

FLOW CONTROL

Industry In-Sight™

FOURTH QUARTER 2020



**JORDAN KNAUFF
& COMPANY**

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Introduction

BY G. COOK JORDAN, JR.

Who is JKC and What Do We Do?

Jordan Knauff & Company (JKC) was founded in 2001 to undertake a distinct mission: to assemble and maintain a staff of top-notch investment banking personnel and offer their knowledge and experience to provide the best available investment banking services to middle-market companies, the entrepreneurs that lead them and the financial entities that transact with them. On a combined basis, over the course of their careers our employees have completed over 200 transactions as investors, owners, operators, investment bankers, buyers of middle-market businesses or sellers of middle-market businesses across a variety of industries. The majority of our firm's broad transaction experience has been with private companies owned by one shareholder, a partnership, a family or private equity investors.

Experience has taught us that the owners and executives of middle-market businesses tend to have very different needs and goals in capital transactions from those that are common to capital events related to larger companies. Our personnel apply their considerable expertise to accomplish important goals: delivery of successful outcomes for our clients. Pursuant to that, we direct and manage all aspects of the capital transaction process, assist our clients with the management of important constituents (employees, customers, vendors and lenders), act as a teammate to other important client advisors (legal counsel, accountant, tax advisor) and collaborate with transaction counsel in the negotiations with the parties on the other side of the transaction.

The Services We Provide

■ **Sell Companies**

- Representation of owners who are seeking the sale of their business – ranging from the sale of part of the equity of a company to a full liquidity transaction involving the sale of the entire business. In either case, our objective is to transfer the inherent value of the business into an exchange which yields the best price and structure that meet the specific transaction goals of our client.

■ **Raise Debt and Equity Capital**

- We represent clients in the raising of all forms of capital: senior debt, mezzanine debt and equity capital. Proceeds may be typically used for a variety of applications, including: funding growth, recapitalization, expansion of assets, acquisitions or partial liquidity for shareholders.

Experience has taught us that the owners and executives of middle-market businesses tend to have very different needs and goals ... than... larger companies.

■ **Acquisition Advisory**

- Assistance to clients in the successful closing of an acquisition. Pertinent services include: valuation, optimization of structure, direction of the due diligence process and negotiation of transaction documents. Acquisition advisory services encompass work on a standalone target or a series of acquisitions that form a strategic consolidation plan.

■ **Strategic Business Services**

- A suite of consulting projects designed specifically for middle-market business owners and executives to enable them to make better decisions about their companies or industries. Services include:
 - Company Specific Valuations
 - Capital Road Maps®
 - Strategic Industry Analyses

Areas of Expertise

Our team of professionals has notable experience in a broad portfolio of industries. While each project is evaluated on a case-by-case basis and the firm has the capabilities to service middle-market companies in almost any industry, JKC has significant expertise in the following industries:

Manufacturing & Distribution

- Manufacturing / Valued Added Manufacturing
- Manufacturing Process Technology
- Distribution / Value Added Distribution

Energy Logistics & Distribution

- Natural Gas Liquids: Direct to Consumer, Wholesale & Midstream
- Light Fuels
- Lubricants
- Petro Chemicals

Building Products & Services

- Windows & Doors
- Pre-fabricated Forms and Components
- Caulks & Sealants
- Flooring Products

Flow Control

- Pumps, Valves & Filtration
- Water Management
- Related Technology

Business Services

Real Estate

Closing Thoughts

Thank you for taking the time to review this quarterly publication. We hope that you will find it to be relevant and informative. With that purpose in mind, we would welcome any thoughts or comments that you may have about it. Visit our research library at www.jordanknauff.com/research-library to view our previous Flow Control quarterly publications, as well as our other industry publications.

If you desire more information about our firm and its mission, please contact any member of our team listed on the back cover of this report. Our website is www.jordanknauff.com and our main telephone number is (312) 254-5900.

... please contact any member of our team listed on the back cover of this report.

Current Events / Trends

BY G. COOK JORDAN, JR.
LORI A. CALLAWAY



Caterpillar Expands its Oil and Gas Operations

Caterpillar Inc. agreed to acquire Weir Oil & Gas from The Weir Group Plc for approximately \$405 million in cash, subject to customary working capital and debt-like adjustments at closing. The acquisition includes more than 40 Weir Oil & Gas manufacturing and service locations and approximately 2,000 employees. The transaction requires the approval of The Weir Group shareholders and is subject to approval by regulatory authorities.

Weir Oil & Gas is a division of The Weir Group Plc, the Scotland-based global engineering business with operations in more than 50 countries. The division is headquartered in Fort Worth, Texas, and is a leading provider of pressure pumping, pressure control and aftermarket services to upstream oil and gas customers in North America and internationally.

The acquired division provides well service and stimulation pumps, flow control products, replacement expendable parts and supporting engineered repair services via a global network of service centers located near customer operations. Weir Oil & Gas' pressure control solutions include wellheads, API valves and frac trees; and managed pressure drilling equipment including chokes, separators and containment equipment. The division's offerings include maintenance process optimization services for brownfield/greenfield oil and gas, and repair and maintenance services for power and industrial facilities.

This acquisition will expand Caterpillar's offerings to one of the broadest product lines in the well service industry. The transaction is expected to be completed in the first quarter of 2021. In December Weir Oil & Gas Dubai signed a five-year \$70 million contract with Thailand's PTT Exploration and Production, a subsidiary of state-owned energy conglomerate PTT, to supply and install 1,800 sets of wellheads and trees in the Gulf of Thailand.

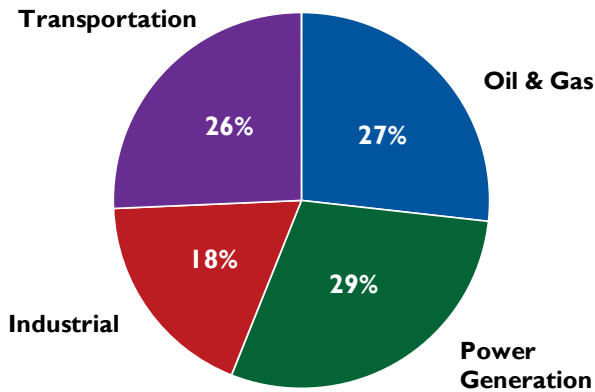
With 2020 revenues of \$41.7 billion, Caterpillar is the world's leading manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives. The company operates through three primary segments – Construction Industries, Resource Industries and Energy & Transportation – and provides financing and related services through its Financial Products segment.

Caterpillar's Energy & Transportation segment offers reciprocating engine powered generator sets; reciprocating engines and integrated systems for the power generation, marine, oil and gas industries; turbines, centrifugal gas compressors, and related services; remanufactured reciprocating engines and components; and diesel-electric locomotives and components, and other rail-related products. The Energy & Transportation segment had sales of \$4.8 billion in the fourth quarter of 2020.

