



MANUFACTURING REPORT

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

SDR*Ventures*

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MANUFACTURING 2H23: WHAT TO KNOW

- ❑ As reshoring overseas manufacturing to the United States is now seen as a national security interest as well as a commercial interest, considering supply chain snarls in the past few years, the move is seeing strong support both from the government and private investment.
- ❑ Labor, both a shortage of workers and union demands and strikes, is proving to be a challenge.
- ❑ Technical solutions may be ready to drive the sector forward, from automation to AI to machine learning and IoT. When you can't hire workers, build them.

Help Wanted: Getting Off the (Supply) Chain Gang and Reshoring

Labor issues and reimagining supply chains were the big stories of 2H23. Finding solutions may shape the biggest opportunities in the years ahead. Automation, friendshoring, supply diversification, and onshoring create an interconnected web of levers to pull, each affecting the other. Frustrated by just-in-time delivery and offshore manufacturing and supplies, there's been a push to bring manufacturing back to the U.S. But as demand for labor ramped up in 2023, manufacturers went from struggling to find workers to struggling to pay them enough to stay on the job, resulting in a series of strikes involving some half million workers spread over 400 strikes, from United Auto Workers to airline pilots and Hollywood writers and actors.^{1,2}

If labor issues can be resolved, although we're seeing there's a cost to bringing manufacturing back to North America, there are advantages, too. Where there have been reasons to produce overseas, those advantages aren't as compelling as they once were. Making something across the Pacific means it must be shipped to European and American customers. As we saw following the COVID pandemic, making something isn't the goal; getting it to the consumer is the goal. Selling the widget is more important than making it on the cheap, and if a supply chain is stretched too far and thin, turning goods into profit can be problematic. In addition, while labor used to be dramatically cheaper in Asian countries, that wage gap is shrinking. True, labor costs are on the rise in the U.S. as well, but today's emerging automation, machine learning, and AI are showing they can do the mundane, repetitive jobs that used to be done overseas.³

We believe automation doesn't have to be a bad thing for labor in North America, or in the world. An entire new field of jobs is emerging as the sweaty and dangerous parts of manufacturing are automated. It's been estimated the world will see 97 million new jobs in robotics and automation, which is more than the number of jobs that may be displaced.⁴

The famous supply chain snarls of the pandemic were a warning shot, not a one-time event. Russia's invasion of Ukraine, manufacturing shutdowns in China, and a massive freighter bottleneck in California ports were big news.

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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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But solving those messes won't put an end to supply chain issues. In 2H23 we saw a labor strike on the St. Lawrence Seaway threaten economy activity. To close the year, rebels along the Red Sea disrupted a shipping lane that leads to the vital Suez Canal with missile and drone attacks on heavy freighters.^{5,6,7,8}

But there is an encouraging focus on overcoming obstacles. The Biden Administration is betting big on American manufacturing with what's been called its "industrial policy," a blend of adjusted regulations, tax incentives, and subsidies. In the upcoming election season, it's not hard to imagine more promises from both sides as manufacturing affects key states such as Michigan, Ohio, and Pennsylvania. Congress kicked in for its part with incentives in the Inflation Reduction and the Investment and Jobs acts, packed with tax incentives and even grants to offset the cost of reshoring. Savvy manufacturers have tools in their toolbox. Bottom line, manufacturing is back. Production in the U.S. is up, factories are being built across the country, and manufacturing has added about 800,000 jobs in the past two years. Whether the products are medicines, sneakers, bikes, EV batteries, silicon chips, or Legos, manufacturers are cranking up in the U.S.A. And there's money behind the movement, whether it's private investment or federal and state assistance. We see that as a recipe for optimism in the manufacturing sector.^{3,9,10}

Look For the Union Label? A Year of Reckoning with a Glimmer of Hope

As noted, labor was a big issue in 2H23. Strikes make headlines, especially when workers threaten American trademark industries such as auto manufacturing. In September, the United Auto Workers union launched a historic, six-week strike, targeting all of Detroit's big three automakers at the same time. But it's important to note that while the UAW did strike, the sides came to an agreement without reaching a catastrophic point. Workers wanted more money, and manufacturers were making a lot of it. In the end, manufacturing chugs along, workers get pay raises and concessions. That's how it's supposed to work. Honda's American plants weren't even part of the UAW strike, but Honda opted to give its workers an 11% pay bump anyway. Toyota raised wages at its plants 10% and Hyundai 25%. Probably no coincidence.^{11,12,13}

