

Industrials Quarterly Update

Q4 2021



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.



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Organization Overview

#1

2020 Global M&A
Advisor by deals
completed ⁽¹⁾.

487

Completed deals
in the last 12
months.

- Deep relationships in place to gain **critical strategic intelligence** and effectively market businesses.
- Worldwide, DCF has access to **2,400 Corporate Finance professionals** across 60 countries that serve as value-add partners to the North American team.
- **Top global middle-market financial advisor** in 2020 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

Table of contents

Case study	4
Deloitte thought leadership	5
Notable recent M&A transactions	6
Automotive update	7
Engineering and Construction update	8
Distribution, Transportation and Logistics update	9
Metals, Plastics, and Paper Packaging update	10
Specialty Chemicals update	11



Case study

Allied Wire & Cable, LLC

Deal Contacts

Will Frame, Tony Blanchard, Máté Bánhegyi



Allied Wire & Cable, LLC
has been acquired by



Genuine Cable Group, LLC

Audax Private Equity
Audax Private Equity

The undersigned acted as exclusive financial advisor to Allied Wire & cable, LLC



“The DCF team ran a very efficient and competitive deal marketing process resulting in multiple attractive proposals. DCF’s deep experience was invaluable as we navigated through a number of challenges and our shareholders are extremely pleased with the result. We believe that we found the best long-term home for AWC and we look forward to continued growth as part of the Genuine Cable Group.

*Al Pape
Chief Executive Officer
Allied Wire & Cable, LLC*

Client Overview

- Allied Wire & Cable, LLC (Allied or the Company) is a value-added specialty distributor of wire and cable products across the US, and internationally.
- Founded in 1987, Allied has grown to become a leading service-oriented, specialty distributor of wire and cable, tubing, connectors & termination products as well as cable assemblies serving numerous end markets including aerospace & defense, lighting, manufacturing, data centers, telecommunications, and general industrial. Based in Collegetown, Pennsylvania Allied has additional locations in Wisconsin, Texas, Arizona, Florida, and New Hampshire.

Situation Overview

- Allied Wire & Cable engaged Deloitte Corporate Finance (DCF) to pursue a majority sellside transaction in a customized, targeted process designed to move quickly and to create competition among highly interested potential buyers.
- The transaction provided shareholders with liquidity at a premium valuation and resulted in a beneficial long-term partnership building a strong wire and cable distribution platform.

Key Takeaways

- DCF added significant value by:
- Developing detailed marketing material to clearly highlight Allied’s differentiated business in the wire and cable distribution market.
 - Running a highly targeted, competitive marketing process, going out to fewer than 30 potential investors and receiving three competitive LOIs.
 - Assisting the Company’s shareholders with selecting a partner with a complementary cultural fit who met the key transaction objectives of the sellers.
 - Advising the Company on a complicated negotiation and navigating complex shareholder dynamics.

Deloitte thought leadership

Deloitte thought leadership

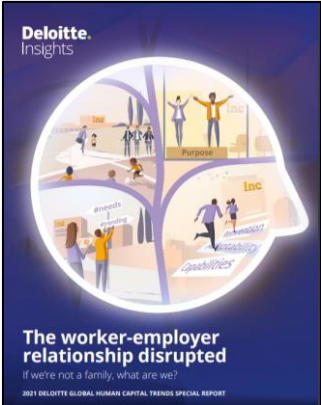
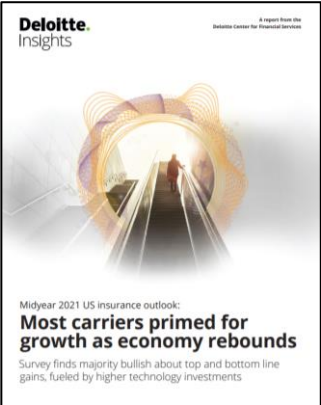
- Deloitte stays abreast of industry trends and makes significant investments in producing cutting-edge thought leadership.
- Deloitte is deeply committed to providing insights that help keep clients on the forefront of critical trends.
- Focused research on industry drivers and trends helps enable Deloitte 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



