



Global Equity Consulting, LLC

Fluid Handling Industry

Q3 2024 Update of M&A Activity

October 29, 2024

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about Thomas Haan



Global Equity Consulting, LLC



Tom's career has been in the Fluid Handling Industry as a senior executive and advisor for both public and privately held companies. He has extensive international experience helping businesses achieve enhanced profitable growth.

Tom has served on the Board of Directors of the Hydraulic Institute and as chairman of its Associate Member Council. He is a past president of the Fluid Sealing Association.

FINRA Registered Investment Banking Representative

Operating Director, City Capital Advisors, LLC
Principal, Global Equity Consulting, LLC

Previous Experience: **President** EagleBurgmann Industries; **President** Flowserve Corporation Flow Solutions (Mechanical Seal) Division, **President** Durametallic Corp.

Education: School of Business - Western Michigan University

about Global Equity Consulting

Business Development

StrategicAction[®] Planning – team based strategy development and execution

- Organic growth initiatives and enhancing value
- Business Valuations

Merger & Acquisition Support

- Transition ownership – selling a business
- Inorganic growth – buying a business
- Capital Raise

about City Capital Advisors

Member of FINRA and SIPC



Mission: to provide senior level corporate finance advice and unparalleled execution services to leading middle market companies and their owners.

- Buy-side – inorganic growth through acquisitions
- Sell-side – plan and execute the sale of a business
- Capital raise - for growth or owner liquidity





about City Capital Advisors

Member of FINRA and SIPC



Mission: to provide senior level corporate finance advice and unparalleled execution services to leading middle market companies and their owners.

- Each Managing Director has 20+ years experience; collectively they have completed 500+ transactions totaling \$60+ billion in value.
- Provides M&A advisory and other investment banking services to private and publicly held middle market companies valued between \$50 and \$500 million.