The headline grabbing UAW strike wasn't the only labor action affecting manufacturing. In the summer, UPS narrowly avoided a potentially crippling strike with the Teamsters. And machinists, electrical workers, and delivery drivers either hit the picket line or threatened to strike and focused on expanding membership. Probably, what happened in 2023 isn't the end. To start 2024, UAW workers were threatening to strike at the Indianapolis Allison Transmission plant. AT&T communications workers, Boeing machinists, and dockworkers will all see contracts expire in the coming year. Manufacturing may be experiencing a renaissance and reimagining across the country, but labor and union demands will remain a concern in 2024. The sector was already anticipating a 2 million worker shortfall by 2030, and investments in training and diversification of the workforce may be key.^{14,15,16,17,18}

Today's Robots, Tomorrow's Workforce?

If American manufacturing is taking off, and plants are being built, all while labor is tight, who will be making the stuff? Robots. We are watching signs that automation and machine learning will continue to fill the labor gap. An estimated 10,000 Baby Boomers are retiring from manufacturing jobs every day. It may be up to machines to replace those workers, especially in the most repetitive and dangerous tasks. Robots stay on the job, avoiding the problem of churn for the mundane tasks. Computer driven predictive maintenance, the connectivity of IoT (Internet of Things), and AI insights are helping manufacturers be more efficient and more cost effective. In the past, automation came with daunting costs. Today we're encouraged to see smaller companies finally able to automate through applications that cost less and are easier to install and customize.^{19, 20, 21}

Smart applications are already at work or on the near horizon. The move to 3D printing (often described as Additive Manufacturing or AM) is benefiting from a drop in costs and the advent of AI. Applications are seen across the manufacturing sector, from military equipment to customized consumer products and medical devices. Companies can "print" rare mechanical or automotive parts on demand rather than stock something that might sit on a shelf for months. Digital printing can push a product from design to a physical prototype quickly, or even build homes and offices on-site. And while even the overseas workers making today's ultracheap clothes are starting to demand better pay and conditions, global fast-fashion giant Shein leverages its technology to build an on-demand manufacturing model that



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eliminates waste and warehouses of unbought items. The Singapore-based company turns over new products – from design to selling out – in under 40 days. The company's robust cyber network simultaneously analyzes consumer demand and tastes, outsources design and production, and manages distribution and inventory control. In 2024, expect a Shein public stock offering which should raise capital for even more expansion.^{22,23,24,25}

The Assembly Line: Mergers & Acquisitions

- ❑ In August, Apollo Global Management took U.S. aerospace supplier Arconic private in a deal valued at \$5.2 billion. Apollo tried to make the deal in 2018 but was rebuffed. However, in recent years Arconic – which supplies products to Boeing – suffered from fluctuations in the metals markets and with supply chain issues. One analyst predicted corrections to those markets understandably made the company attractive to private equity. Apollo reportedly has committed to substantial capital improvements to both plant operations and technology.²⁶
- ❑ At the start of the year's second half, in July, the major global producer of specialty water treatment chemicals Solenis acquired Diversey Holdings, a provider of hygiene, infection prevention, and cleaning products and technology in an all-cash deal valued at about \$4.6 billion. With the acquisition, Solenis will operate in 130 countries through 71 manufacturing facilities with more than 15,000 employees. Solenis officials said the deal adds new products and capacities and creates an array of cross-selling opportunities. The companies said the acquisition combined adjacent but complementary offerings.²⁷
- ❑ In October, publicly traded Hubbell Incorporated acquired electrical grid-critical substation control manufacturer Northern Star Holdings, which provides products under the name Systems Control in a deal with an announced value of \$1.1 billion in cash. Hubbell, based in Connecticut, provides utility and electrical solutions focused on infrastructure safely, reliably, and efficiently. The company reported annual revenues of about \$5 billion. Systems Control produces substation control and relay panels considered vital to power grid reliability. Systems Control estimated 2024 sales at \$400 million. Hubbell officials said the acquisition brings scale critical to providing needed upgrades to aging grid infrastructure.²⁸

Digital Widgets, Spacely Sprockets, and Our (Benevolent) Robot Overlords

We're witnessing an exciting period in manufacturing: a period of global change. The U.S. is shaking up the sector, experimenting with reshoring, revamped supply chain logistics, and labor management. But globally, we may also be witnessing a seismic manufacturing upheaval as the industry increasingly eyes India in light of tight controls and uncertainty in China. Indian exports of car parts, semiconductors, and machinery to the U.S. are booming, while shipments from China are down. Not everything can be made in Ohio, but not everything has to be made in China either. Notably, Apple iPhone maker Foxconn announced in 2H23 plans to invest \$1.5 billion in India in a bid to diversify away from China.^{29,30}

