



MANUFACTURING REPORT

Explore M&A Activity, Capital Market
Conditions and Current Trends for the
Manufacturing Industry

SDR*Ventures*

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1H 2023

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MANUFACTURING 1H23: WHAT TO KNOW

- ❑ Manufacturing has shown us a little bit of a dichotomy in 1H23. On one hand, traditional factors are playing a role: staffing and a focus on manufacturing for old school energy and utilities. On the other, AI, 3D printing, and innovation are speeding ahead. There is a lot at play for those in the know.
- ❑ The role of digital twins – finding lower-risk, faster ways to look around the corner, innovate, and uncover efficiencies – is becoming increasingly important.
- ❑ Think about all those ancillary services these shifting landscapes create. Short on manpower? Think staffing services. Cheap government “green energy” loans? Think security, cleaning companies, supply chain, and delivery. As we watch for activity in EU&R (energy, utilities, and resources), opportunities may appear for support services.

Strong Backs and High Tech: Manufacturing at the Crossroads

The first half of the year has shown us two sides of manufacturing – a contrast between the back-to-basics of making big, boring stuff in established sectors, but also a peek into innovative solutions for flaws exposed during the post-pandemic supply chain debacle. This time, the old saying “may you live in interesting times” isn’t a curse but a trove of opportunities.

Under-the-radar, old school concerns such as energy, industrials, and staffing appear to be one trend. A return to the services we all need and use. Meanwhile there’s a renewed focus on people. No matter how high-tech manufacturing gets, the sector still needs to recruit, train, retain, and retrain workers. No easy feat in an era of low unemployment in the United States. These are hard jobs that require a smart, trained workforce. There’s pressure to either find ways to get workers in the door or find new ways to replace people with robots. This begs the question of who installs, monitors, calibrates, and repairs the robots.^{1,2}

With cash pouring in as a result of rising energy costs last year, energy companies and utilities are looking to spend. Big companies are looking to get bigger, and smaller companies want to scale up. There’s always pressure across the sector to invest in and incorporate environmental measures including carbon capture, efficient transmission, and alternatives. Mergers and acquisitions are one way to achieve these goals, and the sector is getting hot. Why start from scratch when you can buy? The sector is holding hundreds of billions of dollars, not to mention a renewed interest in going public.^{3,4}

Then there’s a wave of intriguing innovation. Think of how the pandemic and the ensuing supply chain tangle changed how we think about making and moving things. If we’re going to make it back in the U.S. rather than

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ABOUT SDR

Established in 2002, SDR Ventures has developed deep M&A and capital transaction knowledge and expertise. SDR offers transaction advisory, private capital formation and business consulting services across a wide range of industries. We serve business owners and operators of privately held companies and provide them with a professional-class experience.

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offshoring, maybe we can have smaller plants and make things closer to where we need them instead of a big, centralized facility. So called “pop-up factories” that could incorporate 3D printing and other techniques can create the finished product closer to its destination. Or do we go halfway, with some components made in a variety of global locations in countries friendlier, and potentially closer, to us, with assembly at home?

As for innovation, we’re watching the tech world with digital twins that “create” and test products entirely digitally before a physical model is made. We’ll see where AI can take the sector, capable of running thousands of variables, learning from everything that’s ever come before and from every failed test. We’re looking to additive manufacturing (3D printing), the impact of green tech initiatives (and “green” money), and a growing understanding that manufacturing is part of national security. It’s an exciting time to be in manufacturing.^{5,6,7,8}

Now Hiring: Inquire Within (Please!)

At the start of H2 2023, the United States had an unemployment rate of 3.6%. That. Is. Tight. It’s below what many consider to be “full employment,” and the U.S. started the year with unemployment lower than it’s been in 50 years. Workplaces in every sector are doing whatever they can to hire and retain workers. Higher wages, fewer meetings, streamlined tasks, even free ice cream. What will it take? It’s even worse in the manufacturing sector, sitting on nearly 700,000 vacancies for critical jobs that need to get done (but are not). There are more manufacturing vacancies than there are unemployed skilled workers. The tentacles from this problem stretch everywhere. Machines to make things are becoming more complicated and require training that starts back in the school systems where Science, Technology, Engineering, and Math (STEM) efforts lag other parts of the world. Labor shortages could get worse if America gets stung by overseas supply woes and is serious about making more stuff at home. We’re looking at more demand and fewer skilled workers. The U.S. wants to make more computer chips back home. That takes workers. Our defense arsenal of weapons is being depleted and we need to build more. That takes workers. Manufacturers are looking to bring back production of transportation equipment – including EV battery production – electronic parts, electrical equipment and appliances, chemicals, and medical equipment and supplies. That takes workers.^{9,10,11,12,13,14,15,16,17}

One potential solution looking to grow remains open through M&A. Go out and buy another company that has the workers you want. In May, Blackstone did just that when it acquired Emerson’s HVAC group. The turnkey deal came with 18,000 employees already on the job.^{18,19}