Fluid Handling Industry

M&A Activity Q3 Update 2024

General M&A Review





Global M&A Activity

Global M&A activity by quarter

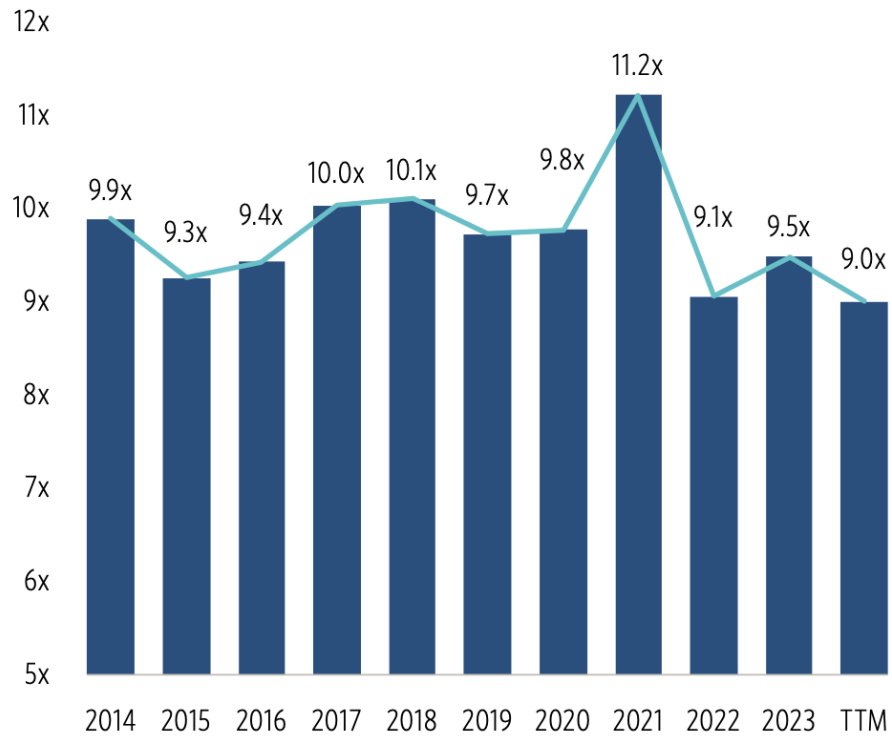


As of 9/30/2024

Source: Pitchbook Q3 2024 M&A Report

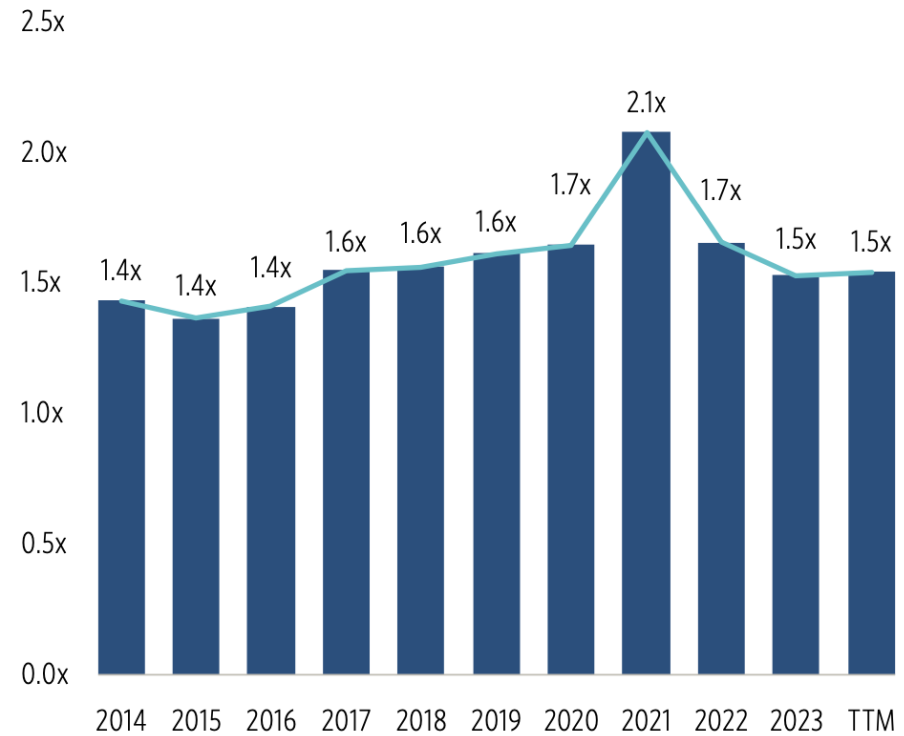
Global EV/EBITDA and revenue multiples

Median M&A EV/EBITDA multiples



Source: PitchBook • Geography: North America and Europe
As of September 30, 2024

Median M&A EV/revenue multiples



Source: PitchBook • Geography: North America and Europe
As of September 30, 2024

