

PEAKSTONE

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Industrials & Manufacturing
Industry Insight









October 2017

Industrials & Manufacturing Industry Update

Industrials & Manufacturing categories continue to see strong M&A activity

For the 2017 YTD period, strategic buyers accounted for 90% of the Industrials and Manufacturing M&A transactions with financial buyers making up the difference; during 2016, strategic buyers accounted for approximately 88% of the transactions

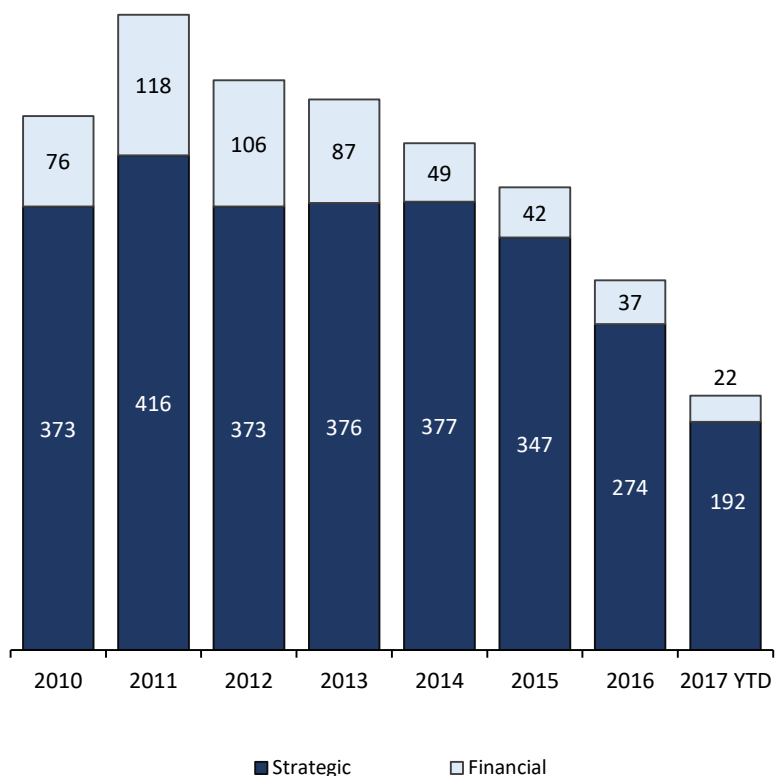
Select Recent Notable Publicly Announced M&A Transactions

Date	Status	Target	Transaction Size	Buyer
Sep-2017	Announced		\$9.38 billion	
Sep-2017	Announced		\$30.94 billion	
Aug-2017	Announced		\$3.38 billion	
May-2017	Closed		\$5.13 billion	

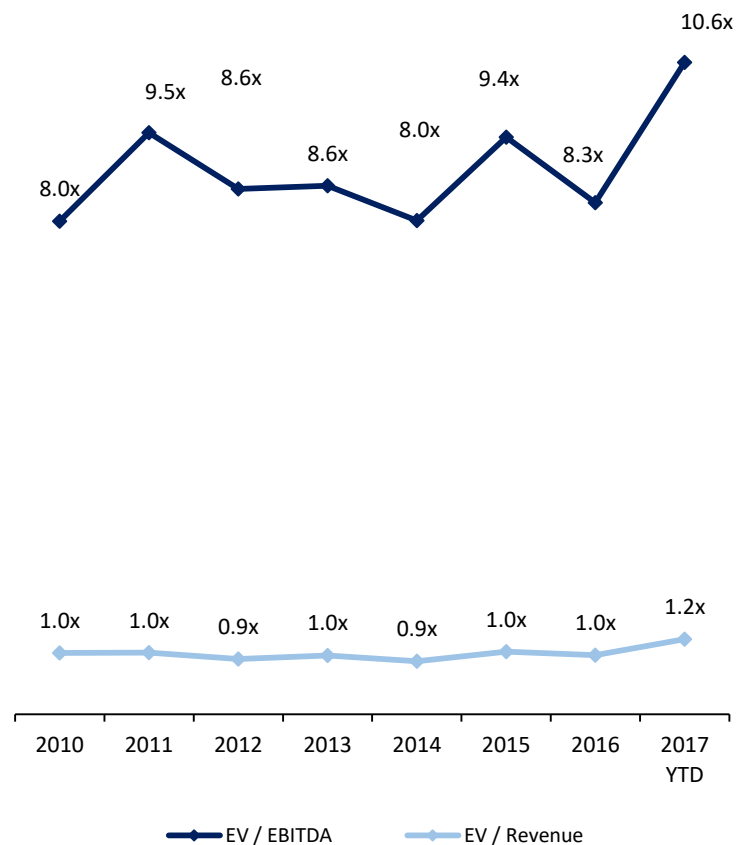
U.S. Industrials & Manufacturing Industry - M&A Market Overview

