

Flow control - Q1 2021 Industry Update



Selected M&A highlights

- Mar-21 – **Trillium Flow Technologies** acquired **Red Point Valves**, a Netherlands based producer of material isolation valves
- Mar-21 – **Ametek** acquired **Magnetrol International**, a US-based provider of level and flow control solutions for industrial applications
- Mar-21 – **Arline Investment Management** acquired **ChargePoint Technology**, a UK-based company engaged in manufacturing valves for the pharmaceutical, biotechnology, food and chemical industries
- Feb-21 – **Electrical & Pump Services** acquired **Ferrier Pumps**, a UK-based manufacturer of pumps and engineering equipment
- Feb-21 – **KKR** acquired **Flow Control Group**, a US-based distributor of process control and fluid handling products, for \$100m
- Feb-21 – **Motion & Control Enterprises** acquired **Swanson Flo**, a US-based distributor of process instrumentation, flow control valves, actuators and related equipment
- Jan-21 – **Flow Control Holdings** acquired **Ace Sanitary**, a US-based provider of flexible hose products
- Jan-21 – **Marshall Excelsior** acquired **CPC Cryo-Lab**, a US-based provider of liquid hydrogen and liquid helium valves
- Jan-21 – **May River Capital** acquired **Unibloc Pump**, a US-based provider of engineered sanitary pumps, strainers, valves, bubble traps and other accessory products
- Jan-21 – **IDEX** acquired **ABEL**, a Germany based designer, developer and manufacturer of piston diaphragm and piston pumps, for \$104m
- Jan-21 – **Graco**, announced the acquisition of **Hi-Tech Spray Equipment**, a Sweden based company that designs and manufactures polyurethane and polyurea spray equipment
- Jan-21 – **Alfa Laval** acquired **AMI Global (20%)**, an Indian based specialist in end-to-end IoT solutions for rotating equipment

