



PCE Industry Report

Diversified Industrials



Middle Market M&A Summary

Diversified Industrials

1st Quarter 2017

Key Highlights

- The average value of the top ten transactions was \$1.1 billion.
 - The largest transaction was the acquisition of CLARCOR, Inc. by Parker-Hannifin Corporation for \$4.4 billion.
 - The smallest transaction was the acquisition of Avure Technologies, Inc. by Enviva Partners, LP for \$57 million.
- The public company industry median TEV/EBIT multiple is 17.1x.
- The public company industry median TEV/EBITDA multiple is 12.8x.

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 Machinery subsector's transaction volume was the largest at 55% of the industry over the past quarter.

Factory orders increased by 1.5% in January and 1% in February according to the Commerce Department. Most of the gain came from orders of durable goods such as autos, commercial airplanes, and primary metals (increased by 2.4% in January and 1.8% in February). Non-durable goods orders only increased slightly (0.6% in January to 0.2% in February).¹
- The price of paper products is likely to increase as raw material costs continue to increase. Sonoco, the largest producer of rigid paper-based round and shaped containers globally, announced it is implementing price increases for all round composite cans and shaped rigid paperboard containers in North America by a minimum of 5%.²
- The U.S. trade deficit declined to \$43.6 billion in February as imports dropped by 1.8% and exports rose slightly. The decline in imports was led by a big decrease in goods from China, cell phones in particular. Meanwhile, export increases were led by auto, auto parts, and petroleum products.³
- Activities in the manufacturing sector have expanded for the seventh consecutive month this March. Index of factory activity (measure of production) was 57.2 in March and 57.7 in February.⁴

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

¹New York Times - US Factory Orders Up 1 Percent in February - April 2017

²Papnews - Sonoco implementing price increases for all rigid paperboard containers in North America - March 2017

³Wall Street Journal - US Factory Activity Continued to Expand in March - April 2017

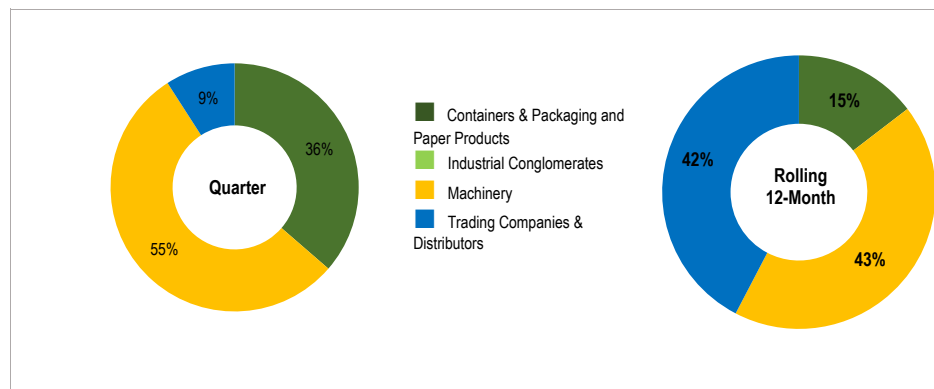


Industry Trends During Quarter

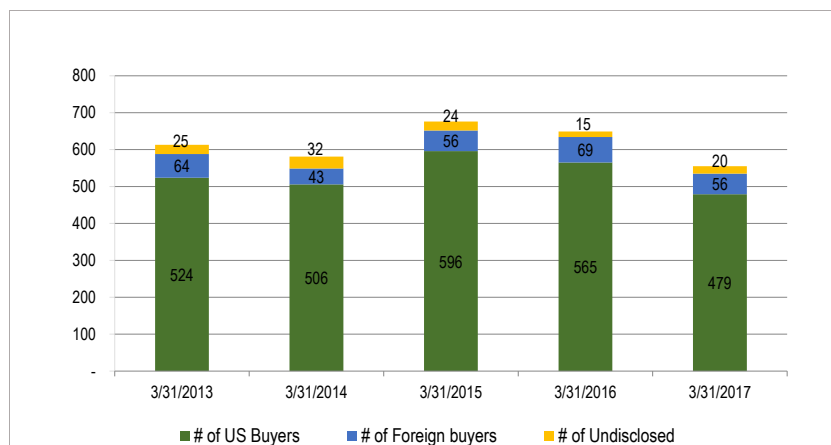
Sector	Transaction Volume	TEV/ Revenue	TEV/EBITDA
Containers & Packaging and Paper Products	↓	↑	↑
Industrial Conglomerates	→	↑	↓
Machinery	↓	↑	↑
Trading Companies & Distributors	↓	↑	↑