Every shortage creates an opportunity. As demand for workers increases, watch for M&A activity in the related staffing and recruiting industry. The U.S. staffing industry alone is expected to reach a \$216 billion market share. The industrial robotics industry is expected, by one account, to experience nearly 12% CAGR through this decade.^{20,21}

“Reshoring” brought an estimated 400,000 jobs back to the U.S. last year but didn’t bring 400,000 workers to fill those jobs.¹⁶

If skilled workers are in short supply, we’ll be looking at how that creates unexpected openings and opportunities both for buyers and sellers. If there’s a shortage, there’s demand. And if there’s demand, someone will figure out how to meet that demand. At a profit. Supply and demand.²²

EU&R: Energy, Utilities, and Resources. Can’t Live Without ‘Em

Maybe we don’t think as much as we should about the basics of manufacturing. The power to run machines, the need for the building blocks of stuff we make. Energy, the utilities to deliver that energy to where it’s used, and the resources to make things. EU&R. The pandemic, the supply chain clogs, Russia’s role in global energy (and Russia’s recent behavior and global reactions), and Saudi Arabia’s energy market manipulations are rippling through the sectors.

“Supply Security” is now a thing. Where and how does our energy get produced? If having the capability to make things in the U.S., isolated from global events and influence, is important, where does the energy to make things come from? It’s hard to think of a broader connection to manufacturing. Home-grown biofuels, on-site generation, raw material extraction, electrical grid hardening, and EV charging networks are just a few fields. There’s not just investor money in



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play here. The federal government's new \$27 billion "green bank" will fuel the clean energy sector with low-interest loans for projects aimed at reducing greenhouse gases. We don't imagine private enterprise will pass up on cheap money to innovate and scale.^{23,24,25,26,27}

Again, we see ancillary services. Who maintains these facilities and who cleans them? Utilities might not be buzzy, but they are getting a closer look. We learned a lot from the pandemic and the unanticipated war in Eastern Europe. We're now seeing manufacturing react.

Getting Techy and Innovative. The Digital Response

Finally, if manufacturing is going to do more with fewer people, it will be interesting to see how it happens and who profits. Smarter machines are looking like one answer.

It's impossible to look into the future of manufacturing without talking about artificial intelligence (AI), a trend that seemed to come out of nowhere at the end of 2022. It's one thing to use AI chatbots to make up funny poems, but seeing where this concept of machine learning applies to manufacturing is another. AI may help manufacturers better manage logistics and transportation, construction and engineering design, energy management, and even manufacturing itself. Watch as the depth and speed of ideation accelerate, prototypes are engineered, processes improved, and complicated problems are identified and remedied. The modern manufacturing facility will be digitized.²⁸

Additive manufacturing (AM) or additive layer manufacturing (ALM) is what the rest of us call 3D printing on an industrial scale, a computerized process that builds things by precisely applying layers of materials. AM allows manufacturers to accelerate prototype development, build with less waste, and create stronger products. We're seeing applications already in aerospace, automotive manufacturing, and the medical field where applications range from medical devices to customized implants. As AM is increasingly adopted on the floor, the business of providing AM services is expected to see a CAGR of 20% through the end of the decade, growing into an \$83 billion sector itself. As these systems are implemented, they can allow manufacturers to move customized, smaller operations closer to customers, shoring up supply lines in a process called "glocalization" taking global innovation to hometown facilities. With the additional capacity, speed, and efficiencies of AM combined with the ongoing labor shortage, we expect manufacturers, even mid-market players, to increasingly turn to AM.^{29,30}

We're also watching the emerging field of "digital twins" as it applies to manufacturing. Digital twins are computerized – virtual – copies or versions of things that live only inside software programs. They allow manufacturers to design and test prototypes or improve existing products without the labor and cost of actually building them first. Why manufacture a prototype when engineers can find any issues in the digital twin first? Get it right the first time. Test new ideas and see what happens "if we did this" digitally. Fed by massive amounts of data collected from the increasing use of sensors and the "Internet of Things" (IoT) on manufacturing floors, digital twinning cannot only help develop new products but can also help monitor operations, spot potential problems, properly estimate costs and margins, and tweak processes for maximum efficiencies. Digital twin tech is already at work. Lockheed Martin uses it to "test fly" vehicles and program robotics. Kraft Heinz is using it to improve supply chain management. Unilever – the company that makes everything from Klondike bars to Dove soap – is using it to test product formulations before mixing the chemicals. Big tech including IBM and Microsoft are selling turn-key software packages. There's also M&A activity in the field. As 1H23 closed, California-based Keysight Technologies was making a go at a share buy-out to acquire French digital twin company ESI Group in a deal estimated at \$1 billion.^{31,32,33}

Looking forward, we can see how these galloping new technologies can work together. With AI taking in digital twin data from factory floor sensors and IoT and pairing that information with predictive models and data from around the world and across sectors, this could get good.³⁴



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Manufacturing the Deals: Mergers & Acquisitions