Notable recent M&A transactions ⁽¹⁾

<p>Automotive</p> 	<p>Brown & Watson International Pty. Ltd. (BWI) acquisition of Vision X,, USA</p> <ul style="list-style-type: none"> • Vision X is a manufacturer and distributor of niche lighting products and engineered solutions. The Company's brands are supported by 1,200+ products and 500 patents in Automotive, Off Road and other segments. • Vision X is complementary to BWI with established manufacturing facilities in Korea and China, as well as marketing, sales, product development, warehouse, and limited manufacturing facilities, in the USA. 	<p>Close Date: December 2021 EV: \$71.4 MM Rev: N/A EV/Rev: N/A EV/EBITDA: 8.8x</p>
<p>Engineering and Construction</p> 	<p>Mastec, Inc. acquisition of Henkels & McCoy, Inc.</p> <ul style="list-style-type: none"> • Henkels & McCoy, Inc. designs, builds, and maintains infrastructure for the utility and communications markets. • Mastec, Inc. is America's leading multinational infrastructure engineering and construction company. • The acquisition supports MasTec's long-term strategy to expand in the fast-growing electric utility services market and expand its presence in the Northeast and the Northwest markets. 	<p>Close Date: December 2021 EV: \$593.04 MM Rev: N/A EV/Rev: N/A EV/EBITDA: 8.5x</p>
<p>Distribution, Transportation, and Logistics</p> 	<p>Flix Mobility's acquisition of Greyhound Lines, Inc.</p> <ul style="list-style-type: none"> • Greyhound Lines, Inc. is the largest provider of long-distance bus transportation in the U.S. • Flix Mobility is a mobility provider, offering new alternatives for friendly travel via the Flix Bus and Flix Train brands. • This acquisition marked another important step in Flix Mobility's vision to provide easy-to-use, affordable, and environmentally friendly travel for consumers across the globe. 	<p>Close Date: October 2021 EV: \$201.5 MM Rev: \$422.6 MM EV/Rev: 0.5x EV/EBITDA: 5.4x</p>
<p>Metals, Plastics, and Paper Packaging</p> 	<p>Sonoco's acquisition of Ball Metalpack, LLC</p> <ul style="list-style-type: none"> • Ball Metalpack, LLC manufactures metal packaging and aerosol containers for household consumables. • Sonoco is a global packaging solutions leader and producer of composite cans, tubes, and cores. • The acquisition aims to further expands sustainable Sonoco's packaging portfolio within metal packaging, which is the most recycled packaging substrate in the US. 	<p>Close Date: Pending EV: \$1,350.0 MM Rev: N/A EV/Rev: N/A EV/EBITDA: 16.3x</p>
<p>Specialty Chemicals</p> 	<p>Entegris, Inc.'s acquisition of Cabot Microelectronics Corp</p> <ul style="list-style-type: none"> • Cabot Microelectronics Corp is a global supplier of consumable materials to semiconductor manufacturers. • Entegris, Inc. is a global leader in the advanced materials science. • The acquisition aims to help Entegris, Inc. unlock significant growth through enhanced innovation, scale, and execution. 	<p>Close Date: Pending EV: \$6,728.02 MM Rev: \$1,864.5 MM EV/Rev: 5.5x EV/EBITDA: 18.4x</p>

Automotive

Sector trends

- Increased efforts to reduce vehicular emissions have shifted the focus of the automotive industry toward electric vehicles. With growing environmental concerns, governments and environmental agencies are enacting stringent emission norms and laws that may increase the manufacturing cost of electric drive trains and fuel-efficient diesel engines.
- The growing adoption and expanding market of autonomous, or self-driving vehicles, will likely be concentrated in North America. This can be attributed to factors like strong and established automotive company clusters and being home to some of the world's biggest technology companies.
- A strong demand for vehicles followed by the global shortage of microchips has pushed up prices and encouraged carmakers and dealers to reduce or eliminate discounts.