* 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
Machinery	CLARCOR Inc.	Parker-Hannifin Corporation	\$4,428.6
Machinery	Terex Corporation, Material Handling and Port Solutions business	Konecranes Plc	\$1,332.3
Containers & Packaging and Paper Products	AEP Industries Inc.	Berry Global Group, Inc.	\$768.9
Containers & Packaging and Paper Products	Letica Corporation	Modine Manufacturing Company	\$640.0
Containers & Packaging and Paper Products	Packaging Holdings, Inc.	Sonoco Plastics, Inc.	\$230.0
Machinery	Grindmaster-Cecilware Corporation	Hitachi Construction Machinery Co., Ltd.	\$108.0
Machinery	Avure Technologies, Inc.	Enviva Partners, LP	\$57.0

Source: S&P Capital IQ as of 4/25/2017 and PCE Proprietary Data

Containers & Packaging and Paper Products

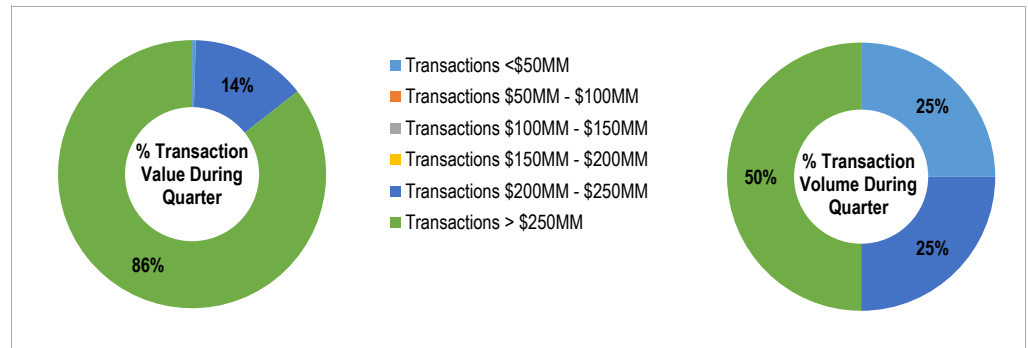
1st Quarter 2017

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

Transaction Volume	17
Number of Transactions with Disclosed Values	4
Transaction Value*	\$1,646.12
Average Transaction Value*	\$411.53
Median Transaction Value*	\$435.00

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

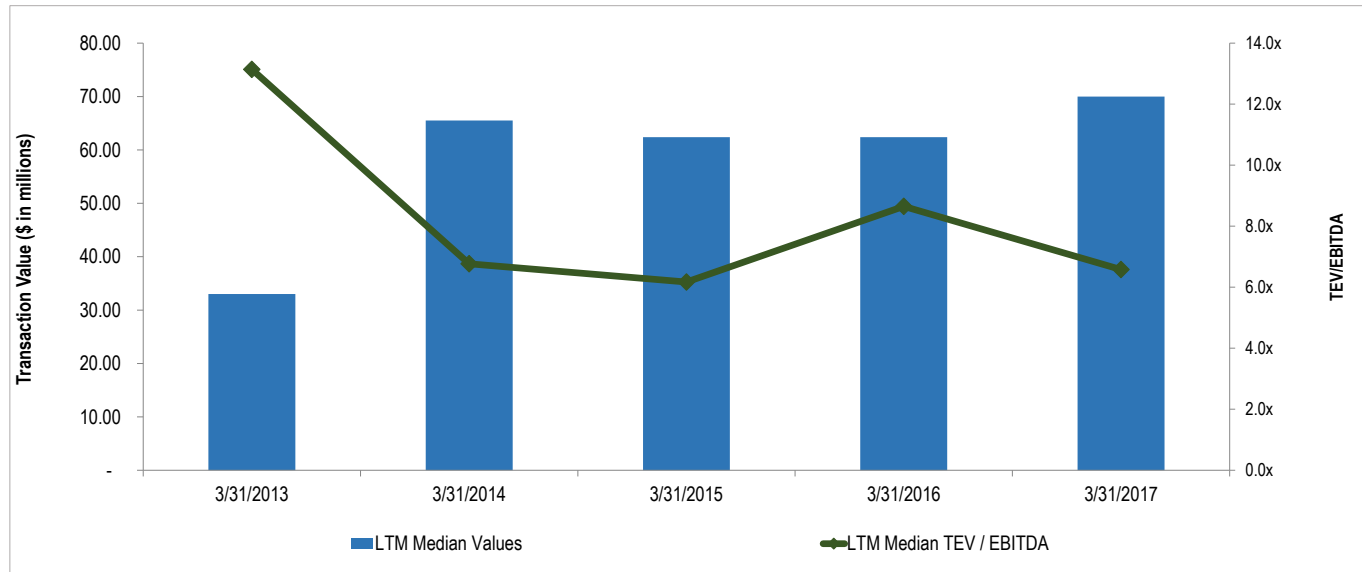
Transactions by Value & Volume



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 4/24/2017 and PCE Proprietary Data