Of course, some things are unforeseeable. What will happen in the Middle East and the Red Sea? How will the war in Ukraine play out? And, considering Taiwan's dominance in the chip market (producing 90% of the world's most advanced semiconductors) and the complex supply chain that supports the industry, current tensions among China, the U.S., and the island of Taiwan bear watching. Taiwan has started moving some of its chip business offshore – even to the U.S. – but those moves aren't going to supply the world's insatiable chip demand in the near term if China makes a military move.^{31,32}

And we will keep an eye on the American labor movement as it applies to manufacturing. But we're encouraged by the two sides' ability to come to agreements. We're also watching for manufacturers who learn how to apply automation and smart technology into the manufacturing process, getting more from their human labor force while filling gaps traditional workers no longer want to do. As robots and AI are woven into the workforce, a performance gap between those companies that adapt and those that don't may become more apparent and drive manufacturing to fully embrace technological solutions. Manufacturing is booming thanks to technological advances paired with government incentives and industry adaptation. The year ahead may hold some exciting developments.^{33,34}



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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 Corporations 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}

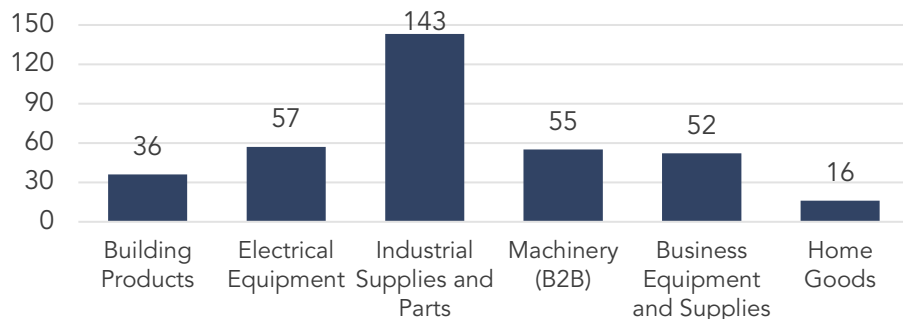
Manufacturing 2.0: Beyond Lunch Pails and Hard Hats

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}

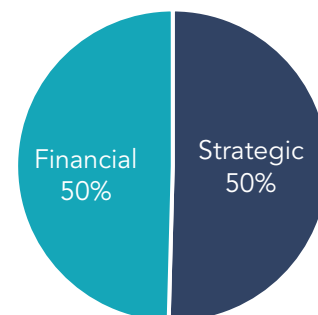


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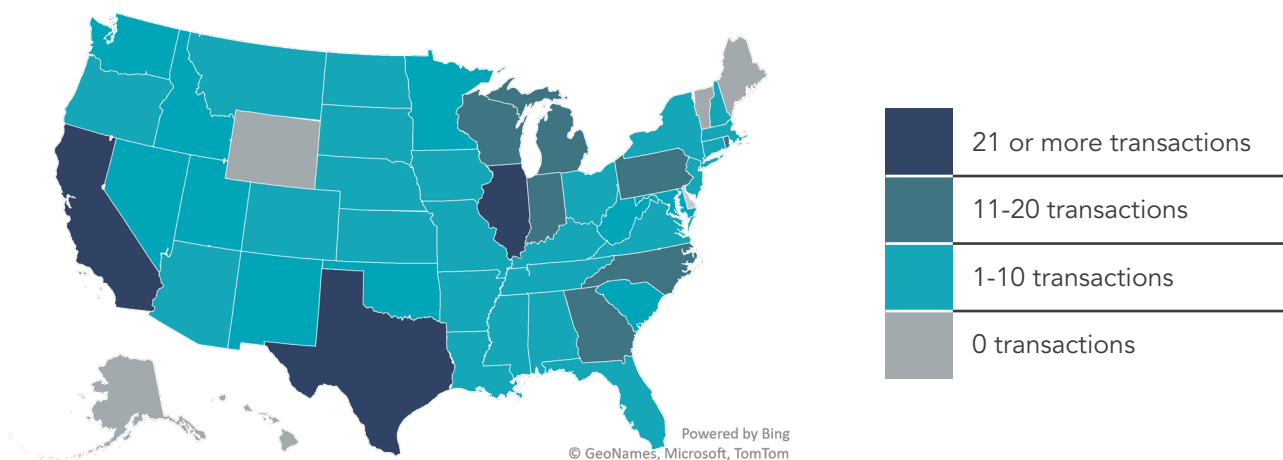
TRANSACTIONS BY SEGMENT



