

Industrials Quarterly Update

Q3 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.



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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.
- Combined with member firms of Deloitte Touche Tohmatsu Limited, **serves 79 percent of the Fortune Global 500®.**



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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Case study

Lafayette Steel Erector, Inc. (dba LSE Crane and Transportation)

Deal Contacts

Eric Andreozzi, Tony Blanchard, Dave Tutrone, Steven Blaser

Client Overview

- Founded in 1957 and headquartered in Lafayette, LA, Lafayette Steel Erector, Inc (LSE Crane and Transportation, LSE, or the Company) is a leading provider of manned crane rentals and transportation services.
- The Company maintains highly versatile, multi-purpose, and mid-sized equipment that supports LSE’s customers across the Gulf Coast and the Permian Basin.
- LSE’s track record and capabilities have resulted in long-standing relationships, highly recurring revenues, and strong margins generated from a premier list of customers, including large natural gas producers and other key independents.

Situation Overview

- Deloitte Corporate Finance LLC (DCF) acted as the exclusive financial advisor to LSE in its sale to Allegiance Crane and Equipment, LLC (Allegiance).

Key Takeaways

- DCF helped LSE consider its strategic options, including an Employee Stock Ownership Plan (ESOP) hedge strategy, before commencing a targeted marketing process, assisting LSE in developing marketing materials, approaching potential investors, completing the due diligence process, and negotiating all aspects of the transaction.
- As a result of DCF’s deal marketing experience, DCF created a customized and focused process that was designed to unlock value, create competitive tension, and achieve the objectives of three individual shareholders.
- DCF assisted the Company’s shareholders with selecting an acquiror that would be able to realize significant financial and operational synergies and also meet the key transaction objectives of the sellers.



Lafayette Steel Erector, Inc.

has been acquired by



A portfolio company of WAFRA Capital Partners

Wafra

The undersigned acted as exclusive financial advisor to Lafayette Steel Erector, Inc.

Deloitte.

Deloitte Corporate Finance LLC

Disclosure: Prior engagement performance is no guarantee of future performance and may not be representative of the experience of other clients. This communication is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security.

Deloitte thought leadership

Deloitte thought leadership

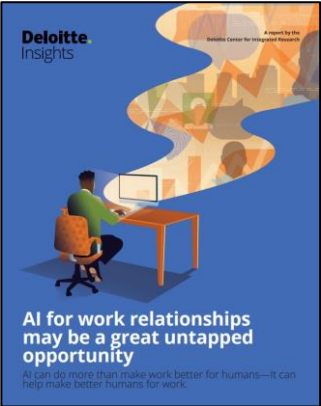
- Deloitte stays abreast of industry trends and makes significant investments in producing cutting-edge thought leadership.
- Deloitte is deeply committed to providing insights that help keep clients on the forefront of critical trends.
- Focused research on industry drivers and trends helps enable Deloitte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

