GLC | ADVISORS & COMPANY

INDUSTRIALS M&A UPDATE | Q1 2023

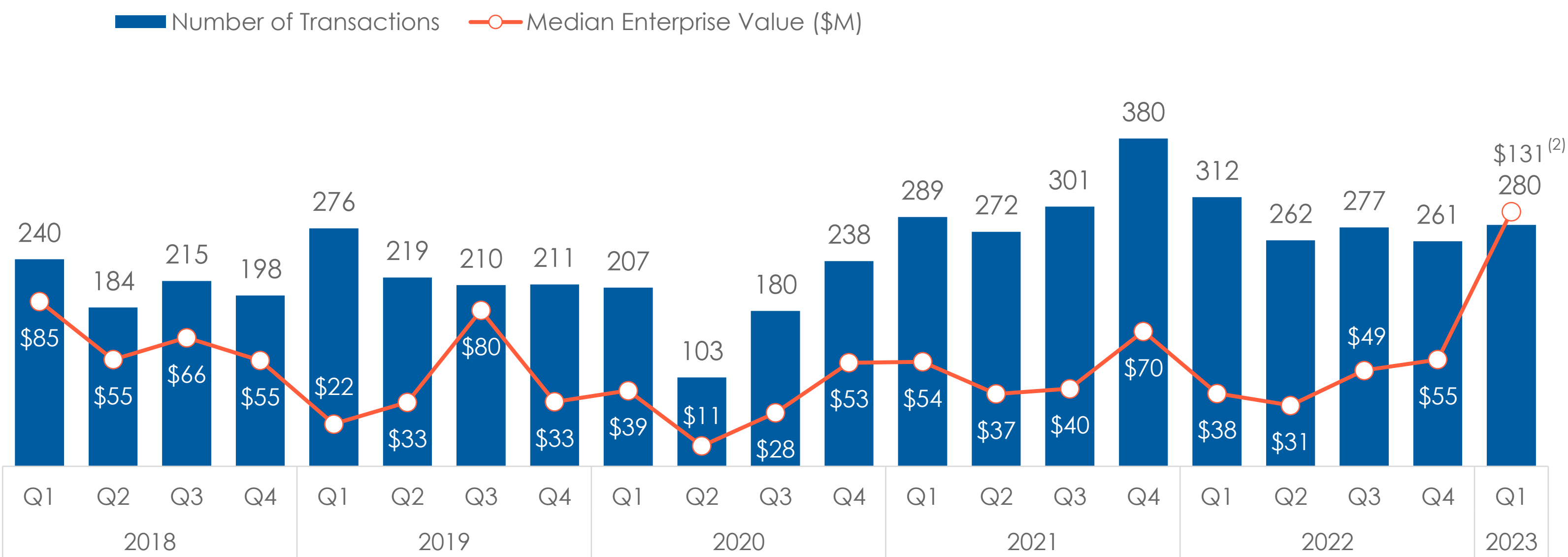
INDUSTRIALS M&A UPDATE

Deal Flow and Valuation Multiples

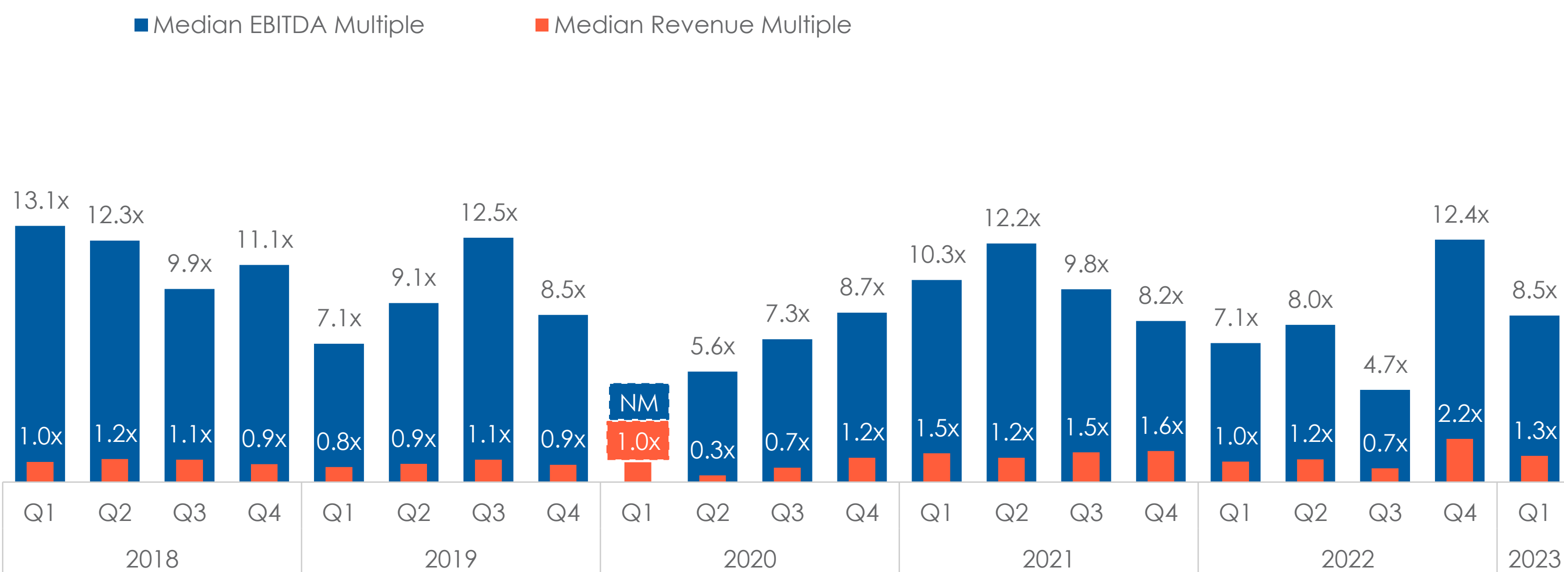
Q1 2023

Approximately 280 Industrials transactions closed in Q1'23, eclipsing pre-COVID levels but experiencing declines year-over-year. Post-COVID demand for industrial items has resulted in strong manufacturing and distribution activity.

Industrials Transactions & Total Transaction Value



Median Industrials Valuation Multiples (1)



Source: Capital IQ
Note: Data as of 3/31/2023
(1) Excludes EBITDA multiples <2.0x and >20.0x
(2) Less deals with reported EV values & a few outlier transactions disproportionately increased Q1'23 Median EV

INDUSTRIALS M&A UPDATE

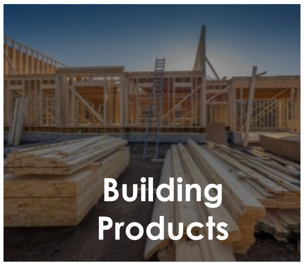
Subsectors in Focus

Q1 2023

In Q1'23, most Industrials subsectors experienced decreased transaction activity year-over-year With economic stimulus running out, increasing inflation, and rising rates, companies are seeing skyrocketing materials prices. Despite current challenges, industrial companies that have less impacted supply chains and fixed contract pricing can better handle the current pricing dilemma.

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 2023 Subsector M&A Tracking

	Aerospace and Defense	Building Products	Construction and Engineering	Machinery and Electrical Equipment	Trading Companies and Distributors
# of Transactions	11	13	100	86	70
YoY M&A Trend	↑	↓	↓	↑	↓
Average EV ($M)	NA	NM	NM	$1,060	$2,802
Median EV ($M)	NA	NM	NM	$180	$282

