



PCE Industry Report

Diversified Industrials



Middle Market M&A Summary

Diversified Industrials

4th Quarter 2016

Key Highlights

- The average value of the top ten transactions was \$346.7 million.
 - The largest transaction was the acquisition of Anchor Glass Container Corporation by CVC Capital Partners Limited & BA Glass BV for \$1.0 billion.
 - The smallest transaction was the acquisition of Cooling and Applied Technology, Inc. by John Bean Technologies Corporation for \$90.0 million.
- The public company industry median TEV/EBIT multiple is 15.6x.
- The public company industry median TEV/EBITDA multiple is 11.9x.

Key Trends

- The Industrial Conglomerates subsector's transaction volume is trending neutrally while Machinery, Containers, Packaging & Paper, and Trading Companies & Distributors are trending negatively.
- The Containers & Packaging and Paper Products subsector's transaction volume was the largest at 41% of the industry over the past quarter.
- Despite increasing revenue growth in recent years for the Packaging and Paper Products sub-sector, industry profits have remained flat due to the increasing world price of wood pulp.
- Businesses in the converted paper products industry are involved in three key trends: consolidation through acquisitions to increase capacity and remain competitive, vertical integration to control and reduce input costs, and lighter-weight boxes to reduce weight and use less raw material.¹
- Industry revenue will show slow growth over the next few years, starting with a 0.7% drop in 2017 as foreign creditors finance less of US debt and US consumers save more. In addition, a strong US dollar will limit exports from wholesalers in the US as foreign countries seek cheaper options.
- Due to slow revenue growth over the next five years, more manufacturers are expected to vertically integrate to maintain market share and improve profits by controlling costs and expanding distribution operations. Consequently, this will push smaller independent wholesalers out of the market which make up a large volume of this industry.

Source: IBIS World, S&P Capital IQ, and PCE Proprietary Data

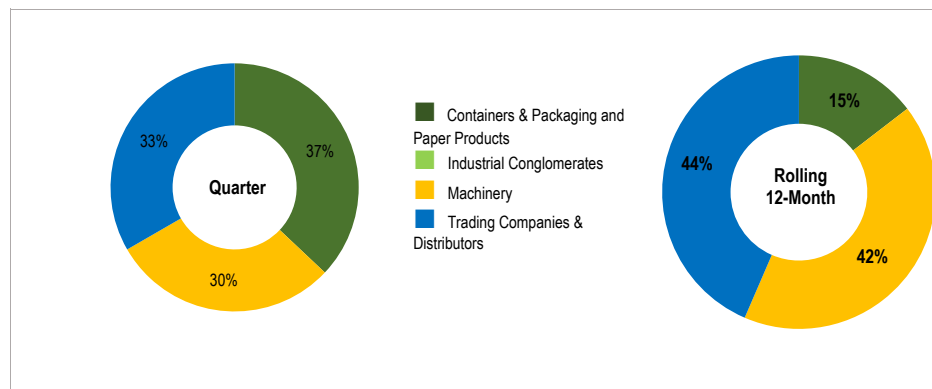
¹First Research: Industry Profile; "Converted paper Products Manufacturing - Quarterly Update", October 2016

Industry Trends During Quarter

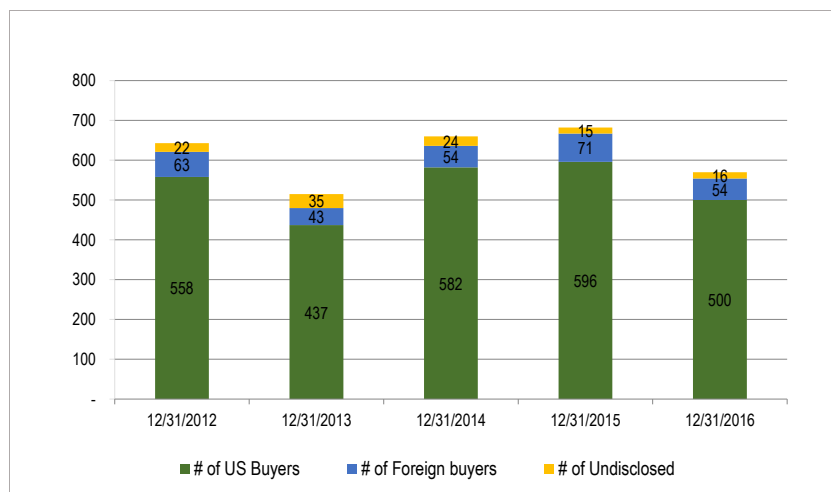
Sector	Transaction Volume	TEV/ Revenue	TEV/EBITDA
Containers & Packaging and Paper Products	↑	↓	↑
Industrial Conglomerates	→	↑	↓
Machinery	↑	↓	↓
Trading Companies & Distributors	↓	↑	↓

* Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data

Transaction Volume as % of Industry



Rolling 12-Month Transaction Volume Trends by Buyer Origin



Largest Transactions Closed During Quarter by Transaction Value (\$ in millions)