Select recent M&A activity ⁽¹⁾

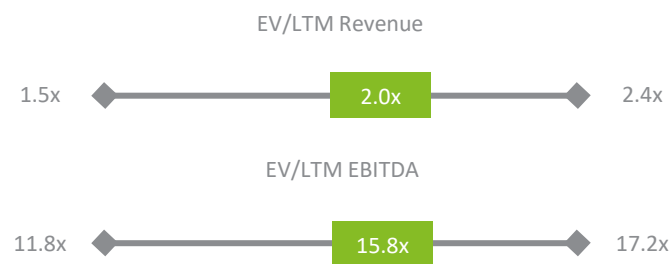
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
December 2021	Vision X USA	Brown & Watson International Pty. Ltd.	\$71.4	8.8x
December 2021	Canoo Inc.	AFV Partners LLC	\$230.3	N/A
October 2021	Shadow Tinting Ltd.	XPEL, Inc.	\$20.1	N/A
October 2021	General Motors Company	Engine No.1 LLC	N/A	8.9x
October 2021	Engineered Machined Products, Inc.	Concentric AB	\$147.0	8.1x



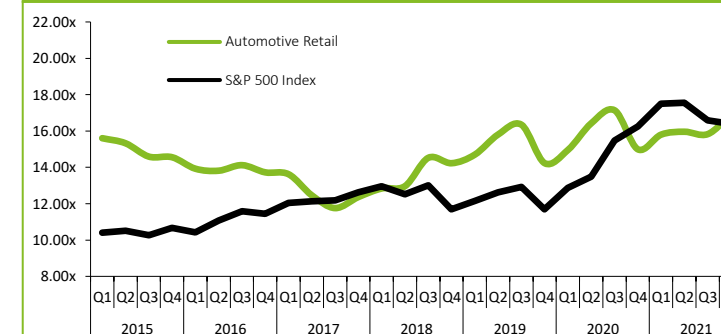
Select public comparables ⁽²⁾

Company Name	Enterprise Value (MM)
Daimler AG	\$207,995.1
Ford Motor Company	\$196,050.4
General Motors Company	\$173,484.9
Honda Motor Co., Ltd.	\$96,213.9
Toyota Motor Corporation	\$431,521.6
Volkswagen AG	\$311,623.9

Trading metrics ⁽³⁾



Historical EV/EBITDA multiples ⁽³⁾



Engineering and Construction

Sector trends

- The Engineering & Construction (“E&C”) industry is currently lagging other industries in digital strategy and maturity, which is inducing pressure on companies to increase the pace of digital investments. However, it’s equally important for E&C companies to ensure these investments deliver value and a strong return on investment. ⁽⁴⁾
- As decarbonization initiatives gain momentum, there has been a rise in demand for Environmental, Social, & Governance (“ESG”) – friendly buildings.
- With rising demand for construction services, particularly in the residential construction segment, the rate of entry for operators is expected to increase.
- Extremely high construction costs, driven by high material prices and a lack of labor, will likely strain builders’ ability to supply homes, particularly low-cost starter homes.

Select recent M&A activity ⁽¹⁾

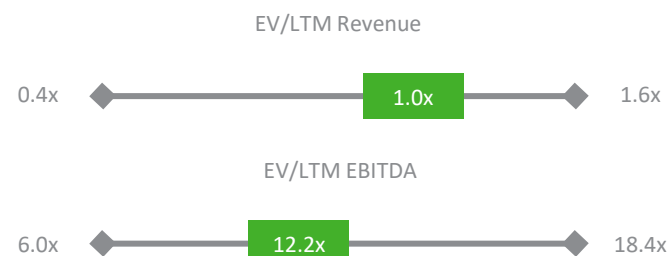
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	Reconstruction Experts Inc.	Johns Lyng Group Limited	\$202.0	7.8x
Pending	Tensar Corporation	Commercial Metals Company	\$550.0	8.4x
December 2021	Henkels & McCoy Group, Inc.	MasTec, Inc.	\$593.0	8.5x
November 2021	FrontLine Power Construction, LLC	Orbital Energy Group, Inc.	\$215.7	N/A
October 2021	J.J. White, Inc.	Clough North America Holding, Inc.	\$28.6	5.5x



