

Flow control - Q3 2021 Industry Update



Selected M&A highlights

- Sep-21: **AJU IB Investment** acquired **Woodang Technical Industry**, a South Korea based company manufacturer and installer of fire-fighting valves, sprinkler heads, and heating systems.
- Sep-21: **Avantor** has acquired **Master Flex**, a US based manufacturer of peristaltic pumps and aseptic single-use fluid transfer technologies for the bioprocessing and pharmaceutical markets for \$2,900m.
- Aug-21: **IMC Swarna Ventures** acquired the Indian industrial valves business of **Trillium Flow Technologies** for \$84m.
- Aug-21: **Reece** acquired **Pipeline Supplies Australia**, an Australia based provider of pipes, valves and fittings for HVAC, plumbing and fire protection markets for AUD 100m.
- Jul-21: **Neles Corporation** acquired the valves and pumps business of **Flowrox Oy** for €44m. (EV/Revenue: 1.5x)
- Jul-21: **Valmet** acquired 70.46% of **Neles Corporation**, a Finland based flow control solutions and services company specializing in valves and valve automation for \$1,294m.
- Jul-21: **Ingersoll Rand** made a proposal to acquire **SPX Flow**, a US based company engaged in supplying highly engineered flow components, process equipment and turn-key systems for \$3,670m. The board of directors of SPX Flow unanimously rejected the proposal determining that it significantly undervalues SPX Flow.

Public company valuations

Flow Control – Focused

Company	Country	Year end date	Market cap (GBPm)	Net debt/ (Cash) (GBPm)	Adj EV (GBPm)	Net debt/ EBITDA (2021)	EV/Revenue Revenue (GBPm) Revenue growth			EV/EBITDA EBITDA (GBPm) EBITDA %			EV/EBIT EBIT (GBPm) EBIT %			2 Year CAGR 2020-2022	
							2020	2021	2022	2020	2021	2022	2020	2021	2022	Sales	EBITDA
Circor		Dec-20	495	326	821	3.9x	1.5x	1.4x	1.3x	11.6x	9.8x	8.4x	41.0x	13.5x	10.8x	6%	17%
							566	598	635	71	84	98	20	61	76	(22%)	6%
Flowserve		Dec-20	3,345	652	4,018	1.7x	1.5x	1.5x	1.4x	10.3x	10.5x	9.3x	13.8x	15.6x	13.1x	3%	5%
							2,731	2,710	2,877	392	382	432	292	258	307	(8%)	(1%)
Gorman-Rupp		Dec-20	693	(90)	603	n/a	2.4x	2.2x	2.1x	18.5x	14.2x	12.0x	24.7x	19.3x	15.6x	7%	24%
							256	274	294	33	43	50	24	31	39	(15%)	7%
IDEX Corporation		Dec-20	11,649	423	12,072	0.7x	7.0x	6.0x	5.5x	25.3x	20.5x	18.7x	28.5x	24.4x	22.0x	12%	16%
							1,722	2,027	2,179	478	588	647	424	494	548	(8%)	18%
IMI plc		Dec-20	4,400	335	4,736	0.8x	2.6x	2.5x	2.5x	13.2x	12.0x	11.4x	17.9x	15.3x	14.2x	3%	7%
							1,825	1,865	1,929	360	395	415	265	310	333	(3%)	2%
KITZ Corporation		Dec-20	470	103	582	1.2x	0.7x	0.7x	0.7x	6.5x	6.7x	6.5x	14.2x	10.8x	11.4x	1%	(0%)
							832	867	846	90	86	90	41	54	51	(12%)	4%
Neles		Dec-20	1,528	77	1,605	0.8x	3.1x	3.1x	2.8x	19.1x	16.6x	14.8x	24.5x	22.2x	18.5x	5%	14%
							516	521	573	84	97	109	66	72	87	(7%)	1%
Rotork		Dec-20	3,023	(144)	2,879	n/a	4.8x	4.7x	4.5x	18.1x	17.8x	16.3x	22.4x	20.0x	18.4x	3%	5%
							605	609	642	159	162	176	128	144	157	(10%)	1%
Spirax-Sarco		Dec-20	11,034	225	11,260	0.6x	9.4x	8.3x	7.9x	37.0x	28.3x	27.0x	46.5x	33.1x	31.4x	10%	17%
							1,193	1,358	1,434	304	397	418	242	340	358	(4%)	14%
SPX Flow		Dec-20	2,254	65	2,318	0.4x	2.3x	2.0x	1.9x	19.7x	14.5x	12.7x	30.1x	17.6x	15.3x	10%	24%
							989	1,135	1,206	118	159	182	77	131	152	(13%)	15%
Min							0.7x	0.7x	0.7x	6.5x	6.7x	6.5x	13.8x	10.8x	10.8x	1%	5%
Mean							3.5x	3.2x	3.0x	17.9x	15.1x	13.7x	26.4x	19.2x	17.1x	6%	15%
Median							2.5x	2.4x	2.3x	18.3x	14.3x	12.4x	24.6x	18.5x	15.5x	6%	16%
Max							9.4x	8.3x	7.9x	37.0x	28.3x	27.0x	46.5x	33.1x	31.4x	12%	24%

Source: CapIQ

Note: (a) Multiples are based on enterprise value as of 30-September-2021 and historical and forecast sales, EBITDA and EBIT, calendarised to 31 December. "nfm": not meaningful; "n/a": not available.