TRANSACTIONS BY TYPE



TRANSACTIONS BY LOCATION



TRANSACTION ACTIVITY

Date	Target	Buyer	Segment	Amount (\$ in Mil)	TEV/Rev	TEV/EBITDA
12/18/2023	PGT Innovations	Masonite	Building Products	3,533.75	2.4x	14.5x
12/18/2023	Zeus	EQT	Industrial Supplies and Parts	3,400.00	-	17.0x
12/15/2023	Stanley Infrastructure	Epiroc	Industrial Supplies and Parts	760.00	1.7x	-
12/12/2023	Systems Control	Hubbell	Electrical Equipment	1,100.00	-	-
12/8/2023	Carrier Global	Honeywell	Business Equipment and Supplies	5,000.00	-	-
11/15/2023	Tooling & Equipment International	General Motors	Industrial Supplies and Parts	-	-	-
11/9/2023	CPI International (Electron Device Business)	TransDigm Group	Electrical Equipment	1,385.00	4.6x	-
10/30/2023	Intel (Silicon Photonics Transceiver Product Line)	Jabil	Electrical Equipment	-	-	-
10/18/2023	CIRCOR International	Kohlberg Kravis Roberts	Machinery (B2B)	1,541.36	1.9x	10.1x

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	
ASSA ABLOY		
Amphenol		
		
 MASONITE.		

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.

