Industrials

M&A Update | Q1 2022

GLC

GLC Advisors & Co.

Industrials M&A and Public Markets:
Q1 2022 Highlights and Activity

Q1
2022

7.1x
MEDIAN INDUSTRIALS
EBITDA M&A MULTIPLE

(31%)
INDUSTRIALS M&A
EBITDA MULTIPLE YoY DECREASE

1.0x
MEDIAN INDUSTRIALS
REVENUE M&A MULTIPLE

(33%)
INDUSTRIALS M&A
REVENUE MUTIPLE YoY DECREASE

312
OF INDUSTRIALS
TRANSACTIONS

8%+
INDUSTRIALS M&A
VOLUME YoY INCREASE

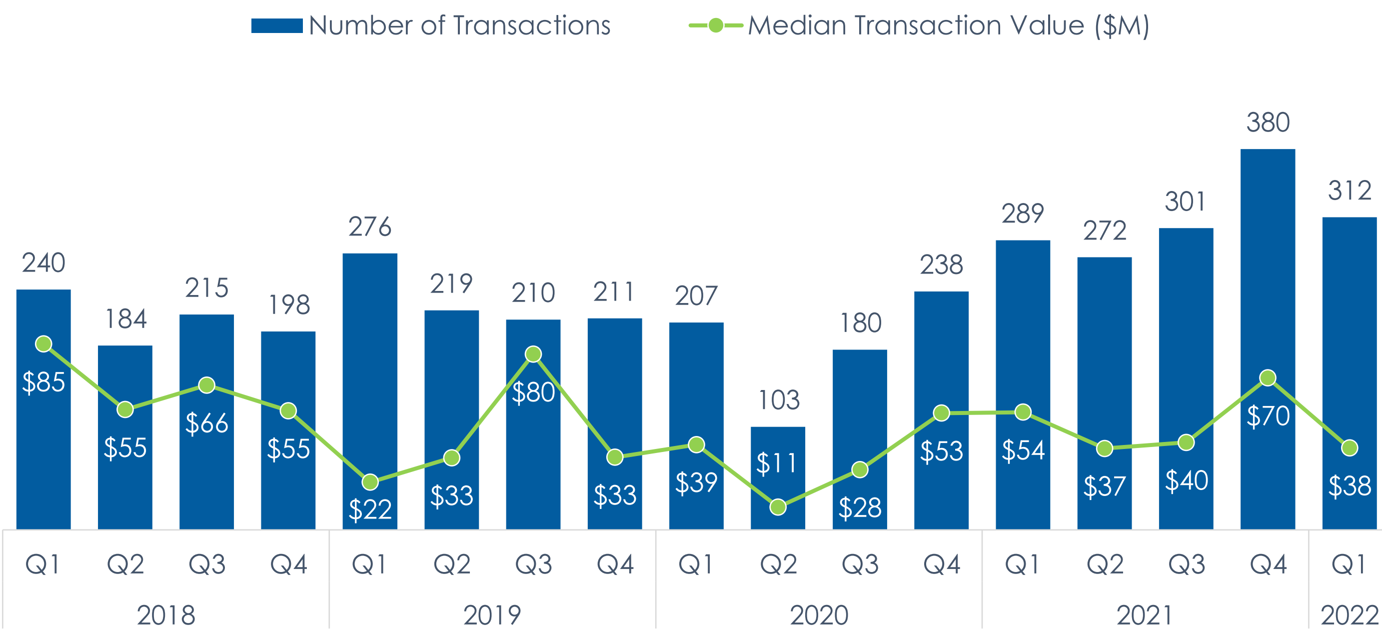
(20%)
GLC INDUSTRIALS
INDEX YoY DECREASE

