

Industrials Quarterly Update

Q1 2022



DCF's Industrials Practice

Deloitte Corporate Finance LLC (DCF) is a leading global middle-market M&A adviser. Our professionals have extensive knowledge in the Industrials space and use their experience to help clients enhance value.



Industrials Leadership



Will Frame
Managing Director
Head of Industrials
Chicago, IL
wframe@deloitte.com



Kevan Flanigan
Managing Director
Head of Automotive
Los Angeles, CA
keflanigan@deloitte.com



Keith Adams
Managing Director
Industrials
Atlanta, GA
keadams@deloitte.com



Eric Andreozzi
Managing Director
Industrials
Charlotte, NC
eandreozzi@deloitte.com



Tony Blanchard
Managing Director
Industrials
Chicago, IL
anblanchard@deloitte.com



Bill Kerkam
Managing Director
Head of Paper & Packaging
Charlotte, NC
wkerkam@deloitte.com



Organization Overview

#2

2021 Global M&A
Advisor by deals
completed ⁽¹⁾.

662

Completed deals
in the last 12
months.

- Deep relationships in place to gain **critical strategic intelligence** and effectively market businesses.
- Worldwide, DCF has **2,400 Corporate Finance professionals** throughout the Deloitte Touche Tohmatsu Limited network of member firms in 60 countries that complement the North American team.
- **Top global middle-market financial advisor** in 2021 according to Mergermarket ⁽¹⁾.



Sector Focus

- Automotive
- Building Products, Electrical Products, and Industrial Safety
- Capital Equipment and Rental Services
- Engineering and Construction
- Distribution, Transportation, and Logistics
- Metals, Plastics, and Paper Packaging
- Specialty Chemicals

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Deloitte thought leadership

Deloitte Thought Leadership

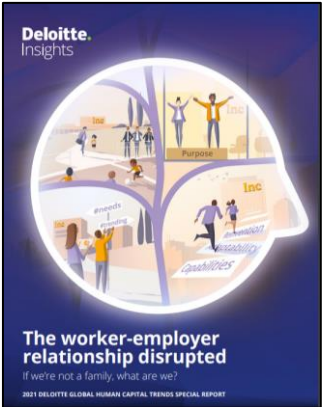
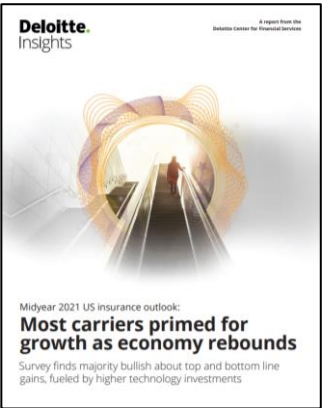
- Deloitte stays abreast of industry trends and makes significant investments in producing cutting-edge thought leadership.
- Deloitte is deeply committed to providing insights that help keep clients on the forefront of critical trends.
- Focused research on industry drivers and trends helps enable Deloitte to demonstrate eminence in the business services market by redefining the lens through which industry leaders operate.

Extensive Knowledge Network

DCF can leverage its expansive cross-business knowledge network, extensive consulting reports, and in-depth industry research to drive results and provide differentiated insights for our clients.



Recent Insights



Case Study

S&S Truck Parts, LLC

Deal Contacts

Phil Colaco, Jamie Lewin, Lorin DeMourdant, Tony Blanchard, Mike Woodham



S&S Truck Parts, LLC
has been acquired by

INVESTCORP

**Investcorp Investment
Advisors, LLC**

*The undersigned acted as exclusive financial advisor to
S&S Truck Parts, LLC*

Deloitte.

“Deloitte Corporate Finance’s knowledge in the specialty distribution and aftermarket parts sectors and creative approach to help us address our specific transaction objectives enabled us to find the ideal partner, in Investcorp.”