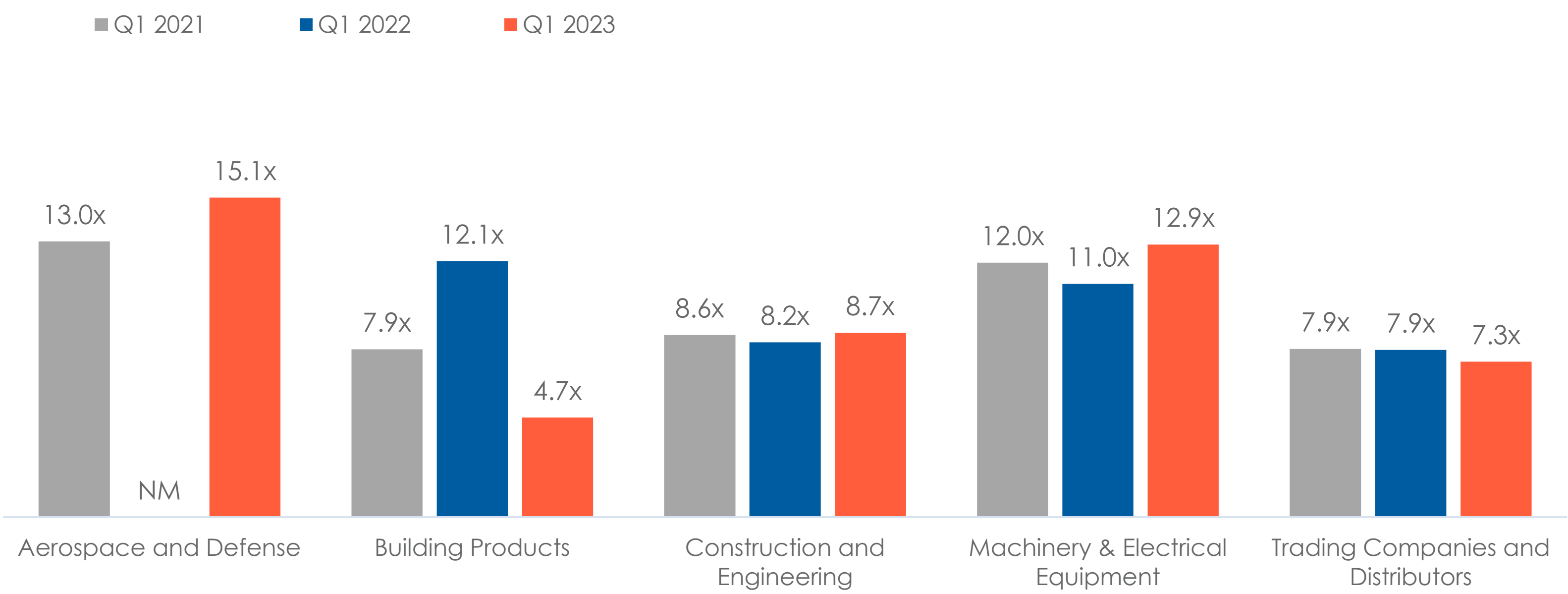
Source: Capital IQ

Note: Building Products and Construction and Engineering subsectors EV deemed "NM" due to a lack of transaction data

