

Flow control - Q2 2022 Industry Update

Selected M&A highlights

- Jun-22: **United Flow Technologies** acquired **Southwest Valve & Equipment**, a US based manufacturer of water and wastewater valve and equipment
- Jun-22: **Renta Group** acquired **Urpent SIA**, a Latvia based provider of dewatering and bypass solutions for construction, water management and manufacturing companies
- Jun-22: **One Equity Partners** acquired **Desmi**, a Denmark based manufacturer of pumps
- Jun-22: **DexKo Global** acquired **Fluid-Press Group**, an Italy based maker of hydraulic valves and manifold blocks for agricultural machinery, industrial equipment and earth moving machines
- Jun-22: **Alfa Laval** acquired **Scania Systems**, a Sweden based provider of tank cleaning, venting, monitoring and control solutions for marine, offshore and industrial applications
- May-22: **Dover Corporation** acquired **Malema Engineering Corporation**, a US based manufacturer of high precision, mission-critical flow measurement and control instruments serving customers in the biopharmaceutical, semiconductor and industrial sectors, for **USD 225m** and up to **USD 50m** in contingent consideration
- May-22: **Connector Subsea Solutions** acquired **Norvalves**, a Norway based manufacturer of topside and subsea valves
- May-22: **Ohio Transmission Corporation** acquired **ePUMPS**, a US based provider of pumps, mechanical seals, vacuum systems and compressors
- Apr-22: **The Gorman-Rupp Company** acquired the US based assets of Fill-Rite and Sotera from **Tuthill Corporation**, for **USD 525m** (EV/EBITDA: 15.2x)
- Apr-22: **ITT** acquired **Habonim**, an Israeli based manufacturer of ball valves and actuation technologies serving LNG, chemical, pharmaceutical and general industrial markets for **USD 140m**
- Apr-22: **United Flow Technologies** acquired **Newman Regency Group**, a US based manufacturer in the industrial water/wastewater treatment industry
- Apr-22: **Audax Group** acquired **Flow Control Holdings**, a US based provider of highly engineered flow components for market critical applications in the food, beverage and pharmaceutical industries (KPMG M&A advised Flow Control Holdings)
- Apr-22: **Diploma** acquired **R&G Fluid Power Group**, a UK based distributor of a diverse range of industrial, hydraulic and pneumatic products for **GBP 108m** (KPMG advised R&G Fluid Power Group)

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			EV/EBITDA			EV/EBIT			2 Year CAGR 2020-2022
							2021	2022	2023	2021	2022	2023	2021	2022	2023	
Circor	USA	Dec-20	267	326	592	3.6x	1.1x	0.9x	0.8x	9.0x	6.5x	5.7x	10.7x	8.1x	6.9x	12% 26%
							564	667	707	66	91	104	55	73	86	
							(3%)	18%	6%	12%	14%	15%	10%	11%	12%	
Flowserve	USA	Dec-21	3,078	695	3,800	2.1x	1.5x	1.2x	1.1x	13.4x	11.3x	9.2x	17.7x	14.8x	11.4x	13% 20%
							2,615	3,074	3,311	284	335	413	215	256	334	
							(4%)	18%	8%	11%	11%	12%	8%	8%	10%	
Gorman-Rupp	USA	Dec-21	608	(93)	515	n/a	1.8x	1.3x	1.1x	14.3x	7.6x	5.9x	18.5x	10.4x	7.5x	31% 56%
							279	388	476	36	68	87	28	49	68	
							9%	39%	23%	13%	17%	18%	10%	13%	14%	
DEX Corporation	USA	Dec-21	11,361	436	11,796	0.6x	5.8x	4.7x	4.5x	20.8x	16.7x	15.9x	23.6x	19.7x	18.3x	14% 15%
							2,042	2,507	2,648	566	707	743	500	599	643	
							19%	23%	6%	28%	28%	28%	25%	24%	24%	
IMI plc	UK	Dec-21	3,036	620	3,656	1.4x	2.0x	1.8x	1.8x	9.7x	8.3x	7.8x	12.4x	10.5x	9.8x	6% 12%
							1,866	2,008	2,089	378	440	471	294	348	375	
							2%	8%	4%	20%	22%	23%	16%	17%	18%	
KITZ Corporation	Japan	Dec-21	343	83	432	0.8x	0.5x	n/a	n/a	4.3x	n/a	n/a	6.9x	n/a	n/a	nmf nmf
							871	0	0	101	0	0	62	0	0	
							5%	n/a	n/a	12%	n/a	n/a	7%	n/a	n/a	
Rotork	UK	Dec-21	2,067	(114)	1,960	n/a	3.4x	3.2x	2.9x	14.3x	12.3x	11.0x	17.4x	13.9x	12.4x	8% 14%
							569	622	667	137	159	177	112	141	158	
							(6%)	9%	7%	24%	26%	27%	20%	23%	24%	
Spirax-Sarco	UK	Dec-21	7,273	191	7,498	0.5x	5.6x	5.0x	4.8x	19.8x	18.1x	16.9x	23.6x	20.9x	19.5x	8% 8%
							1,345	1,486	1,573	379	413	443	318	358	385	
							13%	10%	6%	28%	28%	28%	24%	24%	24%	
Min							0.5x	0.9x	0.8x	4.3x	6.5x	5.7x	6.9x	8.1x	6.9x	6% 8%
Mean							2.7x	2.6x	2.4x	13.2x	11.6x	10.3x	16.4x	14.1x	12.3x	13% 16%
Median							1.9x	1.8x	1.8x	13.8x	11.3x	9.2x	17.6x	13.9x	11.4x	12% 14%
Max							5.8x	5.0x	4.8x	20.8x	18.1x	16.9x	23.6x	20.9x	19.5x	31% 26%