DJ Hoffman
Chief Executive Officer
S&S Truck Parts, LLC

Client Overview

- Founded in 1952 and headquartered in Schaumburg, IL, S&S Truck Parts, LLC (S&S or the Company) is a leading provider of private label aftermarket replacement parts for medium- and heavy-duty trucks.
- The Company adds value across the replacement parts supply chain by identifying, engineering, sourcing, and supplying a broad range of high-demand parts, offering customers quality, high-margin alternatives to OEM parts.

Situation Overview






- The Company engaged Deloitte Corporate Finance LLC (DCF) to leverage its experience in the heavy duty, automotive, and distribution sectors to find the partner to facilitate rapid growth while providing liquidity to shareholders.
- S&S’s shareholders achieved their liquidity objectives while positioning the Company for accelerated growth with the help of Investcorp’s extensive industry insight and experience.

Key Takeaways

DCF added significant value by:

- Developing detailed marketing materials to clearly highlight the Company’s distinct supply chain capabilities and attractive growth profile within the \$37 billion North American aftermarket parts sector through the Company’s burgeoning private label parts program.
- Running a highly competitive marketing process, yielding interest from both financial sponsors and strategics, and assisting the Company’s shareholders with selecting a partner with a complementary cultural fit who met the key transaction objectives of the sellers.
- Managing an extensive due diligence process, structuring a complex transaction which included a carve-out of certain operations, and negotiating a seller-friendly deal structure at an attractive valuation level.

Notable Recent M&A Transactions ⁽¹⁾

Automotive 	Apollo Global Management, Inc. acquisition of Tenneco Inc. <ul style="list-style-type: none"> Tenneco Inc. designs, manufactures, and sells clean air, and powertrain products and systems for light vehicle, commercial truck, off-highway, industrial, motorsport, and aftermarket customers worldwide. Apollo Global Management, Inc. is a private equity firm, investing in credit, private equity and real estate markets. The acquisition will help Apollo to invest across Tenneco's platform and product categories for growth. 	Close Date: Pending EV: \$6,707.9 MM Rev: \$17,953.0 MM EV/Rev: 0.4x EV/EBITDA: 5.1x
Engineering and Construction 	Clayton, Dubilier & Rice, LLC; CD&R Investment Associates X, Ltd. acquisition of Cornerstone Building Brands, Inc <ul style="list-style-type: none"> Clayton, Dubilier & Rice is a private investment firm with more than \$40 billion invested in over 100 companies. Cornerstone Building Brands is the largest manufacturer of exterior building products by sales for residential and low-rise non-residential buildings in North America. The transaction should help accelerate Cornerstone's goal to become a premier exterior building solutions company. 	Close Date: Pending EV: \$6,130.8 MM Rev: \$5,573.5 MM EV/Rev: 1.1x EV/EBITDA: 7.1x
Distribution, Transportation, and Logistics 	STG Logistics, Inc. acquisition of Intermodal Business of XPO Logistics in North America <ul style="list-style-type: none"> Intermodal Business of XPO Logistics in North America comprises freight transportation service (e.g., truck brokerage) STG Logistics, Inc. provides import/export and value-added warehouse logistics services. This acquisition expands STG Logistics' position in containerized logistics by combining XPO Intermodal's position in container transport, thus, creating a platform with advanced capabilities. 	Close Date: March 2022 EV: \$710.0 MM Rev: \$420.3 MM EV/Rev: 0.6x EV/EBITDA: 2.3x
Metals, Plastics, and Paper Packaging 	Cold Chain Technologies acquisition of Packaging Technology Group <ul style="list-style-type: none"> PTG manufactures kerbside-recyclable thermal shipping and packaging solutions for the life sciences industries. CCT is a provider of reusable and single-use thermal packaging solutions to the life sciences supply chain. The acquisition is part of Cold Chain Technologies wider efforts to provide sustainable packaging solutions. 	Close Date: March 2022 EV: N/A Rev: N/A EV/Rev: N/A EV/EBITDA: N/A
Specialty Chemicals 	Bioceres Crop Solutions Corp. acquisition of Marrone Bio Innovations, Inc. <ul style="list-style-type: none"> Marrone Bio Innovations, Inc. develops, and sells products for crop protection, crop health, and crop nutrition. Bioceres Crop Solutions Corp., together with its subsidiaries, provides crop productivity solutions. This transaction aims to combine Bioceres' expertise in bio nutrition and seed care products with MBI's leadership in the development of biological crop protection and plant health solutions. 	Close Date: Pending EV: \$264.1 MM Rev: \$44.3 MM EV/Rev: 6.0x EV/EBITDA: N/A