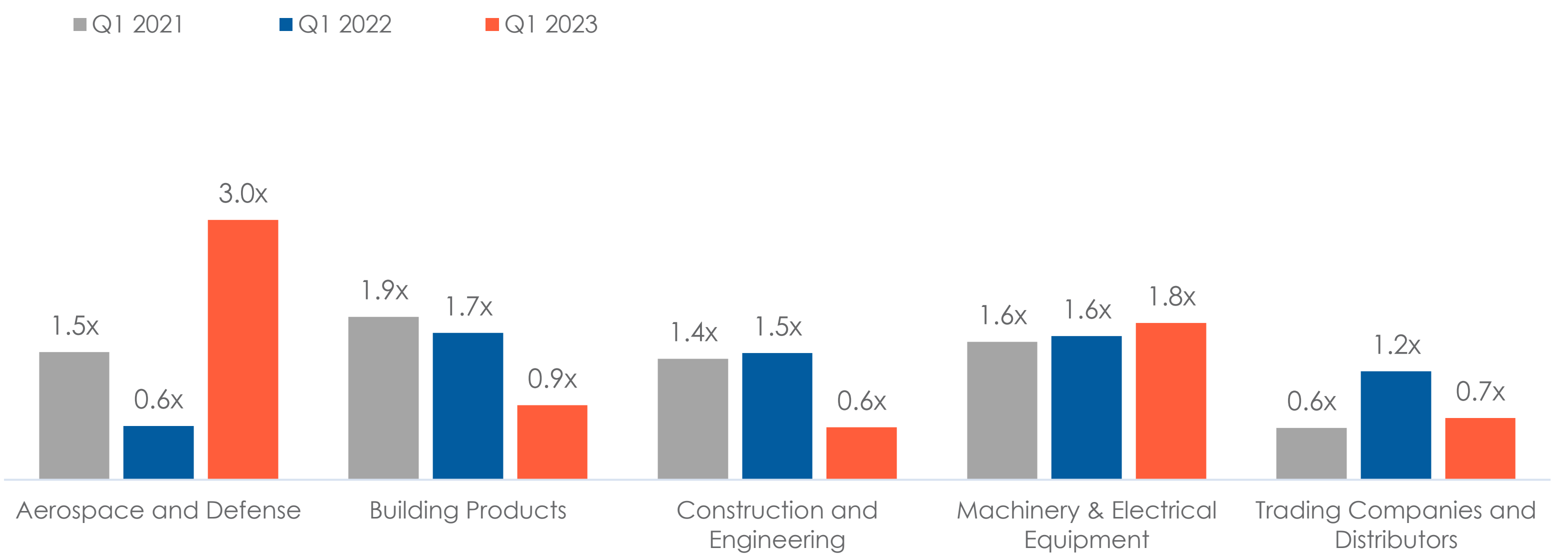
Valuation Multiples by Subsector

Nearly every Industrials subsector is reporting EV/EBITDA multiples in excess of 8.0x (excluding the Building Products and Trading Companies and Distributors) and EV/Revenue multiples in excess of 0.9x (excluding the Construction and Engineering and Trading Companies and Distributors subsectors). Building Products experienced significant EV/EBITDA multiple erosion in Q1'23 driven by the decline in residential and commercial construction as the new construction market cooled with rising interest rates.

TTM EV/EBITDA Multiple by Industrials Subsector (1)



TTM EV/Revenue Multiple by Industrials Subsector



Source: Capital IQ
Note: Data as of 3/31/2023
(1) Excludes EBITDA multiples <2.0x and >20.0x

