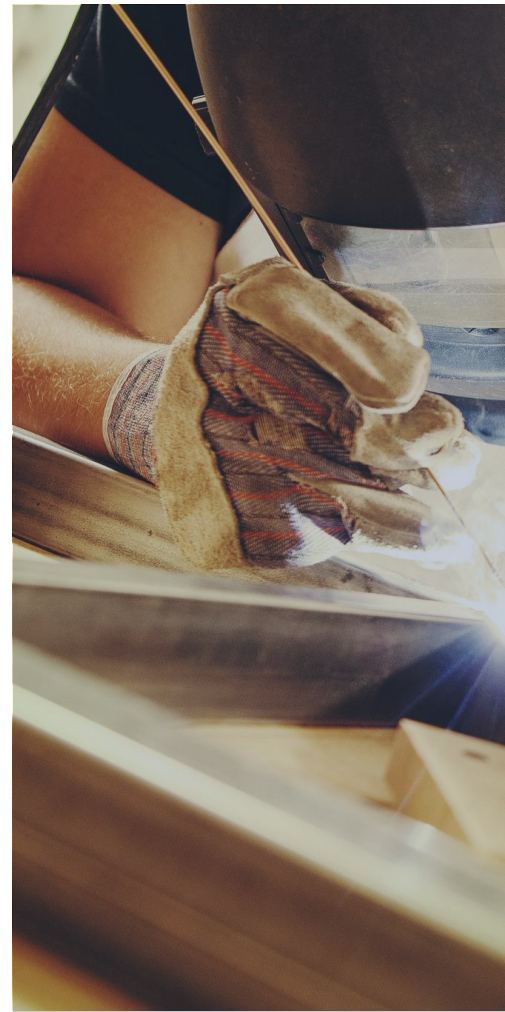
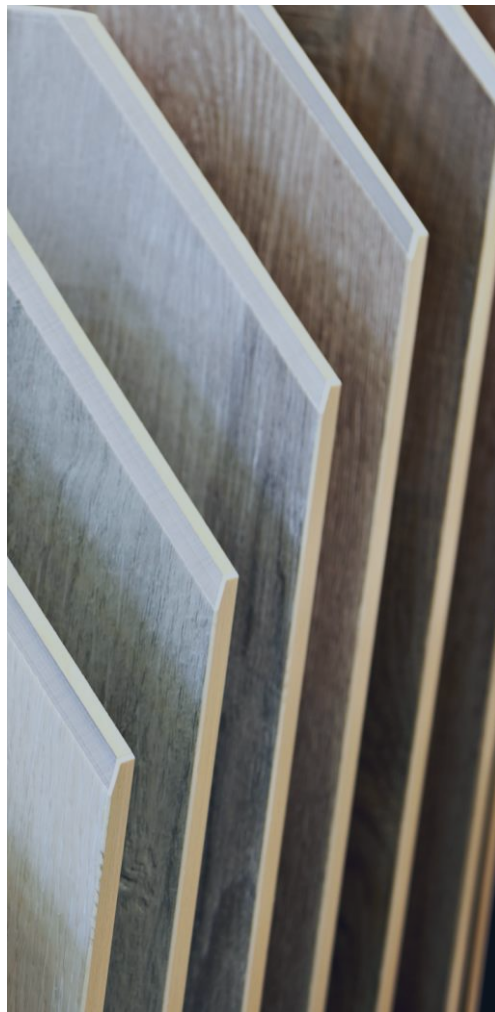


