AlixPartners

INDUSTRIALS QUARTERLY M&A REVIEW

Q1 2023

Introduction

ALIXPARTNERS INDUSTRIALS QUARTERLY M&A REVIEW

Welcome to the AlixPartners Q1 2023 Industrials Quarterly M&A Review, a round-up of deal activity across the sector during the quarter.

As noted in the Q4 2022 edition, we expected volatility and uncertainty to define the M&A market in the first half of 2023 due to the continued impact of macroeconomic uncertainty, the inflationary environment, and increasing financing costs. This expectation has aligned with what we have seen in Q1 2023; Industrials M&A has seen a significant fall in deal activity, against the backdrop of the economic uncertainty across H2 2022, with deal volume down 15% from Q4 2022 and 20% from Q1 2022.

Following this trend, PE-led transaction volume has decreased by 17% compared to last year, driven by a continued tightness in debt markets and financial investors exercising caution. This was further exacerbated at the end of Q1 by the shock waves experienced in the banking sector.

However, there have been positive macroeconomic developments, such as tapering core inflation and upgraded growth outlooks, and corporate earnings have remained relatively robust. This has underpinned general positive public market momentum and in Q2 we are already starting to see an uptick in investor sentiment and M&A appetite through corporate announcements.

Alongside these initial positive signs of market stabilisation, strategic M&A and portfolio optimisation remains a C-suite priority in 2023 and this is particularly the case within the Industrials sector as corporates continue to seek to align with long-term mega trends.

We hope you enjoy this quarter's review and, as always, please do get in touch should you have any comments or suggestions.

Nick Wood

Industrials M&A Lead

KEY STATISTICS: Q1 2023

£54bn

Total deal value
▼ 30% vs. Q1 2022
▼ 59% vs. Q4 2022

1,724

Total deal volume
▼ 20% vs. Q1 2022
▼ 15% vs. Q4 2022

£109m

Avg. deal value
▼ 19% vs. Q1 2022
▼ 45% vs. Q4 2022

8.7X

Avg. EV/EBITDA
▲ 9% vs. Q1 2022
▼ 9% vs. Q4 2022

17%

Decrease in private equity-backed deals compared to Q1 2022

36%

of Q1 deals took place in EMEA, the most active region

Outlook

RECOVERY FROM DOWNTURN IN ACTIVITY DEPENDS ON THE RETURN OF STABILITY

Following a strong end to 2022 for Industrials M&A that was underpinned by a number of large corporate deals, 2023 has had a sluggish start with reduced activity across all deal metrics. If Q1's deal volumes continue throughout the year, full year activity will be 18% below 2022's total and it would finish as the lowest deal flow year in the past four years.

However, across Q4 2022 and the start of 2023 – events in the banking sector aside – there has been a return of some relatively stable positive market momentum. While this has yet to translate into the M&A market, given the typical lag of M&A processes behind market sentiment it does indicate an expected uptick in the latter half of the year.

Market stability is paramount for dealmakers to make decisions. Once it returns, those that have had a 'wait and see' mindset will likely seek to reengage; with PEs needing to both regularly realise investments and reinvest and corporates continuing to see M&A as a core strategy for reshaping their businesses and delivering growth.

The positive public market momentum over the last few months could signal the first green shoots of recovery for M&A activity levels; however, ongoing volatility risks remain prevalent

In detail

DEAL VOLUMES REDUCE IN ALL REGIONS EXCEPT SOUTH AMERICA, WHICH REMAINS RESILIENT

Q1 2023 saw the lowest deal activity across the sector since Q1 2020:

- There was a 15% drop in activity from Q4 2022, with only 1,724 deals occurring in Q1 2023.
- Another notable trend this quarter has been the drop-off in the number of mega-deals, with there being a 64% decline compared to Q4 2022. Moreover, there was a 47% decline in the average deal value in Q1 2023 compared to Q4 2022 primarily due to the substantial decline in the mega-deals.
- The significant decline in M&A activity has to a large degree been driven by the macroeconomic headwinds that developed across H2 2022, increasing investor caution and reducing deal activity in Q1 2023. On top of this, it is likely that the concerns in the banking sector in March 2023 stalled a number of deals at the end of Q1. However, the positive macroeconomic developments (such as tapering inflation) that have underpinned an uptick in public market valuations in Q1are likely to transfer into the M&A market over the coming months, if this momentum continues.
- EMEA and North America faced a regional reduction in deal volumes at 13%, but still accounted for 70% of total volume. Although activity in the APAC region declined when compared to Q4 2022, deal volume increased by 7% when compared to Q1 2022. Finally, deal volumes in South America increased by 14% compared to Q4 2022, which has likely been driven by ongoing reshoring of North American companies.
- Public-to-private (P2P) transactions led by PE firms also got off to a slow start in 2023 with just 10 completed in Q1 – a decrease of 22% compared to Q4 2022. This suggests the broader caution in the market is also impacting these large buyout deals. Moreover, the bounce-back in public valuations is likely to have had some impact on reducing P2P activity.

KEY STATISTICS: Q1 2023 (CONTINUED)

9

Multi-billion deals completed in Q1 2023

64%

Decrease in mega-deals vs. Q4 2022

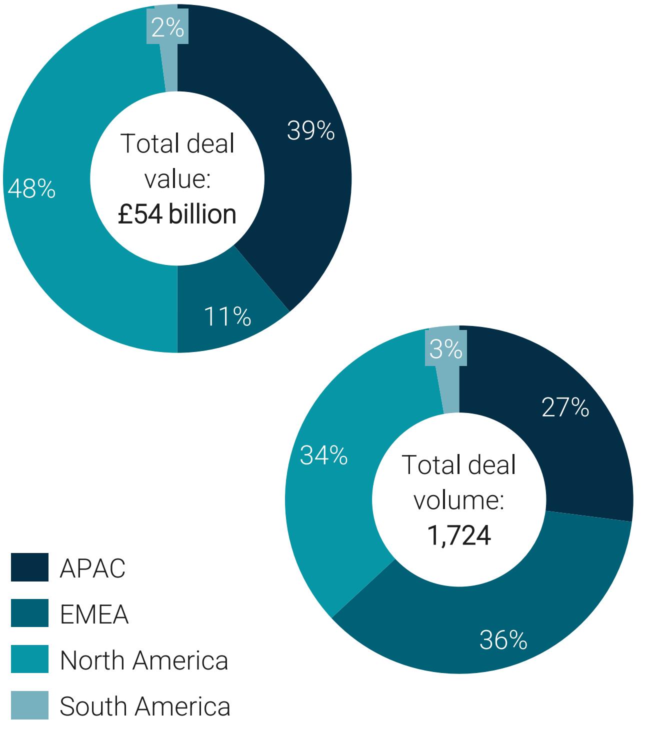
10

PE-backed public-to-private (P2P) deals completed in Q1 2023

22%

Decrease in PE P2P deals vs. Q4 2022

GEOGRAPHICAL TRENDS



Note: Public-to-private (P2P) statistics based on Pitchbook data.

In detail

MACHINERY SECTOR WAS MOST RESILIENT TO GENERAL DECLINES IN INDUSTRIALS DEAL FLOW

Deal activity declines experienced across all sub-sectors:

- With 423 deals in Q1, Construction, Engineering & Building Products was again the most active sector making up 25% of total deal volume, and 8% of total value. A&D was the quietest sector both in terms of deal volume and value with 3% and 1% of the total respectively.
- The Automotive sector saw the steepest decline in activity (40%) from the previous quarter and the A&D sector had the largest decline in deal value (94%) with no mega deals occurring in the sub-sector in Q1 2023 (compared to 3 in Q4 2022).
- Machinery and Chemicals proved most resilient to the overall activity downturn declining by 0.4% and 2% respectively from Q4 2022. However, despite the Chemicals sector having the largest mega-deal of the quarter (Apollo's £7bn purchase of Univar Solutions) both sectors saw significant decines in deal value (57% and 32% respectively).

PE activity deteriorated amongst uncertainty and tight debt markets:

- PE deal activity followed the downward trend in the market as it only accounted for 10% of the total Q1 2023 deals, which is a quarter-on-quarter decline of 8%.
- However, this quarter's average PE deal value was £264m (£95m excluding mega-deals), which is significantly higher when compared to the £109m (£53m excluding mega-deals) average deal value in Q1. This shows that, even with market challenges, PE firms are willing to deploy significant capital for the right prospect.
- In Q1, PE firms showed least interest in Auto, involved in just 3.4% of deals compared to at least twice that across all other sectors.
- North America and EMEA remains the most active investment regions for PE firms making up 12% and 11% of the deals in Q1 2023.

