Industrial Machinery and Equipment

INDUSTRY UPDATE OCT 2023

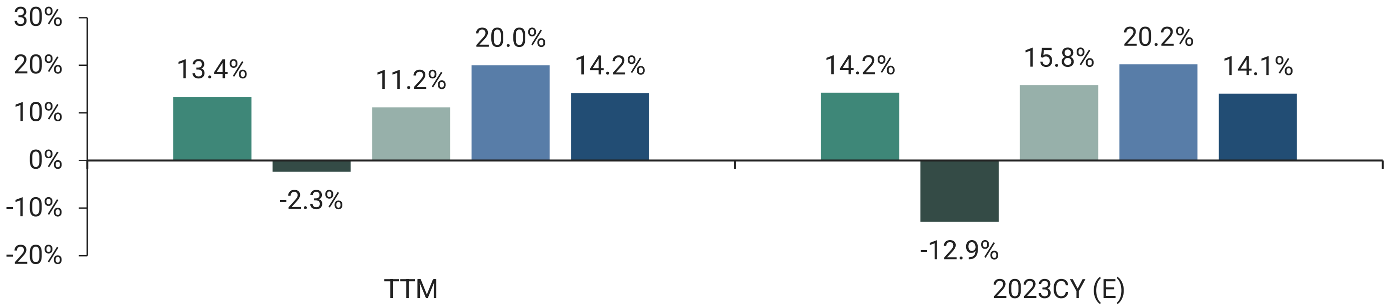
ankura CAPITAL ADVISORS

- Industry supply-and-demand dynamics remain challenged because of the ongoing Russia Ukraine war and heightened geopolitical tension
- Manufacturers are increasingly adopting advanced technologies like the Internet of Things (IoT), Artificial Intelligence (AI), and Robotics to enhance the efficiency and productivity of their machinery
- Margins in paper and printing machinery will continue to suffer with need to work off excess inventory purchased at inflated prices with an inability to pass along the costs to customers

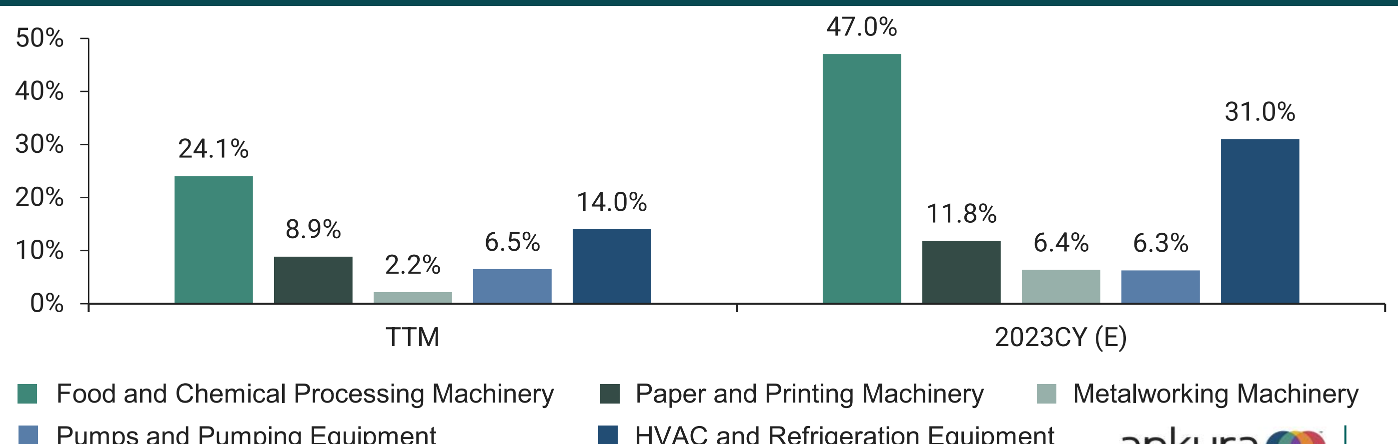
INDUSTRIAL MACHINERY AND EQUIPMENT HEADLINE TRANSACTIONS

TARGET	ACQUIRER	ACQUISITION SYNOPSIS
KEMCO SYSTEMS	CECO ENVIRONMENTAL	The company was acquired by CECO Environmental Corp.(NAS: CECO), a leading environmentally focused, diversified industrial company. Kemco, a Florida-based company that specializes in the design, manufacturing and support of custom-engineered industrial water recycling and energy conservation solutions, will help enhance CECO's value delivery to customers seeking to reduce their environmental footprint while improving the profitability
HCP HEATING & COOLING PRODUCTS	smiths	The company was acquired by Smiths Group (LSE: SMIN) for US $82MM on a cash and debt-free basis. This acquisition of heating, ventilation and air conditioning (HVAC) manufacturer will further expand Smiths Group's presence in the North American HVAC market, enabling Smiths to serve customers with an even broader product range, including HCP's patented axial and radial seal duct technology which improves energy efficiency
BK BOURN &KOCH	INCOMPASS	The company was acquired by InCompass, a platform company of TJM Capital Partners. Bourn & Koch, renowned for its expertise in manufacturing a wide range of machinery including gear shaping, grinding, milling, and turning equipment, will help InCompass to expand its cutting-edge manufacturing solutions in markets including Aerospace, Automotive, Defense, Energy, and more

