

# FLOW CONTROL

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# Industry In-Sight™

FIRST QUARTER 2023



**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](http://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](http://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

### *Flowserve Acquires Velan*



Flowserve Corporation (Flowserve), a provider of flow control products and services for the global infrastructure markets, agreed to acquire Velan Inc. (Velan), a manufacturer of highly engineered industrial valves, in an all cash transaction valued at approximately \$245 million, including the purchase of all Velan equity for approximately \$209 million and the assumption of approximately \$36.3 million in outstanding debt. Flowserve will also assume Velan's \$31.4 million of cash and cash equivalents.

The purchase price represents a 119% premium to Velan's 30-day volume-weighted average price per subordinate voting share on the Toronto Stock Exchange, and a 100% premium to the price of the shares on the last trading day prior to the announcement.

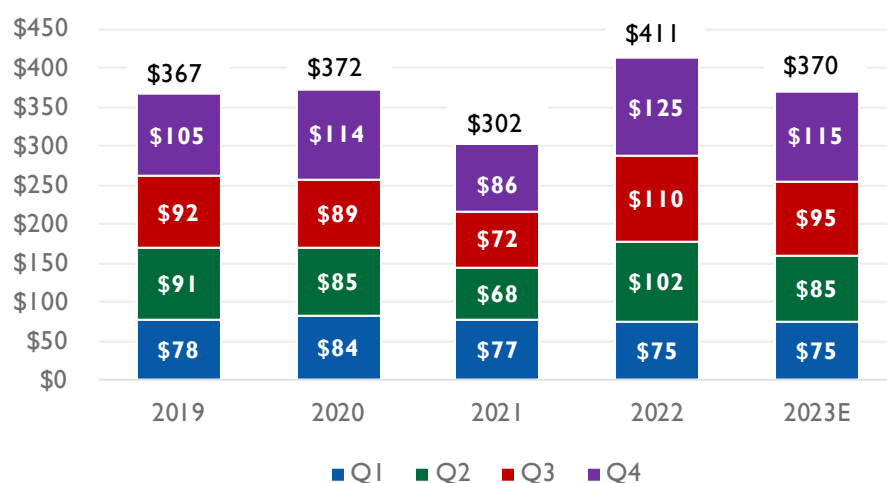
Founded in Montreal, Canada in 1950, Velan is one of the world's leading manufacturers of industrial valves. The company's products are grouped into the broad categories of: gate, globe, and check valves; quarter-turn valves; specialty valves; and steam traps. These products are used in the power generation, chemical and petrochemical, oil and gas, pulp and paper, mining, cryogenic and ship building industries. Velan has a global network of 12 manufacturing plants, including three in North America, four in Europe, and five in Asia. The company's global network also includes two stocking distribution centers and hundreds of distributors and service shops worldwide. It primarily sells its products through independent third-party distributors and sales agents.

Velan had revenue of \$411 million in fiscal 2022; and earnings before interest, taxes, depreciation and amortization (EBITDA) of approximately \$21 million for the twelve months prior to the acquisition. Velan is a family-controlled public company, employing approximately 1,650 people.

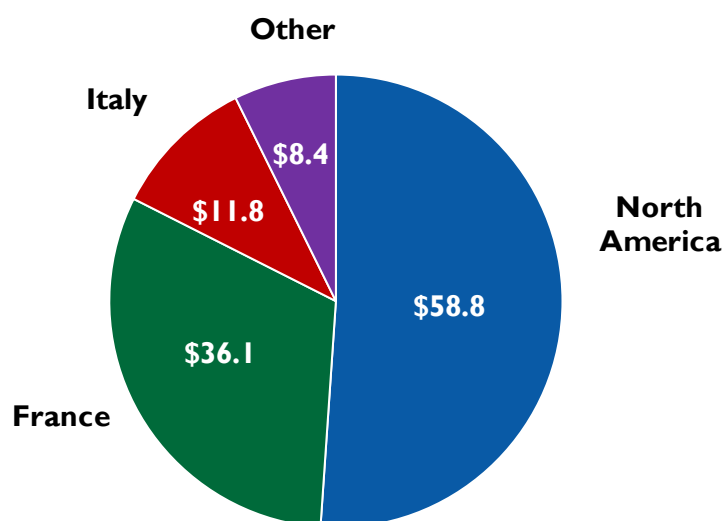
Flowserve designs, manufactures, distributes and services industrial flow management equipment in the United States, Middle East, Africa, Asia Pacific and Europe. Headquartered in Irving, Texas, the company was incorporated in 1912. Operating in more than 50 countries, Flowserve produces engineered and industrial pumps, seals and valves, as well as a range of related flow management services. Its markets include oil and gas, chemical and pharmaceuticals, power generation and water management markets, as well as general industries, including mining and ore processing, pulp and paper, food and beverage, and other smaller applications.

Last year Flowserve launched a growth strategy it calls the 3D strategy -- diversify, decarbonize and digitize. The acquisition of Velan accelerates this 3D strategy and complements Flowserve's valve product portfolio in the nuclear, cryogenic and defense markets. It also provides significant aftermarket opportunities based on a combined global installed base. Going forward, Flowserve is interested in acquiring businesses that would support the 3D strategy, specifically rounding out their nuclear portfolio, continuing to move into hydrogen and CCUS (carbon capture, utilization and storage), as well as technology.

**Velan Sales by Quarter<sup>(1)</sup>**  
(\$ millions)



**Velan Q4 F2023 Geographical Sales<sup>(1)</sup>**  
(\$ millions)



(1) Velan 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: IQ 2023<sup>(1)</sup>**

| Announced Date | Target                               | Acquirer(s)                   |
|----------------|--------------------------------------|-------------------------------|
| 2/10/2023      | Velan Inc.                           | The Flowserve Corporation     |
| 2/8/2023       | Ihara Science Corporation            | NIM Co., Ltd.                 |
| 2/1/2023       | FKB Industria de Equipamentos Ltda.  | VAG Holding GmbH              |
| 1/31/2023      | SVF Flow Controls, Inc.              | NIBCO INC.                    |
| 1/19/2023      | Siersema Komponenten Service BV      | Indutrade AB                  |
| 1/16/2023      | VTI Ventil Technik GmbH              | NRW Bank, Pinova Capital GmbH |
| 1/5/2023       | Cooling Tower Valves and Screens LLC | Atlas-SSI, Inc.               |

**TABLE III: SELECTED PUMP M&A TRANSACTIONS: IQ 2023<sup>(1)</sup>**

| Announced Date | Target                          | Acquirer(s)          |
|----------------|---------------------------------|----------------------|
| 2/3/2023       | Procon Pumps                    | Investindustrial     |
| 2/3/2023       | Zeus Co Ltd.                    | Atlas Copco AB       |
| 1/19/2023      | Siersema Komponenten Service BV | Indutrade AB         |
| 1/17/2023      | BPR Pumping & Vacuum Solutions  | Holland Pump Company |

**TABLE IV: SELECTED FILTER M&A TRANSACTIONS: IQ 2023<sup>(1)</sup>**

| Announced Date | Target                                      | Acquirer(s)                    |
|----------------|---|--------------------------------|
| 3/30/2023      | Digested Organics LLC                       | Mott Corporation               |
| 3/10/2023      | AIRfina AG                                  | Absolent AB                    |
| 2/21/2023      | Aslan Technologies Inc.                     | Amiad U.S.A. Inc.              |
| 1/31/2023      | Tiger Filtration Limited                    | FORUM Family Office GmbH       |
| 1/23/2023      | Evoqua Water Technologies Corp.             | Xylem Inc.                     |
| 1/12/2023      | Elgin Separation Solutions Industrials, LLC | TerraSource Global Corporation |

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

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# Public Equity and Valuation Analysis

BY DAVID A. KAKAREKA

## Wall Street Valve Watch

The JKC Valve Stock Index was down 4.5% over the last 12 months, while the broader S&P 500 Index was down 9.6%.