Automotive 	<p>Swaraj Engines Limited was acquired by Mahindra & Mahindra Limited</p> <ul style="list-style-type: none"> • Swaraj Engines Limited manufactures and sells diesel engines, diesel engine components, and spare parts for tractors in India. • Mahindra & Mahindra Limited provides mobility products and farm solutions in India and internationally. The company offers parts and assemblies for aerospace and defense sectors, passenger and commercial vehicles, construction equipment, and road construction. 	<p>Close Date: Sep 2022 EV: \$198.0 MM Rev: \$154.6 MM EV/Rev: 1.3x EV/EBITDA: 9.7x</p>
Engineering and Construction 	<p>Cornerstone Building Brands, Inc. was acquired by Clayton, Dubilier & Rice LLC</p> <ul style="list-style-type: none"> • Cornerstone Building Brands, Inc. designs and manufactures external building products for the commercial and residential markets. • Clayton, Dubilier & Rice, LLC is a private equity firm specializing in buyouts, acquisitions, and growth capital financings of mature companies. • The deal should accelerate Cornerstone Building Brands' aspiration to become a premier exterior building solutions company. 	<p>Close Date: July 2022 EV: \$6,158.8 MM Rev: \$5,583.1 MM EV/Rev: 1.1x EV/EBITDA: 7.1x</p>
Distribution, Transportation, and Logistics 	<p>USA Truck, Inc. was acquired by Schenker, Inc.</p> <ul style="list-style-type: none"> • USA Truck, Inc. operates as a truckload carrier providing freight brokerage, logistics, and intermodal rail services. • Schenker, Inc. offers integrated logistics services including land transport, air and ocean freight, comprehensive logistics, and global supply chain management services. • The transaction should expand Schenker's land transport capabilities and grow its geographical footprint. 	<p>Close Date: Sep 2022 EV: \$461.3 MM Rev: \$753.0 MM EV/Rev: 0.6x EV/EBITDA: 5.2x</p>
Metals, Plastics, and Paper Packaging 	<p>Neenah, Inc. merged with Schweitzer-Mauduit International, Inc to become Mativ Holdings</p> <ul style="list-style-type: none"> • Neenah, Inc. engages in the performance-based technical products and fine paper and packaging products businesses. • Schweitzer-Mauduit International, Inc. manufactures resin-based rolled goods as well as adhesives and other coating solutions. • This merger should expand margins while also increasing the global scale for both companies. 	<p>Close Date: July 2022 EV: \$1,169.4 MM Rev: \$1,028.5 MM EV/Rev: 1.1x EV/EBITDA: 10.0x</p>
Specialty Chemicals 	<p>Nucera Solutions LLC was acquired by Chase Corporation</p> <ul style="list-style-type: none"> • Nucera Solutions LLC develops and manufactures specialty polymers and polymerization technologies. • Chase Corporation manufactures specialty chemicals used as protective materials for high-reliability applications throughout the world. • The acquisition expands Chase's suite of specialty polymers and attractive polymerization technologies, helping to advance its portfolio of products, customer reach and strategic growth trajectory. 	<p>Close Date: Jul 2022 EV: \$250.0 MM Rev: \$83.0 MM EV/Rev: 3.0x EV/EBITDA: 11.9x</p>

Automotive

Sector trends ⁽¹⁾

- The adoption of advanced technology solutions is driving a majority of the underlying trends in the auto industry. Automakers continue to integrate more digital technology into their vehicles. Many vehicle-makers have been investing in localization of their supply chains in response to government incentives. At the same time, automakers continue to invest in the development of autonomous vehicles (AVs), and the development and production of electric vehicles (EVs) and batteries.
- Stricter emission regulations, lower battery costs, more widely available charging infrastructure, and increasing consumer acceptance should create strong momentum for electric vehicles to penetrate the market in coming years.
- There are 1.2 million EVs in use in the U.S. as of October 2022 and the number of EVs in use is expected to reach 18.7 million by 2030.

Select recent M&A activity ⁽²⁾

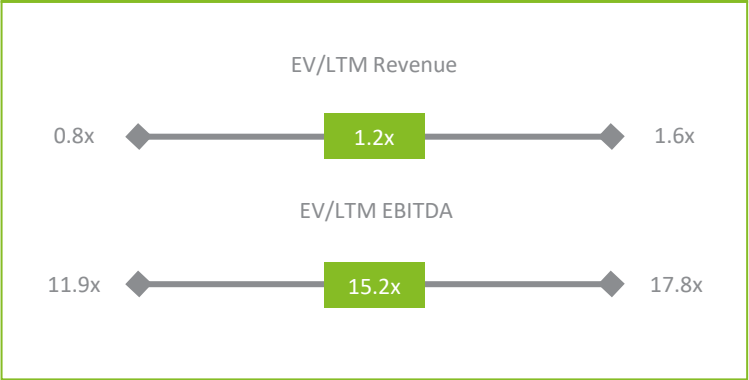
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
September 2022	Certain Assets of Electric Last Mile Solutions, Inc. and Electric Last Mile, Inc.	Mullen Automotive, Inc.	\$240.0	N/A
September 2022	Zero Motorcycles, Inc.	The Invus Group, LLC; Polaris, Inc.; Hero MotoCorp Limited	\$107.0	N/A
September 2022	Ansible Motion Limited	AB Dynamics Plc	\$31.2	16.4x
Pending	Romeo Power, Inc.	Nikola Corporation	\$137.1	N/A



