

Industry Update

Plumbing, Drainage & Sanitaryware – Q4 2020



Selected M&A highlights

- Dec-20 - Delta Faucet, a subsidiary of Masco Corporation, acquired **Kraus USA**, a US-based manufacturer of kitchen and bathroom fixtures
- Dec-20 - Centerbridge-backed American Bath Group acquired **Bath Authority** (DreamLine), a US-based provider of glass shower doors, enclosures, and accessories
- Dec-20 - Georg Fischer Piping Systems acquired **FGS Brasilia e Comercio (FGS)**, a Brazil-based manufacturer of high-density polyethylene pipes and fittings
- Nov-20 - Paceline Equity Partners acquired **Quick Fitting**, US-based manufacturer of connection and fitting devices for the industrial, municipal, OEM, and plumbing markets
- Nov-20 - Clearlake Capital acquired **Dimora Brands**, US-based manufacturer of decorative and functional hardware for the kitchen and bath industry
- Nov-20 - Roca Sanitario acquired, **Eternit's Bathroom Chinaware Plant**, a Brazil-based manufacturer of sanitary ware products
- Nov-20 - Hansgrohe SE acquired a majority stake in **Easy Sanitary Solutions (ESS)**, a Netherlands-based manufacturer of shower channels and other sanitary fittings
- Oct-20 - Centerbridge Partners acquired **American Bath Group**, a US-based manufacturer of acrylic bathtubs and showers

Public company valuations Plumbing & Drainage

Company	Country	Year End Date	Market Cap (GBPm)	Net Debt / (Cash)	EV (GBPm)	Net debt / EBITDA (2020)	EV/Revenue			EV/EBITDA			EV/EBIT			2 Year CAGR	
							2019	2020	2021	2019	2020	2021	2019	2020	2021	Sales	EBITDA
Aalberts		31-Dec	3,612	734	4,372	2.0x	1.8x	1.9x	1.8x	11.8x	11.7x	9.7x	18.3x	21.3x	15.8x	1%	10%
Advanced Drainage Systems		31-Mar	4,314	576	5,104	1.7x	4.0x	3.9x	3.7x	22.0x	15.1x	13.2x	nmf	35.0x	21.1x	3%	29%
Allaxis		31-Dec	1,192	657	1,882	n/a	0.7x	n/a	n/a	5.1x	n/a	n/a	7.2x	n/a	n/a	nmf	nmf
Franklin Electric		31-Dec	2,342	4	2,347	0.0x	2.4x	2.6x	2.4x	17.7x	18.1x	16.5x	25.1x	24.8x	22.1x	nmf	4%
Geberit		31-Dec	16,405	652	17,057	0.9x	7.1x	7.0x	6.8x	24.3x	23.4x	22.6x	29.7x	28.1x	27.0x	2%	4%
Mueller Industries		28-Dec	1,468	204	1,667	n/a	0.9x	1.0x	n/a	n/a	n/a	n/a	n/a	n/a	n/a	nmf	n/a
Orbia Advance Corporation		31-Dec	3,471	2,880	6,860	3.3x	1.3x	1.5x	1.4x	6.4x	7.9x	7.3x	10.7x	14.7x	12.4x	nmf	nmf
Polypipe Group		31-Dec	1,360	85	1,445	1.5x	3.2x	3.7x	3.3x	14.8x	nmf	16.4x	20.5x	nmf	21.3x	nmf	nmf
Reliance Worldwide Corporation		30-Jun	1,792	229	2,022	1.5x	3.2x	3.0x	2.9x	14.8x	13.5x	12.3x	18.1x	19.3x	16.5x	6%	10%
Watts Water Technologies, Inc.		Dec-19	2,999	48	3,047	0.3x	2.5x	2.8x	2.8x	15.3x	17.7x	17.5x	20.4x	22.3x	22.0x	nmf	nmf
Min							0.7x	1.0x	1.4x	5.1x	7.9x	7.3x	7.2x	14.7x	12.4x	1%	4%
Mean							2.7x	3.0x	3.1x	14.7x	15.3x	14.4x	18.7x	23.6x	19.8x	3%	11%
Median							2.4x	2.8x	2.8x	14.8x	15.1x	14.8x	19.4x	22.3x	21.2x	3%	10%
Max							7.1x	7.0x	6.8x	24.3x	23.4x	22.6x	29.7x	35.0x	27.0x	6%	29%

Note: Multiples are based on enterprise value as of 31-December-2020 and historical and forecast sales, EBITDA and EBIT, calendarised to 31 December. "nmf": not meaningful; "n/a": not available. Enterprise Value is adjusted for minority interest, preference equity, pension deficit and investments in associates.

