

TM Capital Observations from the IBS Builders Show in Las Vegas

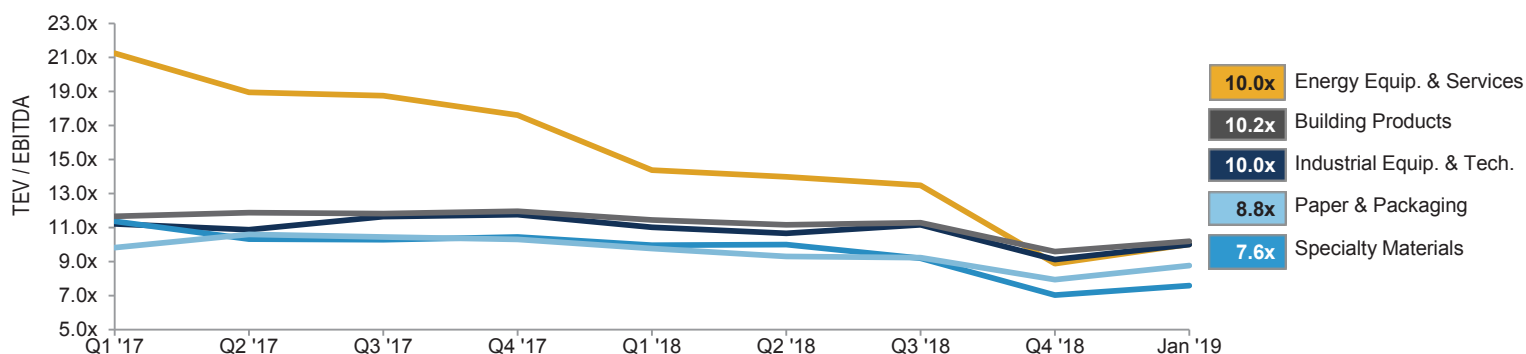
TM Capital attended last week's IBS builders show in Las Vegas and had the following observations:

- **Conference very well attended but without much of the optimism of prior years.**
- **Financial sponsors are seeing uneven deal flow from bankers which they attribute to concerns about valuations.**
- **Developers of software to manage housing design, monitor construction projects and ancillary services represented the largest growth in exhibitors relative to last year.**
- **Expectations of a continued slowdown in housing market activity remain, even as interest rate hikes abate.**
 - Housing affordability levels continue to fall and are now at levels seen in 2004; in this cycle, affordability peaked in 2012.
 - Affordability level especially weak for new construction.
 - Single family home sales have fallen from their 2016-2017 levels and are expected to plateau; they remain at 1998 levels.
 - Limited growth in single family starts with current levels 133% above 2009 trough; by contrast, multifamily starts have recovered to pre-recession levels 335% above 2009 trough.
- **Positive signs**
 - Growth in residential remodeling activity remains strong, even if somewhat modulated.
 - Unemployment remains low as do inflation and mortgage rates.
 - Construction costs (excluding labor) expected to fall.