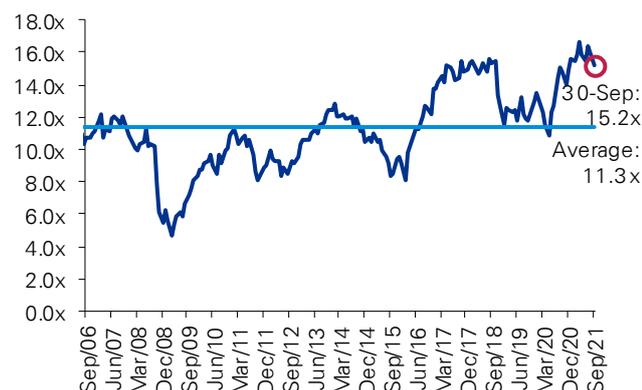
Flow Control – Diversified

Company	Country	Year end date	Market cap (GBPm)	Net debt/ (Cash) (GBPm)	Adj EV (GBPm)	Net debt/ EBITDA (2021)	EV/Revenue Revenue (GBPm) Revenue growth			EV/EBITDA EBITDA (GBPm) EBITDA %			EV/EBIT EBIT (GBPm) EBIT %			2 Year CAGR 2020-2022	
							2020	2021	2022	2020	2021	2022	2020	2021	2022	Sales	EBITDA
Alfa Laval		Dec-20	11,599	713	12,328	1.0x	3.3x	3.5x	3.2x	16.6x	17.6x	15.5x	21.9x	22.6x	18.9x	3%	4%
							3,698	3,489	3,914	742	701	796	564	545	653		
							(1%)	(6%)	12%	20%	20%	20%	15%	16%	17%		
Crane Co.		Dec-20	4,101	336	4,440	0.7x	2.1x	1.9x	1.8x	12.4x	9.2x	8.2x	17.5x	12.3x	10.6x	7%	23%
							2,151	2,306	2,484	358	484	544	253	360	421		
							(13%)	7%	8%	17%	21%	22%	12%	16%	17%		
Curtiss-Wright		Dec-20	3,821	715	4,536	1.7x	2.6x	2.4x	2.3x	11.5x	10.5x	9.9x	15.0x	14.6x	13.6x	5%	7%
							1,752	1,859	1,943	396	431	457	302	310	334		
							(7%)	6%	5%	23%	23%	24%	17%	17%	17%		
Dover		Dec-20	16,576	1,797	18,373	1.4x	3.8x	3.2x	3.0x	18.7x	14.6x	14.0x	23.7x	18.7x	17.5x	11%	16%
							4,895	5,809	6,065	982	1,257	1,310	776	982	1,048		
							(9%)	19%	4%	20%	22%	22%	16%	17%	17%		
Emerson		Sep-20	41,708	3,599	45,341	1.1x	3.4x	3.3x	3.1x	14.7x	13.4x	12.5x	20.0x	18.1x	16.6x	5%	8%
							13,298	13,840	14,621	3,081	3,392	3,623	2,270	2,505	2,733		
							(9%)	4%	6%	23%	25%	25%	17%	18%	19%		
EnPro		Dec-20	1,329	172	1,539	1.1x	2.0x	1.9x	1.8x	13.3x	9.4x	8.8x	26.2x	17.6x	15.0x	6%	23%
							787	826	877	115	164	176	59	87	102		
							(13%)	5%	6%	15%	20%	20%	7%	11%	12%		
Graco		Dec-20	8,797	(200)	8,596	n/a	7.0x	5.9x	5.6x	23.7x	18.8x	17.4x	25.7x	21.3x	19.8x	12%	17%
							1,222	1,460	1,539	362	458	494	335	404	434		
							(3%)	20%	5%	30%	31%	32%	27%	28%	28%		
Halma		Mar-21	10,764	256	11,034	0.7x	8.3x	7.7x	7.1x	34.1x	31.2x	28.4x	45.1x	37.3x	32.9x	8%	10%
							1,323	1,437	1,555	323	354	388	245	296	335		
							1%	9%	8%	24%	25%	25%	18%	21%	22%		
Ingersoll Rand		Dec-20	15,687	170	15,906	0.2x	4.4x	4.2x	3.9x	24.9x	17.2x	15.0x	62.8x	28.2x	23.6x	7%	29%
							3,596	3,776	4,084	640	927	1,058	253	564	673		
							95%	5%	8%	18%	25%	26%	7%	15%	16%		
ITT		Dec-20	5,474	(205)	5,262	n/a	2.9x	2.5x	2.4x	20.9x	12.2x	11.0x	32.4x	16.1x	14.1x	11%	38%
							1,815	2,064	2,218	251	430	479	162	327	374		
							(15%)	14%	7%	14%	21%	22%	9%	16%	17%		
Parker-Hannifin		Jun-21	26,737	4,306	31,579	1.8x	3.1x	2.8x	2.7x	15.5x	13.0x	11.7x	18.3x	16.5x	14.4x	8%	15%
							10,154	11,099	11,911	2,037	2,420	2,692	1,726	1,919	2,191		
							(10%)	9%	7%	20%	22%	23%	17%	17%	18%		
Sulzer		Dec-20	2,392	452	2,828	1.3x	1.0x	1.0x	1.0x	9.2x	8.0x	7.2x	16.8x	14.4x	12.2x	3%	13%
							2,748	2,744	2,897	308	354	392	168	196	231		
							(5%)	(0%)	6%	11%	13%	14%	6%	7%	8%		
Xylem		Dec-20	16,504	938	17,448	1.2x	4.9x	4.4x	4.1x	28.3x	22.9x	20.5x	45.1x	35.2x	29.7x	9%	17%
							3,571	3,979	4,219	617	761	850	387	496	588		
							(10%)	11%	6%	17%	19%	20%	11%	12%	14%		
Min							1.0x	1.0x	1.0x	9.2x	8.0x	7.2x	15.0x	12.3x	10.6x	3%	4%
Mean							3.8x	3.4x	3.2x	18.8x	15.2x	13.9x	25.6x	21.0x	18.4x	7%	17%
Median							3.3x	3.2x	3.0x	16.6x	13.4x	12.5x	22.8x	18.1x	16.6x	7%	16%
Max							8.3x	7.7x	7.1x	34.1x	31.2x	28.4x	45.1x	37.3x	32.9x	12%	38%