Industrials & Manufacturing M&A market has seen moderate activity

Industrials & Manufacturing Transactions by Buyer Type



Industrials & Manufacturing Transaction Multiples

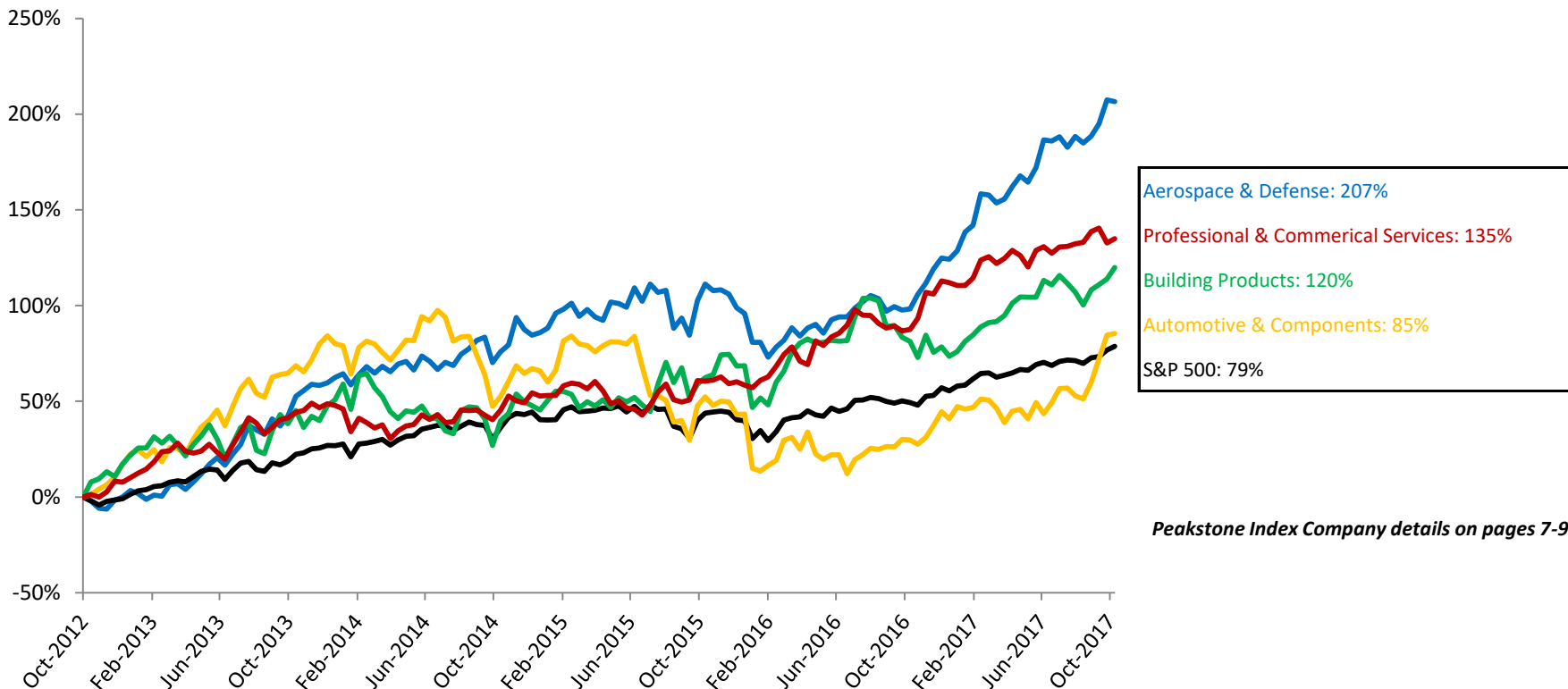


Source: Capital IQ, as of 10/23/2017.

