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Industrials & Manufacturing Market Update

THIRD QUARTER 2023

Industrials & Manufacturing Industry Overview

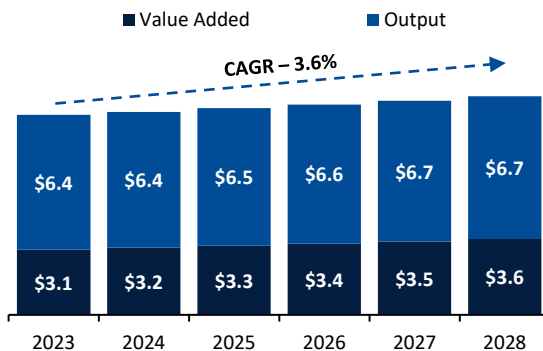


Despite challenges like supply chain disruptions and labor shortages, the manufacturing industry shows resilience. Leaders are using digital technologies to optimize operations and enhance supply chain resiliency.

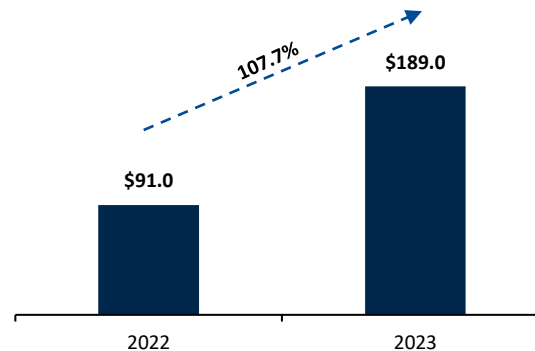
Overview

- U.S. manufacturing has demonstrated continued strength in 2022, building on the momentum it gained emerging from the pandemic, and surpassing expectations from the prior two years
- A manufacturing boom finally seems to be gaining traction. Since the beginning of 2022, construction spending on new factories has more than doubled, from an annualized rate of \$91BN in January 2022 to \$189BN in April 2023
- Several positive factors, such as rising global demand, ongoing technological advancements, and increasing investment in automation and digitalization, continue to influence the market, and the outlook for manufacturing remains positive.

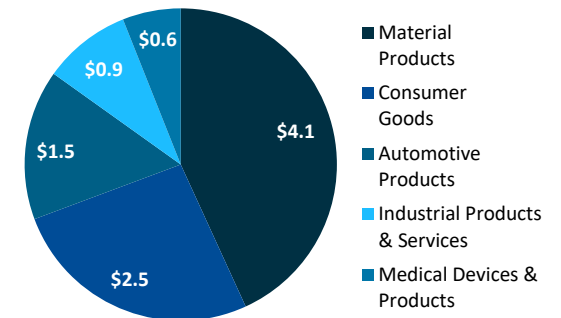
U.S. Manufacturing (\$TN)



Manufacturing Construction Spending (\$BN)



U.S. Manufacturing Segmentation 2023 (\$TN)



Key Trends and Drivers



Advanced technologies such as artificial intelligence (AI), the Internet of Things (IoT), and robotics are being used to automate and optimize manufacturing processes. This can lead to improved productivity, quality, and efficiency



Manufacturers are investing in renewable energy, energy-efficient technologies, and sustainable materials to reduce their carbon footprint. This is essential to mitigate the effects of climate change



Manufacturers are reshoring or near-shoring production to reduce reliance on global supply chains and improve resilience. This is a response to recent disruptions to global supply chains, such as the COVID-19 pandemic

