INDUSTRIALS  
M&A UPDATE | Q1 2023



# INDUSTRIALS M&A UPDATE

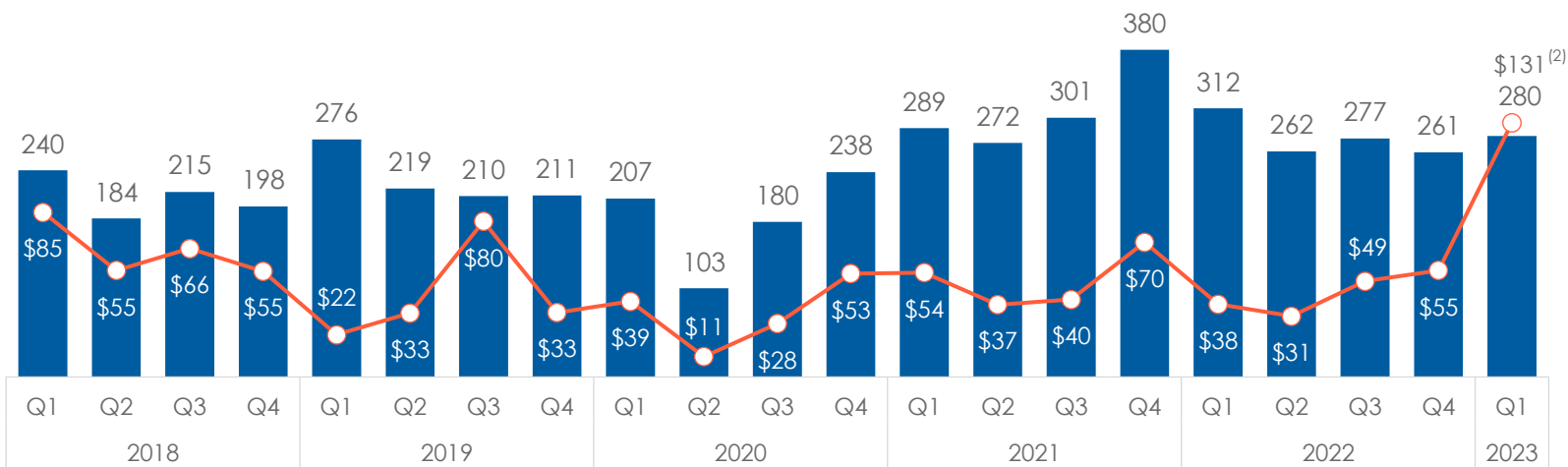
## Deal Flow and Valuation Multiples

Q1  
2023

Approximately 280 Industrials transactions closed in Q1'23, eclipsing pre-COVID levels but experiencing declines year-over-year. Post-COVID demand for industrial items has resulted in strong manufacturing and distribution activity.

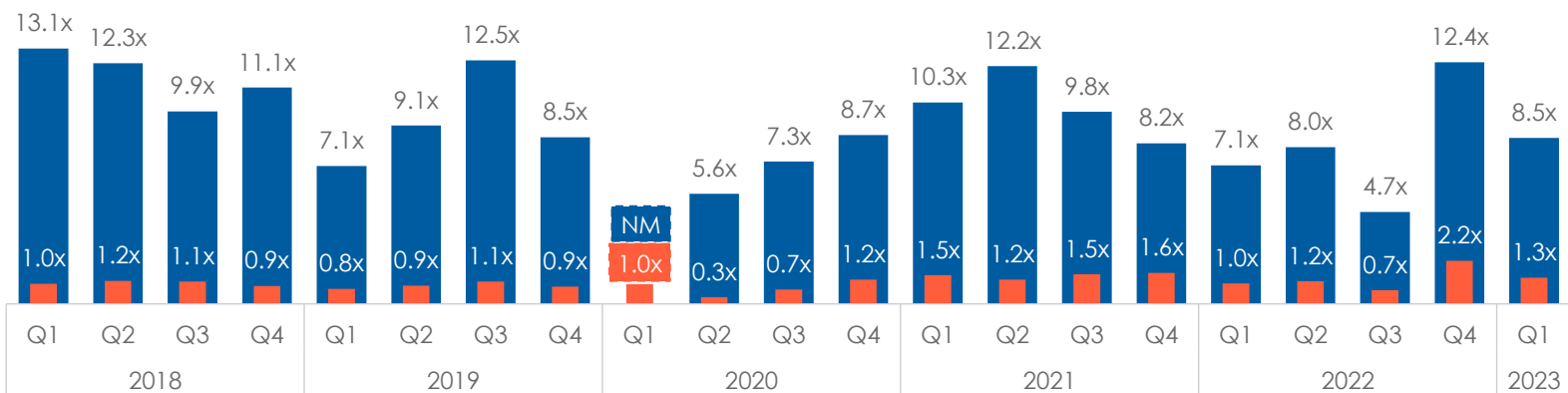
### Industrials Transactions & Total Transaction Value