Source: CapIQ

Note: (a) Multiples are based on enterprise value as of 30-June-2022 and historical and forecast sales, EBITDA and EBIT, calendarised to 31 December. "nmf": not meaningful; "n/a": not available.

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Flow Control – Diversified

Company	Country	Year End Date	Market Cap (GBPm)	Net Debt / (Cash)	Adj EV (GBPm)	Net debt / EBITDA (2021)	EV/Revenue			EV/EBITDA			EV/EBIT			2 Year CAGR 2020-2022	
							Revenue (GBPm)	Revenue growth	2021	2022	2023	2021	2022	2023	2021	2022	2023
Alfa Laval	SE	Dec-21	8,186	810	9,017	1.1x	2.7x	2.3x	2.1x	13.5x	11.9x	10.4x	18.0x	15.6x	13.0x	14%	14%
							3,341	3,903	4,336	668	757	864	500	578	694		
							(10%)	17%	11%	20%	19%	20%	15%	15%	16%		
Crane Co.	US	Dec-21	4,039	503	4,545	0.8x	1.9x	1.6x	1.6x	9.9x	7.5x	6.9x	13.0x	9.4x	8.7x	10%	20%
							2,348	2,784	2,865	458	606	655	349	482	521		
							16%	19%	3%	20%	22%	23%	15%	17%	18%		
Curtiss-Wright	US	Dec-21	4,178	884	5,063	1.8x	2.7x	2.4x	2.3x	12.0x	10.4x	9.8x	16.1x	14.1x	13.2x	9%	11%
							1,851	2,102	2,191	422	487	516	314	359	383		
							6%	14%	4%	23%	23%	24%	17%	17%	17%		
Dover	US	Dec-21	14,393	2,134	16,528	1.4x	2.8x	2.3x	2.2x	13.3x	10.7x	9.9x	16.7x	13.5x	12.3x	13%	16%
							5,840	7,094	7,413	1,240	1,549	1,665	988	1,225	1,340		
							19%	21%	5%	21%	22%	22%	17%	17%	18%		
Emerson	US	Sep-21	38,875	3,476	42,381	0.8x	3.1x	2.6x	2.4x	13.2x	10.1x	9.4x	15.8x	13.2x	12.3x	13%	19%
							13,791	16,520	17,510	3,218	4,198	4,522	2,679	3,220	3,455		
							4%	20%	6%	23%	25%	26%	19%	19%	20%		
EnPro	US	Dec-21	1,402	605	2,045	2.7x	2.4x	1.9x	1.8x	14.3x	9.0x	8.3x	24.9x	17.4x	14.3x	15%	31%
							843	1,060	1,122	143	226	247	82	118	143		
							7%	26%	6%	17%	21%	22%	10%	11%	13%		
Graco	US	Dec-21	8,274	(177)	8,097	n/a	5.5x	4.7x	4.4x	18.2x	15.2x	14.1x	20.2x	17.2x	15.8x	12%	14%
							1,468	1,741	1,834	445	534	573	401	470	512		
							21%	19%	5%	30%	31%	31%	27%	27%	28%		
Halma	UK	Mar-22	7,610	275	7,877	0.7x	5.3x	4.8x	4.5x	22.2x	19.8x	18.1x	28.6x	23.3x	20.8x	9%	11%
							1,474	1,632	1,752	355	398	436	276	338	378		
							11%	11%	7%	24%	24%	25%	19%	21%	22%		
Ingersoll Rand	US	Dec-21	14,057	1,111	15,223	0.9x	4.0x	3.2x	3.0x	18.8x	12.8x	11.7x	32.4x	19.3x	17.2x	15%	27%
							3,805	4,735	5,035	810	1,190	1,302	469	788	887		
							31%	24%	6%	21%	25%	26%	12%	17%	18%		
ITT	US	Dec-21	4,620	(102)	4,511	n/a	2.2x	1.8x	1.7x	10.6x	8.9x	8.0x	13.7x	11.6x	10.1x	14%	15%
							2,042	2,460	2,654	426	508	565	330	388	446		
							13%	20%	8%	21%	21%	21%	16%	16%	17%		
Parker-Hannifin	US	Jun-21	25,994	5,818	31,821	1.9x	2.9x	2.4x	2.3x	13.2x	10.4x	9.7x	14.8x	12.0x	10.9x	13%	17%
							10,903	13,335	13,931	2,405	3,069	3,264	2,143	2,642	2,911		
							(4%)	22%	4%	22%	23%	23%	20%	20%	21%		
Sulzer	CH	Dec-21	1,724	76	1,864	0.2x	0.7x	0.7x	0.6x	6.4x	5.2x	5.0x	10.5x	8.3x	7.7x	7%	13%
							2,556	2,813	2,933	291	358	373	178	224	241		
							4%	10%	4%	11%	13%	13%	7%	8%	8%		
Xylem	US	Dec-21	11,587	1,057	12,650	1.3x	3.3x	2.9x	2.7x	18.3x	15.7x	13.8x	28.8x	24.6x	20.5x	10%	15%
							3,837	4,392	4,678	691	806	917	439	514	618		
							7%	14%	7%	18%	18%	20%	11%	12%	13%		
Min							0.7x	0.7x	0.6x	6.4x	5.2x	5.0x	10.5x	8.3x	7.7x	7%	11%
Mean							3.1x	2.6x	2.4x	14.1x	11.3x	10.4x	19.5x	15.4x	13.6x	12%	17%
Median							2.8x	2.4x	2.3x	13.3x	10.4x	9.8x	16.7x	14.1x	13.0x	13%	15%
Max							5.5x	4.8x	4.5x	22.2x	19.8x	18.1x	32.4x	24.6x	20.8x	15%	31%

