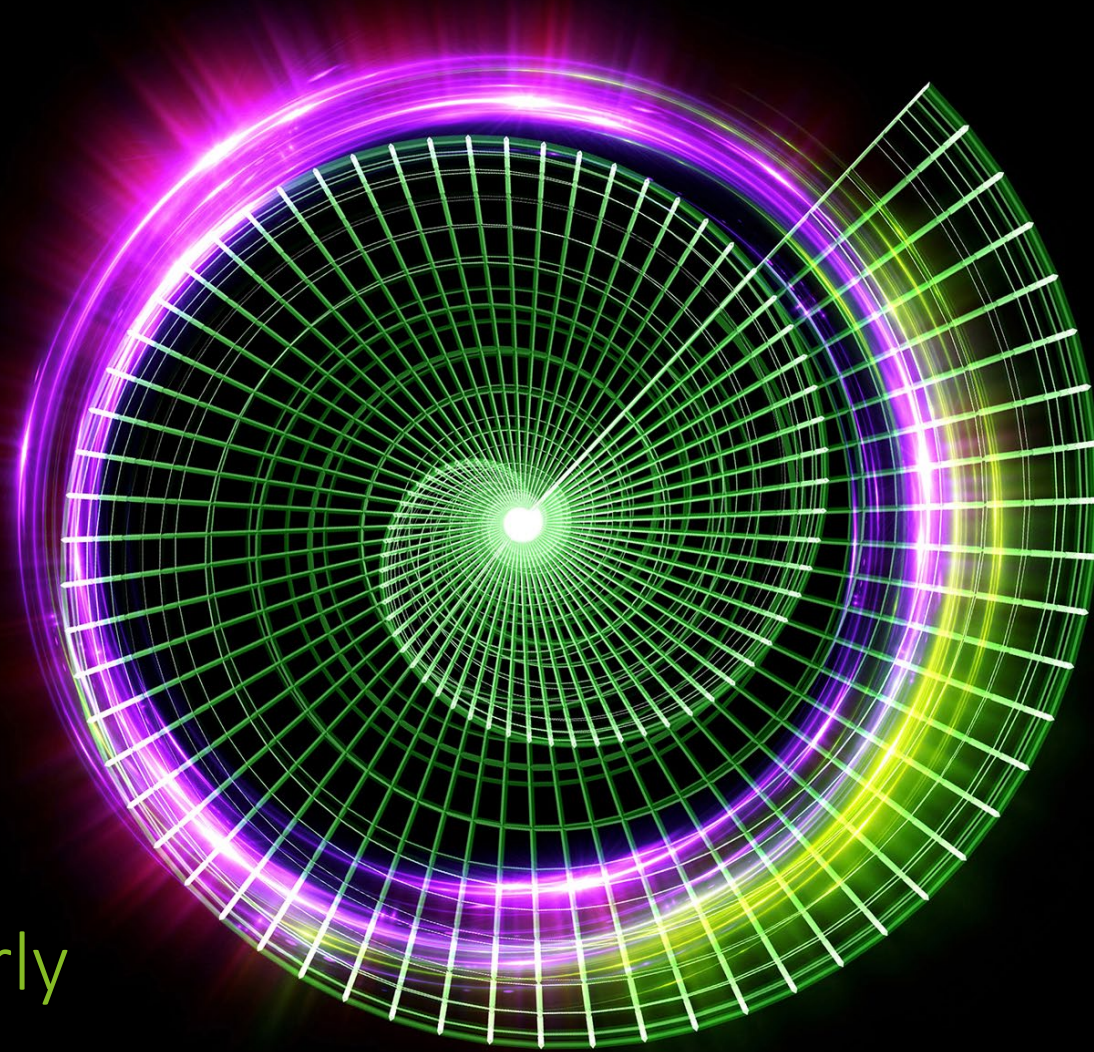


Deloitte.