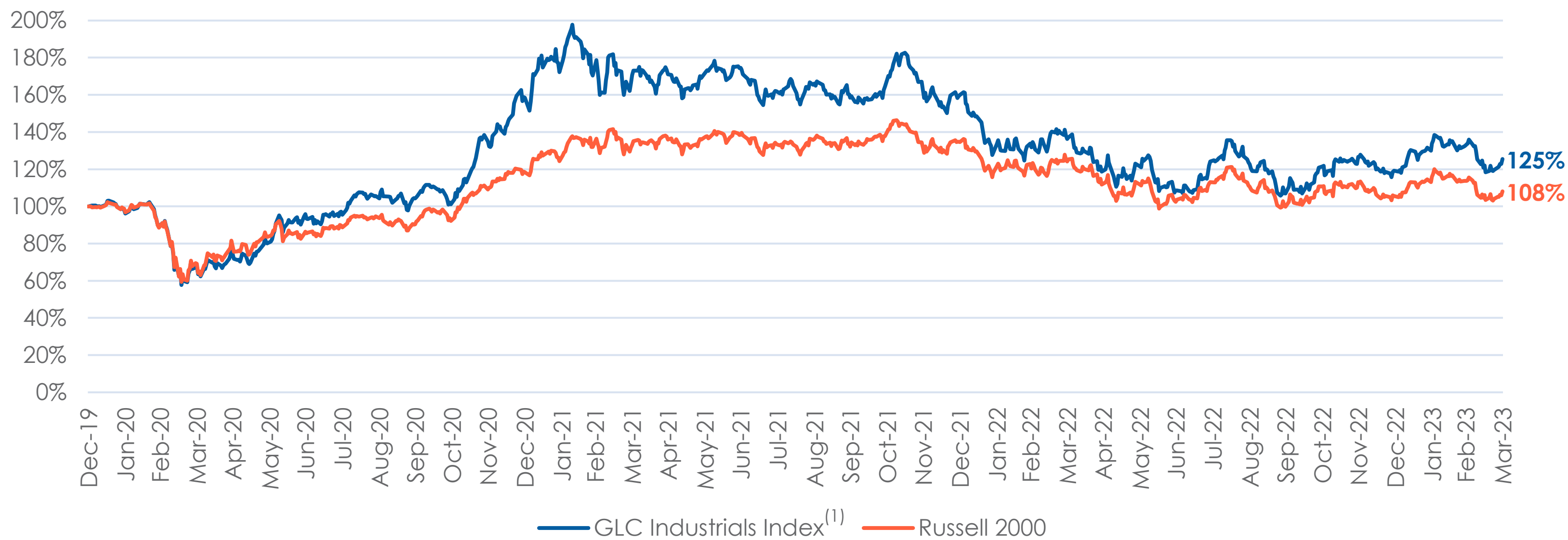
INDUSTRIALS PUBLIC MARKETS UPDATE

Q1 2023

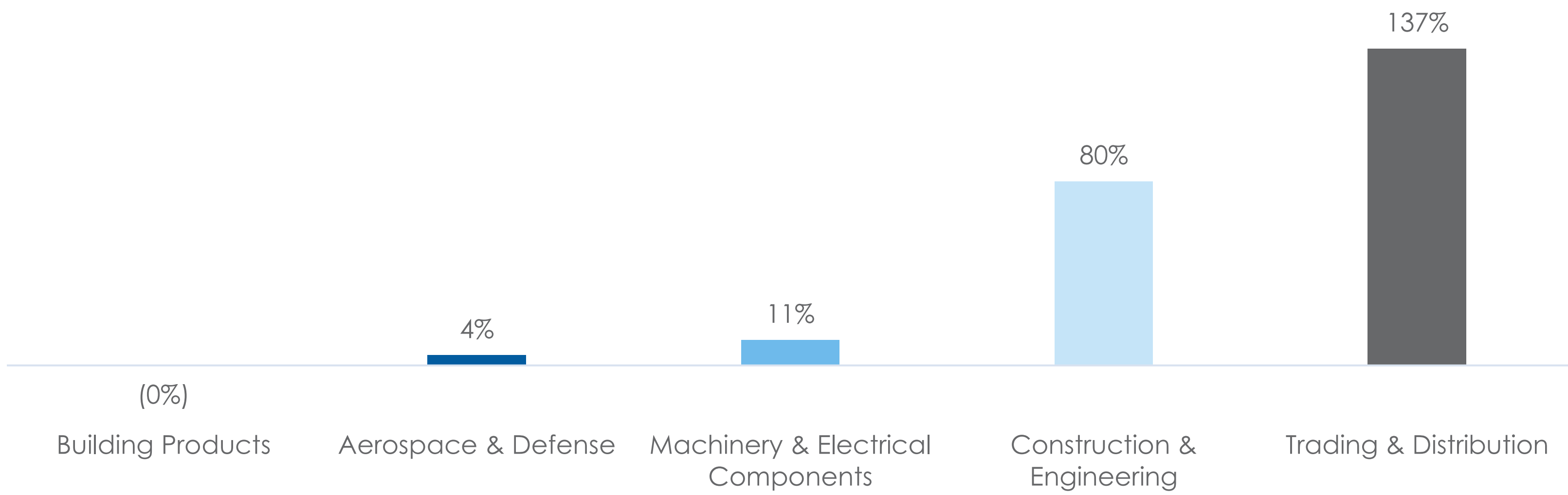
Index Performance

In Q1'23, public company valuations increased. The Russell Index ("Russell") rose during Q1'23 finishing up 2% and the GLC Industrials Index finished up 6%. The GLC Industrials Index continues to outperform the Russell over the past 3 years with a 25%+ return – mainly driven by the Trading & Distribution and Construction & Engineering subsectors. The Trading & Distribution and Construction & Engineering subsectors experienced significant demand over the past few years with rising demand for new construction and increasing supply chain costs.

Industrials Index Performance (since 2019)



Subsector Performance (since 2019)



Source: Capital IQ
Note: Data as of 3/31/2023
(1) Index criteria: enterprise value <$5B and >$100M, HQ in the United States, traded on major US exchanges and daily volume >10k

