



Industrials quarterly update

Q4 2019

Industrials trends

Aerospace and defense¹

While the defense sector has continued to soar, growth in the commercial aerospace sector has slowed. The defense sector has sustained its growth in 2019 as security threats have intensified, requiring governments worldwide to continue increasing their defense budgets. On the other hand, the commercial aerospace sector has experienced a decline in deliveries in 2019 due to production-related issues in certain aircraft models. Order backlog of commercial aircrafts has also decreased.



Engineering and construction²

This industry grew despite cost pressures, labor shortages, and trends toward fixed-bid projects. Even with these challenges, the industry is poised to benefit from several significant opportunities in the industry, such as the US transportation and infrastructure upgrade initiative and the rise of smart city projects. To remain competitive, companies are likely to realign their business and operational processes to reflect

the opportunities that innovation and technology provide.



Manufacturing³

The manufacturing industry has seen a year of mixed results, as it continues to contend with a challenging global industry landscape, ongoing constraints from evolving trade and tariff uncertainties, and sustained difficulty attracting, training, and retaining talent. 2019 saw the decade-long expansion in the US economy become the longest in history; however, in recent months, the US manufacturing sector has shown signs of contraction.



Oil and gas⁴

Despite a surge in penetration of renewables, oil and gas are likely to account for about half of the global energy mix in 2040, with a constant decline in coal use. In line with global energy trends, OG&C majors are expected to continue diversifying into cleaner energy sources, such as solar and wind energy, EV infrastructure, biofuels, and CCS technologies, while power and utilities companies are expanding their renewable capacity and enhancing their portfolio of smart energy solutions.



In the news

Jan 13, 2020⁵ – WESCO International, Inc. (NYSE: WCC) (WESCO), a leading provider of electrical, industrial, and communications MRO and OEM products, construction materials, advanced supply chain management and logistics services, and Anixter International Inc. (NYSE: AXE), a leading global distributor of network and security solutions, electrical and electronic solutions, and utility power solutions, announced that their boards of directors have unanimously approved a definitive merger agreement under which WESCO will acquire Anixter in a transaction valued at approximately \$4.5 billion.

Jan 12, 2020⁶ – Woodward, Inc. (NASDAQ: WWD) and Hexcel Corporation (NYSE: HXL) announced a definitive agreement to combine in an all-stock merger of equals to create a premier integrated systems provider serving the aerospace and industrial sectors. The combined company will focus on technology-rich innovations to deliver smarter, cleaner, and safer customer solutions.

Dec 17, 2019⁷ – Hitachi Ltd announced that it would sell its listed chemicals unit to electronic materials maker Showa Denko for 494 billion yen (\$4.55 billion) as the Japanese industrial conglomerate overhauls its business portfolio. Showa Denko said that it was offering to pay a total of 964 billion yen for shares in Hitachi Chemical, including from Hitachi, as well as the market.

In this update

- Industrials trends
- Economic outlook
- Industry analysis
- Select M&A transactions
- Appendix

This update will focus on news and trends in the following areas:

- Aerospace and defense
- Engineering and construction
- Manufacturing
- Oil and gas

Who we are

Deloitte Corporate Finance LLC is a leading global middle market M&A adviser. The firm's professionals have extensive knowledge in the industrials space and use their experience to help clients create and act upon opportunities for liquidity, growth, and long-term advantages.

Contacts

Will Frame

Managing Director
wframe@deloitte.com
+1 (312) 486-4458

Eric Andreozzi

Managing Director
eandreozi@deloitte.com
+1 (704) 333-0518

Tony Blanchard

Managing Director
anblanchard@deloitte.com
+1 (312) 486-1640

Jonathan Adams

Managing Director
jonadams@deloitte.com
+1 (214) 840-1779

Kevan Flanigan

Managing Director
keflanigan@deloitte.com
+1 (213) 688-6560

Vijay Balasubramanian

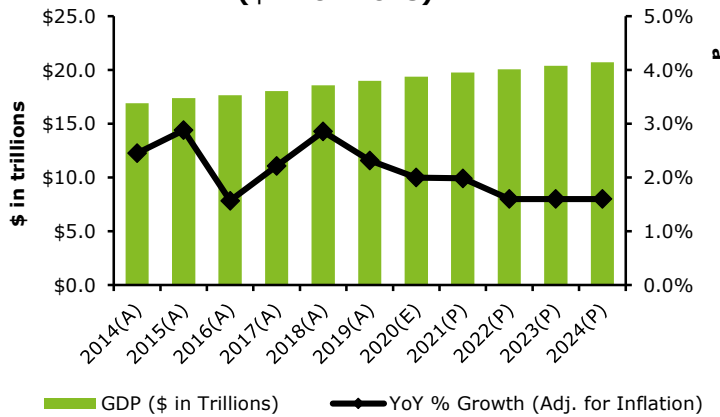
Managing Director
vbalasubramanian@deloitte.com
+1 (212) 313-1723

William Kerkam

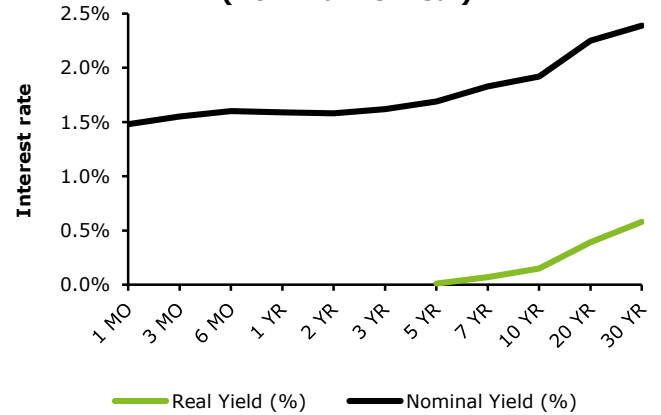
Managing Director
wkerkam@deloitte.com
+1 (980) 312-3613

Macroeconomic outlook

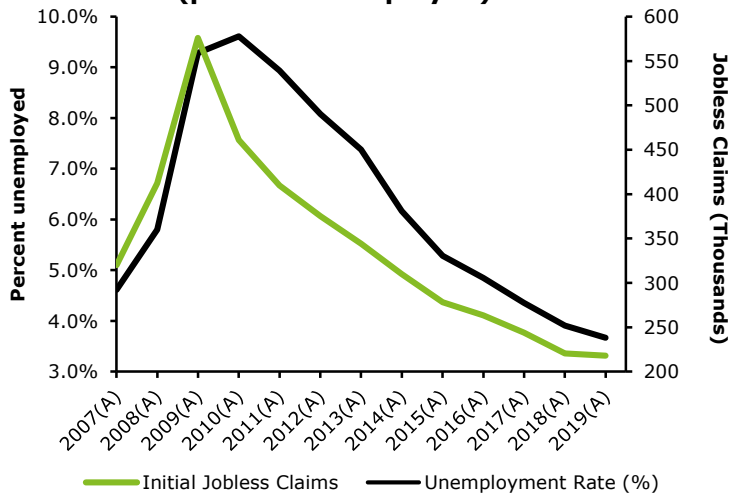
**US gross domestic product
(\$ in trillions)¹**