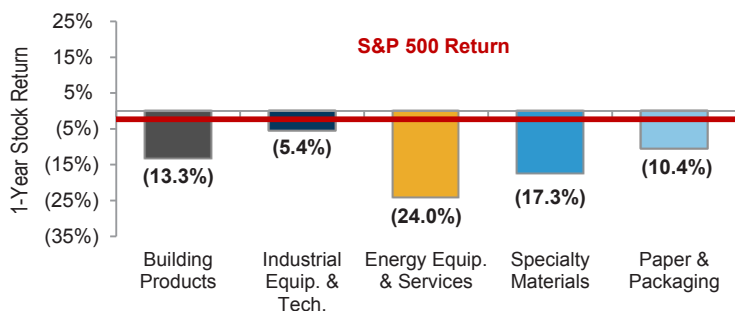
Industrial Headline Transactions

	Target	Acquirer	Acquisition Synopsis
Building Products			<ul style="list-style-type: none"> ▪ Investindustrial, an Italy-based private equity firm, entered into a definitive agreement to acquire Jacuzzi Brands ▪ Jacuzzi Brands is a manufacturer of premium spas, swim spas, whirlpool, soaker & walk-in bathtubs and related bathroom products & accessories
Industrial Equipment & Technology			<ul style="list-style-type: none"> ▪ Pentair, a provider of water treatment solutions, entered into a definitive agreement to acquire Aquion for \$160 million ▪ Aquion is a provider of water conditioners, water filters, drinking-water purifiers, ozone and ultraviolet disinfection systems, reverse osmosis systems and acid neutralizers ▪ Implied Enterprise Value Multiple: Revenue: 2.2x
Energy Equipment & Services			<ul style="list-style-type: none"> ▪ Shawcor, a Toronto-based provider of products and services for pipeline, pipe services, petrochemical and industrial segments of the energy industry, entered into a definitive agreement to acquire ZCL Composites for \$233 million ▪ ZCL Composites is an Alberta-based provider of fiberglass reinforced plastic underground storage tanks
Specialty Materials			<ul style="list-style-type: none"> ▪ Entegris, a provider of specialty chemicals and advanced materials solutions for the microelectronics industry, agreed to merge with Versum Materials in a transaction with an enterprise value of approximately \$9 billion ▪ Versum Materials is a specialty materials company providing high-purity chemicals and gases, delivery systems, services and materials expertise
Paper & Packaging			<ul style="list-style-type: none"> ▪ Oliver Printing & Packaging, a provider of highly customized folding carton packaging and premium marketing collateral, acquired DISC Graphics ▪ DISC Graphics is a manufacturer of folding carton packaging, micro-fluted corrugated boxes and pressure sensitive labels