- ❑ To close the first half of the year, private equity players Golden Gate Capital and Bridgeport Capital got together for a \$350 million deal as Golden Gate acquired high voltage electrical connector maker DMC Power. DMC, with operations worldwide, has seen its revenue triple in the past 10 years. The company's technology efficiently connects power lines in substations to trim energy losses. Nothing about the deal is sexy but it demonstrates interest in the utilities sector for meat and potatoes industrial products and companies that make them.³⁵
- ❑ Speaking of anything but sexy, let's talk radiators, the things that keep things from overheating. In June, publicly traded Wabtec Corporation announced a \$230 million cash acquisition of L&M Radiator, a 65-year-old company that makes heavy-duty radiators for industrial applications. Wabtec says the deal fits with its mining and clean energy solutions. In addition to mining technologies, Wabtec is a global provider of equipment and technologies for freight and transit rail as well as marine and industrial services. L&M is based in Minnesota but has operations in Australia, Mexico, and Chile.³⁶
- ❑ In May, publicly traded companies Blackstone and Emerson Climate Technologies completed a \$14 billion deal as Blackstone took on a majority stake in Emerson's climate tech unit and rebranding the sustainability-focused HVAC and refrigeration stalwart "Copeland." Emerson retains a minority stake in the 100-year-old HVAC division, which features robust capabilities in engineering, design, and innovation in compressors, controls, thermostats and software, and monitoring tech. Copeland employs more than 18,000 workers and is active in global initiatives to move away from carbon-based systems toward electrification options, including increasingly popular heat pumps. Copeland will continue to be based in St. Louis.^{18,19}

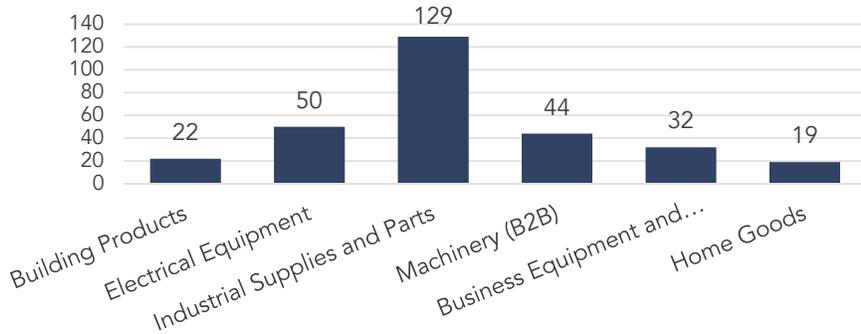
Manufacturing 2.0: Beyond Lunch Pails and Hard Hats

The future appears bright in manufacturing for those ready to invest in and apply today's solutions. Hobbled by chip shortages and pandemic-related supply chain woes, the sector is roaring back. Labor issues look like they are going to stick around, at least for a while. Tech solutions spawned out of need show promise and are integrating at a rapid clip. We're seeing digital twin and 3D printing move into the mainstream, and AI applications appear to be the future. We may only be seeing the beginning. As ideation, engineering, digital tinkering, and smart factories emerge, we'll be watching for opportunities to scale these innovations and bring them to the factory floor. Indeed, we live in interesting times.^{37,38}



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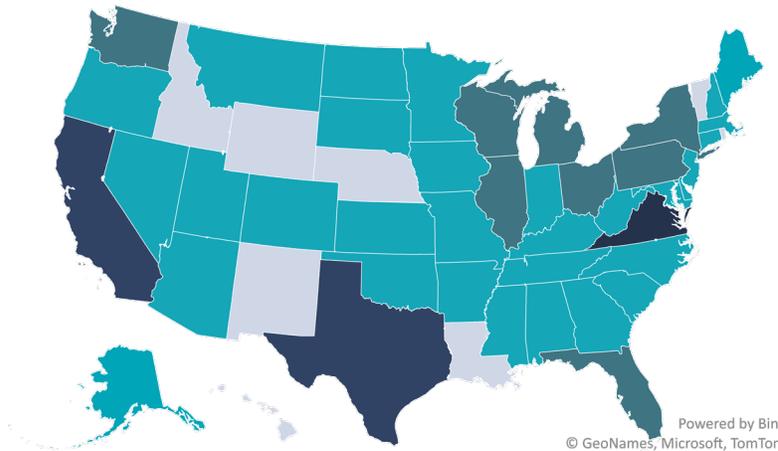
TRANSACTIONS BY SEGMENT



TRANSACTIONS BY TYPE



TRANSACTIONS BY LOCATION



TRANSACTION ACTIVITY

Date	Target	Buyer	Segment	Amount (\$ in Mil)	TEV/ Rev	TEV/ EBITDA
6/30/2023	DMC Power	Golden Gate Capital	Electrical Equipment	350.00	-	-
6/26/2023	CIRCOR International (NYS: CIR)	Arcline Investment Management	Industrial Supplies and Parts	1,547.92	1.9x	9.9x
6/20/2023	GS Plastic Optics	Rhythm Co	Industrial Supplies and Parts	15.70	1.6x	10.5x
6/15/2023	Carlisle Fluid Technologies	Lone Star Funds	Industrial Supplies and Parts	520.00	-	-
6/12/2023	Howden Roots	Ingersoll Rand	Electrical Equipment	300.00	-	-
6/1/2023	Kimball International	HNI	Business Equipment and Sup	466.23	0.7x	41.0x
5/31/2023	Copeland	Abu Dhabi Investment Authority	Industrial Supplies and Parts	14,000.00	2.8x	-
5/24/2023	Schenck Process	Hillenbrand	Machinery (B2B)	730.00	1.5x	-

If You Are a Business Owner Looking for Additional Transaction Activity Within Your Industry, Please Call Our Offices at 720.221.9220.