Peakstone Industrials & Manufacturing Index – Trading Statistics

Industrials & Manufacturing indexes have performed in line with the S&P 500

Relative Stock Performance – Group 1



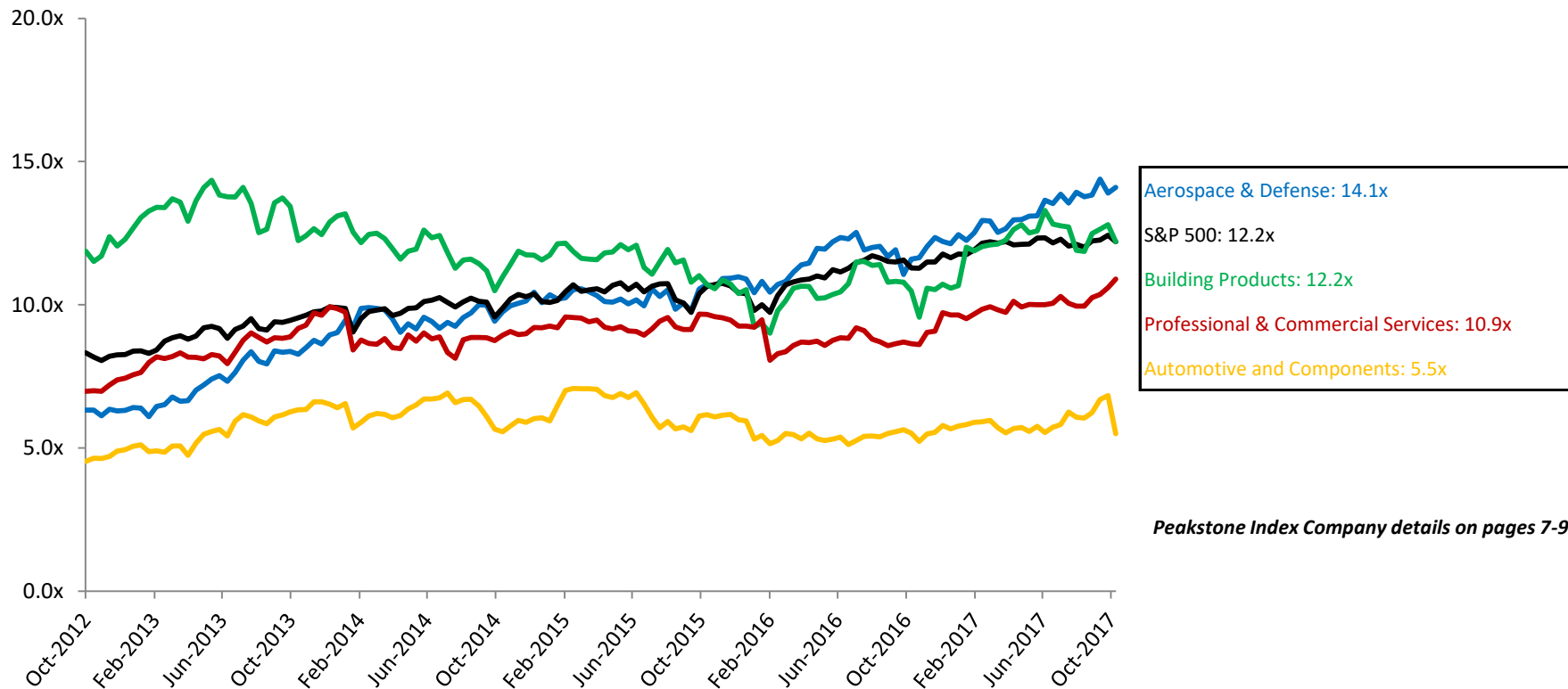
Peakstone Index Company details on pages 7-9

Source: Capital IQ, as of 10/23/2017.

Peakstone Industrials & Manufacturing Index – Trading Statistics (cont.)

Industrials & Manufacturing indexes have performed in line with the S&P 500

Comparable Valuation Trends – Enterprise Value/EBITDA – Group 1



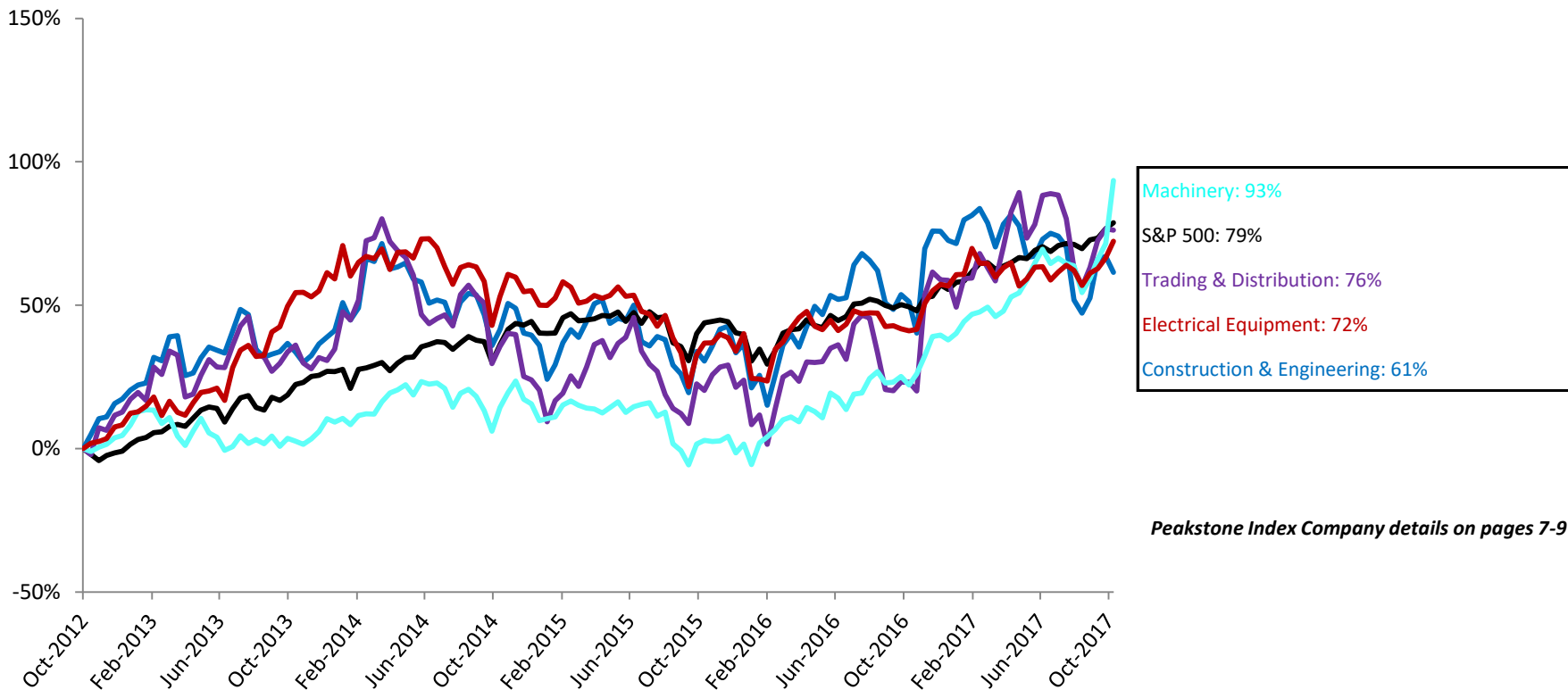
Peakstone Index Company details on pages 7-9