Automotive

Sector trends ⁽⁴⁾

- The availability and adoption of advanced technology solutions is driving a majority of the underlying trends in the auto industry. Connected cars, sensors, electrification, and new business models (including mobility-as-a-service) all take advantage of advanced technology solutions. The automotive industry should focus on adopting these changes in consumer trends going forward.
- Stricter emission regulations, lower battery costs, more widely available charging infrastructure, and increasing consumer acceptance can create new and strong momentum for penetration of electrified vehicles (hybrid, plug-in, battery electric, and fuel cell) in the coming years.
- A paradigm shift to mobility as a service, along with new entrants, may likely force traditional car manufacturers to compete on multiple fronts such as pressure to reduce costs, improve fuel efficiency, reduce emissions, and become more capital-efficient.

Select recent M&A activity ⁽¹⁾

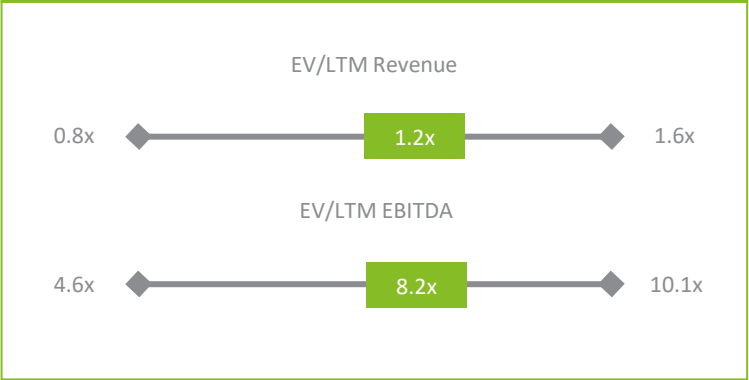
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	Lazydays Holdings, Inc.	B. Riley Financial, Inc.	\$782.8	4.8x
February 2022	Hoiley Inc.	Wasatch Advisors Inc; Wasatch Funds Trust - Wasatch Core Growth Fund	\$1,930.7	12.6x
February 2022	Cummins Westport Inc.	Cummins Inc.	\$44.4	N/A
January 2022	The Intimidator Group	The Toro Company	\$398.9	N/A



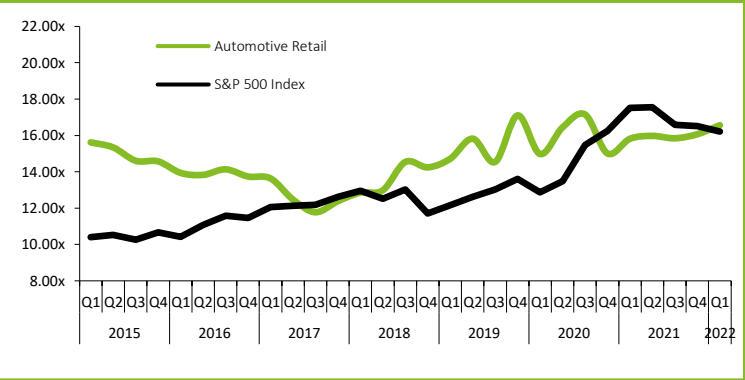
Select public comparables ⁽²⁾

Company Name	Enterprise Value (MM)
Daimler AG	\$189,624.9
Ford Motor Company	\$171,089.2
General Motors Company	\$155,545.2
Honda Motor Co., Ltd.	\$90,890.5
Toyota Motor Corporation	\$404,443.8
Volkswagen AG	\$297,562.3