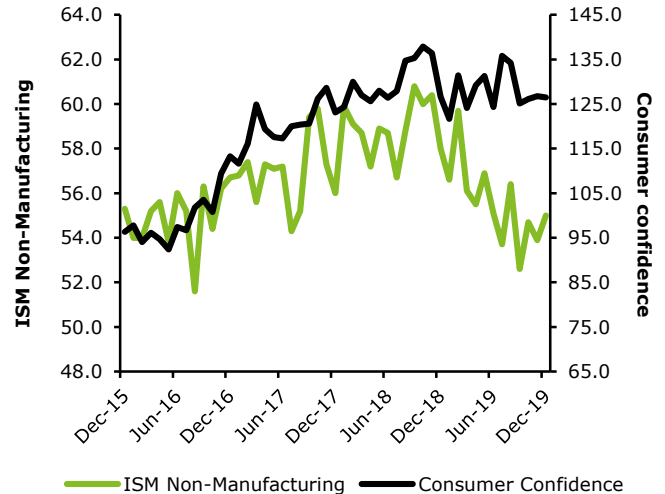
**US treasury yield curve
(nominal vs. real)²**



**US unemployment rate
(percent unemployed)³**



**ISM non-manufacturing index
and consumer confidence index⁴**

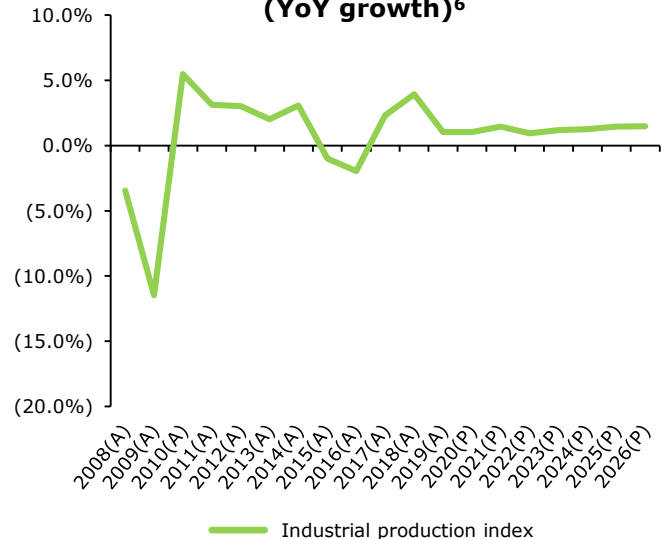


Industrials sector outlook

ISM purchase managers index⁵



**Industrial production index
(YoY growth)⁶**



Note:

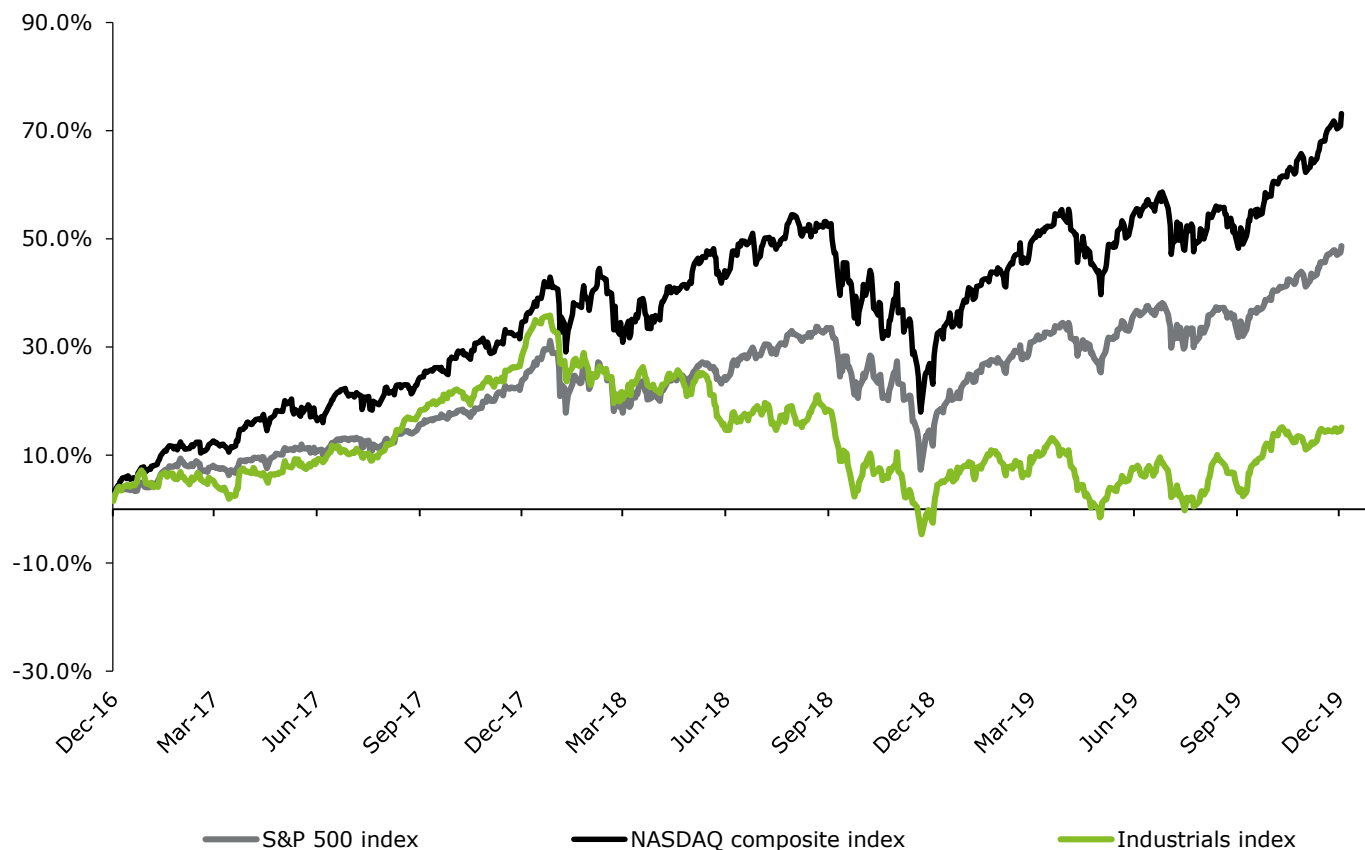
An ISM purchase managers index value above 50 signals economic expansion.