■ Number of Transactions    ○ Median Enterprise Value (\$M)



### Median Industrials Valuation Multiples <sup>(1)</sup>

■ Median EBITDA Multiple    ■ Median Revenue Multiple



## Subsectors in Focus

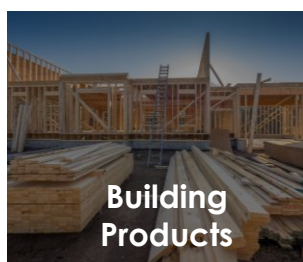
In Q1 '23, most Industrials subsectors experienced decreased transaction activity year-over-year. With economic stimulus running out, increasing inflation, and rising rates, companies are seeing skyrocketing materials prices. Despite current challenges, industrial companies that have less impacted supply chains and fixed contract pricing can better handle the current pricing dilemma.

### Industrials Subsector Detail and Deep Dive



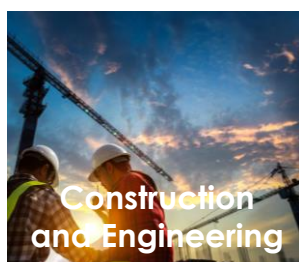
#### Aerospace and Defense

- Conventional Weapons
- Military Aircraft, Armored Vehicles, Watercraft
- Passenger Planes
- Rockets & Subsystems
- Spacecraft & Satellites



#### Building Products

- Flooring
- Hardware Tools & Equipment
- Plumbing Fixtures & Equipment
- Roofing, Siding, and Insulation Materials
- Windows & Doors



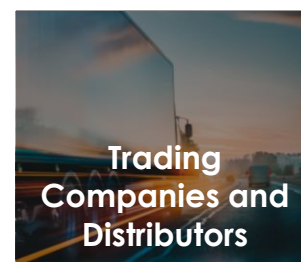
#### Construction and Engineering

- Commercial Construction & Engineering
- Construction Support Services
- Heavy Construction
- Prefabricated Buildings & Components
- Specialty Contract Work



#### Machinery and Electrical Equipment

- Agricultural & Farm Machinery
- Construction Machinery
- Electrical Components & Equipment
- Heavy Electrical Equipment
- Industrial Machinery



#### Trading Companies and Distributors

- Building Product Distribution
- Chemical Distribution
- Electrical Equipment Distribution
- Machinery Distribution & Rental
- Transportation Equipment Distribution