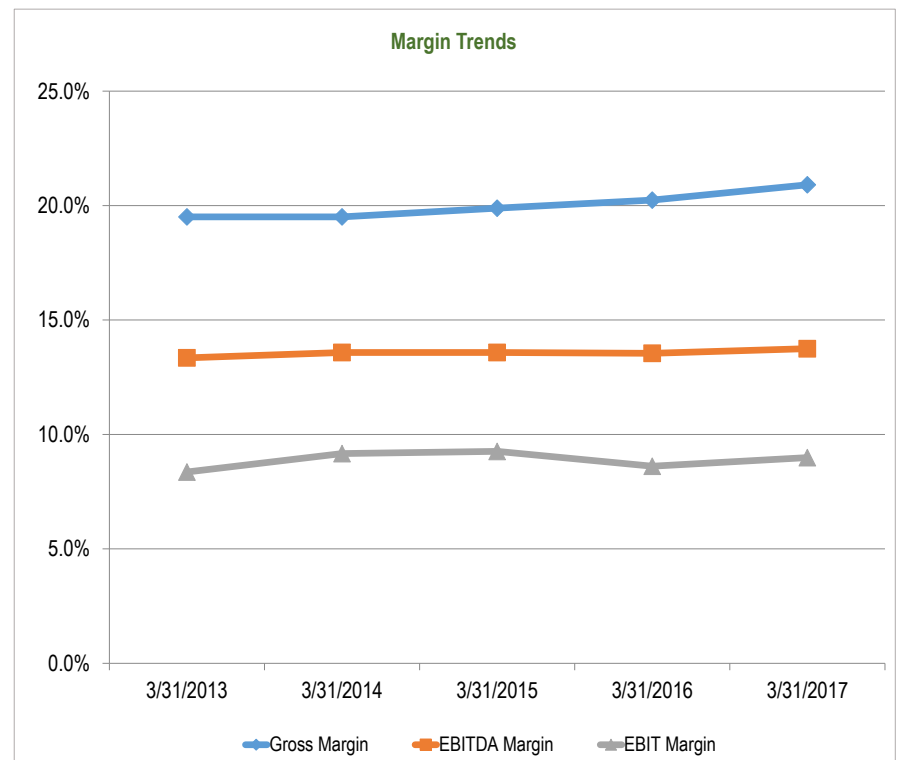
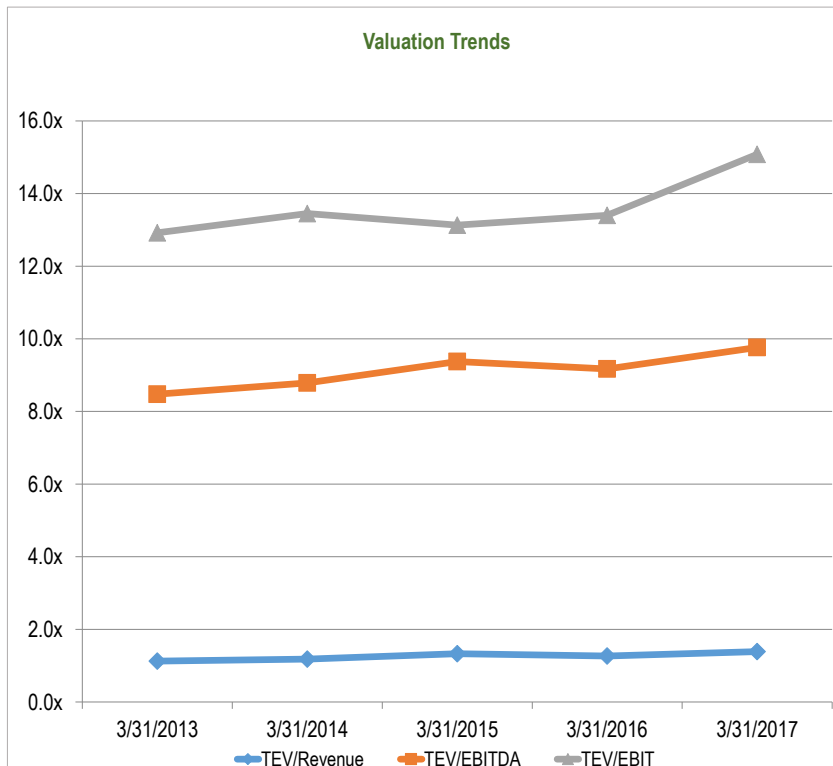
Containers & Packaging and Paper Products

1st Quarter 2017

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 03/31/2017 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$4,281	1.7x	11.1x	22.5x	TEV/Revenue	↑
Median	\$3,004	1.4x	9.8x	15.1x	TEV/EBITDA	↑
					TEV/EBIT	↑

