agreed to acquire SPX FLOW's air treatment business for about \$525 million in cash. At the end of the month, Ingersoll Rand announced its agreement to buy Everest Blowers Private Limited and Everest Blower Systems Private Limited (collectively, Everest Group) and Airmax Groupe (Airmax) for a combined all-cash upfront purchase price of approximately \$86 million with additional potential consideration based on achievement of Everest financial targets.

With expected revenue of approximately \$180 million in 2022, the air treatment business of SPX FLOW is a leading manufacturer of desiccant and refrigerated dryers, filtration systems and purifiers for dehydration in compressed air. These products are highly complementary to Ingersoll Rand's products as dryers have a strong attachment rate (up to 75%) on sales of new air compressors. With almost 500 employees, the acquired business has manufacturing capabilities in Ocala, Florida; Moers, Germany; and Busan, South Korea.

Everest Group is the Indian market leader for customized blower and vacuum pump solutions with a focus on innovation and exposure to high-growth, sustainable end markets including water treatment, pharmaceutical, and food and beverage. Everest Group operates through two manufacturing locations near Delhi, India and has approximately 420 employees.

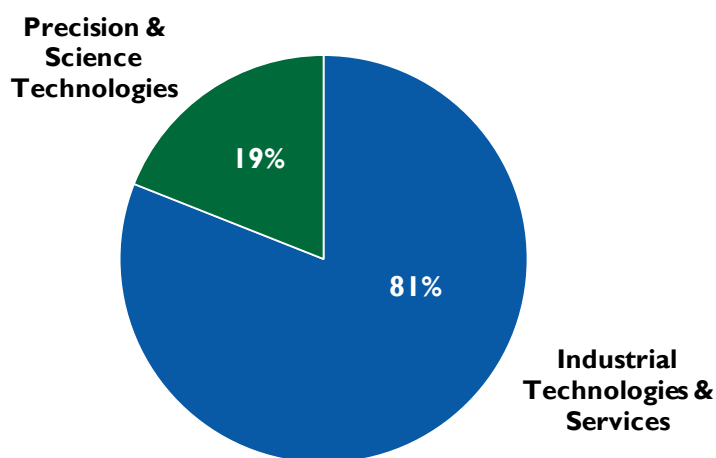
Airmax is a French compressed air specialist with strong end-user relationships and a technician network focused on aftermarket service. Airmax has approximately 100 employees and nine locations across France. All acquired businesses will join Ingersoll Rand's Industrial Technologies & Services segment.

With 12 acquisitions during the year, Ingersoll Rand invested approximately \$800 million in inorganic growth in 2022.

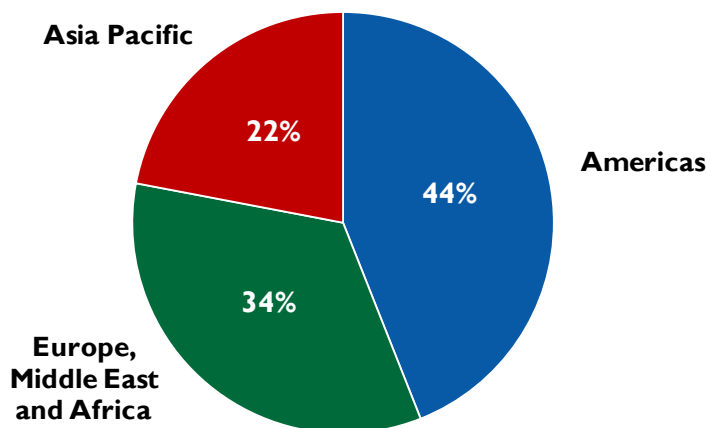
In February 2020, the merger of Gardner Denver and Ingersoll Rand Industrial created the new Ingersoll Rand Inc. as a global leader in mission-critical flow control and industrial technologies. With more than 16,000 employees globally, the company operates through two business segments. The Industrial Technologies & Services segment provides a broad range of air and gas compression, vacuum and blower products; fluid transfer equipment; loading systems; and power tools and lifting equipment, including associated aftermarket parts. The Precision & Science Technologies segment offers highly specialized positive displacement pumps, fluid management systems and equipment that provide liquid and gas dosing, transfer, dispensing, compression, sampling, pressure management and flow control in critical applications.

Based in Davidson, North Carolina, Ingersoll Rand had annual revenue of more than \$5.9 billion in 2022. The company's products are used in industrial manufacturing, water and wastewater, chemical processing, medical, laboratory, drilling, hydraulic fracturing, well servicing, precision irrigation, food and beverage, agriculture, and automated liquid handling end markets. The company maintains a global scale with 61 key manufacturing facilities and approximately 39 complementary service and repair centers across six continents as of December 31, 2021.

Ingersoll Rand 2021 Global Sales by Segment⁽¹⁾



Ingersoll Rand 2021 Global Sales by Region⁽¹⁾



(1) Ingersoll Rand, Inc.

Mergers & Acquisitions Activity

BY DAVID A. KAKAREKA

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

TABLE II: SELECTED VALVE M&A TRANSACTIONS: 4Q 2022⁽¹⁾

Announced Date	Target	Acquirer(s)
12/1/2022	Armaturen Aichhorn GmbH	Indutrade AB
10/5/2022	Summit Hydraulics LLC	Access Truck Parts, LLC

TABLE III: SELECTED PUMP M&A TRANSACTIONS: 4Q 2022⁽¹⁾

Announced Date	Target	Acquirer(s)
12/15/2022	Witte Pumps & Technology GmbH	Dover Corporation
12/8/2022	Pump & Integrity Rental segment of Cross Country Infrastructure Services	Griffin Dewatering Corporation
10/27/2022	Everest Group and Airmax Groupe	Ingersoll Rand Inc.
10/7/2023	Neil Dornbusch & Associates	Anderson Process
10/3/2022	Hayward Gordon Limited	Ebara Corporation

TABLE IV: SELECTED FILTER M&A TRANSACTIONS: 4Q 2022⁽¹⁾

Announced Date	Target	Acquirer(s)
12/22/2022	TFH Reliability Group, LLC	Pennzoil-Quaker State Company
12/1/2022	Mobile Gas Filtration Business of Environ Consultants Limited	DESOTEC NV SA
10/25/2022	ATEC Systems, Inc.	Cadiz Inc.
10/7/2022	Aqua Invent i Lomma AB	FM Mattsson Mora Group AB
10/6/2022	Air Treatment business of SPX FLOW, Inc.	Ingersoll Rand 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 5.1% over the last 12 months, while the broader S&P 500 Index was down 19.9%.