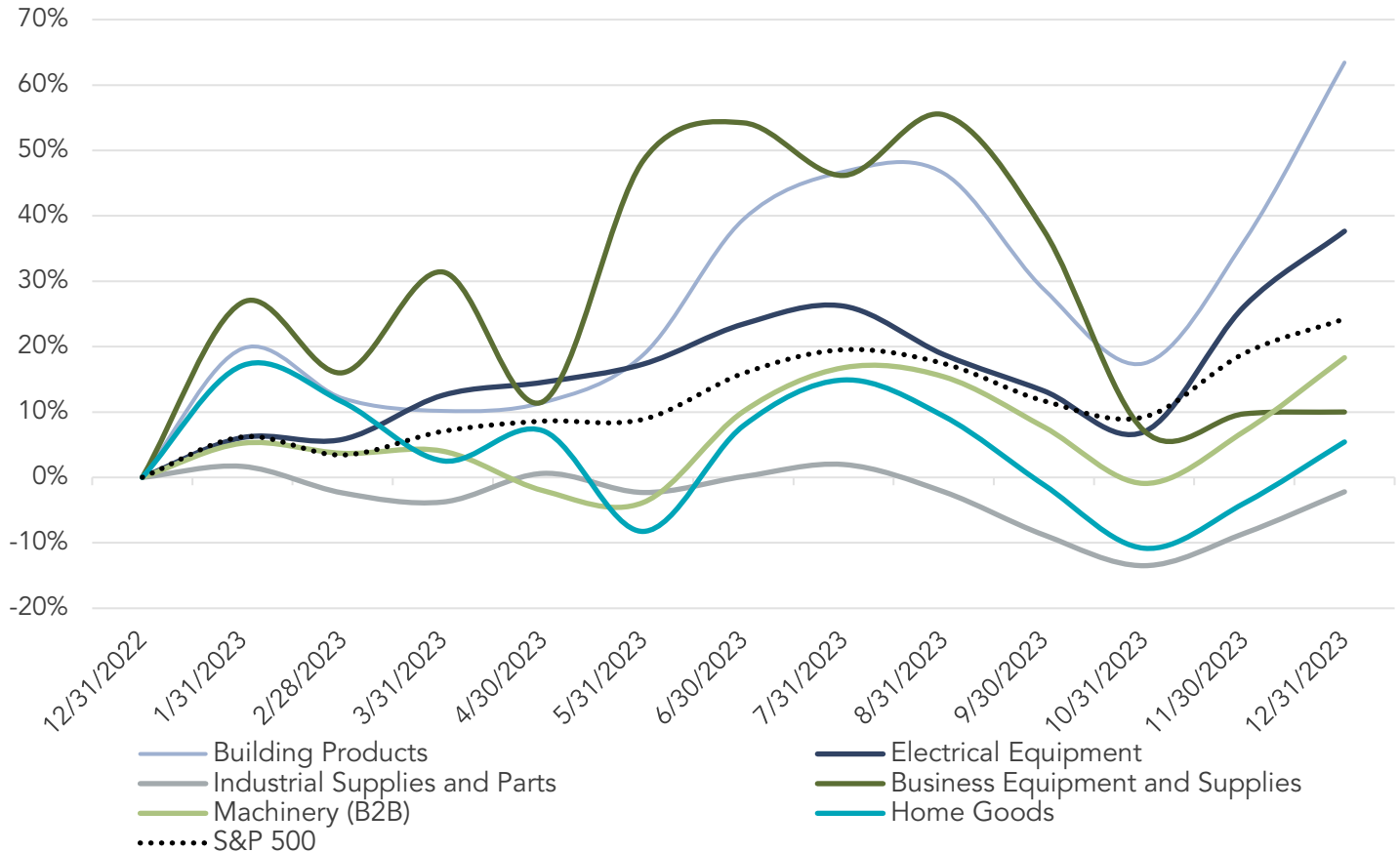


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PUBLIC BASKET

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	\$ 20,592	\$ 166.94	157.3%	157.3%	97.6%	2.0%	16.0%	1.4x	8.8x	14.0x	1.4x	9.6x
Advanced Drainage Systems	WMS	10,957	140.64	71.6%	71.6%	96.5%	5.6%	30.0%	4.2x	13.9x	23.7x	4.0x	12.3x
Mohawk Industries	MHK	6,591	103.50	1.3%	1.3%	79.2%	(1.5%)	2.1%	0.8x	NM	NM	0.8x	6.3x
Armstrong World Industries	AWI	4,344	98.32	43.3%	43.3%	98.6%	2.3%	32.8%	3.8x	11.7x	19.7x	3.7x	11.0x
Gibraltar Industries	ROCK	2,404	78.98	72.1%	72.1%	97.3%	8.0%	11.9%	1.7x	14.5x	25.7x	1.6x	10.4x
Jeld-Wen	JELD	1,609	18.88	95.6%	95.6%	95.9%	(16.1%)	7.3%	0.6x	8.2x	19.9x	0.6x	7.0x
American Woodmark	AMWD	1,488	92.85	90.0%	90.0%	98.0%	(5.1%)	13.0%	1.0x	7.4x	13.6x	1.0x	7.4x
Apogee Enterprises	APOG	1,179	53.41	20.1%	20.1%	96.9%	(4.2%)	12.7%	0.9x	7.1x	11.4x	0.9x	7.5x
Insteel Industries	IIIN	745	38.29	39.1%	39.1%	97.2%	(8.2%)	7.9%	1.0x	12.1x	23.1x	1.0x	NM
Segment Average				65.6%	65.6%	95.3%	(1.9%)	14.9%	1.7x	10.5x	18.9x	1.7x	8.9x
Segment Median				71.6%	71.6%	97.2%	(1.5%)	12.7%	1.0x	10.2x	19.8x	1.0x	8.5x

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	\$ 148,531	\$ 188.03	36.1%	36.1%	99.9%	7.4%	17.7%	2.3x	12.9x	17.8x	2.1x	NM
General Electric	GE	138,911	127.63	95.2%	95.2%	98.8%	8.7%	18.8%	2.0x	10.7x	15.0x	2.0x	13.3x
ABB (Electronic Equipment and Inst	ABBN	81,449	44.22	45.5%	45.5%	99.7%	5.4%	18.1%	2.7x	14.9x	20.9x	2.6x	13.7x
Keysight Technologies	KEYS	27,848	159.09	(7.0%)	(7.0%)	84.0%	(4.4%)	28.3%	5.0x	17.7x	26.9x	5.2x	17.6x
Hubbell (Electrical Equipment)	HUBB	17,638	328.93	40.2%	40.2%	96.7%	12.1%	21.3%	3.6x	16.6x	25.0x	3.2x	14.0x
Mersen	MRN	942	38.95	1.0%	1.0%	79.6%	7.5%	15.5%	1.0x	6.3x	11.0x	0.9x	5.4x
Bel Fuse	BELFB	848	66.77	102.8%	102.8%	96.0%	(2.5%)	15.5%	1.2x	8.0x	11.3x	1.3x	NM
Kimball Electronics	KE	670	26.95	19.3%	19.3%	85.7%	(3.3%)	6.9%	0.5x	7.1x	11.9x	0.5x	NM
Intevac	IVAC	114	4.32	(33.2%)	(33.2%)	57.3%	1.7%	NM	1.1x	NM	NM	1.1x	NM
Segment Average				33.3%	33.3%	88.6%	3.6%	17.8%	2.1x	11.8x	17.5x	2.1x	12.8x
Segment Median				36.1%	36.1%	96.0%	5.4%	17.9%	2.0x	11.8x	16.4x	2.0x	13.7x

