

**Industrials Update**  
**Deloitte Corporate**  
**Finance LLC**



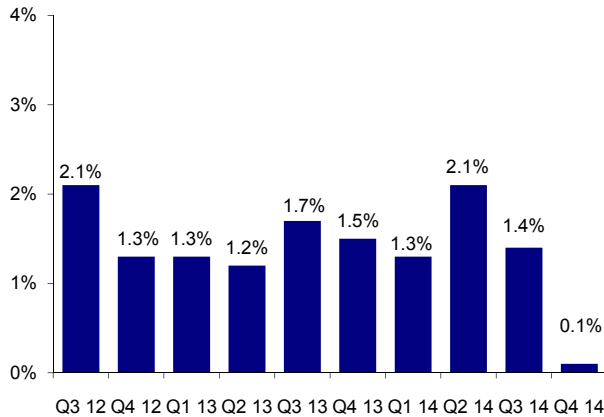
# Industry trends

## Industrials industry trends

- Construction industry to see more balanced growth in 2015:** Total U.S. construction starts for 2015 are expected to rise 9% to \$612 billion, an improvement compared to the 5% increase in 2014.
  - Office building construction is expected to increase by 15% compared to the 14% gain seen in 2014, driven primarily by private development in the technology and financial services sectors.
  - Public sector construction is expected to improve by 5%, rebounding from a 9% decline observed in 2014. The rebound is expected to be led by increasing highway and bridge construction, as well as by modest gains that are anticipated for environmental public works.
  - Industrial sector construction is also expected to grow by 16% this year, although at a lesser pace than prior years, which have benefited from large expansion projects in the oil & gas and chemical sectors.
- U.S. reshoring is expected to continue, but at a slower pace:** An increasing number of U.S. businesses are reducing manufacturing footprints at their overseas plants while opening up additional manufacturing capacity in the U.S.
  - According to estimates published by BCG, millions of manufacturing jobs are expected to return to the U.S. by 2020, as domestic companies aim to manufacture closer to their customers, as well as due to the shrinking wage gap in many emerging economies.
  - However, reshoring progress could be slowed by the rising costs of health insurance and other federal regulations. Health insurance for U.S. workers is projected to increase by 6.3% in the next 12 months. Additionally, at approximately \$19,500 per employee, compliance costs for manufacturers are more than double what other industries must incur to comply with federal regulations.
- Economic activity in the manufacturing sector expands at its slowest pace in 13 months:** U.S. manufacturing expansion slowed down in March, as the PMI registered 51.5 percent, a decrease in 1.4 percentage points when compared to February's reading of 52.9 percent.
  - The slowdown in the manufacturing sector expansion is primarily driven by reduced oil prices taking their toll on the domestic oil & gas industry, production slowdowns due to inclement weather during another harsh winter in the eastern U.S., and rising costs of healthcare premiums.

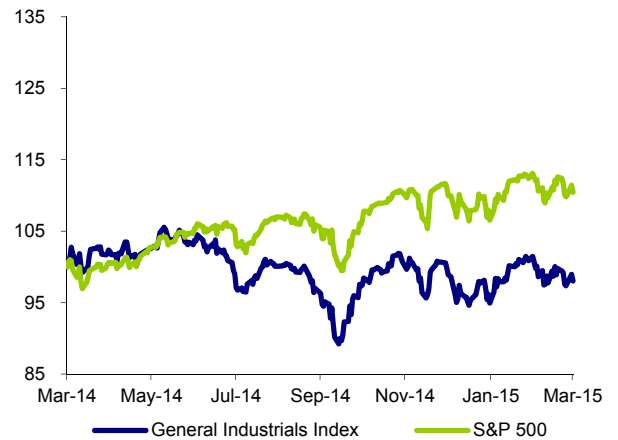
Sources: ISM, Company filings, EIA, IBISWorld, DODGE – Construction Industry Press Release

