

M&A in the Industrials Industry – Key Trends

Year	Total no. of transactions	Total value (\$mm)	Median TEV/Revenue	Median TEV/EBITDA
2013	1,700	133,400	1.0x	8.4x
2014	2,100	265,800	2.0x	9.8x
2015	2,200	192,400	1.1x	10.6x
2016	1,800	265,200	1.0x	10.4x

Source: Capital IQ

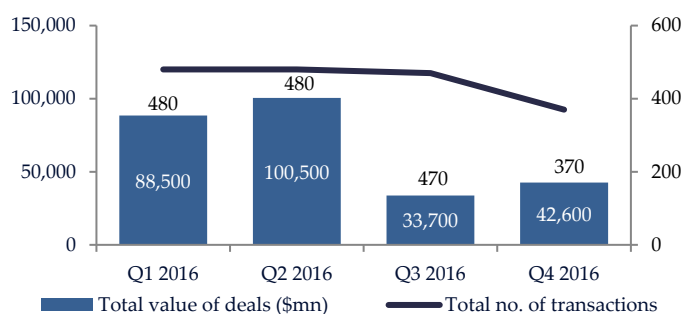
M&A in the Industrials Industry – 2016 Overview

- In 2016, M&A activity in the Industrials industry shifted towards lower number of transactions with deal value increasing 36% (\$73 billion) from 2015.
- In 2016, the total deal value in US and Canada accounted for 43% of the global deal value.
- The total number of global M&A transactions in the Industrials industry were 9,900 in 2014, 10,200 in 2015, and 8,500 in 2016, indicating a decrease of 17% from 2015 to 2016. Deals in the US and Canada accounted for 21% of the global transactions from 2014 to 2016.
- In 2016, valuation multiples for US and Canada (median TEV/Revenue of 1.0x versus global median of 1.3x and median TEV/EBITDA of 10.4x versus 10.5x) were similar to global multiples.
- TEV/EBITDA median valuation multiples have remained around 10x from 2014 to 2016.
- 20% disclosed deals in terms of transaction value.
- Industrial company executives expect flat capital expenditure, increased cost cutting and a focus on bolt-on M&A as the path to growth in 2017. (Source: Baird)

Activity Summary, Last 5 Quarters

	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Total no. of transactions	560	480	480	470	370
Total value of deals (\$mm)	46,600	88,500	100,500	33,700	42,600
Average deal size (\$mm)	370	940	880	440	550
Median deal size (\$mm)	18	32	39	66	46
Median Revenue Multiple	1.5x	0.7x	1.0x	1.2x	1.3x
Median EBITDA Multiple	11.1x	10.8x	9.6x	9.9x	11.4x
Mid-market deals, % of total	90%	91%	84%	86%	84%

Source: Capital IQ

Activity Summary Chart, Last 4 Quarters

Deal Breakdown by Type of Buyer in 2016

Type of Buyer	No. of deals	Disclosed deals	Total value (\$mm)	Avg. transaction value (\$mm)	Median TEV/Revenue	Median TEV/EBITDA
Strategic Buyer	1,511	306	244,100	800	1.0x	10.3x
Financial Buyer	207	36	10,900	300	0.8x	9.8x
Both	4	1	3,700	3,700	1.0x	11.3x
Not available	68	19	6,500	340	26.5x	n/a

Source: Capital IQ

Middle Market Deals in 2016

Deal breakdown by size (\$mm)	No. of deals	Total value (\$mm)	Avg. transaction value (\$mm)	Median TEV/Revenue	Median TEV/EBITDA
\$0 - \$50	196	2,500	13	0.7x	7.2x
\$50 - \$250	85	10,500	123	1.2x	9.4x
\$250 - \$500	32	11,900	371	1.2x	14.3x

Source: Capital IQ

10 Notable Industrials Transactions in 2016

Closed date	Target/Issuer	Buyers/Investors	Transaction value (\$mm)	Implied EV/Revenue	Implied EV/EBITDA
January 29	Precision Castparts Corp.	Berkshire Hathaway Inc. (NYSE:BRK.A)	37,900	3.7x	13.9x
April 15	Jarden Corp.	Newell Brands Inc. (NYSE:NWL)	19,000	2.1x	20.0x
April 01	Cameron International Corporation	Schlumberger Limited (NYSE:SLB)	16,600	1.5x	8.9x

March 03	Keurig Green Mountain, Inc.	Acorn Holdings B.V.	14,300	3.1x	13.3x
May 23	Airgas, Inc.	Air Liquide SA (ENXTPA:AI)	13,500	2.5x	13.7x
March 23	Pepco Holdings, Inc.	Exelon Energy Delivery Company, LLC	12,600	2.6x	10.3x
May 02	The ADT Corporation	Protection 1, Inc.	12,500	3.5x	6.8x
July 01	Southern Company Gas	The Southern Company (NYSE:SO)	12,000	2.7x	9.8x
May 02	KYOCERA SGS Precision Tools, Inc.	Kyocera Corporation (TSE:6971)	9,000	n/a	n/a
January 04	Towers Watson & Co.	Willis Towers Watson Public Limited Company (NasdaqGS:WLTW)	8,700	2.2x	11.0x

Source: Capital IQ