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
Roche	ROG	\$ 233,616	\$ 289.84	(7.9%)	(7.9%)	89.2%	4.0%	30.3%	3.9x	12.8x	19.9x	3.7x	9.9x
Illinois Tool Works	ITW	78,814	261.94	18.9%	18.9%	98.8%	2.7%	28.8%	5.3x	18.5x	25.4x	5.2x	18.6x
Dover (Machinery (B2B))	DOV	21,517	153.81	13.6%	13.6%	95.7%	1.5%	20.1%	2.9x	14.3x	21.1x	2.8x	13.2x
Genuine Parts	GPC	19,417	138.50	(20.2%)	(20.2%)	76.4%	4.7%	9.0%	1.0x	11.1x	15.6x	1.0x	10.2x
Steel Dynamics	STLD	19,111	118.10	20.9%	20.9%	86.5%	(8.2%)	20.4%	1.0x	5.0x	7.5x	1.1x	8.2x
AptarGroup	ATR	8,132	123.62	12.4%	12.4%	92.4%	6.0%	18.8%	2.7x	14.2x	29.4x	2.5x	12.0x
Crane Co	CR	6,712	118.14	81.4%	81.4%	99.5%	NM	20.8%	2.8x	17.1x	26.9x	3.0x	15.8x
Worley	WOR	6,268	11.92	17.4%	17.4%	98.0%	NM	4.5%	1.0x	21.8x	253.2x	0.9x	11.5x
Hexcel	HXL	6,203	73.75	25.3%	25.3%	93.3%	12.7%	19.5%	3.9x	20.0x	39.0x	3.5x	16.5x
Allegheny Technologies	ATI	5,801	45.47	52.3%	52.3%	94.9%	5.8%	13.5%	1.9x	13.8x	22.0x	1.8x	10.9x
Materion (Industrial Supplies and Pa	MTRN	2,686	130.13	48.7%	48.7%	98.2%	5.7%	12.7%	1.9x	15.0x	25.9x	1.8x	13.2x
Barnes Group	B	1,654	32.63	(20.1%)	(20.1%)	68.9%	29.3%	13.9%	2.1x	15.3x	NM	1.6x	8.2x
Helios Technologies	HLIO	1,499	45.35	(16.7%)	(16.7%)	62.5%	2.9%	18.1%	2.4x	13.3x	28.7x	2.3x	11.3x
Segment Average				17.4%	17.4%	88.8%	6.1%	17.7%	2.5x	14.8x	42.9x	2.4x	12.3x
Segment Median				17.4%	17.4%	93.3%	4.7%	18.8%	2.4x	14.3x	25.7x	2.3x	11.5x

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	\$ 150,521	\$ 295.67	23.4%	23.4%	98.8%	0.9%	21.3%	2.7x	12.8x	16.8x	2.7x	11.4x
Applied Materials	AMAT	134,691	162.07	66.4%	66.4%	98.2%	(1.2%)	30.8%	5.0x	16.4x	20.0x	5.1x	16.8x
John Deere	DE	112,066	399.87	(6.7%)	(6.7%)	88.9%	(20.0%)	29.0%	2.8x	9.6x	11.5x	3.5x	14.4x
Illinois Tool Works	ITW	78,814	261.94	18.9%	18.9%	98.8%	2.7%	28.8%	5.3x	18.5x	25.4x	5.2x	18.6x
Segment Average				25.5%	25.5%	96.2%	(4.4%)	27.5%	4.0x	14.3x	18.4x	4.1x	15.3x
Segment Median				21.2%	21.2%	98.5%	(0.1%)	28.9%	3.9x	14.6x	18.4x	4.3x	15.6x

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
Blackberry	BB	\$ 2,079	\$ 3.55	9.2%	9.2%	61.4%	(28.1%)	NM	2.5x	NM	NM	3.5x	NM
ACCO Brands	ACCO	577	6.08	8.8%	8.8%	91.9%	0.5%	11.7%	0.8x	7.2x	10.5x	0.8x	6.3x
Segment Average				9.0%	9.0%	76.6%	(13.8%)	11.7%	1.7x	7.2x	10.5x	2.2x	6.3x
Segment Median				9.0%	9.0%	76.6%	(13.8%)	11.7%	1.7x	7.2x	10.5x	2.2x	6.3x