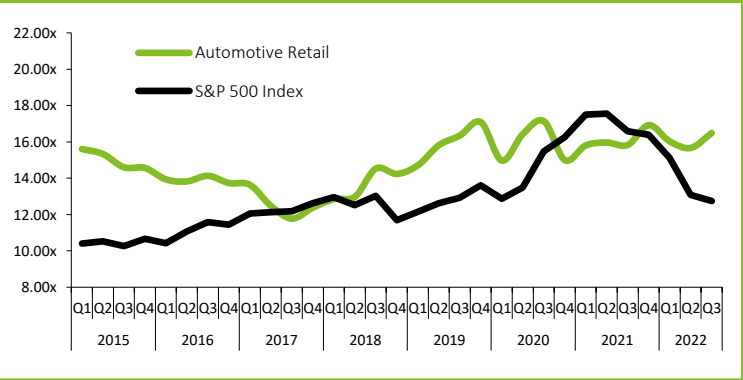
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Daimler AG	\$154,735.2
Ford Motor Company	\$147,112.7
General Motors Company	\$141,781.8
Honda Motor Co., Ltd.	\$70,522.6
Toyota Motor Corporation	\$338,615.0
Volkswagen AG	\$237,957.7

Trading metrics ⁽⁴⁾



Historical EV/EBITDA multiples ⁽⁴⁾



Engineering and Construction

Sector trends ⁽¹⁾

- 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, optimize asset utilization and efficiency, and create greater visibility into operations.
- Companies are expected to continue to seek and deploy capital towards sustainability initiatives such as responsible sourcing, offsite construction, and carbon neutral technologies.
- Current industry headwinds include slowing economic activity, rising interest rates, cost pressure from rising material costs, increased competition for labor, and ongoing supply chain issues. The outlook for the sector's deal activity remains optimistic though, driven by continued availability of capital and buoyed by the Infrastructure Investment and Jobs Act.

Select recent M&A activity ⁽²⁾

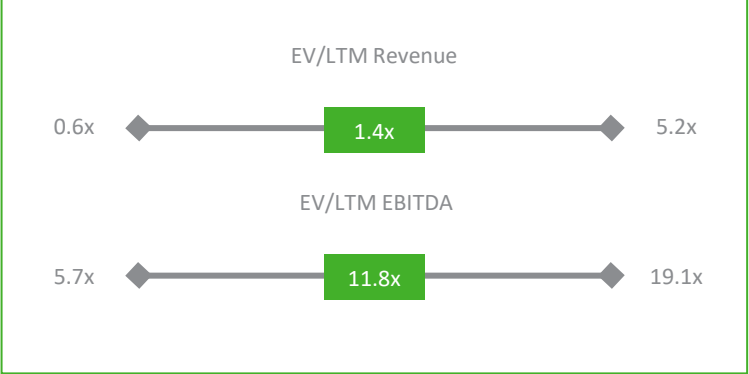
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	Hill International, Inc.	Global Infrastructure Solutions, Inc.	\$267.5	10.4x
July 2022	Ellaktor S.A.	Reggeborgh Invest B.V.	\$1,627.4	7.0x
August 2022	Hitachi Construction Machinery Co., Ltd	ITOCHU Corporation	\$9,430.8	7.6x
September 2022	IBI Group, Inc.	Arcadis NV	\$900.0	13.0x