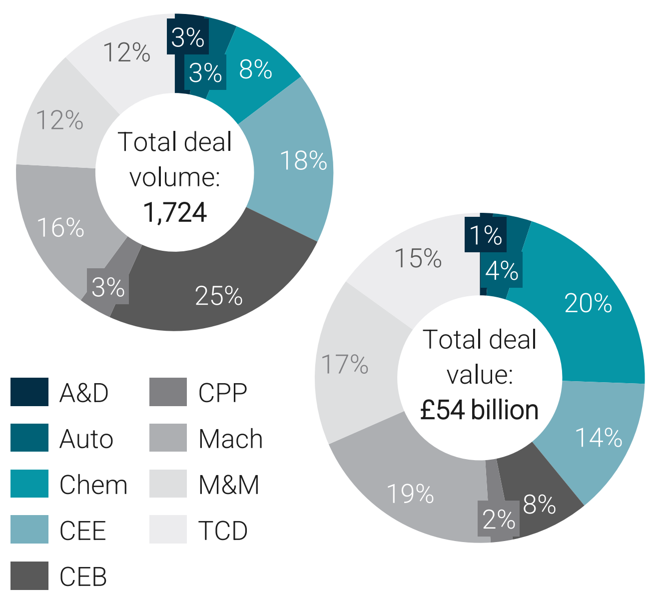
SUB-SECTOR TRENDS

423
Deals in Construction, Engineering & Building Products in Q1 2023

40%
Steepest sub-sector activity reduction from Q4 2022 in the Auto sector

18%
of deals involved a non-Euro buyer of a Euro asset in Q1 2023

10%
of deals involved a PE buyer in Q1 2023



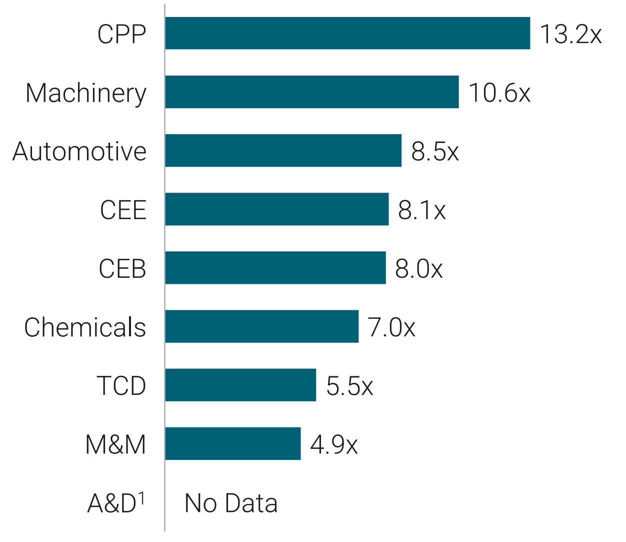
A&D	Aerospace & Defence
AUTO	Automotive
CHEM	Chemicals
CEE	Conglomerates & Electrical Equipment
CEB	Construction, Engineering & Building Products
C&P	Containers, Packaging & Paper Products
Mach	Machinery
M&M	Metals & Mining
TCD	Trading Companies & Distributors

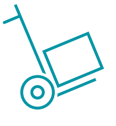
DEAL MULTIPLES WEAKENED WHILE TRADING MULTIPLES OF LISTED FIRMS IMPROVED

In Q1 2023, transaction multiples marginally declined from the peak in the previous quarter:

- The average transaction multiple of 9.7x in Q4 2022 was the second highest since Q1 2021. This was underpinned by large strategic mega deals that occurred at premium multiples. However, there was a 16% decline in Q1 2023, which reduced the multiple to 8.2x, which is in line with Q1 2022 and Q2 2022 levels.
- Average trading multiples have increased by 3.7% from 8.3x in Q4 2022 to 8.6x in Q1 2023. A&D remains the sector with the highest multiple at 13.0x, followed by Machinery at 10.1x and Conglomerates & Electrical Equipment at 9.2x.
- All sub-sector average trading multiples increased quarter-on-quarter except for Automotive, which decreased by 3.0%, from the Q4 2022 valuations.
- The disparity between the deal multiples and trading multiples might have risen from the delay in the M&A market's reaction to the public market recovery seen at start of Q1 2023. The rebound in public valuations suggests renewed confidence and optimism in the market, but time will tell how this will impact M&A activity in future quarters.

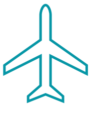
AVERAGE TRANSACTION COMPARISONS
AVG. IMPLIED EV/EBITDA (Q1 2023 DEALS)





13.2X

Containers, Packaging & Paper Products has the top sector avg. deal multiple (3 deals)



13.0X

Aerospace & Defence has the highest avg. public company valuation multiple (47 companies)

AVERAGE TRADING COMPARISONS

SUB-SECTOR[2]	REV. CAGR (2020-2022)	EBITDA % (FY 2022)	EV/Q1 2023 LTM REV.	EV/Q1 2023 LTM EBITDA	REV. CAGR (2023-2025)
Aerospace & Defence	2.7%	10.3%	2.33x	13.0x	7.8%
Automotive	9.8%	5.2%	1.16x	7.1x	7.4%
Chemicals	1.6%	12.6%	1.99x	8.0x	4.6%
Conglomerates & Electrical Equipment	42.9%	11.9%	2.33x	9.2x	8.1%
Construction, Engineering & Building Products	7.9%	8.2%	1.27x	8.0x	4.8%
Containers, Packaging & Paper Products	(1.3%)	9.7%	1.29x	7.8x	2.1%
Machinery	2.1%	9.7%	1.70x	10.1x	5.2%
Metals & Mining	5.5%	14.3%	1.56x	6.8x	2.9%
Trading Companies & Distributors	6.8%	9.5%	1.29x	7.4x	3.4%

1. No A&D deals in Q1 2023 published transaction multiples. 2. Includes companies with revenue in excess of £500 million per annum.

In detail

CONGLOMERATES & ELECTRICAL EQUIPMENT DEALS PLAYED A BIG ROLE GLOBALLY IN Q1 2023

REGION	TARGET	SECTOR	ACQUIRER	DEAL VALUE (£M)[1]	EV/ EBITDA	RATIONALE
North America	Univar Solutions Inc. (NYSE:UNVR)	Trading Companies & Distributors	Apollo Global Management, Inc. (NYSE:APO); Abu Dhabi Investment Authority	7,017	7.3x	Take private aiming to accelerate Univar's long-term growth strategy
North America	Evoqua Water Technologies Corp. (NYSE:AQUA)	Machinery	Xylem Inc. (NYSE:XYL)	6,190	27.3x	Xylem acquired Evoqua aiming to tap into growing global awareness of risks around water scarcity
North America	Wyatt Technology Corporation	Conglomerates & Electrical Equipment	Waters Technologies Corporation	1,132	N/A	Waters acquired Wyatt aiming to expand its offerings in biopharmaceutical development, particularly for newer modalities like cell and gene therapies
North America	Duro-Last, Inc.	Construction, Engineering & Building Products	Holcim Ltd (SWX:HOLN)	1,077	N/A	Holcim acquired Duro-Last in order to help advance their capabilities in sustainability across the fast-growing North American market
North America	GaN Systems, Inc.	Conglomerates & Electrical Equipment	Infineon Technologies AG (XTRA:IFX)	650	N/A	Infineon Technologies AG acquired GaN Systems, Inc. to improve its R&D resources and expand its customer base
North America	FlexSteel Pipeline Technologies, Inc.	Metals & Mining	Cactus, Inc. (NYSE:WHD)	581	N/A	Cactus acquired FlexSteel in order to enhance their position as a premier manufacturer of spoolable pipe technologies
EMEA	SAS Autosystemtechnik GmbH & Co.KG	Automotive	Samvardhana Motherson Automotive Systems Group B.V.	480	5.0x	Motherson acquired SAS to increase customer proximity, add competency in automation and also increase its exposure to EV programs
North America	Power Conversion division of ABB Ltd	Conglomerates & Electrical Equipment	AcBel Polytech Inc.	408	N/A	AcBel Polytech Inc. acquired the Power Conversion division of ABB Ltd, to strengthen its product portfolio, grow its customer base and capabilities in the United States

1. Reflects total gross transaction value

Trendspot – Flow control

WHY INDUSTRIALS M&A SHOULD GO WITH THE FLOW, AS INFRASTRUCTURE AND ENERGY TAILWINDS BUILD

FLOW CONTROL: M&A WILL BE KEY IN HARNESSING INFRASTRUCTURE, ENERGY AND TECHNOLOGICAL TAILWINDS

Flexibility and agility during unpredictable and disruptive times are becoming critical business characteristics in the modern world. Few market dynamics remain metronomically predictable, and sudden shifts in industry trends are requiring organisations to continuously evaluate their portfolios and reconsider its shape in order to best align and harness the opportunities presented.

Flow control is one such sector which is experiencing a multitude of change. Consisting of products such as pumps, valves, compressors, and meters, it is a segment that already plays a critical role in supporting the developed – and developing – world's infrastructure needs.