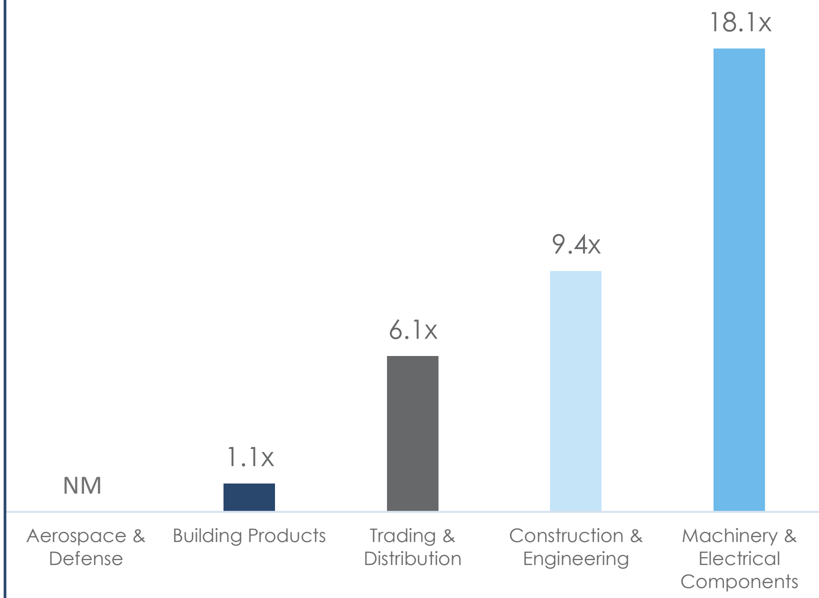
INDUSTRIALS PUBLIC MARKETS UPDATE

Q1 2023

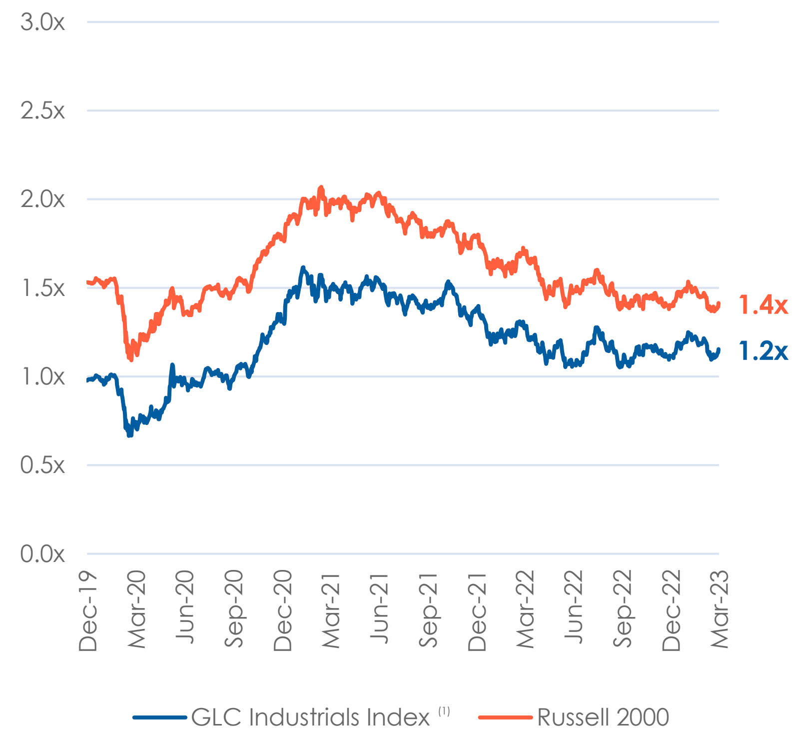
Valuation Trends

Industrials Index EV/EBITDA Performance

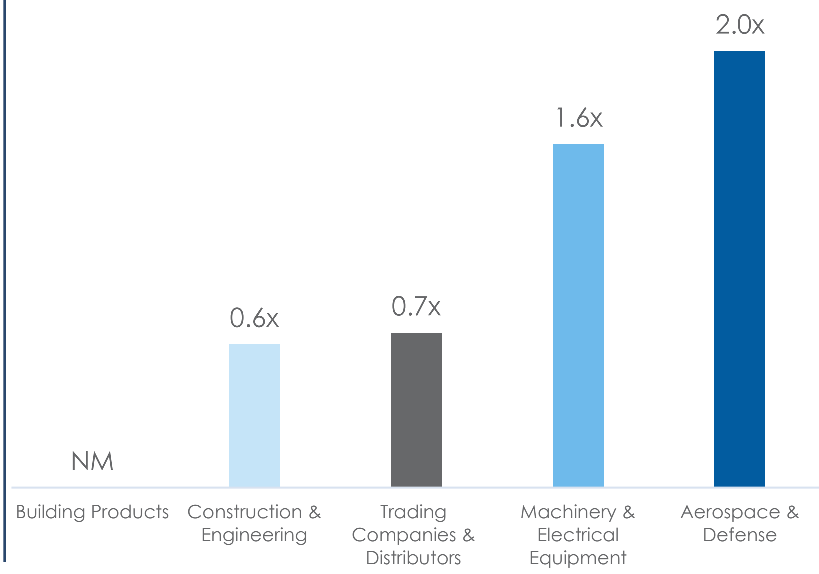
EoQ Subsector EV/EBITDA Multiples (2)



Industrials Index EV/Revenue Performance



EoQ Subsector EV/Revenue Multiples



Source: Capital IQ
Note: Data as of 3/31/2023
(1) Index criteria: enterprise value <$5B and >$100M, HQ in the United States, traded on major US exchanges, and daily volume >10k; (2) EV/EBITDA multiples "NM" if <2x or >20x

FIRM OVERVIEW

A Leading, Full-Service Investment Bank

GLC Advisors & Co. is a leading independent investment banking advisory firm, delivering objective, senior-level expertise to successfully execute financial advisory assignments for our clients. We advise Shareholders, Board of Directors, Entrepreneurs, Management Teams, and Capital Providers on material financial transactions regarding strategic alternatives, capital structure, and transactions.

We excel working with founder and owner operators and are passionate about the businesses and people we work with.

900+ CLOSED TRANSACTIONS	**$730B+** TRANSACTION VALUE
50+ PROFESSIONALS	**15+** MANAGING DIRECTORS

Key Capabilities

M&A Advisory
- 100% Sale
- Valuations
- Fairness Opinions

Capital Raising
- Growth Equity
- Debt Capital
- Minority Recap

Restructuring
- Debt Advisory
- Distressed M&A
- 363 Transactions

Business Services & Diversified Industries Team

GLC's Business Services and Diversified Industries Team is focused on advising business services, consumer and industrials clients in 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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