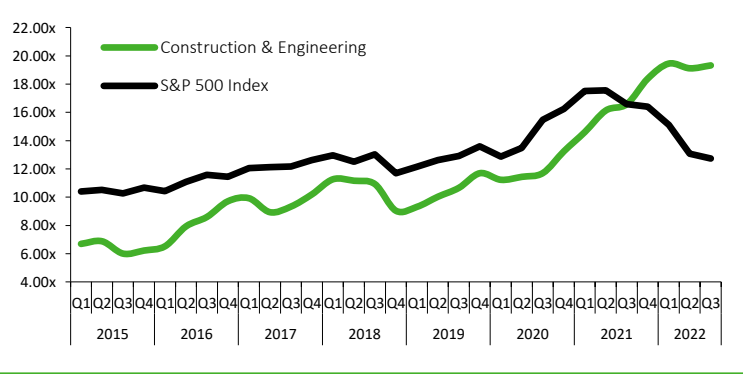
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Quanta Services, Inc.	\$22,218.7
MasTec, Inc.	\$7,088.9
WSP Global, Inc.	\$15,362.6
AECOM	\$11,632.5
Vulcan Materials Company	\$25,687.3
EMCOR Group, Inc.	\$5,987.8

Trading metrics ⁽⁴⁾



Historical EV/EBITDA multiples ⁽⁴⁾



Distribution, Transportation, and Logistics

Sector trends ⁽¹⁾

- In response to rising labor costs, 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 struggling to cater to the increasing volume of customer orders will have to embrace robotic process automation at each step of the fulfillment process.
- Additionally, many companies are implementing solutions that help optimize warehouse and distribution center capabilities in an effort to meet delivery demands of customers.

Select recent M&A activity ⁽²⁾

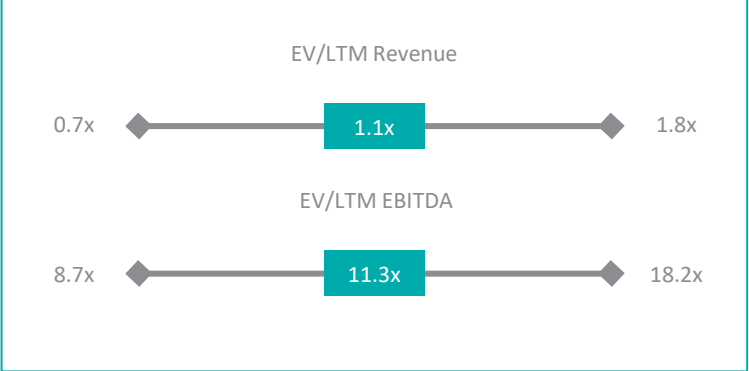
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	Atlas Air Worldwide Holdings, Inc.	Apollo Global Management, Inc.; J.F. Lehman and Company, LLC; Hill City Capital LP	\$4,664.2	4.3x
Pending	Atlas Corp.	Fairfax Financial Holdings Limited; Ocean Network Express Pte. Ltd	\$10,673.5	9.2x
August 2022	Transportation Resources, Inc.	Heartland Express, Inc.	\$525.0	N/A
August 2022	TAGG Logistics, LLC	Hub Group, Inc.	\$103.0	N/A



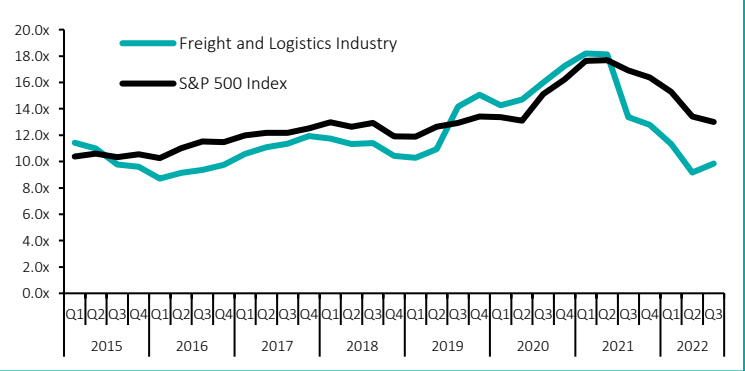
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Hub Group, Inc.	\$2,429.4
Werner Enterprises, Inc.	\$2,848.9
XPO Logistics, Inc.	\$8,428.6
C.H. Robinson Worldwide, Inc.	\$14,314.3
DSV A/S	\$30,101.0
A.P. Møller - Mærsk A/S	\$38,797.2