Industrials & Manufacturing M&A Deals



Date	Target	Buyer	EV / Revenue	EV / EBITDA	Target Description
Sep-23			0.7x	7.8x	Industrial Motors and Generators businesses comprises power transmission equipment manufacturing business
Aug-23			1.2x	7.0x	Manufactures heating, ventilation, and air conditioning (HVAC) products
Jul-23			CONF	CONF	Designs, manufactures, and sells seating products for various markets in the United States and internationally
Jun-23			1.8x	9.2x	Manufactures and sells systems designed for the application and curing of sprayed materials including paints, coatings, powders, mastics, and bonding materials
Jun-23			CONF	CONF	Designs, manufactures, and distributes flow and motion control products in Europe, the Middle East, Africa, North America, and internationally
May-23			CONF	CONF	Manufactures and sells additive manufacturing technologies for engineers, designers, and manufacturers in the Americas, Europe, the Middle East, Africa, and the Asia- Pacific
May-23			1.2x	CONF	Designs and manufactures fractional horsepower electric motors, gearmotors, and gear reducers for industrial and commercial OEM applications worldwide
May-23			3.5x	CONF	Designs and manufactures electric heating and thermal management equipment
Jan-23			1.3x	CONF	Manufactures industrial storage and material handling equipment
Jan-23			1.1x	CONF	Manufactures heat seal machines, labels, direct imprint equipment, mending material, and marking devices

Industrials & Manufacturing M&A Deals (contd.)



Date	Target	Buyer	EV / Revenue	EV / EBITDA	Target Description
Jan-23			2.8x	CONF	Manufactures machine components and assemblies
Nov-22			1.4x	CONF	Manufactures and sells performance door components
Oct-22			2.6x	13.1x	Designs and produces a range of electromechanical power transmission motion control products
Sep-22			4.6x	13.5x	Designs and manufactures electric heaters, temperature sensors, and temperature controls and systems for analytical instrumentation, etc.
Aug-22			0.6x	4.7x	Manufactures and distributes aluminum and steel building products for residential, commercial, and government applications
Aug-22			1.3x	CONF	Designs and manufactures nitrogen generator systems for industrial, food and beverage, and manufacturing applications in the United States and internationally
Jul-22			1.3x	CONF	Designs, engineers, manufactures, installs, and maintains air filtration and ventilation products
Jun-22			2.1x	CONF	Manufactures and markets temperature control systems for business customers
			25th Percentile	1.2x	7.2x
			Mean	1.8x	9.2x
			Median	1.3x	8.5x
			75th Percentile	2.3x	12.1x

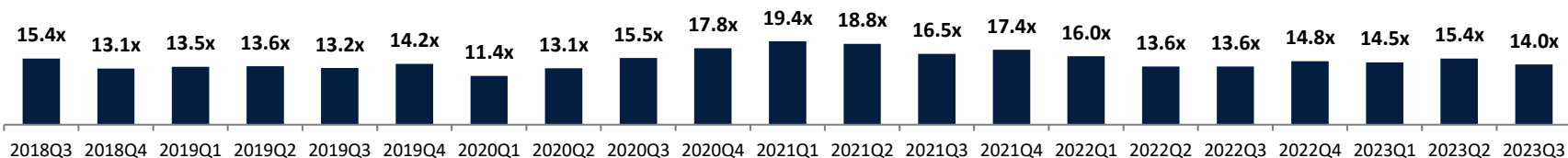
Comparable Industrials & Manufacturing Public Companies