Trading metrics ⁽³⁾



Historical EV/EBITDA multiples ⁽³⁾



Engineering and Construction

Sector trends ⁽⁴⁾

- The industry landscape is rapidly evolving as engineering firms, contractors, and participants across the value chain realize the benefits of connected construction technologies. These technologies can help bring assets, people, processes, and job sites onto one platform, reduce downtime, enhance asset utilization and efficiency, and gain greater visibility into operations.
- As decarbonization initiatives gain momentum, there has been a rise in demand for Green construction.
- Modular and prefab construction is in the middle of a multiyear boom. The modular construction market, led by the residential sector, is predicted to balloon in value, driven by a lack of skilled labor and an increase in cost-cutting technology.
- Rising construction costs and labor shortages persist, challenging the industry to innovate competitive new ideas while stricter regulations contribute to a reduced margin for error and waste.

Select recent M&A activity ⁽¹⁾

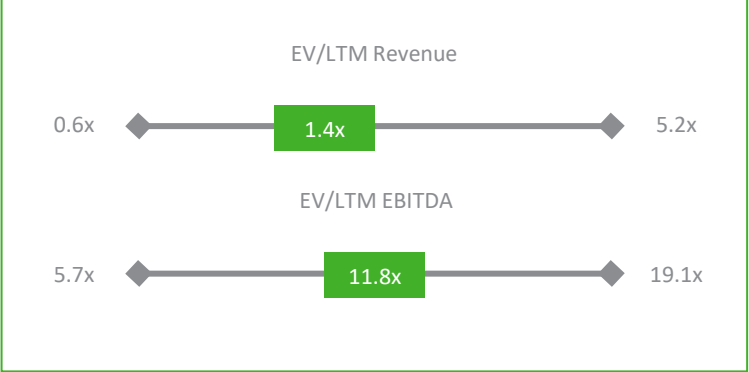
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	Elkay Manufacturing Company, Inc.	Zurn Water Solutions.	\$1,563.9	14.2x
March 2022	Associated Materials, LLC	Strategic Value Partners, LLC	\$950.0	4.2x
February 2022	Urban Grid Solar Projects, LLC	Brookfield Renewable	\$650.0	N/A
January 2022	Joule Processing, LLC	Plug Power Hydrogen Holdings, Inc.	\$160.0	N/A



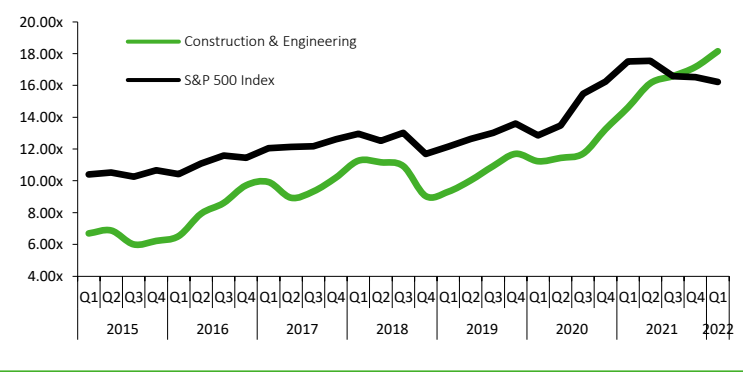
Select public comparables ⁽²⁾

Company Name	Enterprise Value (MM)
Quanta Services, Inc.	\$22,557.3
MasTec, Inc.	\$8,426.0
WSP Global, Inc.	\$17,158.8
AECOM	\$12,903.7
Vulcan Materials Company	\$28,849.2
EMCOR Group, Inc.	\$5,651.5