Sector	Target	Buyer	Transaction Value
Containers & Packaging and Paper Products	Anchor Glass Container Corporation	CVC Capital Partners Limited; BA Glass BV	\$1,000.0
Trading Companies & Distributors	L&W Supply Corporation	ABC Supply Co., Inc.	\$670.0
Machinery	Accuride Corporation	Crestview Partners, L.P.	\$460.9
Machinery	Luvata Heat Transfer Solutions Business	Modine Manufacturing Company	\$422.0
Containers & Packaging and Paper Products	Rigid Plastics Blow Molding Operations	Amcor Rigid Plastics USA, LLC; Amcor Packaging Canada Inc.	\$280.0
Machinery	H-E Parts International LLC and HEP Australia Holdings Pty Ltd	Hitachi Construction Machinery Co., Ltd.	\$240.0
Containers & Packaging and Paper Products	Enviva Pellets Sampson, LLC	Enviva Partners, LP	\$174.1
Machinery	TIPPER TIE, Inc.	John Bean Technologies Corporation	\$160.0
Containers & Packaging and Paper Products	Novo Building Products, LLC	Blue Wolf Capital Partners LLC	\$110.0
Containers & Packaging and Paper Products	Columbus Container Inc.	Packaging Corporation of America	\$100.0

Source: S&P Capital IQ as of 1/19/2017 and PCE Proprietary Data

Containers & Packaging and Paper Products

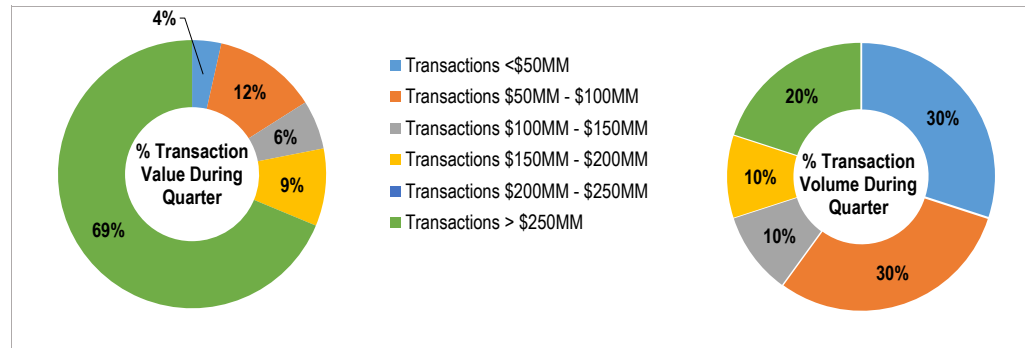
4th Quarter 2016

Summary of Sector Transactions During Quarter (\$ in millions)

Transaction Volume	24
Number of Transactions with Disclosed Values	10
Transaction Value*	\$1,862.24
Average Transaction Value*	\$186.22
Median Transaction Value*	\$84.13

*Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data.