Industrials M&A Update:
Deal Flow and Valuation Multiples

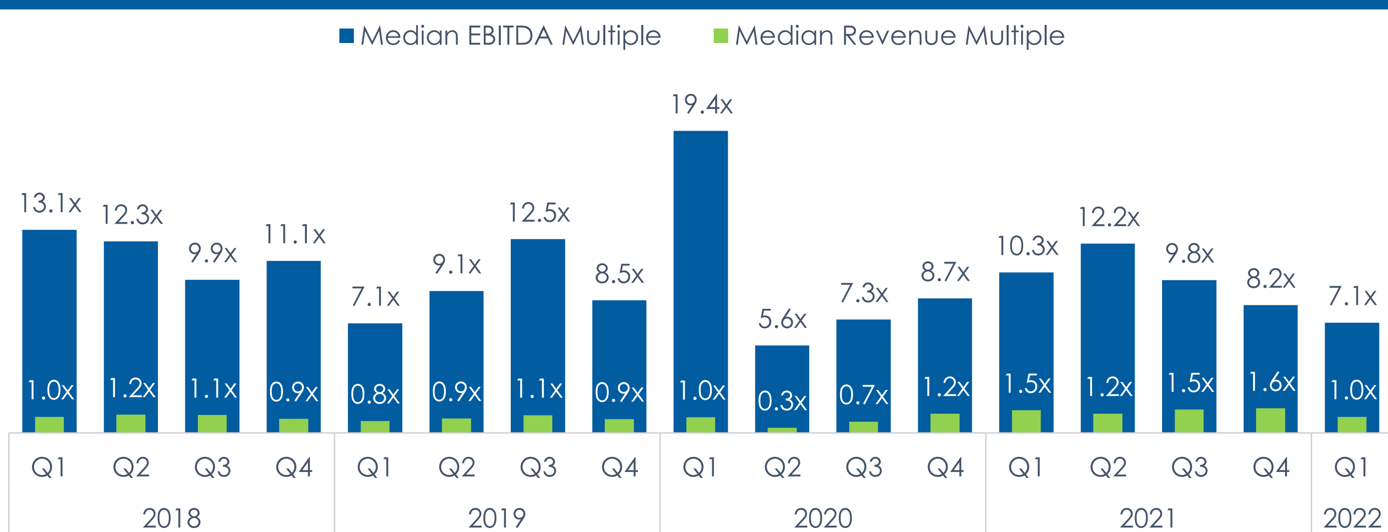
Q1
2022

Q1 2022 experienced 310+ Industrials transactions – above pre-COVID levels (pre-COVID quarterly average of 215 transactions). Q1 2022 median transaction value for Industrials remains elevated from pandemic lows mainly attributed to increasing deal flow and demand for building products. Industrials EV/Revenue multiples are in line with pre-COVID levels while EV/EBITDA multiples are below pre-COVID valuations – indicating higher EBITDA margin transactions.

Industrials Transactions & Total Transaction Value(1)



Median Industrials Valuation Multiple(1)



Source: Capital IQ
Note: Data as of 3/31/2022
(1) Excludes EBITDA multiples <2.0x and >20.0x

Industrials M&A Update:
Subsectors In Focus

Q1
2022

In Q1 2022, nearly all Industrials subsectors experienced decreased transaction activity year-over-year. With economic stimulus running off, increasing inflation, and rising rates, companies are seeing skyrocketing materials prices. Despite current challenges, Industrials companies that have more advanced supply chains and fixed contract pricing can better handle the current pricing storm.

Industrials Subsector Detail and Deep Dive

- Conventional Weapons
- Military Aircraft, Armored Vehicles, Watercraft
- Passenger Planes
- Rockets & Subsystems
- Spacecraft & Satellites

- Flooring
- Hardware Tools & Equipment
- Plumbing Fixtures & Equipment
- Roofing, Siding, and Insulation Materials
- Windows & Doors

- Commercial Construction & Engineering
- Construction Support Services
- Heavy Construction
- Prefabricated Buildings & Components
- Specialty Contract Work

- Agricultural & Farm Machinery
- Construction Machinery
- Electrical Components & Equipment
- Heavy Electrical Equipment
- Industrial Machinery

- Building Product Distribution
- Chemical Distribution
- Electrical Equipment Distribution
- Machinery Distribution & Rental
- Transportation Equipment Distribution

Q1 2022 Subsector M&A Tracking[1]

	Aerospace and Defense	Building Products	Construction and Engineering	Machinery and Electrical Equipment	Trading Companies and Distributors
# of Transactions	8	14	131	78	81
YoY M&A Trend	↓	↓	↑	↓	↓
Average EV ($M)	$50	$2,502	$153	$775	$94
Median EV ($M)	$50	$1,564	$22	$36	$27