Industrials sector breakdown and trading statistics¹

Sector	Number of Companies	Percent of 52 Week High	Median Revenue CAGR (3 Yr)	Median LTM EBITDA	Median EBITDA Margin	Median Enterprise Value	Last Twelve Months		NTM
							EV/ Revenue	EV/ EBITDA	EV/ EBITDA
(\$ in Millions)									
Automotive	20	85.2%	4.0%	\$6,669.2	9.4%	\$59,143.8	0.7x	8.4x	6.7x
Building products, electric products, industrial safety	19	93.9	8.2	452.9	12.9	4,755.5	1.4	11.3	9.0
Capital equipment and rental services	22	95.3	10.0	333.6	14.5	3,850.6	1.3	10.6	7.7
Distribution, transportation, and logistics	20	95.1	8.2	1,050.1	9.0	12,083.0	1.0	11.9	10.1
Engineering and construction	30	84.4	1.8	209.1	7.3	2,205.9	0.5	7.3	6.2
Metals, plastics, and paper packaging	16	92.1	8.2	990.2	15.2	9,334.1	1.4	9.4	8.6
Specialty chemicals	11	94.2	5.4	892.4	18.9	9,661.7	2.4	11.7	10.5
Industrials Sector	138	91.5%	6.5%	\$1,513.9	12.5%	\$14,433.5	1.2x	10.1x	8.4x

Public comparables three-year stock market performance²

S&P 500 index	47.0 percent
NASDAQ composite index	70.4 percent
Industrials index	14.3 percent

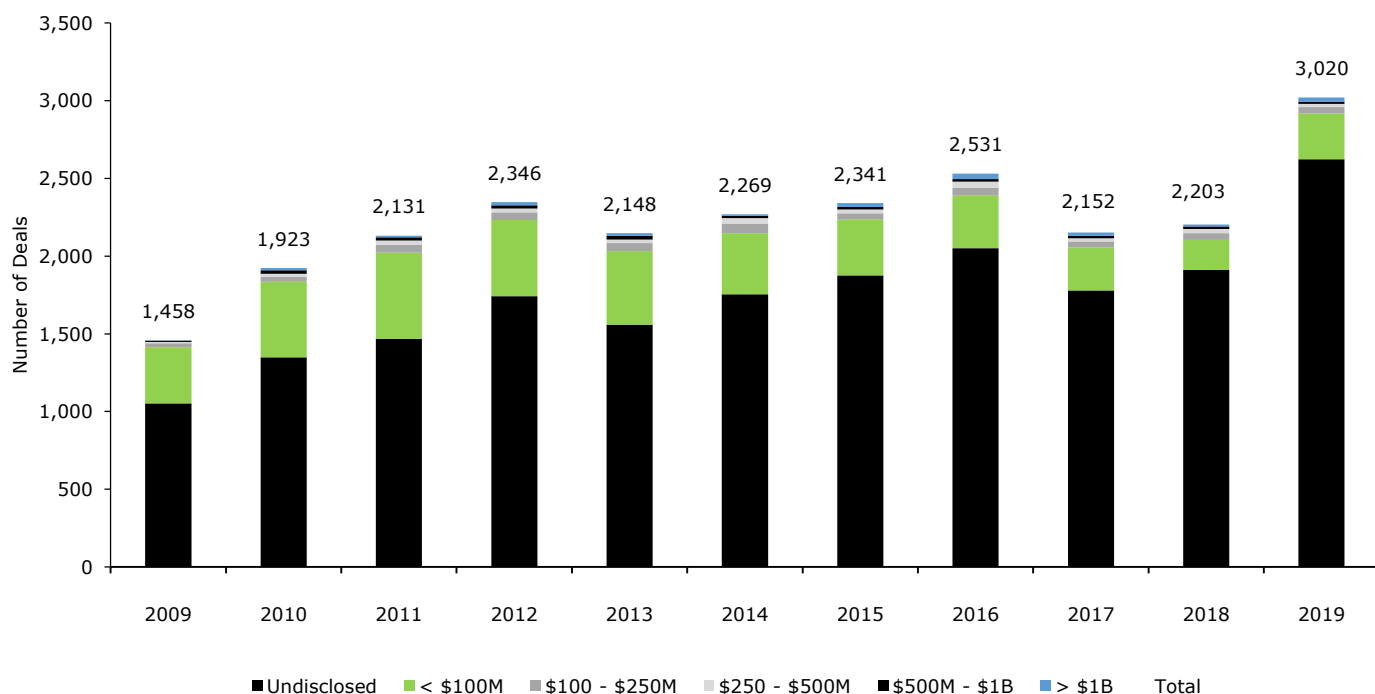


Select large industrials M&A transactions¹

(\$ in Millions)

Announced Date	Target/Acquiror	Business Description	Enterprise Value (EV)	EV/Revenue	EV/EBITDA
Dec-19	Dynetics, Inc. Leidos, Inc.	Dynetics, Inc. provides engineering, scientific, and information technology (IT) solutions to security, cybersecurity, space, and critical infrastructure security sectors in the United States.	\$1,650.0	NA	NA
Dec-19	Tile Coatings Business of Ferro Corporation Pigments Spain SI	Tile Coatings Business of Ferro Corporation comprises coatings production business for ceramic tiles and is located in the United States.	492.0	1.0	NA
Dec-19	Fairbanks Morse Engine Arcline Investment Management LP	Fairbanks Morse Engine manufactures engines and power generation systems.	450.0	NA	NA
Dec-19	AerSale Inc. Monocle Acquisition Corporation	AerSale Inc. supplies aftermarket aircraft, engines, components, and OEM materials.	433.1	1.4	7.9
Nov-19	Kosmos Cement Plant and Related Assets of Kosmos Cement Company Eagle Materials Inc.	Kosmos Cement Plant and Related Assets of Kosmos Cement Company comprises a cement plant, a limestone quarry, and cement distribution terminals.	665.0	NA	12.1
Nov-19	Emergent Cold LLC Lineage Logistics, LLC	Emergent Cold LLC owns and operates cold storage facilities.	900.0	NA	NA
Nov-19	Continental Building Products, Inc. CertainTeed Gypsum & Ceiling USA, Inc.	Continental Building Products, Inc. manufactures and sells gypsum wallboard and complementary finishing products in the eastern United States and eastern Canada.	1,437.8	2.8	11.1
Oct-19	Cariflex Business Unit of Kraton Polymers LLC Daelim USA Inc.	Cariflex Business Unit of Kraton Polymers LLC comprises isoprene rubber latex manufacturing business.	530.0	NA	13.6
Oct-19	Innophos Holdings, Inc. Iris Parent LLC	Innophos Holdings, Inc., together with its subsidiaries, produces specialty ingredients with applications in food, health, nutrition, and industrial markets.	1,003.5	1.3	9.1
Oct-19	Cooper Lighting, LLC Signify N.V.	Cooper Lighting, LLC designs and manufactures lighting fixtures and related products to commercial, industrial, residential and utility markets.	1,400.0	0.8	7.5