Source: Pitchbook Financial Data and Analytics

Note: This data represents recorded transactions only, and is not all-inclusive. Nevertheless, they are typically representative of the industry.



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ACTIVE BUYERS

MOST ACTIVE STRATEGIC BUYERS

FIRM	RECENT SUBSIDIARY ACQUISITIONS				
ATLAS HOLDINGS	 Graphic Controls <small>Transactional Media by Nissha</small>	 US FARATHANE	 MAX INTERNATIONAL		
					
					
					
					

SELECT SPONSORS WITH ACTIVE PORTFOLIO HOLDINGS

FIRM	RECENT SUBSIDIARY ACQUISITIONS			
				
				
				
				
				

Source: Pitchbook Financial Data and Analytics

Note: This data represents recorded transactions only, and is not all-inclusive. Nevertheless, they are typically representative of the industry.

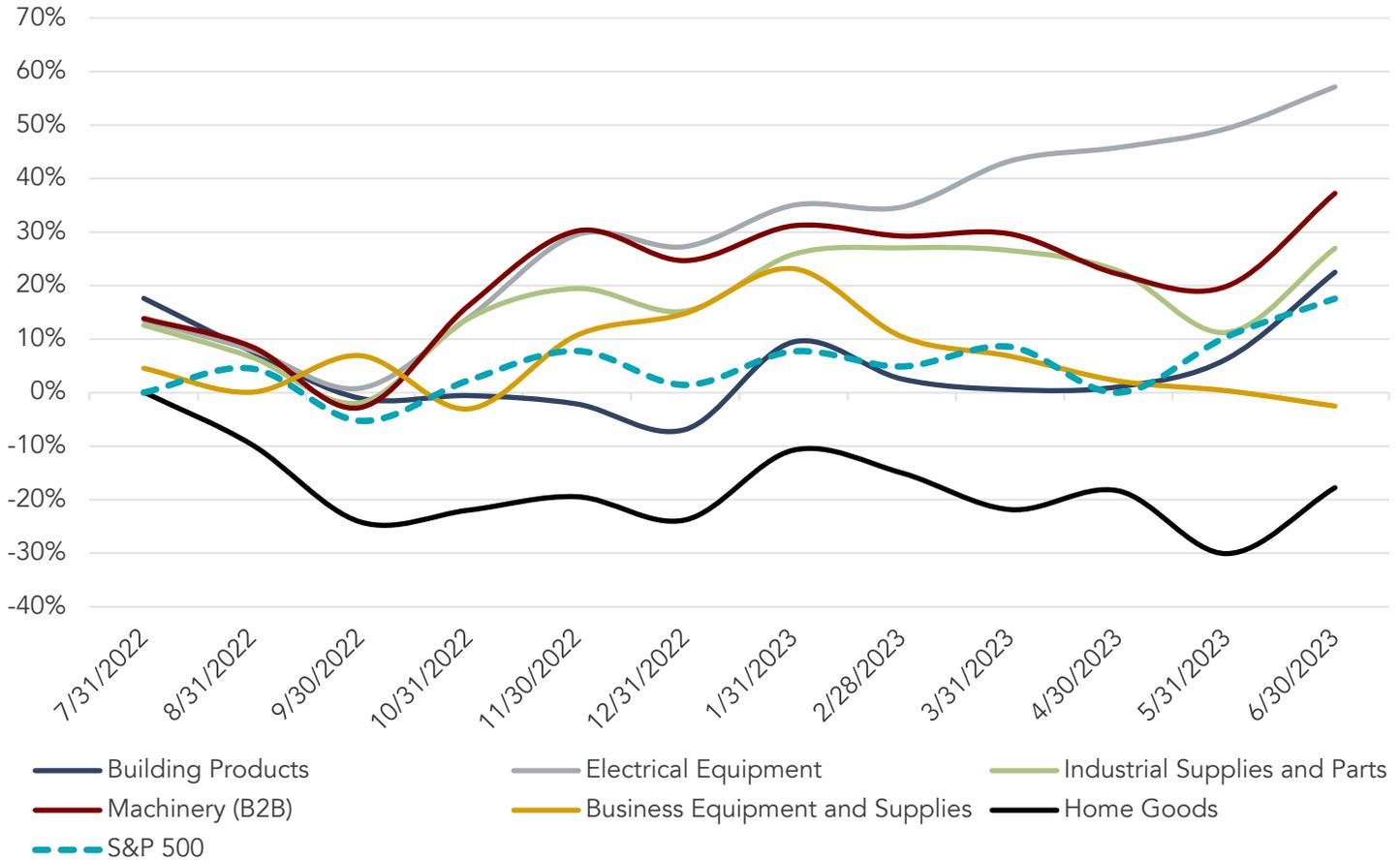


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PUBLIC BASKET

MANUFACTURING SEGMENTS VS. S&P 500

Segment Market Cap Performance – Running 12 Months



BUILDING PRODUCTS

Company Name	Symbol	Market Stats					Operating Stats			LTM Multiples			NTM Multiples	
		Market Cap (\$ in Mil)	Price (\$)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	Price/ EPS	TEV/ NTM Revenue	TEV/ NTM EBITDA	
Builders Firstsource	BLDR	\$ 17,408	\$ 136.00	136.7%	109.6%	98.2%	(19.8%)	18.6%	1.0x	5.4x	8.7x	1.2x	10.4x	
Advanced Drainage Systems	WMS	8,985	113.78	23.8%	38.8%	74.2%	(8.6%)	28.1%	3.3x	11.9x	18.7x	3.7x	12.8x	
Mohawk Industries	MHK	6,569	103.16	(20.0%)	0.9%	75.1%	(1.2%)	5.8%	0.8x	14.4x	NM	0.8x	6.1x	
Australian Foundation Investment Co.	AFI	5,805	4.68	(10.7%)	(7.3%)	81.5%	NM	NM	NM	NM	22.0x	NM	NM	
Armstrong World Industries	AWI	3,314	73.46	(3.2%)	7.1%	77.4%	1.6%	29.8%	3.1x	10.4x	16.7x	3.1x	9.5x	
Gibraltar Industries	ROCK	1,913	62.92	57.5%	37.1%	99.5%	1.8%	11.0%	1.4x	13.2x	22.7x	1.4x	10.0x	