	Margins			Last Twelve Months 03/31/2017 Trends	
	Gross Profit	EBITDA	EBIT		
Average	22.1%	13.3%	7.3%	Gross Margin	↑
Median	20.9%	13.7%	9.0%	EBITDA Margin	↑
				EBIT Margin	↑



Source: S&P Capital IQ as of 4/24/2017 and PCE Proprietary Data

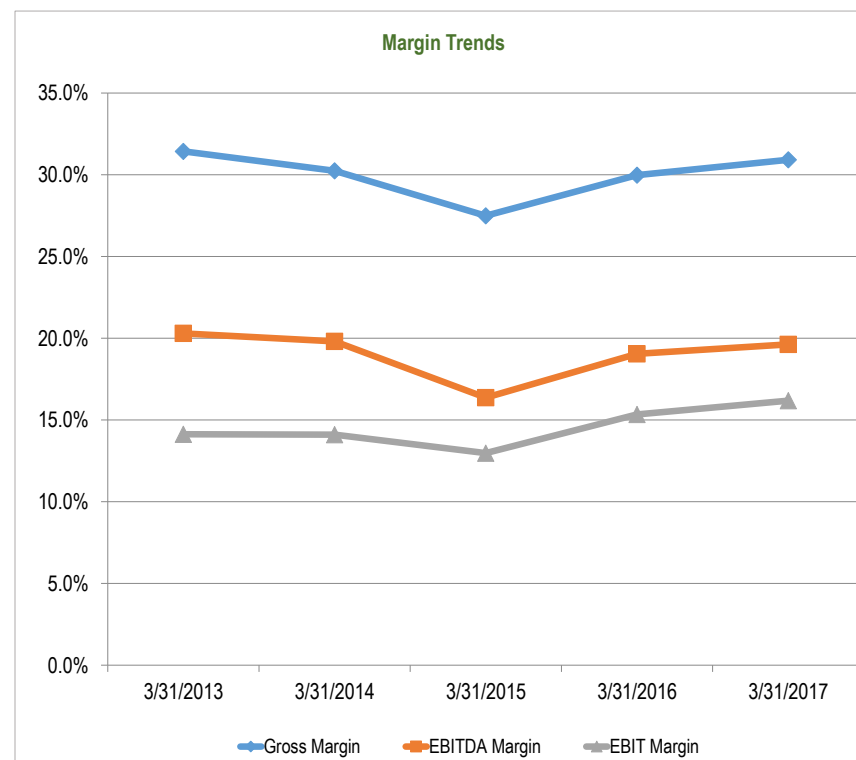
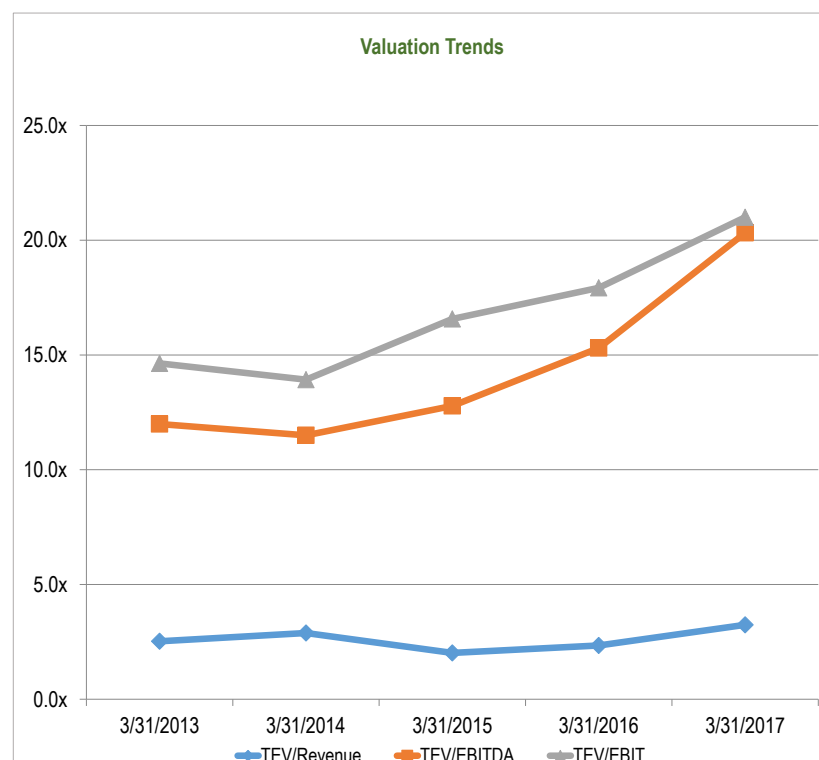
Industrial Conglomerates