Annual US industrials M&A transaction volume²



Recent transactions¹

								Last Twelve Months	
Target/Acquiror	Sub-Sector	Announced Date	Close Date	LTM Revenue	LTM EBITDA	EBITDA Margin	Enterprise Value (EV)	EV/ Revenue	EV/ EBITDA
(\$ in Millions)									
Non-Core Instrumentation and Sampling Business of CIRCOR International, Inc.	Industrial Machinery	Dec-19	Pending	\$83.0	NA	NA	\$172.0	2.1 x	NA
Crane Co.									
Ellison Surface Technologies, Inc	Specialty Chemicals	Dec-19	Pending	50.0	NA	NA	200.0	4.0	NA
Bodycote plc									
Dynetics, Inc.	Aerospace and Defense	Dec-19	Pending	NA	NA	NA	1,650.0	NA	NA
Leidos, Inc.									
Tile Coatings Business of Ferro Corporation	Specialty Chemicals	Dec-19	Pending	510.0	NA	NA	492.0	1.0	NA
Pigments Spain SI									
Fairbanks Morse Engine	Heavy Electrical Equipment	Dec-19	Jan-20	NA	NA	NA	450.0	NA	NA
Arcline Investment Management LP									
NewSouth Window Solutions, LLC	Building Products	Dec-19	Pending	NA	NA	NA	92.0	1.1	NA
PGT Innovations, Inc.									
AerSale Inc.	Trading Companies and Distributors	Dec-19	Pending	NA	NA	NA	433.1	1.4	7.9
Monocle Acquisition Corporation									
D&E Transport, LLC	Trucking	Dec-19	Dec-19	50.0	NA	NA	30.0	0.6	NA
Unknown Buyer									
Torotel, Inc.	Electrical Components and Equipment	Dec-19	Pending	24.3	2.1	8.5	55.8	2.3	26.8
Standex International Corporation									
Kosmos Cement Plant and Related Assets of Kosmos Cement Company	Construction Materials	Nov-19	Pending	NA	55.0	NA	665.0	NA	12.1
Eagle Materials Inc.									
Emergent Cold LLC	Diversified Support Services	Nov-19	Pending	NA	NA	NA	900.0	NA	NA
Lineage Logistics, LLC									
Continental Building Products, Inc.	Building Products	Nov-19	Pending	514.4	130.1	25.3	1,437.8	2.8	11.1
CertainTeed Gypsum & Ceiling USA, Inc.									
American Bolt & Screw Mfg. Corp	Trading Companies and Distributors	Nov-19	Pending	52.0	NA	NA	60.0	1.2	NA
BuFab AB (publ)									
Morgan Southern, Inc.	Trucking	Nov-19	Nov-19	125.0	NA	NA	51.3	0.4	NA
Mason Dixon Intermodal, Inc.									
All Assets of Lamons Gasket Company	Industrial Machinery	Nov-19	Dec-19	186.0	NA	NA	135.0	0.7	NA
First Reserve Corporation									
Cariflex Business Unit of Kraton Polymers	Commodity Chemicals	Oct-19	Pending	NA	39.1	NA	530.0	NA	13.6
Daelim USA Inc.									
Innophos Holdings, Inc.	Specialty Chemicals	Oct-19	Pending	758.5	109.8	14.5	1,003.5	1.3	9.1
Iris Parent LLC									
AutoGuide Mobile Robots	Industrial Machinery	Oct-19	Nov-19	4.0	NA	NA	165.0	NM	NA
Teradyne, Inc.									
Cooper Lighting, LLC	Electrical Components and Equipment	Oct-19	Pending	1,700.0	187.0	11.0	1,400.0	0.8	7.5
Signify N.V.									
Copperweld Bimetallics, LLC	Electrical Components and Equipment	Oct-19	Sep-19	92.0	9.0	9.8	34.6	0.4	3.8
Kinderhook Industries, LLC									
Winpak Control Group Inc.	Commercial Printing	Oct-19	Oct-19	25.0	NA	NA	42.2	1.7	NA
Winpak Ltd.									
Median				\$87.5	\$55.0	11.0%	\$200.0	1.2 x	10.1 x
Mean				\$298.2	\$76.0	13.8%	\$476.2	1.4 x	11.5 x