Public company valuations

Flow Control – Focused

Company	Country	Market Cap (GBPm)	Net Debt / (Cash) EV (GBPm)	Net debt / EBITDA	EV/Revenue Revenue (GBPm)			EV/EBITDA EBITDA (GBPm)			EV/EBIT EBIT (GBPm)			2 Year CAGR 2020-2022		
					Revenue growth	2020	2021	2022	2020	2021	2022	2020	2021	2022	Sales	EBITDA
Circor		515	346	982	4.1x	1.7x	1.7x	1.6x	13.9x	11.7x	9.9x	49.1x	15.9x	12.8x	4%	18%
						566	580	616	71	84	99	20	62	77		
						(22%)	2%	6%	13%	15%	16%	4%	11%	12%		
Flowserve		3,717	631	4,511	1.7x	1.7x	1.7x	11.5x	12.5x	11.2x	15.5x	18.7x	15.9x	(0%)	1%	
						2,731	2,580	2,719	392	361	403	292	242	283		
						(8%)	(6%)	5%	14%	14%	15%	11%	9%	10%		
Gorman-Rupp		633	(78)	562	n/a	2.2x	2.1x	2.0x	17.2x	13.5x	11.8x	23.0x	18.3x	15.6x	5%	21%
						256	268	280	33	42	47	24	31	36		
						(15%)	5%	4%	13%	16%	17%	10%	11%	13%		
IDEX Corporation		11,647	95	11,791	0.2x	6.8x	6.3x	6.0x	24.7x	21.9x	20.3x	27.8x	26.3x	24.2x	7%	10%
						1,722	1,867	1,973	478	539	581	424	448	488		
						(8%)	8%	6%	28%	29%	29%	25%	24%	25%		
IMI Plc		3,589	313	3,924	0.9x	2.2x	2.2x	2.1x	10.9x	11.0x	10.3x	14.8x	14.2x	13.0x	1%	3%
						1,825	1,792	1,870	360	368	381	265	277	301		
						(3%)	(2%)	4%	20%	20%	20%	15%	15%	16%		
KITZ Corporation		386	103	499	1.3x	0.6x	0.7x	0.6x	5.5x	6.3x	5.2x	12.2x	14.3x	10.6x	(2%)	3%
						832	755	797	90	79	96	41	35	47		
						(12%)	(9%)	6%	11%	11%	12%	5%	5%	6%		
Neles		1,399	73	1,481	0.8x	2.9x	2.9x	2.7x	17.6x	15.6x	14.1x	22.6x	19.8x	17.4x	3%	12%
						516	503	553	84	95	105	66	75	85		
						(7%)	(3%)	10%	16%	19%	19%	13%	15%	15%		
Rotork		3,180	(178)	3,040	n/a	5.0x	5.0x	4.7x	19.1x	18.6x	17.4x	23.7x	20.9x	19.5x	3%	5%
						605	610	642	159	163	175	128	145	156		
						(10%)	1%	5%	26%	27%	27%	21%	24%	24%		
Spirax-Sarco		8,537	263	8,899	0.7x	7.5x	6.9x	6.6x	27.1x	25.3x	23.9x	35.2x	30.1x	28.1x	6%	7%
						1,193	1,290	1,351	328	352	372	253	296	317		
						(4%)	8%	5%	28%	27%	28%	21%	23%	23%		
SPX Flow		1,996	14	2,048	0.1x	2.1x	1.9x	1.8x	17.4x	13.1x	11.5x	26.6x	18.8x	15.6x	7%	23%
						989	1,077	1,133	118	156	178	77	109	131		
						(13%)	9%	5%	12%	14%	16%	8%	10%	12%		
Min						0.6x	0.7x	0.6x	5.5x	6.3x	5.2x	12.2x	14.2x	10.6x	1%	1%
Mean						3.3x	3.1x	3.0x	16.5x	14.9x	13.6x	25.0x	19.7x	17.3x	5%	10%
Median						2.2x	2.1x	2.1x	17.3x	13.3x	11.7x	23.3x	18.7x	15.8x	4%	8%
Max						7.5x	6.9x	6.6x	27.1x	25.3x	23.9x	49.1x	30.1x	28.1x	7%	23%

Source: CapIQ
 Note: (a) Multiples are based on enterprise value as of 01-April-2021 and historical and forecast sales, EBITDA and EBIT, calendarised to 31 December. "nfm": not meaningful; "n/a": not available.