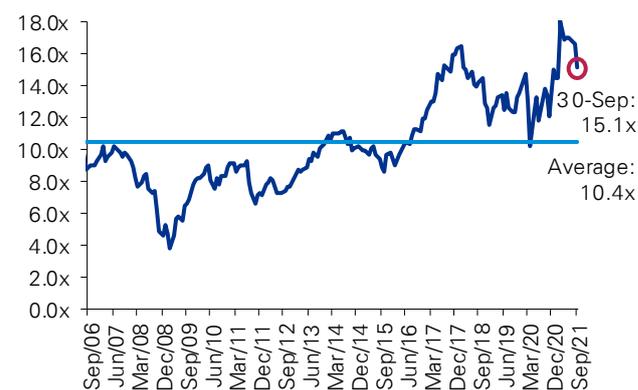
Source: CapIQ
 Note: (a) Multiples are based on enterprise value as of 30-September-2021 and historical and forecast sales, EBITDA and EBIT, calendarised to 31 December. "nfm": not meaningful; "n/a": not available.

Public company valuations – Through the cycle (EV/LTM EBITDA)

Flow Control – Focused



Flow Control – Diversified



Source: CapIQ

M&A Transaction History

Date	Target company	Country	Target Description	Acquirer company	Country	EV (m)	EV/EBITDA
Jul-21 (Aborted)	SPX Flow		Supplier of high engineered flow components, process equipment and turn key systems along with the related aftermarket parts and services	Ingersoll Rand		USD 3,528	17.2x
Jun-21	BioDot (Artemis Capital Partners)		Manufacturer of premium non-contact and quantitative fluid dispensing systems	ATS Automation Tooling Systems		USD 84	5.6x
Jun-21	Tiger Filtration		Manufacturer of alternative in-line filter elements, vacuum pumps separators, high pressure stainless steel filter housings	Xedec Adsorption		USD 17	10.6x
Jun-21	Barber-Nichols		Manufacturer of turbomachines, compressors and pumps	Graham Corporation		USD 84	11.0x
Jun-21	Airtech (EagleTree Capital)		Manufacturer of industry blowers, vacuums, pumas and valves	IDEX Corporation		USD 470	16.0x
Jun-21	Lydall Inc		Leader in the design and production of specialty filtration materials and advanced material solutions	Unifrax		USD 1,444	15.3x
Dec-20	UTG Mixing Group		Global provider of mixing solutions	SPX Flow		EUR 34	19.8x
Dec-20	Ham-Let		Israel-based manufacturer of compression fittings and valves	Ultra Clean		GBP 256	14.5x
Jul-20 (Aborted)	Neles		Flow control solutions and services company specialised in valves and valve automation technologies	Alfa Laval		EUR 1,796	16.3x
Jan-20	Flow Management Devices		Manufactures a comprehensive line of Unidirectional Captive Displacement Provers	IDEX Corporation		USD 125	10.4x
Dec-19	Circor (Sampling Business)		Designs and manufactures highly engineered products and sub-systems	Crane		USD 172	10.0x
Nov-19	SPX Flow (Power & Energy)		Power and energy focused flow control business of SPX FLOW	Apollo		GBP 369	6.5x
Aug-19	Circor (Spence & Nicholson product lines)		Manufacture of steam management products for the district heating market	Emerson		GBP 70	12.3x
Aug-19	PBM Valves		Manufacture of high-quality industrial valves and flow control products	IMI		GBP 70	12.5x
Jul-19	Velcora		Manufacture of mechanical seals for rotating machinery and aseptic processing equipment	IDEX Corporation		USD 137	13.0x
Jun-19 (Aborted)	Circor		Manufacture of engineered industrial products for various industrial end markets	Crane		USD 1,615	12.0x
Apr-19	Gardner Denver		Manufactures mission critical flow products	Ingersoll Rand		USD 15,369	11.0x
Feb-19	Rheinutte Pumpen		Design and manufacture of centrifugal and axial flow pumps	ITT		GBP 70	9.0x
Feb-19	Precision Flow Systems		Design and manufacture positive displacement pumps and systems for the water, f&b, pharma and other markets	Ingersoll Rand		EUR 1,238	13.0x