Appendix

Public comparables analysis¹

							Last Twelve Months		NTM
Company (Ticker)	Percent of 52 week high	LTM Revenue	Revenue CAGR (3 Yr)	LTM EBITDA	EBITDA Margin	Enterprise Value (EV)	EV/ Revenue	EV/ EBITDA	EV/ EBITDA
(\$ in Millions)									
Automotive									
Bayerische Motoren Werke Aktiengesellschaft (DB:BMW)	94.0 %	\$108,985.9	2.0 %	\$11,986.7	11.0 %	\$165,138.3	1.5x	13.8x	NM
Daimler AG (XTRA:DAI)	82.3	187,796.3	4.1	11,439.3	6.1	214,290.1	1.1	18.7	12.2x
Delphi Technologies PLC (NYSE:DLPH)	47.8	4,476.0	37.7	550.0	12.3	2,754.3	0.6	5.0	5.1
Fiat Chrysler Automobiles N.V. (BIT:FCA)	86.2	117,565.2	(0.9)	10,198.5	8.7	21,967.1	0.2	2.2	1.5
Ford Motor Company (NYSE:F)	88.1	157,978.0	1.0	11,635.0	7.4	168,724.5	1.1	14.5	18.4
General Motors Company (NYSE:GM)	87.4	144,810.0	(0.9)	13,614.0	9.4	139,027.5	1.0	10.2	6.3
Honda Motor Co., Ltd. (TSE:7267)	94.2	145,690.5	4.0	11,371.0	7.8	95,247.7	0.7	8.4	8.1
Hyundai Motor Company (KOSE:A005380)	84.0	86,053.2	3.2	4,486.7	5.2	75,727.4	0.9	16.9	9.8
Isuzu Motors Limited (TSE:7202)	77.7	19,744.5	4.6	2,187.7	11.1	10,228.0	0.5	4.7	4.7
Kia Motors Corporation (KOSE:A000270)	94.5	46,311.2	1.8	3,262.3	7.0	13,395.5	0.3	4.1	3.0
Mazda Motor Corporation (TSE:7261)	68.5	32,769.8	2.9	1,555.0	4.7	5,767.4	0.2	3.7	3.8
Mitsubishi Corporation (TSE:8058)	88.1	146,951.3	36.4	6,669.2	4.5	96,165.6	0.7	14.4	12.0
Peugeot S.A. (ENXTPA:UG)	78.7	83,946.3	10.7	8,946.3	10.7	16,511.1	0.2	1.8	1.6
Renault SA (ENXTPA:RNO)	65.7	63,168.0	4.7	6,448.6	10.2	59,143.8	0.9	9.2	9.5
SAIC Motor Corporation Limited (SHSE:600104)	78.7	111,839.0	3.7	3,972.0	3.6	38,447.9	0.3	9.7	7.4
Subaru Corporation (TSE:7270)	85.2	30,338.5	0.7	3,514.1	11.6	13,610.2	0.4	3.9	3.4
Suzuki Motor Corporation (TSE:7269)	76.3	34,206.7	5.8	3,768.8	11.0	19,880.8	0.6	5.3	5.5
Tesla, Inc. (NasdaqGS:TLA)	96.1	24,420.3	60.3	2,178.9	8.9	86,141.8	3.5	39.5	26.2
Toyota Motor Corporation (TSE:7203)	97.0	285,284.6	4.0	39,976.3	14.0	331,222.1	1.2	8.3	11.2
Volkswagen AG (XTRA:VOW3)	93.9	270,296.6	5.2	29,192.0	10.8	277,574.9	1.0	9.5	7.1
Median	85.2 %	\$108,985.9	4.0 %	\$6,669.2	9.4 %	\$59,143.8	0.7 x	8.4 x	6.7 x
Mean	82.5 %		6.9 %		8.8 %		0.7 x	8.6 x	7.3 x
Building products, electric products, industrial safety									
Beacon Roofing Supply, Inc. (NasdaqGS:BECN)	80.0 %	\$7,105.2	19.9 %	\$452.9	6.4 %	\$5,119.2	0.7x	11.3x	10.5x
BlueLinx Holdings Inc. (NYSE:BXC)	40.3	2,696.4	12.6	40.5	1.5	872.6	0.3	21.5	9.5
BMC Stock Holdings, Inc. (NasdaqGS:BMCH)	95.1	3,595.6	8.0	243.8	6.8	2,235.7	0.6	9.2	8.5
Boral Limited (ASX:BLD)	78.1	4,067.2	13.7	645.5	15.9	5,228.4	1.3	8.1	7.8
Builders FirstSource, Inc. (NasdaqGS:BLDR)	97.5	7,332.8	5.3	504.6	6.9	4,556.5	0.6	9.0	8.6
Compagnie de Saint-Gobain S.A. (ENXTPA:SGO)	92.3	48,548.0	2.8	5,734.0	11.8	36,829.2	0.8	6.4	6.5
Cornerstone Building Brands, Inc. (NYSE:CBR)	91.5	3,359.2	23.8	132.2	3.9	4,608.0	1.4	NM	7.5
Eagle Materials Inc. (NYSE:EXP)	93.4	1,403.1	6.6	379.4	27.0	4,755.5	3.4	12.5	10.3
Emerson Electric Co. (NYSE:EMR)	98.7	18,372.0	8.2	3,763.0	20.5	50,855.2	2.8	13.5	13.3
Gibraltar Industries, Inc. (NasdaqGS:ROCK)	91.5	1,030.2	(0.9)	116.5	11.3	1,519.0	1.5	13.0	11.4
Huttig Building Products, Inc. (NasdaqCM:HBP)	41.7	827.8	5.5	4.0	0.5	231.6	0.3	NM	NM
James Hardie Industries plc (ASX:JHX)	95.2	2,527.9	11.5	579.9	22.9	10,144.0	4.0	17.5	15.8
Martin Marietta Materials, Inc. (NYSE:MLM)	99.5	4,353.7	7.9	1,214.2	27.9	20,851.9	4.8	17.2	14.1
Owens Corning (NYSE:OC)	94.8	7,192.0	8.8	1,300.0	18.1	10,486.2	1.5	8.1	7.8
Summit Materials, Inc. (NYSE:SMT)	94.8	2,156.6	10.4	407.0	18.9	4,466.3	2.1	11.0	9.0
US Concrete, Inc. (NasdaqGS:USCR)	74.1	1,479.6	10.0	162.9	11.0	1,458.6	1.0	9.0	7.0
USG Corporation	NA	3,336.0	4.6	430.0	12.9	6,787.5	2.0	15.8	NM
Vulcan Materials Company (NYSE:VMC)	94.4	4,831.0	10.5	1,232.1	25.5	22,171.8	4.6	18.0	15.1
Wienerberger AG (WBAG:WIE)	97.1	3,779.1	5.3	609.8	16.1	4,386.9	1.2	7.2	6.2
Median	93.9 %	\$3,595.6	8.2 %	\$452.9	12.9 %	\$4,755.5	1.4 x	11.3 x	9.0 x
Mean	86.1 %		9.2 %		14.0 %		1.8 x	12.3 x	9.9 x
Capital equipment and rental services									
Aggreko Plc (LSE:AGK)	95.9 %	\$2,123.4	4.5 %	\$694.5	32.7 %	\$3,833.2	1.8x	5.5x	5.2x
Ashtead Group plc (LSE:AHT)	97.8	6,376.0	20.3	3,010.0	47.2	21,408.9	3.4	7.1	6.5
Astec Industries, Inc. (NasdaqGS:ASTE)	95.6	1,203.4	5.1	23.9	2.0	925.3	0.8	NM	12.2
Caterpillar Inc. (NYSE:CAT)	99.2	54,998.0	11.2	10,763.0	19.6	113,884.6	2.1	10.6	11.8
Cervus Equipment Corporation (TSX:CERV)	55.7	891.1	2.5	29.8	3.3	360.5	0.4	12.1	10.4
CNH Industrial N.V. (NYSE:CNHI)	91.7	26,597.0	4.3	2,637.0	9.9	36,252.5	1.4	13.7	14.7
Cummins Inc. (NYSE:CMI)	95.8	24,119.0	10.7	3,487.0	14.5	29,275.3	1.2	8.4	8.5
Deere & Company (NYSE:DE)	96.0	39,233.0	13.9	6,179.0	15.7	96,522.2	2.5	15.6	18.2
Finnish International Inc. (TSX:FTT)	95.5	5,852.7	10.9	523.5	8.9	4,755.3	0.8	9.1	7.4
H&E Equipment Services, Inc. (NasdaqGS:HEES)	88.3	1,346.2	10.2	218.1	16.2	2,614.9	1.9	12.0	5.4
Herc Holdings Inc. (NYSE:HRI)	96.3	2,002.6	8.4	293.2	14.6	3,868.0	1.9	13.2	4.9
Korea Shipbuilding & Offshore Engineering Co. (KOSE:A009540)	86.6	12,109.7	(20.9)	195.9	1.6	9,314.3	0.8	NM	14.2
Manitex International, Inc. (NasdaqCM:MNTX)	68.3	230.9	58.5	5.6	2.4	170.2	0.7	NM	11.9
McGrath RentCorp (NasdaqGS:MGRG)	95.1	556.1	9.5	147.3	26.5	2,168.2	3.9	14.7	9.5
Nishio Rent All Co., Ltd. (TSE:9699)	89.0	1,424.1	9.9	374.0	26.3	1,116.2	0.8	3.0	2.6
Oshkosh Corporation (NYSE:OSK)	99.0	8,382.0	10.1	908.5	10.8	6,831.2	0.8	7.5	8.0
Strongco Corporation (TSX:SQP)	88.4	305.8	2.0	18.1	5.9	216.4	0.7	12.0	6.5
The Manitowoc Company, Inc. (NYSE:MTW)	88.5	1,886.0	2.0	141.5	7.5	907.1	0.5	6.4	6.7
Toromont Industries Ltd. (TSX:TIH)	99.2	2,734.1	24.1	415.1	15.2	4,787.9	1.8	11.5	10.2
United Rentals, Inc. (NYSE:URI)	98.1	9,201.0	16.9	2,648.0	28.8	24,833.8	2.7	9.4	5.3
Vp plc (LSE:VP.)	88.7	462.7	18.6	127.3	27.5	839.9	1.8	6.6	5.3
Wajax Corporation (TSX:WJX)	74.2	1,162.4	7.7	65.6	5.6	537.8	0.5	8.2	5.3
Median	95.3 %	\$2,063.0	10.0 %	\$333.6	14.5 %	\$3,850.6	1.3 x	9.4 x	7.7 x
Mean	90.1 %		10.9 %		15.6 %		1.5 x	9.8 x	8.7 x

Note:

Tesla Motors excluded from automotive mean and median calculations due to abnormally high growth and low profitability.