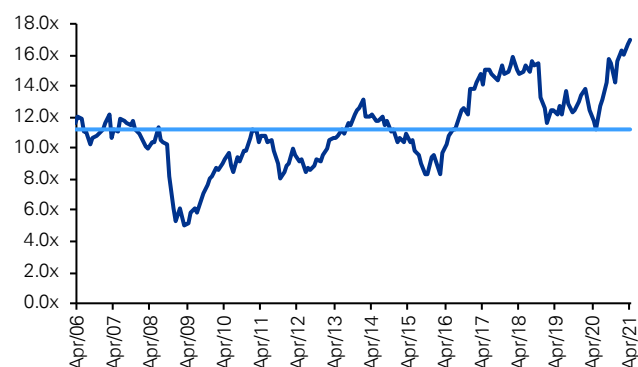
Flow Control – Diversified

Company	Country	Year End Date	Market Cap (GBPm)	Net Debt / (Cash) (GBPm)	Adj EV/EBITDA (2021)	EV/Revenue Revenue (GBPm) Revenue growth			EV/EBITDA EBITDA (GBPm) EBITDA %			EV/EBIT EBIT (GBPm) EBIT %			2 Year CAGR 2020-2022		
						2020	2021	2022	2020	2021	2022	2020	2021	2022	Sales	EBITDA	
Alfa Laval		Dec-20	9,248	345	9,817	0.5x	2.7x	3.0x	2.8x	13.2x	14.8x	14.1x	17.4x	19.0x	17.5x	(3%)	(3%)
							3,698	3,317	3,489	742	662	694	564	518	562		
							(1%)	(10%)	5%	20%	20%	20%	15%	16%	16%		
Crane		Dec-20	4,006	547	4,730	1.3x	2.2x	2.1x	2.0x	13.2x	11.1x	9.7x	18.7x	15.6x	13.1x	5%	17%
							2,151	2,229	2,389	358	424	489	253	304	360		
							(13%)	4%	7%	17%	19%	20%	12%	14%	15%		
Curtiss-Wright		Dec-20	3,548	755	4,304	1.8x	2.5x	2.4x	2.3x	10.9x	10.5x	9.8x	14.2x	14.8x	13.4x	3%	6%
							1,752	1,793	1,871	396	411	441	302	291	320		
							(7%)	2%	4%	23%	23%	24%	17%	16%	17%		
Dover		Dec-20	14,347	2,043	16,461	1.9x	3.4x	3.1x	3.0x	16.8x	15.0x	14.3x	21.2x	19.6x	18.2x	5%	8%
							4,895	5,243	5,441	982	1,095	1,151	776	840	903		
							(9%)	7%	4%	20%	21%	21%	16%	16%	17%		
Emerson		Sep-20	39,226	4,367	43,625	1.4x	3.3x	3.3x	3.2x	14.4x	14.0x	13.1x	19.6x	19.3x	17.4x	2%	5%
							13,181	13,065	13,773	3,027	3,110	3,340	2,222	2,265	2,508		
							(10%)	(1%)	5%	23%	24%	24%	17%	17%	18%		
EnPro		Dec-20	1,273	225	1,533	1.6x	1.9x	2.0x	1.8x	13.3x	10.7x	9.6x	26.1x	20.1x	17.6x	3%	18%
							787	774	830	115	143	159	59	76	87		
							(13%)	(2%)	7%	15%	18%	19%	7%	10%	10%		
Graco		Dec-20	8,903	(123)	8,876	n/a	7.3x	6.8x	6.4x	24.6x	21.8x	20.4x	26.6x	24.9x	23.2x	6%	10%
							1,220	1,315	1,383	361	407	435	334	356	382		
							(4%)	8%	5%	30%	31%	31%	27%	27%	28%		
Halma		Mar-20	9,249	315	9,559	0.9x	7.2x	6.9x	6.5x	30.0x	27.8x	25.5x	36.0x	32.4x	29.8x	6%	8%
							1,322	1,380	1,474	319	343	375	265	295	321		
							1%	4%	7%	24%	25%	25%	20%	21%	22%		
Ingersoll Rand		Dec-20	15,022	1,690	16,949	1.8x	4.7x	4.1x	3.9x	26.5x	17.8x	15.9x	67.0x	26.3x	22.8x	10%	29%
							3,596	4,113	4,390	640	950	1,067	253	644	745		
							95%	14%	7%	18%	23%	24%	7%	16%	17%		
ITT		Dec-20	5,681	(474)	5,290	n/a	2.9x	2.8x	2.6x	21.1x	13.3x	12.0x	32.6x	17.9x	15.7x	7%	32%
							1,815	1,920	2,069	251	397	441	162	295	337		
							(15%)	6%	8%	14%	21%	21%	9%	15%	16%		
Parker-Hannifin		Jun-20	29,513	4,838	34,363	2.1x	3.1x	3.3x	3.1x	15.3x	15.2x	13.8x	20.2x	17.9x	16.2x	0%	5%
							11,185	10,556	11,258	2,249	2,265	2,486	1,705	1,924	2,125		
							1%	(6%)	7%	20%	21%	22%	15%	18%	19%		
Sulzer		Dec-20	2,800	357	3,320	1.0x	1.2x	1.2x	1.2x	10.8x	9.3x	8.4x	19.7x	15.1x	13.0x	2%	13%
							2,748	2,684	2,865	308	355	394	168	219	256		
							(5%)	(2%)	7%	11%	13%	14%	6%	8%	9%		
Xylem		Dec-20	13,619	1,090	15,055	1.5x	4.2x	4.0x	3.8x	24.4x	20.8x	18.6x	38.9x	32.2x	27.4x	5%	14%
							3,571	3,754	3,959	617	726	808	387	468	550		
							(10%)	5%	5%	17%	19%	20%	11%	12%	14%		
Min							1.2x	1.2x	1.2x	10.8x	9.3x	8.4x	14.2x	14.8x	13.0x	0%	5%
Mean							3.6x	3.5x	3.3x	18.0x	15.6x	14.2x	24.3x	21.2x	18.9x	5%	14%
Median							3.1x	3.1x	3.0x	15.3x	14.8x	13.8x	20.7x	19.3x	17.5x	5%	11%
Max							7.3x	6.9x	6.5x	30.0x	27.8x	25.5x	38.9x	32.4x	29.8x	10%	32%