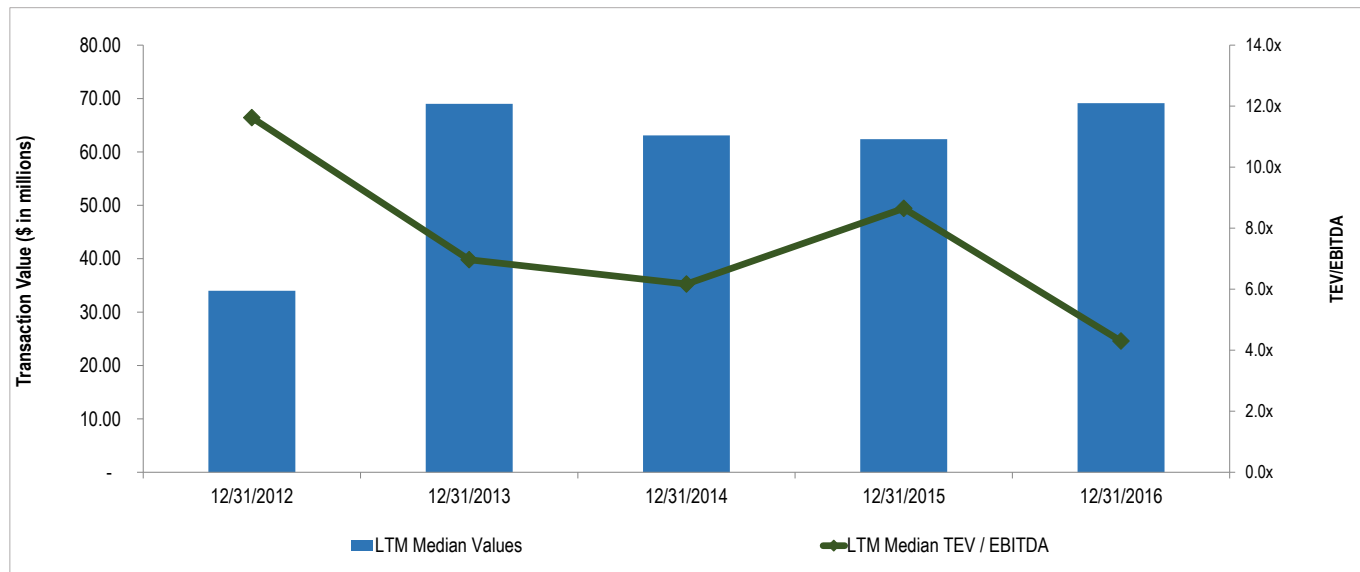
Transactions by Value & Volume



Based on transactions with disclosed financial data only

Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



Source: S&P Capital IQ as of 1/19/2017 and PCE Proprietary Data

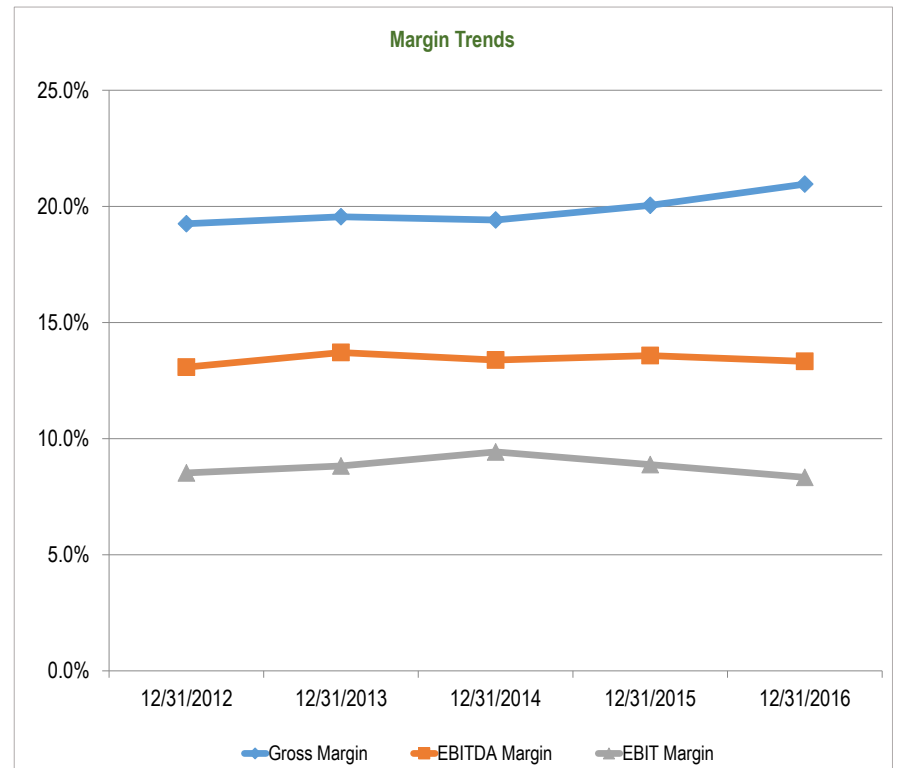
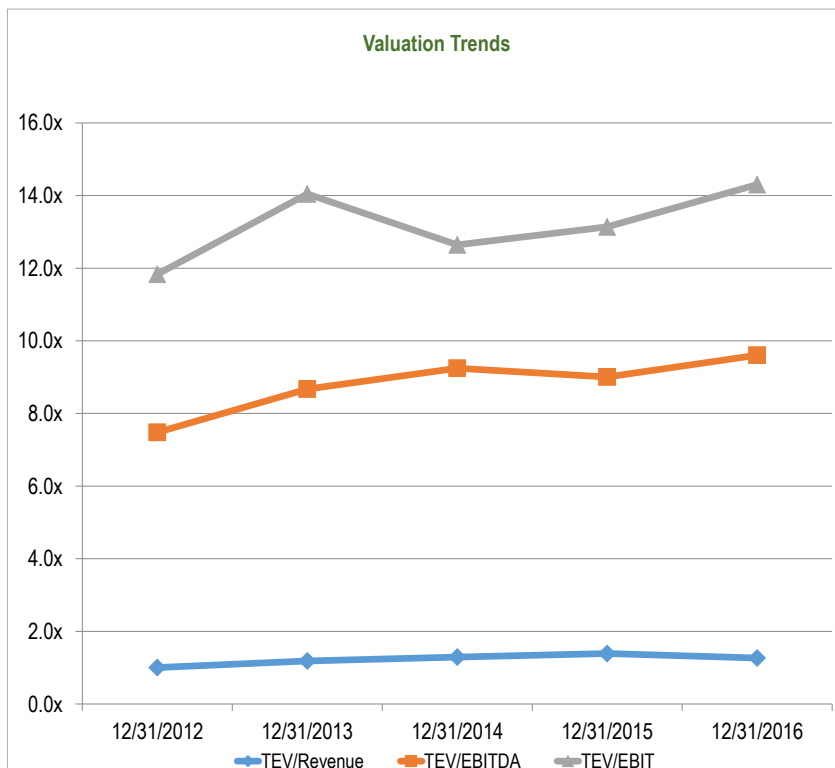
Containers & Packaging and Paper Products