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	\$ 15,040	\$ 98.10	30.6%	30.6%	94.1%	(3.4%)	3.4%	1.4x	NM	NM	1.4x	13.8x
Whirlpool	WHR	6,679	121.77	(13.9%)	(13.9%)	75.8%	(12.2%)	NM	0.7x	NM	NM	0.8x	9.5x
Newell Brands	NWL	3,595	8.68	(33.6%)	(33.6%)	51.8%	(8.8%)	NM	1.1x	NM	NM	1.2x	10.1x
La-Z-Boy	LZB	1,579	36.92	61.8%	61.8%	97.2%	(1.6%)	12.9%	0.8x	6.3x	13.3x	0.8x	8.5x
LoveSac	LOVE	396	25.55	16.1%	16.1%	82.6%	7.7%	5.5%	0.8x	13.1x	20.1x	0.7x	9.1x
Purple Innovation	PRPL	109	1.03	(78.5%)	(78.5%)	15.2%	7.2%	14.6%	0.5x	3.2x	NM	0.4x	NM
Segment Average				(2.9%)	(2.9%)	69.4%	(1.9%)	9.1%	0.9x	7.6x	16.7x	0.9x	10.2x
Segment Median				1.1%	1.1%	79.2%	(2.5%)	9.2%	0.8x	6.3x	16.7x	0.8x	9.5x

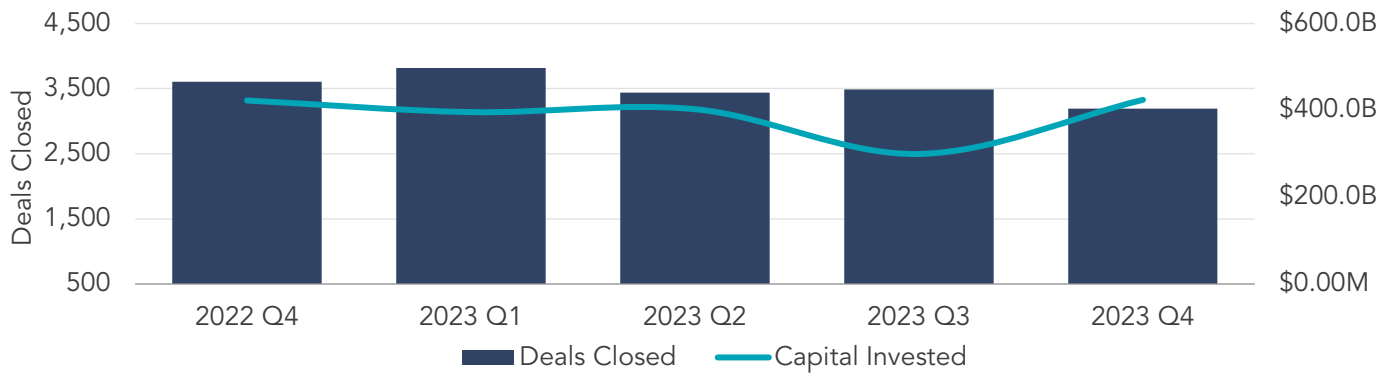
Source: Pitchbook Financial Data and Analytics