EBITDA MARGINS



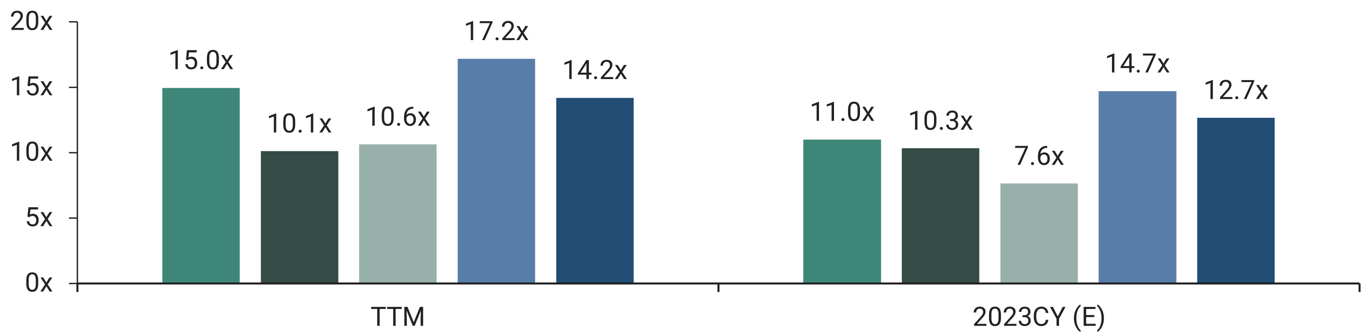
REVENUE GROWTH



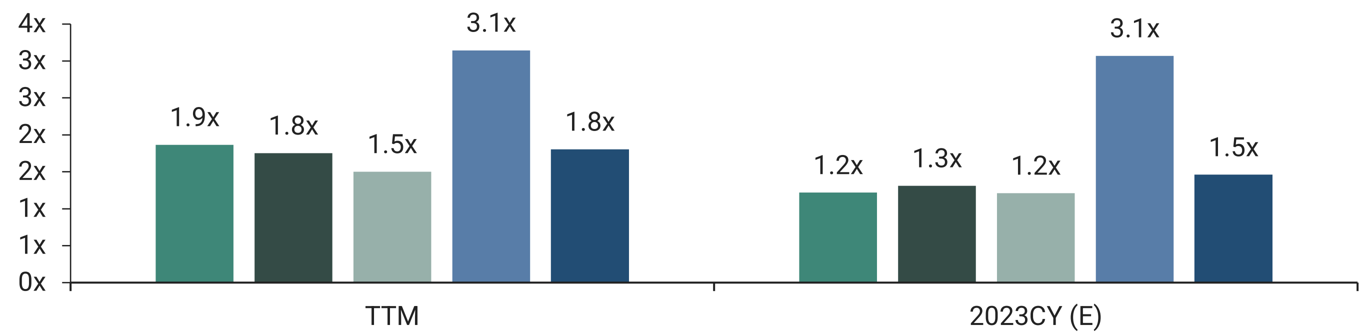
Source: Data from Pitchbook and CapIQ as of 09/22/2023, Bain and Company Machinery report 2022, Baird Industrial Equipment update 2023

- Overall deal volume declined across the industry on yearly basis due to difficult market conditions, but companies continued to strategically engage in M&A to diversify their product portfolios, geographical footprint, and develop in-shore manufacturing capabilities
- The leadership focus is now more on potential commoditization of machines and equipment as growing competition and slowing device-centric innovation have made it more challenging to maintain profitable growth and differentiate the business based on machine performance alone

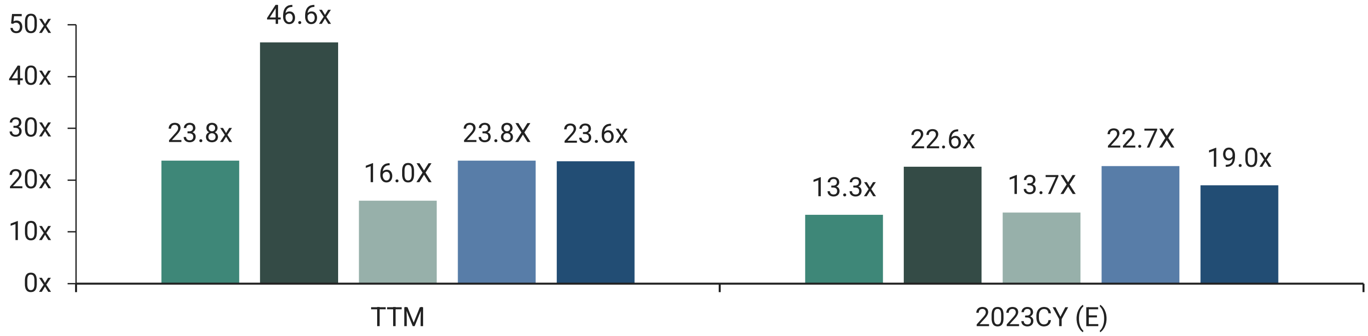
ENTERPRISE VALUE / EBITDA



ENTERPRISE VALUE / REVENUE



PRICE/EARNINGS



Food and Chemical Processing Machinery | Paper and Printing Machinery | Metalworking Machinery
Pumps and Pumping Equipment | HVAC and Refrigeration Equipment

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