Source: Capital IQ
(1) Represents Q1 2022 Data

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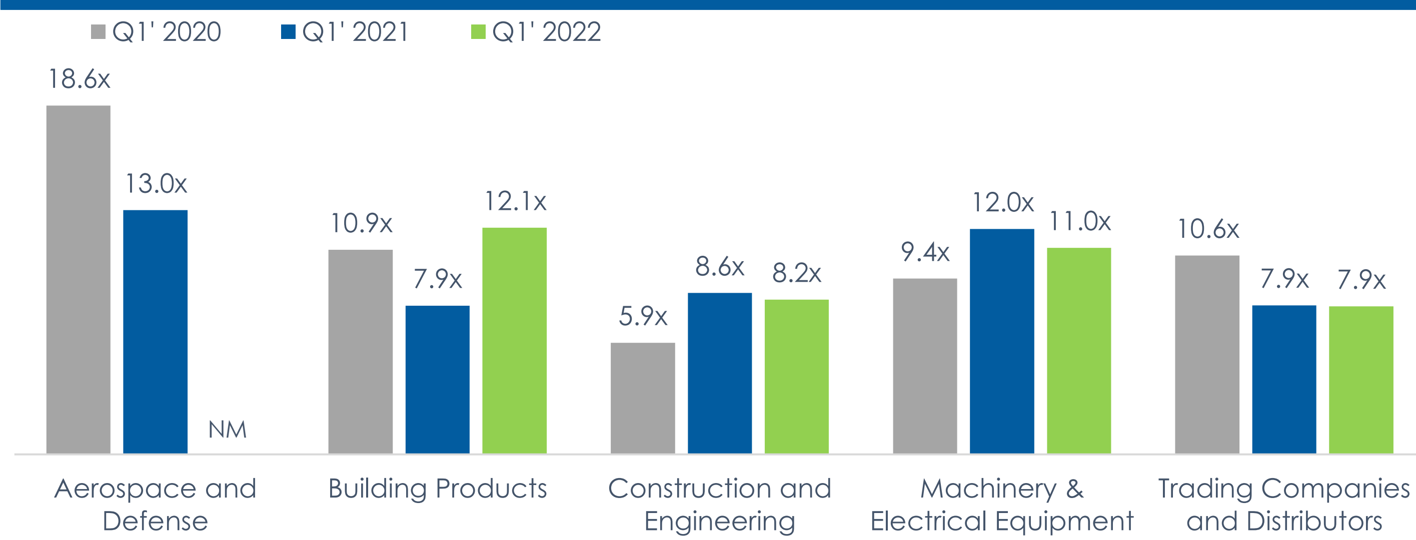
Industrials M&A Update:
Valuation Multiples by Subsector