Source: Capital IQ, as of 10/23/2017.

Peakstone Industrials & Manufacturing Index – Trading Statistics (cont.)

Industrials & Manufacturing indexes have performed in line with the S&P 500

Relative Stock Performance – Group 2



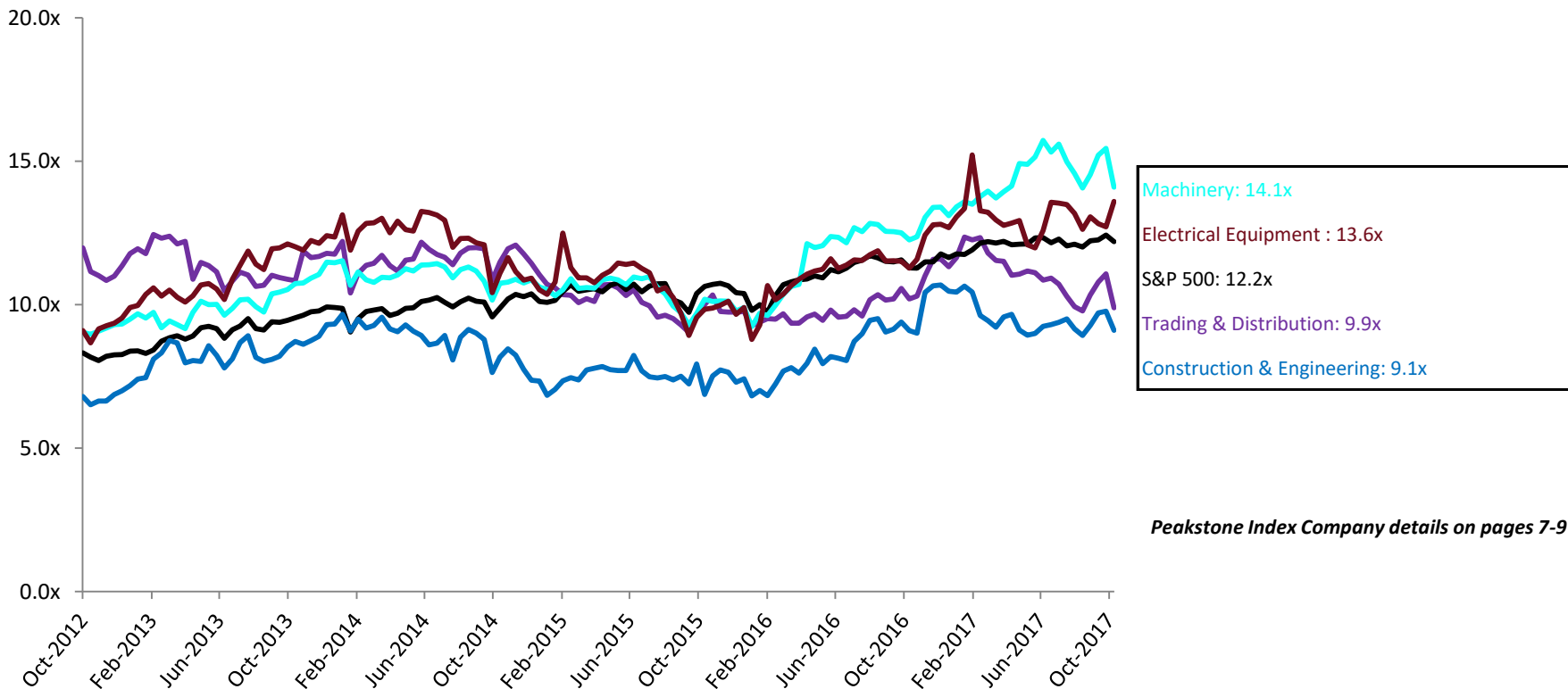
Peakstone Index Company details on pages 7-9

Source: Capital IQ, as of 10/23/2017.