Trading metrics ⁽³⁾



Historical EV/EBITDA multiples ⁽³⁾



Distribution, Transportation, and Logistics

Sector trends ⁽⁴⁾

- Trade continues to steadily improve with consistent growth in the North American economy. However, driver shortages, tight capacity, and stringent regulations are affecting the industry. Ports and airports are investing heavily to increase capacity in order to deal with ongoing demand.
- In response to rising labor costs, many logistics providers are looking for operational synergies by cutting back their labor force.
- Relying on manual and outdated processes in fulfillment centers is no longer sufficient to meet the delivery demands of modern customers. Organizations that may be struggling to cater to the ever-increasing volume of customer orders will likely need to consider embracing robotic process automation at each step of the fulfillment process and implement solutions that help enhance and scale warehouse and distribution center capabilities.

Select recent M&A activity ⁽¹⁾

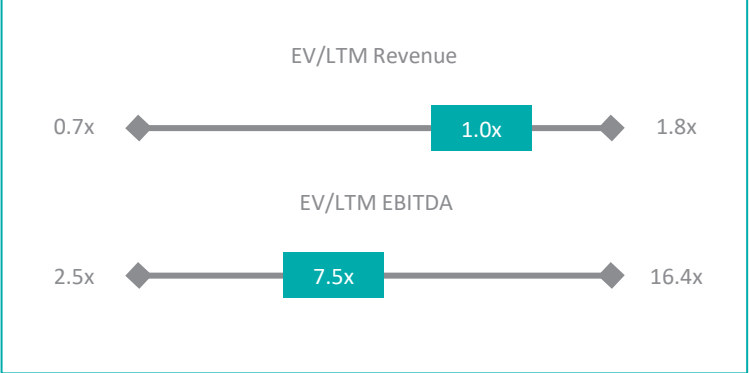
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	Spirit Airlines, Inc.	Frontier Group Holdings	\$6,459.7	14.2x
February 2022	Alante Air Charter	Wheels Up Experience Inc.	\$14.6	N/A
February 2022	AAT Carriers, Inc.	Covenant Logistics Group, Inc.	\$55.0	N/A
February 2022	Substantially All of the Assets of Zenith Freight Lines, LLC	J.B. Hunt Transport, Inc.	\$86.9	N/A



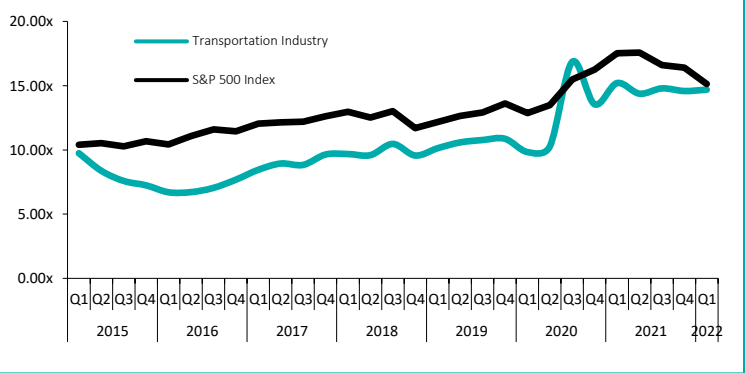
Select public comparables ⁽²⁾

Company Name	Enterprise Value (MM)
Hub Group, Inc.	\$2,841.0
Werner Enterprises, Inc.	\$3,136.2
XPO Logistics, Inc.	\$12,594.9
C.H. Robinson Worldwide, Inc.	\$15,601.2
DSV A/S	\$49,264.1
A.P. Møller - Mærsk A/S	\$60,159.4