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U.S. M&A ACTIVITY SNAPSHOT

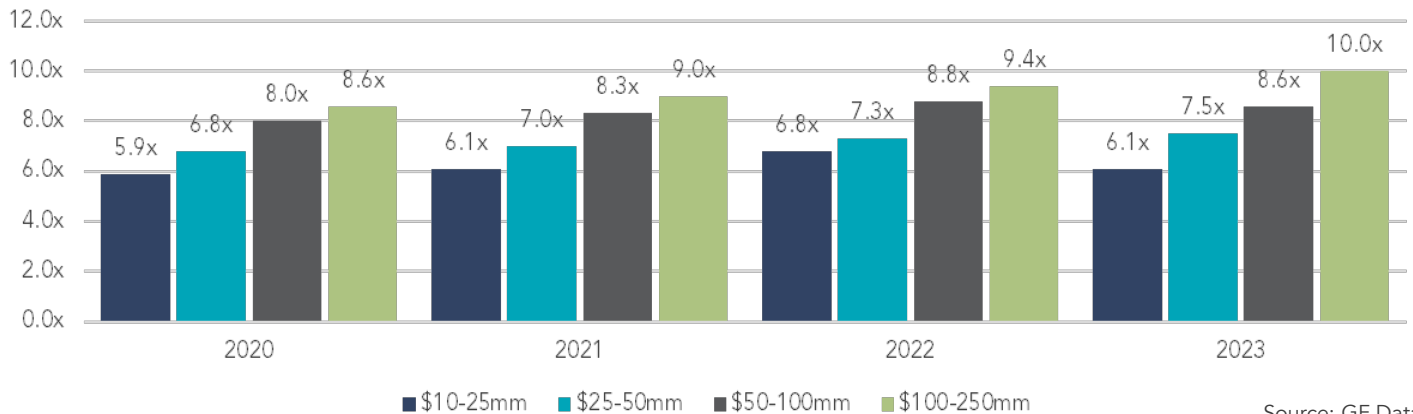
OVERALL U.S. M&A ACTIVITY



Source: PitchBook Financial Data and Analytics

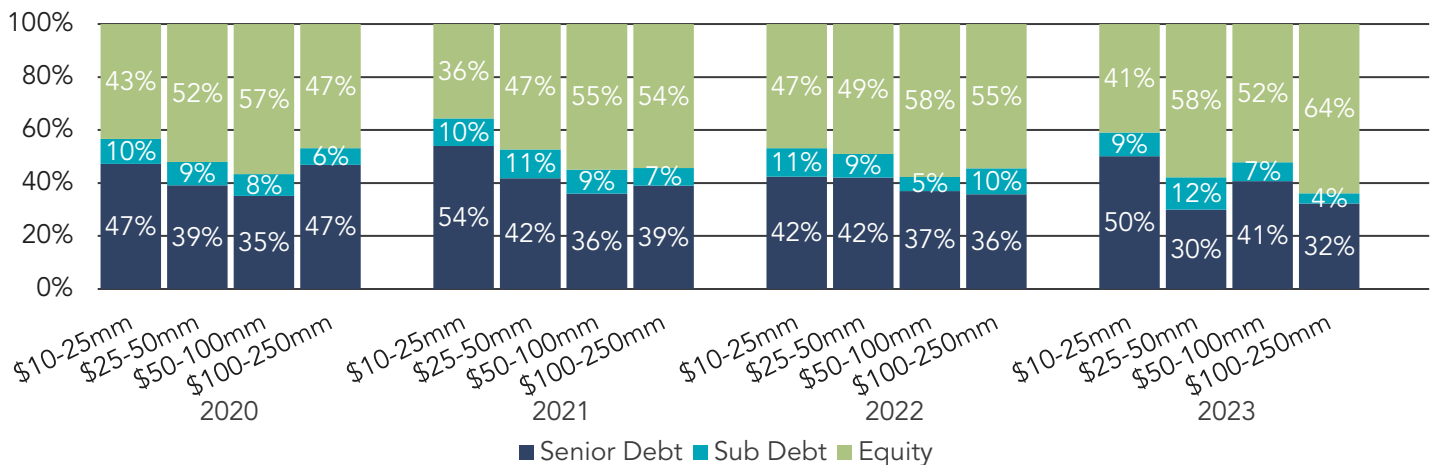
LOWER MIDDLE MARKET PRIVATE EQUITY TRANSACTION MULTIPLES

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 Nov 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

CONTACT US



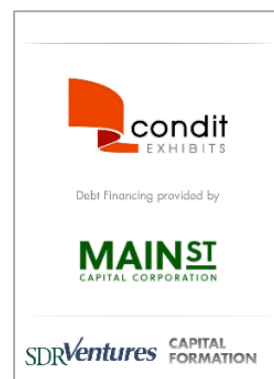
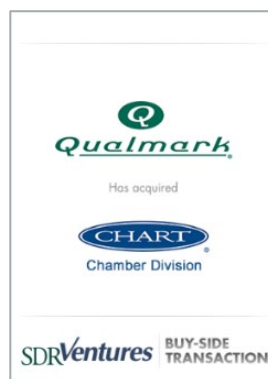
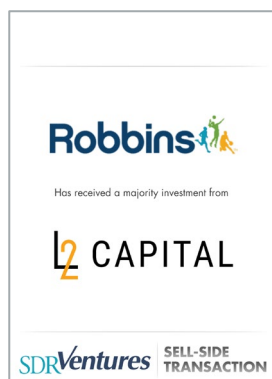
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SELECT TRANSACTION EXPERIENCE

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



SDR SERVICE OFFERINGS



SELL-SIDE ADVISORY



PRIVATE CAPITAL FORMATION



BUY-SIDE ADVISORY



STRATEGIC CONSULTING



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