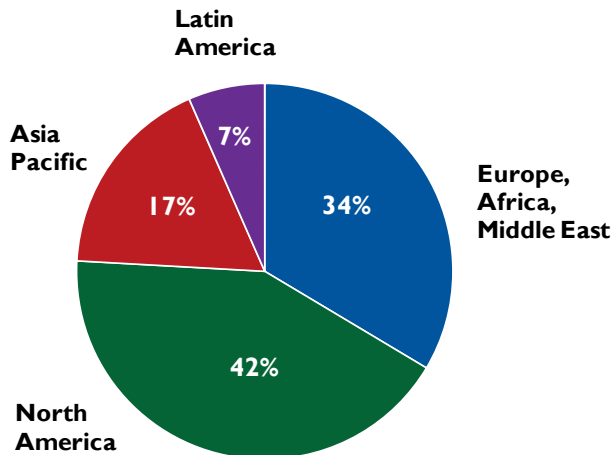
Caterpillar’s All Other operating segment offers filters and fluids, undercarriages, ground engaging tools, fluid transfer products, precision seals, and rubber sealing and connecting components; parts distribution; integrated logistics solutions and distribution services; and digital investments services. The company was founded in 1925 and is headquartered in Deerfield, Illinois.

In February 2020, The Weir Group Plc announced its intention to sell the Oil & Gas division to become a mining technology pure play providing highly engineered solutions from extraction through to concentration and tailings management. The acquired division will be renamed SPM Oil & Gas and will continue to produce a full line of pumps, flow iron, consumable parts, wellhead and pressure control products offered via an extensive global network of service centers.

**Caterpillar Energy & Transportation Division
Revenue by Segment 4Q 2020⁽¹⁾**



**Caterpillar Energy & Transportation Division
Revenue by Region 4Q 2020⁽¹⁾**



(1) Caterpillar Inc.

Mergers & Acquisitions Activity

BY DAVID A. KAKAREKA

Flow Control M&A activity continues to be resilient as evidenced by the recent transactions listed below.

TABLE II: SELECTED VALVE M&A TRANSACTIONS: 4Q 2020⁽¹⁾

Announced Date	Target	Acquirer(s)
12/16/2020	Ham-Let (Israel-Canada) Ltd.	Ultra Clean Holdings, Inc.
12/7/2020	Cadence Fluidics, LLC	Adaptas Solutions, LLC
11/16/2020	Valve Production Process of Defendi Italy SRL	Copreci S.Coop. Ltda.
11/2/2020	Flow Safe, Inc.	Dresser Natural Gas Solutions
10/5/2020	Weir Oil & Gas, Inc.	Caterpillar Inc.
10/1/2020	Wartsila Valves Limited	Evergreen Capital, LP

TABLE III: SELECTED PUMP M&A TRANSACTIONS: 4Q 2020⁽¹⁾

Announced Date	Target	Acquirer(s)
12/7/2020	Tuthill Vacuum & Blower Systems	Ingersoll Rand Inc.
10/5/2020	Weir Oil & Gas, Inc.	Caterpillar Inc.
10/1/2020	Assets of Tilbrook Ryder Investment Company Pty. Ltd.	Babylon Pump & Power Limited

TABLE IV: SELECTED FILTER M&A TRANSACTIONS: 4Q 2020⁽¹⁾

Announced Date	Target	Acquirer(s)
12/23/2020	Filter Technology Business of FLSmidth & Co. A/S	Simatek A/S
12/17/2020	Filtration Business of Sogefi SpA in Brazil	Fragola Industries SAS
12/9/2020	WaterSep BioSeparations LLC	Sartorius Stedim Biotech SA
12/2/2020	Air Filters, Inc.	Rensa Filtration
11/24/2020	WesTech Engineering, Inc.	John Swire & Sons Limited
11/3/2020	BluelnGreen, LLC	Chart Industries, Inc.
11/2/2020	Global Aftermarket Filters Business of Tenneco Inc.	Premium Guard, Inc.
11/1/2020	Newterra Ltd.	Frontenac Company LLC
10/19/2020	Comelt SpA	Brenntag AG
10/13/2020	AVANTech, Inc.	The GC Companies
10/2/2020	BIA Separations doo	Sartorius Stedim Biotech SA

(1) Source: S&P Capital IQ and JKC research.

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Public Equity and Valuation Analysis

BY DAVID A. KAKAREKA

Wall Street Valve Watch

The JKC Valve Stock Index was down 7.3% over the last 12 months, while the broader S&P 500 Index was up 15.3%.

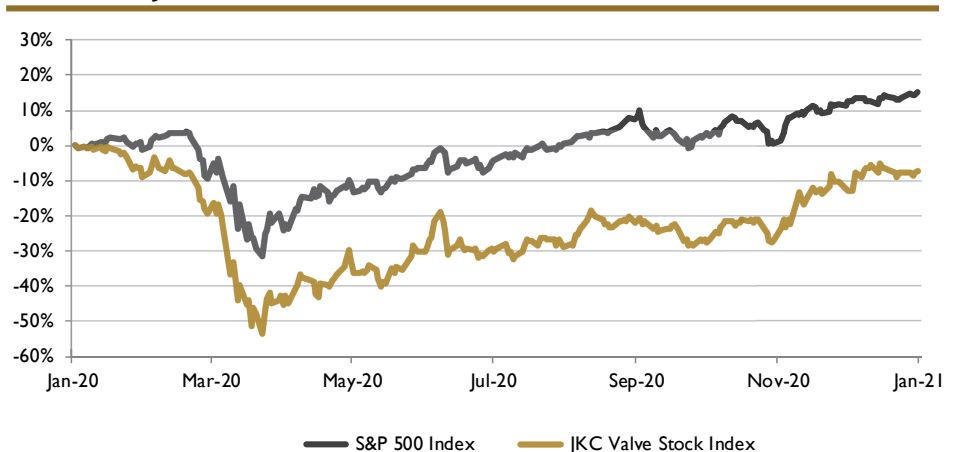
The U.S. Energy Information Administration (EIA) estimates that U.S. crude oil production was 11.2 million barrels per day (b/d) in November, up from 10.9 million b/d in September. The increase reflects greater production in the U.S. Federal Gulf of Mexico after hurricane-related disruptions. The EIA expects that U.S. crude oil production will decline to less than 11.0 million b/d in March 2021 due to falling production in the lower 48 states, where declining production rates at existing wells are expected to outpace production from newly drilled wells in the coming months.⁽¹⁾

As drilling increases in response to rising oil prices, crude oil production in the lower 48 states is expected to increase from 8.7 million b/d in February to 9.1 million b/d in December 2021, with total U.S. crude oil production reaching 11.4 million b/d. The EIA expects Brent crude prices to remain near \$40 per barrel through the end of 2020 due to high global oil inventory levels and surplus crude oil production capacity. The EIA forecasts that inventory draws in 2021 will cause some upward oil price pressures and that Brent crude oil prices will average \$49 per barrel in 2021.

On Wall Street. The Dow Jones Industrial Average, the S&P 500 Index and the NASDAQ Composite rose 3.3%, 3.7% and 5.7%, respectively, in December as the first doses of the COVID-19 vaccine were rolled out in the U.S. For the year, the Dow and S&P 500 gained 7.3% and 16.3%, respectively. The NASDAQ had its best year since 2009, gaining 43.6%. The Federal Reserve Bank's stimulus package helped markets rebound sharply from record lows set in February and March. The S&P 500 gained 66% from its March 23rd low. The technology and consumer discretionary sectors were the largest gainers of the year. Energy was the worst performing sector among the eleven major S&P 500 sectors.

... Brent crude oil prices will average \$47 per barrel in 2021.

CHART 1: JKC VALVE STOCK INDEX⁽²⁾



(1) See Economic Indicators section of this report for more detailed information on these indicators.

(2) Source: S&P Capital IQ and JKC research. Local currency converted to USD using historical spot rates. The JKC Valve Stock Index includes a select list of publicly-traded companies involved in the valve industry weighted by market capitalization.