4th Quarter 2016

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 12/31/2016 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$4,111	1.7x	11.2x	21.3x	TEV/Revenue	↓
Median	\$2,692	1.3x	9.6x	14.3x	TEV/EBITDA	↑
					TEV/EBIT	↑

	Margins			Last Twelve Months 12/31/2016 Trends	
	Gross Profit	EBITDA	EBIT		
Average	22.1%	13.5%	7.8%	Gross Margin	↑
Median	21.0%	13.3%	8.3%	EBITDA Margin	↓
				EBIT Margin	↓



Source: S&P Capital IQ as of 1/19/2017 and PCE Proprietary Data

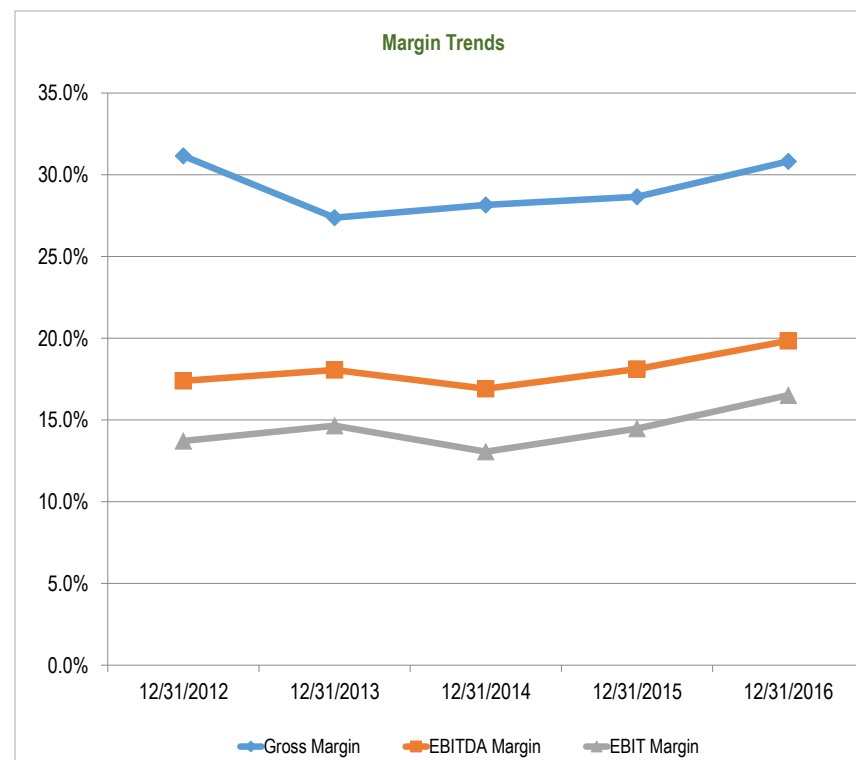
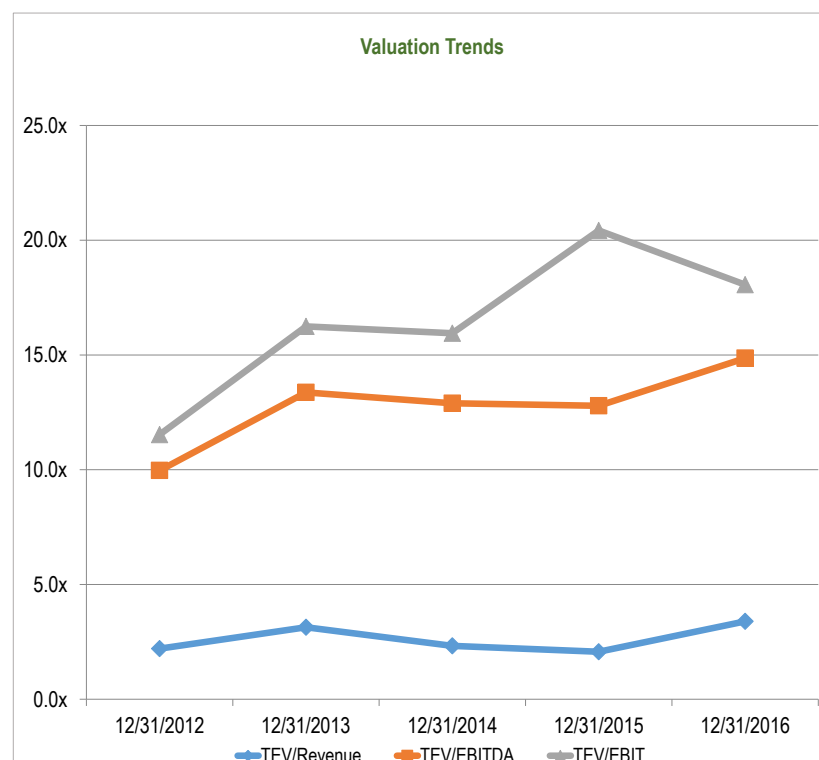
Industrial Conglomerates