**Seasonally Adjusted GDP Growth Rate**



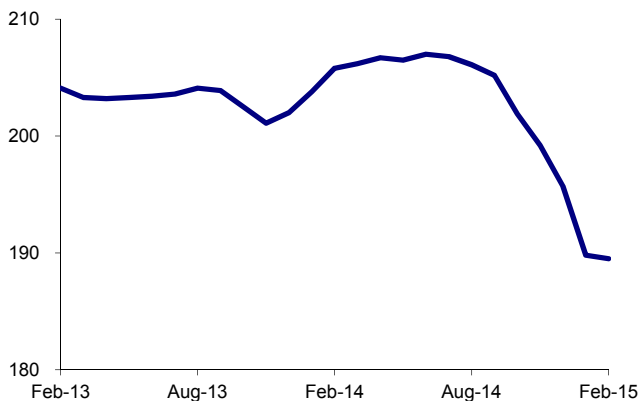
Source: Bureau of Economic Analysis

**General Industrials vs. S&P 500 Index**



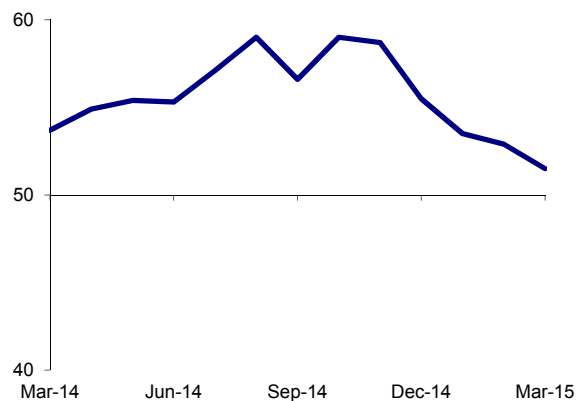
Source: Capital IQ

**Producer Price Index: Industrial Commodities**



Source: U.S. Bureau of Labor Statistics

**Purchasing Managers' Index (PMI)**



Source: Institute for Supply Management

# Highlighted transactions

## Deals announced

**March 26, 2015 – Roller Bearing Co. of America Inc.** agreed to acquire **Sargent Aerospace & Defense LLC**, a Tucson-based developer and manufacturer of precision engineered components from **Dover Corporation**, for \$500 million.

**March 12, 2015 – Installed Building Products Inc.** acquired **BDI Insulation Contracting Inc.**, a Bakersfield based provider of fiberglass insulation installation services, for \$36 million.

**March 9, 2015 – Alcoa Inc.** agreed to acquire the entire share capital of **RTI International Metals Inc.**, a Pittsburgh-based manufacturer of titanium mill and metal product, for \$1.2 billion.

**February 28, 2015 – Primoris Services Corp.** acquired **Aevenia Inc.**, a Moorhead-based electric power distributor, from **Otter Tail Corp.**, for \$23 million.

**February 27, 2015 – CCL Industries** acquired **Meetings Direct LLC**, a Verona-based supplier of Advertising Specialty products, for \$37 million.

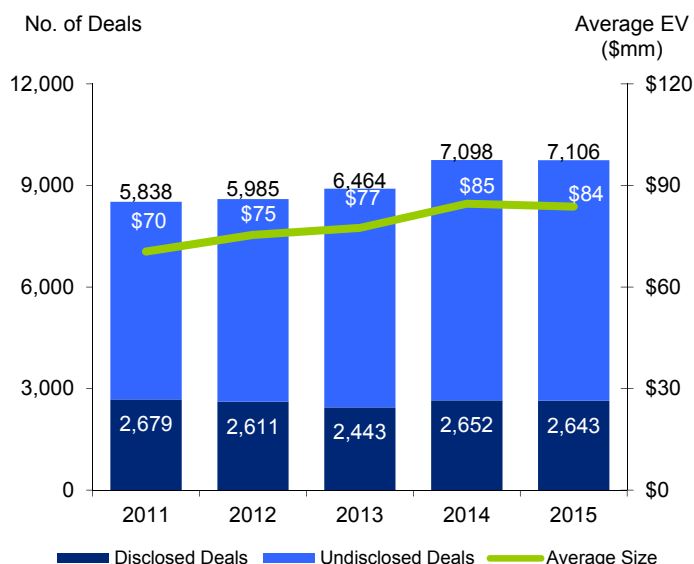
**February 23, 2015 – Grupo Ferroatlantica**, agreed to merge with **Globe Specialty Metals Inc.**, a Miami-based manufacturer of silicon metal, in a stock swap transaction for \$1.3 billion.