The sector is currently underpinned by several macro influences and is being accelerated by favourable secular trends which is driving future growth potential for the industry. Some of the most notable drivers include:

Global infrastructure investment

The global infrastructure construction market size was $4.6 trillion in 2021 and is expected to grow at a CAGR of more than 2% between 2022-2026[1]. This will create sizeable growth opportunities across a range of end markets that require flow control applications and technology. For example, the global water and wastewater treatment market – a key segment for flow control-related products – is expected to grow at 7.1% CAGR over the next seven years[2].

The energy transition to renewables

The shifting energy landscape is driving investment in the short term, for cleaner fossil fuels such as LNG, and in the medium to long term, for renewable sources such as hydrogen. In order to achieve the world's 1.5-degree climate target by 2050, global investment of $150 trillion is required – of which $103 trillion is already planned[3]. Flow control technologies are essential in renewables infrastructure; therefore, the industry is likely to benefit from significant growth as expenditure on renewable infrastructure increases.

Note: A. No flow control sector deals in Q1 2022 have published EV/EBITDA multiples. B. 2022 YTD includes January to April 2022.
1. Global Data 2. Fortune Business Insights 3. IRENA World Energy Transitions Outlook 2023

WHY INDUSTRIALS M&A SHOULD GO WITH THE FLOW, AS INFRASTRUCTURE AND ENERGY TAILWINDS BUILD (CONT'D)

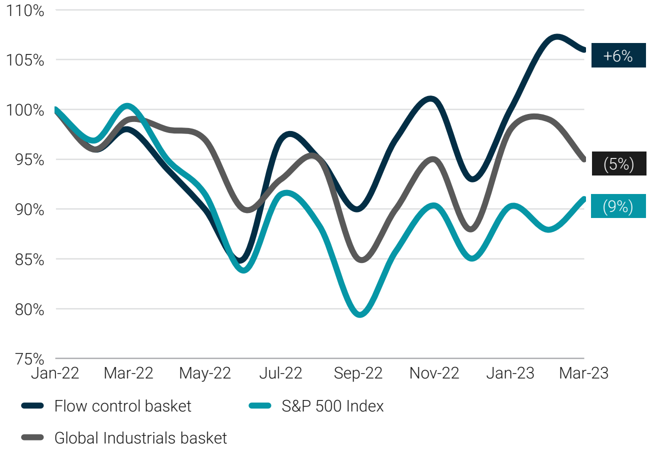
Accelerated urbanisation in developing countries

The continued rapid urbanisation of developing countries is expected to reach 4.8 billion people by 2030 – an increase of 1.3 billion from today – and will require significant infrastructure investment to match it. This investment will be required across areas including gas networks, water treatment facilities and chemical plants, all of which are reliant on flow control products. As a result, developing economies are expected to be a strong engine for growth across the flow control market in the medium term.

Technological disruptions

The continuing emergence of Industry 4.0 and Industrial Internet of Things (IIoT) brings new opportunities for businesses to optimize their processes, drive operational and performance efficiencies and ultimately, improve cost and margin control. It will also increase demand for sensors and other flow control technologies to support new product development opportunities and solutions, such as predictive maintenance, data capture and monitoring, which will enable businesses to develop additional revenue streams and empower customers to make improved, and more timely decisions. The scale of this opportunity is evident from market sentiment surrounding IIoT with reports indicating that the worldwide IIoT market size is expected to grow by c.23% per year, from $216 billion in 2020 to $600 billion by 2025[4].

CHART 1: SHARE PRICE PERFORMANCE: JAN-22 TO MAR-23:

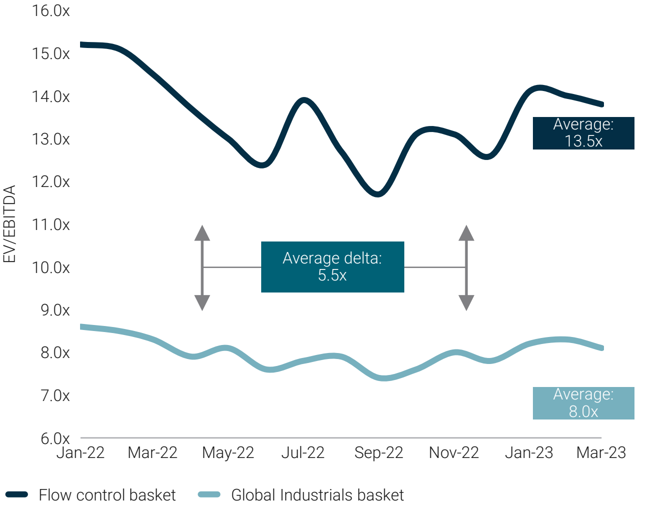


THE FLOW CONTROL SECTOR HAS CONTINUED TO OUTPERFORM THE BROADER INDUSTRIAL SECTOR IN WHAT HAS BEEN TRYING TIMES

The flow control sector has been consistently outperforming the broader Industrials sector since Jun-22. As evident in Chart 1, on a rebased basis as at Jan-22, our basket of flow control publicly traded stocks has outperformed the broader Industrials sector and public market indices (S&P 500 and FTSE 100). Whilst the widespread uncertainty due to the Ukraine war, rising inflation and recessionary fears impacted public markets in 2022, flow control stocks have, in comparison, fared well and are currently up 6% on Jan-22, whilst the broader Industrials sector is down 5%, S&P 500 is down 9% and FTSE 100 is up 2%.

Furthermore, a review of historic valuation multiples demonstrates that flow control stocks are generally considered more valuable when compared to the broader Industrials sector, typically trading between 12x and 14x over the last 15 months, a delta of over 5x against the broader Industrials sector (see Chart 2).

CHART 2: HISTORIC VALUATION MULTIPLES: JAN-22 TO MAR-23



4. Grand View Research

Trendspot – Flow control (cont'd)

WHY INDUSTRIALS M&A SHOULD GO WITH THE FLOW, AS INFRASTRUCTURE AND ENERGY TAILWINDS BUILD (CONT'D)

This is supported by the fact that flow control players have, simply put, performed better during what has been a challenging few years for businesses. Per Table 3, average 3-year revenue CAGRs for flow control companies is c.5.1%; the sector has not only withstood the challenging trading environment in the last three years but has also generated growth on pre-Covid performance. The broader Industrials sector, however, has not performed as well, achieving an average 3-year revenue CAGR of 1.7%. The higher trading multiples is also supported by the fact that flow control companies typically generate higher EBITDA margins (2022 average: 18.6%) compared to the broader Industrial companies (2022: 13.4%).

M&A WILL BE KEY TO HARNESSING GROWTH OPPORTUNITIES

Whilst the last 6-12 months has been challenging from an M&A perspective, including the Industrial sector, deal activity in the flow control space remains strong. As evident on Chart 3, the total flow control deal volumes for the 15 month period from Jan-22 to Mar-23 (88 deals) is up 26% on the 70 deals during the same length period pre Covid (Jan-19 to Mar-20) which clearly demonstrates the continued, if not increased, appetite for flow control assets.

Against the backdrop of strong end market growth and continued technological development and disruption changing the operating landscape, M&A will be key for industry players to ensure they stay at the forefront of the market, are ready to ride the next wave of growth and are able to mobilise activity in adjacent areas where opportunities present themselves.

This can already be seen through Ingersoll Rand's publicly announced M&A strategy, which is centred around the key themes of sustainable end-market exposure, accretive digital capabilities, and high aftermarket/recurring revenue streams.

Table 3: Returns Analysis	Revenue CAGR % (2019 - 2022)	EBITDA Margin % (2022)
Flow control basket	5.1%	18.6%
Global Industrials basket	1.7%	13.4%

Its acquisition of Seepex for €432m demonstrates this strategy in action, helping advance its digital and aftermarket capabilities through Seepex's strong IP offering, which includes its own internally developed IIoT platform.

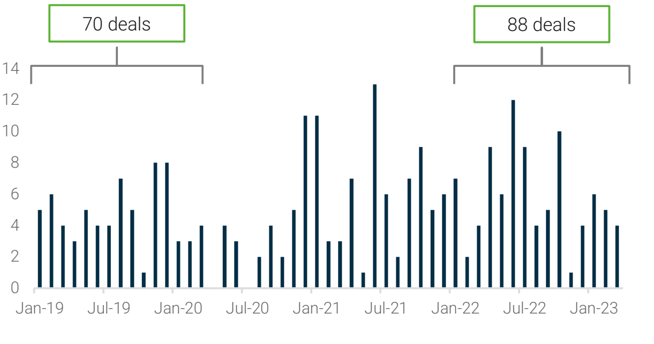
Other large corporates are also leveraging similar strategies. For example, in December 2021, Dover Corporation announced two acquisitions (Acme Cryogenics for $295m and Engineered Controls International for $631m) to enhance its clean energy solutions across both hydrogen and LNG.

As large flow control players prepare for and begin to respond to the changing market environment, businesses with compelling digital capabilities and exposure to fast growing end markets will remain in high – if not higher – demand, leading to very strong valuations.