### Q1 2023 Subsector M&A Tracking

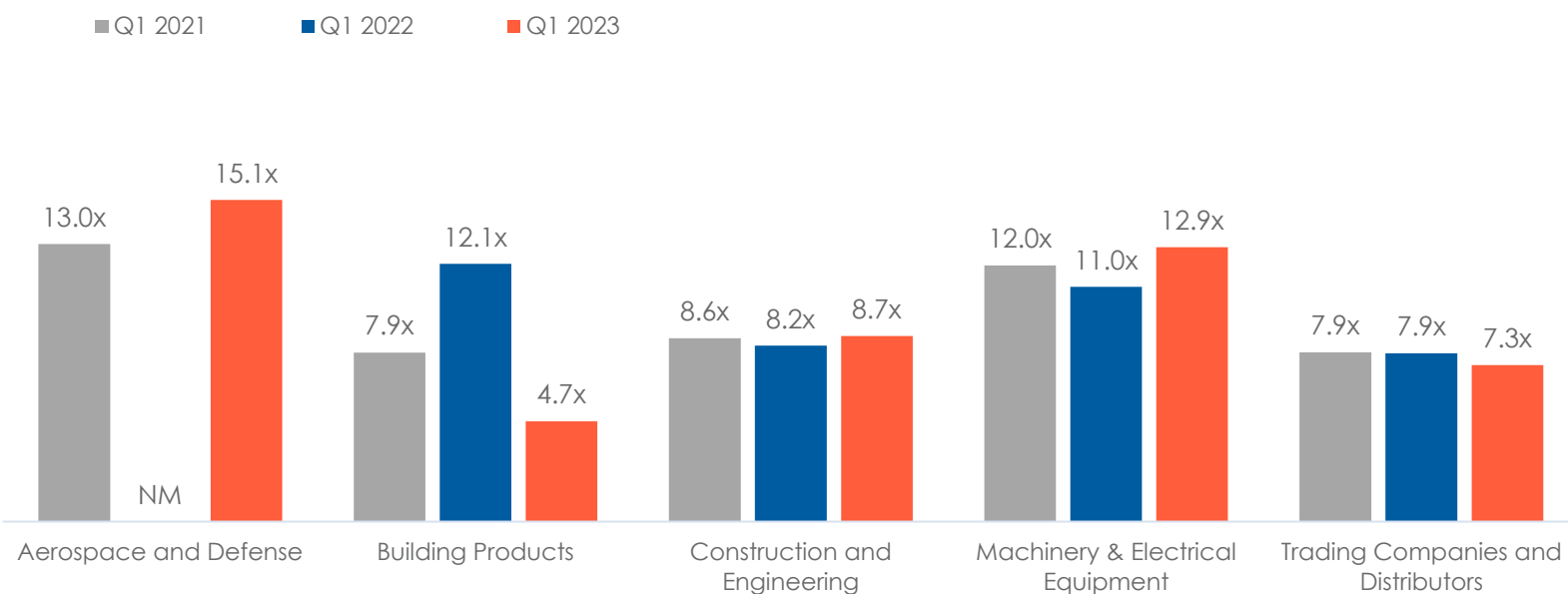
# of Transactions				
11	13	100	86	70
YoY M&A Trend				
↑	↓	↓	↑	↓
Average EV (\$M)				
NA	NM	NM	\$1,060	\$2,802
Median EV (\$M)				
NA	NM	NM	\$180	\$282

Source: Capital IQ  
Note: Building Products and Construction and Engineering subsectors EV deemed "NM" due to a lack of transaction data