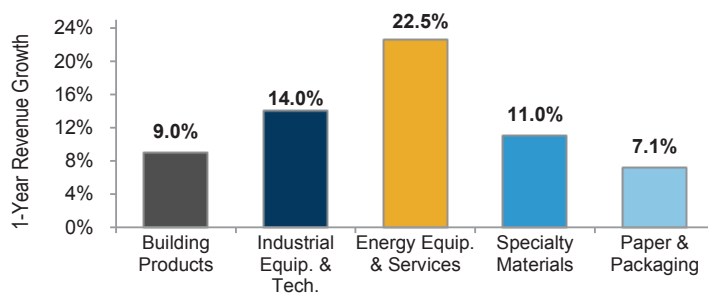
EBITDA Multiples Over Time



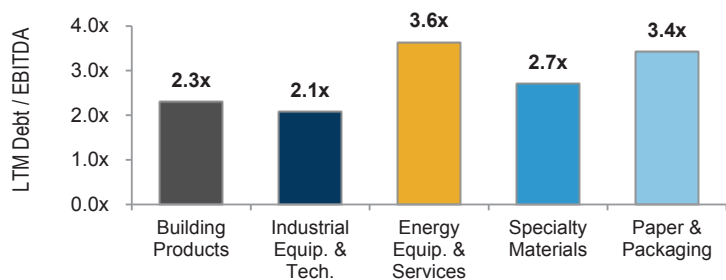
1-Year Stock Returns



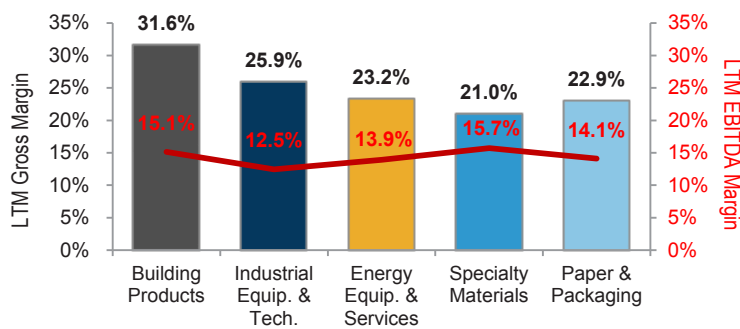
1-Year Revenue Growth



Leverage Multiples



Gross & EBITDA Margins



Note: EBITDA Margins in red

Selected Building Products Transactions

Target	Acquiror	Transaction Description
Architectural Components Group	Armstrong World Industries	Armstrong World Industries, a provider of commercial and residential ceiling, wall and suspension system solutions, entered into an agreement to acquire Architectural Components, a provider of custom wood ceiling and wall solutions
T.A.C. Ceramic Tile	Select Interior Concepts	Select Interior Concepts, a diversified building products and services company focused on interior products, acquired T.A.C. Ceramic Tile, an installer of residential and light commercial flooring
Eagle Creek Siding & Mud Bay Manufacturing	Homewood Holdings	Homewood Holdings, a provider of lumber and building materials, acquired Eagle Creek Siding (installer of exterior siding) and Mud Bay (manufacturer of wood building products, siding accessories, structural supports and exterior details)

Selected Energy Equip. & Services Transactions

Target	Acquiror	Transaction Description
CIRCOR International (Reliability Services Division)	RelaDyne	RelaDyne, a distributor of lubricants, fuels, diesel exhaust fluids, filtration and chemical and cleaning products, acquired CIRCOR International's Reliability Services division, a provider of lubrication & flushing services and oil misting equipment for \$85 million
Essentra (Pipe Protection Technologies Business)	National Oilwell Varco	National Oilwell Varco, a provider of equipment and components used in oil & gas drilling and production operations, acquired Essentra's pipe protection technologies business for \$48 million
Vantage Safety Services	Total Safety	Total Safety, a provider of integrated industrial safety services, equipment and compliance solutions, acquired Vantage Safety, an Alberta-based full-service industrial safety company providing services to all segments of the oil & gas industry

Selected Paper & Packaging Transactions

Target	Acquiror	Transaction Description
Frisiapack	Oerlemans Packaging Group	Oerlemans Packaging Group, a Netherlands-based provider of flexible packaging, acquired Frisiapack, a Netherlands-based supplier of stretch sleeves for packaging
Pacific Bag	TricorBraun	TricorBraun, a manufacturer of rigid packaging solutions, acquired Pacific Bag, a distributor of flexible packaging
Crosslantic Capital	HAKLE	Crosslantic Capital, a Germany-based private equity firm, acquired HAKLE, a Germany-based manufacturer of tissue paper

Selected Industrial Equip. & Tech. Transactions

Target	Acquiror	Transaction Description
UQM Technologies	Danfoss	Danfoss, a Denmark-based manufacturer of hydraulic systems, drives, motors and components, entered into a definitive merger agreement with UQM Technologies, a provider of turnkey electric propulsion & generation systems for \$100 million
Megawatt Machine Services	Anvil International	Anvil International, a provider of products that connect, hang and support piping systems, acquired Megawatt Machine Services, a provider of maintenance services and replacement components for valves
Marion Process Solutions	May River Capital	May River Capital, a Chicago-based private equity firm, acquired Marion Process Solutions, a manufacturer of industrial mixers and blenders


Selected Specialty Materials Transactions

Target	Acquiror	Transaction Description
Hemmelrath Lackfabrik	PPG Industries	PPG, a supplier of paints, coatings and specialty materials, entered into a definitive agreement to acquire Hemmelrath, a Germany-based manufacturer of automotive coatings
Allcolour Paint	Cloverdale Paint	Cloverdale Paint, a British Columbia-based provider of paints, coatings and related products, acquired Allcolour Paint, an Ontario-based provider of light industrial and heavy-duty industrial coatings
Polymer Ventures (Automotive Paint Detackification Business)	Chemetall	Chemetall, a provider of surface treatment solutions operating in BASF's Coatings division, acquired Polymer Venture's automotive paint detackification business

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Selected TM Capital Industrial Experience




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