4th Quarter 2016

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 12/31/2016 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$72,904	3.2x	17.0x	25.3x	TEV/Revenue	↑
Median	\$18,571	3.4x	14.9x	18.1x	TEV/EBITDA	↑
					TEV/EBIT	↓

	Margins			Last Twelve Months 12/31/2016 Trends	
	Gross Profit	EBITDA	EBIT		
Average	32.4%	18.4%	13.3%	Gross Margin	↑
Median	30.8%	19.8%	16.5%	EBITDA Margin	↑
				EBIT Margin	↑



Source: S&P Capital IQ as of 1/19/2017 and PCE Proprietary Data

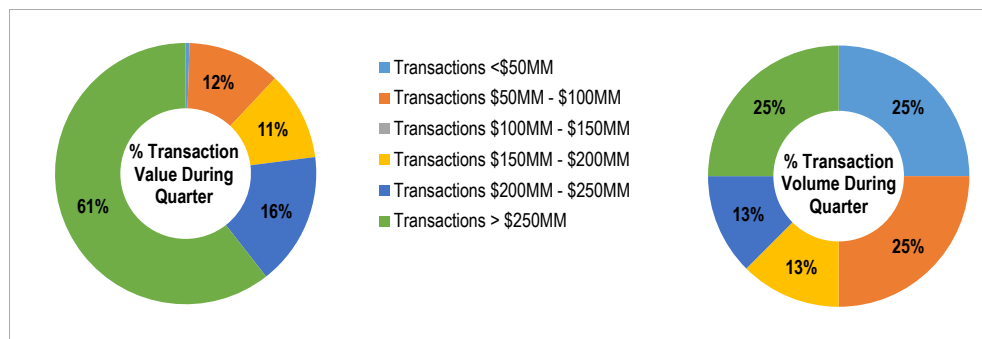


Summary of Sector Transactions During Quarter (\$ in millions)

Transaction Volume	56
Number of Transactions with Disclosed Values	8
Transaction Value*	\$1,457.73
Average Transaction Value*	\$182.22
Median Transaction Value*	\$125.00

*Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data.