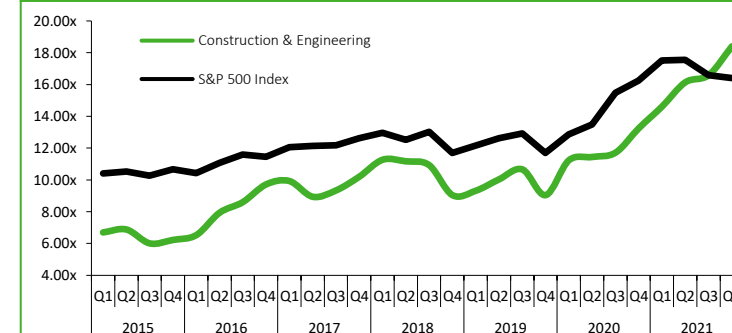
Select public comparables ⁽²⁾

Company Name	Enterprise Value (MM)
Quanta Services, Inc.	\$15,677.6
MasTec, Inc.	\$8,158.6
WSP Global, Inc.	\$17,220.2
AECOM	\$11,879.9
Vulcan Materials Company	\$29,599.7
EMCOR Group, Inc.	\$6,361.5

Trading metrics ⁽³⁾



Historical EV/EBITDA multiples ⁽³⁾



Distribution, Transportation, and Logistics

Sector trends

- 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, logistics providers are looking for operational synergies by cutting back their labor force.
- Due to increasing e-commerce orders and consumers' demand for quicker deliveries, companies are building smaller warehouses located closer to the customer.
- Logistics companies are rapidly implementing data analytics to streamline operations; efficient use of information flowing through the fulfillment cycle can add value to customers and partners.

Select recent M&A activity ⁽¹⁾

Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
December 2021	Navigate, Inc.	Radiant Logistics, Inc.	\$35.0	5.9x
December 2021	Whiplash Inc.	Ryder System, Inc.	\$480.0	N/A
December 2021	RAC MME Holdings, LLC	Knight-Swift Transportation Holdings Inc.	\$150.0	5.6x*
December 2021	Midwest Warehouse And Distribution System, Inc.	Ryder System, Inc.	\$275.0	N/A
October 2021	Greyhound Lines, Inc.	FlixBus GmbH	\$201.5	5.4x
October 2021	Choptank Transport, Inc.	Hub Group, Inc.	\$130.0	N/A

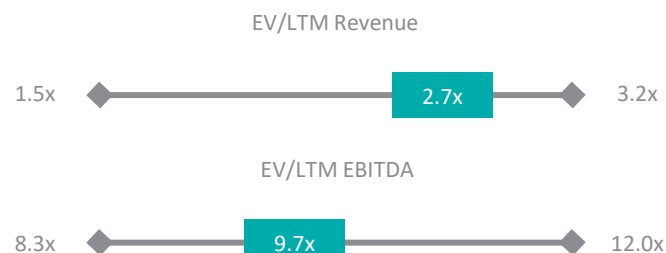


Note(s): * - The EV/EBITDA multiples are based on expected year end EBITDA values of the target.