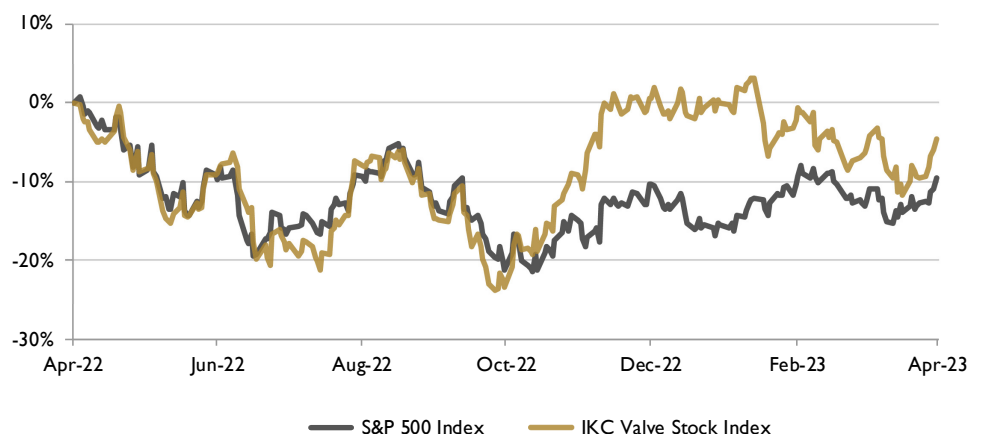
The price of Brent crude oil jumped to \$84.93 a barrel at the end of March after Saudi Arabia and other members of the OPEC+ group said they would reduce oil production. The production cut pushed crude prices 6.3% higher, the biggest one-day percentage gain since March 2022, when Russia invaded Ukraine. OPEC producers say they will cut daily output by more than 1.1 million barrels beginning in May. Cartel members haven't always followed through fully on promised production cuts in the past. However, oil prices still stand lower than they did the prior month, and are well below the pandemic closing high of more than \$125 a barrel posted in March 2022.<sup>(1)</sup>

In 2022, U.S. crude oil exports averaged 3.6 million barrels per day, a record high, and were 22% higher than in 2021. Increased U.S. crude oil production, releases from the U.S. Strategic Petroleum Reserve, and global demand for crude oil from countries other than Russia, all drove the growth in U.S. crude oil exports. Decreased demand for U.S. oil exports to India and China was more than offset by increased demand from other destinations, particularly Europe. Despite declines in exports to India and China, Asia and Oceania remained the region receiving the most U.S. oil exports at 43%.

Oil production in Russia is expected to average 9.9 million barrels per day (b/d) this year, down 1.1 million b/d from 2022. The European Union's ban on seaborne petroleum products from Russia that began February 5 will cause refineries in Russia to reduce oil inputs, which will disrupt oil production.

On Wall Street for the month of March the Dow Jones Industrial Average gained 1.9%, the S&P 500 Index rose 3.5% and the Nasdaq Composite was up 6.7%. Intervention by the U.S. government and the Federal Reserve Bank to resolve the banking sector crisis strengthened investors' confidence. The Federal Reserve Bank Chairman indicated that the current rate hike cycle is approaching its end. The markets finished the first quarter of the year on a positive note. The Dow, the S&P 500 and the Nasdaq rose 0.4%, 7% and 16.8%, respectively.

**CHART 1: JKC VALVE STOCK INDEX<sup>(2)</sup>**



(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 March 31, 2023, domestic and international Valve companies were trading at median total enterprise value / latest twelve months (TEV/LTM) EBITDA multiples of 12.7x and 8.9x, respectively, while both groups have median EBITDA margins of 20.1% and 13.2%, respectively. The median stock price as a percentage of the 52-week high for both groups is 92% and 92%, 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<sup>(1)</sup>**

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

| Company                              | LTM                     |                       |              | Stock Price<br>3/31/2023 | % of<br>52-Week<br>High | Market<br>Cap | Total<br>Enterprise<br>Value <sup>(3)</sup> | TEV / LTM   |              | Net Debt <sup>(4)</sup><br>EBITDA |
|--------------------------------------|-------------------------|-----------------------|--------------|--------------------------|-------------------------|---------------|---|-------------|--------------|-----------------------------------|
|                                      | Revenues <sup>(2)</sup> | EBITDA <sup>(2)</sup> | Margin       |                          |                         |               |   | Revenues    | EBITDA       |                                   |
| Badger Meter Inc. (BMI)              | \$592                   | \$123                 | 20.8%        | \$121.82                 | 98.0%                   | \$3,568       | \$3,437                                     | 5.8x        | 27.9x        | (1.0x)                            |
| CIRCOR International Inc. (CIR)      | 787                     | 114                   | 14.4         | 31.12                    | 97.2                    | 634           | 1,111                                       | 1.4         | 9.8          | 4.2                               |
| Crane Co. (CR)                       | 3,346                   | 683                   | 20.4         | 113.50                   | 91.7                    | 6,405         | 7,091                                       | 2.1         | 10.4         | 1.0                               |
| Curtiss-Wright Corp. (CW)            | 2,628                   | 610                   | 23.2         | 176.26                   | 96.6                    | 6,752         | 7,921                                       | 3.0         | 13.0         | 2.0                               |
| Dover Corp. (DOV)                    | 8,535                   | 1,826                 | 21.4         | 151.94                   | 94.6                    | 21,237        | 24,751                                      | 2.9         | 13.6         | 1.8                               |
| Emerson Electric Co. (EMR)           | 20,311                  | 5,112                 | 25.2         | 87.14                    | 87.4                    | 49,792        | 63,896                                      | 3.1         | 12.5         | 1.7                               |
| Flowserve Corp. (FLS)                | 3,774                   | 462                   | 12.2         | 34.00                    | 90.4                    | 4,458         | 5,518                                       | 1.5         | 11.9         | 2.3                               |
| General Electric Co. (GE)            | 78,366                  | 9,872                 | 12.6         | 95.60                    | 99.9                    | 104,231       | 118,425                                     | 1.5         | 12.0         | 0.2                               |
| Honeywell International Inc. (HON)   | 35,954                  | 8,712                 | 24.2         | 191.12                   | 86.5                    | 127,695       | 138,751                                     | 3.9         | 15.9         | 1.5                               |
| ITT Corporation (ITT)                | 2,988                   | 590                   | 19.8         | 86.30                    | 90.7                    | 7,146         | 7,131                                       | 2.4         | 12.1         | (0.0)                             |
| Mueller Water Products, Inc. (MWA)   | 1,312                   | 187                   | 14.2         | 13.94                    | 95.4                    | 2,178         | 2,526                                       | 1.9         | 13.5         | 2.1                               |
| Parker Hannifin Corporation (PH)     | 18,157                  | 3,998                 | 22.0         | 336.11                   | 92.2                    | 43,111        | 56,366                                      | 3.1         | 14.1         | 3.2                               |
| Schlumberger Limited (SLB)           | 29,865                  | 7,718                 | 25.8         | 49.10                    | 78.2                    | 70,095        | 80,430                                      | 2.7         | 10.4         | 1.4                               |
| TechnipFMC plc (FTI)                 | 6,862                   | 692                   | 10.1         | 13.65                    | 85.2                    | 6,024         | 7,267                                       | 1.1         | 10.5         | 2.6                               |
| Watts Water Technologies, Inc. (WTS) | 1,988                   | 390                   | 19.6         | 168.32                   | 92.8                    | 5,615         | 5,500                                       | 2.8         | 14.1         | (0.4)                             |
| Xylem Inc. (XYL)                     | 5,698                   | 902                   | 15.8         | 104.70                   | 88.3                    | 18,875        | 20,138                                      | 3.5         | 22.3         | 1.2                               |
| <b>Median</b>                        |                         |                       | <b>20.1%</b> |                          | <b>91.9%</b>            |               |   | <b>2.7x</b> | <b>12.7x</b> | <b>1.6x</b>                       |
| <b>Mean</b>                          |                         |                       | <b>18.9</b>  |                          | <b>91.6</b>             |               |   | <b>2.7</b>  | <b>14.0</b>  | <b>1.5</b>                        |

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/23.