**February 23, 2015 – 3M Company** agreed to acquire the Separations Media segment from **Polypore International Inc.**, a Charlotte-based manufacturer for specialized microporous membranes for use in filtration processes, for \$1 billion.

**February 19, 2015 – Mahle GmbH** agreed to acquire the Thermal Systems business of **Delphi Automotive**, a Troy-based manufacturer and wholesaler of motor vehicles, for \$727 million.

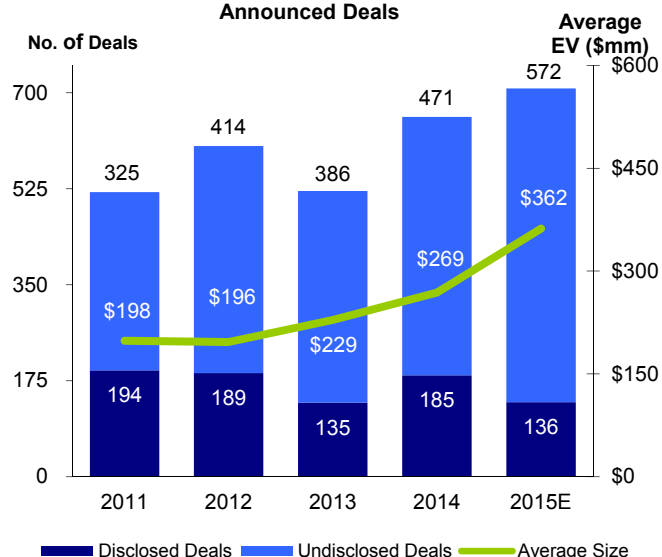
Source: ThomsonOne

**U.S. Middle Market M&A Announced Deals**



Source: Thomson Financial

**Industrials M&A Activity Announced Deals**



Source: Thomson Financial

# Highlighted transactions

## Deals announced (cont.)

**February 19, 2015 – Ball Corporation** acquired **Rexam PLC**, a London-based manufacturer and distributor of beverage cans, for \$8.4 billion.

**February 18, 2015 – TE Connectivity Ltd.** acquired **AdvancedCath Inc.**, a San Jose-based developer and manufacturer of catheter systems, for \$190 million.

**January 30, 2015 – Fenner PLC** acquired **Charter Medical Ltd**, a Winston-Salem based manufacturer of medical systems, for \$30 million.

**January 26, 2015 – MeadWestvaco Corp.** definitively agreed to acquire the entire share capital of **Rock-Tenn Co.**, a Norcross-based manufacturer of packaging products, to form NewCo, in a stock swap transaction valued at \$8 billion.

**January 14, 2015 – Worthington Industries Inc.** acquired **Rome Strip Steel Inc.**, a Rome-based manufacturer of rolled strip steels, for \$55 million.

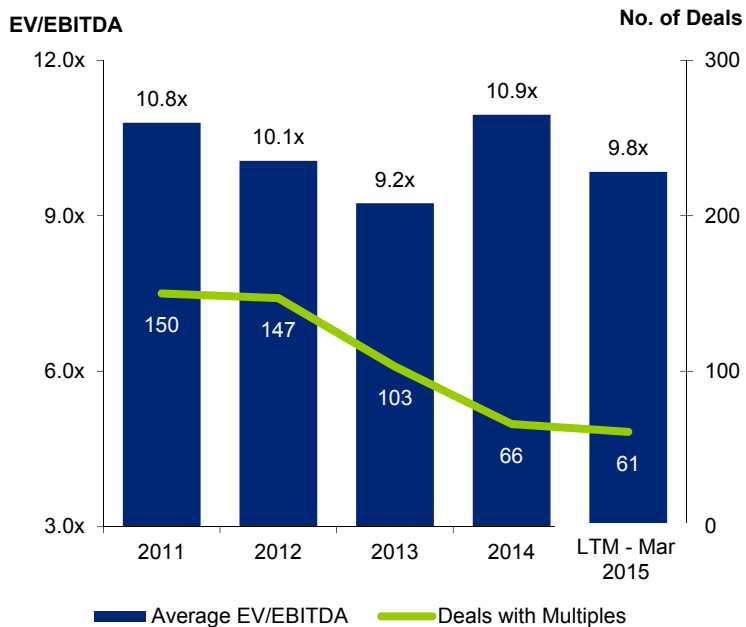
**January 12, 2015 – Gramercy Property Inc.** acquired an undisclosed manufacturing facility, located in St. Louis, Missouri, for \$37 million.