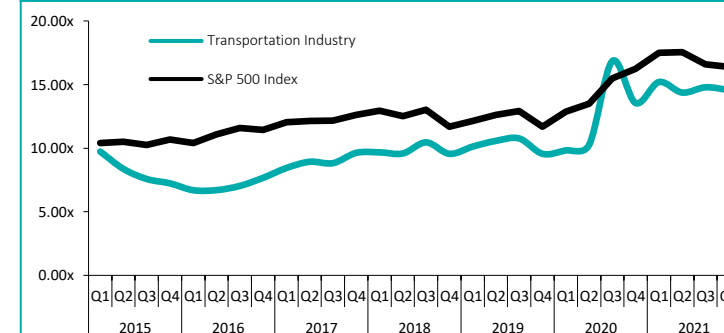
Select public comparables ⁽²⁾

Company Name	Enterprise Value (MM)
Hub Group, Inc.	\$2,831.2
Werner Enterprises, Inc.	\$3,435.3
XPO Logistics, Inc.	\$11,935.3
C.H. Robinson Worldwide, Inc.	\$15,764.2
DSV A/S	\$49,079.9
A.P. Møller - Mærsk A/S	\$64,637.7

Trading metrics ⁽³⁾



Historical EV/EBITDA multiples ⁽³⁾



Metals, Plastics, and Paper Packaging

Sector trends

- Due to increasing concerns about overall sustainability, especially related to plastics, many manufacturers are switching from virgin plastic to recycled plastic, or rPET.
- The rise in e-commerce retailing has led to a surge in demand for durable and sustainable packaging solutions that can be shipped through various distribution channels.
- A rising demand for eco-friendly packaging has propelled the demand for glass packaging, as it provides enhanced environmental safety relative to other forms of packaging.
- Paper and board is taking away market share from plastic packaging as brands, companies, and governments seek to reduce their use of non-recyclable polymers.

Select recent M&A activity ⁽¹⁾

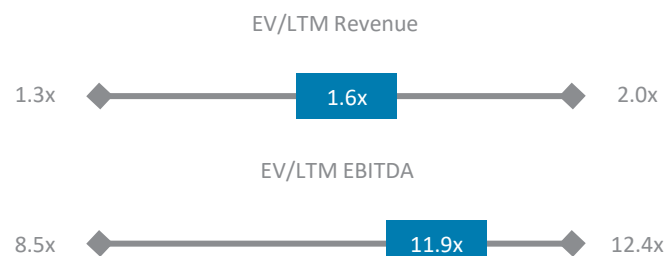
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	Ball Metalpack, LLC	Sonoco Products Company	\$1,350.0	16.3x
December 2021	Verso Corporation	BillerudKorsnäs Inc.	\$809.3	5.5x
December 2021	Omega Packaging Inc.	Comar, LLC	N/A	N/A
December 2021	Advance Packaging Corporation	Packaging Corporation of America	\$189.0	N/A
November 2021	Air-Tite Holders, Inc.	Ultra PRO International LLC	\$1.4	N/A
October 2021	Contech Medical Inc.	UFP Technologies, Inc.	\$14.5	N/A



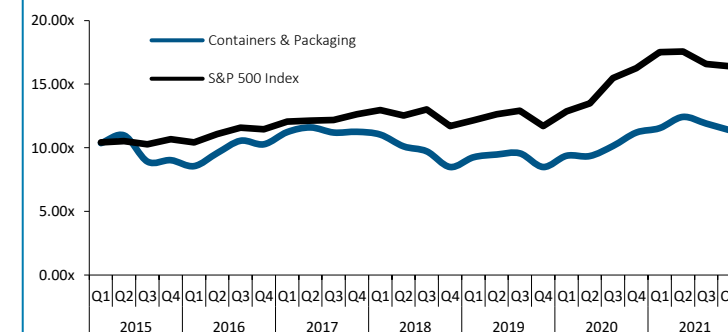
Select public comparables ⁽²⁾

Company Name	Enterprise Value (MM)
Ball Corporation	\$35,793.3
Berry Global Group, Inc.	\$18,654.6
Sonoco Products Company	\$7,262.0
Cascades, Inc.	\$2,599.3
Graphic Packaging Holding Co.	\$9,930.0
Crown Holdings, Inc.	\$19,990.5