Source: CapIQ
 Note: (a) Multiples are based on enterprise value as of 01-April-2021 and historical and forecast sales, EBITDA and EBIT, calendarised to 31 December. "n/mf": not meaningful; "n/a": not available.

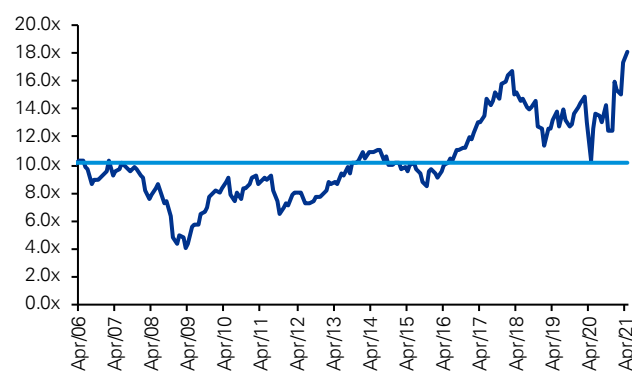
Public company valuations – Through the cycle (EV/LTM EBITDA)

Flow Control – Focused





































Source: CapIQ























Flow Control – Diversified



M&A Transaction History

Date	Target Company	Country	Target Description	Acquirer Company	Country	EV (m)	EV/EBITDA
Jan-21	Red Valve		Manufacturer of elastomers, pinch valves, check valves and engineered mixing systems	DeZurik		USD 63	12.0x
Dec-20	UTG Mixing Group		Global provider of mixing solutions	SPX Flow		EUR 34m	19.8x
Dec-20	Ham-Let		Israel-based manufacturer of compression fittings and valves	Ultra Clean		GBP 256	14.5x
Jul-20 (Aborted)	Neles		Flow control solutions and services company specialised in valves and valve automation technologies	Alfa Laval		EUR 1,796	16.3x
Jan-20	Flow Management Devices		Manufactures a comprehensive line of Unidirectional Captive Displacement Provers	IDEX Corporation		USD 125	10.4x
Dec-19	Circor (Sampling Business)		Designs and manufactures highly engineered products and sub-systems	Crane		USD 172	10.0x
Nov-19	SPX Flow (Power & Energy)		Power and energy focused flow control business of SPXFLOW	Apollo		GBP 369	6.5x
Aug-19	Circor (Spence & Nicholson product lines)		Manufacture of steam management products for the district heating market	Emerson		GBP 70	12.3x
Aug-19	PBM Valves		Manufacture of high-quality industrial valves and flow control products	IMI		GBP 70	12.5x
Jul-19	Velcora		Manufacture of mechanical seals for rotating machinery and aseptic processing equipment	IDEX Corporation		USD 137	13.0x
Jun-19 (Aborted)	Circor		Manufacture of engineered industrial products for various industrial end markets	Crane		USD 1,615	12.0x
Apr-19	Gardner Denver		Manufactures mission critical flow products	Ingersoll Rand		USD 15,369	11.0x
Feb-19	Rheinhutte Pumpen		Design and manufacture of centrifugal and axial flow pumps	ITT		GBP 70	9.0x
Feb-19	Precision Flow Systems		Design and manufacture positive displacement pumps and systems for the water, f&b, pharma and other markets	Ingersoll Rand		EUR 1,238	13.0x
Feb-19	Weir (Flow Control)		Design and manufacture of engineered valves and pumps serving power, energy and general industrial markets	First Reserve		GBP 275	8.6x
May-18	Aventics		Manufacture of pneumatic components and systems	Emerson		GBP 460	11.9x
Feb-18	Faster		Manufacture of couplings, check valves, multi fasters, casting solutions and accessories	Sun Hydraulics		GBP 431	14.7x

M&A Transaction History (cont.)