(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<sup>(1)</sup>**

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

| Company                              | LTM                     |                       |              | Stock Price<br>3/31/2023 | % of<br>52-Week<br>High | Market<br>Cap | Total<br>Enterprise<br>Value <sup>(3)</sup> | TEV / LTM   |             | Net Debt <sup>(4)</sup><br>EBITDA |
|--------------------------------------|-------------------------|-----------------------|--------------|--------------------------|-------------------------|---------------|---|-------------|-------------|-----------------------------------|
|                                      | Revenues <sup>(2)</sup> | EBITDA <sup>(2)</sup> | Margin       |                          |                         |               |   | Revenues    | EBITDA      |                                   |
| Aalberts Industries NV (AALB)        | \$3,509                 | \$688                 | 19.6%        | \$47.16                  | 86.9%                   | \$5,215       | \$6,126                                     | 1.7x        | 8.9x        | 1.2x                              |
| Alfa Laval AB (ALFA)                 | 5,035                   | 922                   | 18.3         | 35.70                    | 99.8                    | 14,756        | 16,091                                      | 3.2         | 17.5        | 1.4                               |
| Georg Fischer AG (GF)                | 4,405                   | 561                   | 12.7         | 77.69                    | 99.6                    | 6,362         | 6,247                                       | 1.4         | 11.1        | (0.3)                             |
| Hisaka Works Ltd. (6247)             | 249                     | 29                    | 11.7         | 6.72                     | 89.6                    | 189           | 65  | 0.3         | 2.2         | (3.8)                             |
| Hitachi Ltd. (6501)                  | 82,949                  | 7,925                 | 9.6          | 54.55                    | 97.2                    | 51,148        | 70,625                                      | 0.9         | 8.9         | 1.0                               |
| IMI plc (IMI)                        | 2,535                   | 536                   | 21.1         | 18.98                    | 93.5                    | 4,904         | 5,906                                       | 2.3         | 11.0        | 1.8                               |
| Kitz Corp. (6498)                    | 1,203                   | 135                   | 11.2         | 6.98                     | 95.8                    | 626           | 728   | 0.6         | 5.4         | 0.6                               |
| KSB Aktiengesellschaft (KSB)         | 2,798                   | 266                   | 9.5          | 608.43                   | 97.2                    | 999           | 1,033                                       | 0.4         | 3.9         | (0.7)                             |
| Kubota Corp. (6326)                  | 20,151                  | 2,252                 | 11.2         | 15.04                    | 77.5                    | 17,882        | 29,225                                      | 1.5         | 13.0        | 5.0                               |
| Lupatech S.A. (LUPA3)                | 22                      | (36)                  | (167.0)      | 0.76                     | 50.1                    | 24            | 52  | 2.4         | NM          | (0.8)                             |
| Okano Valve Manufacturing Co. (6492) | 52                      | 7                     | 13.6         | 21.91                    | 71.4                    | 35            | 14  | 0.3         | 2.0         | (2.8)                             |
| Saint Gobain (SGO)                   | 55,625                  | 7,905                 | 14.2         | 56.84                    | 89.4                    | 29,068        | 38,494                                      | 0.7         | 4.9         | 1.1                               |
| SMC Corp. (6273)                     | 6,112                   | 2,050                 | 33.5         | 525.30                   | 94.7                    | 33,882        | 29,325                                      | 4.8         | 14.3        | (2.2)                             |
| Spirax-Sarco Engineering plc (SPX)   | 1,993                   | 540                   | 27.1         | 146.66                   | 90.2                    | 10,799        | 11,735                                      | 5.9         | 21.7        | 1.7                               |
| The Weir Group PLC (WEIR)            | 3,058                   | 513                   | 16.8         | 23.00                    | 89.7                    | 5,964         | 6,964                                       | 2.3         | 13.6        | 1.9                               |
| Velan, Inc. (VLN)                    | 380                     | 36                    | 9.5          | 9.43                     | 99.3                    | 204           | 203   | 0.5         | 5.7         | (0.5)                             |
| <b>Median</b>                        |                         |                       | <b>13.2%</b> |                          | <b>91.9%</b>            |               |   | <b>1.4x</b> | <b>8.9x</b> | <b>0.8x</b>                       |
| <b>Mean</b>                          |                         |                       | <b>4.5</b>   |                          | <b>88.9</b>             |               |   | <b>1.8</b>  | <b>9.6</b>  | <b>0.3</b>                        |

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/23.

(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 7.5% over the last twelve months, while the S&P 500 Index was down 9.6% over the same time period.

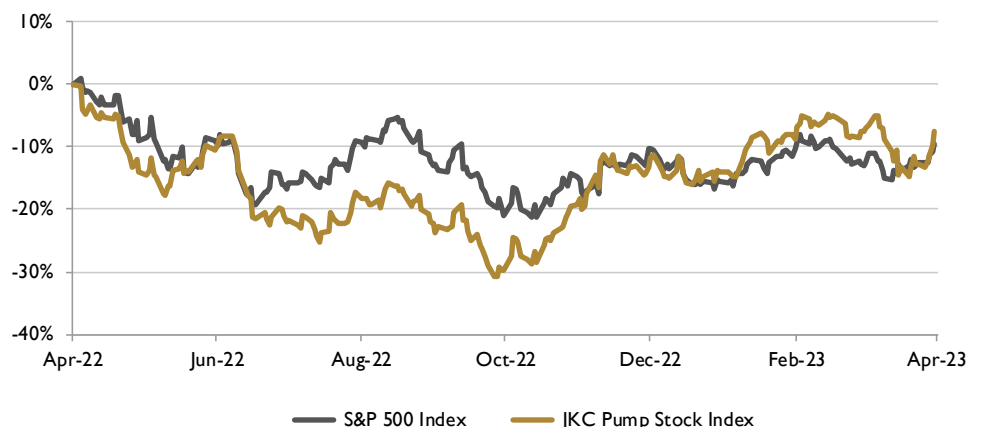
The Institute for Supply Management's Manufacturing Report On Business'® Purchasing Managers Index (PMI)® fell to its lowest point since 2020 at 46.3% in March. Every sub-component was below the breakeven 50% for the first time since 2009. The prices paid index moved into contraction, while supplier deliveries also fell to 44.8%, the lowest reading since 2009 signaling faster deliveries. The employment index fell for the third straight month to 46.9%, its lowest reading since 2020. However, of the 18 industries surveyed, only six reported a decline in hiring. The new orders index measured 44.3% and the production index was 47.8%.<sup>(1)</sup>

New orders for durable goods declined 1% in February, after a 5% drop a month earlier. While most weakness could be traced to aircraft and defense orders, demand for new capital expenditures lost momentum. Even after discounting some of the transportation related volatility, the 0.2% rise in core capital goods orders (which are non-defense and exclude aircraft) comes after January's 0.8% gain was revised to just 0.3%. The recent run-rate for core orders was a 0.3% annualized rate over the past three months.