Trading metrics ⁽³⁾



Historical EV/EBITDA multiples ⁽³⁾



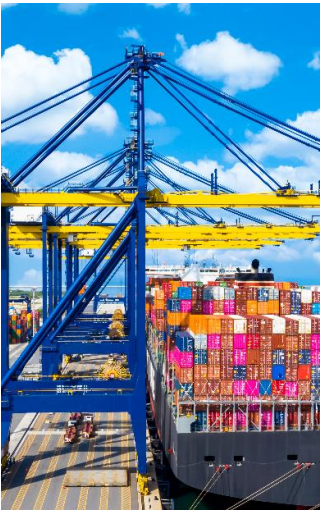
Metals, Plastics, and Paper Packaging

Sector trends ⁽⁴⁾

- Smart packaging is quickly gaining market share with its added functionality, durability, and convenience not only for the packaging but the product as well. Smart packaging leverages technology such as QR codes, smart labels, RFID, and near field communication (NFC) chips.
- Plastic is the most used packaging material since the early 20th century. However, its slow decomposition rate causes widespread environmental problems. As consumers become more aware of its negative consequences, demand for eco-friendly alternatives will likely continue increasing. Biodegradable packaging and films are gaining traction and serve as suitable replacements for traditional plastic packaging.
- Nanotechnology has applications at various phases of the packaging supply chain from packaging material to product safety and tracking. The use of nanoparticles mixed with polymer chains enhances package barrier properties and tensile strength.

Select recent M&A activity ⁽¹⁾

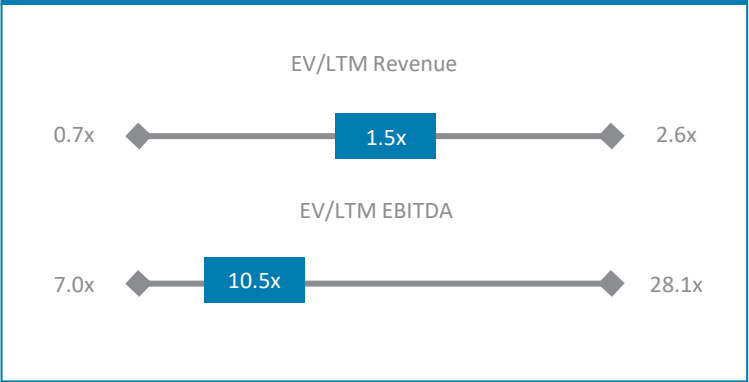
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	Neenah, Inc.	Schweitzer-Mauduit International, Inc.	\$1,169.3	9.9x
Pending	Scholle IPN Corporation	SIG Group AG	\$1,641.8	18.2x
March 2022	Pexco	Odyssey Investment Partners, LLC	N/A	N/A
February 2022	Midwest Paper Group	Durango McKinley Paper Company	\$4,200.0	N/A



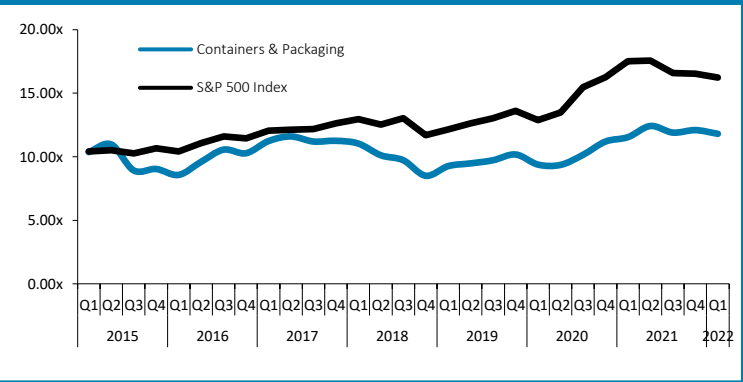
Select public comparables ⁽²⁾

Company Name	Enterprise Value (MM)
Ball Corporation	\$36,561.1
Berry Global Group, Inc.	\$17,629.0
Sonoco Products Company	\$7,830.9
Cascades, Inc.	\$2,155.2
Graphic Packaging Holding Co.	\$12,044.4
Crown Holdings, Inc.	\$21,650.9