Jeld-Wen	JELD	1,490	17.54	15.5%	81.8%	97.4%	(16.6%)	6.1%	0.6x	10.1x	25.1x	0.7x	8.7x	
American Woodmark	AMWD	1,251	76.37	61.8%	56.3%	98.5%	(10.5%)	11.2%	0.8x	7.3x	13.6x	0.9x	7.6x	
Apogee Enterprises	APOG	1,048	47.47	19.5%	6.8%	95.6%	(1.2%)	11.6%	0.9x	7.4x	10.1x	0.9x	7.0x	
Insteel Industries	IIN	605	31.12	(12.9%)	13.1%	75.9%	(13.2%)	15.1%	0.7x	4.6x	7.7x	0.8x	NM	
Segment Average				26.8%	34.4%	87.3%	(7.5%)	15.3%	1.4x	9.4x	16.1x	1.5x	9.0x	
Segment Median				17.5%	25.1%	88.5%	(8.6%)	11.6%	0.9x	10.1x	16.7x	0.9x	9.1x	

Source: Pitchbook Financial Data and Analytics



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PUBLIC BASKET (CONTINUED)

ELECTRICAL EQUIPMENT

Company Name	Symbol	Market Stats					Operating Stats		LTM Multiples			NTM Multiples	
		Market Cap (\$ in Mil)	Price (\$)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	Price/ EPS	TEV/ NTM Revenue	TEV/ NTM EBITDA
Siemens	SIE	\$ 131,382	\$ 165.77	64.8%	20.0%	90.7%	16.7%	15.8%	2.2x	13.7x	21.3x	1.9x	NM
General Electric	GE	119,622	109.85	121.5%	68.0%	99.6%	(13.4%)	16.3%	1.6x	9.9x	16.1x	1.8x	15.1x
ABB Group	ABBN	72,755	39.12	54.3%	28.7%	98.1%	9.6%	12.4%	2.6x	20.8x	25.1x	2.4x	12.9x
Keysight Technologies	KEYS	29,868	167.45	23.0%	(2.1%)	88.4%	(0.6%)	29.5%	5.3x	17.8x	25.6x	5.3x	17.1x
Hubbell (Electrical Equipment)	HUBB	17,768	331.56	82.6%	41.3%	99.6%	8.2%	18.8%	3.7x	19.8x	30.3x	3.4x	17.6x
Mersen	MRN	1,091	45.10	59.9%	17.0%	96.3%	15.1%	15.3%	1.2x	7.7x	13.9x	1.0x	6.3x
Bel Fuse	BELFB	735	57.41	275.2%	74.4%	95.1%	(2.7%)	12.8%	1.1x	8.8x	11.3x	1.2x	NM
Kimball Electronics	KE	683	27.63	39.5%	22.3%	98.0%	14.7%	6.2%	0.6x	8.9x	14.9x	0.5x	6.8x
Intevac	IVAC	97	3.75	(22.5%)	(42.0%)	49.7%	(6.7%)	NM	0.8x	NM	NM	0.8x	NM
Segment Average				77.6%	25.3%	90.6%	4.6%	15.9%	2.1x	13.4x	19.8x	2.0x	12.6x
Segment Median				59.9%	22.3%	96.3%	8.2%	15.6%	1.6x	11.8x	18.7x	1.8x	14.0x