Due to a record drop in utilities output of 10%, U.S industrial production was flat in January. Manufacturing production was up 1%. Food and beverage manufacturing and chemicals, which together account for about 30% of manufacturing output, rose 1.7% and 1.6%, respectively. Machinery, electrical equipment and appliances, and computers also advanced.

On Wall Street for the month of March the Dow Jones Industrial Average gained 1.9%, the S&P 500 Index rose 3.5% and the Nasdaq Composite was up 6.7%. Intervention by the U.S. government and the Federal Reserve Bank to resolve the banking sector crisis strengthened investors' confidence. The Federal Reserve Bank Chairman indicated that the current rate hike cycle is approaching its end. The markets finished the first quarter of the year on a positive note. The Dow, the S&P 500 and the Nasdaq rose 0.4%, 7% and 16.8%, respectively.

**CHART II: JKC PUMP STOCK INDEX<sup>(2)</sup>**



(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.

**[The] Purchasing  
Managers Index  
(PMI)® fell to its  
lowest point since  
2020 at 46.3% in  
March.**

## 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 13.0x and 9.0x, respectively, as of March 31, 2023. As you can see, both groups are leveraged with a median net debt/LTM EBITDA ratio of 1.2x for domestic Pump companies compared to 0.7x 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<sup>(1)</sup>**

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

| Company                                    | LTM                     |                       |              | Stock Price<br>3/31/2023 | % of<br>52-Week<br>High | Market<br>Cap | Total<br>Enterprise<br>Value <sup>(3)</sup> | TEV / LTM   |              | Net Debt <sup>(4)</sup><br>EBITDA |
|--|-------------------------|-----------------------|--------------|--------------------------|-------------------------|---------------|---|-------------|--------------|-----------------------------------|
|  | Revenues <sup>(2)</sup> | EBITDA <sup>(2)</sup> | Margin       |                          |                         |               |   | Revenues    | EBITDA       |                                   |
| Ampco-Pittsburgh Corp. (AP)                | \$401                   | \$28                  | 6.9%         | \$2.45                   | 38.3%                   | \$48          | \$157                                       | 0.4x        | 5.6x         | 3.9x                              |
| Baker Hughes Inc. (BKR)                    | 22,037                  | 3,871                 | 17.6         | 28.86                    | 74.7                    | 29,203        | 33,565                                      | 1.5         | 8.7          | 0.8                               |
| Crane Co. (CR)                             | 3,346                   | 683                   | 20.4         | 113.50                   | 91.7                    | 6,405         | 7,091                                       | 2.1         | 10.4         | 1.0                               |
| Curtiss-Wright Corp. (CW)                  | 2,628                   | 610                   | 23.2         | 176.26                   | 96.6                    | 6,752         | 7,921                                       | 3.0         | 13.0         | 2.0                               |
| Danaher Corp. (DHR)                        | 30,950                  | 10,890                | 35.2         | 252.04                   | 83.0                    | 183,764       | 200,184                                     | 6.5         | 18.4         | 1.2                               |
| Dover Corp. (DOV)                          | 8,535                   | 1,826                 | 21.4         | 151.94                   | 94.6                    | 21,237        | 24,751                                      | 2.9         | 13.6         | 1.8                               |
| Energy Recovery, Inc. (ERII)               | 106                     | 16                    | 14.8         | 23.05                    | 87.5                    | 1,297         | 1,222                                       | 11.5        | 77.4         | (5.3)                             |
| Flowserve Corp. (FLS)                      | 3,774                   | 462                   | 12.2         | 34.00                    | 90.4                    | 4,458         | 5,518                                       | 1.5         | 11.9         | 2.3                               |
| Franklin Electric Co. Inc. (FELE)          | 2,077                   | 339                   | 16.3         | 94.10                    | 94.1                    | 4,346         | 4,568                                       | 2.2         | 13.5         | 0.8                               |
| General Electric Co. (GE)                  | 78,366                  | 9,872                 | 12.6         | 95.60                    | 99.9                    | 104,231       | 118,425                                     | 1.5         | 12.0         | 0.2                               |
| Gorman-Rupp Co. (GRC)                      | 579                     | 77                    | 13.3         | 25.00                    | 68.1                    | 654           | 1,087                                       | 1.9         | 14.1         | 5.5                               |
| Graco Inc. (GGG)                           | 2,179                   | 681                   | 31.3         | 73.01                    | 99.9                    | 12,265        | 12,053                                      | 5.5         | 17.7         | (0.4)                             |
| IDEX Corp. (IEX)                           | 3,276                   | 957                   | 29.2         | 231.03                   | 93.8                    | 17,447        | 18,604                                      | 5.7         | 19.4         | 1.1                               |
| Illinois Tool Works Inc. (ITW)             | 16,012                  | 4,364                 | 27.3         | 243.45                   | 96.1                    | 74,209        | 81,451                                      | 5.1         | 18.7         | 1.7                               |
| Ingersoll-Rand Co. Ltd. (IR)               | 6,209                   | 1,456                 | 23.4         | 58.18                    | 96.3                    | 23,560        | 24,881                                      | 4.0         | 17.1         | 1.1                               |
| ITT Corporation (ITT)                      | 2,988                   | 590                   | 19.8         | 86.30                    | 90.7                    | 7,146         | 7,131                                       | 2.4         | 12.1         | (0.0)                             |
| National Oilwell Varco, Incorporated (NOV) | 7,651                   | 1,092                 | 14.3         | 18.51                    | 74.5                    | 7,288         | 8,623                                       | 1.1         | 7.9          | 1.5                               |
| Pentair, Inc. (PNR)                        | 4,151                   | 930                   | 22.4         | 55.27                    | 90.8                    | 9,116         | 11,406                                      | 2.7         | 12.3         | 2.6                               |
| Roper Technologies Inc. (ROP)              | 5,562                   | 2,297                 | 41.3         | 440.69                   | 90.3                    | 46,820        | 52,900                                      | 9.5         | 23.0         | 2.4                               |
| Schlumberger Limited (SLB)                 | 29,865                  | 7,718                 | 25.8         | 49.10                    | 78.2                    | 70,095        | 80,430                                      | 2.7         | 10.4         | 1.4                               |
| Standex International Corp. (SXI)          | 737                     | 152                   | 20.6         | 122.44                   | 100.0                   | 1,462         | 1,562                                       | 2.1         | 10.3         | 0.2                               |
| Weatherford International Ltd. (WFRD)      | 4,579                   | 1,073                 | 23.4         | 59.35                    | 84.6                    | 4,207         | 5,722                                       | 1.2         | 5.3          | 1.4                               |
| Xylem Inc. (XYL)                           | 5,698                   | 902                   | 15.8         | 104.70                   | 88.3                    | 18,875        | 20,138                                      | 3.5         | 22.3         | 1.2                               |
| <b>Median</b>                              |                         |                       | <b>20.6%</b> |                          | <b>90.7%</b>            |               |   | <b>2.7x</b> | <b>13.0x</b> | <b>1.2x</b>                       |
| <b>Mean</b>                                |                         |                       | <b>21.2</b>  |                          | <b>87.1</b>             |               |   | <b>3.5</b>  | <b>16.3</b>  | <b>1.2</b>                        |

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/23.