1st Quarter 2017

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 03/31/2017 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$71,739	3.4x	22.0x	23.1x	TEV/Revenue	↑
Median	\$21,133	3.2x	20.3x	21.0x	TEV/EBITDA	↑
					TEV/EBIT	↑

	Margins			Last Twelve Months 03/31/2017 Trends	
	Gross Profit	EBITDA	EBIT		
Average	33.6%	19.5%	14.5%	Gross Margin	↑
Median	30.9%	19.6%	16.2%	EBITDA Margin	↑
				EBIT Margin	↑



Source: S&P Capital IQ as of 4/24/2017 and PCE Proprietary Data

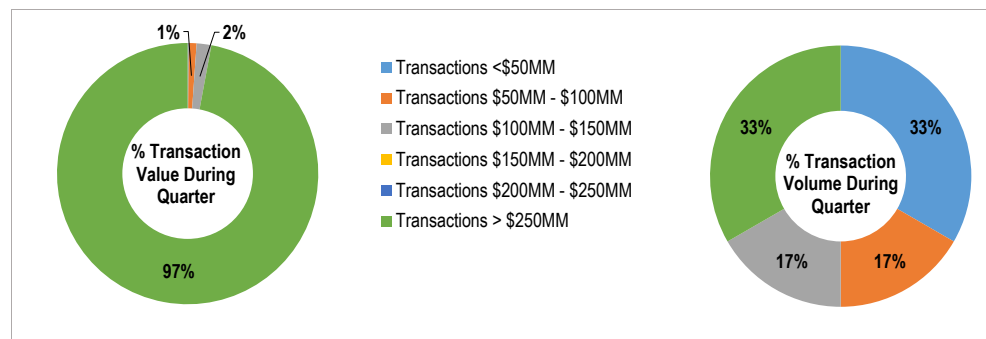


Summary of Sector Transactions During Quarter (\$ in millions)

Transaction Volume	54
Number of Transactions with Disclosed Values	6
Transaction Value*	\$5,933.91
Average Transaction Value*	\$988.99
Median Transaction Value*	\$82.50