Public comparables analysis (cont.)¹

								Last Twelve Months		NTM
Company (Ticker)	Percent - 52 week high	LTM Revenue	Revenue CAGR (3 Yr)	LTM EBITDA	EBITDA Margin	Enterprise Value (EV)	EV/ Revenue	EV/ EBITDA	EV/ EBITDA	
(\$ in Millions)										
Distribution, transportation, and logistics										
ArcBest Corporation (NasdaqGS:ARCB)	65.9%	\$3,045.2	4.6%	\$198.9	6.5%	\$766.4	0.3x	3.9x	3.8x	
C.H. Robinson Worldwide, Inc. (NasdaqGS:CHRW)	84.3	15,654.1	6.6	993.4	6.3	11,717.7	0.7	11.8	13.7	
Deutsche Post AG (XTRA:DPW)	97.2	69,283.6	3.3	4,953.7	7.1	64,095.1	0.9	12.9	6.9	
Echo Global Logistics, Inc. (NasdaqGS:ECHO)	79.8	2,236.3	9.2	67.5	3.0	731.1	0.3	10.8	10.0	
Expeditors International of Washington, Inc. (NasdaqGS:EXPD)	96.1	8,366.1	11.4	855.0	10.2	12,448.3	1.5	14.6	14.5	
FedEx Corporation (NYSE:FDX)	75.9	69,189.0	7.8	4,456.0	6.4	70,669.8	1.0	15.9	9.8	
Forward Air Corporation (NasdaqGS:FWRD)	97.0	1,385.5	12.5	162.7	11.7	2,169.8	1.6	13.3	12.1	
Hapag-Lloyd Aktiengesellschaft (DB:HLAG)	96.1	13,645.8	17.3	1,600.7	11.7	22,036.7	1.6	13.8	NM	
Hub Group, Inc. (NasdaqGS:HUBG)	97.4	3,785.7	2.8	273.2	7.2	1,989.1	0.5	7.3	7.8	
J.B. Hunt Transport Services, Inc. (NasdaqGS:JBHT)	95.5	9,032.8	11.8	1,156.3	12.8	13,786.2	1.5	11.9	10.2	
Knight-Swift Transportation Holdings Inc. (NYSE:KNX)	91.0	5,041.8	65.1	972.5	19.3	7,179.3	1.4	7.4	8.6	
Kuehne + Nagel International AG (SWX:KNIN)	98.7	21,299.1	8.7	1,240.8	5.8	22,073.2	1.0	17.8	12.0	
Landstar System, Inc. (NasdaqGS:LSTR)	94.7	4,276.8	11.0	361.4	8.5	4,325.8	1.0	12.0	12.7	
Nippon Yusen Kabushiki Kaisha (TSE:9101)	95.9	16,082.1	(4.6)	1,169.7	7.3	13,056.2	0.8	11.2	10.4	
Old Dominion Freight Line, Inc. (NasdaqGS:ODFL)	96.2	4,126.8	11.5	1,106.7	26.8	14,940.2	3.6	13.5	14.3	
Panalpina Welttransport (Holding) AG (SWX:PWTN)	96.6	6,233.7	3.3	144.0	2.3	6,568.8	1.1	NM	NM	
Ryder System, Inc. (NYSE:R)	80.3	8,904.7	9.8	2,413.8	27.1	10,782.7	1.2	4.5	4.6	
United Parcel Service, Inc. (NYSE:UPS)	93.4	73,374.0	6.9	7,906.0	10.8	122,371.7	1.7	15.5	11.1	
Werner Enterprises, Inc. (NasdaqGS:WERN)	92.8	2,488.3	7.2	471.0	18.9	2,864.2	1.2	6.1	6.5	
XPO Logistics, Inc. (NYSE:XPO)	92.2	16,901.0	5.8	1,600.0	9.5	14,686.3	0.9	9.2	8.4	
Median	95.1%	\$8,635.4	8.2%	\$1,050.1	9.0%	\$12,083.0	1.0 x	11.9 x	10.1 x	
Mean	90.9%		10.6%		11.0%		1.2 x	11.2 x	9.8 x	
Engineering & construction										
ACS, Actividades de Construcción y Servicios, S.A. (BME:ACS)	87.0%	\$41,817.8	6.7%	\$2,540.5	6.1%	\$16,572.7	0.4 x	6.5 x	4.4 x	
Aegion Corporation (NasdaqGS:AEGN)	94.6	1,238.4	0.2	87.2	7.0	1,015.2	0.8	11.6	8.9	
Arcadis NV (ENXTAM:ARCAD)	98.7	3,842.8	(0.3)	279.4	7.3	2,805.5	0.7	10.0	8.0	
Babcock International Group PLC (LSE:BAB)	95.4	5,430.0	0.9	669.5	12.3	6,848.3	1.3	10.2	7.0	
Balfour Beatty plc (LSE:BBY)	88.4	8,655.2	(0.0)	185.5	2.1	2,623.1	0.3	14.1	8.0	
Bilfinger SE (DB:GBF)	100.0	4,765.8	(0.9)	90.7	1.9	1,857.0	0.4	NM	NM	
CIMIC Group Limited (ASX:CIM)	64.3	9,914.5	11.7	1,142.1	11.5	7,168.1	0.7	6.3	4.9	
Comfort Systems USA, Inc. (NYSE:FIX)	85.6	2,484.1	15.2	204.1	8.2	2,112.8	0.9	10.4	9.9	
Costain Group PLC (LSE:COST)	39.7	1,650.8	(3.0)	79.8	4.8	214.8	0.1	2.7	5.0	
Daelim Industrial Co., Ltd. (KOSE:A000210)	73.9	8,076.0	(1.0)	739.8	9.2	3,562.6	0.4	4.8	3.7	
Daewoo Engineering and Construction Co., Ltd. (KOSE:A047040)	77.3	7,176.7	(7.7)	452.0	6.3	3,255.4	0.5	7.2	6.0	
Ebara Corporation (TSE:6361)	95.0	4,696.3	0.0	436.4	9.3	2,837.0	0.6	6.5	6.2	
Fluor Corporation (NYSE:FLR)	45.0	18,520.5	0.2	(119.1)	NA	2,879.3	0.2	NM	6.1	
Fomento de Construcciones y Contratas, S.A. (BME:FCC)	82.4	7,006.0	0.9	1,034.9	14.8	8,849.2	1.3	8.6	8.2	
GS Engineering and Construction Corporation (KOSE:A006360)	64.4	9,052.4	(0.1)	732.5	8.1	3,182.3	0.4	4.3	4.4	
Keller Group plc (LSE:KLR)	95.2	2,847.9	10.6	214.1	7.5	1,278.5	0.4	6.0	5.3	
Kier Group plc (LSE:KIE)	17.6	5,237.7	1.1	119.3	2.3	465.2	0.1	3.9	2.4	
Koninklijke BAM Groep nv (ENXTAM:BAMNB)	61.0	8,449.3	0.5	115.2	1.4	978.6	0.1	8.5	4.5	
Maire Tecnimont S.p.A. (BIT:MT)	67.3	3,587.3	13.4	188.2	5.2	1,373.4	0.4	7.3	5.6	
Matrix Service Company (NasdaqGS:MTRX)	93.9	1,436.3	2.5	62.9	4.4	517.6	0.4	8.2	7.0	
Monadelphous Group Limited (ASX:MND)	83.1	1,037.5	2.6	64.2	6.2	1,018.5	1.0	15.9	12.6	
Morgan Sindall Group plc (LSE:MGNS)	99.1	3,774.5	7.7	118.1	3.1	882.3	0.2	7.5	6.2	
Oil States International, Inc. (NYSE:OIS)	76.7	1,053.1	11.5	100.2	9.5	1,283.1	1.2	12.8	10.8	
Penta-Ocean Construction Co., Ltd. (TSE:1893)	95.8	5,483.2	5.6	353.6	6.4	2,299.0	0.4	6.5	5.9	
Primoris Services Corporation (NasdaqGS:PRIM)	92.7	3,194.2	19.1	241.0	7.5	1,646.8	0.5	6.8	6.9	
Quanta Services, Inc. (NYSE:PWR)	92.3	12,111.6	17.6	898.3	7.4	7,893.6	0.7	8.8	7.3	
RPC, Inc. (NYSE:RES)	40.0	1,363.2	20.7	169.2	12.4	1,102.7	0.8	6.5	9.2	
Sumitomo Heavy Industries, Ltd. (TSE:6302)	78.3	8,364.0	9.1	883.5	10.6	3,633.8	0.4	4.1	4.3	
Team, Inc. (NYSE:TISI)	81.3	1,185.3	(0.0)	32.0	2.7	889.6	0.8	NM	8.8	
VINCI SA (ENXTPA:DG)	96.6	52,756.0	6.0	8,311.3	15.8	95,173.5	1.8	11.5	10.0	
Median	84.4%	\$5,001.7	1.8%	\$209.1	7.3%	\$2,205.9	0.5 x	7.3 x	6.2 x	
Mean	78.8%		5.0%		7.3%		0.6 x	8.1 x	6.8 x	