Valve Companies

As shown in Tables V and VI, as of December 31, 2020, domestic and international Valve companies were trading at median total enterprise value / latest twelve months (“TEV/LTM”) EBITDA multiples of 15.6x and 11.8x, respectively, while both groups have median EBITDA margins of 16.9% and 12.3%, respectively. The median stock price as a percentage of the 52-week high for both groups is 97% and 89%, respectively, of their 52-week highs. With the exception of a few companies, we believe both groups are fairly well capitalized.

TABLE V: SELECTED DOMESTIC VALVE COMPANIES⁽¹⁾

(US\$ in millions, except per share data)

Company	LTM			Stock Price 12/31/2020	% of 52-Week High	Market Cap	Total Enterprise Value ⁽³⁾	TEV / LTM		Net Debt ⁽⁴⁾ EBITDA
	Revenues ⁽²⁾	EBITDA ⁽²⁾	Margin					Revenues	EBITDA	
Badger Meter Inc. (BMI)	\$426	\$90	21.2%	\$94.06	98.0%	\$2,739	\$2,652	6.2x	29.4x	(0.8x)
CIRCOR International Inc. (CIR)	808	97	12.0	38.44	82.5	769	1,235	1.5	12.8	4.8
Crane Co. (CR)	2,937	390	13.3	77.66	86.7	4,513	5,258	1.8	13.5	1.7
Curtiss-Wright Corp. (CW)	2,379	517	21.7	116.35	77.6	4,829	5,594	2.4	10.8	1.5
Dover Corp. (DOV)	6,684	1,340	20.1	126.25	99.1	18,193	20,903	3.1	15.6	2.1
Emerson Electric Co. (EMR)	16,795	3,943	23.5	80.37	96.7	48,179	52,913	3.2	13.4	1.5
Flowserve Corp. (FLS)	3,728	415	11.1	36.85	71.9	4,800	5,787	1.6	13.9	2.0
General Electric Co. (GE)	79,619	6,831	8.6	10.80	81.4	94,607	157,306	2.0	23.0	7.3
Honeywell International Inc. (HON)	32,637	7,971	24.4	212.70	98.2	149,249	157,485	4.8	19.8	1.0
ITT Corporation (ITT)	2,478	343	13.8	77.02	96.7	6,655	6,100	2.5	17.8	(1.9)
Mueller Water Products, Inc. (MWA)	989	203	20.5	12.38	97.4	1,960	2,226	2.3	11.0	1.3
Parker Hannifin Corporation (PH)	13,505	2,703	20.0	272.41	97.2	35,086	42,268	3.1	15.6	2.4
Schlumberger Limited (SLB)	23,601	5,713	24.2	21.83	53.1	30,388	44,742	1.9	7.8	2.6
SPX Flow Inc. (FLOW)	1,351	161	11.9	57.96	95.1	2,447	2,556	1.9	15.9	0.1
TechnipFMC plc (FTI)	13,351	1,739	13.0	9.40	43.0	4,225	4,649	0.3	2.7	0.2
Watts Water Technologies, Inc. (WTS)	1,509	255	16.9	121.70	98.9	4,094	4,155	2.8	16.3	0.2
Xylem Inc. (XYL)	4,876	751	15.4	101.79	99.9	18,346	19,906	4.1	26.5	1.6
Median			16.9%		96.7%			2.4x	15.6x	1.5x
Mean			17.2		86.7			2.7	15.6	1.6

(1) Source: S&P Capital IQ and JKC research.

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/20.

(3) Total enterprise value is defined as market capitalization plus total debt less cash and cash equivalents.

(4) Net debt is defined as total debt less cash and cash equivalents.

TABLE VI: SELECTED INTERNATIONAL VALVE COMPANIES⁽¹⁾

(US\$ in millions, except per share data)

Company	LTM			Stock Price 12/31/2020	% of 52-Week High	Market Cap	Total Enterprise Value ⁽³⁾	TEV / LTM		Net Debt ⁽⁴⁾ EBITDA
	Revenues ⁽²⁾	EBITDA ⁽²⁾	Margin					Revenues	EBITDA	
Aalberts Industries NV (AALB)	\$3,294	\$460	14.0%	\$44.60	84.6%	\$4,932	\$5,954	1.8x	13.0x	2.0x
Alfa Laval AB (ALFA)	5,326	1,056	19.8	27.55	86.9	11,558	12,463	2.3	11.8	0.7
Georg Fischer AG (FI-N)	3,785	292	7.7	1,288.50	99.1	5,275	5,783	1.5	19.8	1.5
Hisaka Works Ltd. (6247)	292	31	10.5	8.24	81.3	231	97	0.3	3.2	(4.4)
Hitachi Ltd. (6501)	80,480	10,862	13.5	39.39	86.6	38,081	58,624	0.7	5.4	1.2
IMI plc (IMI)	2,498	484	19.4	15.91	94.4	4,308	4,877	2.0	10.1	1.1
Kitz Corp. (6498)	1,169	134	11.5	6.08	78.7	544	712	0.6	5.3	1.1
KSB Aktiengesellschaft (KSB)	2,825	191	6.8	330.28	83.9	541	576	0.2	3.0	(0.9)
Kubota Corp. (6326)	17,597	2,270	12.9	21.81	98.2	26,084	33,716	1.9	14.9	2.7
Lupatech S.A. (LUPA3)	9	(5)	(51.9)	0.47	76.1	12	42	4.8	NM	(6.1)
Okano Valve Manufacturing Co. (6492)	61	2	2.6	24.20	91.8	41	28	0.5	17.8	(8.7)
Saint Gobain (SGO)	47,291	5,505	11.6	45.87	91.9	24,435	36,840	0.8	6.7	2.0
SMC Corp. (6273)	4,976	1,507	30.3	609.94	92.8	40,570	34,900	7.0	23.2	(3.8)
Spirax-Sarco Engineering plc (SPX)	1,667	431	25.9	154.21	93.3	11,359	11,856	7.1	27.5	1.0
The Weir Group PLC (WEIR)	3,314	522	15.8	27.16	96.2	7,047	8,654	2.6	16.6	2.8
Velan, Inc. (VLN)	356	29	8.1	5.49	79.1	119	102	0.3	3.6	(0.6)
Median			12.3%		89.4%			1.7x	11.8x	1.0x
Mean			9.9		88.4			2.2	12.1	(0.5)

(1) Source: S&P Capital IQ and JKC research.

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/20. Due to the COVID-19 pandemic, some international companies have not yet reported 12/31/20 financials.

(3) Total enterprise value is defined as market capitalization plus total debt less cash and cash equivalents.

(4) Net debt is defined as total debt less cash and cash equivalents.

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Wall Street Pump Watch

The JKC Pump Stock Index was up 5.1% over the last twelve months, while the S&P 500 Index was up 15.3% over the same time period.