We also expect these large players to increasingly review their portfolios to identify and in turn carve out non-core divisions that are not aligned with growth segments, providing openings for carve-out-orientated private equity firms and corporates looking for consolidation opportunities. Given the fragmented nature of the sector, it is also a good hunting ground for private equity and we expect private equity interest to remain high.

See page 12 for extracts of a recent interview conducted with Chip Grace, co-founder of Chicago-based industrial private equity firm, May River Capital, who have been building their own flow control platform in the form of Industrial Flow Solutions.

CHART 3: GLOBAL DISCLOSED FLOW CONTROL DEAL VOLUMES[1]



1. Disclosed transactions per CAPIQ

Trendspot – Flow control (cont'd)

WHY INDUSTRIALS M&A SHOULD GO WITH THE FLOW, AS INFRASTRUCTURE AND ENERGY TAILWINDS BUILD (CONT'D)

NOTABLE RECENT TRANSACTIONS IN THE GLOBAL FLOW CONTROL SECTOR

Date	Target	Buyer	Value (£m)	EV/EBITDA multiple	Deal rationale
Feb-23	Velan Inc. (TSX:VLN)	Flowserve Corporation (NYSE:FLS)	245	u/d	Furthers Flowserve's 3D strategy (Diversification, Decarbonization and Digitization) and creates synergies on valve portfolio
Sep-22	Muon Group	IDEX Corporation (NYSE:IEX)	700	u/d	Expand offering and customer base in the precision technology market
Jul-22	Vulcanic SA	Spirax-Sarco Engineering plc (LSE:SPX)	277	14.9x	Broadens addressable market and further develops capabilities across Europe
Jun-22	Desmi A/S	One Equity Partners	u/d	u/d	Leverage sector expertise to accelerate the company's growth and diversify across end markets
May-22	Malema Engineering Corporation	Dover Corporation (NYSE: DOV)	275	u/d	Expand biopharma single-use product offering
Apr-22	Assets of Tuthill Corp	The Gorman-Rupp Company (NYSE: GRC)	525	u/d	Expand position in attractive and niche mission critical pump markets
Apr-22	Duplomatic MS	Daikin Industries,Ltd. (TSE:6367)	231	24.0x	Expands geographic presence across Europe
Apr-22	OMEGA	Dwyer Group	525	20.5x	Temperature sensing technology leadership and innovative IIOT technology supports Dwyer Group's existing instrumentation portfolio
Apr-22	Habonim Industrial Valves & Actuators	ITT Inc (NYSE: ITT)	140	u/d	Complementary ball valves offering and focuses on applications in attractive end markets will drive stronger sales growth
Dec-21	SPX FLOW, Inc. (NYSE: FLOW)	Lone Star Americas Acquisitions, Inc.	3,800	20.0x	Aligns with strategy to invest in business with substantial runway for growth
Dec-21	Engineered Controls International, LLC	Dover Corporation (NYSE: DOV)	631	u/d	Complementary and enhancing clean energy solutions
Apr-21	Airtech	IDEX (NYSE: IEX)	470	16.0x	Expands group's expertise in specialized air moving technologies

Client-story

"Our research indicated the flow control market exceeded $70 billion and was highly fragmented"

Chip Grace, founding partner of May River Capital, a Chicago based industrials focused private equity firm, shares his views on the flow control sector and the broader industrial M&A landscape.

May River seems to have a strong track record and reputation of investing in high quality mid-market Industrial assets – what attracts you to the Industrial sector?

The market opportunity is vast given there are hundreds of thousands of manufacturing businesses in the U.S. and Europe with fewer than 500 employees. Many of these small market businesses are owned or managed by Baby Boomer-aged entrepreneurs who lack a succession plan and are concerned about the future of their operations. Owners often want to see their companies grow and prosper rather than fold into larger conglomerates. Our specific focus and track record in industrials often presents an attractive alternative. In addition, we're constantly collaborating with our Executive Resource Group (ERG) members to identify macro-trends, consolidation opportunities, new product technology developments, and critical industrial service needs within industrials to identify sub-sectors where GDP+ growth may be achieved.

We understand your acquisition of BJM Pumps back in 2017 was May River's first acquisition as part of a strategy to develop an Industrial Pumps platform - what underpinned your original investment thesis for seeking to develop such a platform?

Our initial thesis that was developed in partnership with Brad Sterner and Chris Stevens from our ERG Group, who held leadership roles at several large flow control companies, centered around building an industrial pumps platform serving niche, mission critical end market applications. Our research indicated the target market exceeded $70 billion and was highly fragmented with high-quality owner-operated and family-owned businesses.

It appears the buy and build strategy has been focused on building a global flow control platform which combines traditional flow control products (such as wastewater pumps) with technology-enablement (such as IOT controls solutions/predictive maintenance) – can you talk us through the benefits of this interplay between hardware and software?

There are a few important themes driving customer interest in utilizing pumps with software technology, including the need to drive a higher ROI through extending the life of pumps via preventative maintenance, as well as reducing energy consumption through more efficient pumping. Our Clearwater Controls business, for example, monitors the torque signature of a pump's motor in real-time to predict when a clog may occur and reverse the flow before the pump can be damaged.

You've made four bolt-on acquisitions at IFS since the acquisition of BJM Pumps in 2017 which is impressive given the rather turbulent macro-environment – what has been the approach in finding the right bolt-ons?

Throughout the course of our ownership of Industrial Flow Solutions, we've had several dozen conversations with owners of pump companies through direct outreach and in partnership with buyside intermediaries.

We were fortunate to find four add-ons that matched our primary criteria of having a wastewater focus, demonstrating pricing power through strong margins, and leading with strong brands in niche applications with meaningful intellectual property.

Do you consider the overall flow control market to still be fragmented, and therefore opportunities for consolidation exist?

Yes, we've identified hundreds of independent pump, valve, controls and related product companies in both the U.S. and Europe.

As an investor, if you were entering the flow control sector today for the first time, what would you say are the 4 factors that make this sector attractive?

1) Flow control makes up one of the largest categories of industrial equipment spend; 2) The market remains highly fragmented with family and founder-owned businesses; 3) Meaningful opportunities exist in these businesses to accelerate growth through investment in management teams, enhanced 'go-to-market' strategies and infrastructure, as well as production and supply chain capabilities; and 4) Opportunities to add software and controls 'beyond the pump'

Looking ahead what do you think the rest of 2023 will bring from an M&A perspective and for the wider Industrials sector?

Given broader economic uncertainty, it's been a choppy start to the year in terms of deal flow. That said, we've currently got a stronger-than-average pipeline and expect the remainder of the year to have a similar amount of deal opportunities as in 2022.

What are your thoughts on the current debt markets in the U.S. (appetite from lenders, pricing, terms etc.)?

We're primarily dealing with private lenders and a handful of lower middle market focused commercial banks and finance companies that remain active in their appetite to lend to high-quality businesses. That said, total leverage available per investment is down 15 to 25% due to higher interest rates restricting free cash flow.

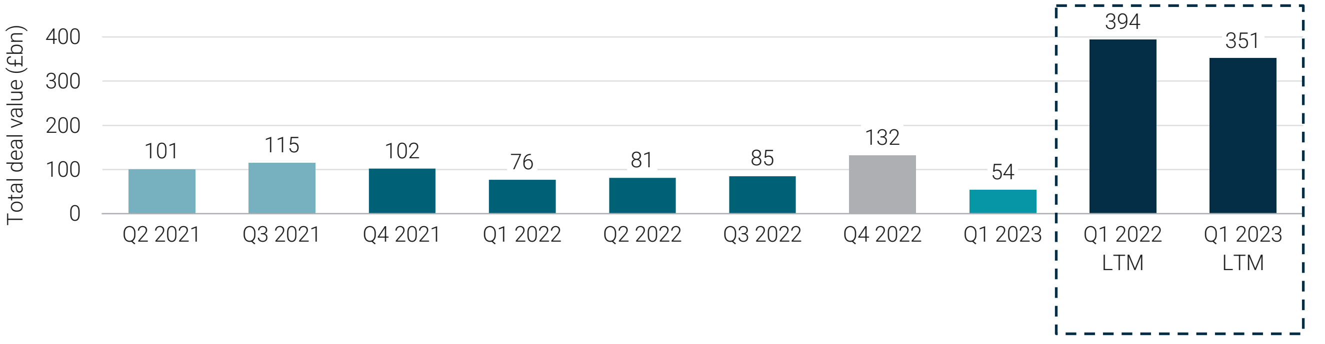
We've noticed May River has done few bolt-on acquisitions in Europe over the years (Dreno Pompe, Clearwater Controls, Flotronic etc.). What are your thoughts on entering the European market – any plans to set up an office?