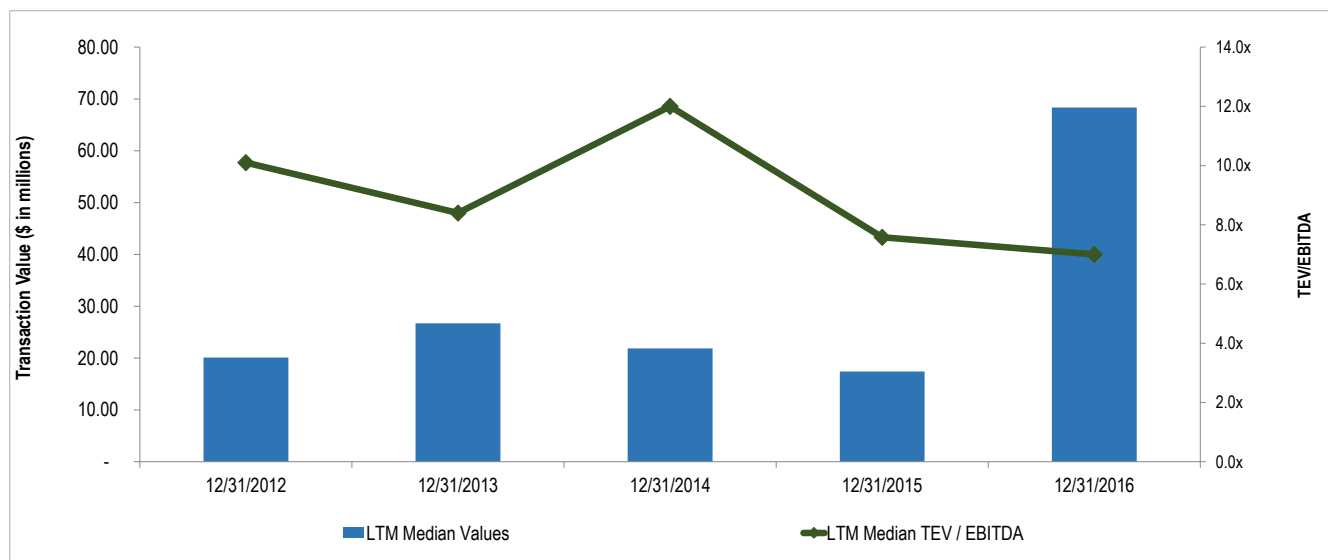
Transactions by Value & Volume



Based on transactions with disclosed financial data only

Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends

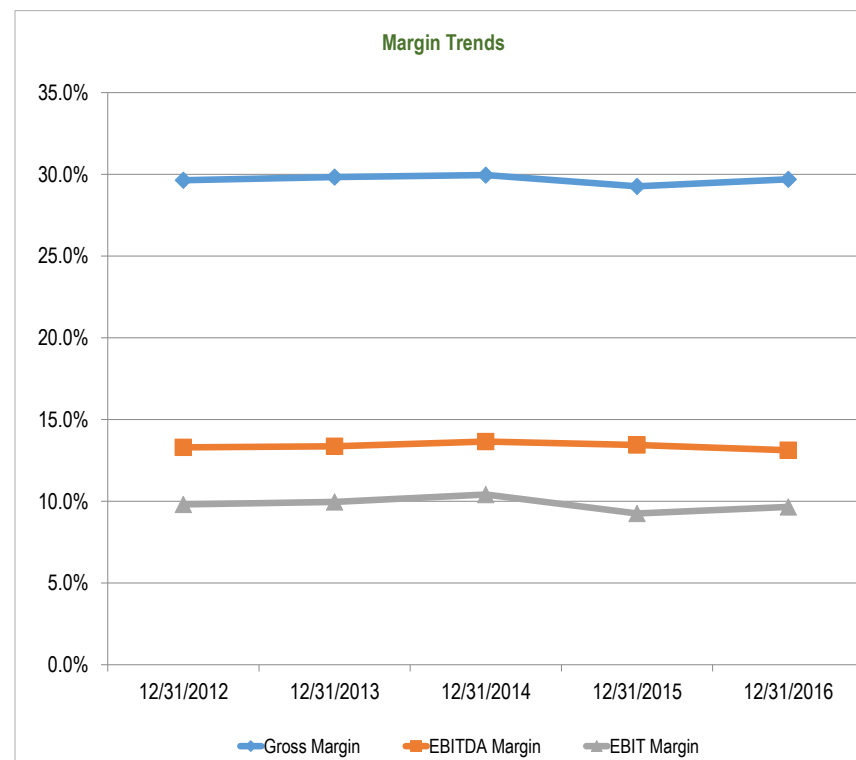
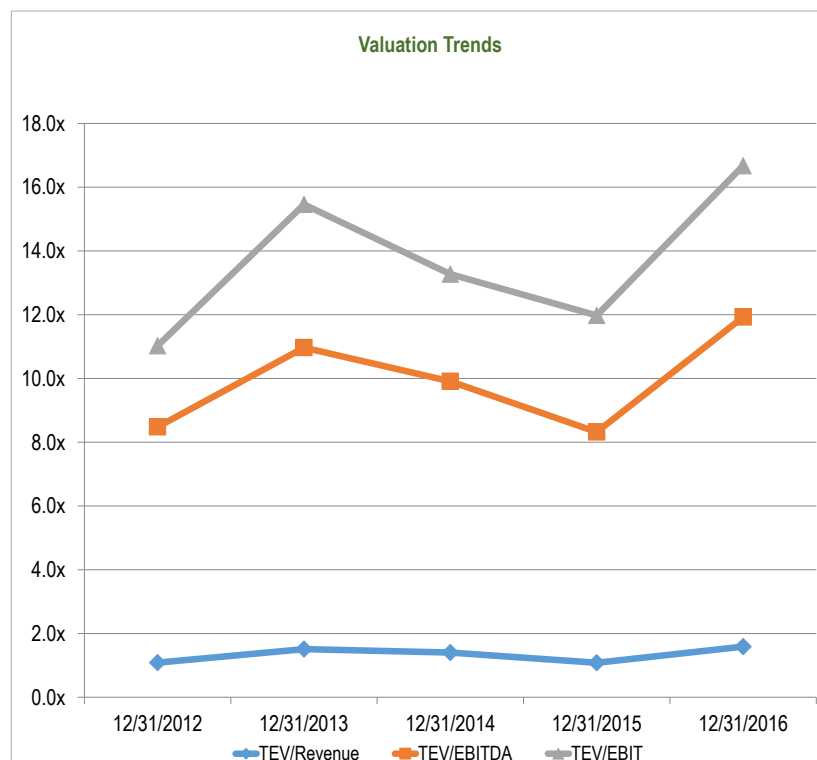


Source: S&P Capital IQ as of 1/19/2017 and PCE Proprietary Data

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 12/31/2016 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$3,888	1.8x	12.4x	17.7x	TEV/Revenue	↑
Median	\$1,217	1.6x	11.9x	16.7x	TEV/EBITDA	↑
					TEV/EBIT	↑

	Margins			Last Twelve Months 12/31/2016 Trends	
	Gross Profit	EBITDA	EBIT		
Average	29.6%	13.3%	9.4%	Gross Margin	↑
Median	29.7%	13.1%	9.7%	EBITDA Margin	↓
				EBIT Margin	↑



Source: S&P Capital IQ as of 1/19/2017 and PCE Proprietary Data

Summary of Sector Transactions During Quarter (\$ in millions)

Transaction Volume	54
Number of Transactions with Disclosed Values	9
Transaction Value*	\$772.81
Average Transaction Value*	\$85.87
Median Transaction Value*	\$12.99

*Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data.