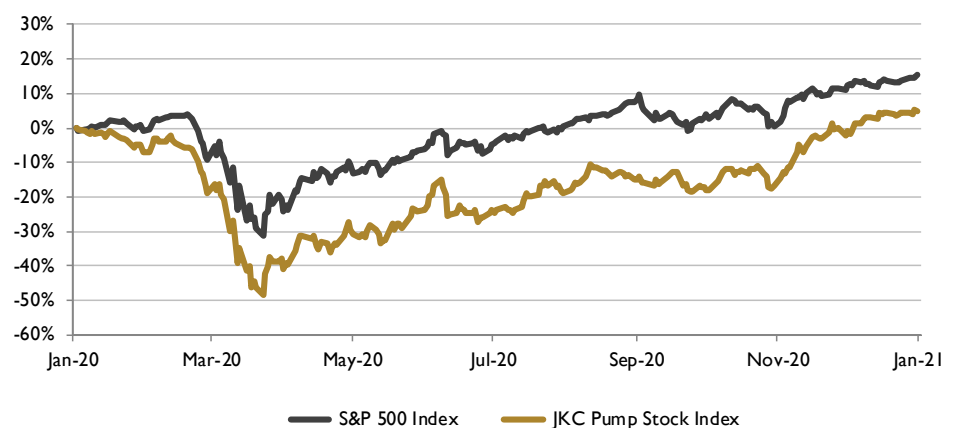
The Institute for Supply Management's Purchasing Managers' Index (PMI) jumped to 60.7% in December from 57.5% in November. The manufacturing sector is benefiting from the pandemic-induced shift toward spending on goods versus services. The production index rose to a near decade-long high of 64.8% and may stay elevated over the near-term as the new orders index grew to 67.9%. The backlog of orders continue to grow, up 2.2 points to 59.1%. There was a 12.2 point jump in the prices paid index to a two-and-a-half year high of 77.6%, with no commodities reported down in price. The employment index rose back into positive territory at 51.5%, after falling into contraction territory in November.⁽¹⁾

Industrial production increased 0.4% in November. After falling for three consecutive months, motor vehicles and parts shot up 5.3% while mining added 2.3%. Manufacturing, which comprises three quarters of all industrial output, grew 0.8%. Manufacturing output is still about 5% below its pre-recession high set in December of 2018. Utilities fell 4.3% during the month, while consumer good production and business supplies fell 0.3% and 0.5%, respectively.

On Wall Street. The Dow Jones Industrial Average, the S&P 500 Index and the NASDAQ Composite rose 3.3%, 3.7% and 5.7%, respectively, in December as the first doses of the COVID-19 vaccine were rolled out in the U.S. For the year, the Dow and S&P 500 gained 7.3% and 16.3%, respectively. The NASDAQ had its best year since 2009, gaining 43.6%. The Federal Reserve Bank's stimulus package helped markets rebound sharply from record lows set in February and March. The S&P 500 gained 66% from its March 23rd low. The technology and consumer discretionary sectors were the largest gainers of the year. Energy was the worst performing sector among the eleven major S&P 500 sectors.

There was a 12.2 point jump in the prices paid index to a two-and-a-half year high of 77.6%, ...

CHART II: JKC PUMP STOCK INDEX⁽²⁾



(1) See Economic Indicators section of this report for more detailed information on these indicators.

(2) Source: S&P Capital IQ and JKC research. Local currency converted to USD using historical spot rates. The JKC Pump Stock Index includes a select list of publicly-traded companies involved in the pump industry weighted by market capitalization.

Pump Companies

Domestic Pump companies (as listed in Table VII) and international Pump companies (in Table VIII) were trading at median TEV/LTM EBITDA multiples of 16.8x and 9.8x, respectively, as of December 31, 2020. As you can see, both groups are similarly leveraged with a median net debt/LTM EBITDA ratio of 1.6x for domestic Pump companies compared to 0.6x for international Pump companies. In our assessment, both groups are extremely well capitalized and could afford to take on additional indebtedness.

TABLE VII: SELECTED DOMESTIC PUMP COMPANIES⁽¹⁾

(US\$ in millions, except per share data)

Company	LTM			Stock Price 12/31/2020	% of 52-Week High	Market Cap	Total Enterprise Value ⁽³⁾	TEV / LTM		Net Debt ⁽⁴⁾ EBITDA
	Revenues ⁽²⁾	EBITDA ⁽²⁾	Margin					Revenues	EBITDA	
Ampco-Pittsburgh Corp. (AP)	\$339	\$25	7.2%	\$5.48	80.5%	\$100	\$127	0.4x	5.2x	0.8x
Baker Hughes Inc. (BKR)	20,705	2,112	10.2	20.85	80.2	14,299	23,594	1.1	11.2	1.7
Cofax Corporation (CFX)	3,071	504	16.4	38.24	97.3	4,530	6,898	2.2	13.7	4.6
Crane Co. (CR)	2,937	390	13.3	77.66	86.7	4,513	5,258	1.8	13.5	1.7
Curtiss-Wright Corp. (CW)	2,379	517	21.7	116.35	77.6	4,829	5,594	2.4	10.8	1.5
Danaher Corp. (DHR)	22,284	6,006	27.0	222.14	89.5	157,803	178,156	8.0	29.7	2.5
Dover Corp. (DOV)	6,684	1,340	20.1	126.25	99.1	18,193	20,903	3.1	15.6	2.1
Energy Recovery, Inc. (ERII)	112	38	34.2	13.64	97.6	765	677	6.0	17.7	(2.3)
Flowsolve Corp. (FLS)	3,728	415	11.1	36.85	71.9	4,800	5,787	1.6	13.9	2.0
Franklin Electric Co. Inc. (FELE)	1,247	181	14.5	69.21	95.3	3,198	3,204	2.6	17.7	(0.0)
General Electric Co. (GE)	79,619	6,831	8.6	10.80	81.4	94,607	157,306	2.0	23.0	7.3
Gorman-Rupp Co. (GRC)	349	44	12.6	32.45	83.5	847	753	2.2	17.1	(2.5)
Graco Inc. (GGG)	1,650	488	29.6	72.35	98.5	12,122	12,046	7.3	24.7	(0.3)
IDEX Corp. (IEX)	2,352	620	26.4	199.20	99.8	15,081	15,356	6.5	24.8	0.0
Illinois Tool Works Inc. (ITW)	12,574	3,370	26.8	203.88	90.7	64,532	70,309	5.6	20.9	1.7
Ingersoll-Rand Co. Ltd. (IR)	4,910	607	12.4	45.56	97.3	19,028	21,813	4.4	36.0	3.5
ITT Corporation (ITT)	2,478	343	13.8	77.02	96.7	6,655	6,100	2.5	17.8	(1.9)
National Oilwell Varco, Incorporated (NOV)	6,090	(292)	(4.8)	13.73	53.2	5,331	6,475	1.1	NM	NM
Pentair, Inc. (PNR)	3,018	582	19.3	53.09	90.3	8,831	9,637	3.2	16.6	1.5
Roper Technologies Inc. (ROP)	5,527	2,020	36.6	431.09	94.6	45,209	54,611	9.9	27.0	4.7
Schlumberger Limited (SLB)	23,601	5,713	24.2	21.83	53.1	30,388	44,742	1.9	7.8	2.6
SPX Flow Inc. (FLOW)	1,351	161	11.9	57.96	95.1	2,447	2,556	1.9	15.9	0.1
Standex International Corp. (SXI)	602	107	17.8	77.52	95.6	960	1,110	1.8	10.4	1.2
Weatherford International Ltd. (WFT)	3,685	460	12.5	6.00	16.2	420	2,204	0.6	4.8	3.8
Xylem Inc. (XYL)	4,876	751	15.4	101.79	99.9	18,346	19,906	4.1	26.5	1.6
Median			15.4%		90.7%			2.4x	16.8x	1.6x
Mean			17.5		84.9			3.4	17.6	1.6

(1) Source: S&P Capital IQ and JKC research.

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/20.

(3) Total enterprise value is defined as market capitalization plus total debt less cash and cash equivalents.