We will continue to seek industrial growth investment opportunities in Europe, especially in engineered products. We've recently added a senior member, located in Geneva, Switzerland, to our investment team who will help us identify and underwrite new opportunities, and also support operational and commercial excellence in our existing UK and EU operations.

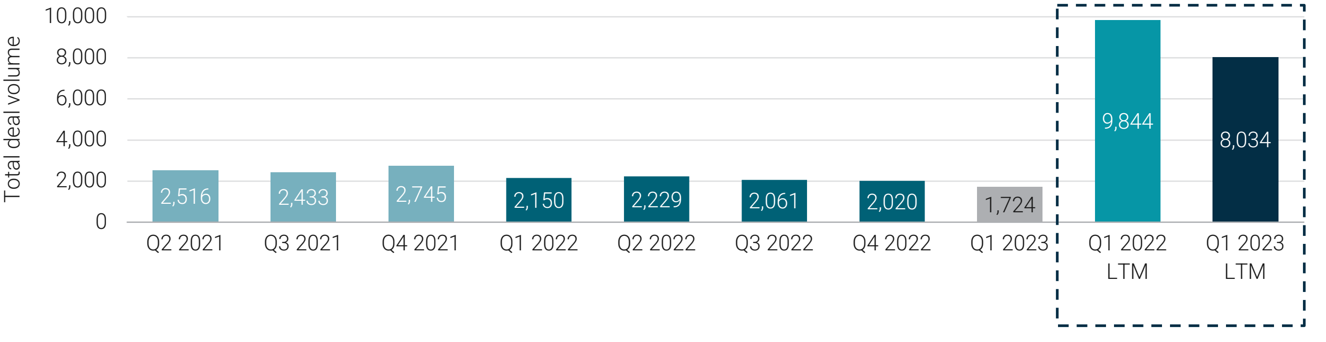
DEAL VALUE, VOLUME AND VALUATION

INDUSTRIALS M&A – VALUE, VOLUME AND VALUATIONS

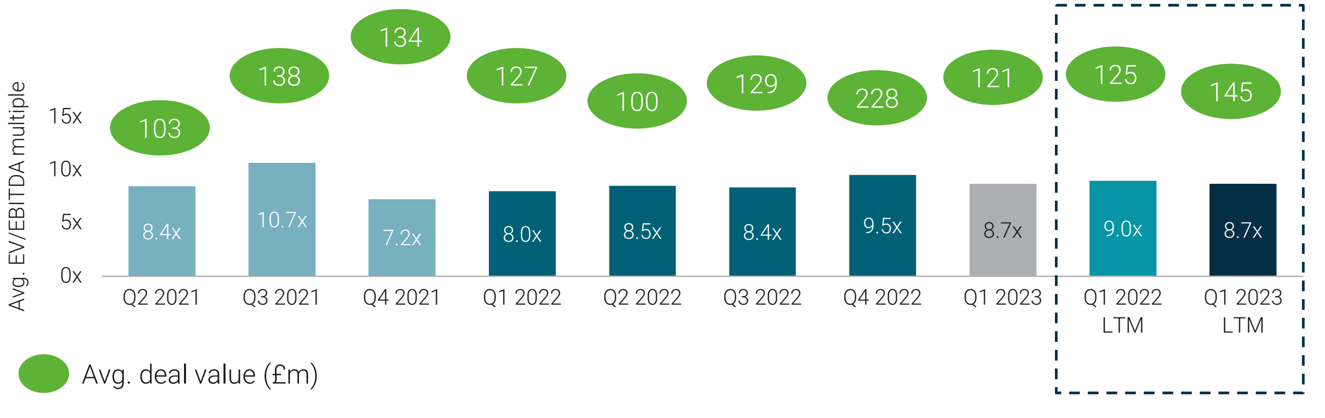
TOTAL DEAL VALUE



TOTAL DEAL VOLUME



AVERAGE EV/EBITDA VALUATION



Note on avg. deal value: Calculated from available deals with disclosed target valuations, which is not exhaustive of all deals reported in deal volume.

Note on data collection: Deal statistics screened from S&P Capital IQ on 8 April 2023, deals backdated into quarter announced after this date may not be included and will be updated in subsequent quarterly reviews.

Appendix B

GEOGRAPHICAL TRENDS

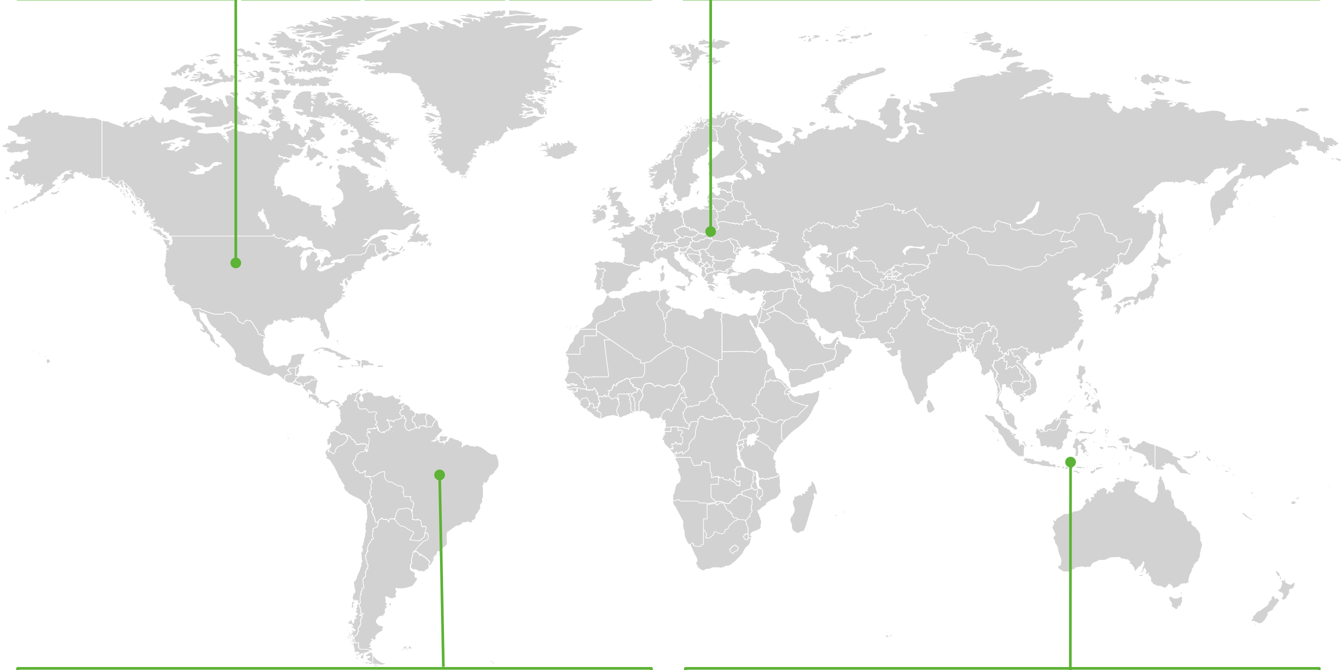
INDUSTRIAL M&A – VALUE, VOLUME AND VALUATIONS BY GEOGRAPHY

NORTH AMERICA

	Deal volume	Deal value (£bn)	Avg. deal value (£m)
Q1 2023	588	26	276
Vs. Q1 2022	▼31%	▼40%	▲0.8%
Q1 2023 LTM	2,766	112	219
Vs. Q1 2022 LTM	▼26%	▼36%	▲8%

EMEA

	Deal volume	Deal value (£bn)	Avg. deal value (£m)
Q1 2023	622	6	70
Vs. Q1 2022	▼23%	▼64%	▼44%
Q1 2023 LTM	3,053	92	155
Vs. Q1 2022 LTM	▼12%	▼26%	▼8.5%



SOUTH AMERICA

	Deal volume	Deal value (£bn)	Avg. deal value (£m)
Q1 2023	48	1	70
Vs. Q1 2022	▲4%	▲73%	▲63%
Q1 2023 LTM	192	9	104
Vs. Q1 2022 LTM	▼22%	▲18%	▲47%