Source: CapIQ

Note: (a) Multiples are based on enterprise value as of 30-June-2022 and historical and forecast sales, EBITDA and EBIT, calendarised to 31 December. "nmf": not meaningful; "n/a": not available.

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

Flow Control – Focused



Source: CapIQ

Flow Control – Diversified



M&A Transaction History

Date	Target	Country	Target Description	Acquirer	Country	EV (m)	EV/EBITDA
Apr-22	Tuthill Corporation (Fill-Rite and Sotera Division)		Provider of rugged, high performance liquid transfer pumps and mechanical and digital meters and precision weights	Gorman-Rupp Company		USD 525	15.2x
Dec-21	Acme Cryogenics		Manufacturer of precision engineered products for production and distribution of cryogenic liquids and industrial gases	Dover Corporation		USD 295	18.0x
Dec-21	Engineered Controls International		Manufacturer of valves and regulators	Dover Corporation		USD 630	12.0x
Dec-21	SPX Flow		Supplier of highly engineered flow components, process equipment and turn key systems along with the related aftermarket parts and services	Lone Star		USD 3,800	17.1x
Jul-21 (Aborted)	SPX Flow		Supplier of highly 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	Xebec 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, pumps 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	Rheinhutte Pumpen		Design and manufacture of centrifugal and axial flow pumps	ITT		GBP 70	9.0x

Source: Company announcements, Mergermarket and Broker estimates

Transactions announced in Q2 2022

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M&A Transaction History (cont.)

Date	Target Company	Country	Target Description	Acquirer Company	Country	EV (m)	EV/EBITDA
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
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							12.7x
Median							12.3x
Max							19.8x

Source: Company announcements, Mergermarket and Broker estimates

KPMG's Global Flow Control Credentials

   <p>acquired by</p> <p>DIPLOMA PLC</p> <p>2022</p>	   <p>acquired by</p> <p>Audax Private Equity</p> <p>2022</p>	   <p>acquired by</p> <p>SPXFLOW</p> <p>2020</p>	   <p>acquired by</p> <p>ASTOR PLACE HOLDINGS</p> <p>2019</p>	   <p>acquired by</p> <p>TRELLEBORG</p> <p>2019</p>
   <p>acquired by</p> <p>bgf Business Growth Fund</p> <p>2018</p>	   <p>acquired by</p> <p>metso</p> <p>2018</p>	   <p>acquired by</p> <p>SIGNUM TECHNOLOGY</p> <p>2017</p>	   <p>acquired by</p> <p>TRELLEBORG</p> <p>2016</p>	   <p>President Engineering Group Ltd</p> <p>acquired by</p> <p>Parker</p> <p>2015</p>

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