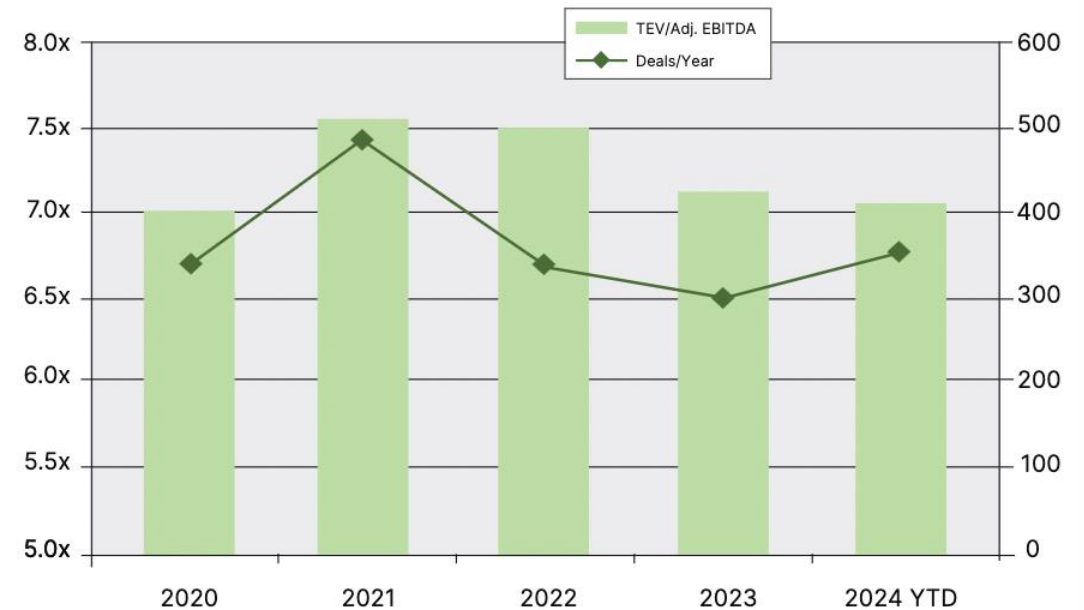
Middle Market Private Equity Valuations

TOTAL ENTERPRISE VALUE (TEV)/EBITDA

TEV	2003					YTD		N =
	-2019	2020	2021	2022	2023	2024	Total	
10-25	5.8	5.9	6.1	6.4	6.0	6.4	5.9	1994
25-50	6.5	6.7	7.2	7.0	7.0	6.4	6.7	1536
50-100	7.5	8.0	8.3	8.5	8.0	8.7	7.7	1053
100-250	8.2	8.7	9.3	9.1	9.6	8.3	8.5	592
250-500	9.0	10.4	10.9	10.1	10.7	9.8	10.0	86
Total	6.6	7.0	7.6	7.5	7.2	7.1	6.9	
N =	3611	342	501	334	293	180		5261

Please note that N for 2003-19 encompasses 17 years of activity.