(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<sup>(1)</sup>**

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

| Company                                      | LTM                     |                       |              | Stock Price<br>3/31/2023 | % of<br>52-Week<br>High | Market<br>Cap | Total<br>Enterprise<br>Value <sup>(3)</sup> | TEV / LTM   |             | Net Debt <sup>(4)</sup> /<br>EBITDA |
|--|-------------------------|-----------------------|--------------|--------------------------|-------------------------|---------------|---|-------------|-------------|-------------------------------------|
|  | Revenues <sup>(2)</sup> | EBITDA <sup>(2)</sup> | Margin       |                          |                         |               |   | Revenues    | EBITDA      |                                     |
| Alfa Laval AB (ALFA)                         | \$5,035                 | \$922                 | 18.3%        | \$35.70                  | 99.8%                   | \$14,756      | \$16,091                                    | 3.2x        | 17.5x       | 1.4x                                |
| Andritz AG (ANDR)                            | 8,200                   | 865                   | 10.5         | 67.69                    | 92.7                    | 6,695         | 5,873                                       | 0.7         | 6.8         | (0.8)                               |
| DMW Corp. (6365)                             | 183                     | 25                    | 13.7         | 23.47                    | 93.6                    | 99            | 48  | 0.3         | 1.9         | (1.9)                               |
| Ebara Corp. (6361)                           | 5,122                   | 738                   | 14.4         | 46.11                    | 90.5                    | 4,246         | 4,317                                       | 0.8         | 5.8         | 0.1                                 |
| FLSmidth & Co. A/S (FLS)                     | 3,186                   | 237                   | 7.5          | 38.24                    | 83.2                    | 2,169         | 2,258                                       | 0.7         | 9.5         | 0.7                                 |
| Gevelot SA (ALGEV)                           | 127                     | 15                    | 11.7         | 211.86                   | 94.7                    | 163           | 25  | 0.2         | 1.7         | (2.5)                               |
| GUD Holdings Ltd. (GUD)                      | 684                     | 141                   | 20.7         | 6.56                     | 75.3                    | 925           | 1,331                                       | 1.9         | 9.4         | 2.9                                 |
| Hyundai Heavy Industries Co. Ltd. (A329180)  | 7,294                   | 117                   | 1.6          | 76.69                    | 61.9                    | 6,808         | 8,145                                       | 1.2         | NM          | 11.9                                |
| John Wood Group plc (WVG)                    | 5,580                   | 268                   | 4.8          | 2.47                     | 78.4                    | 1,691         | 2,448                                       | 0.4         | 9.1         | 2.8                                 |
| Kirloskar Brothers Ltd. (500241)             | 434                     | 45                    | 10.3         | 4.97                     | 96.2                    | 395           | 397   | 0.9         | 8.9         | (0.5)                               |
| KSB Aktiengesellschaft (KSB)                 | 2,798                   | 266                   | 9.5          | 608.43                   | 97.2                    | 999           | 1,033                                       | 0.4         | 3.9         | (0.7)                               |
| Kubota Corp. (6326)                          | 20,151                  | 2,252                 | 11.2         | 15.04                    | 77.5                    | 17,882        | 29,225                                      | 1.5         | 13.0        | 5.0                                 |
| Nikkiso Co. Ltd. (6376)                      | 1,332                   | 56                    | 4.2          | 7.07                     | 87.5                    | 468           | 784   | 0.6         | 13.9        | 6.1                                 |
| Pfeiffer Vacuum Technology AG (PFV)          | 996                     | 163                   | 16.3         | 168.62                   | 87.5                    | 1,666         | 1,675                                       | 1.7         | 10.3        | 0.3                                 |
| SKF AB (SKF B)                               | 9,361                   | 1,235                 | 13.2         | 19.70                    | 93.8                    | 8,972         | 10,230                                      | 1.1         | 8.3         | 1.0                                 |
| Spirax-Sarco Engineering plc (SPX)           | 1,993                   | 540                   | 27.1         | 146.66                   | 90.2                    | 10,799        | 11,735                                      | 5.9         | 21.7        | 1.7                                 |
| Sulzer, Ltd. (SUN)                           | 3,484                   | 305                   | 8.8          | 84.87                    | 91.7                    | 2,863         | 3,148                                       | 0.9         | 10.3        | 0.9                                 |
| Teikoku Electric Mfg. Co., Ltd. (6333)       | 203                     | 41                    | 20.4         | 18.45                    | 85.5                    | 324           | 223   | 1.1         | 5.4         | (2.7)                               |
| The Weir Group PLC (WEIR)                    | 3,058                   | 513                   | 16.8         | 23.00                    | 89.7                    | 5,964         | 6,964                                       | 2.3         | 13.6        | 1.9                                 |
| Torishima Pump Manufacturing Co. Ltd. (6363) | 439                     | 51                    | 11.7         | 11.80                    | 96.6                    | 311           | 336   | 0.8         | 6.5         | 0.5                                 |
| Tsurumi Manufacturing Co. Ltd. (6351)        | 424                     | 61                    | 14.3         | 15.59                    | 82.1                    | 382           | 293   | 0.7         | 4.8         | (1.8)                               |
| <b>Median</b>                                |                         |                       | <b>11.7%</b> |                          | <b>90.2%</b>            |               |   | <b>0.9x</b> | <b>9.0x</b> | <b>0.7x</b>                         |
| <b>Mean</b>                                  |                         |                       | <b>12.7</b>  |                          | <b>87.9</b>             |               |   | <b>1.3</b>  | <b>9.1</b>  | <b>1.3</b>                          |

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/23.

(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 5.7% over the last twelve months, while the S&P 500 Index was down 9.6%.

New home sales rose 9.6% in March, the third increase in the last four months and the highest sales pace recorded since March 2022. Despite the relative strength in recent months, new home sales are still running below their pace one year ago. Sales of new residential construction declined 3.4% from March 2022 to March 2023, with every region except for the Northeast posting a year-over-year drop. New home prices climbed in February and March after a steep drop in January. The not-seasonally-adjusted median sales price rose 3.8% in March to \$449,800, a roughly \$16,000 rise. This translates to a 3.2% year-over-year gain, up from 1.4% in February.<sup>(1)</sup>

U.S. new vehicle sales volume rose 5.7% year-over-year for the first quarter of 2023. March experienced an 8.6% year-over-year rise. This performance put 2023 on track to hit a 15 million annual rate, a steep uptick from last year's 14.1 million. High fleet sales and the replenishment of vehicle inventory gave dealers and automakers positive results. Individuals were still buying cars even though the average loan rate for a new vehicle was 9%, and listing prices were above \$47,000.

General Motors' quarter one sales rose 17.6%. Honda had its best sales month since July 2021, growing 8% in March, while first quarter sales increased 6.8%. Hyundai's sales of models like the Elantra HEV and Santa Cruz led them to a 27% year-over-year increase in March. Toyota experienced a 9.1% decline in March and an 8.8% first quarter drop.

On Wall Street for the month of March the Dow Jones Industrial Average gained 1.9%, the S&P 500 Index rose 3.5% and the Nasdaq Composite was up 6.7%. Intervention by the U.S. government and the Federal Reserve Bank to resolve the banking sector crisis strengthened investors' confidence. The Federal Reserve Bank Chairman indicated that the current rate hike cycle is approaching its end. The markets finished the first quarter of the year on a positive note. The Dow, the S&P 500 and the Nasdaq rose 0.4%, 7% and 16.8%, respectively.

**CHART III: JKC FILTER STOCK INDEX<sup>(2)</sup>**



(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 March 31, 2023, domestic and international Filter companies (listed in Table IX and Table X, respectively) were trading at medians of 13.9x and 8.1x, respectively, of TEV/LTM EBITDA with median LTM EBITDA margins of 20.4% and 13.0%, respectively. With the exception of a few companies, the domestic Filter companies are conservatively capitalized.

