

FLUID HANDLING INDUSTRY M&A TRANSACTIONS UPDATE

Fluid Handling Industry M&A Update

May 2019

This is a report on merger and acquisition transactions for manufacturers, distributors and service providers of dynamic (rotating or reciprocating) fluid handling equipment and related products for industrial, commercial and residential markets.

This report is provided by Global Equity Consulting and City Capital Advisors. We provide merger and acquisition and strategic advisory services including buy-side and sell-side representation, debt and equity capital formation, leveraged buyouts and ownership recapitalizations with a focus on the fluid handling industry.

[Fluid Handling Industry M&A Activity at a Glance](#)

Q1 activity is strong

Corporate portfolio adjustments and PE drive Q1 2019 M&A activity

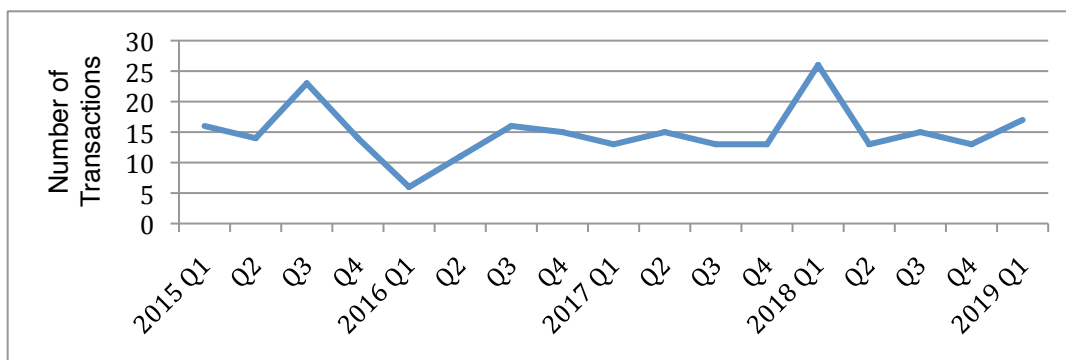
Water remains the primary target end-use market

Valuations – remain steady at a high level

Q2 starts with an active April and early May

[Q1 Activity at a High Level](#)

The M&A activity in the fluid handling industry started the year with a strong level of activity by historical standards - up over 17% with 17 transactions in Q1 vs. an average of 14.5 Q1 transactions going back to 2011. While it is well below the near record level of 26 transactions in Q1 2018, Q1 2019 is highest level of deal activity going back to Q3 2015.



[Corporate Portfolio Adjustments and PE Drive Q1 2019 M&A Activity](#)

As anticipated, companies are taking advantage of the favorable M&A market conditions to review their portfolios and to increase their focus on their core strategies.

Ingersoll-Rand entered an agreement to acquire **Precision Flow Systems** from **BC Partners Advisors and the Carlyle Group** in a transaction valued at \$1.45 billion and then sells their Industrial division, including the pending PFS transaction to **Gardner Denver** in a transaction valued at \$7.7 billion, creating an increased focus as a pure play climate solutions company while Gardner Denver becomes a \$6.6 billion (pro forma) revenue flow creation and industrial business.

Weir Group is selling their flow control business, which serves the power and downstream oil and gas markets, to private equity firm **First Reserve** for \$358 million. This will enable Weir to increase their focus on the after-market dominated end-use markets of mining and upstream oil and gas production.

Dover Corp divested **Finder Pompe** to **Gruppo Aturia, part of WPII India** and acquired **All-Flo Pump Company**. Together the moves reduce Dover's exposure to the upstream energy markets while strengthening their AODD (air operated double-diaphragm) pump portfolio and expanding its geographic and channel reach.

Thompson Pump & Manufacturing sold their rental assets and related operations to **United Rentals** in order to invest in and grow its core pump manufacturing operations. Thompson provides pumps for dewatering, sewer bypass, wastewater management and other applications for public works, construction, oil and gas and mining end-use markets.

Colfax Corporation announced they are selling their **Air and Gas Handling business** to **KPS Capital Partners**. This transaction follows the sale of the Colfax Fluid Handling business in 2018 and the acquisition of DJO Global (medical technology) in Q1 2019. According to the company this completes their strategic realignment to diversify their end-market exposure, reduce cyclicality, and increase profitability. It will also enable Colfax to pursue bolt on acquisitions their Medical Technology and Fabrication Technology segments.