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

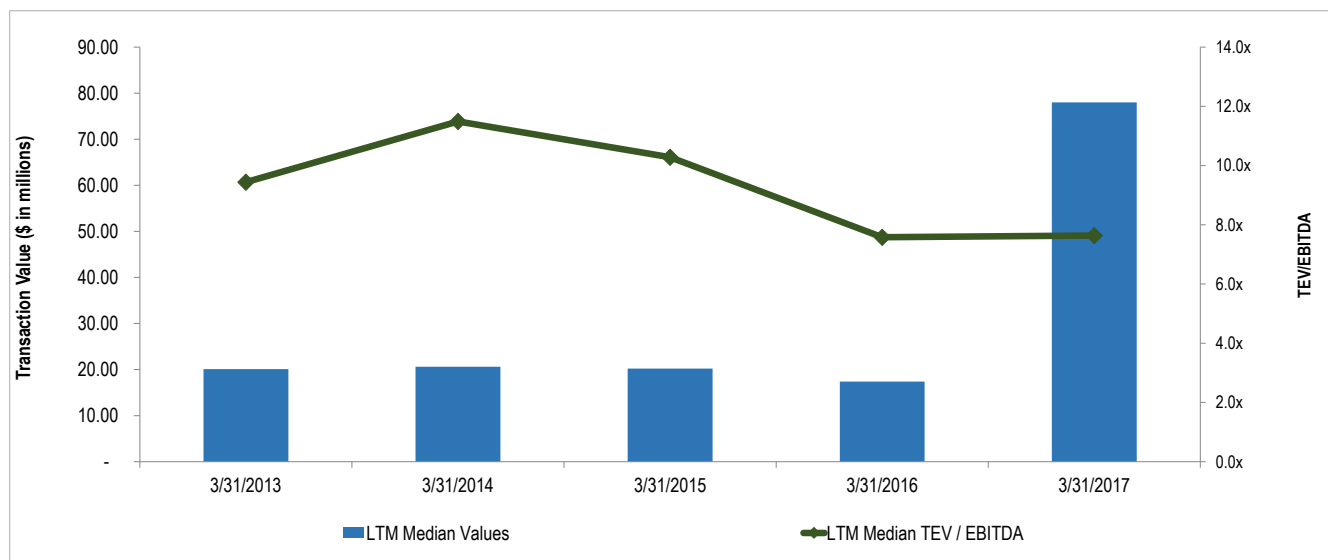
Transactions by Value & Volume



Based on transactions with disclosed financial data only

Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



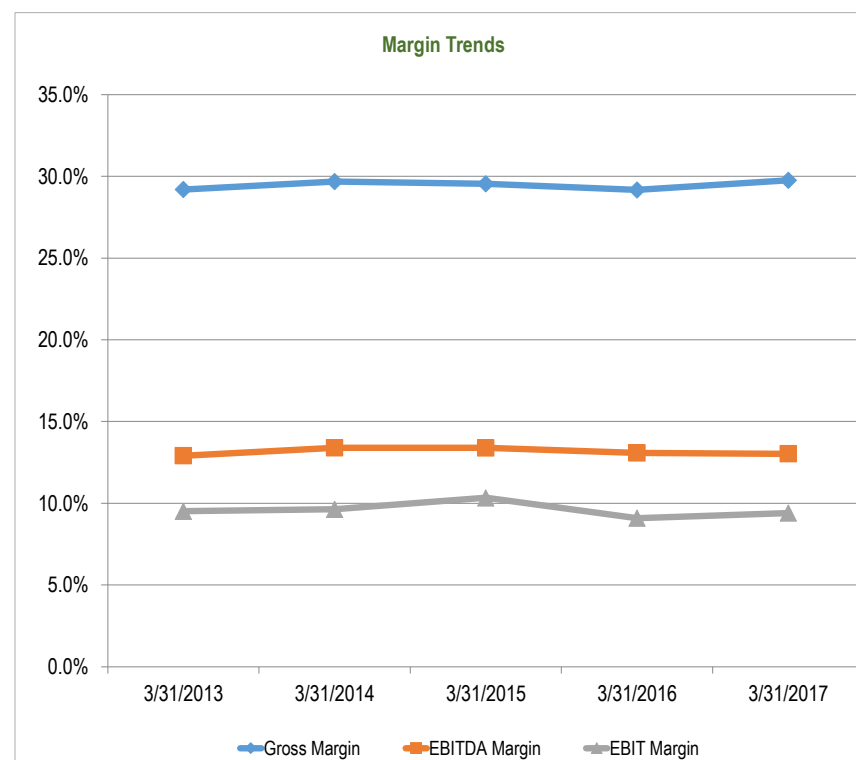
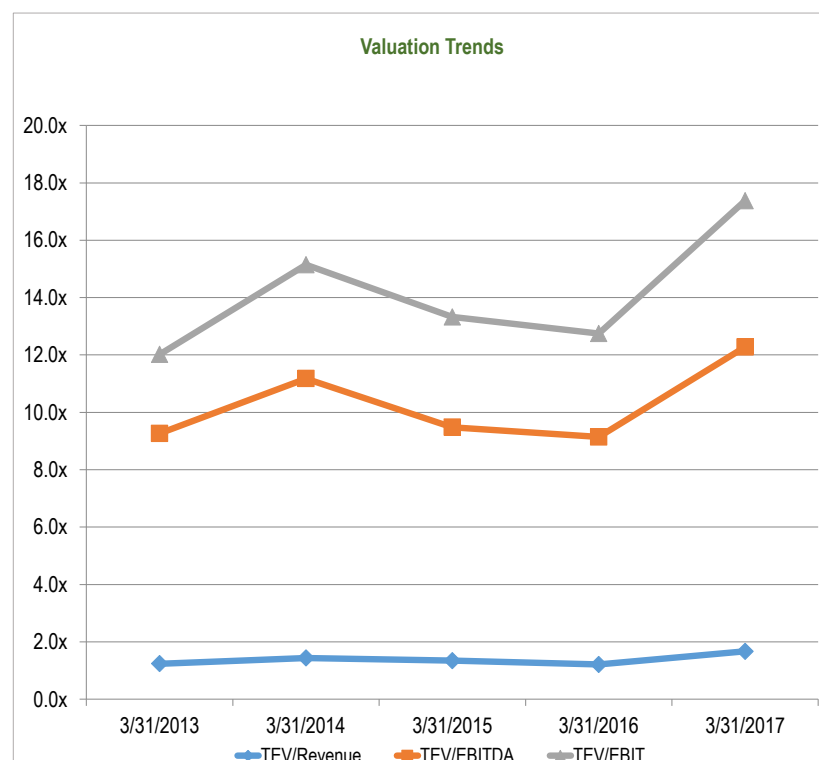
Source: S&P Capital IQ as of 4/24/2017 and PCE Proprietary Data



Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 03/31/2017 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$4,033	1.8x	14.8x	18.5x	TEV/Revenue	↑
Median	\$1,254	1.7x	12.3x	17.4x	TEV/EBITDA	↑
					TEV/EBIT	↑

	Margins			Last Twelve Months 03/31/2017 Trends	
	Gross Profit	EBITDA	EBIT		
Average	29.4%	13.0%	9.0%	Gross Margin	↑
Median	29.8%	13.0%	9.4%	EBITDA Margin	↓
				EBIT Margin	↑