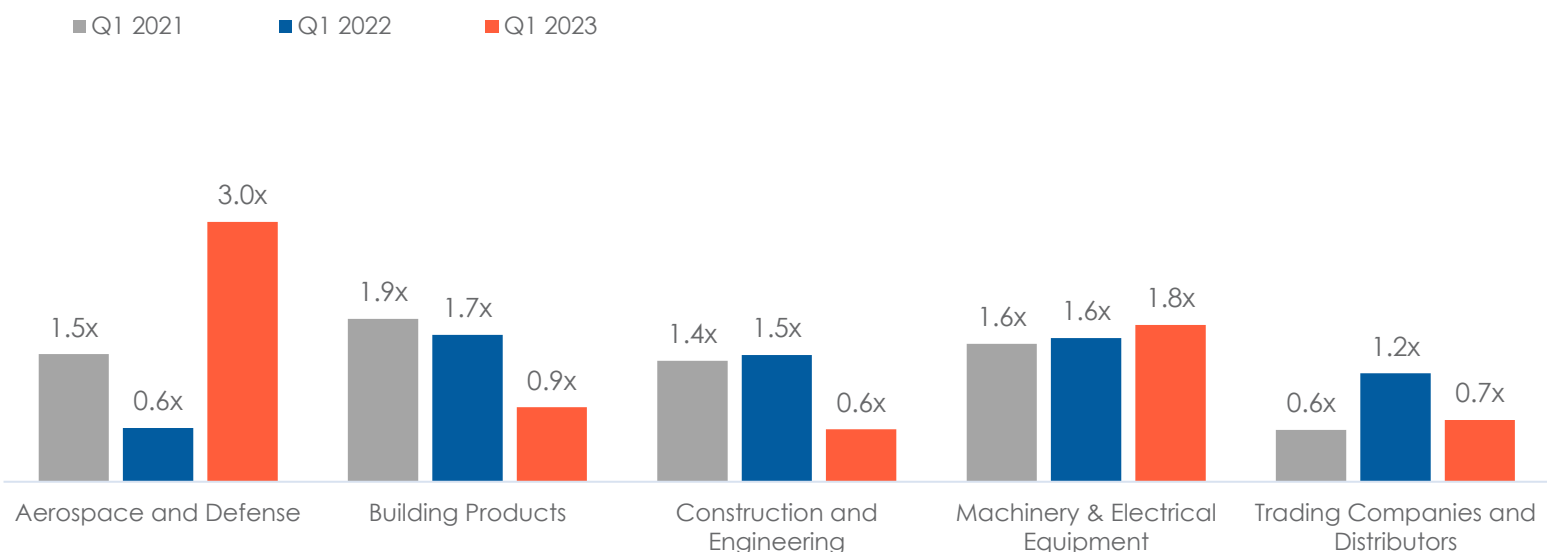
## Valuation Multiples by Subsector

Nearly every Industrials subsector is reporting EV/EBITDA multiples in excess of 8.0x (excluding the Building Products and Trading Companies and Distributors) and EV/Revenue multiples in excess of 0.9x (excluding the Construction and Engineering and Trading Companies and Distributors subsectors). Building Products experienced significant EV/EBITDA multiple erosion in Q1'23 driven by the decline in residential and commercial construction as the new construction market cooled with rising interest rates.

### TTM EV/EBITDA Multiple by Industrials Subsector <sup>(1)</sup>



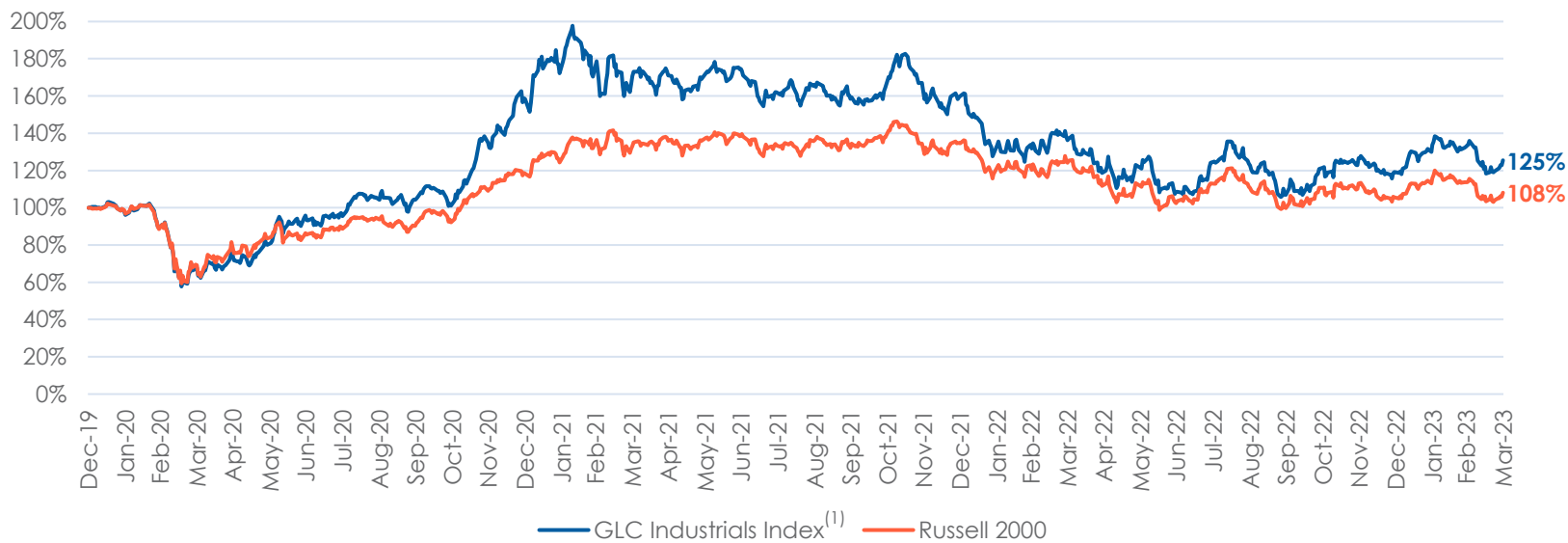
### TTM EV/Revenue Multiple by Industrials Subsector