(4) Net debt is defined as total debt less cash and cash equivalents.

TABLE VIII: SELECTED INTERNATIONAL PUMP COMPANIES⁽¹⁾

(US\$ in millions, except per share data)

Company	LTM			Stock Price 12/31/2020	% of 52-Week High	Market Cap	Total Enterprise Value ⁽³⁾	TEV / LTM		Net Debt ⁽⁴⁾ EBITDA
	Revenues ⁽²⁾	EBITDA ⁽²⁾	Margin					Revenues	EBITDA	
Alfa Laval AB (ALFA)	\$5,326	\$1,056	19.8%	\$27.55	86.9%	\$11,558	\$12,463	2.3x	11.8x	0.7x
Andritz AG (ANDR)	8,286	723	8.7	45.85	95.4	4,579	4,658	0.6	6.4	0.1
DMW Corp. (6365)	193	26	13.4	38.03	89.2	161	63	0.3	2.4	(2.8)
Ebara Corp. (6361)	5,090	522	10.3	32.65	94.4	3,114	2,634	0.5	5.0	(0.9)
FLSmidth & Co. A/S (FLS)	2,995	211	7.0	38.26	84.7	1,919	2,241	0.7	10.6	1.4
Gevelot SA (ALGEV)	118	4	3.6	199.39	80.7	153	(20)	NM	NM	NM
GUD Holdings Ltd. (GUD)	338	74	21.8	9.06	85.9	849	1,021	3.0	13.8	2.2
Hyundai Heavy Industries Co. Ltd. (A009540)	14,401	765	5.3	99.70	81.6	7,050	10,248	0.7	13.4	2.3
John Wood Group plc (WG)	10,130	707	7.0	4.24	72.7	2,858	4,777	0.5	6.8	2.5
Kirloskar Brothers Ltd. (500241)	381	31	8.2	1.76	71.2	140	153	0.4	4.9	0.4
KSB Aktiengesellschaft (KSB)	2,825	191	6.8	330.28	83.9	541	576	0.2	3.0	(0.9)
Kubota Corp. (6326)	17,597	2,270	12.9	21.81	98.2	26,084	33,716	1.9	14.9	2.7
Nikkiso Co. Ltd. (6376)	1,514	164	10.9	9.73	67.9	693	1,730	1.1	10.5	6.1
Pfeiffer Vacuum Technology AG (PFV)	758	97	12.8	193.52	87.9	1,893	1,841	2.4	18.9	(0.5)
SKF AB (SKF B)	9,313	1,199	12.9	25.98	96.3	11,834	12,764	1.4	10.6	0.4
Spirax-Sarco Engineering plc (SPX)	1,667	431	25.9	154.21	93.3	11,359	11,856	7.1	27.5	1.0
Sulzer, Ltd. (SUN)	4,016	457	11.4	105.23	84.3	3,576	4,134	1.0	9.1	1.1
Teikoku Electric Mfg.Co.,Ltd. (6333)	209	40	19.0	11.69	75.0	230	128	0.6	3.2	(2.7)
The Weir Group PLC (WEIR)	3,314	522	15.8	27.16	96.2	7,047	8,654	2.6	16.6	2.8
Torishima Pump Manufacturing Co. Ltd. (6363)	463	44	9.4	8.37	92.6	220	195	0.4	4.5	0.4
Tsurumi Manufacturing Co. Ltd. (6351)	440	60	13.6	17.10	82.1	428	306	0.7	5.1	(2.3)
Median			11.4%		85.9%			0.7x	9.8x	0.6x
Mean			12.2		85.7			1.4	10.0	0.7

(1) Source: S&P Capital IQ and JKC research.

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/20. Due to the COVID-19 pandemic, some international companies have not yet reported 12/31/20 financials.

(3) Total enterprise value is defined as market capitalization plus total debt less cash and cash equivalents.

(4) Net debt is defined as total debt less cash and cash equivalents.

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Wall Street Filter Watch

The JKC Filter Stock Index was up 18.3% over the last twelve months, while the S&P 500 Index was up 15.3%.

Total housing starts grew 5.8% to a 1.67 million unit pace in December, the strongest pace since 2006. The monthly gain was due to a robust 12% surge in single-family starts. Single-family starts were up 27.8% over the year. Total building permits rose 4.5% in December driven by a 7.8% upturn in single-family permits. Multifamily starts declined 13.6% in December and were down 38.7% year-over-year.⁽¹⁾

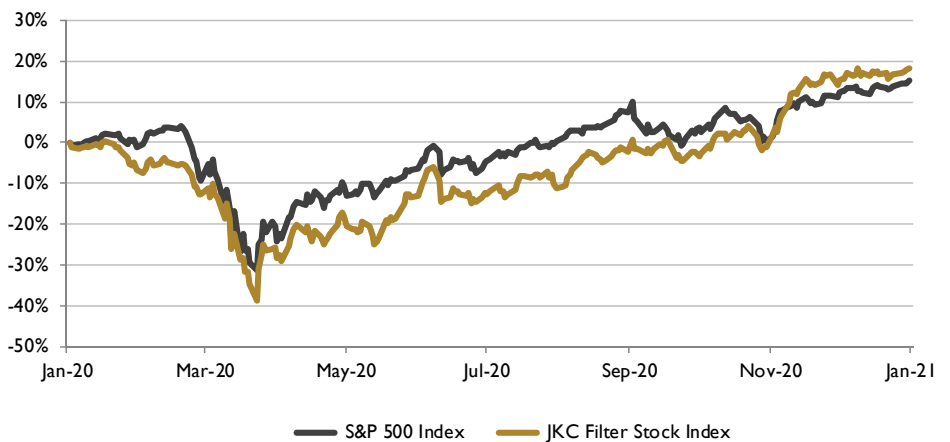
Single-family [housing] starts were up 27.8% over the year.

Analysts expect U.S. vehicle sales to total 14.4 million to 14.6 million in 2020, the lowest level since at least 2012 and down roughly 15% from a year earlier. Nearly all major auto makers are expected to post significant declines for 2020 and upend an unprecedented five-year stretch in which U.S. sales topped 17 million vehicles annually.

General Motors had a big increase in deliveries of pickup trucks and large sport-utility vehicles, helping overall sales rise 4.8% in the fourth quarter, GM's only quarterly increase of 2020. Its overall sales declined 12% in 2020. Toyota Motor Corp.'s U.S. sales fell 11% in 2020, while its sales in December increased over the year before. Fiat Chrysler Automobiles NV's fourth-quarter sales fell 8% due to sharply lower demand from car-rental companies. The company's full-year sales fell 17%. Nissan Motor Co.'s sales dropped more than any major auto maker in 2020, falling 33%.

On Wall Street. The Dow Jones Industrial Average, the S&P 500 Index and the NASDAQ Composite rose 3.3%, 3.7% and 5.7%, respectively, in December as the first doses of the COVID-19 vaccine were rolled out in the U.S. For the year, the Dow and S&P 500 gained 7.3% and 16.3%, respectively. The NASDAQ had its best year since 2009, gaining 43.6%. The Federal Reserve Bank's stimulus package helped markets rebound sharply from record lows set in February and March. The S&P 500 gained 66% from its March 23rd low. The technology and consumer discretionary sectors were the largest gainers of the year. Energy was the worst performing sector among the eleven major S&P 500 sectors.