**January 6, 2015 – Meggit PLC** acquired Precision Engine Control Corp., a San Diego-based manufacturer of turbines and turbine generator set units, from **Hamilton Sundstrand Corp.**, for \$44 million.

**January 2, 2015 – Graco Inc.** agreed to acquire **White Knight Fluid Handling Inc.**, a Kamas-based manufacturer of fluid handling products, for \$25 million.

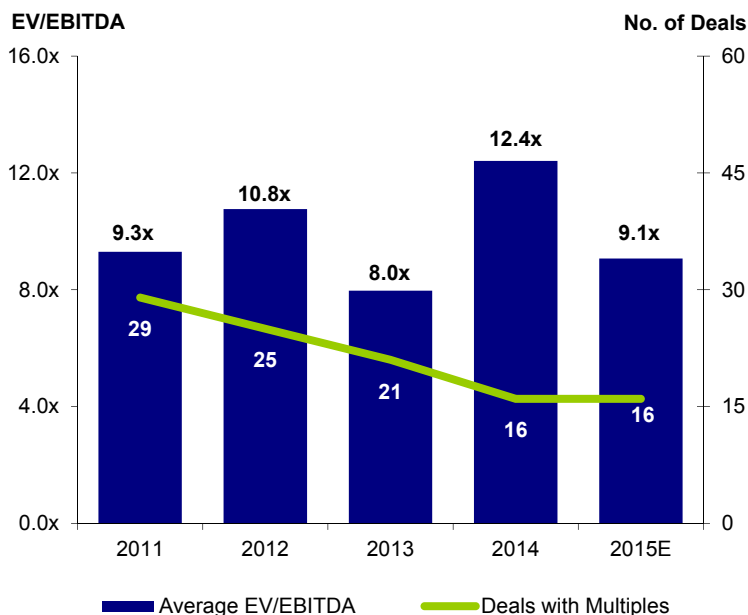
Source: ThomsonOne

U.S. Middle Market M&A Announced Deals



Source: Thomson Financial

Industrials M&A Activity Announced Deals



Source: Thomson Financial

# Market snapshot

\$U.S. in millions

	Reported Date	Market Cap	Enterprise Value (EV)	Enterprise Value to:		EBITDA Margin	Reported P/E	Stock Performance	
				Sales	EBITDA			Quarter	LTM
<b>Diversified Industrials</b>									
3M Company	12/31/14	\$104,796	\$109,169	3.4x	12.8x	26.8%	21.6x	0.4%	21.6%
Danaher Corp.	12/31/14	\$60,034	\$60,502	3.0x	13.3x	22.8%	22.9x	(0.9%)	13.2%
Dover Corporation	12/31/14	\$11,083	\$13,433	1.8x	9.0x	19.4%	14.8x	(3.6%)	(15.4%)
General Electric Company	12/31/14	\$249,775	\$598,839	4.2x	25.7x	16.2%	16.2x	(1.8%)	(4.2%)
Honeywell International Inc.	03/31/15	\$81,427	\$82,215	2.1x	11.8x	17.5%	18.9x	4.4%	12.5%
Illinois Tool Works Inc.	12/31/14	\$36,265	\$39,732	2.8x	11.6x	24.0%	20.6x	2.6%	19.4%
ITT Corporation	12/31/14	\$3,608	\$3,027	1.1x	7.5x	15.2%	19.4x	(1.4%)	(6.7%)
Roper Industries, Inc.	12/31/14	\$17,261	\$18,865	5.3x	15.7x	33.8%	26.6x	10.0%	28.8%
Siemens Aktiengesellschaft	12/31/14	\$90,224	\$103,804	1.2x	10.8x	10.9%	14.9x	(5.1%)	(19.7%)
SPX Corporation	12/31/14	\$3,480	\$4,422	0.9x	11.9x	7.9%	9.2x	(1.2%)	(13.6%)
Textron Inc.	01/03/15	\$12,280	\$15,423	1.1x	10.2x	10.9%	20.5x	5.3%	12.8%
United Technologies Corporation	12/31/14	\$106,470	\$121,029	1.9x	10.1x	18.6%	16.9x	1.9%	0.3%
<b>Average Diversified Industrials</b>				<b>2.4x</b>	<b>12.5x</b>	<b>18.7%</b>	<b>18.6x</b>	<b>0.9%</b>	<b>4.1%</b>