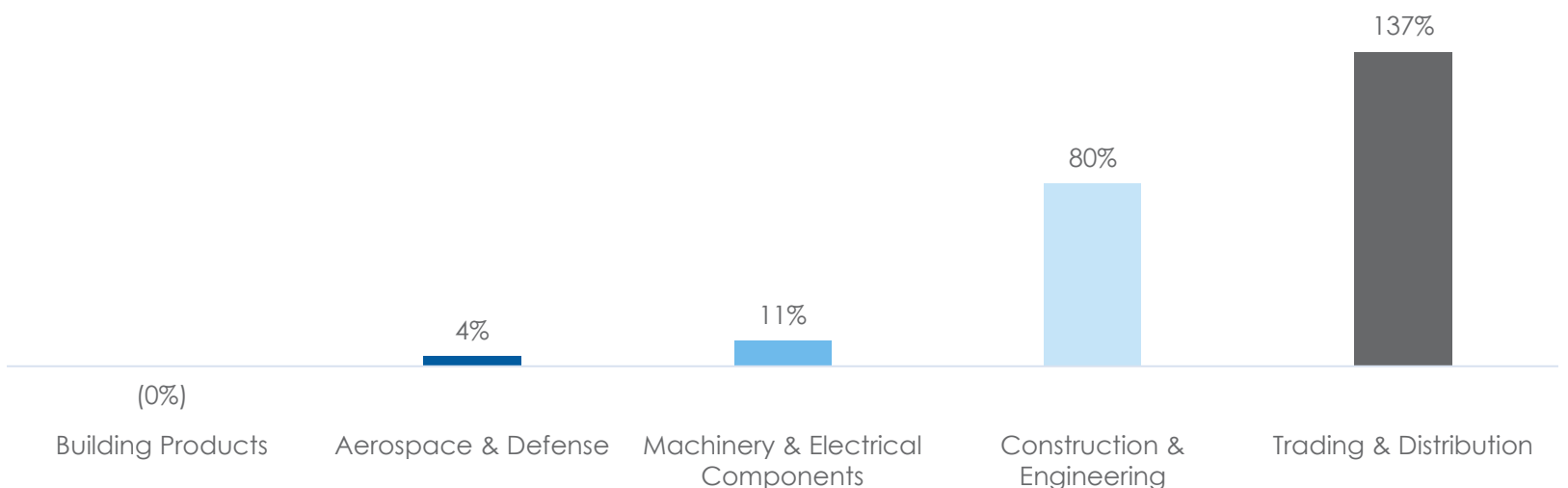
## Index Performance

In Q1'23, public company valuations increased. The Russell Index ("Russell") rose during Q1'23 finishing up 2% and the GLC Industrials Index finished up 6%. The GLC Industrials Index continues to outperform the Russell over the past 3 years with a 25%+ return – mainly driven by the Trading & Distribution and Construction & Engineering subsectors. The Trading & Distribution and Construction & Engineering subsectors experienced significant demand over the past few years with rising demand for new construction and increasing supply chain costs.