INDUSTRIAL SUPPLIES AND PARTS

Company Name	Symbol	Market Stats					Operating Stats		LTM Multiples			NTM Multiples	
		Market Cap (\$ in Mil)	Price (\$)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	Price/ EPS	TEV/ NTM Revenue	TEV/ NTM EBITDA
Illinois Tool Works	ITW	\$ 76,024	\$ 250.16	36.8%	13.6%	98.7%	4.1%	28.1%	5.2x	18.5x	25.0x	5.0x	18.0x
Genuine Parts	GPC	23,779	169.23	26.9%	(2.5%)	90.1%	6.1%	9.2%	1.2x	13.2x	19.4x	1.1x	12.2x
Dover (Machinery (B2B))	DOV	20,649	147.65	20.6%	9.0%	91.9%	5.1%	20.2%	2.8x	13.8x	19.7x	2.7x	12.4x
Steel Dynamics	STLD	18,413	108.93	64.5%	11.5%	79.8%	(20.1%)	22.8%	0.9x	3.9x	5.8x	1.1x	6.9x
AptarGroup	ATR	7,591	115.86	10.9%	5.3%	94.6%	9.0%	17.8%	2.6x	14.6x	33.4x	2.4x	12.0x
Hexcel	HXL	6,414	76.02	43.9%	29.2%	99.4%	16.3%	20.9%	4.3x	20.6x	42.7x	3.7x	NM
Allegheny Technologies	ATI	5,686	44.23	98.1%	48.1%	99.6%	8.3%	10.5%	1.8x	17.3x	39.1x	1.7x	11.1x
Crane Co	CR	5,056	89.12	55.8%	36.8%	99.8%	NM	21.8%	1.7x	7.9x	12.7x	2.8x	NM
Worthington Industries	WOR	3,380	69.47	57.8%	39.8%	98.3%	(14.8%)	8.2%	0.8x	7.9x	13.4x	0.9x	7.5x
Rogers	ROG	3,013	161.93	(38.0%)	35.7%	59.7%	2.6%	18.3%	3.1x	17.0x	31.9x	3.0x	NM
Materion (Industrial Supplies and Par	MTRN	2,354	114.20	57.5%	30.5%	94.2%	4.5%	11.3%	1.6x	14.4x	24.3x	1.6x	12.2x
Helios Technologies	HLIO	2,158	66.09	2.0%	21.4%	91.0%	11.7%	20.3%	3.1x	15.2x	26.3x	2.8x	11.9x
Barnes Group	B	2,135	42.19	33.7%	3.3%	89.1%	8.3%	10.8%	2.0x	18.8x	NM	1.9x	NM
Segment Average				36.2%	21.7%	91.3%	3.4%	16.9%	2.4x	14.1x	24.5x	2.4x	11.6x
Segment Median				36.8%	21.4%	94.2%	5.6%	18.3%	2.0x	14.6x	24.7x	2.4x	12.0x

MACHINERY (B2B)

Company Name	Symbol	Market Stats					Operating Stats		LTM Multiples			NTM Multiples	
		Market Cap (\$ in Mil)	Price (\$)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	Price/ EPS	TEV/ NTM Revenue	TEV/ NTM EBITDA
Caterpillar	CAT	\$ 126,803	\$ 246.05	38.0%	2.7%	92.5%	6.6%	19.5%	2.5x	13.0x	18.2x	2.4x	11.3x
Applied Materials	AMAT	121,377	144.54	67.5%	48.4%	98.5%	(11.6%)	31.1%	4.6x	14.8x	19.1x	5.2x	18.1x
John Deere	DE	118,799	405.19	34.3%	(5.5%)	90.4%	(9.0%)	26.3%	2.9x	11.1x	13.6x	3.2x	14.3x
Illinois Tool Works	ITW	76,024	250.16	36.8%	13.6%	98.7%	4.1%	28.1%	5.2x	18.5x	25.0x	5.0x	18.0x
Segment Average				44.2%	14.8%	95.0%	(2.5%)	26.2%	3.8x	14.4x	19.0x	3.9x	15.4x
Segment Median				37.4%	8.1%	95.5%	(2.4%)	27.2%	3.8x	13.9x	18.6x	4.1x	16.2x

Source: Pitchbook Financial Data and Analytics



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PUBLIC BASKET (CONTINUED)

BUSINESS EQUIPMENT AND SUPPLIES

Company Name	Symbol	Market Stats					Operating Stats		LTM Multiples			NTM Multiples	
		Market Cap (\$ in Mil)	Price (\$)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	Price/ EPS	TEV/ NTM Revenue	TEV/ NTM EBITDA
BIC	BB	\$ 2,484	\$ 57.05	4.4%	(16.3%)	75.2%	14.6%	18.2%	0.9x	5.1x	11.6x	0.8x	4.2x
ACCO Brands	ACCO	495	5.21	(20.7%)	(6.8%)	71.6%	1.1%	6.9%	0.8x	11.8x	NM	0.8x	6.2x
Segment Average				(8.1%)	(11.5%)	73.4%	7.8%	12.5%	0.9x	8.4x	11.6x	0.8x	5.2x
Segment Median				(8.1%)	(11.5%)	73.4%	7.8%	12.5%	0.9x	8.4x	11.6x	0.8x	5.2x