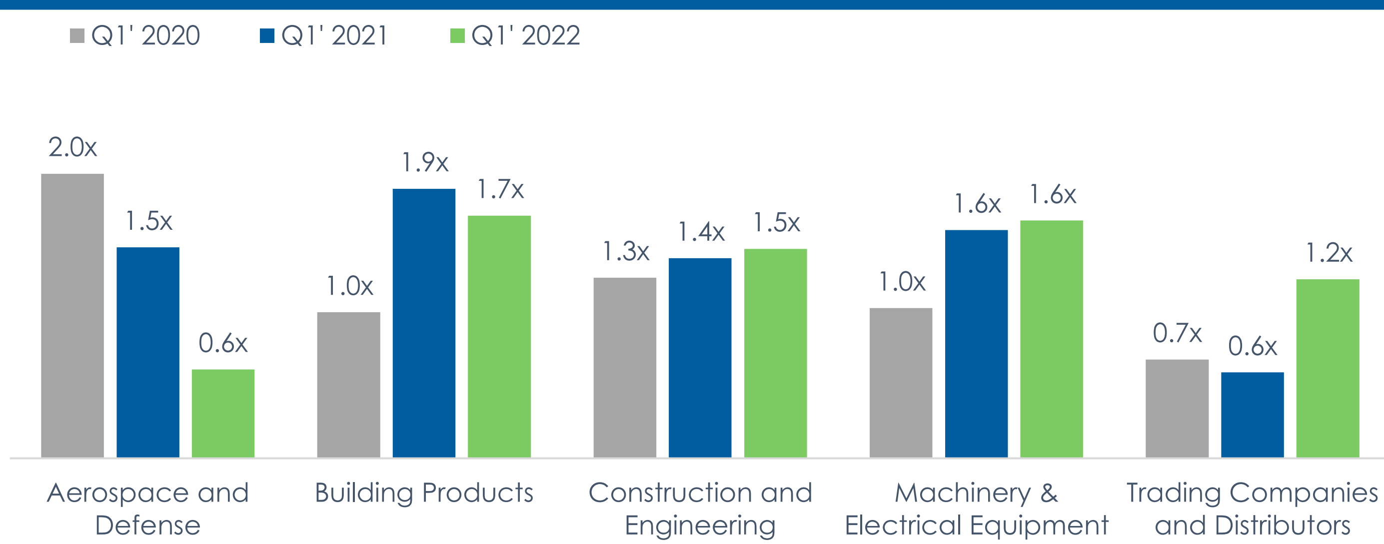
Q1
2022

Nearly every Industrials subsector is reporting EV/EBITDA multiples in excess of 8.0x and EV/Revenue multiples in excess of 1.0x (excluding the Aerospace & Defense subsector). The average change in Q1 2022 EV/EBITDA multiples year-over-year was 10%+ – within the Industrials subsectors based on industry-specific impact from fast changing macro economic drivers (higher interest rates, low unemployment, supply chain constraints, etc.) Subsectors experiencing valuation increases from 2021 include i) Construction & Engineering; ii) Machinery & Electrical Equipment; and iii) Trading Companies & Distributors.

TTM[1] EV/EBITDA Multiple by Industrials Subsector[2]



TTM[1] EV/Revenue Multiple by Industrials Subsector[2]



Source: Capital IQ
(1) Data as of 3/31/2022; (2) Excludes EBITDA multiples <2.0x and >20.0x

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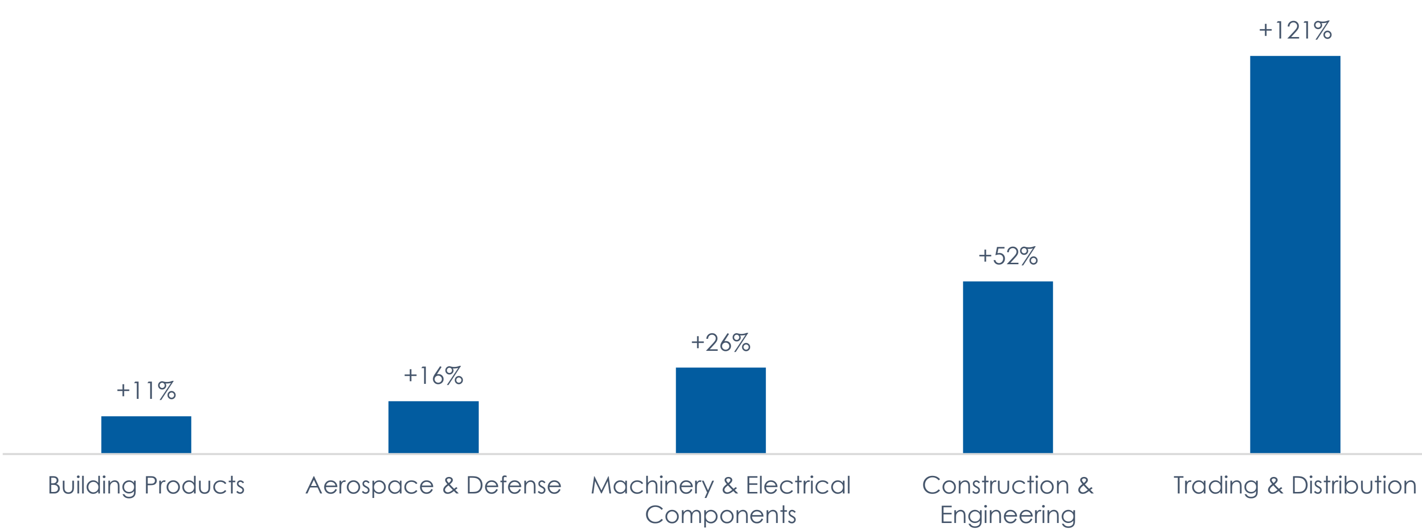
Industrials Public Markets Update: **Index Performance**

Q1 2022

In Q1 2022, public company valuations' declined. The Russell Index ("Russell") retreated during Q1 2022 finishing down -7.8% and the Industrials Index finished down -20%. The Industrials Index continues to outperform the Russell over the past 2+ years with a 35%+ return – mainly driven by the Machinery & Electrical Components, Construction & Engineering, and Trading & Distribution subsectors. The Construction & Engineering & Trading & Distribution subsectors experienced significant demand during COVID with the rising demand for new construction and increasing supply chain costs.