Trading metrics ⁽⁴⁾



Historical EV/EBITDA multiples ⁽⁴⁾



Metals, Plastics, and Paper Packaging

Sector trends ⁽¹⁾

- Digital prints on packaging has been a widely adopted choice for on-pack promotions, market testing, and new product launches. The use of digital prints removes the upfront cost associated with printing plates and cylinders, allowing for more flexibility in design.
- Smart packaging is quickly gaining market share, using different technology such as QR codes, smart labels, RFID, and near field communication (NFC) chips. These cutting-edge solutions offer value-added benefits of security, authentication, and connectivity, making smart packaging both a data carrier and a digital tool.⁽⁵⁾
- The demand for corrugated packing boxes that form the backbone of e-commerce packaging is estimated to have a CAGR of 4.3% through 2030.

Select recent M&A activity ⁽²⁾

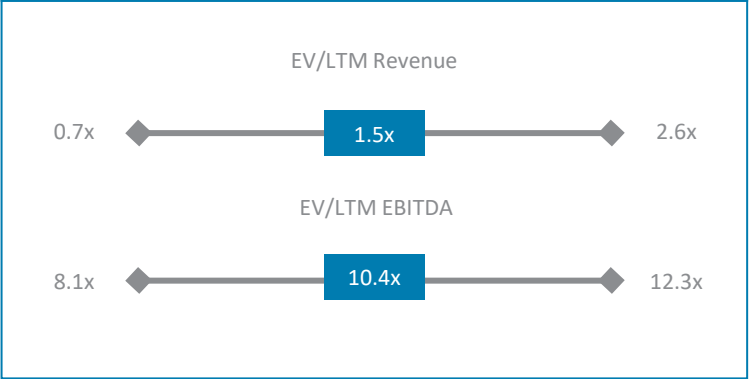
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
July 2022	MFT-CKF, Inc.	CKF, Inc.	\$32.0	N/A
August 2022	Plastic Industries, Inc.	Altium Packaging, LLC	\$5.0	N/A
September 2022	Lloyds Metals and Energy Limited	Shree Global Tradefin Limited; SKY UNITED LLP; Thriveni Earthmovers Private Limited	\$756.7	14.1x
September 2022	HIT Holzindustrie Torgau GmbH & Co. KG	Mercer International, Inc.	\$270.0	4.0x



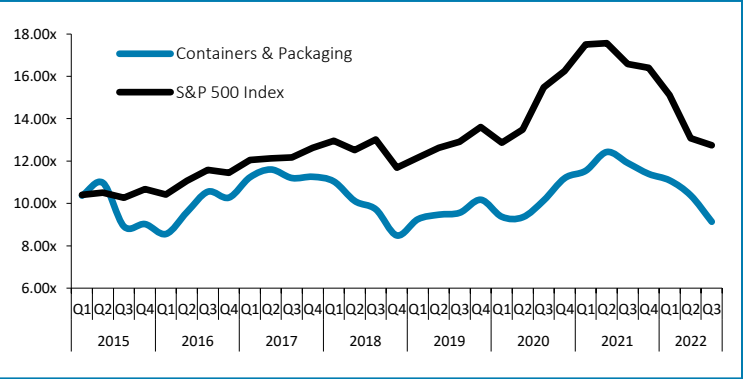
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Ball Corporation	\$24,326.3
Berry Global Group, Inc.	\$15,456.9
Sonoco Products Company	\$8,793.7
Cascades, Inc.	\$1,873.8
Graphic Packaging Holding Co.	\$11,768.5
Crown Holdings, Inc.	\$16,582.1