Industrials Quarterly Update

Q1 2023



DCF's Industrials Practice

Deloitte Corporate Finance LLC (DCF) is a leading global middle-market M&A advisor. Our professionals have extensive knowledge in the Industrials space and use their experience to help clients enhance value.



Industrials leadership



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Organization overview

#1

2022 Global M&A Advisor by deals completed ⁽¹⁾.

704

Completed deals in the last 12 months.

- Deep relationships in place to gain **critical strategic intelligence** and effectively market businesses.
- Worldwide, DCF has **2,400 Corporate Finance professionals** throughout the Deloitte Touche Tohmatsu Limited network of member firms in 60 countries that complement the North American team.
- Combined with member firms of Deloitte Touche Tohmatsu Limited, **DCF serves 79 percent of the Fortune Global 500®**.



Sector focus

- Automotive
- Building Products, Electrical Products, and Industrial Safety
- Capital Equipment and Rental Services
- Engineering and Construction
- Distribution, Transportation, and Logistics
- Metals, Plastics, and Paper Packaging
- Specialty Chemicals

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Case study

Langmuir Systems, LLC

Deal Contacts

Phil Colaco, Tony Blanchard, Dave Tutrone



have been acquired by



a portfolio company of



The undersigned acted as exclusive financial advisor to Langmuir Systems, LLC



Client Overview

- Langmuir Systems, LLC (Langmuir) designs and sells innovative yet affordable shop automation equipment and accessories for prosumer and light industrial end-markets.
- It was founded in 2016 to serve the unfulfilled demand for affordable and accessible CNC plasma technology.
- Langmuir's machines are designed to achieve the same cut quality as machines with much higher prices without the cost, space requirements, or antiquated software, making them attractive to the broader industrial market.

Situation Overview

- Langmuir engaged Deloitte Corporate Finance (DCF) to pursue a majority sellside transaction in a customized, targeted process designed to move quickly and to create competition among highly interested potential buyers.
- The transaction provided shareholders with liquidity as well as the opportunity to retain upside potential through a retained equity interest in a larger, combined platform that brings enhanced resources to allow the founders to focus on growth initiatives.

Key Takeaways

- DCF added significant value by:
 - Leveraging the Deloitte Entrepreneur Summit to facilitate meetings with potential preemptive parties prior to formally launching a process.
 - Driving a competitive and expedited preemptive process that successfully resulted in a partner with an attractive valuation for Langmuir, complementary cultural fit, and resources to assist the shareholders in running the business.
 - Facilitating a comprehensive due diligence process and advising shareholders on negotiating a seller-friendly deal structure.

Disclosure: Prior engagement performance is no guarantee of future performance and may not be representative of the experience of other clients. This communication is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security.

Deloitte thought leadership

Deloitte thought leadership

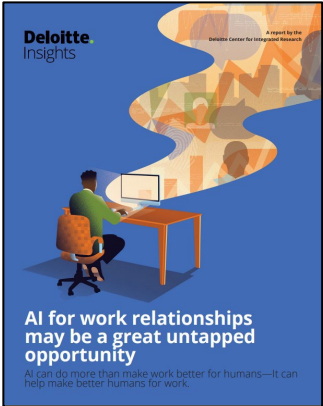
- Deloitte stays abreast of industry trends and makes significant investments in producing cutting-edge thought leadership.
- Deloitte is deeply committed to providing insights that help keep clients on the forefront of critical trends.
- Focused research on industry drivers and trends helps enable Deloitte to demonstrate eminence in the business services market by redefining the lens through which industry leaders operate.

Extensive knowledge network



DCF can leverage its expansive cross-business knowledge network, extensive consulting reports, and in-depth industry research to drive results and provide differentiated insights for our clients.