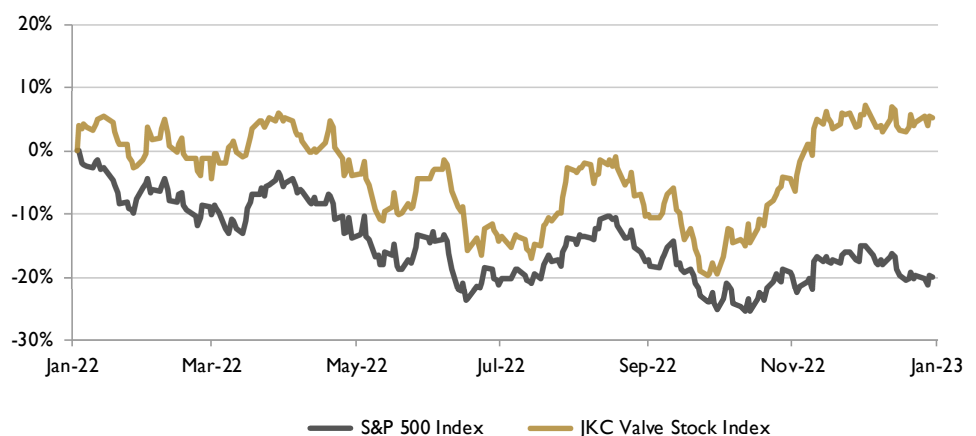
During the first half of 2022, the United States became the world's largest liquefied natural gas (LNG) exporter.

During the first half of 2022, the United States became the world's largest liquefied natural gas (LNG) exporter. Compared with the second half of 2021, U.S. LNG exports increased by 12% in the first half of 2022, averaging 11.2 billion cubic feet per day (Bcf/d). This increase was due to increased U.S. LNG export capacity, increased international natural gas and LNG prices, and increased global demand, particularly in Europe. Since November 2021, installed LNG export capacity in the U.S. expanded by 1.9 Bcf/d. Most U.S. LNG exports (64%) went to the European Union and the United Kingdom during the first five months of last year. International natural gas and LNG prices hit record highs in the last quarter of 2021 and first half of 2022.⁽¹⁾

Gasoline prices finished November at their lowest price since February 2022, as high refinery utilization and falling demand contributed to rising gasoline inventories, which resulted in price decreases in November. Despite the recent drop in crude oil prices, the U.S. Energy Information Administration expects that falling global inventories of oil early in 2023 will push Brent crude oil prices back above \$90 per barrel by the beginning of the second quarter of 2023. U.S. retail gasoline prices are expected to average \$3.50 per gallon in 2023.

On Wall Street, for the month of December the Dow Jones Industrial Average fell 4.2%, the S&P 500 Index lost 5.9% and the Nasdaq Composite was down 8.7%. For the fourth quarter of the year, the Dow rose 15.4%, the S&P 500 grew 7.1% while the Nasdaq declined 1%. The markets finished the year with their worst results since 2008. The Dow closed down 8.8%, the S&P 500 fell 19.4% and the Nasdaq dropped 33.1%. Price pressures on the global markets due to the war in Ukraine and COVID lockdowns in China affected the markets during the year. Even as economic indicators suggested that the Federal Reserve Bank's policies were starting to take effect, recession concerns were present.

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 December 31, 2022, domestic and international Valve companies were trading at median total enterprise value / latest twelve months (TEV/LTM) EBITDA multiples of 12.6x and 8.5x, respectively, while both groups have median EBITDA margins of 19.5% and 11.7%, respectively. The median stock price as a percentage of the 52-week high for both groups is 87% 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 12/31/2022	% 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)	\$566	\$113	20.1%	\$109.03	90.5%	\$3,191	\$3,084	5.5x	27.2x	(1.2x)
CIRCOR International Inc. (CIR)	777	107	13.7	23.96	80.4	488	980	1.3	9.2	4.6
Crane Co. (CR)	3,375	651	19.3	100.45	87.4	5,640	6,465	1.9	9.9	0.9
Curtiss-Wright Corp. (CW)	2,557	581	22.7	166.99	91.5	6,397	7,753	3.0	13.3	1.9
Dover Corp. (DOV)	8,508	1,808	21.2	135.41	73.6	19,005	22,331	2.6	12.4	1.9
Emerson Electric Co. (EMR)	19,846	4,865	24.5	96.06	96.1	56,810	71,824	3.6	14.8	1.7
Flowserve Corp. (FLS)	3,615	358	9.9	30.68	81.6	4,010	5,159	1.4	14.4	2.9
General Electric Co. (GE)	76,556	9,743	12.7	83.79	80.8	91,555	109,556	1.4	11.2	1.3
Honeywell International Inc. (HON)	35,466	8,585	24.2	214.30	96.6	144,079	154,691	4.4	18.0	1.2
ITT Corporation (ITT)	2,988	590	19.8	81.10	77.2	6,707	6,822	2.3	11.6	(0.0)
Mueller Water Products, Inc. (MWA)	1,290	190	14.7	10.76	73.7	1,681	2,008	1.6	10.6	1.8
Parker Hannifin Corporation (PH)	17,182	3,810	22.2	291.00	85.6	37,366	50,819	3.0	13.3	3.5
Schlumberger Limited (SLB)	28,091	7,184	25.6	53.46	95.4	75,806	85,860	3.1	12.0	1.4
TechnipFMC plc (FTI)	6,529	1,070	16.4	12.19	93.2	5,442	6,969	1.1	6.5	1.4
Watts Water Technologies, Inc. (WTS)	1,980	378	19.1	146.23	74.8	4,868	4,828	2.4	12.8	(0.3)
Xylem Inc. (XYL)	5,522	887	16.1	110.57	91.3	19,927	21,174	3.8	23.9	1.1
Median			19.5%		86.5%			2.5x	12.6x	1.4x
Mean			18.9		85.6			2.6	13.8	1.5

