

INDUSTRIALS

SECOND QUARTER

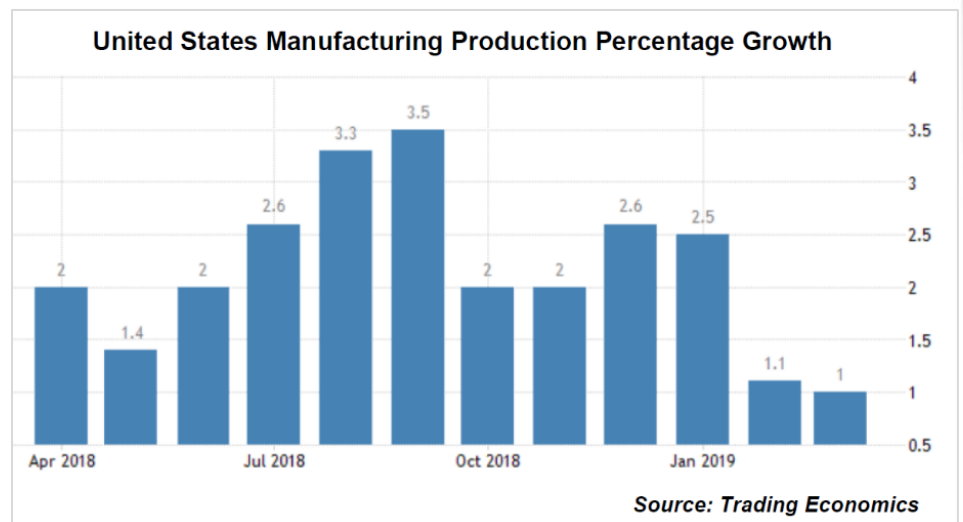
2019

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 Q1 2019 included 503 closed deals, according to data published by industry data tracker *FactSet*.

One of the notable middle market transactions was announced in February when The Toro Co. acquired Charles Machine Works, Inc. for US\$700 million in cash. The acquisition includes Ditch Witch and several other brands within the underground construction market. Funding for the transaction was provided through Toro Co's existing credit facility provided by JP Morgan and Merrill, Lynch, Pierce, Fenner & Smith. The acquisition would allow The Toro Co to further enhance its existing business portfolio of brands within the industry.



Manufacturing production in the United States increased 1 percent year-over-year in March 2019, following an upwardly revised 1.1 percent rise in the previous month.

Transactional Overview

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

March 2019 - South Africa-based Murray & Roberts Cementation Ltd, a subsidiary of Murray & Roberts Holdings Ltd, acquired Terra Nova Technologies, Inc. from John Wood Group Plc, for US\$38 million in cash. Murray & Roberts Cementation operates as an engineering contracting and construction services company. Terra Nova Technologies manufactures and supplies conveying and material handling systems. It also provides consulting and training, spare parts supply and maintenance services. The company was founded in 1997 and is headquartered in Santee, CA.



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March 2019 - Vesuvius USA Corp, a subsidiary of UK-based Vesuvius Plc, acquired CCPI Inc., a portfolio company of Prospect Capital Management LP, for US\$43.4 million in cash. Vesuvius USA Corp. manufactures and delivers refractory products. CCPI, Inc. manufactures thermocouples and temperature measurement products. The firms jointly serve the aluminum and steel industries. CCPI was founded in 1957 and is headquartered in Blanchester, OH.

Selected Q2 Transactions	
Target/Issuer	Buyers/Investors
Terra Nova Technologies, Inc.	Murray & Roberts Cementation Ltd.
Process Equipment, Inc. (Alabama)	Carousel Capital Partners
Thermal Solutions Manufacturing, Inc.	Altus Capital Partners, Inc.
The Charles Machine Works, Inc.	The Toro Co.
Hoist Liftruck Mfg. LLC	Toyota Industries North America, Inc.
Ringers Technologies LLC	Ansell Ltd.
Boss Industries LLC	Wynnchurch Capital LLC
Parker Hannifin Crop / Precision Cooling Business/	Advanced Cooling Technologies, Inc.

January 2019 - Australia-based Ansell Ltd acquired Ringers Technologies LLC, also trading as Ringers Gloves, a portfolio company of GEC Advisors LLC, for US\$70 million. Ansell engages in the manufacture and sale of single and multi-use hand protection products for industrial and healthcare applications. Ringers Technologies designs and manufactures work gloves. Its broad product line includes sophisticated designs for Oil & Gas, Tactical, Construction, harsh Industrial, and Fire/Rescue markets. Ringers was founded in 1996 and is headquartered in Houston, TX.

Industry Update

US manufacturing activity increased in March 2019 according to the Institute for Supply Management (ISM). Overall, manufacturers reported faster growth in production, new orders, and employment. New export orders also rose, but at a slower pace. Of 18 industries surveyed by the ISM, 16 reported expansions in March, including printing and related support activities; textile mills; food, beverage, and tobacco products; petroleum and coal products; computer and electronic products; electrical equipment, appliances, and components; transportation equipment; fabricated metal products; and machinery. While the current US economic expansion seems to have peaked in the fourth-quarter 2018, the strong ISM indicators of growth of new orders in March could bode well for continued demand for US manufactured goods in the coming months.

Industry Indicators

- Total US manufacturers' shipments, which indicate manufacturing sector activity, rose 3.0% year-to-date in February 2019 compared to the same period in 2018.
- The spot price of crude oil, an indicator of energy prices paid by manufacturers, fell 2.9% in the week ending April 12, 2019, compared to the same week in 2018.

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.