AVERAGE MULTIPLES AND DEAL VOLUME

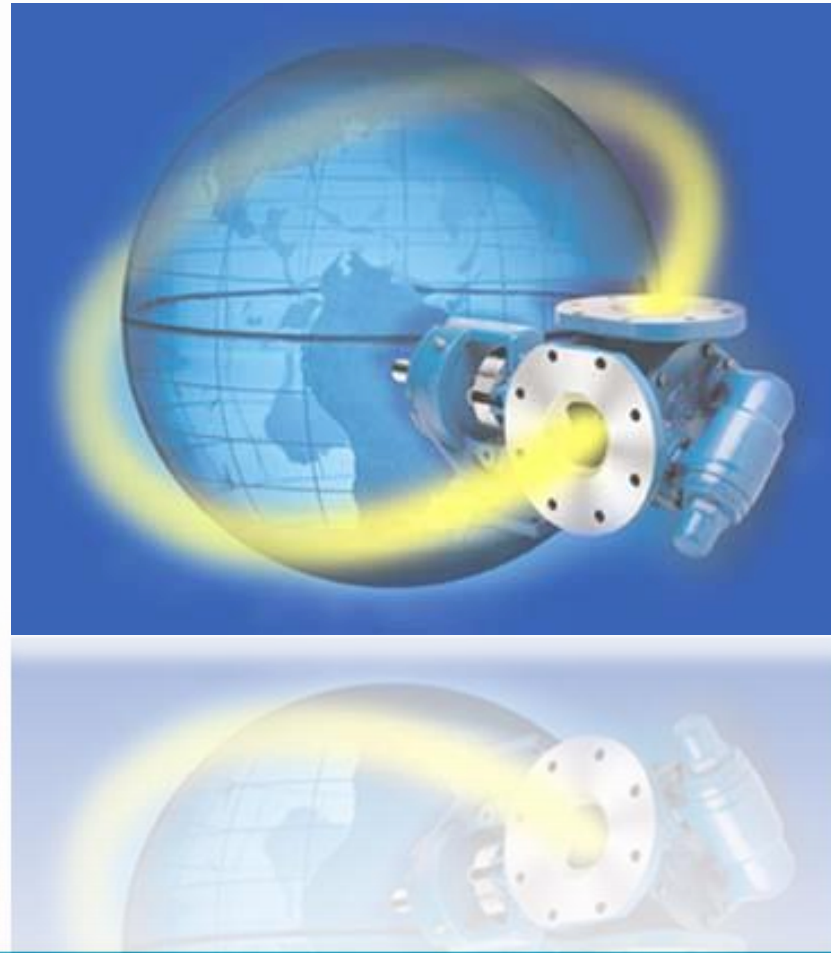


2024 data is YTD 6/30 annualized

GF SOURCE: GF DATA® an ACG Company



Fluid Handling Industry M&A Q3 2024 Update





Fluid Handling Industry M&A Activity Q3 2024 Update

Year		Number of Deals
2020	Thru Q3 44	69
2021	Thru Q3 76	102
2022	Thru Q3 75	105
2023	Thru Q3 81	104
2024	Thru Q3 72	95 Projected

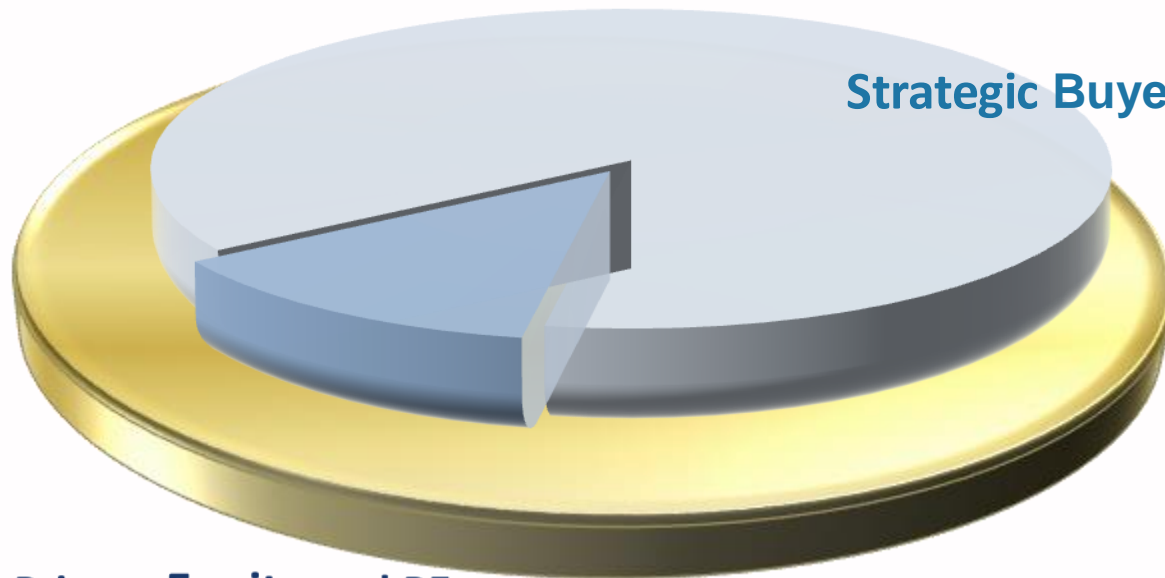
M&A activity in the fluid handling industry took a big step up in 2021 – like the general M&A activity - but unlike the general M&A activity the fluid handling M&A activity has remained relatively consistent at the high level.

While 2024 activity could end a bit softer than the prior three years due to a relatively weak Q1, the Q2 and Q3 activity is consistent with prior levels.

Corporate Vs. Private Equity

YTD Q3 2024

72 Transactions



**Private Equity and PE
owned companies**

Private equity was involved in 18 deals on the buy-side thru Q3 2024 - 25% vs. 30% for all of 2023.

Their focus in 2023 and 2024 (76%) has been distribution and service companies.

Typical range for financial sponsors buy-side activity in the fluid handling space is 20% to 25%.