Trading metrics ⁽³⁾



Historical EV/EBITDA multiples ⁽³⁾



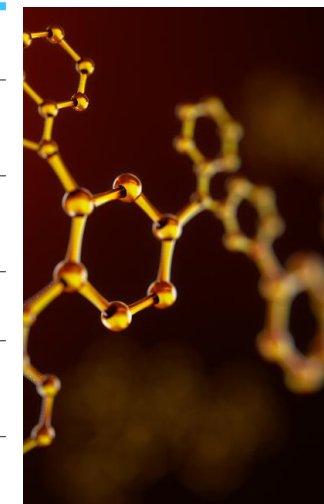
Specialty Chemicals

Sector trends

- 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.
- The COVID-19 pandemic has spurred an increase in infrastructure activity across the US. Additionally, a rise in home sales—coupled with the renovation of existing houses—is boosting the demand for residential construction. Thus, there has been an increase in demand for paints and architectural coatings.
- Due to a rebound in end-use market sectors, new capacity, and the US shale advantage, much of the specialty chemicals manufacturing will likely be for export.

Select recent M&A activity ⁽¹⁾

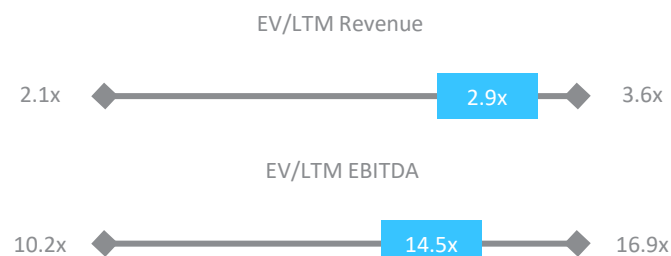
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	Attapulgitte business assets of BASF SE	Clariant International Ltd	\$60.0	N/A
Pending	Hexion Holdings Corporation	American Securities LLC	\$3,618.6	8.5x
Pending	CMC Materials, Inc.	Entegris, Inc.	\$6,728.0	18.4x
Pending	GCP Applied Technologies Inc.	Compagnie de Saint-Gobain S.A.	\$2,582.7	14.7x
October 2021	DTI, Inc.	Synalloy Corporation	\$32.9	N/A



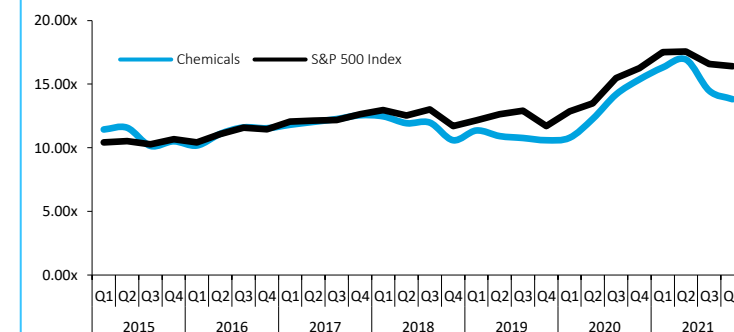
Select public comparables ⁽²⁾

Company Name	Enterprise Value (MM)
Ferro Corporation	\$2,047.9
H.B. Fuller Company	\$5,404.9
RPM International, Inc	\$14,112.9
American Vanguard Corporation	\$628.3
Arkema S.A.	\$10,986.1
Clariant AG	\$8,386.8

Trading metrics ⁽³⁾



Historical EV/EBITDA multiples ⁽³⁾



Appendix

Sources Cited

Page 2:

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Page 6:

1. Relevant transactions announced in Q4, 2021.
 - a. [S&P Capital IQ](#). Accessed January 28, 2022. Data as of January 28, 2022.
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Page 7:

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Page 8:

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Page 11:

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 - a. [S&P Capital IQ](#). Accessed January 28, 2022. Data as of January 28, 2022.



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