HOME GOODS

Company Name	Symbol	Market Stats					Operating Stats		LTM Multiples			NTM Multiples	
		Market Cap (\$ in Mil)	Price (\$)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	Price/ EPS	TEV/ NTM Revenue	TEV/ NTM EBITDA
Stanley Black & Decker	SWK	\$ 14,351	\$ 93.71	(12.7%)	24.7%	79.2%	0.4%	3.7%	1.3x	36.0x	NM	1.3x	13.5x
Whirlpool	WHR	8,147	148.79	(5.6%)	5.2%	83.6%	(0.1%)	(5.3%)	0.8x	NM	NM	0.8x	7.6x
Newell Brands	NWL	3,603	8.70	(55.4%)	(33.5%)	40.4%	(4.1%)	3.4%	1.1x	31.5x	NM	1.1x	7.8x
La-Z-Boy	LZB	1,241	28.64	17.2%	25.5%	86.6%	(11.8%)	13.5%	0.6x	4.3x	8.2x	0.7x	6.7x
LoveSac	LOVE	410	26.95	(5.3%)	22.4%	67.7%	8.8%	6.3%	0.8x	12.7x	20.0x	0.7x	8.4x
Purple Innovation	PRPL	293	2.78	(9.4%)	(42.0%)	41.1%	17.5%	25.5%	0.7x	2.7x	NM	0.6x	12.0x
Segment Average				(11.9%)	0.4%	66.4%	1.8%	7.9%	0.9x	17.4x	14.1x	0.9x	9.3x
Segment Median				(7.5%)	13.8%	73.4%	0.2%	5.0%	0.8x	12.7x	14.1x	0.8x	8.1x

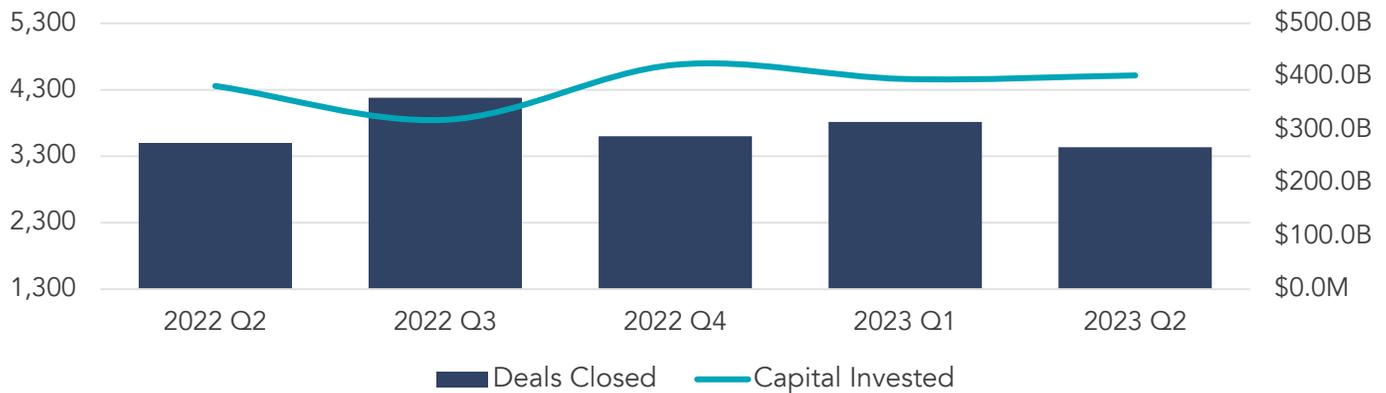
Source: Pitchbook Financial Data and Analytics