CHART III: JKC FILTER STOCK INDEX⁽²⁾



(1) See Economic Indicators section of this report for more detailed information on these indicators.
 (2) Source: S&P Capital IQ and JKC research. Local currency converted to USD using historical spot rates. The JKC Filter Stock Index includes a select list of publicly-traded companies involved in the filter industry weighted by market capitalization.

Filter Companies

As of December 31, 2020, domestic and international Filter companies (listed in Table IX and Table X, respectively) were trading at medians of 16.6x and 11.0x, respectively, of TEV/LTM EBITDA with median LTM EBITDA margins of 17.0% and 12.1%, respectively. With the exception of a few companies, both the domestic and international Filter companies are conservatively capitalized.

TABLE IX: SELECTED DOMESTIC FILTER COMPANIES⁽¹⁾

(US\$ in millions, except per share data)

Company	LTM			Stock Price 12/31/2020	% of 52-Week High	Market Cap	Total Enterprise Value ⁽³⁾	TEV / LTM		Net Debt ⁽⁴⁾ EBITDA
	Revenues ⁽²⁾	EBITDA ⁽²⁾	Margin					Revenues	EBITDA	
3M Co. (MMM)	\$32,184	\$9,427	29.3%	\$174.79	95.8%	\$100,823	\$116,775	3.6x	12.4x	1.6x
Cantel Medical Corp. (CMD)	1,056	194	18.3	78.86	97.5	3,271	4,070	3.9	21.0	4.1
CECO Environmental Corp. (CECE)	322	35	10.9	6.96	77.3	246	291	0.9	8.3	1.3
Corning Inc. (GLW)	11,303	2,877	25.5	36.00	93.7	27,533	36,289	3.2	12.6	2.1
Crane Co. (CR)	2,937	390	13.3	77.66	86.7	4,513	5,258	1.8	13.5	1.7
Cummins Inc. (CMI)	19,811	3,237	16.3	227.10	92.8	33,612	35,889	1.8	11.1	0.2
Donaldson Company Inc. (DCI)	2,546	432	17.0	55.88	96.0	7,054	7,384	2.9	17.1	0.7
Eaton Corporation (ETN)	17,858	2,859	16.0	120.14	97.1	48,092	56,038	3.1	19.6	2.5
Entegris, Inc. (ENTG)	1,859	549	29.5	96.10	96.0	12,973	13,661	7.3	24.9	1.0
ESCO Technologies Inc. (ESE)	724	141	19.5	103.22	96.4	2,688	2,749	3.8	19.4	0.3
General Electric Co. (GE)	79,619	6,831	8.6	10.80	81.4	94,607	157,306	2.0	23.0	7.3
Honeywell International Inc. (HON)	32,637	7,971	24.4	212.70	98.2	149,249	157,485	4.8	19.8	1.0
Illinois Tool Works Inc. (ITW)	12,574	3,370	26.8	203.88	90.7	64,532	70,309	5.6	20.9	1.7
Lydall Inc. (LDL)	764	71	9.4	30.03	85.5	533	717	0.9	10.0	2.6
Parker Hannifin Corporation (PH)	13,505	2,703	20.0	272.41	97.2	35,086	42,268	3.1	15.6	2.4
Pentair, Inc. (PNR)	3,018	582	19.3	53.09	90.3	8,831	9,637	3.2	16.6	1.5
Tenneco Inc. (TEN)	15,379	880	5.7	10.60	75.5	863	6,277	0.4	7.1	5.2
Watts Water Technologies, Inc. (WTS)	1,509	255	16.9	121.70	98.9	4,094	4,155	2.8	16.3	0.2
Xylem Inc. (XYL)	4,876	751	15.4	101.79	99.9	18,346	19,906	4.1	26.5	1.6
Median			17.0%		95.8%			3.1x	16.6x	1.6x
Mean			18.0		91.9			3.1	16.6	2.1

(1) Source: S&P Capital IQ and JKC research.

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/20.

(3) Total enterprise value is defined as market capitalization plus total debt less cash and cash equivalents.

(4) Net debt is defined as total debt less cash and cash equivalents.

TABLE X: SELECTED INTERNATIONAL FILTER COMPANIES⁽¹⁾

(US\$ in millions, except per share data)

Company	LTM			Stock Price 12/31/2020	% of 52-Week High	Market Cap	Total Enterprise Value ⁽³⁾	TEV / LTM		Net Debt ⁽⁴⁾ EBITDA
	Revenues ⁽²⁾	EBITDA ⁽²⁾	Margin					Revenues	EBITDA	
Ahlstrom-Munksjo Oyj (AMI)	\$3,298	\$368	11.2%	\$22.14	98.3%	\$2,546	\$3,544	1.1x	9.6x	2.4x
Alfa Laval AB (ALFA)	5,326	1,056	19.8	27.55	86.9	11,558	12,463	2.3	11.8	0.7
Amiad Filtration Systems Ltd (AFS)	120	11	8.9	3.48	91.1	106	118	1.0	11.0	0.7
Andritz AG (ANDR)	8,286	723	8.7	45.85	95.4	4,579	4,658	0.6	6.4	0.1
Asahi Kasei Corp. (3407)	20,080	2,730	13.6	10.22	86.0	14,177	19,309	1.0	7.1	1.7
Daikin Industries Ltd. (6367)	23,500	3,509	14.9	222.08	93.8	64,987	65,046	2.8	18.5	(0.1)
Denso Corp. (6902)	44,665	1,823	4.1	59.43	98.6	46,054	48,280	1.1	26.5	(0.1)
Faurecia SA (EO)	18,307	1,478	8.1	51.27	84.7	7,019	12,351	0.7	8.4	2.6
FLSmidth & Co. A/S (FLS)	2,995	211	7.0	38.26	84.7	1,919	2,241	0.7	10.6	1.4
GEA Group AG (GIA)	5,804	286	4.9	36.15	87.9	6,465	6,183	1.1	21.6	(0.9)
GUD Holdings Ltd. (GUD)	338	74	21.8	9.06	85.9	849	1,021	3.0	13.8	2.2
Ibiden Co., Ltd. (4062)	2,864	522	18.2	46.65	93.5	6,518	6,801	2.4	13.0	0.6
Johnson Matthey plc (JMAT)	20,122	793	3.9	33.11	79.5	6,374	7,633	0.4	9.6	1.5
NGK Insulators Ltd. (5333)	4,042	762	18.9	15.43	79.8	4,883	6,267	1.6	8.2	1.5
Nitto Denko Corp. (6988)	6,981	1,132	16.2	89.43	99.5	13,233	10,673	1.5	9.4	(2.3)
Porvair plc (PRV)	200	30	14.9	7.24	66.5	332	351	1.8	11.9	0.4
Sartorius AG (SRT)	2,631	744	28.3	414.68	89.0	28,803	31,129	11.8	41.8	3.1
Siemens AG (SIE)	69,895	8,465	12.1	144.15	97.7	114,887	153,149	2.2	18.1	4.3
Toray Industries Inc. (3402)	18,878	1,666	8.8	5.92	79.3	9,478	17,836	0.9	10.7	4.5
Median			12.1%		87.9%			1.1x	11.0x	1.4x
Mean			12.9		88.3			2.0	14.1	1.3

(1) Source: S&P Capital IQ and JKC research.

(2) Revenues and EBITDA are for the latest twelve months as of 12/31/20. Due to the COVID-19 pandemic, some international companies have not yet reported 12/31/20 financials.

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Valuation Trends over Time

Quarterly TEV/LTM EBITDA valuation multiples are higher than last quarter levels for most pump companies. Annual multiples for domestic and international companies are also generally higher than last year.