Peakstone Industrials & Manufacturing Index – Trading Statistics (cont.)

Industrials & Manufacturing indexes have performed in line with the S&P 500

Comparable Valuation Trends – Enterprise Value/EBITDA – Group 2



Peakstone Index Company details on pages 7-9

Source: Capital IQ, as of 10/23/2017.

Public Trading Comparables by Sector

Select Industrials & Manufacturing Public Trading Comparables

(\$ in millions)

(\$ in millions)

Company Name	Market Cap	Enterprise Value	Enterprise Value /			Forward P/E Ratio	Gross Margin %	EBITDA Margin %
			Revenue	EBITDA	EBIT			
Aerospace & Defense								
The Boeing Company	\$156,489	\$156,997	1.7x	14.6x	17.9x	25.1x	17%	12%
United Technologies Corporation	\$96,596	\$115,996	2.0x	11.2x	13.9x	18.4x	28%	17%
Honeywell International Inc.	\$110,731	\$117,501	3.0x	14.4x	16.6x	19.4x	32%	21%
Lockheed Martin Corporation	\$92,157	\$104,072	2.1x	15.9x	18.8x	23.9x	11%	13%
General Dynamics Corporation	\$64,043	\$66,165	2.1x	13.5x	14.9x	21.6x	21%	16%
Raytheon Company	\$54,828	\$57,647	2.4x	15.5x	17.8x	23.9x	25%	15%
Northrop Grumman Corporation	\$51,305	\$57,003	2.3x	15.0x	17.0x	23.5x	24%	15%
Aerospace & Defense Median	\$92,157	\$104,072	2.1x	14.6x	17.0x	23.5x	24%	15%
Automotive & Components								
Ford Motor Company	\$48,058	\$165,750	1.1x	10.8x	36.5x	7.2x	10%	9%
General Motors Company	\$66,211	\$134,973	0.8x	5.8x	10.7x	8.0x	13%	13%
The Goodyear Tire & Rubber Company	\$8,545	\$13,954	0.9x	5.9x	8.5x	9.4x	27%	16%
BorgWarner Inc.	\$11,017	\$12,930	1.4x	8.1x	10.8x	13.3x	22%	17%
Lear Corporation	\$11,815	\$12,663	0.7x	6.2x	7.7x	10.1x	12%	10%
Tenneco Inc.	\$3,460	\$4,791	0.5x	7.6x	11.1x	9.1x	17%	7%
Automotive & Components Median	\$11,416	\$13,442	0.9x	6.9x	10.8x	9.3x	15%	11%
Building Products								
Masco Corporation	\$12,772	\$14,921	2.0x	12.2x	13.6x	18.9x	34%	16%
Fortune Brands Home & Security, Inc.	\$10,319	\$11,459	2.2x	13.9x	16.5x	21.0x	37%	16%
Lennox International Inc.	\$7,605	\$8,733	2.3x	15.4x	17.3x	22.1x	29%	14%
USG Corporation	\$4,839	\$5,486	1.8x	10.2x	13.4x	18.0x	22%	16%
JELD-WEN Holding, inc.	\$3,774	\$4,802	1.3x	14.3x	20.2x	18.6x	23%	9%
Universal Forest Products, Inc.	\$2,223	\$2,365	0.6x	10.4x	13.5x	17.2x	14%	6%
Building Products Median	\$6,222	\$7,110	1.9x	13.0x	15.0x	18.8x	26%	15%

Source: Capital IQ, as of 10/23/2017.

Public Trading Comparables by Sector (cont.)

Select Industrials & Manufacturing Public Trading Comparables

(\$ in millions)