\$U.S. in millions

	Reported Date	Market Cap	Enterprise Value (EV)	Enterprise Value to:		EBITDA Margin	Reported P/E	Stock Performance	
				Sales	EBITDA			Quarter	LTM
<b>Industrial Machinery</b>									
AGCO Corporation	12/31/14	\$4,213	\$4,942	0.5x	5.1x	10.0%	10.8x	5.4%	(13.6%)
Caterpillar Inc.	12/31/14	\$48,512	\$81,488	1.5x	9.1x	16.2%	13.4x	(12.6%)	(19.5%)
Deere & Company	01/31/15	\$29,770	\$63,023	1.8x	11.1x	16.3%	10.9x	(0.9%)	(3.4%)
Eaton Corporation plc	12/31/14	\$31,763	\$39,781	1.8x	11.1x	15.9%	18.0x	(0.0%)	(9.6%)
Ingersoll-Rand Plc	12/31/14	\$17,927	\$20,446	1.6x	12.0x	13.3%	20.5x	7.4%	18.9%
Joy Global, Inc.	01/30/15	\$3,815	\$4,944	1.4x	7.9x	17.1%	12.7x	(15.8%)	(32.4%)
The Manitowoc Company, Inc.	12/31/14	\$2,932	\$4,394	1.1x	10.7x	10.6%	18.5x	(2.4%)	(31.4%)
Terex Corporation	12/31/14	\$2,882	\$4,193	0.6x	7.0x	8.2%	11.3x	(4.6%)	(40.0%)
<b>Average Industrial Machinery</b>				<b>1.3x</b>	<b>9.2x</b>	<b>13.5%</b>	<b>14.5x</b>	<b>(2.9%)</b>	<b>(16.4%)</b>

\$U.S. in millions

	Reported Date	Market Cap	Enterprise Value (EV)	Enterprise Value to:		EBITDA Margin	Reported P/E	Stock Performance	
				Sales	EBITDA			Quarter	LTM
<b>Electronics &amp; Instruments</b>									
Actuant Corporation	02/28/15	\$1,464	\$1,964	1.4x	8.6x	16.8%	34.1x	(12.8%)	(30.5%)
Ametek Inc.	12/31/14	\$12,685	\$14,021	3.5x	13.5x	25.8%	22.0x	(0.2%)	2.0%
Emerson Electric Co.	12/31/14	\$38,796	\$42,447	1.7x	8.5x	20.3%	17.9x	(8.3%)	(15.2%)
Hubbell Inc.	12/31/14	\$6,355	\$6,292	1.9x	10.6x	17.6%	19.9x	2.6%	(8.6%)
Regal Beloit Corporation	01/03/15	\$3,574	\$3,886	1.2x	8.9x	13.5%	116.0x	6.3%	9.9%
Rockwell Automation Inc.	12/31/14	\$15,710	\$15,211	2.3x	11.3x	20.4%	18.9x	4.3%	(6.9%)
Schneider Electric SE	12/31/14	\$44,411	\$50,442	1.7x	11.2x	14.9%	20.7x	5.9%	(12.3%)
TE Connectivity Ltd.	12/26/14	\$29,094	\$32,449	2.3x	11.3x	20.2%	15.4x	13.2%	19.0%
Teledyne Technologies Inc.	12/28/14	\$3,767	\$4,331	1.8x	11.0x	16.4%	18.2x	3.9%	9.7%
Texas Instruments Inc.	12/31/14	\$59,881	\$60,982	4.7x	12.0x	38.9%	21.9x	7.0%	21.3%
<b>Average Electronics &amp; Instruments</b>				<b>2.2x</b>	<b>10.7x</b>	<b>20.5%</b>	<b>30.5x</b>	<b>2.2%</b>	<b>(1.2%)</b>