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

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/22.

(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 12/31/2022	% 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)	\$3,295	\$591	17.9%	\$38.72	60.6%	\$4,282	\$5,025	1.5x	8.5x	1.2x
Alfa Laval AB (ALFA)	4,542	872	19.2	28.89	77.8	11,939	13,277	2.9	15.2	1.5
Georg Fischer AG (GF)	4,195	481	11.5	61.21	76.0	5,009	5,123	1.2	10.6	0.1
Hisaka Works Ltd. (6247)	240	25	10.4	6.19	93.3	174	56	0.2	2.3	(5.1)
Hitachi Ltd. (6501)	82,266	7,923	9.6	50.74	89.7	47,572	64,812	0.8	8.2	1.9
IMI plc (IMI)	2,327	456	19.6	15.52	71.5	4,019	4,932	2.1	10.8	2.0
Kitz Corp. (6498)	1,184	135	11.4	5.98	86.1	537	640	0.5	4.7	0.7
KSB Aktiengesellschaft (KSB)	2,542	232	9.1	427.49	84.0	689	737	0.3	3.2	(0.7)
Kubota Corp. (6326)	19,028	2,034	10.7	13.78	68.2	16,385	28,706	1.5	14.1	4.9
Lupatech S.A. (LUPA3)	22	(26)	(120.3)	0.75	56.7	23	47	2.1	NM	(0.9)
Okano Valve Manufacturing Co. (6492)	50	6	12.0	21.54	69.6	36	14	0.3	2.4	(3.4)
Saint Gobain (SGO)	50,775	7,194	14.2	48.79	68.0	25,595	34,901	0.7	4.9	1.2
SMC Corp. (6273)	5,992	2,021	33.7	421.47	70.1	27,519	22,181	3.7	11.0	(2.3)
Spirax-Sarco Engineering plc (SPX)	1,748	484	27.7	127.90	64.9	9,417	9,737	5.6	20.1	0.7
The Weir Group PLC (WEIR)	2,565	457	17.8	20.11	86.2	5,215	6,387	2.5	14.0	2.6
Velan, Inc. (VLN)	382	38	9.9	3.95	49.9	85	81	0.2	2.1	(0.0)
Median			11.7%		70.8%			1.4x	8.5x	0.7x
Mean			7.2		73.3			1.6	8.8	0.3

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

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/22.

(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

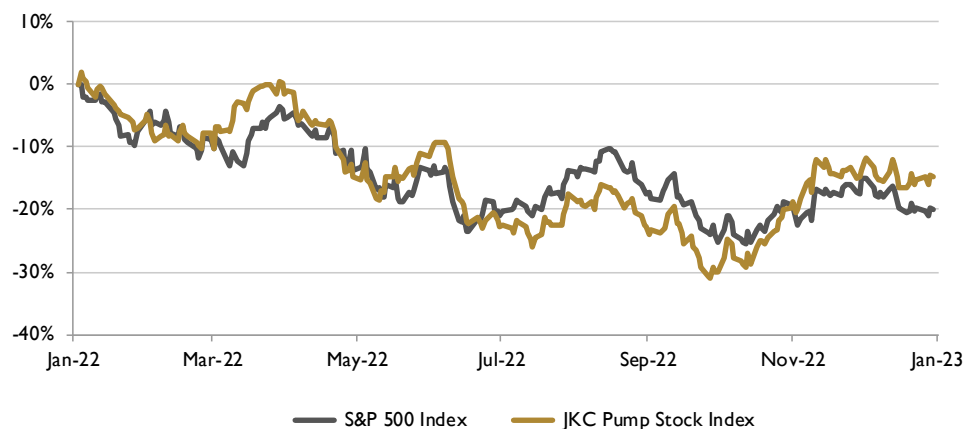
The JKC Pump Stock Index was down 14.7% over the last twelve months, while the S&P 500 Index was down 19.9% over the same time period.

The Institute for Supply Management's Manufacturing Report On Business'® Purchasing Managers Index (PMI)® declined to 48.4% in December, the lowest reading since May 2020 when it registered 43.5%, and contracting for the second straight month. With the largest monthly change, the Prices Index fell 3.6 percentage points to 39.4%, the lowest reading since April 2020. The New Orders Index remained in contraction territory at 45.2%. The Production Index fell to 48.5%, a three percentage point decrease compared to November. The Employment Index returned to expansion territory up three percentage points to 51.4% after contracting in November. The New Export Orders Index reading of 46.2% percent was down 2.2 percentage points compared to the prior month.⁽¹⁾

U.S. employment increased by 223,000 jobs in December. Gains occurred in leisure and hospitality, health care, construction and social assistance. Employment in manufacturing added 8,000 jobs, as gains in durable goods (+24,000) were partially offset by losses in nondurable goods (-16,000). In 2022, manufacturing added an average of 32,000 jobs per month, compared with the average of 30,000 jobs per month in 2021. Total payroll employment rose by 4.5 million jobs in 2022 (an average monthly gain of 375,000 jobs), less than the increase of 6.7 million jobs in 2021 (an average monthly gain of 562,000).

