

Intelligent Infrastructure Commentary

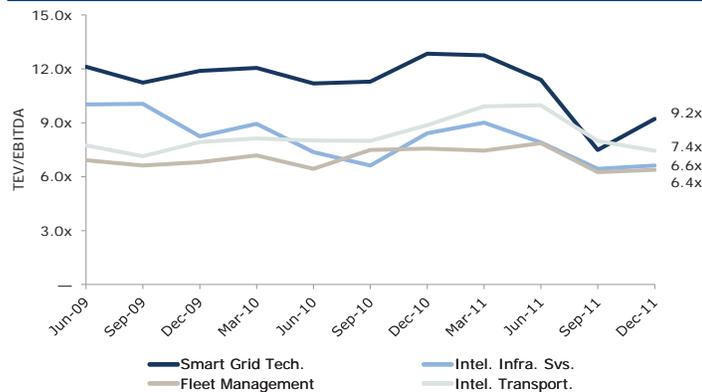
December 2011

Closing the year on a muted note, 35 transactions were announced in the Intelligent Infrastructure sector in December. Though deal volume was modest, three acquisitions surpassed the \$100 million threshold, indicating that companies are making bold moves to position themselves strategically for 2012. Badger Meter purchased Racine Federated to broaden its range of flow measurement technologies, products and capabilities, a strategic goal it had established in October. United Technologies continued its push in the building management market with the acquisition of Sauter Race Technologies by its subsidiary, Carrier. The combination of Carrier's HVACR products with Sauter Race's extensive building management systems will provide United Technologies with an end-to-end solution for building automation, workforce management and safety and security. Following its failed transaction with Boer Power from October, SMB United reacted warmly to a tender offer from Osaki Electric for its switchgear, energy meter and building management technology business which resulted in a 23% premium over the previously proposed Boer Power deal.

On the smart grid front, Linear Technology acquired low-power wireless sensor developer Dust Networks which will add remote monitoring functionality to its industrial instrumentation and power management products. Gemalto, a digital security company, acquired SensorLogic, a cloud based platform for M2M applications that leverage the expanding universe of connected devices. This acquisition should help Gemalto drive end-user adoption of its Cinterion branded machine-to-machine (M2M) devices. As intelligent infrastructure continues to develop in the areas of asset tracking, telematics and equipment monitoring, Gemalto has now developed a solution that takes the complexity out of M2M deployment and utilization. Siemens Energy pushed boldly into the meter data management space with its acquisition of eMeter, placing it in competition with software from Oracle and SAP. The software behind eMeter is designed to integrate disparate usage data reported by grid equipment with the back-end systems of utilities, streamlining operations and increasing demand visibility.

With transactions spanning the monitoring, transmission and analysis of remote data, smart grid technology and services continue to be a hotbed for strategic activity. We anticipate further consolidation as large players in the technology, telecommunications, energy and industrial sectors establish their strategies and jostle for position in the rapidly developing smart grid market. The sector is poised for an eventful year, particularly with continued rumors of a potential sale of metering infrastructure giant Sensus. We look forward to closely monitoring the market developments and shifting landscape that 2012 will bring.

Intelligent Infrastructure Valuation Environment



Intelligent Infrastructure M&A Transaction Volume



Intelligent Infrastructure M&A

Badger Meter, the developer of flow measurement and control products whose interest in water meter reading technology acquisitions we discussed in the October 2011 report, announced its \$57.3 million acquisition of **Racine Federated**, a manufacturer of flow meters primarily for the water industry

Carrier, a subsidiary of **United Technologies**, acquired Indian building automation and management systems company **Sauter Race Technologies** to expand its presence in the subcontinent and broaden its end-to-end building management solutions

Osaki Electric announced a \$150.7 million tender offer for switchgear and building management technology developer **SMB United**, vindicating the rejection by SMB of a \$122.5 million bid by **Boer Power** in October 2011

Linear Technology bolstered its remote monitoring solution by acquiring **Dust Networks**, whose low-power wireless sensor network technology will complement Linear's industrial instrumentation and power management integrated circuits