Source: CapIQ

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Public company valuations Sanitaryware

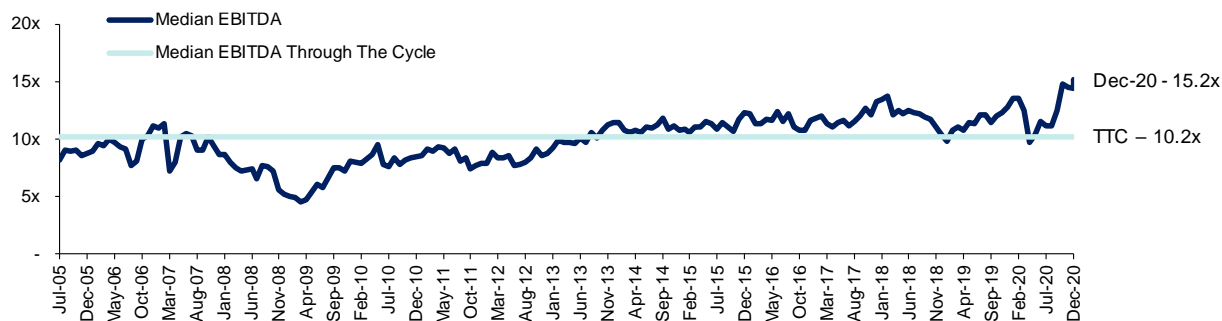
Company	Country	Year End Date	Market Cap (GBPm)	Net Debt / (Cash)	EV (GBPm)	Net debt / EBITDA (2020)	EV/Revenue Revenue (GBPm)			EV/EBITDA EBITDA (GBPm)			EV/EBIT EBIT (GBPm)			2 Year CAGR 2019-2021	
							2019	2020	2021	2019	2020	2021	2019	2020	2021	Sales	EBITDA
Fortune Brands Home & Security	USA	31-Dec	8,723	1,362	10,084	1.8x	2.3x	2.3x	2.0x	14.1x	13.1x	11.3x	18.4x	16.4x	14.0x	7%	12%
GWA Group	USA	30-Jun	521	123	647	2.5x	3.0x	2.9x	2.9x	12.8x	13.2x	12.9x	14.8x	16.3x	17.5x	2%	nmf
LIXIL	Japan	31-Mar	4,599	4,248	9,031	5.0x	0.7x	0.9x	0.9x	8.6x	10.7x	9.7x	nmf	23.1x	nmf	nmf	nmf
Masco	USA	31-Dec	10,481	1,244	11,880	1.1x	2.3x	2.3x	2.2x	12.2x	10.8x	10.7x	14.9x	12.4x	12.3x	3%	7%
Norcros	UK	31-Mar	163	34	197	1.0x	0.6x	0.6x	0.6x	6.0x	5.9x	5.3x	8.3x	11.6x	7.9x	nmf	7%
Toto	Japan	31-Mar	7,454	(464)	7,035	n/a	1.6x	1.7x	1.7x	15.1x	17.0x	14.8x	26.1x	27.0x	31.7x	nmf	1%
Villeroy & Boch	Germany	31-Dec	341	(67)	276	n/a	0.4x	0.4x	0.4x	6.4x	3.2x	2.9x	27.7x	6.6x	6.4x	3%	nmf
Min							0.4x	0.4x	0.4x	6.0x	3.2x	2.9x	8.3x	6.6x	6.4x	2%	1%
Mean							1.6x	1.6x	1.5x	10.7x	10.6x	9.7x	18.4x	16.2x	15.0x	4%	7%
Median							1.6x	1.7x	1.7x	12.2x	10.8x	10.7x	16.7x	16.3x	13.1x	3%	7%
Max							3.0x	2.9x	2.9x	15.1x	17.0x	14.8x	27.7x	27.0x	31.7x	7%	12%

Note: Multiples are based on enterprise value as of 31-December-2020 and historical and forecast sales, EBITDA and EBIT, calendarised to 31 December. "nmf": not meaningful; "n/a": not available. Enterprise Value is adjusted for minority interest, preference equity, pension deficit and investments in associates.

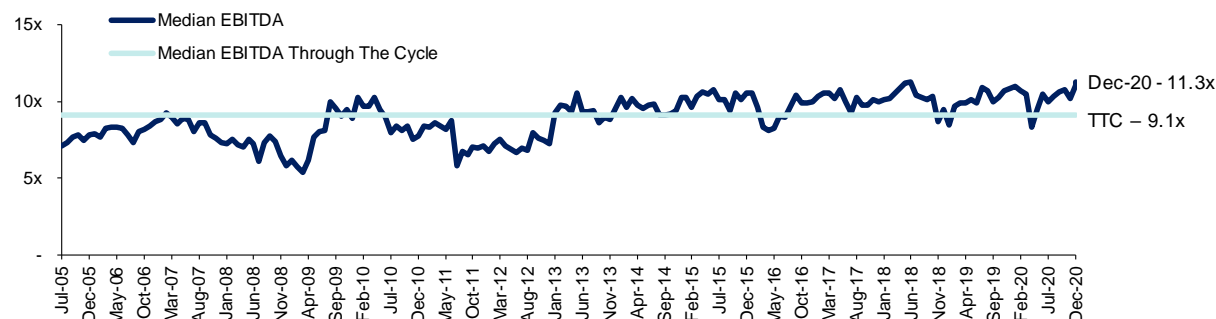
Source: CapIQ

Public company valuations – Through the cycle (EV/LTM EBITDA)

Plumbing & Drainage



Sanitaryware





















Note: The companies used in the public company valuations make up the constituents of the TTC analysis. Multiples are based on LTM basis. Enterprise Value is adjusted for minority interest, preference equity, pension deficit and investments in associates.