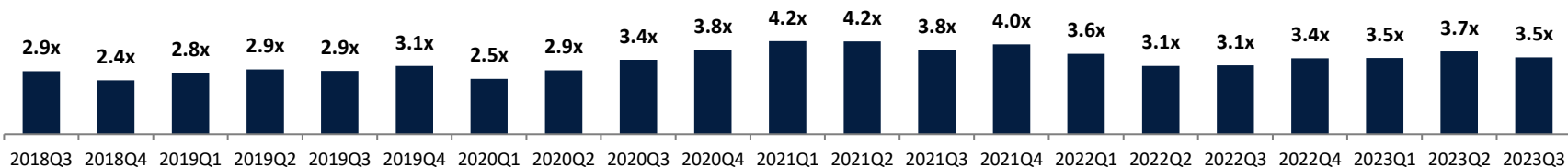
Company Name	Market		LTM Results		LTM Margins		1Yr FWD Margins		TEV / LTM:		TEV / 1Yr FWD:	
	Cap	Revenue	EBITDA	Gross	EBITDA	Gross	EBITDA	Revenue	EBITDA	Revenue	EBITDA	
Caterpillar Inc.	\$ 138,141	\$ 64,771	\$ 15,141	29.4%	23.4%	29.4%	22.0%	2.6x	11.2x	2.5x	11.2x	
Honeywell International Inc.	\$ 123,649	\$ 36,147	\$ 8,989	33.7%	24.9%	33.7%	26.1%	3.8x	15.3x	3.6x	13.9x	
General Electric Company	\$ 118,174	\$ 80,938	\$ 10,461	24.7%	12.9%	24.7%	11.9%	1.5x	11.6x	1.8x	15.5x	
Deere & Company	\$ 112,475	\$ 61,361	\$ 14,736	30.3%	24.0%	30.3%	25.3%	2.8x	11.6x	3.1x	12.2x	
Illinois Tool Works Inc.	\$ 70,641	\$ 16,075	\$ 4,443	41.7%	27.6%	41.7%	27.6%	4.8x	17.5x	4.7x	17.1x	
Parker-Hannifin Corporation	\$ 51,017	\$ 19,065	\$ 4,506	34.5%	23.6%	34.5%	23.8%	3.3x	14.1x	3.2x	13.4x	
AMETEK, Inc.	\$ 34,715	\$ 6,421	\$ 1,995	35.5%	31.1%	35.5%	30.6%	5.7x	18.3x	5.4x	17.7x	
Cummins Inc.	\$ 32,331	\$ 32,194	\$ 4,900	23.7%	15.2%	23.7%	15.4%	1.2x	8.0x	1.2x	7.9x	
Fortive Corporation	\$ 26,282	\$ 5,973	\$ 1,607	58.5%	26.9%	58.5%	27.6%	4.8x	17.9x	4.6x	16.7x	
Dover Corporation	\$ 19,691	\$ 8,477	\$ 1,809	36.1%	21.3%	36.1%	21.8%	2.7x	12.6x	2.6x	11.8x	
Hubbell Incorporated	\$ 16,305	\$ 5,187	\$ 1,101	33.2%	21.2%	33.2%	22.9%	3.3x	15.8x	3.2x	13.9x	
Snap-on Incorporated	\$ 13,607	\$ 4,994	\$ 1,420	51.1%	28.4%	51.1%	30.4%	2.8x	9.9x	2.9x	9.7x	
Lennox International Inc.	\$ 13,399	\$ 4,799	\$ 917	28.8%	19.1%	28.8%	18.5%	3.2x	16.5x	3.1x	16.5x	
Carlisle Companies Incorporated	\$ 13,149	\$ 6,024	\$ 1,375	32.2%	22.8%	32.2%	25.1%	2.5x	11.2x	3.2x	12.8x	
Nordson Corporation	\$ 12,800	\$ 2,593	\$ 800	54.2%	30.9%	54.2%	31.6%	5.3x	17.0x	4.9x	15.5x	
Graco Inc.	\$ 12,584	\$ 2,190	\$ 690	50.7%	31.5%	50.7%	32.0%	5.6x	17.7x	5.4x	16.9x	

25th Percentile	29.7%	21.2%	29.7%	21.9%	2.6x	11.3x	2.7x	11.9x
Mean	37.4%	24.1%	37.4%	24.5%	3.5x	14.1x	3.5x	13.9x
Median	34.1%	23.8%	34.1%	25.2%	3.2x	14.7x	3.2x	13.9x
75th Percentile	48.5%	28.2%	48.5%	29.7%	4.8x	17.4x	4.7x	16.7x

Quarterly EV / EBITDA Trend



Quarterly EV / Revenue Trend



Sources: Fuld & Company, S&P Capital IQ, Pitchbook

Note: Market data as of 10/16/2023; NA – not available; NM – not meaningful

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