### Industrials Index Performance (since 2019)



### Subsector Performance (since 2019)

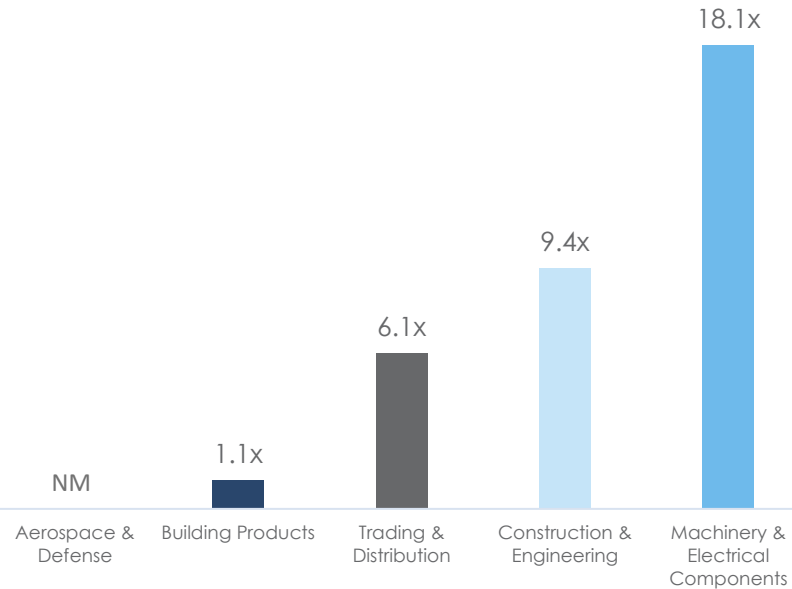


## Valuation Trends

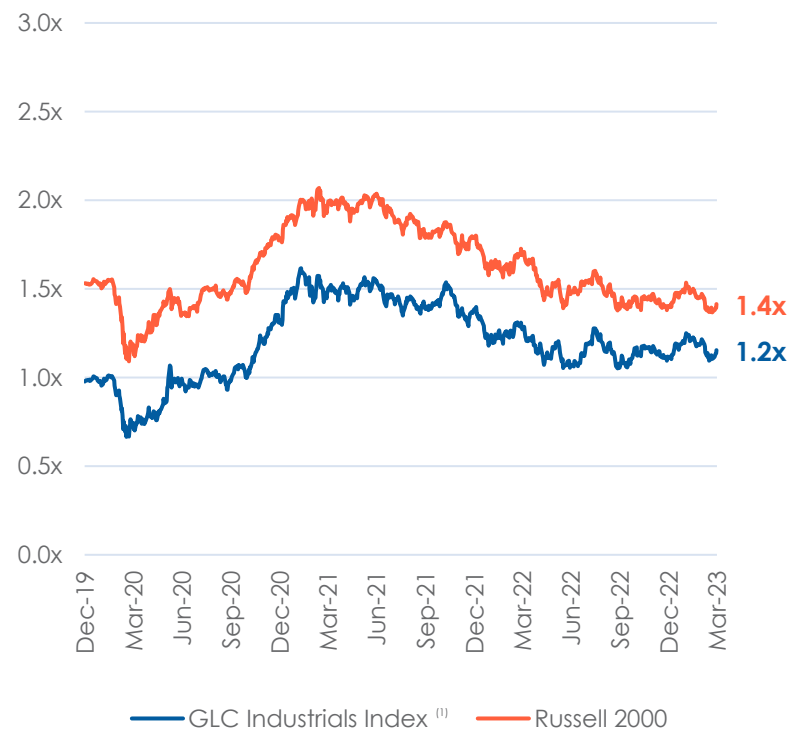
### Industrials Index EV/EBITDA Performance