Recent insights



Notable recent M&A transactions ⁽¹⁾

<p>Automotive</p> 	<p>Uni-Select Inc. to be acquired by LKQ Corporation, Inc.</p> <ul style="list-style-type: none"> • Uni-Select is a Canada-based company engaged in the distribution of automotive replacement parts and accessories. • LKQ Corporation is a US-based provider of recycled light vehicle OEM products & related services and aftermarket collision replacement products. • The acquisition is expected to enhance LKQ's global automotive vehicle parts distribution business. 	<p>Close Date: Pending EV: \$1,950.5 MM Rev: \$1,773.2 MM EV/Rev: 1.1x EV/EBITDA: 13.6x</p>
<p>Engineering and Construction</p> 	<p>Enduro Composites acquired by Hill & Smith Holdings</p> <ul style="list-style-type: none"> • Enduro Composites is a manufacturer and supplier of engineered composite solutions for the industrial and infrastructure markets. • Hill & Smith Holdings is a UK-based manufacturer of products for the building, construction, and engineering industries. • Enduro will become part of the company's Engineered Solutions division and is complementary to its existing northeastern and midwestern US composite businesses. 	<p>Close Date: Feb 2023 EV: \$35.0 MM Rev: \$47.0 MM EV/Rev: 0.7x EV/EBITDA: N/A</p>
<p>Distribution, Transportation, and Logistics</p> 	<p>U.S. Xpress Enterprises, Inc. to be acquired by Knight-Swift Transportation Holdings, Inc.</p> <ul style="list-style-type: none"> • U.S. Xpress Enterprises operates as an asset-based truckload carrier primarily in the US. • Knight-Swift Transportation Holdings is one of North America's largest and most diversified freight transportation companies. • The transaction provides Knight-Swift with the opportunity to add one of the largest and most well-known brands in its industry. After the closing of the transaction, U.S. Xpress will continue as a separate brand. 	<p>Close Date: Pending EV: \$835.4 MM Rev: \$2,088.5 MM EV/Rev: 0.4x EV/EBITDA: 5.5x</p>
<p>Metals, Plastics, and Paper Packaging</p> 	<p>Liqui-Box Corporation was acquired by Sealed Air Corporation</p> <ul style="list-style-type: none"> • Based in Richmond, Virginia, Liqui-Box manufactures flexible and sustainable packaging and dispensing solutions for fluids and liquids. • Sealed Air Corporation provides packaging solutions, offering integrated packaging materials and automation equipment solutions. • The transaction aligns with the high-performance growth and innovation culture of both companies. 	<p>Close Date: Jan 2023 EV: \$1,150.0 MM Rev: \$359.4 EV/Rev: 3.2x EV/EBITDA: 13.5x</p>
<p>Specialty Chemicals</p> 	<p>Solenis LLC to acquire Diversey Holdings, Ltd.</p> <ul style="list-style-type: none"> • Solenis and Diversey announced they have entered into a definitive merger agreement under which Solenis will acquire Diversey in an all-cash transaction valued at an enterprise value of approximately \$4.6B. • Solenis is a leading global producer of specialty chemicals focused on delivering sustainable solutions for water-intensive industries. • The acquisition should help the combined company to grow and provide several attractive cross-selling opportunities. Upon completion of the transaction, Diversey will become a private company. 	<p>Close Date: Pending EV: \$4,515.5 MM Rev: \$2,822.2 MM EV/Rev: 1.6x EV/EBITDA: 14.6x</p>

Automotive

Sector trends ⁽¹⁾

- The automotive industry will continue to remain vulnerable to global headwinds in 2023, such as the energy crisis, supply chain disruptions, and inflation. However, the sale of electric vehicles (EV) is expected to grow by 25% year over year to 10.8 million units in 2023. Governments are becoming innovative with EV incentive policies to encourage EV production and local sales. Automakers are also investing in recharging solutions, including battery swapping.
- Sales of new vehicles in the US were estimated to go up in March, riding on pent-up demand for cars and trucks. Total new vehicle sales for the month, including retail and non-retail transactions, were estimated to reach 1.33 million units, a 6.2% increase from March 2022.

