



MERGERS, ACQUISITIONS, AND
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INDUSTRIALS

FIRST QUARTER

2019

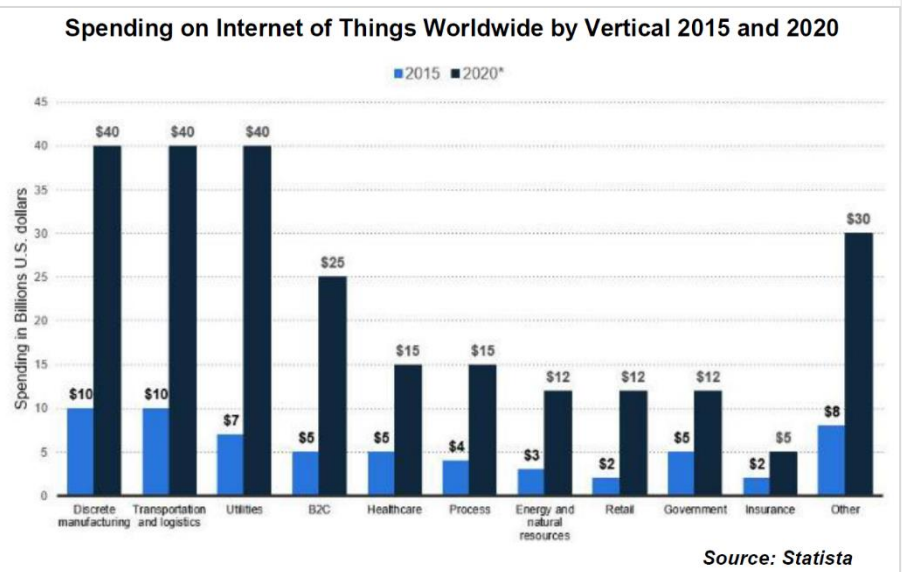
The Industrials Practice Group draws on the experience of CFA dealmakers, who as former business owners, CEOs, and industry professionals, have first-hand knowledge and have completed many transactions in sectors throughout the Industrials category. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.

Industrials M&A

M&A activity for North American based target companies in the Industrials sector for Q4 2018 included 117 closed deals, according to data published by industry data tracker *FactSet*.

One of the notable middle market transactions closed in October when Nine Energy Service, Inc. acquired Magnum Oil Tools International Ltd for US\$507.1 million in cash, stock and contingent payout. The transaction enhances Nine Energy Service's portfolio of pipe business. It offers flag plugs, magnum disks, setting tools, composite cement retainers, floatation devices and more. Magnum Oil Tools International is located in Corpus Christi, Texas and manufactures downhole products.

As industrial businesses rely on technology more the use of IOT technology has gained prominence.



Transactional Overview

Notable closed lower middle market transactions for the period in the Industrials sector include:

October 2018 - Forum Energy Technologies, Inc. acquired Houston Global Heat Transfer LLC, a portfolio company of Pelican Energy Partners, for US\$52 million in cash with an undisclosed amount in contingent payout. Forum Energy Technologies is a global oilfield products company. Houston Global Heat Transfer is an American company located in Houston, TX. The firm manufactures power boiler and heat exchangers.

December 2018 - Allied Motion Technologies, Inc. acquired TCI LLC, a portfolio company of Centerfield Capital Partners and Prism Capital Corp, for US\$64.1 million in cash. Allied Motion Technologies engages in the provision of motion control products, marketed to original equipment manufacturers and end users.

TCI engages in the manufacturing of magnetic and electronic products. It offers harmonic, global, motor protection, power factor correction and high frequency noise solutions and legacy and 50 Hz products. The company was founded in 1961 and is headquartered in Germantown, WI.

December 2018 - Gardner Denver Holdings, Inc. acquired MP Pumps, Inc., a portfolio company of Lionheart Ventures and Spring Capital Partners, for US\$58 million in cash. Gardner Denver Holdings is a provider of flow control and compression equipment and associated aftermarket parts, consumables and services to industrial, energy and medical industries. MP Pumps manufactures industrial pumps. The company was founded in 1942 and is headquartered in Fraser, MI.

Selected Q1 Transactions	
Target/Issuer	Buyers/Investors
Imperial Blades LLC	Milwaukee Electric Tool Corp.
Cooper Instruments & Systems	Group Four Transducers, Inc.
4D Technology Corp.	Nanometrics, Inc.
Electro Scientific Industries, Inc.	MKS Instruments, Inc.
3rd Dimension Industrial 3D Printing Co.	Generation Growth Capital, Inc.
AAIM Controls, Inc.	Danfoss A/S
K-Fab, Inc. (California)	Gladstone Management Corp.; Danco Machine DPMS, Inc.
MP Pumps, Inc.	Gardner Denver Holdings, Inc.

Industry Update

US factories enjoyed broad-based production growth at the end of 2018, which could mean that robust consumer demand is offsetting reduced exports, according to The Wall Street Journal. US manufacturing output increased 3.4% in December 2018 compared to the same period a year earlier, and growth was strong in many major segments of the manufacturing sector. Led by motor vehicles and parts, production of transportation equipment jumped 7% in December compared to year-earlier levels. Output of fabricated metal products and machinery each increased nearly 5%. Chemical production rose 3.6%, while output of food, beverage, and tobacco products saw a 1.1% rise. Other manufacturing segments experiencing December production growth included appliances, clothing, and paper products. While US manufacturing production grew steadily for most of 2018, many industry watchers expect a slowdown in 2019 amid more sluggish global economic growth and the ongoing trade dispute with China.

Industry Indicators

- Total US manufacturers' shipments, which indicate manufacturing sector activity, rose 7.6% year-to-date in October 2018 compared to the same period in 2017.
- The spot price of crude oil, which indicates energy prices paid by manufacturers, fell 19.7% in the week ending January 11, 2019, compared to the same week in 2018.
- US steel mill product prices, an indicator of commodity steel costs for manufacturers, rose 18.5% in December 2018 compared to the same month in 2017.

The Industrials Practice Group is a multi-disciplinary group of investment banking advisors within Corporate Finance Associates. Collectively, the Industrials Practice Group provides M&A advice to public and private companies in all sectors of the industrials, including international freight forwarders, warehouse management technology and both domestic and international 3PL operations. For information on mergers, acquisitions, divestitures, recapitalizations, joint ventures or financial resources, contact your local Corporate Finance Associates office.