On Wall Street, for the month of December the Dow Jones Industrial Average fell 4.2%, the S&P 500 Index lost 5.9% and the Nasdaq Composite was down 8.7%. For the fourth quarter of the year, the Dow rose 15.4%, the S&P 500 grew 7.1% while the Nasdaq declined 1%. The markets finished the year with their worst results since 2008. The Dow closed down 8.8%, the S&P 500 fell 19.4% and the Nasdaq dropped 33.1%. Price pressures on the global markets due to the war in Ukraine and COVID lockdowns in China affected the markets during the year. Even as economic indicators suggested that the Federal Reserve Bank's policies were starting to take effect, recession concerns were present.

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.

**In 2022,
manufacturing
added an average
of 32,000 jobs per
month, compared
with the average
of 30,000 jobs per
month in 2021.**

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 12.4x and 8.3x, respectively, as of December 31, 2022. 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 0.4x 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	Revenues ⁽²⁾	LTM		Stock Price 12/31/2022	% of 52-Week High	Market Cap	Total Enterprise Value ⁽³⁾	TEV / LTM		Net Debt ⁽⁴⁾ EBITDA
		EBITDA ⁽²⁾	Margin					Revenues	EBITDA	
Ampco-Pittsburgh Corp. (AP)	\$381	\$21	5.6%	\$2.51	37.6%	\$49	\$147	0.4x	6.9x	4.2x
Baker Hughes Inc. (BKR)	21,156	3,716	17.6	29.53	74.2	29,573	32,751	1.5	8.8	1.1
Crane Co. (CR)	3,375	651	19.3	100.45	87.4	5,640	6,465	1.9	9.9	0.9
Curtiss-Wright Corp. (CW)	2,557	581	22.7	166.99	91.5	6,397	7,753	3.0	13.3	1.9
Danaher Corp. (DHR)	31,471	10,910	34.7	265.42	80.8	193,216	209,989	6.7	19.2	1.3
Dover Corp. (DOV)	8,508	1,808	21.2	135.41	73.6	19,005	22,331	2.6	12.4	1.9
Energy Recovery, Inc. (ERII)	126	32	25.6	20.49	77.8	1,147	1,076	8.6	33.5	(2.3)
Flowserve Corp. (FLS)	3,615	358	9.9	30.68	81.6	4,010	5,159	1.4	14.4	2.9
Franklin Electric Co. Inc. (FELE)	2,044	327	16.0	79.75	82.9	3,694	3,974	1.9	12.1	0.7
General Electric Co. (GE)	76,556	9,743	12.7	83.79	80.8	91,555	109,556	1.4	11.2	1.3
Gorman-Rupp Co. (GRC)	521	60	11.5	25.62	56.3	669	1,087	2.1	18.2	7.2
Graco Inc. (GGG)	2,144	650	30.3	67.26	83.1	11,335	11,069	5.2	17.0	(0.3)
IDEX Corp. (IEX)	3,182	902	28.4	228.33	92.7	17,221	17,794	5.6	19.7	1.2
Illinois Tool Works Inc. (ITW)	15,932	4,297	27.0	220.30	88.2	67,673	74,528	4.7	17.3	1.7
Ingersoll-Rand Co. Ltd. (IR)	5,916	1,363	23.0	52.25	83.4	21,157	22,523	3.8	16.5	0.9
ITT Corporation (ITT)	2,988	590	19.8	81.10	77.2	6,707	6,822	2.3	11.6	(0.0)
National Oilwell Varco, Incorporated (NOV)	7,237	939	13.0	20.89	86.1	8,206	9,631	1.3	10.3	1.4
Pentair, Inc. (PNR)	4,122	876	21.3	44.98	61.2	7,399	9,757	2.4	11.1	2.6
Roper Technologies Inc. (ROP)	5,372	2,175	40.5	432.09	87.8	45,824	50,589	9.4	23.3	2.7
Schlumberger Limited (SLB)	28,091	7,184	25.6	53.46	95.4	75,806	85,860	3.1	12.0	1.4
Standex International Corp. (SXI)	742	149	20.1	102.41	91.5	1,228	1,349	1.8	9.1	0.7
Weatherford International Ltd. (WFRD)	4,331	787	18.2	50.92	98.6	3,595	5,221	1.2	6.6	1.7
Xylem Inc. (XYL)	5,522	887	16.1	110.57	91.3	19,927	21,174	3.8	23.9	1.1
Median			20.1%		83.1%			2.4x	12.4x	1.3x
Mean			20.9		80.9			3.3	14.7	1.6

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

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/22.