CHART IV: QTRLY MEDIAN TEV/LTM EBITDA VALUATION MULTIPLES⁽¹⁾

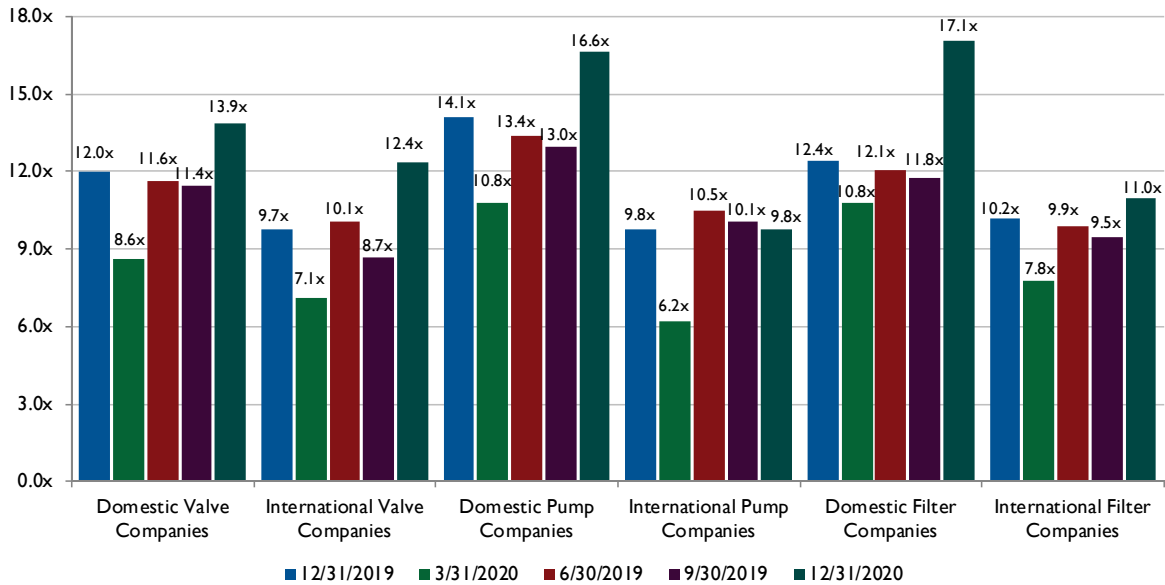
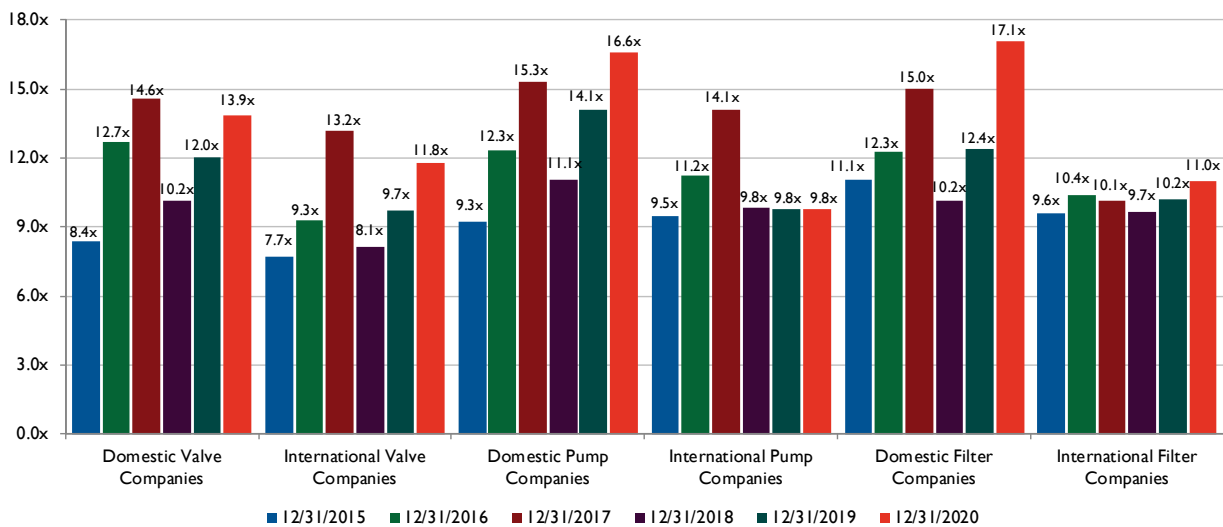


CHART V: ANNUAL MEDIAN TEV/LTM EBITDA VALUATION MULTIPLES⁽¹⁾



(1) Source: S&P Capital IQ and JKC research.

Economic Indicators – Valves and Pumps⁽¹⁾

BY DAVID A. KAKAREKA

CHART VI: U.S. PMI INDEX⁽²⁾ AND MANUFACTURING SHIPMENTS⁽³⁾

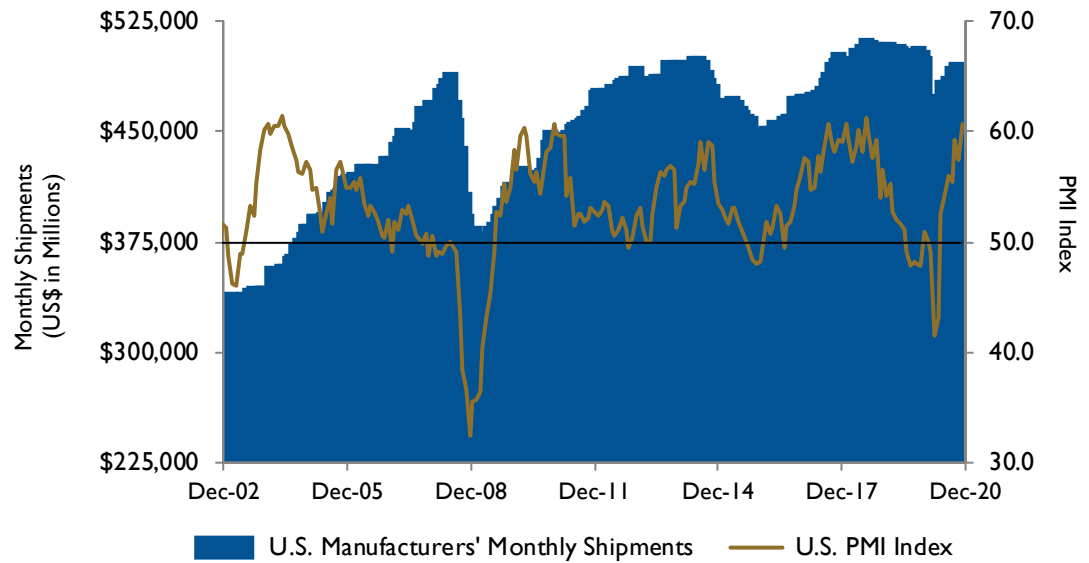
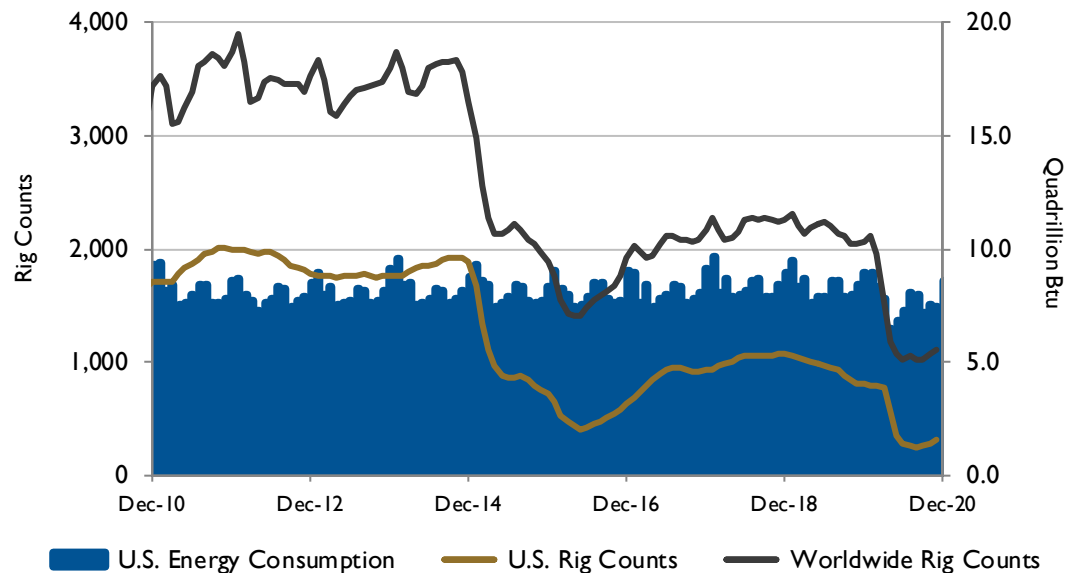