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U.S. M&A ACTIVITY SNAPSHOT

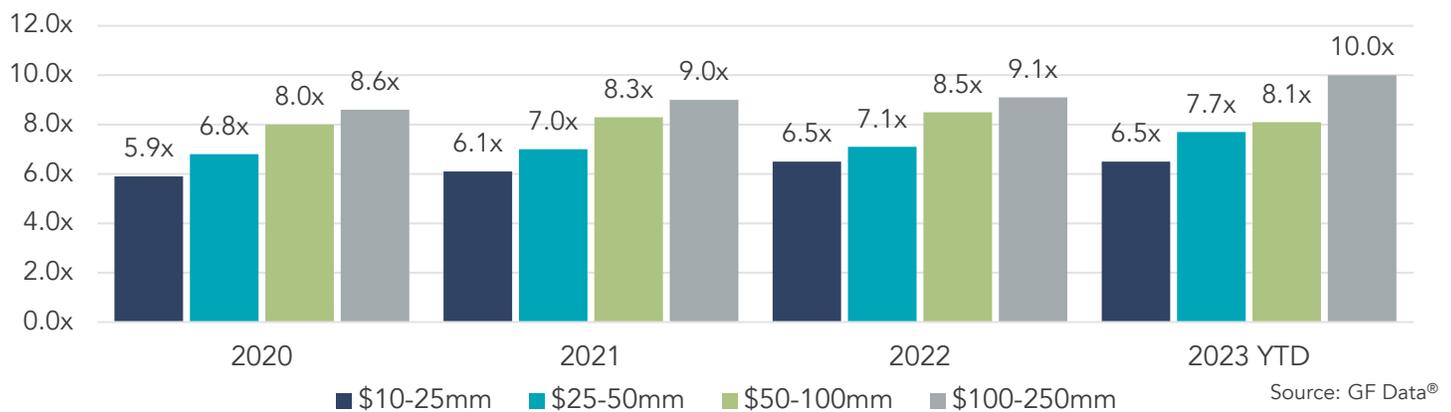
OVERALL U.S. M&A ACTIVITY



Source: PitchBook Financial Data and Analytics

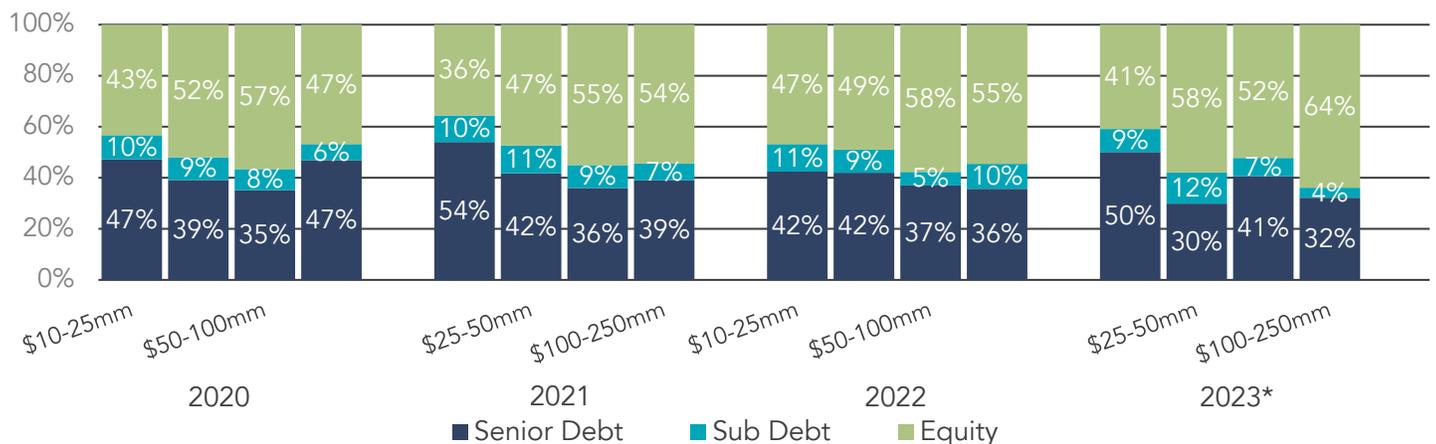
LOWER MIDDLE MARKET PRIVATE EQUITY TRANSACTION MULTIPLES

EBITDA Multiples By Transaction Size



Source: GF Data®

CAPITAL BREAKDOWN – LOWER MIDDLE MARKET PRIVATE EQUITY TRANSACTIONS



Note: The most current source of GF Data is as of May 2023.

Source: GF Data®



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COMPREHENSIVE MANUFACTURING EXPERTISE

From injection molding to microchips, we have been providing M&A services to the Manufacturing Industry since our inception in 2002. Since then, we have helped complete multiple transactions ranging from industrial mergers and acquisitions to private capital sourcing for growing industrial businesses. We serve all types of companies across the Manufacturing Industry, but have particular expertise in:

- ❑ Building Products
- ❑ Electrical Equipment
- ❑ Industrial Supplies and Parts
- ❑ Machinery (B2B)
- ❑ Business Equipment and Supplies
- ❑ Home Goods

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SELECT TRANSACTION EXPERIENCE

SDR has completed numerous transactions types throughout the Manufacturing Industry, including:

 Has been acquired by SDRVentures SELL-SIDE TRANSACTION	 Has been acquired by A portfolio company of BAYMARK PARTNERS SDRVentures SELL-SIDE TRANSACTION	M C MAX, INC. dba Has been acquired by HTM-MBS, LLC SDRVentures SELL-SIDE TRANSACTION	 Has acquired Chamber Division SDRVentures BUY-SIDE TRANSACTION	 Debt Financing provided by CAPITAL CORPORATION SDRVentures CAPITAL FORMATION
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SDR SERVICE OFFERINGS



SELL-SIDE ADVISORY



PRIVATE CAPITAL FORMATION



BUY-SIDE ADVISORY



STRATEGIC CONSULTING



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