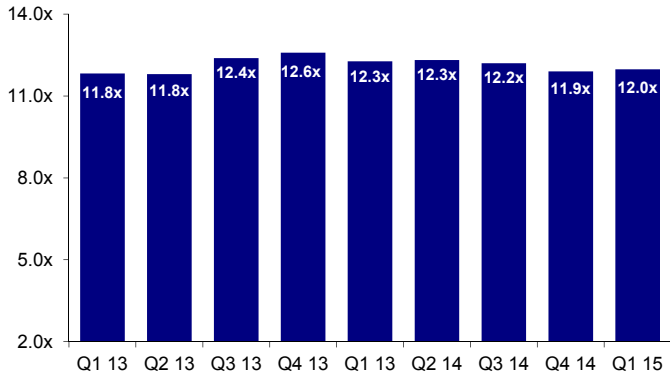
\$U.S. in millions

	Reported Date	Market Cap	Enterprise Value (EV)	Enterprise Value to:		EBITDA Margin	Reported P/E	Stock Performance	
				Sales	EBITDA			Quarter	LTM
<b>Flow &amp; Filtration</b>									
CLARCOR Inc.	02/28/15	\$3,314	\$3,669	2.4x	13.2x	17.9%	22.7x	(0.9%)	15.2%
Donaldson Company, Inc.	01/31/15	\$5,149	\$5,457	2.2x	13.3x	16.5%	21.7x	(2.4%)	(11.1%)
Flowserve Corp.	12/31/14	\$7,610	\$8,315	1.7x	9.3x	18.2%	14.9x	(5.6%)	(27.9%)
IDEX Corporation	12/31/14	\$5,932	\$6,287	3.0x	12.3x	24.3%	21.7x	(2.6%)	4.0%
Mueller Water Products, Inc.	12/31/14	\$1,583	\$2,038	1.7x	11.2x	15.3%	46.0x	(3.8%)	3.7%
Pall Corporation	01/31/15	\$10,706	\$10,853	3.8x	16.4x	23.2%	28.7x	(0.8%)	12.2%
Parker-Hannifin Corporation	12/31/14	\$16,921	\$17,926	1.3x	9.2x	14.6%	16.1x	(7.9%)	(0.8%)
Pentair plc	12/31/14	\$11,306	\$14,200	2.1x	12.0x	17.2%	19.7x	(5.3%)	(20.7%)