Select recent M&A activity ⁽²⁾

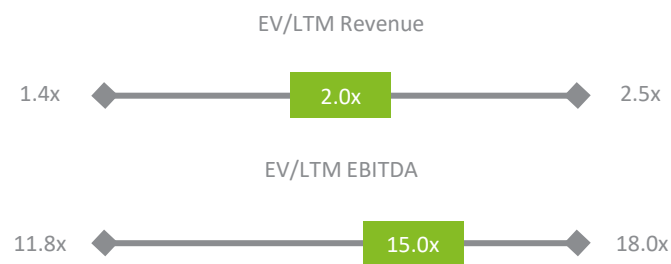
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	Custom Wheel House LLC	FOX Factory, Inc.	\$131.6	N/A
March 2023	Volta, Inc.	Shell USA, Inc.	\$252.6	N/A
February 2023	Horizon Global Corporation	First Brands Group	\$408.4	N/A
January 2023	Auto Gear Company, Inc.	Gear Motions, Inc.	N/A	N/A



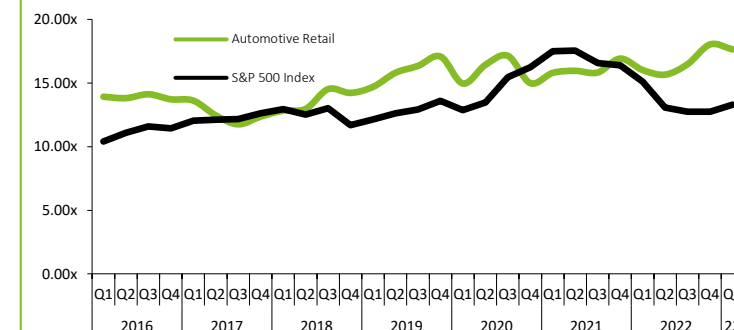
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Toyota Motor Corporation	\$367,501.8
Volkswagen AG	\$255,067.2
Mercedes-Benz Group	\$183,081.4
Ford Motor Company	\$158,440.9
General Motors Company	\$144,257.3
Honda Motor Co. Ltd.	\$76,331.3

Trading metrics ⁽⁴⁾



Historical EV/EBITDA multiples ⁽⁴⁾



Engineering and Construction

Sector trends ⁽¹⁾

- The short-term outlook for the global construction industry is clouded by high levels of uncertainty. With a looming economic recession in major markets due to soaring energy prices and high interest rates, prospects for growth will likely be muted in 2023.
- The industry landscape is rapidly evolving as participants across the value chain realize the benefits of connected construction technologies.
- Many engineering and construction companies are utilizing digital technologies to expand business opportunities and boost profits, by reducing costs in the long run and enhancing project execution. Developers and contractors are likely to invest in digital and physical technologies such as visual intelligence, sensors, Internet of Things (IoT) devices, robotics, immersive collaboration, and drones.

Select recent M&A activity ⁽²⁾

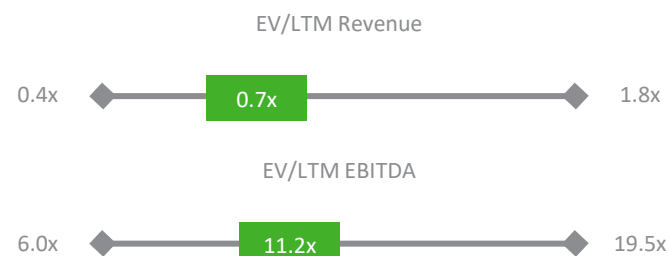
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	Bvglazing Systems Ltd.	Exchange Income Corporation (TSX:EIF)	\$69.1	N/A
Pending	Atlas Technical Consultants, Inc.	GI Partners	\$1,016.4	13.1x
January 2023	HomeServe PLC	Brookfield Infrastructure Partners	\$6,079.4	17.1x
January 2023	PERC Water Corporation	Consolidated Water Co. Ltd.	\$20.0	N/A