SPX Flow Inc has announced their plan to sell their \$500 million annual revenue power and energy business consisting engineered pumps, valves and filtration technology. The sale will enable SPX Flow to focus on building its process solutions enterprise currently consisting of its Food and Beverage and industrial segments as well as their Bran+Luebbe metering pump product line.

[Private Equity Continued to be Active in the Fluid Handling Industry in Q1](#)

May River Capital, together with **Longview Asset Management** and **Knox Capital Holdings** merged Connecticut based pump manufactures **Stancor LP** and **BJM Pumps LLC**. The merged companies will be part of May River Capital portfolio company **Industrial Flow Solutions**. In Q1 May River also announced their acquisition of **Marion Process Solutions** a manufacturer of industrial mixers and blenders.

Genstar Capital acquired major industrial distributor **Ohio Transmission Corporation (OTC)** from **Irving Capital**. OTC serves over 13,000 customers in a variety of end-use markets including transportation, industrial machinery, metals, chemicals and food and beverage from 38 branch locations. OTC has completed 16 acquisitions since 2010.

Silverfleet Capital portfolio company **Pumpenfabrik Wangen GmbH** is acquiring the Hygienic Progressing Cavity Pumps (MX range) division of **Knoll Maschinenbau GmbH**.

Carousel Capital based in Charlotte NC acquired **Pelham (Birmingham)** Alabama based **Process Barron**, a provider of air and material handling equipment from the **Sterling Group**. **Process Barron** (formerly **Process Equipment**) manufactures and installs process fans and material handling systems for the pulp and paper, power, steel, cement, food and agricultural sectors.

PumpMan Holdings LLC, a provider of pump systems and on-site maintenance and repair services for commercial, industrial and municipal water pump systems, completed its tenth acquisition since becoming a portfolio company of **Soundcore Capital Partners** in 2016. In April **PumpMan** announced the completion of its acquisition of Astoria NY based **ABC Electric Corp.** who provides service and repair for electric motors, variable frequency drives and electro-mechanical controls.

XPV Water Partners, a growth equity investor based in Toronto Canada and focused on investing in companies related to the treatment and management of the world's water resources, has invested in **Holland Pump Company**. **Holland** is a specialty pump rental and dewatering solutions provider in the United States.

[Water Remains the Primary Target End-Use Market](#)

Over the recent years water and wastewater have become the primary target end-use market

Year	Total Transactions	Water Focused	Percentage
2016	48	7	14.6%
2017	54	17	31.5%
2018	67	17	25.4%
2019 Q1	17	9	52.9%

Valuations – remain steady at a high level

The disclosed transaction values remain steady at a high level despite more uncertainty heading in to 2019 vs. 2018.

Transaction	Revenue*	EBITDA*	Value *	EV/Rev	EV/EBITDA
Colfax Corp divests Air and Gas Handling	\$1,414	\$200	\$1,800	1.3	9.0
Dover Corp divests Finder Pompe	\$30		\$24	0.8	
Franklin Electric acquires Milan Supply	\$22		\$5.9	0.3	
Gardner Denver acquires I-R Industrial Div	\$3,800	\$700	\$7,700	2.0	11.0
Ingersoll-Rand acquires Precision Flow Systems	\$400		\$1,450	3.6	
ITT acquires Rheinhütte Pumpen Group	\$66		\$92	1.4	
Pentair acquires Aquion	\$72		\$160	2.2	
Pentair acquires Pelican Water Systems	\$38		\$120	3.2	
Valmet Oyj acquires GL&V Inc.	\$182		\$128	0.7	
Weir Group divests Flow Control Division	\$446	\$33.8	\$358	0.8	10.6

* Millions USD

Q2 activity starts with a strong April and early May

At the midpoint of Q2 we are showing eleven announced transactions which when combined with the strong level of activity in Q1 indicate a strong first half of deal activity with valuations remaining at a high level.

Contact Information

Thomas E. Haan

Global Equity Consulting, LLC • City Capital Advisors, LLC

Phone 269 385 5186

Email thaan@GlobalEquityConsulting.net

229 E. Michigan Ave. 245B

Kalamazoo, MI 49007