Source: S&P Capital IQ

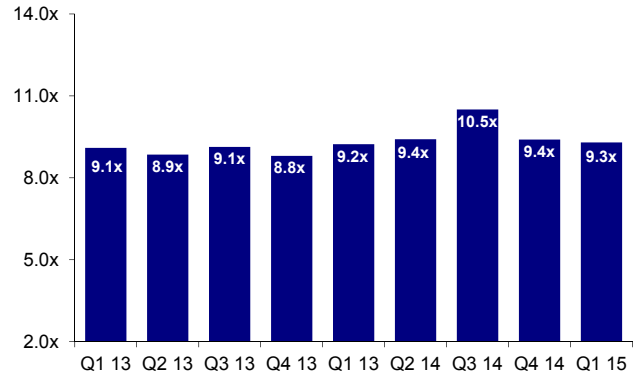
# Market snapshot

**Diversified Industrials Trading Multiples**  
Enterprise Value/EBITDA



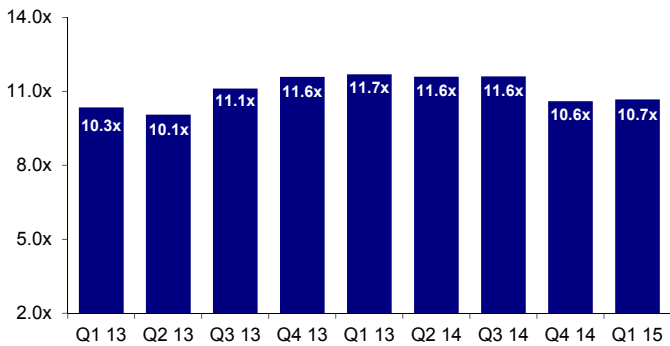
Source: Capital IQ

**Industrial Machinery Trading Multiples**  
Enterprise Value/EBITDA



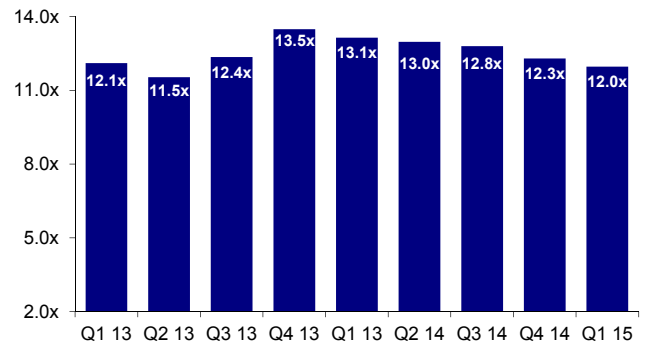
Source: Capital IQ

**Electronics & Instruments Trading Multiples**  
Enterprise Value/EBITDA



Source: Capital IQ

**Flow & Filtration Trading Multiples**  
Enterprise Value/EBITDA



Source: Capital IQ

# Transaction highlight



**SOLID CONCEPTS**  
Solid Concepts, Inc.

*has been acquired by*



**Stratasys**  
FOR A 3D WORLD™  
Stratasys Ltd.

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*The undersigned acted as  
financial advisor to  
Solid Concepts, Inc.*

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**Deloitte**

Deloitte Corporate Finance LLC

## Client Overview

Solid Concepts Inc. provides custom manufacturing solutions via additive manufacturing, rapid prototyping, CNC machining, cast urethanes, injection molding and tooling.

Since 1991, Solid Concepts has provided engineering expertise from multiple fields to bring success to new products in the aerospace, medical, consumer product industries and more.

Solid Concepts capabilities in PolyJet, Stereolithography (SLA), Plastic and Metal Laser Sintering (SLS & DMLS), Fused Deposition Modeling (FDM), QuantumCast™ Cast Urethanes, CNC, Tooling and Injection Molding allow for low to high volume production of plastics, urethanes and metals directly from design data, resulting in significant time and cost savings. Solid Concepts holds ISO 9001 and AS9100 certifications.

## Situation Overview

Deloitte Corporate Finance LLC ("DCF") acted as financial advisor to California-based Solid Concepts Inc. ("Solid Concepts"), the largest independent additive manufacturing service bureau in North America, in its sale to Stratasys Ltd. (NASDAQ:SSYS) ("Stratasys"), a leading global provider of additive manufacturing solutions, for total consideration of up to \$295 million. The acquisition closed on July 14, 2014 following the receipt of anti-trust approval from the U.S. Federal Trade Commission as well as other customary closing conditions.

"DCF's knowledge and experience added value throughout the process. Their commitment to Solid Concepts helped us to achieve our overall goals and objectives. DCF's global insight and experience with strategic transactions were vital to accomplishing the transaction," said Joe Allison, founder and president, Solid Concepts.

# Additional recent transactions



**MultiCam**  
CNC Cutting Solutions  
MultiCam, Inc.

a portfolio company of



**Blue Sage Capital**  
Blue Sage Capital

has been recapitalized by



**ROSEWOOD**  
PRIVATE INVESTMENTS  
Rosewood Private Investments

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The undersigned acted as  
exclusive financial advisor to  
MultiCam, Inc.

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**Deloitte**

Deloitte Corporate Finance LLC



**ASG**  
AGI-Shorewood Group

**AGI-Shorewood Group**  
a portfolio company of



**ATLAS HOLDINGS**  
Atlas Holdings LLC

has divested its North American and  
Asian print and packaging business to



**Multi Packaging Solutions**  
Multi Packaging Solutions

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The undersigned acted as  
exclusive financial advisor to  
AGI-Shorewood Group

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**Deloitte**

Deloitte Corporate Finance LLC



**SMS**  
Supplier Management Solutions, Inc.  
Helping to Bring Your Parts Home On Time, Every Time.

**Supplier Management Solutions, Inc.**

has received an investment from



**CORBEL**  
STRUCTURED  
EQUITY PARTNERS  
Corbel Structured Equity Partners

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The undersigned acted as  
exclusive financial advisor to  
Supplier Management Solutions, Inc.

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**Deloitte**

Deloitte Corporate Finance LLC

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DCF provides deal execution and lead financial advisory services to large corporate, middle market, private equity and venture capital firms. DCF and its affiliates maintain a presence in key U.S. financial centers.

For additional information or to find out more about how DCF can assist the deal initiation and execution process, please contact one of our DCF Managing Directors:

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