Industrials Index Performance (since 2019)

Subsector Performance Growth (since 2019)

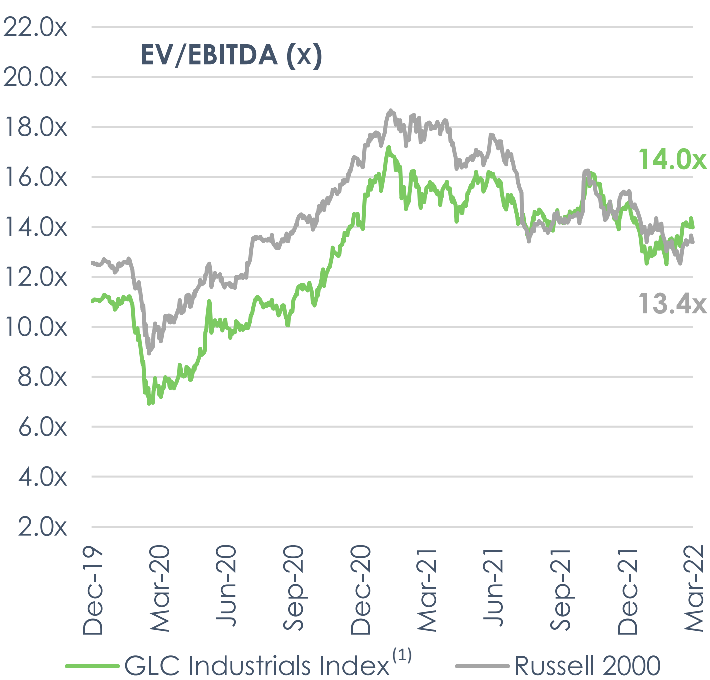


Source: Capital IQ
Note: Data as of 3/31/2022
(1) Index criteria: enterprise value <$5B and >$100M, HQ in the United States, traded on major US exchanges, and daily volume >10k

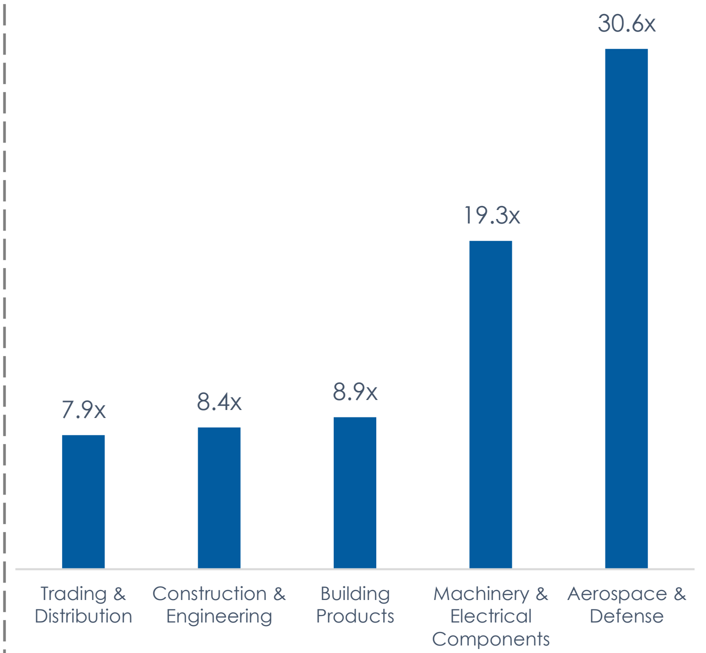
Industrials Public Markets Update:
Valuation Trends