(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 12/31/2022	% 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)	\$4,542	\$872	19.2%	\$28.89	77.8%	\$11,939	\$13,277	2.9x	15.2x	1.5x
Andritz AG (ANDR)	7,613	681	9.0	57.23	97.6	5,677	4,981	0.7	7.3	(0.9)
DMW Corp. (6365)	182	23	12.8	23.13	82.9	98	33	0.2	1.4	(2.2)
Ebara Corp. (6361)	5,030	669	13.3	35.79	67.9	3,295	3,430	0.7	5.1	0.0
FLSmidth & Co. A/S (FLS)	2,944	230	7.8	36.16	96.5	2,052	2,192	0.7	9.5	0.6
Gelvol SA (ALGEV)	125	15	11.7	197.71	94.9	152	16	0.1	1.1	(9.3)
GUD Holdings Ltd. (GUD)	568	119	21.0	5.15	57.6	726	1,136	2.0	9.6	3.5
Hyundai Heavy Industries Co. Ltd. (A329180)	6,795	(417)	(6.1)	92.24	71.8	8,188	9,579	1.4	NM	(3.2)
John Wood Group plc (WG)	6,330	345	5.4	1.63	53.0	1,103	3,193	0.5	9.3	6.1
Kirloskar Brothers Ltd. (500241)	402	31	7.8	3.92	76.5	311	313	0.8	10.0	0.1
KSB Aktiengesellschaft (KSB)	2,542	232	9.1	427.49	84.0	689	737	0.3	3.2	(0.7)
Kubota Corp. (6326)	19,028	2,034	10.7	13.78	68.2	16,385	28,706	1.5	14.1	4.9
Nikkiso Co. Ltd. (6376)	1,366	336	24.6	7.20	88.7	476	777	0.6	2.3	0.9
Pfeiffer Vacuum Technology AG (PFV)	924	168	18.2	183.18	79.5	1,810	1,795	1.9	10.7	(0.1)
SKF AB (SKF B)	8,879	1,143	12.9	15.27	67.8	6,953	8,395	0.9	7.3	0.9
Spirax-Sarco Engineering plc (SPX)	1,748	484	27.7	127.90	64.9	9,417	9,737	5.6	20.1	0.7
Sulzer, Ltd. (SUN)	3,436	314	9.1	77.87	76.9	2,637	2,953	0.9	9.4	0.9
Teikoku Electric Mfg. Co., Ltd. (6333)	189	36	19.1	17.42	89.6	306	193	1.0	5.3	(2.9)
The Weir Group PLC (WEIR)	2,565	457	17.8	20.11	86.2	5,215	6,387	2.5	14.0	2.6
Torishima Pump Manufacturing Co. Ltd. (6363)	425	54	12.7	10.87	90.0	287	284	0.7	5.3	0.4
Tsurumi Manufacturing Co. Ltd. (6351)	418	52	12.4	15.05	78.6	371	249	0.6	4.8	(1.9)
Median			12.7%		78.6%			0.8x	8.3x	0.4x
Mean			13.2		78.6			1.3	8.3	0.1

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

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/22.

(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 18.4% over the last twelve months, while the S&P 500 Index was down 19.9%.

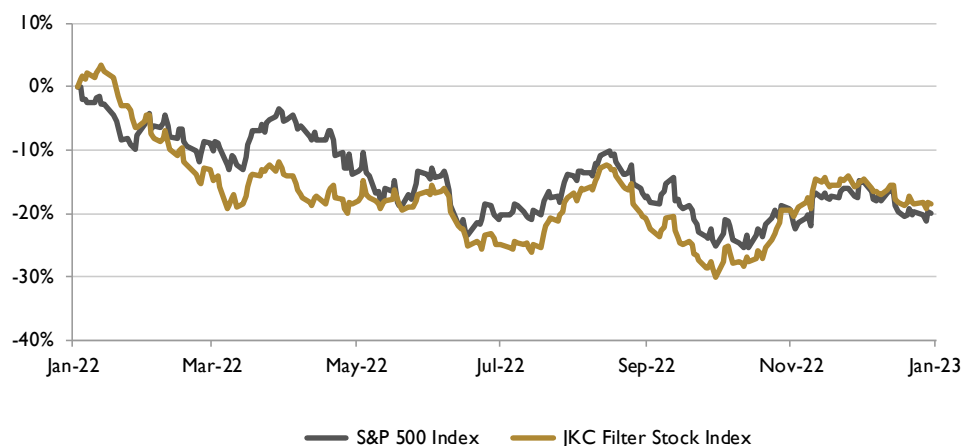
While new home sales posted a modest gain in December, elevated mortgage rates and higher construction costs put a damper on consumer demand. New home sales were down 16.4% in 2022 compared to the previous year. Regionally, on a year-to-year basis, new home sales fell in all four regions. Total housing starts for 2022 were 1.55 million, a 3% decline from 2021. Single-family starts totaled 1.01 million, down 10.6% from the previous year. Multifamily starts were up 14.5%. The median new home sale price in December was \$442,100, down 3.7% from November, but up 7.8% compared to last year due to higher construction costs.⁽¹⁾

The seasonally adjusted annual rate for U.S. new vehicle sales in December was 13.59 million. The conflict between Russia and Ukraine triggered a second round of global microchip shortages. While the demand for cars remained strong, automakers could not produce enough cars.

General Motors reclaimed the U.S. auto sales top spot from Toyota in 2022, selling more than 2.25 million units, up 2.5% over 2021. Toyota came in second, selling more than 2.1 million units, but contracting 9.6% from 2021. Ford sold more than 1.86 million units, inching down 2.2% year over year. Honda saw U.S. sales plunge 32.9% year over year to 983,507 units, while Stellantis' sales slid 13% to 1.54 million units.

On Wall Street, for the month of December the Dow Jones Industrial Average fell 4.2%, the S&P 500 Index lost 5.9% and the Nasdaq Composite was down 8.7%. For the fourth quarter of the year, the Dow rose 15.4%, the S&P 500 grew 7.1% while the Nasdaq declined 1%. The markets finished the year with their worst results since 2008. The Dow closed down 8.8%, the S&P 500 fell 19.4% and the Nasdaq dropped 33.1%. Price pressures on the global markets due to the war in Ukraine and COVID lockdowns in China affected the markets during the year. Even as economic indicators suggested that the Federal Reserve Bank's policies were starting to take effect, recession concerns were present.

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.

New home sales were down 16.4% in 2022 compared to the previous year. ... Total housing starts for 2022 were 1.55 million, a 3% decline from 2021.