CHART VII: U.S. ENERGY CONSUMPTION⁽⁴⁾ AND RIG COUNTS⁽⁵⁾



(1) Economic indicators used in Public Equity and Valuation Analysis section of this report.
 (2) Source: Institute for Supply Management Manufacturing Report on Business®. A PMI Index above 50 represents expansion within the manufacturing sector compared with the prior month.
 (3) Source: U.S. Census Bureau; Manufacturers' Shipments, Inventories and Orders Survey.
 (4) Source: U.S. Energy Information Administration, Short-term Energy Outlook.
 (5) Source: Baker Hughes Inc.

Economic Indicators – Filters⁽¹⁾

BY DAVID A. KAKAREKA

CHART VIII: U.S. HOUSING STARTS AND CONSTRUCTION SPENDING⁽²⁾

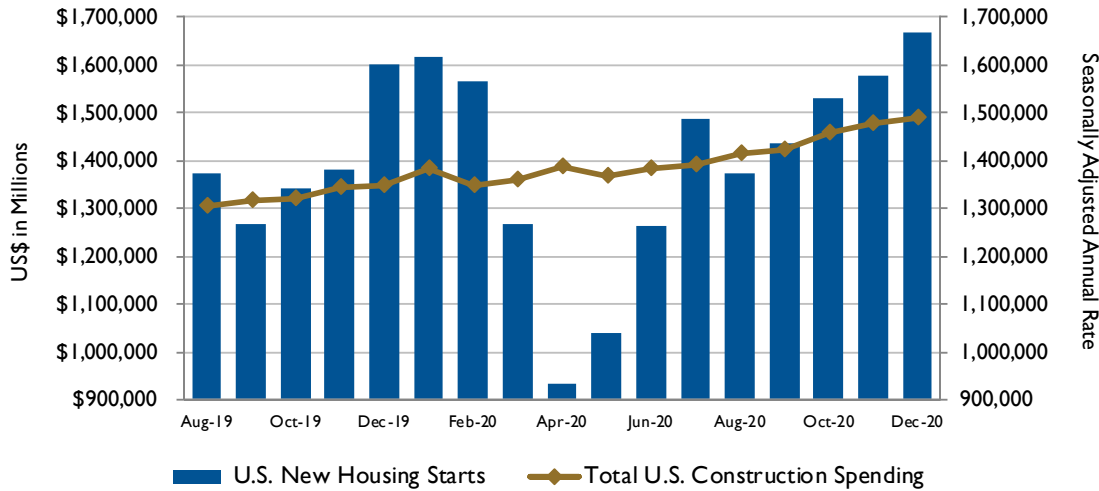
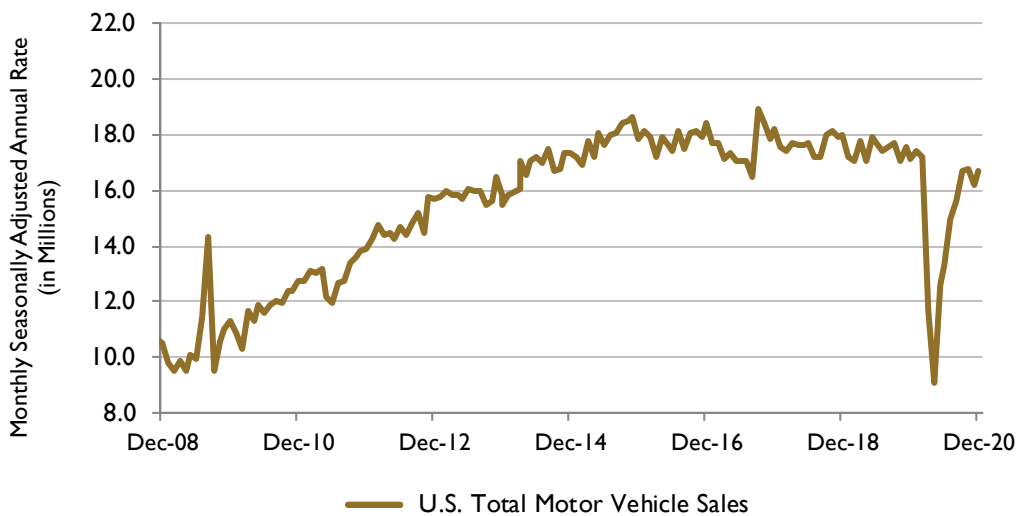


CHART IX: U.S. MOTOR VEHICLE SALES⁽³⁾



(1) Economic indicators used in Public Equity and Valuation Analysis section of this report.
 (2) Source: U.S. Census Bureau; Manufacturing, Mining and Construction Statistics.
 (3) Source: U.S. Department of Commerce, Bureau of Economic Analysis.

JORDAN KNAUFF & COMPANY

FLOW CONTROL TEAM



G. COOK JORDAN, JR.
Managing Principal
Office (312) 254-5901
cj@jordanknauff.com



DAVID A. KAKAREKA
Vice President of Transaction Management
Office (312) 254-5907
dkakareka@jordanknauff.com



LORI A. CALLAWAY
Vice President of Research and Publications
Office (312) 254-5914
lcallaway@jordanknauff.com

ABOUT JORDAN KNAUFF & COMPANY

Jordan Knauff & Company was founded in 2001 to undertake a distinct mission: to assemble and maintain a staff of top-notch investment banking personnel and offer their knowledge and experience to provide the best available investment banking services to middle-market companies, the entrepreneurs that lead them and the financial entities that transact with them. On a combined basis, over the course of their careers our employees have completed over 200 transactions as investors, owners, operators, buyers, sellers and investment bankers of middle-market businesses across a variety of industries. The majority of our firm's broad transaction experience has been with private companies owned by one shareholder, a partnership, a family or private equity investors.



200 West Madison Street, Suite 980
Chicago, Illinois 60606-3414
tel: (312) 254-5900 ■ fax: (312) 254-5999
email: info@jordanknauff.com ■ web: www.jordanknauff.com

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