Q1
2022

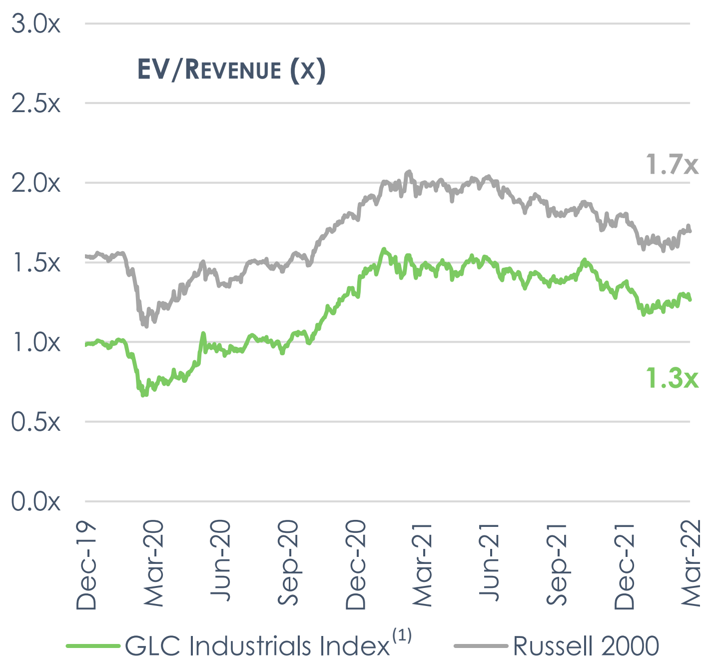
Industrials Index EV/EBITDA Performance



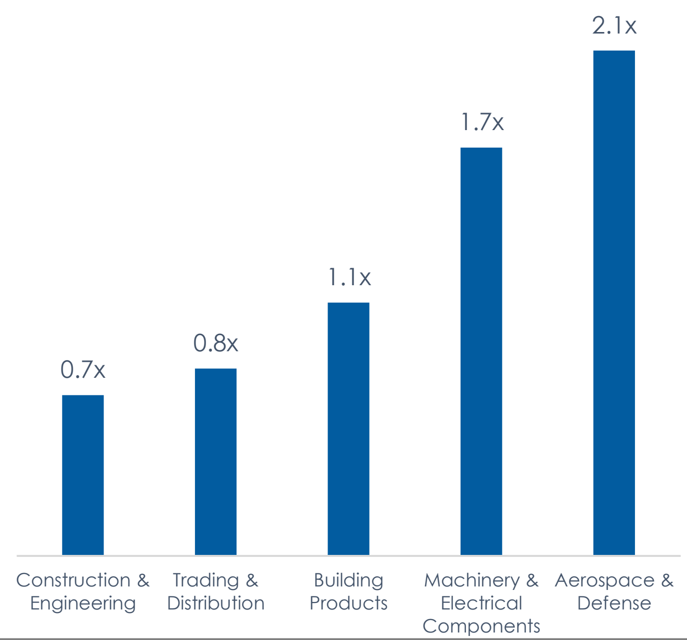
EoQ Subsector EV/EBITDA Multiples(2)



Industrials Index EV/Revenue Performance



EoQ Subsector EV/Revenue Multiples(2)



Source: Capital IQ; Note: Data as of 3/31/2022
(1) Index criteria: enterprise value <$5B and >$100M, HQ in the United States, traded on major US exchanges, and daily volume >10k
(2) As of 3/31/2022

GLC Advisors & Co.

GLC ADVISORS FIRM OVERVIEW

GLC Advisors & Co.

A Leading, Full-Service Investment Bank

GLC Advisors & Co. is a leading independent investment banking advisory firm focused on senior-level expertise, long-term relationships and objective guidance to our clients. We offer comprehensive services to our clients through a variety of advisory assignments including: M&A, financing/debt advisories, restructurings, recapitalizations, fairness opinions, and valuations. Our offices are located across the nation in New York, Denver, and San Francisco.

GLC has received numerous awards recognizing both firm and individual accomplishments, including multiple "Deal of the Year" and "Firm of the Year" awards for M&A and Restructuring transactions.

GLC's Advisory Services

Mergers and Acquisitions

- 100% Sale
- Majority Recap
- Buy-side
- Valuations
- Fairness Opinions

Capital Raising

- Growth Equity
- Debt Capital (Senior, Sub, Unitranche)
- Minority Recap (Secondary Capital)

Restructuring

- Corporate Restructuring
- Debtor and Creditor Advisory
- Distress M&A / 363 Transactions

GLC Firm Highlights

50+
Professionals

900+
Transactions

GLC's Middle Market M&A Team

GLC's Middle Market M&A Team is exclusively focused on advising clients in a variety of industries within the Middle Market. Our team's advisory work includes M&A (sell-side and buy-side), financing/debt advisories, recapitalizations, fairness opinions, and valuations. We excel at working with founders and owner-operators. Our team is passionate about the businesses and people that hire us to advise in their strategic decisions and events.

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