Filter Companies

As of December 31, 2022, domestic and international Filter companies (listed in Table IX and Table X, respectively) were trading at medians of 12.9x and 8.2x, respectively, of TEV/LTM EBITDA with median LTM EBITDA margins of 19.6% and 13.4%, 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 12/31/2022	% 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)	\$34,229	\$7,865	23.0%	\$119.92	66.0%	\$69,104	\$82,222	2.4x	10.5x	1.6x
CECO Environmental Corp. (CECO)	400	38	9.5	11.68	90.6	400	493	1.2	13.0	2.3
Corning Inc. (GLW)	14,189	3,557	25.1	31.94	73.5	27,015	33,127	2.3	9.3	1.7
Crane Co. (CR)	3,375	651	19.3	100.45	87.4	5,640	6,465	1.9	9.9	0.9
Cummins Inc. (CMI)	28,074	4,331	15.4	242.29	95.4	34,168	41,182	1.5	9.5	1.4
Donaldson Company Inc. (DCI)	3,393	592	17.4	58.87	95.0	7,164	7,604	2.2	12.8	0.7
Eaton Corporation (ETN)	20,752	4,143	20.0	156.95	90.5	62,419	71,391	3.4	17.2	2.1
Entegris, Inc. (ENTG)	3,282	987	30.1	65.59	46.2	9,775	14,933	4.6	15.1	5.4
ESCO Technologies Inc. (ESE)	886	171	19.3	87.54	90.5	2,266	2,373	2.7	13.8	0.8
General Electric Co. (GE)	76,556	9,743	12.7	83.79	80.8	91,555	109,556	1.4	11.2	1.3
Honeywell International Inc. (HON)	35,466	8,585	24.2	214.30	96.6	144,079	154,691	4.4	18.0	1.2
Illinois Tool Works Inc. (ITW)	15,932	4,297	27.0	220.30	88.2	67,673	74,528	4.7	17.3	1.7
Parker Hannifin Corporation (PH)	17,182	3,810	22.2	291.00	85.6	37,366	50,819	3.0	13.3	3.5
Pentair, Inc. (PNR)	4,122	876	21.3	44.98	61.2	7,399	9,757	2.4	11.1	2.6
Watts Water Technologies, Inc. (WTS)	1,980	378	19.1	146.23	74.8	4,868	4,828	2.4	12.8	(0.3)
Xylem Inc. (XYL)	5,522	887	16.1	110.57	91.3	19,927	21,174	3.8	23.9	1.1
Median			19.6%		87.8%			2.4x	12.9x	1.5x
Mean			20.1		82.1			2.8	13.7	1.8

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

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/22.

(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 12/31/2022	% 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)	4,542	872	19.2	28.89	77.8	11,939	13,277	2.9	15.2	1.5
Amiad Water Systems Ltd. (AMD)	128	19	15.2	4.14	85.6	126	132	1.0	6.8	0.1
Andritz AG (ANDR)	7,613	681	9.0	57.23	97.6	5,677	4,981	0.7	7.3	(0.9)
Asahi Kasei Corp. (3407)	19,955	2,597	13.0	7.14	80.4	9,905	15,325	0.8	5.9	2.3
Daikin Industries Ltd. (6367)	27,072	3,866	14.3	153.18	75.6	44,838	44,942	1.7	11.6	0.2
Denso Corp. (6902)	45,139	5,378	11.9	49.56	64.2	37,114	39,799	0.9	7.4	0.4
Faurecia SA (EO)	20,795	1,749	8.4	15.10	31.3	2,974	13,812	0.7	7.9	0.0
FLSmidth & Co. A/S (FLS)	2,944	230	7.8	36.16	96.5	2,052	2,192	0.7	9.5	0.6
GEA Group AG (GIA)	5,379	380	7.1	40.53	78.2	7,054	6,748	1.3	17.7	(0.7)
GUD Holdings Ltd. (GUD)	568	119	21.0	5.15	57.6	726	1,136	2.0	9.6	3.5
Ibiden Co., Ltd. (4062)	3,176	1,013	31.9	36.28	67.7	5,067	4,707	1.5	4.6	(0.1)
Johnson Matthey plc (JMAT)	17,893	692	3.9	25.63	83.9	4,683	5,880	0.3	8.5	1.6
NGK Insulators Ltd. (5333)	4,057	986	24.3	12.72	81.4	3,946	4,386	1.1	4.4	0.4
Nitto Denko Corp. (6988)	6,919	1,516	21.9	58.01	77.1	8,588	6,405	0.9	4.2	(1.6)
Porvair plc (PRV)	192	27	13.9	7.42	80.4	342	341	1.8	12.8	(0.3)
Sartorius AG (SRT)	4,313	1,411	32.7	359.09	66.3	25,733	28,912	6.7	20.5	1.8
Siemens AG (SIE)	76,923	9,207	12.0	138.25	81.9	109,806	157,730	2.1	17.1	4.5
Toray Industries Inc. (3402)	18,407	2,111	11.5	5.59	90.1	8,943	15,533	0.8	7.4	2.9
Median			13.4%		79.3%			1.1x	8.2x	0.4x
Mean			15.5		76.3			1.5	9.9	0.9

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

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/22.