Date	Target Company	Country	Target Description	Acquirer Company	Country	EV (m)	EV/EBITDA
Dec-17	CEME		Manufacture of fluid control components for small appliances.	Invest-Industrial		GBP 333	19.3x
Dec-17	BIMBA		Manufacture of pneumatic, hydraulic and electric motion solutions	IMI		GBP 147	14.9x
Sep-17	COLFAX		Manufacture fluid-handling components and systems	Circor		GBP 637	12.3x
Apr-17	Gestra		Design and production of valves and control systems for steam and fluid process control	Spirax Sarco		GBP 159	11.2x
Apr-17	Pentair (Valves and Controls)		Valves & Controls segment of Pentair involved design, manufacture and service of valves, fittings and controls systems	Emerson		GBP 2,259	14.1x
Feb-17	Inoxpa		Manufacturer of process equipment and flow handling systems for the food, cosmetics and pharmaceutical industries	Interpump Group		EUR 90	6.6x
Dec-16	Clarcor		Manufacture of filtration products and systems as well as consumer and industrial packaging products	Parker		GBP 3,367	17.2x
Nov-16	Aflex House		Manufacture of PTFE-lined flexible hoses for the pharmaceutical, food, chemical and automotive industries	Spirax Sarco		GBP 61	10.2x
Oct-16	Critical Flow Solutions		Manufacture of critical severe-service decoking valves and fluid catalytic cracking valves	Circor		USD 210	8.5x
Aug-16	Sensus		Manufacture of regulators, water meters, flow sensors, valves and sensor reading devices	Xylem		USD 2,245	14.1x
Dec-15	Red Valve		Manufacture of pinch valves for mission critical applications in water, power and mining markets	Hillenbrand		USD 132	10.9x
Sep-15	ABEL		Manufacture of reciprocating positive displacement pumps and a range of diaphragm products	Hillenbrand		USD 106	11.9x
Aug-15	Bifold		Manufacture of hydraulic and pneumatic stainless steel control valves and accessories	Rotork		USD 193	12.3x
Jun-15	Alfa Valvole		Manufacture and sale of specialty valve products used in the chemical, petrochemical and sanitary markets	IDEX		EUR 102	10.1x
Min							6.5x
Mean							12.3x
Median							12.0x
Max							19.8x

Source: Company announcements, Mergermarket and KPMG estimates

M&A Transaction History

   acquired by  2020	   acquired by  2019	   acquired by  2019	   acquired by  2018	   acquired by  2018
   acquired by  2017	   acquired by  2016	   acquired by  2015	   acquired by  2015	   acquired by  2010

UK Flow Control M&A team



Simon Davis
Managing Director
 T: +44 (0)7798 877478
 E: Simon.davis@kpmg.co.uk



Surinder Matharu
Director
 T: +44 (0)7507 351779
 E: Surinderpal.Matharu@KPMG.co.uk



Pavel Shamanov
Manager
 T: +44 (0)7765 015684
 E: Pavel.Shamanov@KPMG.co.uk



Georgia Drake-Brockman
Manager
 T: +44 (0)7309 664677
 E: Georgia.Drake-Brockman@kpmg.co.uk



Robert Kocharyan
Associate
 T: +44 (0) 7694 981456
 E: Robert.Kocharyan@kpmg.co.uk

kpmg.com/uk



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2021 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation.

Designed by CREATE | Date | CRT136154B