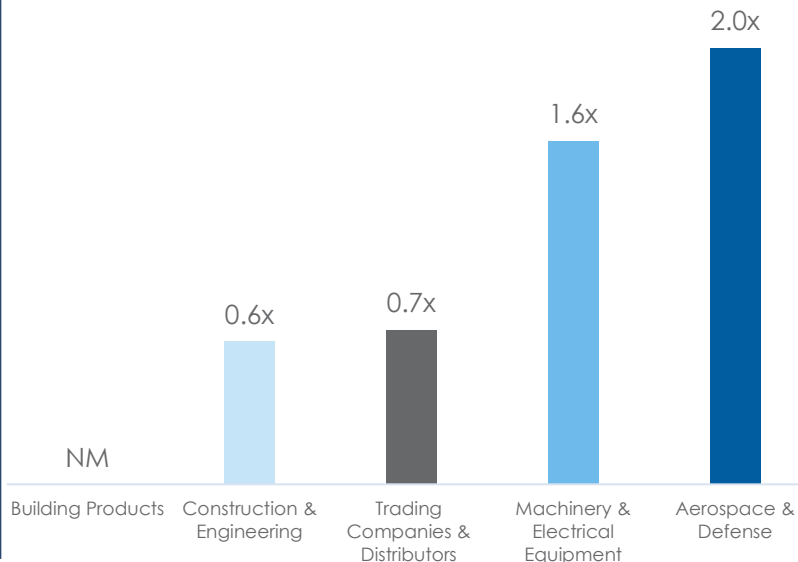
### EoQ Subsector EV/EBITDA Multiples (2)



### Industrials Index EV/Revenue Performance



### EoQ Subsector EV/Revenue Multiples



# FIRM OVERVIEW

## A Leading, Full-Service Investment Bank

GLC Advisors & Co. is a leading independent investment banking advisory firm, delivering objective, senior-level expertise to successfully execute financial advisory assignments for our clients. We advise Shareholders, Board of Directors, Entrepreneurs, Management Teams, and Capital Providers on material financial transactions regarding strategic alternatives, capital structure, and transactions.

We excel working with founder and owner operators and are passionate about the businesses and people we work with.

**900+**  
CLOSED  
TRANSACTIONS

**\$730B+**  
TRANSACTION  
VALUE

**50+**  
PROFESSIONALS

**15+**  
MANAGING  
DIRECTORS

### Key Capabilities

#### M&A Advisory

- 100% Sale
- Valuations
- Fairness Opinions

#### Capital Raising

- Growth Equity
- Debt Capital
- Minority Recap

#### Restructuring

- Debt Advisory
- Distressed M&A
- 363 Transactions

## Business Services & Diversified Industries Team

GLC's Business Services and Diversified Industries Team is focused on advising business services, consumer and industrials clients in the Middle Market. Our team's advisory work includes M&A (sell-side and buy-side), financing/debt advisories, recapitalizations, fairness opinions, and valuations. We excel at working with founders and owner-operators. Our team is passionate about the businesses and people that hire us to advise in their strategic decisions and events.



**ADAM FIEDOR**  
Managing Director

[Adam.Fiedor@glca.com](mailto:Adam.Fiedor@glca.com)

O: 303.479.3845  
M: 720.255.7978



**MICHAEL RICHTER**  
Managing Director

[Michael.Richter@glca.com](mailto:Michael.Richter@glca.com)

O: 303.479.3844  
M: 704.770.5172



**MIKE FLESCHNER**  
Director

[Michael.Fleschner@glca.com](mailto:Michael.Fleschner@glca.com)

O: 303.479.3846  
M: 816.698.9598



**MIKE ARMBRUSTER**  
Vice President

[Michael.Armbruster@glca.com](mailto:Michael.Armbruster@glca.com)

O: 303.479.3851  
M: 303.483.8576

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