Dutch digital security specialist **Gemalto**, the parent company of M2M device provider **Cinterion**, acquired U.S. based M2M service delivery platform **SensorLogic** to provide end-to-end support for deployments of asset tracking, monitoring and telematics systems

Siemens acquired **eMeter**, a designer of innovative two-way water, gas and electricity meters and monitoring and analytics software that provide utilities with streamlined operations and consumer demand insight

Intelligent Infrastructure News

DRI Corporation, whose stock price has fallen 84% in the past two years, completed its delisting from NASDAQ and has been removed from our Intelligent Transportation index

To address utilities' plans to meet the EU's directive targeting 80% smart meter penetration by 2020, **Itron** announced a partnership agreement with **Panasonic** to integrate ultrasonic meter sensor technology into Itron's data collection solution

TM Capital has ongoing relationships with many of the companies mentioned above. If your company is considering potential strategic initiatives and is interested in learning more about additional M&A opportunities, contact Bradford Adams at 617.259.2203 or badams@tmcapital.com.

Providing Intelligent Infrastructure M&A Advisory Services on a Global Scale



- Navigation Capital Partners (NCP) is a leading, Atlanta-based Private Equity firm that invests across the United States in niche manufacturing, distribution and business services companies with \$20 to \$200 million in revenue
- NCP chose to team with an experienced executive-in-residence to build an industry leading platform in the Intelligent Infrastructure sector
- NCP retained TM Capital to act as its exclusive buy-side advisor, helping to refine its acquisition strategy, identify potential targets and qualify opportunities via a comprehensive contact program
- TM Capital advised NCP in its acquisition of Specialized Technical Services, a provider of contract meter reading, Advanced Metering Infrastructure (AMI)-meter change outs and deployments, Automated Meter Reading (AMR), meter retrofits, lab services and a variety of related data management services
- TM Capital advised NCP in its follow-up acquisition of LEPS Service, a provider of metering, SCADA, communications, GPS/GIS and data management services for the electric utility industry throughout the Southeastern US
- STS and LEPS Service were combined to form Metadigm Services, whose mission is to become a leading provider of services and technology solutions for public and private utilities moving towards a smart grid infrastructure

- Telvent GIT, S.A. (NASDAQ: TLVT), headquartered in Spain, is a global provider of real-time information technology solutions to energy, transportation, environmental and public administration markets
- Telvent retained TM Capital and our M&A International partner, Closa Corporate Finance, to identify and pursue acquisition targets to expand its traffic and transportation business
- TM Capital's cross-border expertise and industry intelligence were leveraged to identify several strategic targets to accelerate Telvent's global expansion strategy
- TM Capital advised Telvent in its acquisition of Farradyne, a Parsons Brinckerhoff business, a traffic IT consulting and integration company specializing in the planning, deploying, integrating and marketing of Intelligent Transportation Systems
- With its 27 offices in 19 states in the US and a reputation for high-end IT traffic solutions, Farradyne was the best fit for Telvent's North American expansion strategy
- TM Capital advised Telvent in completing the acquisition of Caseta Technologies, a provider of end-to-end, in-lane and plaza/host electronic toll collections systems
- The acquisition of Caseta further strengthens Telvent's position as a major supplier of electronic toll collection and intelligent transportation systems in the US, as well as globally

About TM Capital

TM Capital Corp. is an independent investment banking firm based in New York, Boston and Atlanta, which has completed over 200 mergers, acquisitions and financings with a combined value of \$12 billion. Since 1989, TM Capital has advised clients navigating a wide range of complex mergers, acquisitions, financings, restructurings, and other critical strategic and financial transactions. We have built deep industry expertise in key sectors and our team regularly publishes research highlighting current and emerging trends in targeted industries and markets. TM Capital is a member firm of M&A International Inc., the world's leading alliance of mid-market investment banks with over 500 professionals operating in every major financial center. Member firms have closed over 1,400 transactions worth more than \$85 billion in the past five years. For more information, visit www.tmcapital.com.

TM Capital's Intelligent Infrastructure Practice

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