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Valuation Trends over Time

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

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

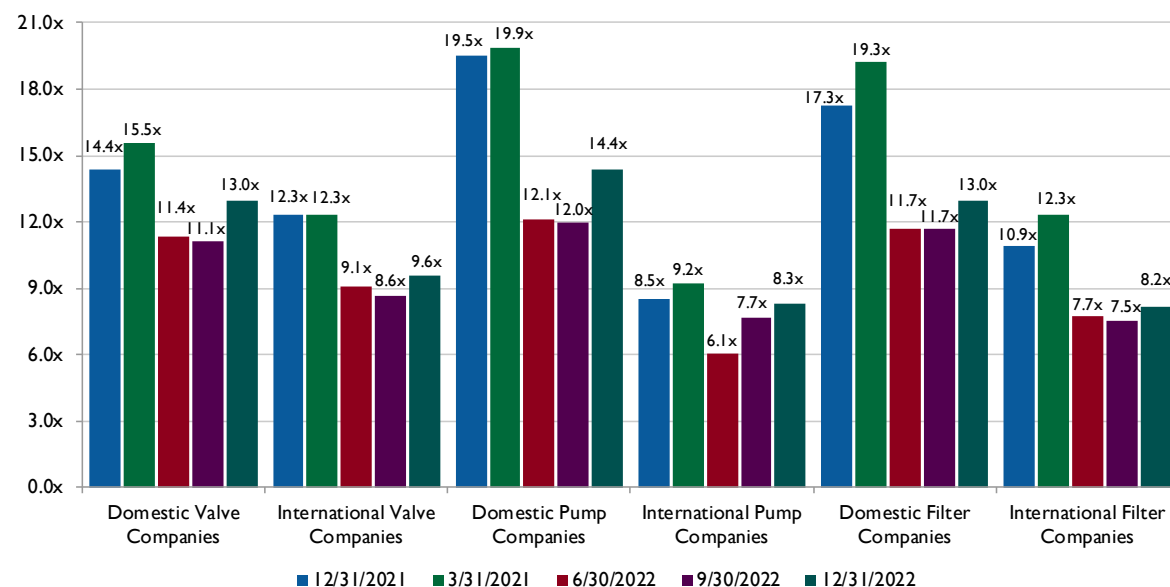
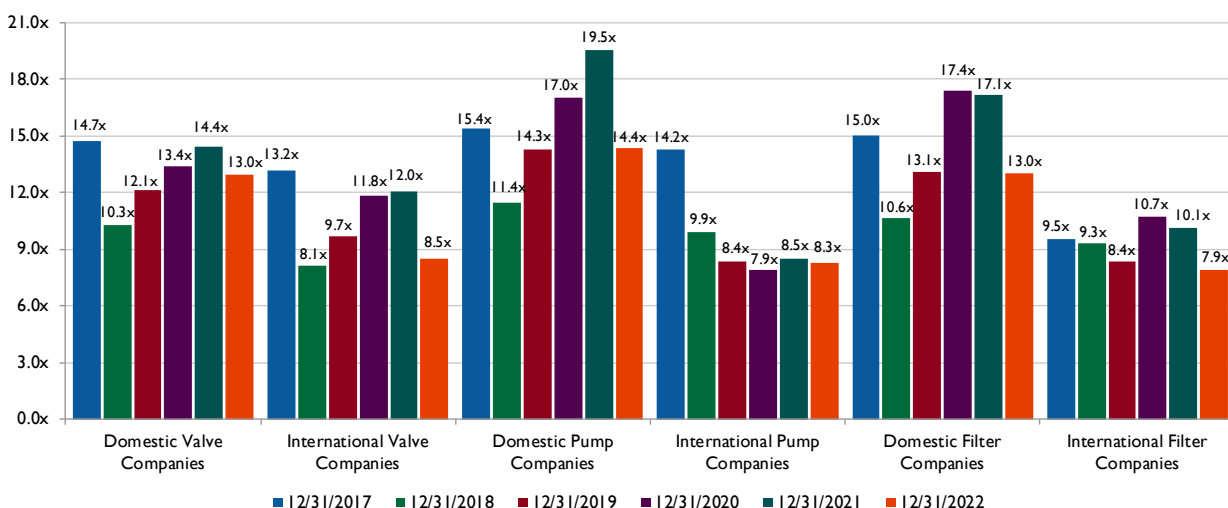


CHART V: ANNUAL MEDIAN TEV/LTM EBITDA VALUATION MULTIPLES⁽¹⁾



(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⁾

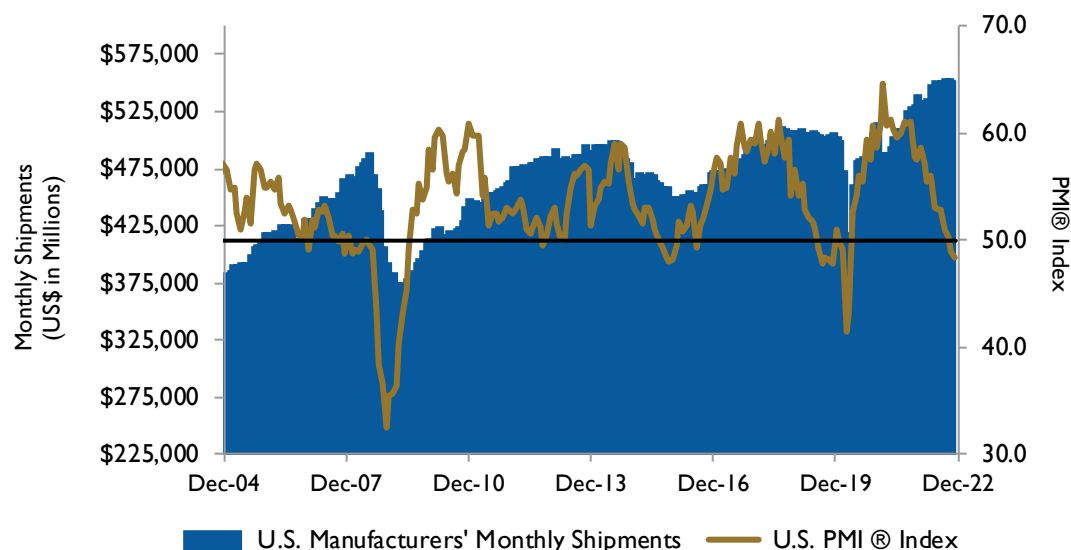
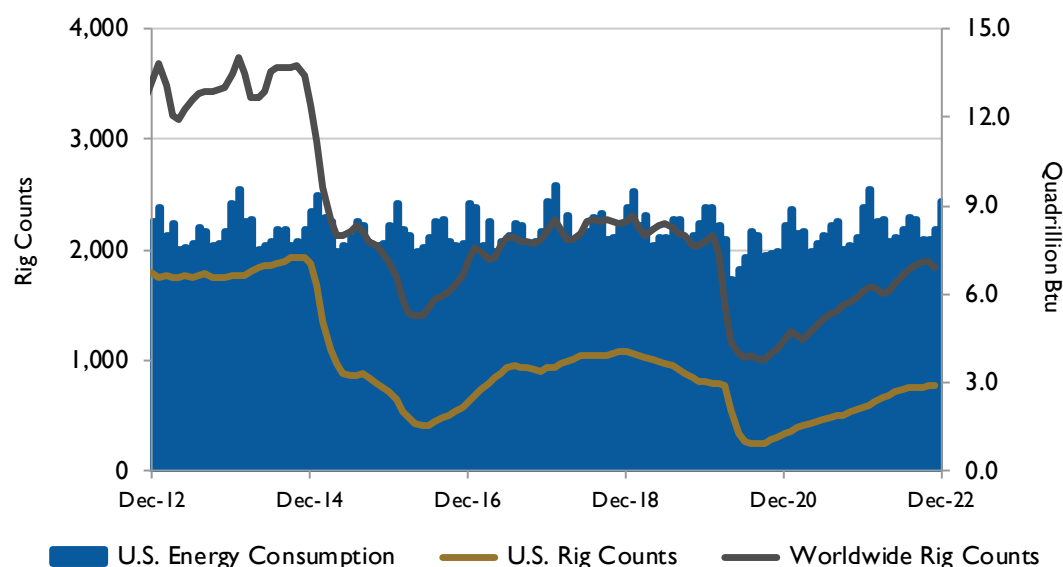