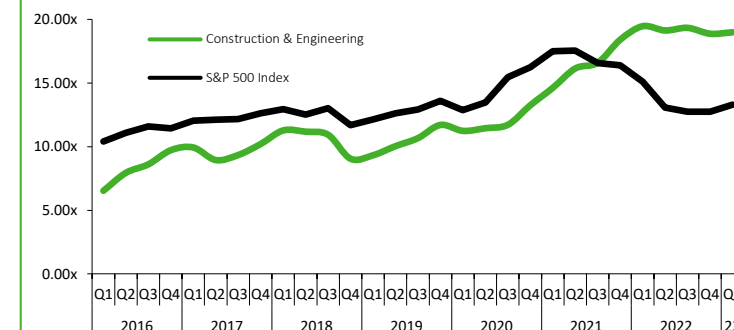
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Quanta Services, Inc.	\$27,558.6
Vulcan Materials Company	\$27,304.6
WSP Global, Inc.	\$18,950.4
AECOM	\$13,652.6
MasTec, Inc.	\$10,395.4
EMCOR Group, Inc.	\$7,833.0

Trading metrics ⁽⁴⁾



Historical EV/EBITDA multiples ⁽⁴⁾



Distribution, Transportation, and Logistics

Sector trends ⁽¹⁾

- Supply chain issues and production bottlenecks brought by the pandemic presented opportunities to reshape freight operations.
- Nearshoring efforts are underway across many industries as companies strive to shorten and bolster supply chains. Countries in Central and Southeastern Europe, Central America, and Mexico are becoming more competitive within the labor market and are within a closer proximity to end-use markets.
- Logistics companies are also expanding offerings and investing in smart implementations. To gain a competitive edge, logistics companies are extending service portfolios to include upstream and/or downstream solutions, or expanding existing services across more geographies, industries, and modes of transport.

Select recent M&A activity ⁽²⁾

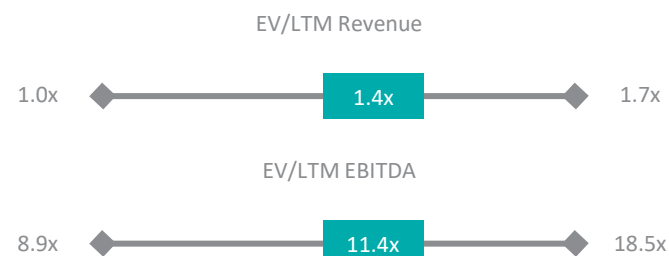
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	HISCO, Inc.	Distribution Solutions Group, Inc.	\$281.7	9.7x
Pending	All Aboard America! Holdings, Inc.	Kelsian Group Limited (ASX:KLS)	\$351.0	N/A
March 2023	RSI Logistics, Inc.	Trinity Industries, Inc. (NYSE:TRN)	\$70.0	N/A
February 2023	Trans American Customhouse Brokers, Inc.	EFL Global LLC (USA)	\$42.5	N/A



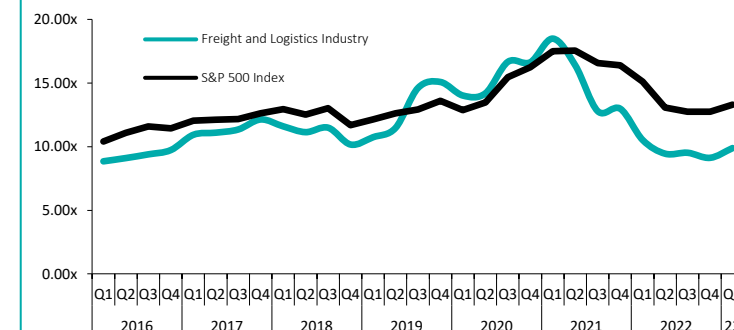
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Expeditors International, Inc.	\$15,496.6
C.H. Robinson Worldwide, Inc.	\$13,719.0
GXO Logistics, Inc.	\$9,750.4
XPO, Inc.	\$6,481.5
Werner Enterprises, Inc.	\$3,544.7
Hub Group, Inc.	\$2,967.0