**TABLE IX: SELECTED DOMESTIC FILTER COMPANIES<sup>(1)</sup>**

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

| Company                              | LTM                     |                       |              | Stock Price<br>3/31/2023 | % of<br>52-Week<br>High | Market<br>Cap | Total<br>Enterprise<br>Value <sup>(3)</sup> | TEV / LTM   |              | Net Debt <sup>(4)</sup><br>EBITDA |
|--------------------------------------|-------------------------|-----------------------|--------------|--------------------------|-------------------------|---------------|---|-------------|--------------|-----------------------------------|
|                                      | Revenues <sup>(2)</sup> | EBITDA <sup>(2)</sup> | Margin       |                          |                         |               |   | Revenues    | EBITDA       |                                   |
| 3M Co. (MMM)                         | \$33,431                | \$7,277               | 21.8%        | \$105.11                 | 68.0%                   | \$57,965      | \$70,986                                    | 2.1x        | 9.8x         | 1.8x                              |
| CECO Environmental Corp. (CECO)      | 443                     | 42                    | 9.5          | 13.99                    | 83.6                    | 482           | 570   | 1.3         | 13.6         | 2.8                               |
| Corning Inc. (GLW)                   | 13,687                  | 3,227                 | 23.6         | 35.28                    | 93.5                    | 29,890        | 36,303                                      | 2.7         | 11.2         | 2.1                               |
| Crane Co. (CR)                       | 3,346                   | 683                   | 20.4         | 113.50                   | 91.7                    | 6,405         | 7,091                                       | 2.1         | 10.4         | 1.0                               |
| Cummins Inc. (CMI)                   | 30,142                  | 4,668                 | 15.5         | 238.88                   | 91.2                    | 33,811        | 40,994                                      | 1.4         | 8.8          | 1.3                               |
| Donaldson Company Inc. (DCI)         | 3,419                   | 612                   | 17.9         | 65.34                    | 97.6                    | 7,924         | 8,374                                       | 2.4         | 13.7         | 0.7                               |
| Eaton Corporation (ETN)              | 21,392                  | 4,377                 | 20.5         | 171.34                   | 95.9                    | 68,281        | 77,005                                      | 3.6         | 17.6         | 2.0                               |
| Entegris, Inc. (ENTG)                | 3,282                   | 868                   | 26.4         | 82.01                    | 61.8                    | 12,274        | 17,564                                      | 5.4         | 20.2         | 6.1                               |
| ESCO Technologies Inc. (ESE)         | 910                     | 176                   | 19.3         | 95.45                    | 94.0                    | 2,463         | 2,608                                       | 2.9         | 14.8         | 1.0                               |
| General Electric Co. (GE)            | 78,366                  | 9,872                 | 12.6         | 95.60                    | 99.9                    | 104,231       | 118,425                                     | 1.5         | 12.0         | 0.2                               |
| Honeywell International Inc. (HON)   | 35,954                  | 8,712                 | 24.2         | 191.12                   | 86.5                    | 127,695       | 138,751                                     | 3.9         | 15.9         | 1.5                               |
| Illinois Tool Works Inc. (ITW)       | 16,012                  | 4,364                 | 27.3         | 243.45                   | 96.1                    | 74,209        | 81,451                                      | 5.1         | 18.7         | 1.7                               |
| Parker Hannifin Corporation (PH)     | 18,157                  | 3,998                 | 22.0         | 336.11                   | 92.2                    | 43,111        | 56,366                                      | 3.1         | 14.1         | 3.2                               |
| Pentair, Inc. (PNR)                  | 4,151                   | 930                   | 22.4         | 55.27                    | 90.8                    | 9,116         | 11,406                                      | 2.7         | 12.3         | 2.6                               |
| Watts Water Technologies, Inc. (WTS) | 1,988                   | 390                   | 19.6         | 168.32                   | 92.8                    | 5,615         | 5,500                                       | 2.8         | 14.1         | (0.4)                             |
| Xylem Inc. (XYL)                     | 5,698                   | 902                   | 15.8         | 104.70                   | 88.3                    | 18,875        | 20,138                                      | 3.5         | 22.3         | 1.2                               |
| <b>Median</b>                        |                         |                       | <b>20.4%</b> |                          | <b>91.9%</b>            |               |   | <b>2.8x</b> | <b>13.9x</b> | <b>1.6x</b>                       |
| <b>Mean</b>                          |                         |                       | <b>19.9</b>  |                          | <b>89.0</b>             |               |   | <b>2.9</b>  | <b>14.3</b>  | <b>1.8</b>                        |

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/23.

(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<sup>(1)</sup>**

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

| Company                        | LTM                     |                       |              | Stock<br>Price<br>3/31/2023 | % of<br>52-Week<br>High | Market<br>Cap | Total<br>Enterprise<br>Value <sup>(3)</sup> | TEV / LTM   |             | Net Debt <sup>(4)</sup><br>EBITDA |
|--------------------------------|-------------------------|-----------------------|--------------|-----------------------------|-------------------------|---------------|---|-------------|-------------|-----------------------------------|
|                                | Revenues <sup>(2)</sup> | EBITDA <sup>(2)</sup> | Margin       |                             |                         |               |   | Revenues    | EBITDA      |                                   |
| Alfa Laval AB (ALFA)           | 5,035                   | 922                   | 18.3         | 35.70                       | 99.8                    | 14,756        | 16,091                                      | 3.2         | 17.5        | 1.4                               |
| Amiad Water Systems Ltd. (AMD) | 119                     | 18                    | 15.1         | 3.81                        | 80.4                    | 116           | 125   | 1.1         | 7.0         | 1.2                               |
| Andritz AG (ANDR)              | 8,200                   | 865                   | 10.5         | 67.69                       | 92.7                    | 6,695         | 5,873                                       | 0.7         | 6.8         | (0.8)                             |
| Asahi Kasei Corp. (3407)       | 20,138                  | 2,383                 | 11.8         | 6.97                        | 83.9                    | 9,658         | 15,816                                      | 0.8         | 6.6         | 2.3                               |
| Daikin Industries Ltd. (6367)  | 28,532                  | 4,029                 | 14.1         | 177.95                      | 90.6                    | 52,088        | 53,214                                      | 1.9         | 13.2        | 0.5                               |
| Denso Corp. (6902)             | 46,205                  | 5,479                 | 11.9         | 55.99                       | 89.4                    | 41,927        | 45,214                                      | 1.0         | 8.3         | 0.2                               |
| Faurecia SA (EO)               | 27,660                  | 2,183                 | 7.9          | 21.67                       | 75.5                    | 4,268         | 14,770                                      | 0.5         | 6.8         | 3.9                               |
| FLSmidth & Co. A/S (FLS)       | 3,186                   | 237                   | 7.5          | 38.24                       | 83.2                    | 2,169         | 2,258                                       | 0.7         | 9.5         | 0.7                               |
| GEA Group AG (GIA)             | 5,611                   | 668                   | 11.9         | 46.08                       | 96.4                    | 8,226         | 7,851                                       | 1.4         | 11.8        | (0.5)                             |
| GUD Holdings Ltd. (GUD)        | 684                     | 141                   | 20.7         | 6.56                        | 75.3                    | 925           | 1,331                                       | 1.9         | 9.4         | 2.9                               |
| Ibiden Co., Ltd. (4062)        | 3,149                   | 1,006                 | 32.0         | 39.57                       | 85.7                    | 5,526         | 5,442                                       | 1.7         | 5.4         | (0.0)                             |
| Johnson Matthey plc (JMAT)     | 18,371                  | 710                   | 3.9          | 24.54                       | 78.2                    | 4,484         | 5,713                                       | 0.3         | 8.0         | 1.8                               |
| NGK Insulators Ltd. (5333)     | 4,165                   | 985                   | 23.7         | 13.18                       | 86.0                    | 4,036         | 4,436                                       | 1.1         | 4.5         | 0.3                               |
| Nitto Denko Corp. (6988)       | 7,117                   | 1,591                 | 22.4         | 64.32                       | 86.2                    | 9,460         | 7,054                                       | 1.0         | 4.4         | (1.6)                             |
| Porvair plc (PRV)              | 213                     | 31                    | 14.7         | 7.42                        | 85.7                    | 341           | 333   | 1.6         | 10.6        | (0.3)                             |
| Sartorius AG (SRT)             | 4,536                   | 1,552                 | 34.2         | 348.22                      | 77.3                    | 26,182        | 29,456                                      | 6.5         | 19.0        | 1.7                               |
| Siemens AG (SIE)               | 79,911                  | 9,235                 | 11.6         | 161.67                      | 97.9                    | 128,526       | 177,004                                     | 2.2         | 19.2        | 4.8                               |
| Toray Industries Inc. (3402)   | 18,682                  | 2,026                 | 10.8         | 5.69                        | 90.6                    | 9,110         | 15,857                                      | 0.8         | 7.8         | 2.6                               |
| <b>Median</b>                  |                         |                       | <b>13.0%</b> |                             | <b>85.8%</b>            |               |   | <b>1.1x</b> | <b>8.1x</b> | <b>1.0x</b>                       |
| <b>Mean</b>                    |                         |                       | <b>15.7</b>  |                             | <b>86.4</b>             |               |   | <b>1.6</b>  | <b>9.8</b>  | <b>1.2</b>                        |