APAC

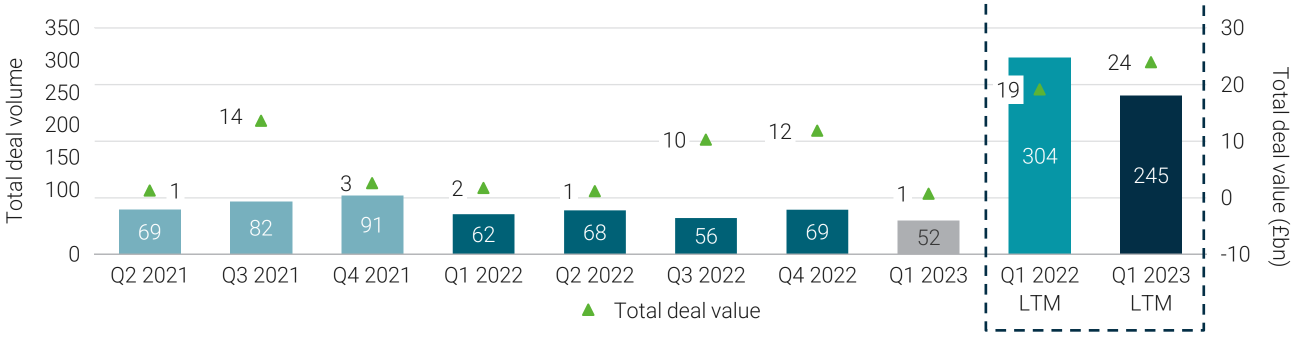
	Deal volume	Deal value (£bn)	Avg. deal value (£m)
Q1 2023	466	20	70
Vs. Q1 2022	▲7%	▲30%	▲14%
Q1 2023 LTM	2,023	137	100
Vs. Q1 2022 LTM	▼14%	▲59%	▲73%

Appendix C

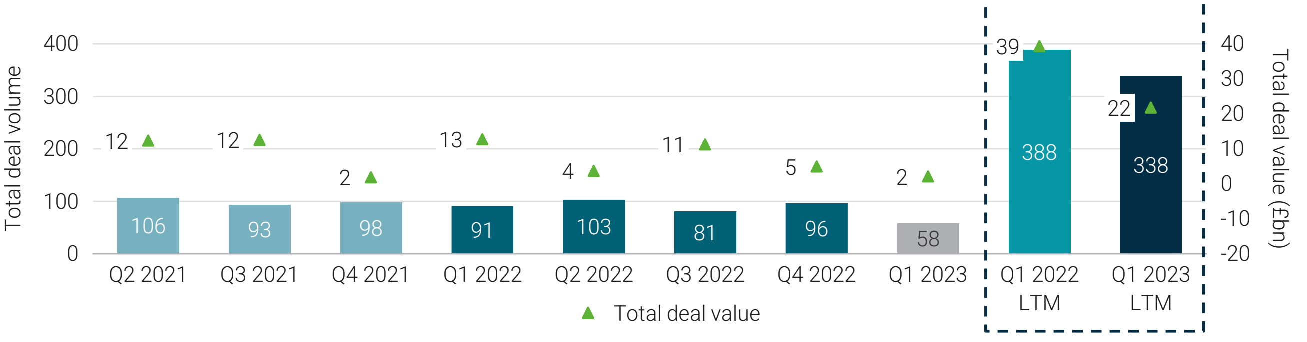
SUB-SECTOR ACTIVITY

DEAL ACTIVITY BY SUB-SECTOR

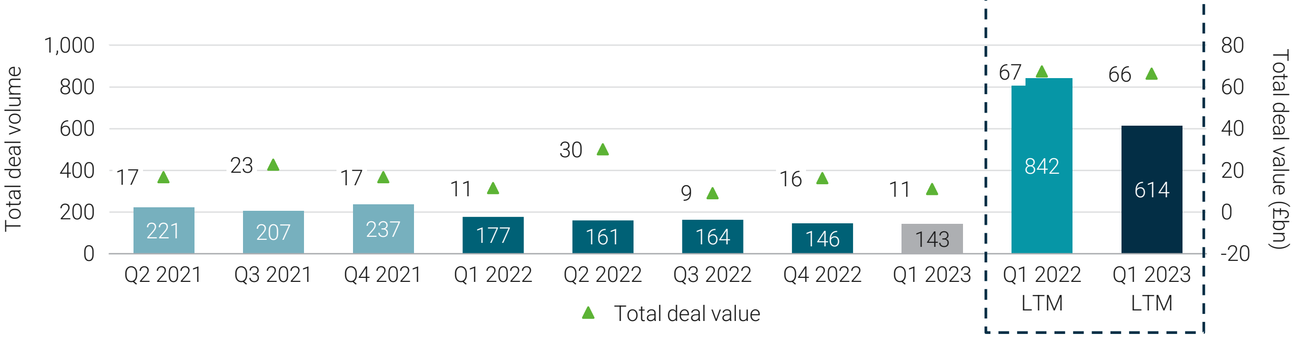
AEROSPACE & DEFENCE



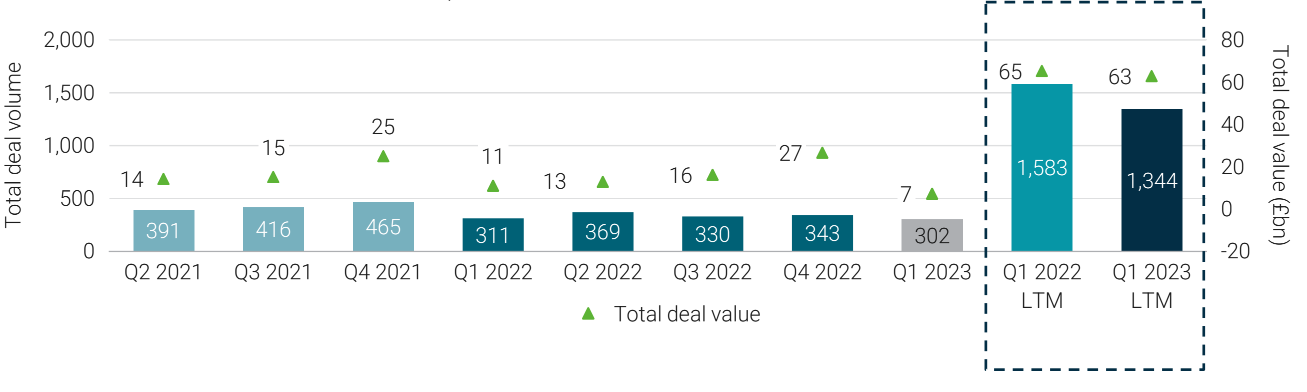
AUTOMOTIVE



CHEMICALS



CONGLOMERATES & ELECTRICAL EQUIPMENT



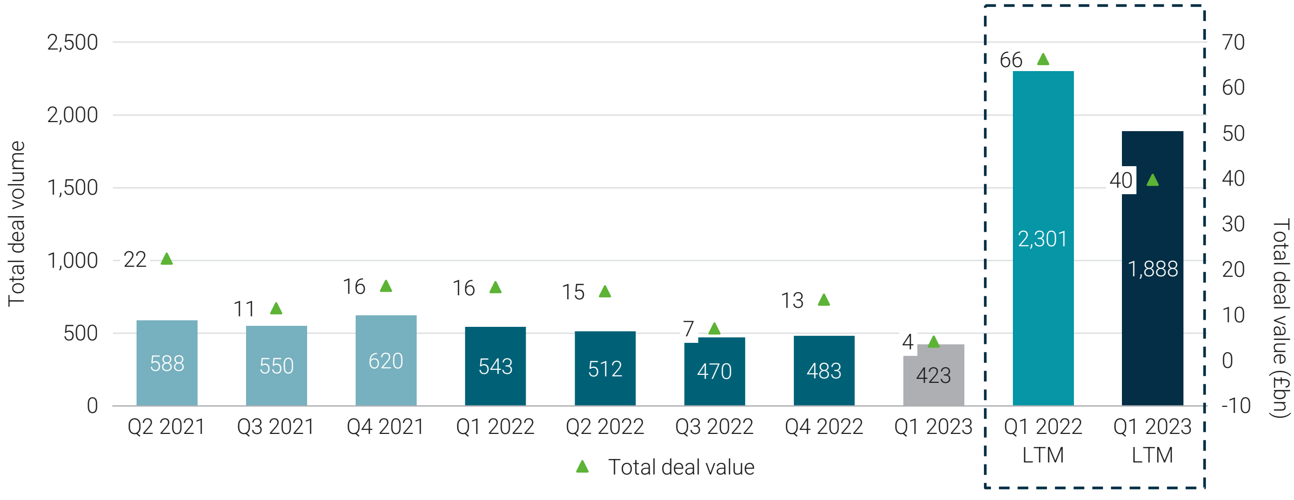
Note on avg. deal value: Calculated from available deals with disclosed target valuations, which is not exhaustive of all deals reported in deal volume.