Company Name	Market Cap	Enterprise Value	Enterprise Value /			Forward P/E Ratio	Gross Margin %	EBITDA Margin %
			Revenue	EBITDA	EBIT			
Professional & Commerical Services								
Waste Management, Inc.	\$34,204	\$43,250	3.1x	11.4x	17.6x	23.2x	38%	27%
Republic Services, Inc.	\$21,617	\$29,364	3.0x	10.8x	18.1x	25.7x	38%	28%
Cintas Corporation	\$16,180	\$18,808	3.3x	16.8x	20.9x	27.6x	45%	20%
ManpowerGroup Inc.	\$8,191	\$8,537	0.4x	10.2x	11.3x	16.1x	17%	4%
Essendant Inc.	\$488	\$975	0.2x	6.6x	9.4x	10.9x	14%	3%
Kelly Services, Inc.	\$997	\$937	0.2x	9.3x	11.8x	14.8x	17%	2%
Professional & Commercial Services Median	\$12,185	\$13,672	1.7x	10.5x	14.7x	19.7x	28%	12%
Construction & Engineering								
AECOM	\$5,535	\$8,841	0.5x	9.6x	14.0x	12.6x	4%	4%
Jacobs Engineering Group Inc.	\$7,077	\$6,663	0.7x	10.4x	12.7x	18.0x	17%	6%
Quanta Services, Inc.	\$5,811	\$6,199	0.7x	9.5x	13.8x	16.9x	14%	8%
Fluor Corporation	\$6,042	\$5,759	0.3x	10.2x	17.3x	17.7x	2%	3%
MasTec, Inc.	\$3,550	\$4,928	0.8x	8.1x	11.4x	17.4x	14%	10%
EMCOR Group, Inc.	\$4,138	\$4,170	0.5x	9.8x	12.3x	19.6x	14%	6%
Construction & Engineering Median	\$5,673	\$5,979	0.6x	9.7x	13.2x	17.5x	14%	6%
Trading & Distribution								
United Rentals, Inc.	\$12,213	\$20,260	3.2x	11.1x	12.9x	12.2x	43%	29%
W.W. Grainger, Inc.	\$11,842	\$13,880	1.4x	10.7x	13.4x	19.3x	40%	13%
HD Supply Holdings, Inc.	\$6,859	\$10,844	1.4x	12.5x	13.7x	13.5x	34%	11%
Univar Inc.	\$4,129	\$6,826	0.8x	14.4x	25.5x	24.6x	22%	6%
WESCO International, Inc.	\$2,917	\$4,215	0.6x	11.1x	13.0x	15.5x	20%	5%
Veritiv Corporation	\$516	\$1,456	0.2x	10.3x	13.9x	8.3x	18%	2%
Trading & Distribution Median	\$5,494	\$8,835	1.1x	11.1x	13.5x	14.5x	28%	9%

Source: Capital IQ, as of 10/23/2017.

Public Trading Comparables by Sector (cont.)

Select Industrials & Manufacturing Public Trading Comparables

(\$ in millions)

Company Name	Market Cap	Enterprise Value	Enterprise Value /			Forward P/E Ratio	Gross Margin %	EBITDA Margin %
			Revenue	EBITDA	EBIT			
Electrical Equipment								
Emerson Electric Co.	\$42,100	\$44,176	3.0x	13.9x	16.5x	23.6x	43%	22%
Rockwell Automation Inc.	\$24,196	\$23,423	3.8x	19.2x	22.0x	26.4x	43%	20%
AMETEK, Inc.	\$15,828	\$17,713	4.4x	17.1x	20.4x	25.8x	34%	26%
Hubbell Incorporated	\$6,732	\$7,457	2.1x	12.3x	14.5x	20.7x	32%	17%
Acuity Brands, Inc.	\$6,772	\$6,818	1.9x	11.2x	12.8x	17.7x	42%	17%
General Cable Corporation	\$1,112	\$2,101	0.6x	10.0x	16.3x	25.4x	12%	6%
Electrical Equipment Median	\$11,300	\$12,585	2.5x	13.1x	16.4x	24.5x	38%	19%
Machinery								
General Electric Company	\$206,319	\$350,919	2.9x	21.4x	35.1x	19.7x	21%	14%
Caterpillar Inc.	\$77,630	\$105,967	2.7x	18.2x	37.0x	21.8x	22%	15%
Deere & Company	\$41,495	\$73,560	2.7x	17.1x	27.0x	19.4x	23%	16%
Illinois Tool Works Inc.	\$53,353	\$58,911	4.2x	15.5x	17.6x	23.0x	42%	27%
PACCAR Inc	\$26,325	\$31,937	1.9x	13.5x	17.0x	17.1x	15%	14%
Cummins Inc.	\$29,579	\$30,238	1.6x	11.2x	14.1x	16.9x	25%	13%
Parker-Hannifin Corporation	\$24,575	\$29,527	2.5x	16.1x	19.9x	20.2x	24%	15%
Stanley Black & Decker, Inc.	\$24,523	\$29,203	2.5x	15.3x	19.7x	20.6x	38%	16%
Machinery Median	\$35,537	\$45,424	2.6x	15.8x	19.8x	19.9x	23%	15%
Industrials & Manufacturing Median	\$11,358	\$13,013	1.8x	12.1x	14.9x	19.2x	25%	13%

Source: Capital IQ, as of 10/23/2017.