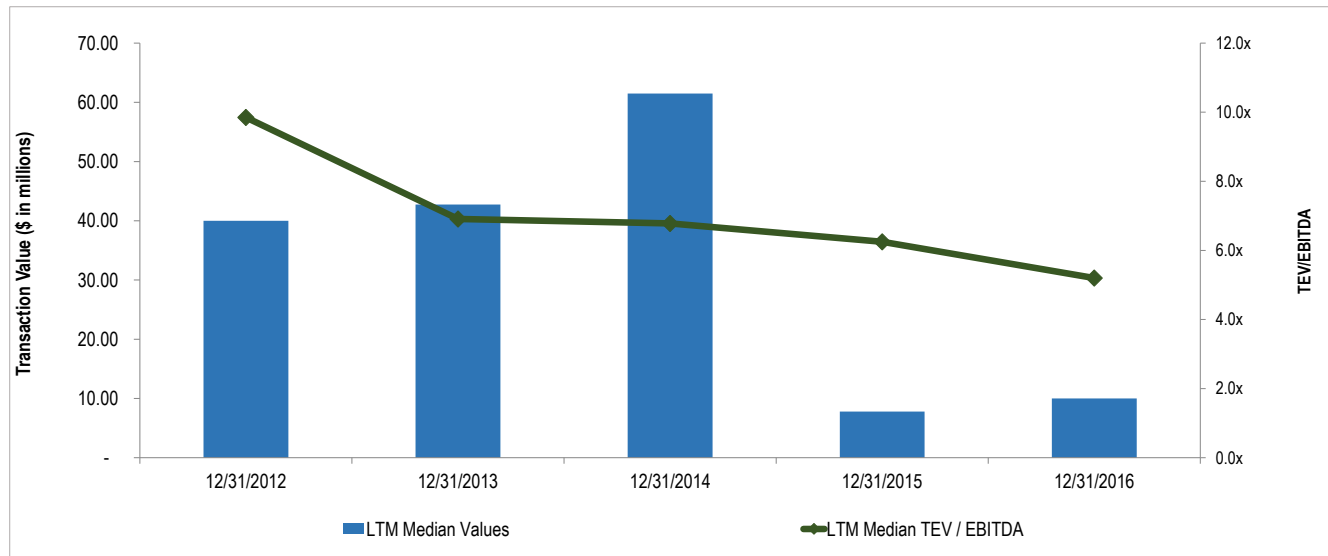
Transactions by Value & Volume



Based on transactions with disclosed financial data only

Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



Source: S&P Capital IQ as of 1/19/2017 and PCE Proprietary Data

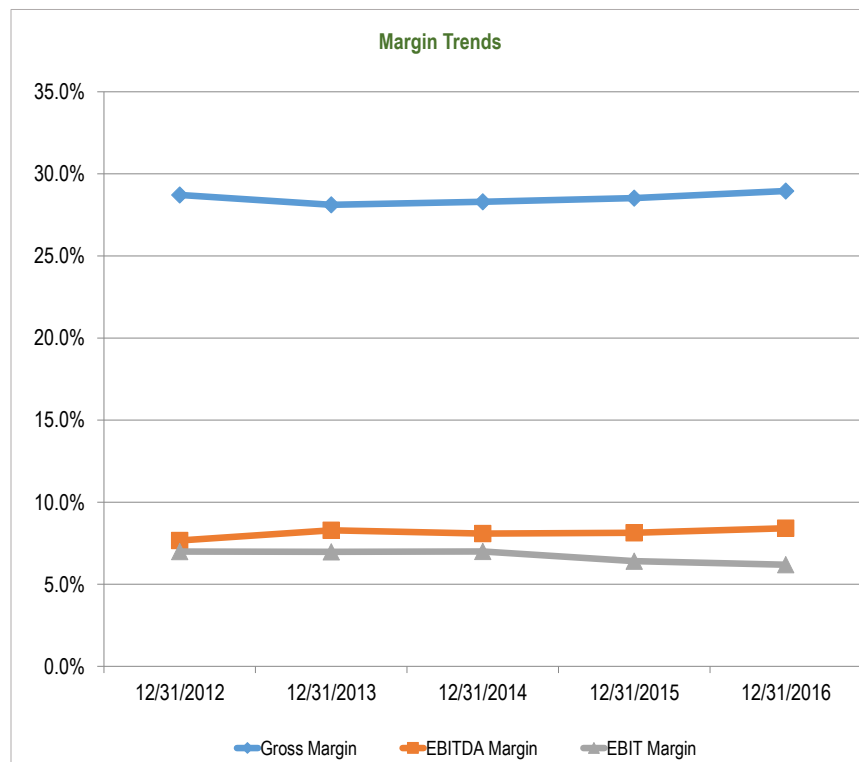
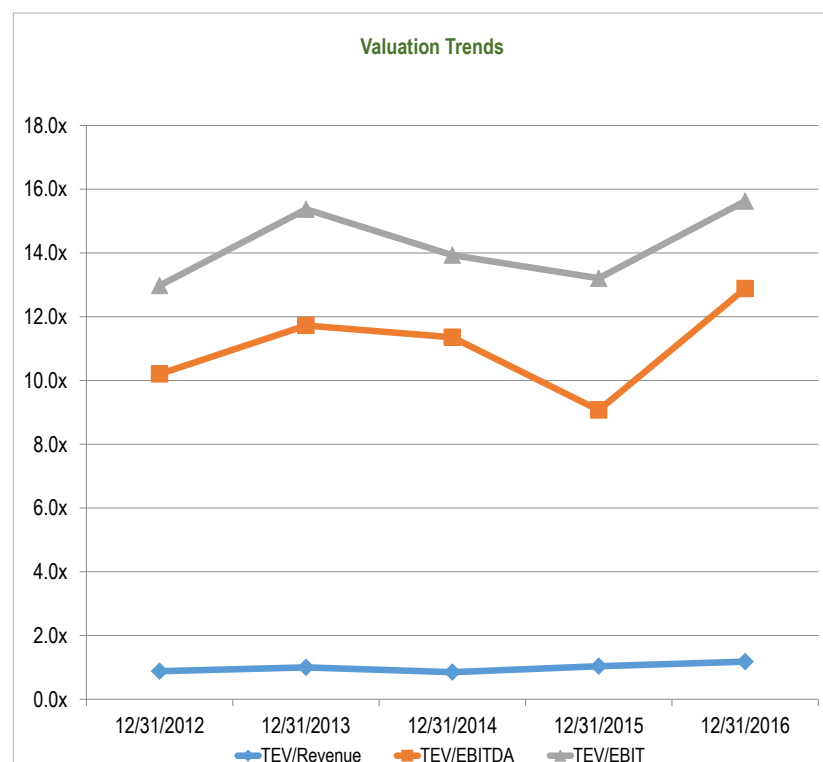
Trading Companies & Distributors

4th Quarter 2016

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 12/31/2016 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$2,339	2.4x	18.0x	30.3x	TEV/Revenue	↑
Median	\$1,187	1.2x	12.9x	15.6x	TEV/EBITDA	↑
					TEV/EBIT	↑

	Margins			Last Twelve Months 12/31/2016 Trends	
	Gross Profit	EBITDA	EBIT		
Average	35.8%	15.1%	10.7%	Gross Margin	↑
Median	29.0%	8.4%	6.2%	EBITDA Margin	↑
				EBIT Margin	↓



Source: S&P Capital IQ as of 1/19/2017 and PCE Proprietary Data



About PCE

When you're navigating the critical and sometimes challenging phases of the business life cycle, nothing is more important than getting the right advice at the right time. At PCE, that's our specialty. Providing clients with the insightful strategies, creative solutions, and expert guidance they need to address the challenges they face today and achieve the goals they set for tomorrow.

PCE, a leading financial services firm for mid-market companies, offers a full range of services:

- M&A (mergers & acquisitions)