Trading metrics ⁽³⁾



Historical EV/EBITDA multiples ⁽³⁾



Specialty Chemicals

Sector trends ⁽⁴⁾

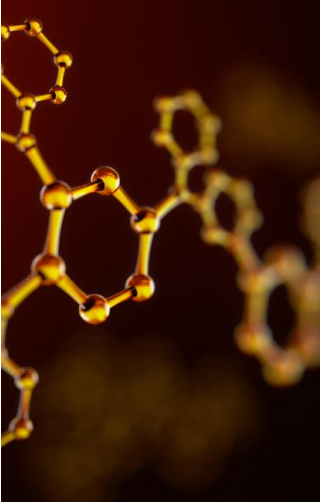
- As the chemical industry moves into 2022, strong demand for both commodity and specialty chemicals should keep prices robust throughout the year. The industry should also experience increased capital expenditures, as leading industry players focus on building capacity and expanding into growing end markets both organically and inorganically.
- Chemical market consumers may increasingly value sustainability and prioritize products based on circularity and carbon footprint, thus driving chemical companies to accelerate their decarbonization technologies, reexamine their existing assets, and begin to diversify away from hydrocarbons where possible.
- Chemical companies are likely to leverage digital technologies to enable automated trend sensing and social media scanning to identify broader market trends and customer requirements. This customer-centric innovation could help improve the scope, scale, and returns of R&D efforts.

Select public comparables ⁽²⁾

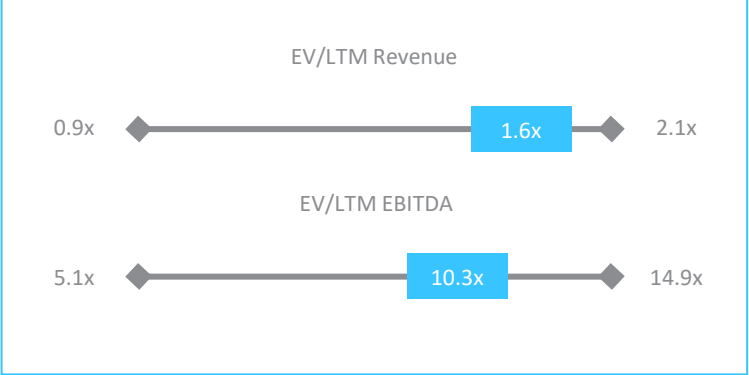
Company Name	Enterprise Value (MM)
Ferro Corporation	\$2,034.0
H.B. Fuller Company	\$5,383.2
RPM International, Inc	\$13,098.9
American Vanguard Corporation	\$690.6
Arkema S.A.	\$9,514.8
Clariant AG	\$7,283.7

Select recent M&A activity ⁽¹⁾

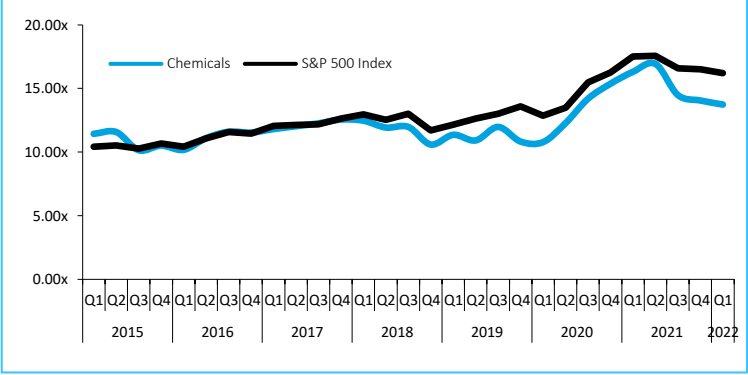
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
March 2022	LACC LLC	Eagle US 2	\$2,759.4	N/A
March 2022	Tucson Rubber Corporation	Effox-Flextor-Mader	\$24.0	N/A
February 2022	Intertech Plastics, Inc.	TriMas Corporation	\$64.0	N/A



Trading metrics ⁽³⁾



Historical EV/EBITDA multiples ⁽³⁾



Appendix

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Page 2:

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