Source: CapIQ

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M&A transaction history

Plumbing & Drainage

Target	Country	Target Description	Acquirer	Country	Date	EV	EV/EBITDA
Adey		Provider of magnetic filters which protect against performance issues in water-based heating systems	Polypipe Group plc		Feb-21	GBP 210m	11.8x
Alderburgh Group		Manufacturer of plastic injection moulded stormwater attenuation tanks, structural waterproofing and geocellular membranes	Polypipe Group plc		Oct-19	GBP 14m	6.7x
Todd Pipe & Supply		Wholesale distributor of hydronic plumbing equipment and supplies	Reece Limited		Sep-19	USD 160m	9.8x
Infiltrator Water Technologies		Provider of septic wastewater treatment e.g. plastic leach field chambers and systems, septic tanks and accessories	Advanced Drainage Systems		Aug-19	USD 1,080m	12.1x
Morsco, Inc.		Distributor of commercial and residential plumbing products e.g. waterworks, valve and fittings	Reece Australia		Jul-18	USD 1.440m	14.4x
John Guest		Manufacturer and distributor of plastic push-fit fittings	Reliance Worldwide Corporation		Jun-18	GBP 687m	12.4x
Hague Quality Water International		Manufacturer of water filters and water softener products.	A.O. Smith Corporation		Sep-17	USD 45m	8.0x
Securus Inc.		Provider of engineered product solutions e.g. secondary pipe support solution, water heater accessories, firestop systems	Reliance Worldwide Corporation		May-17	USD 93m	9.3x
Adey		Manufacturer of water treatment solutions to prevent corrosion e.g. filters, chemicals	LDC		Jun-16	GBP 132m	11.0x
Mn							6.7x
Mean							10.6x
Median							11.0x
Max							14.4x

Source: MergerMarket and KPMG intel

Sanitaryware

Target	Country	Target Description	Acquirer	Country	Date	EV	EV/EBITDA
Masco Cabinetry LLC		Manufacturer of cabinetry for kitchen, bath and storage	ACProducts, Inc.		Feb-20	USD 1,000m	10.1x
RAP Plumbing Supplies (trades as House of Plumbing)		Manufacturer of bathroom ware, taps and tiles	Norcros South Africa (Proprietary) Limited		Apr-19	USD 16m	5.9x
Methven Limited		Manufacturer of tapware and water control valves	GWA Group Limited		Apr-19	USD 96m	10.2x
HeziBank Design Limited		Provider of wall tiling, flooring, bathroom furniture and accessories	Hamat Group		Jan-18	USD 27m	5.4x
Merlyn Industries		Manufacturer of showering environments	Norcros plc		Nov-17	GBP 60m	8.8x
Macro International AB		Manufacturer of bathtub, shower and bathroom furniture	Svedbergs I Dalstorp AB		Dec-16	USD 21m	10.7x
Abode Home Products Limited		Designer and distributor of kitchen application, bathroom taps, and kitchen sinks.	Norcros plc		Apr-16	USD 6m	6.1x
Croydex Group Limited		Manufacturer of bathroom accessories and fittings.	Norcros plc		Jun-15	USD 22m	6.5x
Norcraft Companies, Inc.		Manufacturer of kitchen cabinetry and bath vanity items.	Fortune Brands Home & Security, Inc.		Mar-15	USD 600m	11.5x
Mn							5.4x
Mean							8.4x
Median							8.8x
Max							11.5x

Source: MergerMarket and KPMG intel

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Longstanding KPMG global network plumbing, drainage & sanitaryware credentials



abri
AB BOKAS RÖRINSTALLATIONER

INSTALCO

Advised AB Borås Rörinstallationer (ABRI) on its sale to Instalco



Safe Step

FERGUSON

Acted as exclusive M&A advisor to Safe Step Walk-In Tub Co on its sale to Ferguson



BGF Better Bathrooms

ROXOR GROUP

Advised BGF on the sale of BetterBathrooms (UK) Ltd to Roxor Group Ltd



MOBILITYplus
BATHING LTD

Lonsdale Capital Partners


Advised Lonsdale Capital Partners on its investment in Mobility Plus Bathing Ltd



ADEY

LDC


Acted as financial adviser to LDC on the management buy out of Adey



ck commodore
kitchens

nobia

Advised the shareholders of Commodore Kitchens on the sale of the company to Nobia Holdings Limited



BATH EMPIRE

WOLSELEY

Advised the shareholders of Luxury for Less Limited (t/a BathEmpire.com) on the sale of a majority stake in the business to Wolseley Plc



victoria plumb

TPG

Acted as exclusive financial advisor to Victoria Plumb shareholders on the sale of the business to TPG

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