Trading metrics ⁽⁴⁾



Historical EV/EBITDA multiples ⁽⁴⁾



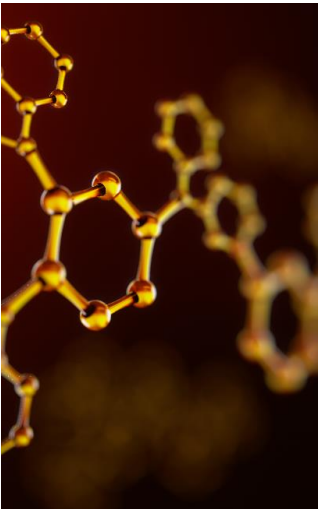
Specialty Chemicals

Sector trends ⁽¹⁾

- As 2023 nears, the chemical industry is facing several headwinds including volatile energy prices, higher costs, and fracturing of trading patterns amid geopolitical tensions. This calls for a move from scaled, global, and efficient production to sustainable, resilient, and increasingly regional production. The US chemical industry has shown financial resilience which will help in effectively tackling such headwinds listed above.
- Global chemical producers need to focus on their stated objectives of emissions reduction to meet their 2030 goals. These efforts should reach beyond abatement to harness material or product alternatives on a larger scale. Additionally, reevaluating supply chain structures will be critical for producers in order to meet the scale of changes required over the next decade.
- Producers may increasingly use digital technologies expedite low-cost formulations, leading to an increase in sustainability and transparency across the value chain.

Select recent M&A activity ⁽²⁾

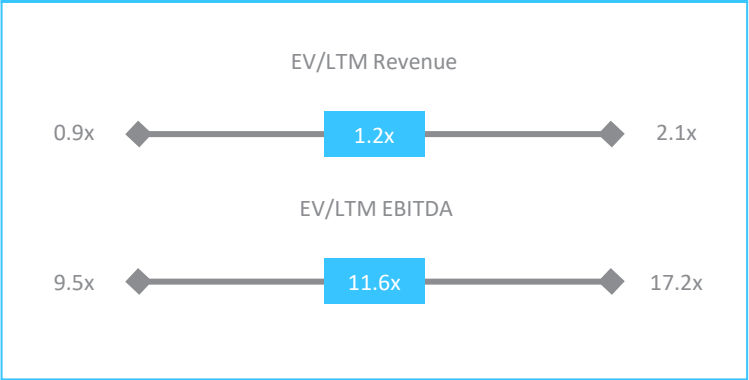
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	Textile Effects Business of Huntsman International LLC	Archroma Germany GmbH; Archroma Operations S.À R.L.	\$717.6	7.6x
Pending	Global Products Business of Valvoline, Inc.	Aramco Overseas Company B.V.	\$2,650.0	N/A
July 2022	Custom Design Technologies Ltd	discoverIE Group Plc	\$5.0	6.3x
September 2022	SK Chemicals Co. Ltd	SK Discovery Co. Ltd.	\$992.73	2.2x



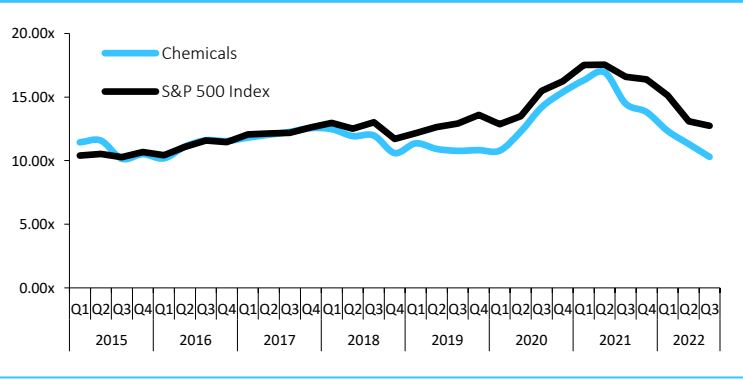
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Ferro Corporation	\$2,056.6
H.B. Fuller Company	\$5,100.2
RPM International, Inc.	\$13,534.4
American Vanguard Corporation	\$680.9
Arkema S.A.	\$7,537.9
Clariant AG	\$6,467.0

Trading metrics ⁽⁴⁾



Historical EV/EBITDA multiples ⁽⁴⁾



Appendix

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