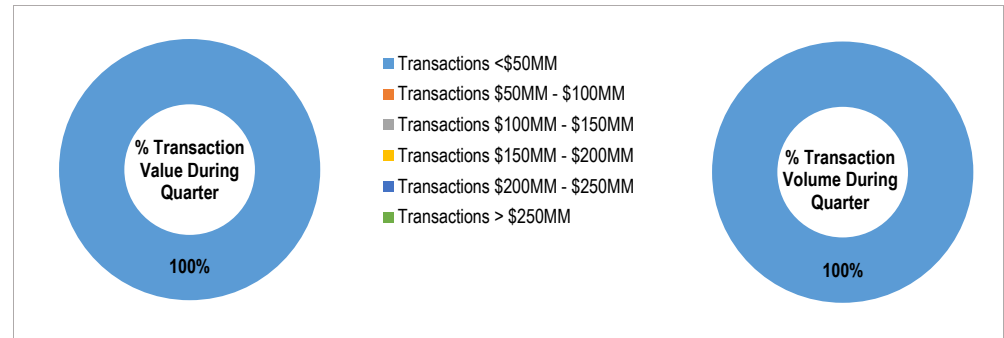
Source: S&P Capital IQ as of 4/24/2017 and PCE Proprietary Data

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

Transaction Volume	49
Number of Transactions with Disclosed Values	1
Transaction Value*	\$3.50
Average Transaction Value*	\$3.50
Median Transaction Value*	\$3.50

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

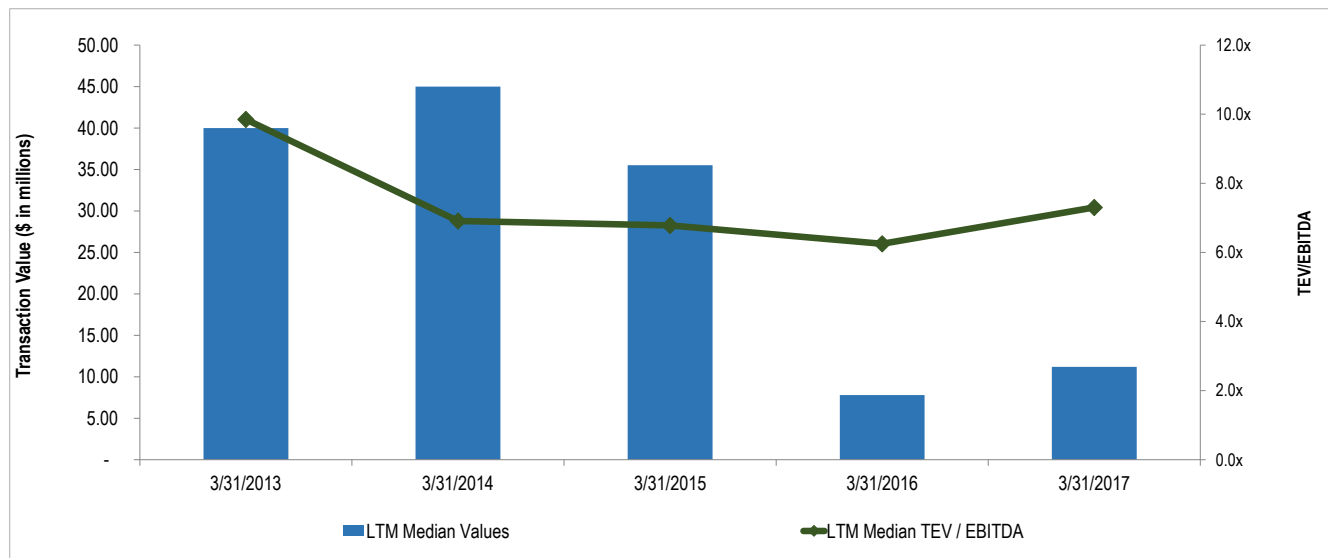
Transactions by Value & Volume



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 4/24/2017 and PCE Proprietary Data