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

(2) Revenues and EBITDA are for the latest twelve months as of 3/31/23.

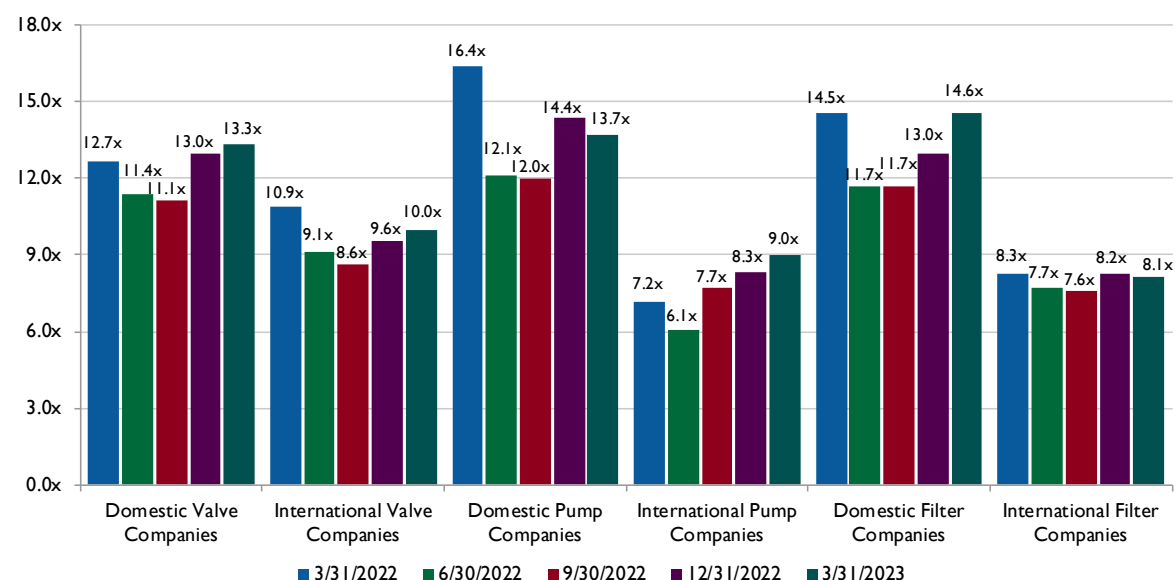
(3) Total enterprise value is defined as market capitalization plus total debt less cash and cash equivalents.

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

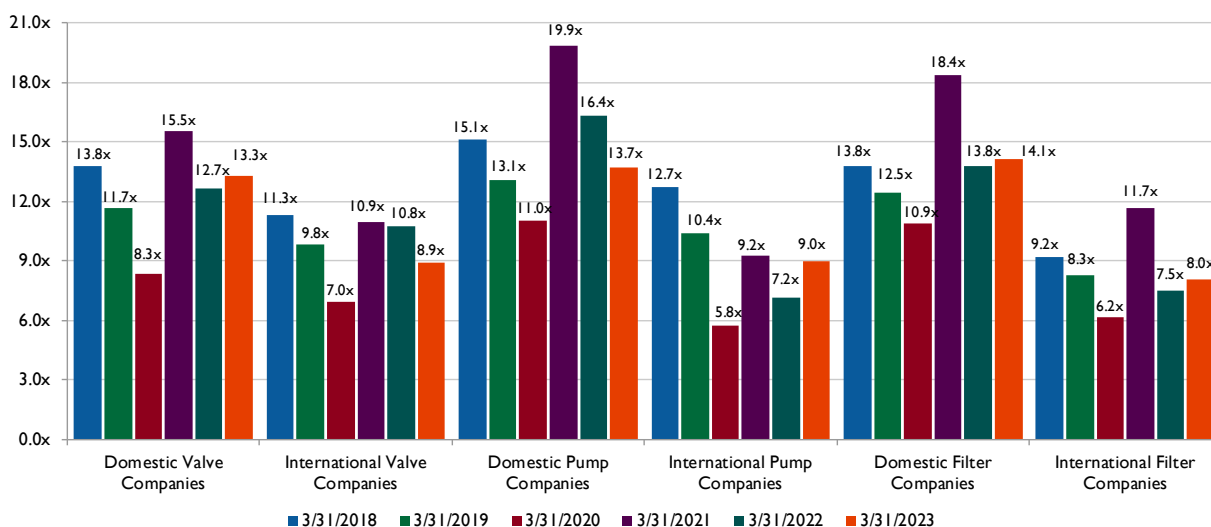
## Valuation Trends over Time

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

**CHART IV: QTRLY MEDIAN TEV/LTM EBITDA VALUATION MULTIPLES<sup>(1)</sup>**



**CHART V: ANNUAL MEDIAN TEV/LTM EBITDA VALUATION MULTIPLES<sup>(1)</sup>**

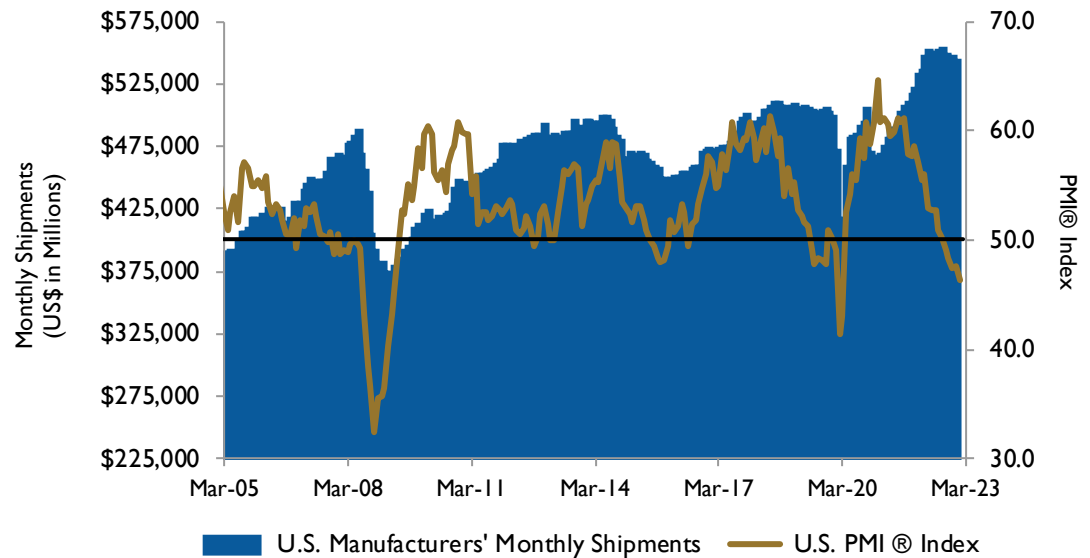


(1) Source: S&P Capital IQ and JKC research.