Selected Industrials & Manufacturing Industry Transactions

Selected Industrials & Manufacturing Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
10/23/2017	Deltic Timber Corporation (NYSE:DEL)	\$1,406	Potlatch Corporation (NasdaqGS:PCH)	31.0x	Potlatch Corporation (NasdaqGS:PCH) entered into an agreement to acquire Deltic Timber Corporation (NYSE:DEL) for \$1.2 billion on October 22, 2017.
10/16/2017	AmeriPride Services, Inc.	\$1,000	Aramark (NYSE:ARMK)	-	Aramark (NYSE:ARMK) entered into definitive agreement to acquire AmeriPride Services, Inc. for \$1 billion on October 13, 2017.
10/16/2017	Avendra, LLC	\$1,350	Aramark Services, Inc.	-	Aramark Services, Inc. entered into a definitive agreement to acquire Avendra, LLC from InterContinental Hotels Group PLC (LSE:IHG), Marriott International, Inc. (NasdaqGS:MAR) and others for \$1.4 billion on October 13, 2017.
09/25/2017	GE Industrial Systems	\$2,600	ABB Ltd (SWX:ABBN)	-	ABB Ltd (SWX:ABBN) agreed to acquire GE Industrial Solutions, Inc. from General Electric Company (NYSE:GE) for \$2.6 billion on September 25, 2017.
09/25/2017	Fluid Handling Business	\$860	CIRCOR International, Inc. (NYSE:CIR)	12.5x	CIRCOR International, Inc. (NYSE:CIR) ('CIRCOR') signed a definitive agreement to acquire the fluid handling business ('CFH business') of Colfax Corporation (NYSE:CFX) on September 25, 2017.
09/18/2017	Orbital ATK, Inc. (NYSE:OA)	\$9,381	Northrop Grumman Corporation (NYSE:NOC)	15.3x	Northrop Grumman Corporation (NYSE:NOC) entered into a definitive agreement to acquire Orbital ATK, Inc. (NYSE:OA) for \$7.9 billion on September 17, 2017.
09/18/2017	EAG Inc.	\$780	Eurofins Scientific SE (ENXTPA:ERF)	-	Eurofins Scientific SE (ENXTPA:ERF) signed an agreement to acquire EAG Inc. from Odyssey Investment Partners, LLC and others for \$780 million on September 18, 2017. The consideration is on a cash free and debt free basis.

Source: Capital IQ.

Selected Industrials & Manufacturing Industry Transactions (cont.)

Selected Industrials & Manufacturing Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
09/04/2017	Rockwell Collins, Inc. (NYSE:COL)	\$30,943	United Technologies Corporation (NYSE:UTX)	22.6x	United Technologies Corporation (NYSE:UTX) ('UTC') entered into a definitive agreement to acquire Rockwell Collins, Inc. (NYSE:COL) for \$22.9 billion on September 4, 2017. Each Rockwell Collins shareowner will receive \$93.
08/29/2017	The Advisory Board Company (NasdaqGS:ABCO)	\$1,300	OptumInsight, Inc.	-	OptumInsight, Inc. entered into an agreement and plan of merger to acquire The Advisory Board Company (NasdaqGS:ABCO) from Elliott International, L.P. on August 29, 2017
08/29/2017	Education Advisory Board	\$1,550	Vista Equity Partners LLC	-	Vista Equity Partners Fund VI, L.P. managed by Vista Equity Partners LLC entered into a stock and asset purchase agreement to acquire Education Advisory Board from The Advisory Board Company (NasdaqGS:ABCO) for \$1.6 billion on August 28, 2017.
08/24/2017	Oldcastle Distribution Inc.	\$2,625	Beacon Roofing Supply, Inc. (NasdaqGS:BECN)	-	Beacon Roofing Supply, Inc. (NasdaqGS:BECN) ('Beacon') entered into an agreement to acquire Oldcastle Distribution Inc. from Oldcastle Inc. for \$2.6 billion on August 24, 2017.
08/02/2017	CH2M HILL Companies, Ltd.	\$3,375	Jacobs Engineering Group Inc. (NYSE:JEC)	-	Jacobs Engineering Group Inc. (NYSE:JEC) entered into an agreement and plan of merger to acquire CH2M HILL Companies, Ltd. from Apollo Management VIII, L.P., managed by Apollo Global Management, LLC (NYSE:APO) and others for \$2.
07/27/2017	ASCO Power Technologies, L.P.	\$1,250	Schneider Electric S.E. (ENXTPA:SU)	11.7x	Schneider Electric S.E. (ENXTPA:SU) signed a definitive agreement to acquire ASCO Power Technologies, L.P. from Vertiv Group Corporation for \$1.3 billion on July 27, 2017. Under the terms of the agreement, the consideration will be paid in cash.
07/12/2017	GCA Services Group, Inc.	\$1,237	ABM Industries Incorporated (NYSE:ABM)	12.4x	ABM Industries Incorporated (NYSE:ABM) entered into a definitive agreement to acquire GCA Services Group, Inc. from Thomas H. Lee Partners, L.P., Goldman Sachs Group, Merchant Banking Division and other shareholders for \$1.2 billion on July 11, 2017.

Source: Capital IQ.

Selected Industrials & Manufacturing Industry Transactions (cont.)