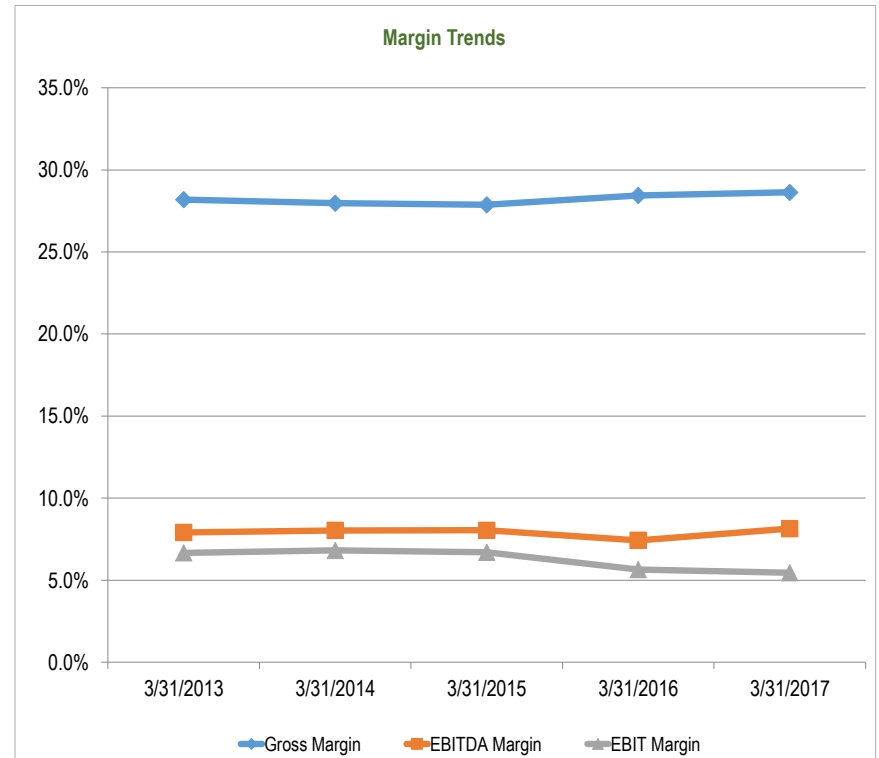
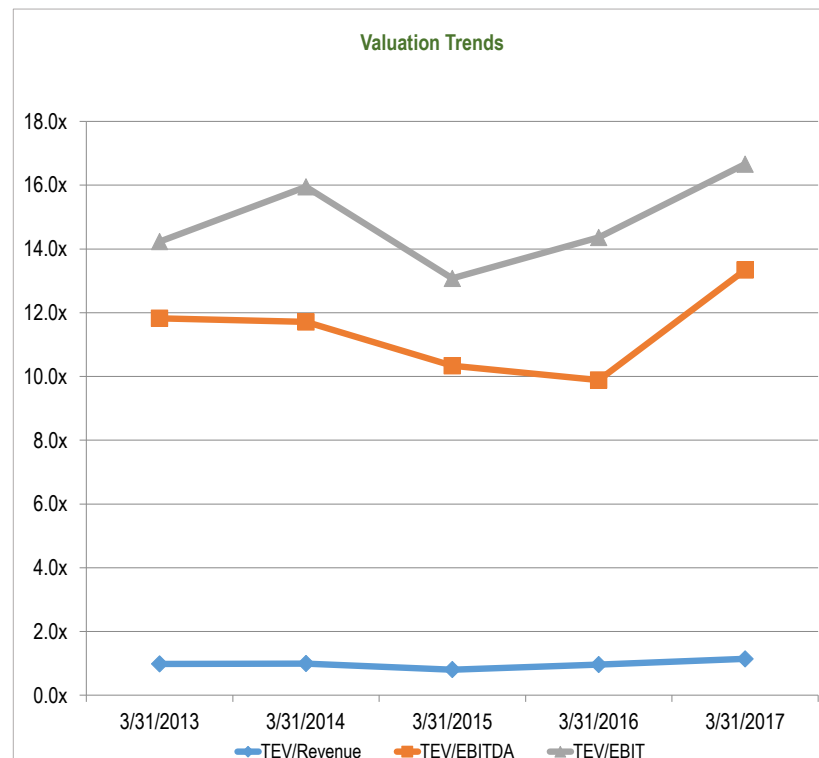
Trading Companies & Distributors

1st Quarter 2017

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 03/31/2017 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$2,341	2.2x	17.8x	35.9x	TEV/Revenue	↑
Median	\$1,286	1.1x	13.3x	16.7x	TEV/EBITDA	↑
					TEV/EBIT	↑

	Margins			Last Twelve Months 03/31/2017 Trends	
	Gross Profit	EBITDA	EBIT		
Average	34.4%	13.2%	9.9%	Gross Margin	↑
Median	28.6%	8.1%	5.5%	EBITDA Margin	↑
				EBIT Margin	↓



Source: S&P Capital IQ as of 4/24/2017 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:

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- 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:

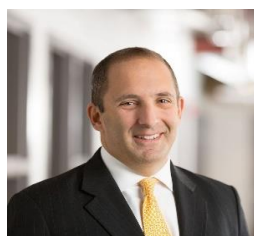
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- Banking, Finance & Insurance
- Building Products & Construction
- Business Services
- Consumer & Food
- Diversified Industrials
- Healthcare
- IT & Telecom
- Power & Energy
- Transportation & Logistics

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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