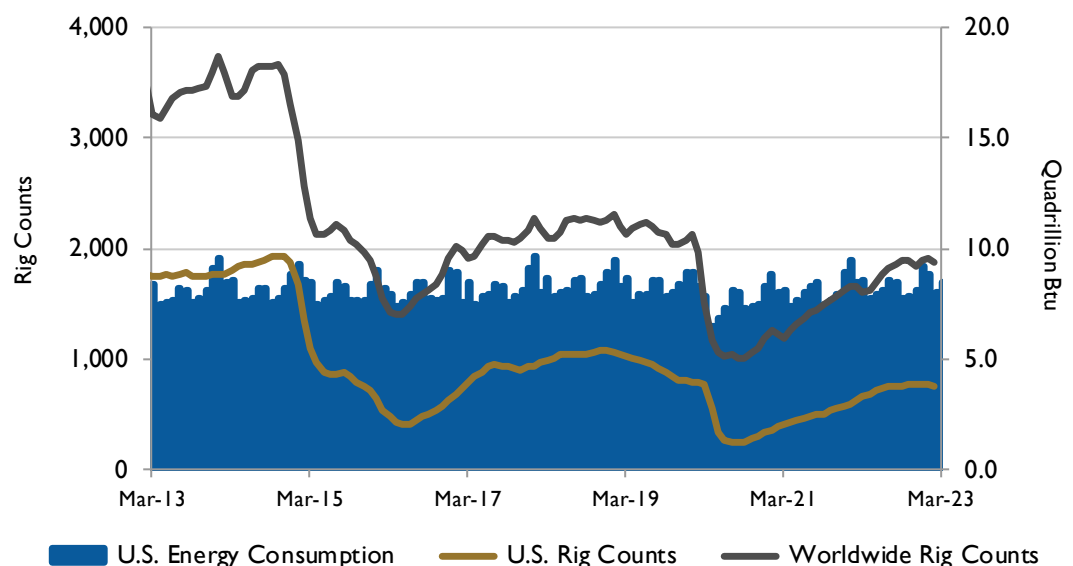
# Economic Indicators — Valves and Pumps<sup>(1)</sup>

BY DAVID A. KAKAREKA

**CHART VI: U.S. PMI® INDEX<sup>(2)</sup> AND MANUFACTURING SHIPMENTS<sup>(3)</sup>**



**CHART VII: U.S. ENERGY CONSUMPTION<sup>(4)</sup> AND RIG COUNTS<sup>(5)</sup>**



(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.

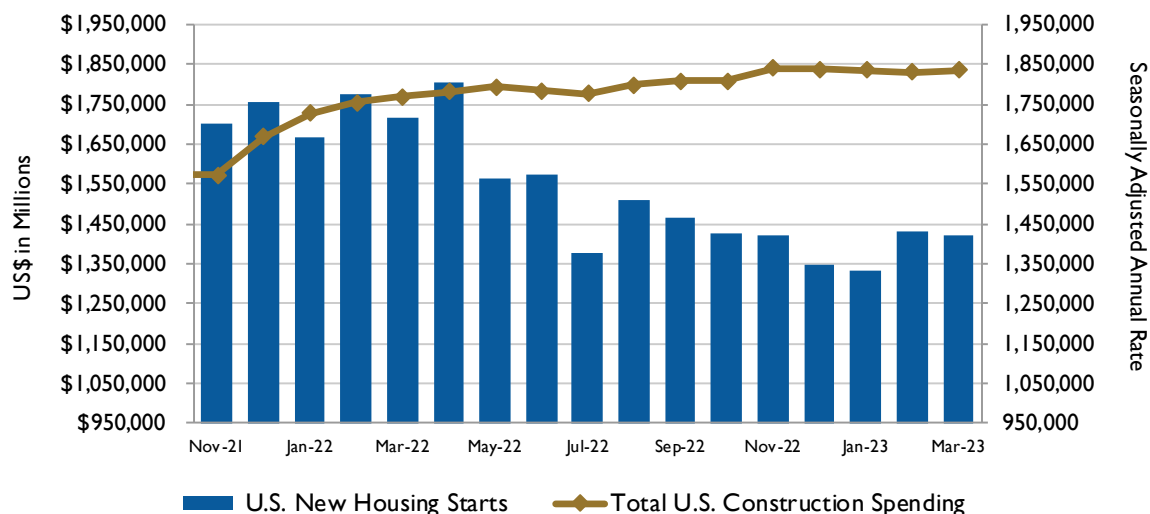
(4) Source: U.S. Energy Information Administration, Short-term Energy Outlook.

(5) Source: Baker Hughes Inc.

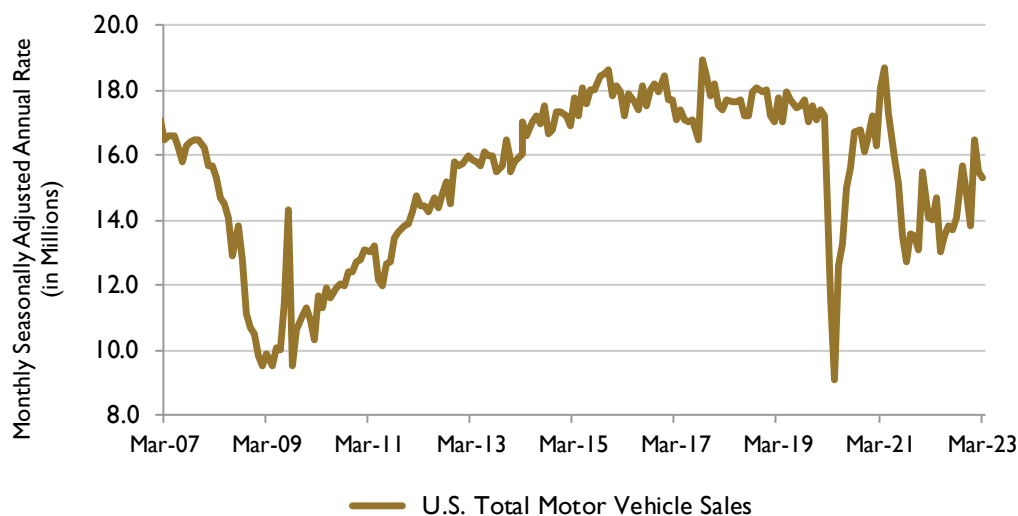
## Economic Indicators – Filters<sup>(1)</sup>

BY DAVID A. KAKAREKA

**CHART VIII: U.S. HOUSING STARTS AND CONSTRUCTION SPENDING<sup>(2)</sup>**



**CHART IX: U.S. MOTOR VEHICLE SALES<sup>(3)</sup>**



(1) Economic indicators used in Public Equity and Valuation Analysis section of this report.

(2) Source: U.S. Census Bureau; Manufacturing, Mining and Construction Statistics.

(3) Source: U.S. Department of Commerce, Bureau of Economic Analysis.

## JORDAN KNAUFF & COMPANY

### FLOW CONTROL TEAM

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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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