Appendix C (cont'd)

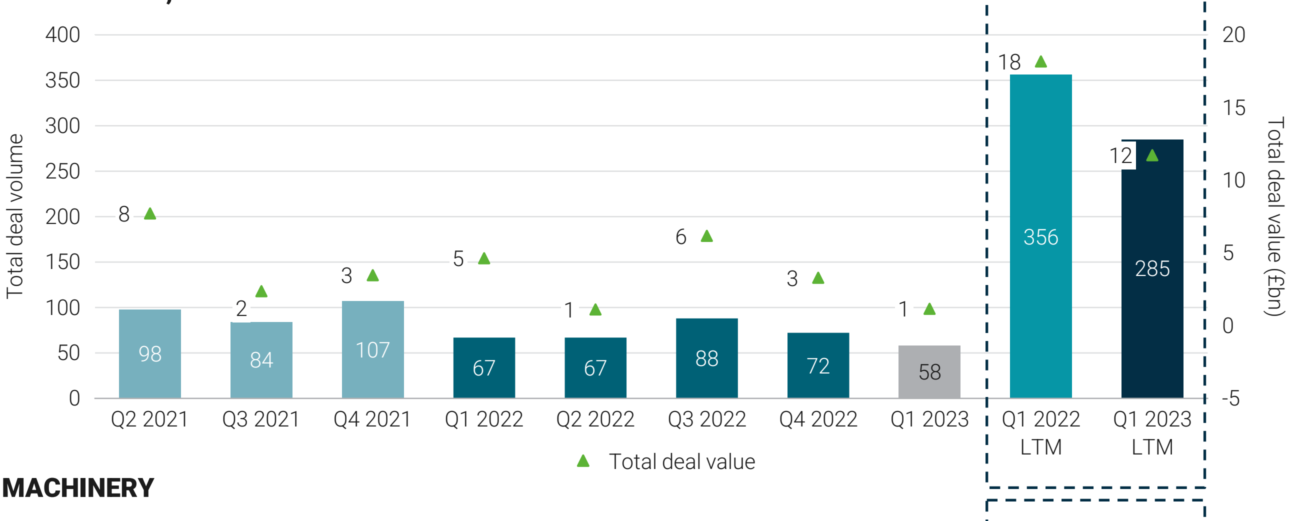
SUB-SECTOR ACTIVITY

DEAL ACTIVITY BY SUB-SECTOR

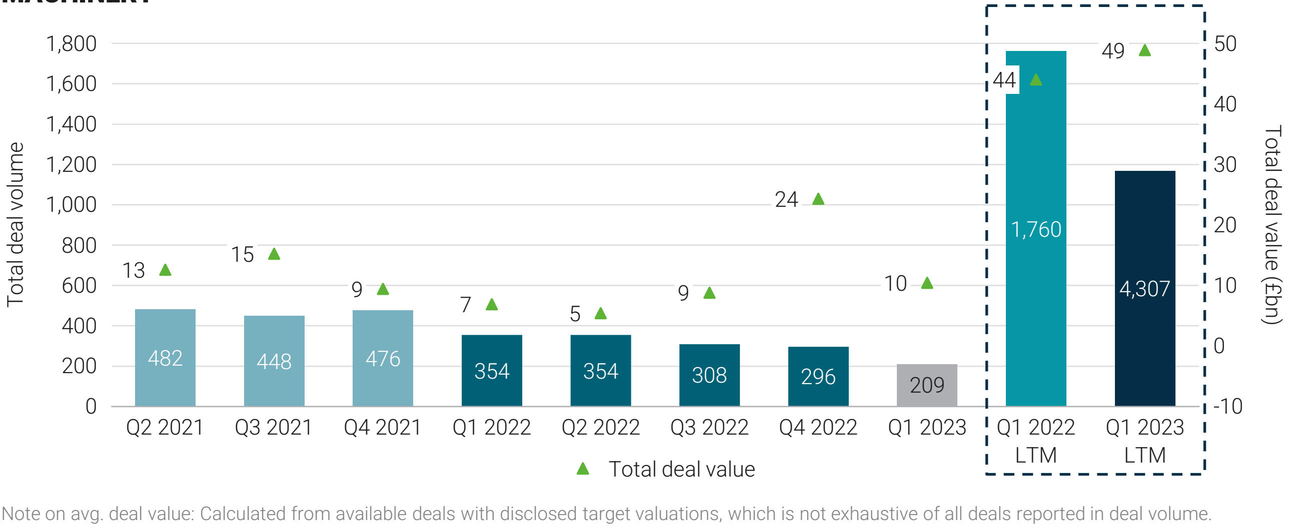
CONSTRUCTION, ENGINEERING & BUILDING PRODUCTS



CONTAINERS, PACKAGING & PAPER PRODUCTS



MACHINERY



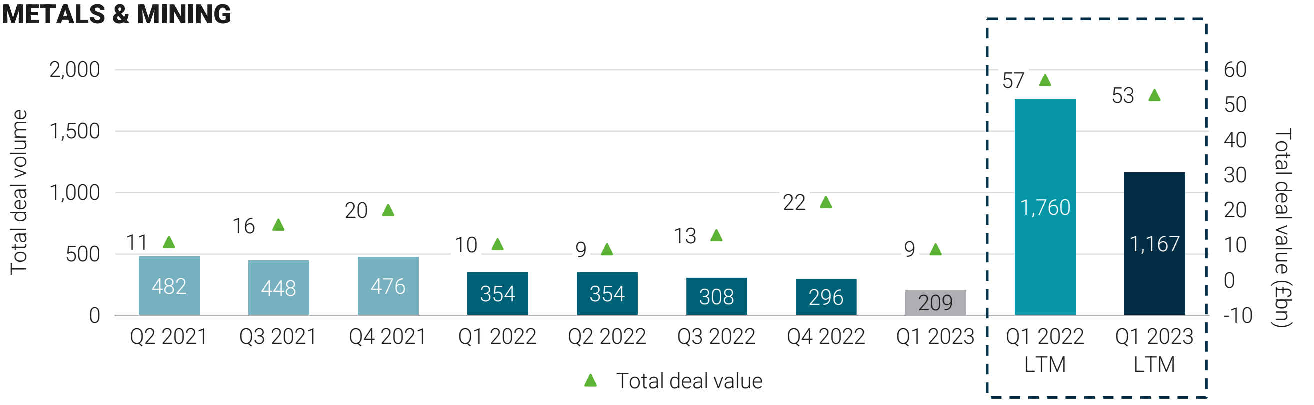
Note on avg. deal value: Calculated from available deals with disclosed target valuations, which is not exhaustive of all deals reported in deal volume.

Appendix C (cont'd)