Public comparables analysis (cont.)¹

							Last Twelve Months		NTM
Company (Ticker)	Percent of 52 week high	LTM Revenue	Revenue CAGR (3 Yr)	LTM EBITDA	EBITDA Margin	Enterprise Value (EV)	EV/ Revenue	EV/ EBITDA	EV/ EBITDA
(\$ in Millions)									
Metals, plastics, and paper packaging									
Alcoa Corporation (NYSE:AA)	68.4 %	\$11,341.0	7.1 %	\$1,743.0	15.4 %	\$6,985.7	0.6 x	4.0 x	4.6 x
AptarGroup, Inc. (NYSE:ATR)	91.6	\$2,873.4	7.1	\$604.0	21.0	\$8,379.0	2.9	13.9	13.8
ArcelorMittal (ENXTAM:MT)	71.8	73,428.0	9.0	5,730.0	7.8	30,778.2	0.4	5.4	6.0
Avery Dennison Corporation (NYSE:AVY)	97.2	7,065.9	5.7	974.2	13.8	12,811.5	1.8	13.2	12.2
Ball Corporation (NYSE:BLL)	79.0	11,558.0	11.5	1,814.0	15.7	27,998.5	2.4	15.4	14.2
Berry Global Group, Inc. (NYSE:BERY)	80.3	8,878.0	11.0	1,461.0	16.5	16,969.4	1.9	11.6	7.9
Commercial Metals Company (NYSE:CMC)	97.4	5,936.4	15.3	579.1	9.8	3,694.7	0.6	6.4	6.1
Crown Holdings, Inc. (NYSE:CCK)	92.7	11,608.0	11.4	1,601.0	13.8	18,208.0	1.6	11.4	10.3
Graphic Packaging Holding Company (NYSE:GPK)	98.2	6,143.2	12.9	976.3	15.9	8,718.6	1.4	8.9	8.2
Greif, Inc. (NYSE:GEF)	87.8	4,595.0	11.4	659.4	14.4	5,105.7	1.1	7.7	7.2
O-I Glass, Inc. (NYSE:OI)	57.4	6,698.0	0.1	1,004.0	15.0	7,758.7	1.2	7.7	6.5
Packaging Corporation of America (NYSE:PKG)	97.6	6,990.8	7.1	1,500.4	21.5	12,523.2	1.8	8.3	9.0
Sealed Air Corporation (NYSE:SEE)	84.5	4,752.5	(0.8)	843.6	17.8	9,949.6	2.1	11.8	9.7
Silgan Holdings Inc. (NasdaqGS:SLGN)	98.1	4,512.1	7.5	621.3	13.8	6,172.4	1.4	9.9	9.6
Sonoco Products Company (NYSE:SON)	92.7	5,421.0	3.4	752.5	13.9	7,935.5	1.5	10.5	9.7
WestRock Company (NYSE:WRK)	99.0	18,289.0	8.9	2,968.3	16.2	21,008.6	1.1	7.1	6.8
Median	92.1 %	\$6,844.4	8.2 %	\$990.2	15.2 %	\$9,334.1	1.4 x	9.4 x	8.6 x
Mean	87.1 %		8.0 %		15.1 %		1.5 x	9.6 x	8.9 x
Specialty chemicals									
Albemarle Corporation (NYSE:ALB)	78.4 %	\$3,518.6	9.2 %	\$954.9	27.1 %	\$9,661.7	2.7 x	10.1 x	10.6 x
Ashland Global Holdings Inc. (NYSE:ASH)	94.2	2,493.0	(6.2)	509.0	20.4	6,044.3	2.4	11.9	11.1
Axalta Coating Systems Ltd. (NYSE:AXTA)	94.4	4,549.6	3.8	892.4	19.6	10,371.8	2.3	11.6	10.5
BASF SE (XTRA:BAS)	90.3	67,770.1	3.2	7,475.7	11.0	90,394.5	1.3	12.1	8.8
Celanese Corporation (NYSE:CE)	95.5	6,554.0	6.6	1,361.0	20.8	18,792.0	2.9	13.8	9.7
DuPont de Nemours, Inc. (NYSE:DD)	35.6	85,148.0	22.3	16,121.0	18.9	64,198.8	0.8	NM	10.5
H.B. Fuller Company (NYSE:FUL)	98.4	2,926.3	12.3	405.5	13.9	4,631.8	1.6	11.4	9.8
PolyOne Corporation (NYSE:POL)	98.6	3,533.6	5.4	379.3	10.7	4,127.0	1.2	10.9	12.1
PPG Industries, Inc. (NYSE:PPG)	99.4	15,119.0	1.6	2,319.0	15.3	36,453.5	2.4	15.7	13.0
Sensient Technologies Corporation (NYSE:SXT)	87.9	1,328.9	(1.5)	236.7	17.8	3,419.7	2.6	14.4	13.9
W. R. Grace & Co. (NYSE:GRA)	87.6	1,973.6	7.6	437.8	22.2	6,466.8	3.3	14.8	10.4
Median	94.2 %	\$3,533.6	5.4 %	\$892.4	18.9 %	\$9,661.7	2.4 x	11.7 x	10.5 x
Mean	87.3 %		5.8 %		18.0 %		2.1 x	12.2 x	10.7 x

Sources cited

Page 2:

1. 2020 Aerospace and Defense industry outlook. Deloitte, 2019, accessed January 13, 2020.
2. 2020 Engineering and Construction industry outlook. Deloitte, 2019, accessed January 13, 2020.
3. 2020 manufacturing industry outlook. Deloitte, 2019, accessed January 14, 2020.
4. Future of energy oil and gas to remain dominant in 2040 despite rising penetration of renewables. Deloitte, 2019, accessed January 14, 2020.
5. WESCO International and Anixter International Announce Merger Agreement to Create a Premier Electrical and Data Communications Distribution and Supply Chain Services Company. Business Wire, <https://www.businesswire.com/news/home/20200113005334/en/WESCO-International-Anixter-International-Announce-Merger-Agreement>, accessed January 14, 2020.
6. Woodward and Hexcel Announce Merger of Equals to Create a Premier Integrated Systems Provider Propelling the Future of Flight and Energy Efficiency. <https://www.businesswire.com/news/home/20200112005054/en/Woodward-Hexcel-Announce-Merger-Equals-Create-Premier>, accessed January 14, 2020.
7. Hitachi to sell chemical unit to Showa Denko for \$4.55 bln., Reuters, <https://www.reuters.com/article/hitachi-ma-showa-denko/hitachi-to-sell-chemical-unit-to-showa-denko-for-4-55-bln-idUSL4N28S1GI>, accessed January 14, 2020.

Page 3:

1. US Bureau of Economic Analysis. National Economic Accounts. <https://www.bea.gov/national/index.htm#gdp>, accessed January 13, 2020.
2. US Department of the Treasury. Accessed January 13, 2020. Data as of December 31, 2019.
3. US Bureau of Labor Statistics. Accessed January 13, 2020. Data as of December 31, 2019.
4. S&P Capital IQ. Accessed January 13, 2020. Data as of December 31, 2019.
5. S&P Capital IQ. Accessed January 13, 2020. Data as of December 31, 2019.
6. IBIS World. Accessed January 13, 2020. Data as of December 31, 2019.

Page 4:

1. S&P Capital IQ. Accessed January 13, 2020. Data as of December 31, 2019.
2. S&P Capital IQ. Accessed January 13, 2020. Data as of December 31, 2019.

Page 5:

1. S&P Capital IQ. Accessed January 13, 2020. Data as of December 31, 2019.
2. S&P Capital IQ. Accessed January 13, 2020. Data as of December 31, 2019.

Page 6:

1. S&P Capital IQ. Accessed January 13, 2020. Data as of December 31, 2019.

Page 7:

1. S&P Capital IQ. Accessed January 13, 2020. Data as of December 31, 2019.

Page 8:

1. S&P Capital IQ. Accessed January 13, 2020. Data as of December 31, 2019.

Page 9:

1. S&P Capital IQ. Accessed January 13, 2020. Data as of December 31, 2019.

Deloitte Corporate Finance LLC (DCF)

DCF provides deal execution and lead financial advisory services to large corporate, middle market, private equity, and venture capital firms. DCF and its affiliates maintain a presence in key US financial centers.

For additional information or to find out more about how DCF can assist the deal initiation and execution process, please contact one of our DCF managing directors:

Phil Colaco

philcolaco@deloitte.com
+1 704 333 0533

Hector Calzada

hcalzada@deloitte.com
+1 404 631 3015

James Miller

jamesmiller5@deloitte.com
+1 704 731 8230

Justin Silber

jsilber@deloitte.com
+1 404 942 6960

Jonathan Adams

jonadams@deloitte.com
+1 214 840 1779

John Deering

jdeering@deloitte.com
+1 704 333 0574

Byron Nelson

bynelson@deloitte.com
+1 469 417 2462

Tom Spivey

tspivey@deloitte.com
+1 214 840 7014

Keith Adams

keadams@deloitte.com
+1 404 631 3455

Lorin DeMordaunt

ldemordaunt@deloitte.com
+1 704 333 0591

Jonathan Ohm

johm@deloitte.com
+1 212 436 2287

Eric Andreozzi

eandreozi@deloitte.com
+1 704 333 0518

Will Frame

wframe@deloitte.com
+1 312 486 4458

Lou Paone

lpaone@deloitte.com
+1 704 731 7202

Vijay Balasubramanian

vbalasubramanian@deloitte.com
+1 212 313 1723

Simon Gisby

sgisby@deloitte.com
+1 212 436 2495

Garett Poston

gposton@deloitte.com
+1 213 593 4544

Tony Blanchard

anblanchard@deloitte.com
+1 313 396 3738

Bill Kerkam

wkerkam@deloitte.com
+1 980 312 3613

Matt Preece

mpreece@deloitte.com
+1 704 731 7186

Doug Bolt

dbolt@deloitte.com
+1 704 731 7219

Jamie Lewin

jlewin@deloitte.com
+1 214 840 7057

Deloitte Corporate Finance Business Development Group:

Brad Heston

Senior Vice President
bheston@deloitte.com
+1 404 631 3839

John Lindsey

Senior Vice President
jlindsey@deloitte.com
+1 469 417 2147

Bill Pucci

Senior Vice President
wpucci@deloitte.com
+1 973 602 4542

www.investmentbanking.deloitte.com



This newsletter is a periodic compilation of certain completed and announced merger and acquisition activity. Information contained in this newsletter should not be construed as a recommendation to sell or a recommendation to buy any security. Any reference to or omission of any reference to any company in this newsletter shall not be construed as a recommendation to sell, buy or take any other action with respect to any security of any such company. We are not soliciting any action with respect to any security or company based on this newsletter. This newsletter is published solely for the general information of clients and friends of Deloitte Corporate Finance LLC. It does not take into account the particular investment objectives, financial situation, or needs of individual recipients. Certain transactions, including those involving early stage companies, give rise to substantial risk and are not suitable for all investors. This newsletter is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. Prediction of future events is inherently subject to both known risks, uncertainties and other factors that may cause actual results to vary materially. We are under no obligation to update the information contained in this newsletter. We and our affiliates and related entities, partners, principals, directors, and employees, including persons involved in the preparation or issuance of this newsletter, may from time to time have "long" and "short" positions in, and buy or sell, the securities, or derivatives (including options) thereof, of companies mentioned herein. The companies mentioned in this newsletter may be: (i) investment banking clients of Deloitte Corporate Finance LLC; or (ii) clients of Deloitte Financial Advisory Services LLP and its related entities. The decision to include any company for mention or discussion in this newsletter is wholly unrelated to any audit or other services that Deloitte Corporate Finance LLC may provide or to any audit services or any services that any of its affiliates or related entities may provide to such company. No part of this newsletter may be copied or duplicated in any form by any means, or redistributed without the prior written consent of Deloitte Corporate Finance LLC.

About Deloitte

Deloitte Corporate Finance LLC (DCF), a broker-dealer registered with the US Securities and Exchange Commission (SEC) and member of the [Financial Industry Regulatory Authority \(FINRA\)](#) and the [Securities Investor Protection Corporation \(SIPC\)](#), is an indirect wholly-owned subsidiary of Deloitte Financial Advisory Services LLP and affiliate of Deloitte Transactions and Business Analytics LLP. Investment banking or other services that would require registration as a broker-dealer with the SEC and membership in FINRA would be provided exclusively by DCF. For more information, visit www.investmentbanking.deloitte.com. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Copyright © 2020 Deloitte Development LLC. All rights reserved.