Feb-19	Weir (Flow Control)		Design and manufacture of engineered valves and pumps serving power, energy and general industrial markets	First Reserve		GBP 275	8.6x
May-18	Aventics		Manufacture of pneumatic components and systems	Emerson		GBP 460	11.9x

Source: Company announcements, Mergermarket and Analyst notes.
 Transactions announced in Q3.

M&A Transaction History (cont.)

Date	Target company	Country	Target Description	Acquirer company	Country	EV (m)	EV/EBITDA
Feb-18	Faster		Manufacture of couplings, check valves, multi fasters, casting solutions and accessories	Sun Hydraulics		GBP 431	14.7x
Dec-17	CEME		Manufacture of fluid control components for small appliances.	Invest-Industrial		GBP 333	19.3x
Dec-17	BIMBA		Manufacture of pneumatic, hydraulic and electric motion solutions	IMI		GBP 147	14.9x
Sep-17	COLFAX		Manufacture fluid-handling components and systems	Circor		GBP 637	12.3x
Apr-17	Gestra		Design and production of valves and control systems for steam and fluid process control	Spirax Sarco		GBP 159	11.2x
Apr-17	Pentair (Valves and Controls)		Valves & Controls segment of Pentair involved design, manufacture and service of valves, fittings and controls systems	Emerson		GBP 2,259	14.1x
Feb-17	Inoxpa		Manufacturer of process equipment and flow handling systems for the food, cosmetics and pharmaceutical industries	Interpump Group		EUR 90	6.6x
Dec-16	Clarcor		Manufacture of filtration products and systems as well as consumer and industrial packaging products	Parker		GBP 3,367	17.2x
Nov-16	Aflex House		Manufacture of PTFE-lined flexible hoses for the pharmaceutical, food, chemical and automotive industries	Spirax Sarco		GBP 61	10.2x
Oct-16	Critical Flow Solutions		Manufacture of critical severe-service decoking valves and fluid catalytic cracking valves	Circor		USD 210	8.5x
Aug-16	Sensus		Manufacture of regulators, water meters, flow sensors, valves and sensor reading devices	Xylem		USD 2,245	14.1x
Dec-15	Red Valve		Manufacture of pinch valves for mission critical applications in water, power and mining markets	Hillenbrand		USD 132	10.9x
Sep-15	ABEL		Manufacture of reciprocating positive displacement pumps and a range of diaphragm products	Hillenbrand		USD 106	11.9x
Aug-15	Bifold		Manufacture of hydraulic and pneumatic stainless steel control valves and accessories	Rotork		USD 193	12.3x
Jun-15	Alfa Valvole		Manufacture and sale of specialty valve products used in the chemical, petrochemical and sanitary markets	IDEX		EUR 102	10.1x
Min							5.6x
Mean							12.3x
Median							12.0x
Max							19.8x

Source: Company announcements, Mergermarket and Analyst notes.

M&A Transaction History (cont.)

   acquired by  2020	   acquired by  2019	   acquired by  2019	   acquired by  2018	   acquired by  2018
   acquired by  2017	   acquired by  2016	   acquired by  2015	   acquired by  2015	   acquired by  2010

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