- Growth Capital – Equity & Debt
- Business Valuation
- ESOP (Employee Stock Ownership Plans)
- Financial & Management Consulting
- MBO (management buy outs)
- Bankruptcy
- Restructuring
- Fairness and Solvency Opinion
- Management Consulting
- Succession Planning
- Strategic Analysis
- Litigation Support

Experienced in all market sectors, PCE has established several specialty practice areas:

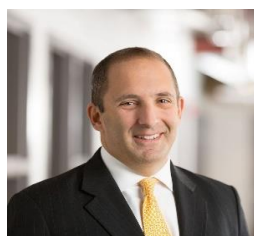
- Aerospace & Defense
- Banking, Finance & Insurance
- Building Products & Construction
- Business Services
- Consumer & Food
- Diversified Industrials
- Healthcare
- IT & Telecom
- Power & Energy
- Transportation & Logistics

PCE Investment Bankers, Inc - member FINRA & SIPC; PCE Valuations, LLC; PCE Advisory, LLC

Contact Us



Michael Poole
Direct: 407-621-2112
Main: 407-621-2100
mpoole@pcecompanies.com



Michael Rosendahl
Direct: 201-444-6280 x1
Main: 407-621-2100
mrosendahl@pcecompanies.com

PCE Locations

Orlando
Atlanta
Chicago
New York

Data Assumptions

This report represents transaction activity as mergers & acquisitions, consolidations, restructurings and spin-offs. Targets are defined as U.S. Based companies with either foreign or U.S. based buyers. Transaction information provided is based on closed dates only.

Glossary

EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation, Amortization
LTM - Last Twelve Months
TEV - Total Enterprise Value