Trading metrics ⁽⁴⁾



Historical EV/EBITDA multiples ⁽⁴⁾



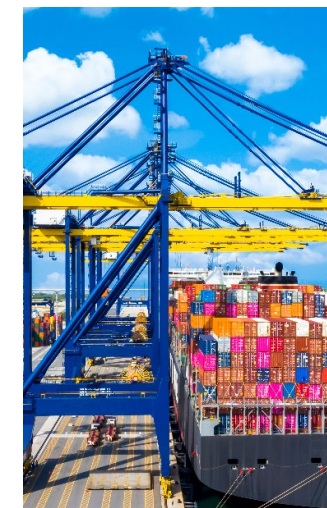
Metals, Plastics, and Paper Packaging

Sector trends ⁽¹⁾

- Despite the plastic pollution crisis and poor recycling rates, 72% of global consumers still believe plastic has an above average recyclability relative to other materials. Thus, to improve plastic circularity, there has been a shift toward mono-material films using LDPE and PP, for which recycling infrastructure already exists.
- Minimalism is a trend that has gained popularity in recent years. Consumers are increasingly drawn to simple, clean designs that are free from clutter and distractions. Sleek, minimalist packaging allows companies to convey a sense of sophistication and quality.
- Personal care and household products have a higher adoption of refill or reusable packaging solutions, as companies are leveraging this trend to achieve plastics savings.

Select recent M&A activity ⁽²⁾

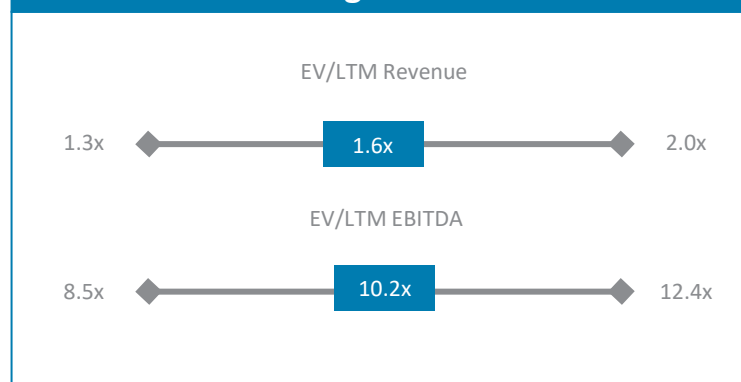
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
March 2023	Sweetwater Royalties LLC	Ontario Teachers' Pension Plan Board	\$886.4	N/A
March 2023	Texarkana Aluminum	Ta Chen International, Inc.	\$100.0	N/A
January 2023	Maverix Metals, Inc.	Triple Flag Precious Metals Corp.	\$639.5	18.1x
January 2023	Liqui-Box Corporation	Sealed Air Corporation	\$1,150.0	13.5x



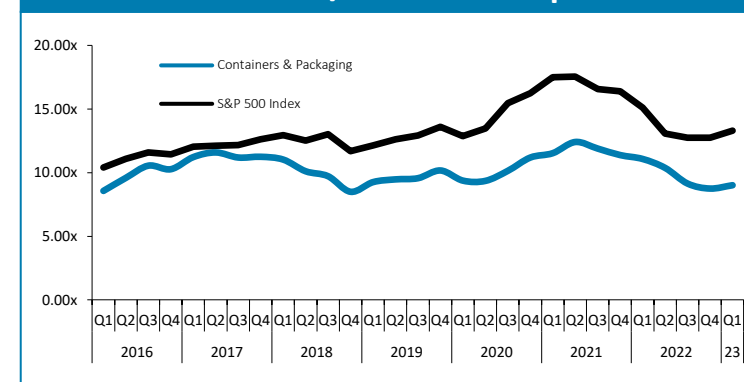
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
International Paper Company	\$17,803.1
WestRock Company	\$17,575.7
Reliance Steel & Aluminum Co.	\$15,842.8
Cleveland-Cliffs, Inc.	\$14,363.1
Alcoa Corporation	\$9,711.8
Trinseo Plc	\$2,912.5