Source: Global Equity Consulting, LLC Research



Deal Activity by Targeted Industries

YTD Q3 2024

	Number of Transactions	%
Diversified	49	68%
Water	11	15%
Energy (Power Generation, Oil & Gas, Hydrogen)	6	8%
Hygienic (Dairy, Food & Beverage, Pharma)	3	4%
Other (Aerospace, Mining & Ore Processing, Semiconductor)	3	4%
Total	72	100%

Water continues to be industrial vertical of choice.

But we are also seeing more diversity of target industries.

For all of 2023 the Diversified category was 51% and Water was 25%.



M&A Activity – Most Active

YTD Q3 2024

Company	Transactions	Company	Transactions
Atlas Copco	17	AxFlow AB	2
Ingersoll Rand	6	Compass Group	2
DXP Enterprises	4	Indutrade	2
Integrated Power Services	4	Interpump Group	2
Klinger Group	3	Rapid Pump	2

Ten companies account for 61% of the fluid handling industry buy-side activity

Source: Global Equity Consulting, LLC Research



M&A Activity - Five Largest

YTD Q3 2024

Company	Deal	Target	Industry	Value
Schlumberger	Acquisition	ChampionX Corp	Oil & Gas	\$8.2 billion
Ingersoll Rand	Acquisition	ILC Dover	Pharma	\$2.3 billion
IDEX Corp	Acquisition	Mott Corp	Diversified	\$900 million
Ingersoll Rand	Acquisition	Friulair S.r.l.	Diversified	\$146 million
Crane Co.	Acquisition	Vian Enterprises	Aerospace	\$103 million

Source: Global Equity Consulting, LLC Research

Fluid Handling Industry Valuations

YTD Q3 2024 (Disclosed Valuations)

Transaction Value	Deals	EV/Revenue Multiple Range		Deals	EV/EBITDA Multiple Range
≥ \$ 1 billion	2	2.3 – 5.8		2	10.7 – 17.0
\$500- \$999 million	1	4.5		1	19.0
\$100- \$499 million	3	1.5 – 3.1		2	7.9 – 12.9
\$50- \$99 million					
\$10 - \$49 million	3	0.6 – 1.6		2	5.1 – 8.4
\$0 - \$9 million	1	0.3		1	2.6
Median Values 2024	10	1.9		8	9.6
Median Values 2023	10	2.4		5	12.9
Median Values 2022	10	1.4		4	10.0

Source: Global Equity Consulting, LLC Research



Fluid Handling Industry Deal Size – Transaction Value

YTD Q3 2024 (Disclosed Valuations)

	2021	2022	2023	YTD Q3 2024
Median Deal Size	\$84.5	\$42.4	253.0	\$103.0
Number	29	18	18	9

Source: Global Equity Consulting, LLC Research



Key Factors Impacting M&A Activity and Valuations

- 1) Level of demand for quality acquisitions** – companies seek acquisitions for a variety of strategic reasons: growth, technology, markets, geography, scale, people, etc.
- 2) Cost of Capital** - weighted average of debt and equity
- 3) Growth outlook** – risk adjusted



Key Factors Impacting M&A Activity and Valuations

Where are we today – Q3 2024?

1) Level of demand for quality acquisitions – **Strong**

2) Cost of capital – weighted average of debt and equity – **Market adjusting to current levels**

3) Growth outlook – risk adjusted **Cautious**



Q3 2024 M&A Update – Thoughts

Companies who have inorganic growth as a key part of their strategic growth plan will continue seeking quality acquisitions

Assuming interest costs are stable to declining going forward the primary factors impacting M&A activity and valuations are likely to be:

- Growth expectations
- Risk factors including geopolitical factors

May see a return to more large deals along with middle market deals that are more bolt-on in nature vs. transformative

In the middle and lower middle market see a continued focus toward distribution and service companies – manufacturing company targets down from 61% in 2022 to 44% YTD 2024



Questions & Answer Session

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