Selected Industrials & Manufacturing Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
06/29/2017	Indevco Management Resources, Inc.	\$1,138	DS Smith Plc (LSE:SMDS)	-	DS Smith plc (LSE:SMDS) entered into a conditional agreement to acquire 80% stake in Indevco Management Resources, Inc. ('Indevco') from Merpas Co. S.à r.l. for \$1.1 billion on June 28, 2017. DS Smith will pay \$846 million in cash.
05/09/2017	West Corporation	\$5,128	Apollo Global Management, LLC (NYSE:APO)	7.6x	Certain funds managed by Apollo Global Management, LLC (NYSE:APO) entered into a definitive agreement to acquire West Corporation (NasdaqGS:WSTC) on May 9, 2017.
04/11/2017	Consolidated Container Company LLC	\$1,200	Loews Corporation (NYSE:L)	-	Loews Corporation (NYSE:L) entered into an agreement to acquire Consolidated Container Company LLC from Bain Capital Private Equity, LP for \$1.2 billion on April 11, 2017. The purchase consideration is subject to customary purchase price adjustments.
03/08/2017	SUEZ Water Technologies & Solutions	\$3,375	Caisse de dépôt et placement du Québec; SUEZ SA (ENXTPA:SEV)	10.0x	Caisse de dépôt et placement du Québec and SUEZ SA (ENXTPA:SEV) entered into a binding agreement to acquire GE Osmonics, Inc. (GE Water) from General Electric Company (NYSE:GE) for an enterprise value of €3.2 billion on March 8, 2017.
02/24/2017	DigitalGlobe, Inc.	\$3,511	Maxar Technologies Holdings Inc.	8.7x	SSL MDA Holdings, Inc. entered into a definitive merger agreement to acquire DigitalGlobe, Inc. (NYSE:DG) for \$2.2 billion in cash and stock on February 24, 2017.
01/24/2017	Multi Packaging Solutions International Limited	\$2,301	WestRock Company (NYSE:WRK)	10.5x	WestRock Company (NYSE:WRK) signed a definitive agreement to acquire Multi Packaging Solutions International Limited (NYSE:MPSX) from Madison Dearborn Partners, LLC and Carlyle European Capital Partners III, L.P. on January 24, 2017.
01/23/2017	Alpha Holding Company, LLC	\$1,215	Plains Pipeline L.P.	-	Plains Pipeline L.P. entered into agreement to acquire Alpha Holding Company, LLC from COG Operating LLC and Frontier Midstream, LLC for \$1.2 billion on January 19, 2017.

Source: Capital IQ.

Selected Industrials & Manufacturing Industry Transactions (cont.)

Selected Industrials & Manufacturing Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
01/05/2017	CEB Inc.	\$3,816	Gartner, Inc. (NYSE:IT)	18.4x	Gartner, Inc. (NYSE:IT) entered into a definitive agreement to acquire CEB Inc. (NYSE:CEB) for \$2.9 billion on January 5, 2017. Gartner, Inc. will acquire all of the outstanding shares of CEB Inc. in a cash and stock transaction.
12/19/2016	American Railcar Leasing LLC	\$2,778	SMBC Rail Services, LLC	-	SMBC Rail Services, LLC signed an equity and asset purchase agreement to acquire American Railcar Leasing LLC from AEP Rail Corp. and American Entertainment Properties Corp. for an enterprise value of \$2.8 billion on December 16, 2016.
12/01/2016	CLARCOR Inc.	\$4,437	Parker-Hannifin Corporation (NYSE:PH)	17.2x	Parker-Hannifin Corporation (NYSE:PH) entered into a definitive agreement to acquire CLARCOR Inc. (NYSE:CLC) for \$4 billion on December 1, 2016.
11/03/2016	Metaldyne Performance Group Inc.	\$3,418	American Axle & Manufacturing Holdings, Inc. (NYSE:AXL)	6.9x	American Axle & Manufacturing Holdings Inc. (NYSE:AXL) entered into a definitive agreement to acquire Metaldyne Performance Group Inc. (NYSE:MPG) from American Securities, Levin Capital Strategies, L.P. and others for \$1.
11/02/2016	Anchor Glass Container Corporation	\$1,000	CVC Capital Partners Limited; BA Glass BV	-	CVC European Equity Partners VI LP a fund of CVC Capital Partners and BA Glass B.V. signed a definitive agreement to acquire Anchor Glass Container Corporation from KPS Capital Partners, LP for \$1 billion on November 2, 2016.
10/24/2016	Contech Holdings, Inc	\$950	Quikrete Holdings, Inc.	-	Quikrete Holdings, Inc. agreed to acquire Contech Holdings, Inc. from Anchorage Capital Group, L.L.C. and Littlejohn & Co. LLC for \$950 million on October 24, 2016.
10/23/2016	B/E Aerospace, Inc.	\$8,188	Rockwell Collins, Inc. (NYSE:COL)	13.3x	Rockwell Collins Inc. (NYSE:COL) entered into a definitive agreement to acquire B/E Aerospace Inc. (NasdaqGS:BEAV) for \$6.3 billion in cash and stock on October 23, 2016.

Source: Capital IQ.

Peakstone Momentum

  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE
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About Peakstone

Peakstone is an investment bank that specializes in mergers and acquisitions advisory and capital raising for middle market clients. Our team is comprised of senior investment banking professionals who have decades of experience and have executed hundreds of transactions totaling billions of dollars. For additional information, visit www.peakstone.com.

Contact

Alex Fridman

Managing Director

alex@peakstone.com

312-204-7300

Calvin Ye

Analyst

cye@peakstone.com

312-262-7734