Trading metrics ⁽⁴⁾



Historical EV/EBITDA multiples ⁽⁴⁾



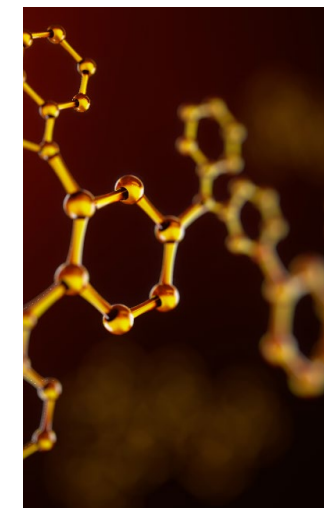
Specialty Chemicals

Sector trends ⁽¹⁾

- As the US chemical industry continues to transform itself by adjusting portfolios, retooling supply chains, and advancing material innovation, 2023 will set the stage for a materials transformation. This calls for a move from scaled, global, and efficient production to sustainable, resilient, and increasingly regional production.
- Producers may increasingly use digital technologies to expedite low-cost formulations, leading to an increase in sustainability and transparency across the value chain.
- Reevaluating supply chain structures will be critical for producers to meet the scale of changes required for the next decade.

Select recent M&A activity ⁽²⁾

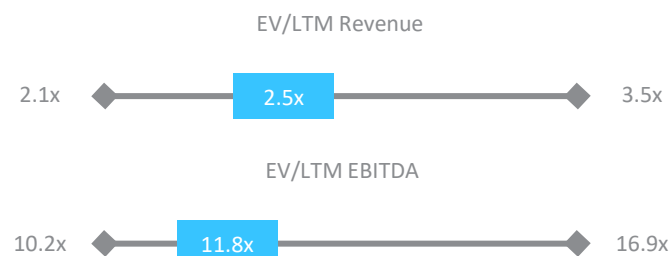
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
March 2023	ICP Industrial, Inc.	Stahl Holdings B.V.	\$205.0	N/A
February 2023	CMT Materials, Inc.	ESCO Technologies Inc. (NYSE:ESE)	\$18.0	N/A
February 2023	Textile Effects Business of Huntsman International LLC	Archroma Germany GmbH; Archroma Operations S.À R.L.	\$717.6	7.6x
January 2023	Guardian Protection Products, Inc.	OnPoint Warranty Solutions LLC	\$56.7	N/A



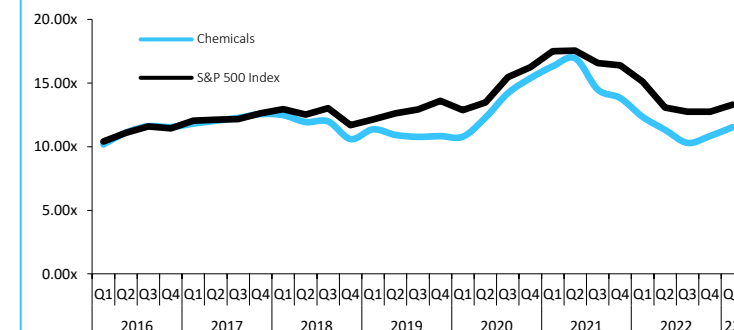
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Celanese Corporation	\$26,153.7
Eastman Chemical Company	\$14,990.1
RPM International, Inc.	\$14,130.3
Axalta Coating Systems Ltd.	\$9,902.8
Ashland, Inc.	\$6,471.2
Element Solutions, Inc.	\$6,361.6

Trading metrics ⁽⁴⁾



Historical EV/EBITDA multiples ⁽⁴⁾



Appendix

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Page 2:

1. Mergermarket. Ranked by number of deals closed for the twelve months ending December 31, 2022. Accessed January 26, 2023. Data as of December 31, 2022.

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