CHART VII: U.S. ENERGY CONSUMPTION⁽⁴⁾ AND RIG COUNTS⁽⁵⁾



(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⁾

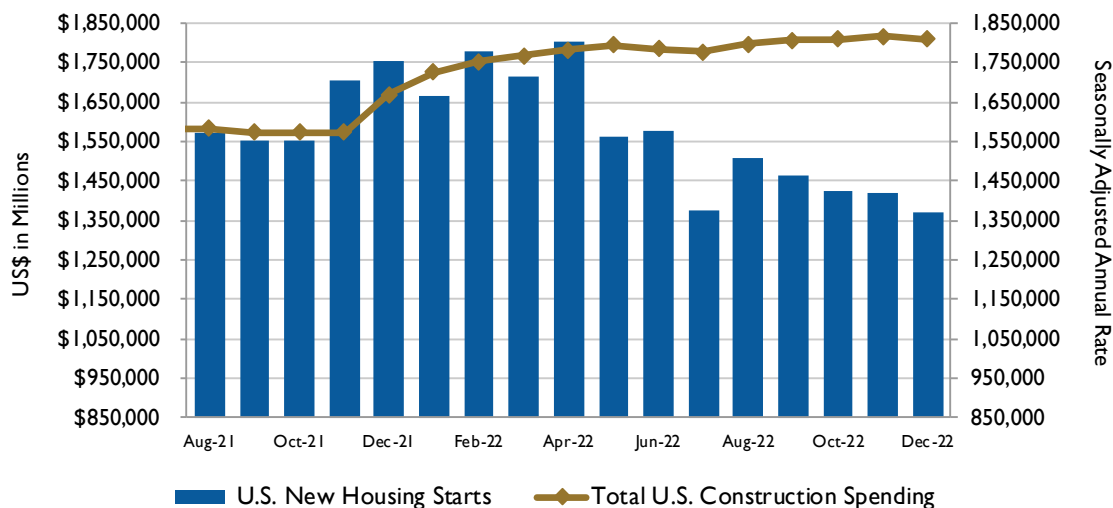
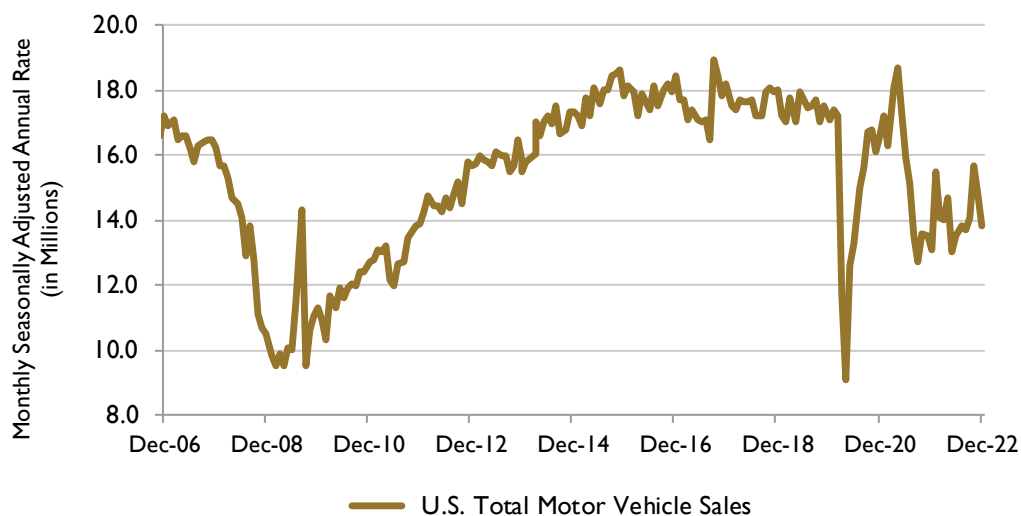


CHART IX: U.S. MOTOR VEHICLE SALES⁽³⁾



(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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