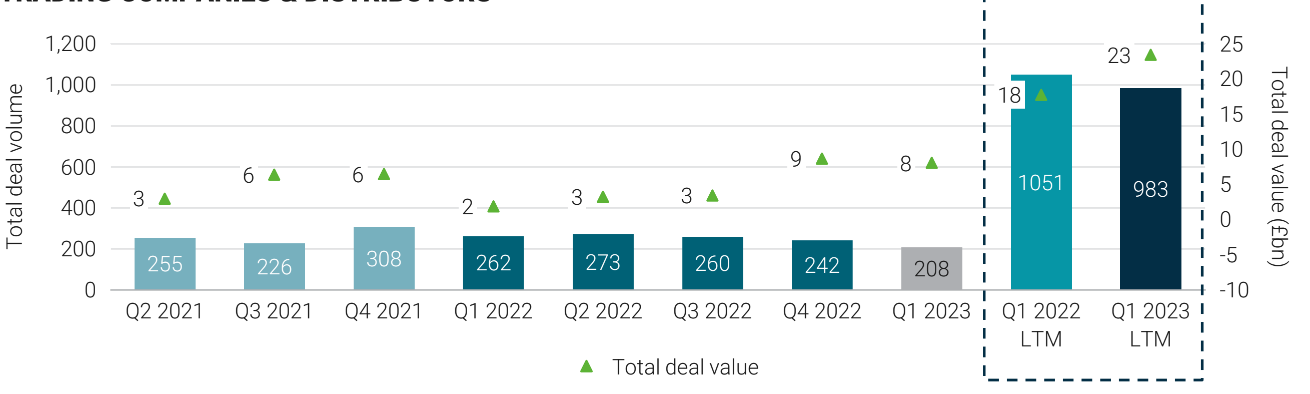
SUB-SECTOR ACTIVITY

DEAL ACTIVITY BY SUB-SECTOR

METALS & MINING



TRADING COMPANIES & DISTRIBUTORS



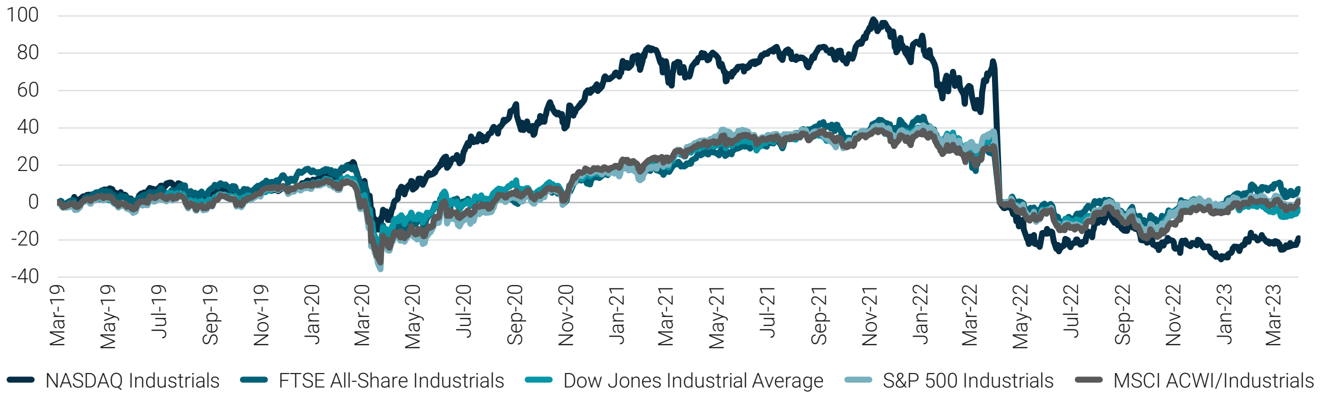
SUB-SECTOR (Q1 2023 LTM)	DEAL VOLUME	DEAL VALUE (£BN)	AVG. DEAL VALUE (£M)	AVG. EV/EBITDA VALUATION
Aerospace & Defence	245	24	374	12.3x
Automotive	338	22	151	8.1x
Chemicals	614	66	293	8.3x
Conglomerates & Electrical Equipment	1344	63	121	9.6x
Construction, Engineering & Building Products	1888	40	104	9.4x
Containers, Packaging & Paper Products	285	11	142	9.5x
Machinery	1170	49	164	8.8x
Metals & Mining	1167	53	78	6.8x
Trading Companies & Distributors	983	23	190	7.4x

Note on avg. deal value: Calculated from available deals with disclosed target valuations, which is not exhaustive of all deals reported in deal volume.

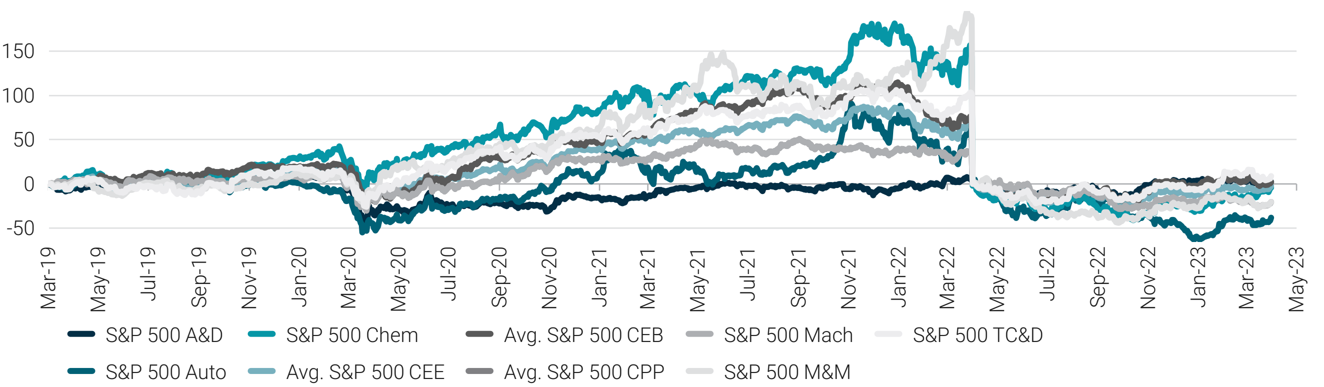
Appendix D

SUB-SECTOR PERFORMANCE

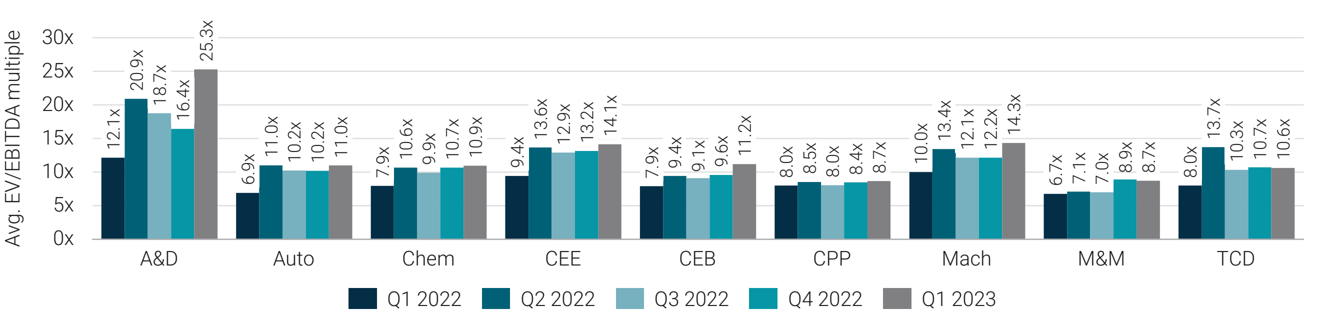
INDUSTRIALS – SECTOR INDEX PERFORMANCE



INDUSTRIALS – SUB-SECTOR PERFORMANCE



INDUSTRIALS – PUBLIC EV/EBITDA (LTM) VALUATION[1]



SUB-SECTOR KEY

A&D	Aerospace & Defence
AUTO	Automotive
CHEM	Chemicals
CEE	Conglomerates & Electrical Equipment
CEB	Construction, Engineering & Building Products

CPP	Containers. Packaging & Paper Products
Mach	Machinery
M&M	Metals & Mining
TCD	Trading Companies & Distributors

1. Includes companies with revenue in excess of £500 million per annum

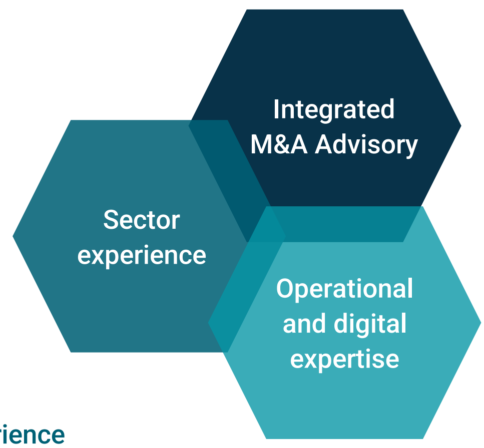
A global practice

M&A EXPERTS WITH EXPERIENCE ACROSS EVERY ELEMENT OF THE DEAL LIFECYCLE

INTEGRATED APPROACH THROUGHOUT DEAL CYCLE

We offer market leading, integrated M&A services and develop long term relationships with clients

Delivering value creation and M&A solutions for corporates and investors…	…in 'when it really matters' M&A situations…	…leveraging the AlixPartners' unparalleled skill-set combining…	…M&A, operational & sector expertise in small, senior expert teams.



Integrated M&A Advisory

- We have a unique capability of drawing upon our sector and operational experts to provide a fully integrated offering across the deal life cycle.
- Our transactional expertise is recognized through our market leading results in both growth M&A as well as complexed and distressed M&A.

Sector experience

- Our team consists of highly experienced deal leaders as well as operational experts whose skilled have been developed in senior line manager roles in leader corporates of the world.
- Working closely with our deal experts, our sector experts help you understand the industrial logic for a potential acquisition or exit and can assist in quantifying potential performance improvement measures.

Operational and digital expertise

- Our operational experts are focused on identifying and implementing value creation opportunities to drive profit growth and improve cash generation.
- Similarly, by leveraging our IT and digital capabilities, we are very quickly able to assess the complexity of large/complex IT carve outs and implement IT separation and integration programmes to ensure a smooth transition.

GLOBAL REACH

ALIXPARTNERS INDUSTRIALS TEAM

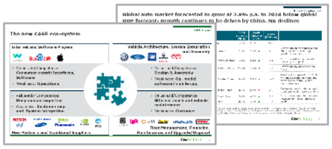
M&A SERVICES ACROSS THE INVESTMENT CYCLE

Investment	Growth	Portfolio optimization and Exit
• Strategy development • Acquisition search • Buy-side advisory • Debt advisory • Acquisition due diligence • Synergy assessment	• Post-merger integration • Operational improvement • Bolt-on acquisitions • Digital transformation	• Strategic review • Corporate turnaround • Restructuring • Exit readiness • Sell-side advisory

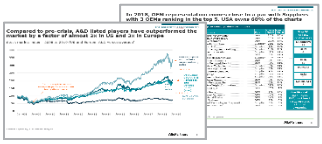
OUR EXPERTISE

Manufacturing			Energy & Resources	
Chemicals	Packaging	Automotive	Oil & Gas	Metals & Mining
Aerospace	Industrial Electronics	Diversified Industrials	Waste & Water	Power

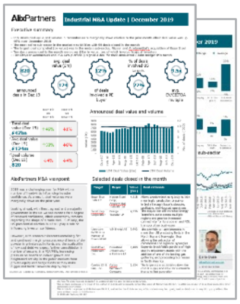
Global Automotive Study



Global Aerospace & Defence Study



Industrials M&A Newsletter



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ABOUT US

For more than forty years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges – circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line – a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA – so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables U.S. to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.