

BDO CAPITAL INDUSTRIAL MARKETS SECTOR

Q1 2012 Transaction Review and Outlook

CONTENTS

STATISTICALLY SPEAKING	2
Activity Level	2
Valuations	2
MARKET ANALYSIS	3
ECONOMIC INDICATORS	3
IN SUMMARY	4
APPENDIX A: Public Comps	5
APPENDIX B: Recent Transactions	6
BDO CAPITAL RECENT TRANSACTION ...	7

BDO Capital Advisors, LLC provides counsel in the areas of:

- Mergers & Acquisitions
- Corporate Finance
- Special Situations
- Business Valuations/Fairness Opinions
- Board Advisory

Please direct inquiries to:

Dan Shea | Managing Director
BDO Capital Advisors, LLC
1888 Century Park East
4th Floor
Los Angeles, CA 90067
310-557-8205 (Direct)
310-903-2163 (Mobile)
dshea@bdocap.com

RESILIENT TRANSACTION ACTIVITY IN THE SECTOR

Key Drivers Fuel Growth Despite Macroeconomic Headwinds

Sector Transaction Volumes and Valuations have Risen

While overall transaction activity slowed, down an estimated 3 percent in 2011 for transactions of less than \$250 million in valuation, activity in the Industrial Markets sector rose an estimated 4 percent during the period (see Appendix B for a profile of recent sector transactions). This rise was driven in large part by private equity (PE) investment in the sector, up an estimated 17 percent over 2010 levels.

Sector valuation multiples also rose, up from a 2009 recessionary low of 5.6x EBITDA on average to reach 6.1x EBITDA through October 2011. Within the details of the valuation data, average multiples were stratified by transaction valuation with deals valued between \$100 million and \$250 million achieving 7.1x on average while smaller deals (valued between \$10 million and \$25 million) registered 5.4x (source: GF Data Resources).

Strategic and Financial Buyers have Reason to be Active

The marketplace is awash with capital. We estimate that non-financial U.S. corporations currently have approximately \$500 billion of excess liquidity on their balance sheets. With a materially higher percentage of cash on hand relative to total assets, Industrial Markets sector companies appear to be in even better shape than the broader market. In addition, PE investors have recently raised an estimated \$436 billion of equity capital that remains uninvested. With elongated investment holding periods, up 34 percent since 2007 to reach 4.83 years, we can expect more PE-backed companies coming to market in the near and medium term. Lastly, financial institutions are sitting on a lot of capital, with approximately \$1.8 trillion available to lend/invest. All sources considered, it is reasonable to expect transaction funding to accelerate.

Entrepreneurial founders/private business owners, recognizing the improving economic conditions, should and are going to market with greater frequency. The profound effects of the recession certainly delayed exits for aging baby boomers. Now that their businesses have weathered the recessionary storm and many can point to favorable trends in financial results, some of these owners see an opportunity to finally sell.

Certain Economic Indicators Register Growth

Slow GDP growth, high unemployment, and EU economic instability tell only part of the story. Other indices and metrics indicate more favorable circumstances. New Orders for durable goods manufacturing were up 11 percent in 2011 (through November) and the Wholesale Sales of such goods were even higher, up 12.4 percent (through October). The Conference Board's Leading Economic Index improved by 2.8 percent from May through November 2011, with components such as new building permits registering strong performance. Consumer confidence, a notable coincident indicator of transaction activity, has been up in recent months too; however it remains down 6.2 percent year-over-year (Reuter/UMich Index). It has proven to be highly sensitive to macroeconomic news and it reminds us that the favorable dynamics mentioned herein need to be tempered by the sensitivities of the consumer population.

► Read more

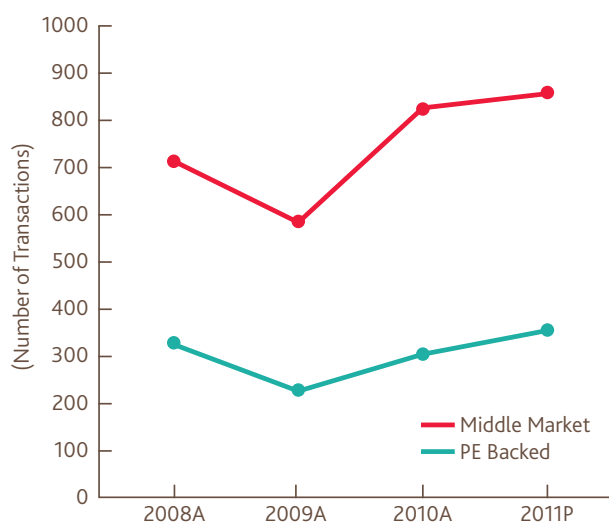
▶ STATISTICALLY SPEAKING

Activity Level

Transaction activity in the middle market, defined herein as companies with valuations up to \$250 million, was mixed in 2011. The volume of control-sale closings was down an estimated 3 percent during the year (sources: Dealogic, PitchBook, and BDO Research), following a significant rise in 2010, by some estimates as much as 50 percent, as the market rebounded from 2009 recessionary lows. The larger end of the middle market was more active, however, with transactions in the \$50 million-\$250 million range up 15 percent. The number of transactions in the less than \$50 million range declined an estimated 8 percent.

The Industrial Markets sector, which represents 10-17 percent of overall transaction volume depending on how broadly the segment is defined, fared better than the overall middle market, up an estimated 4 percent during the year. This rise was driven in large part by PE investment in the sector, up an estimated 17 percent in 2011. These results followed significant increases in 2010 and indicate a return to pre-recession transaction levels (see Figure I).

Figure I
Transaction Volumes – Industrial Markets 2008A – 2011P



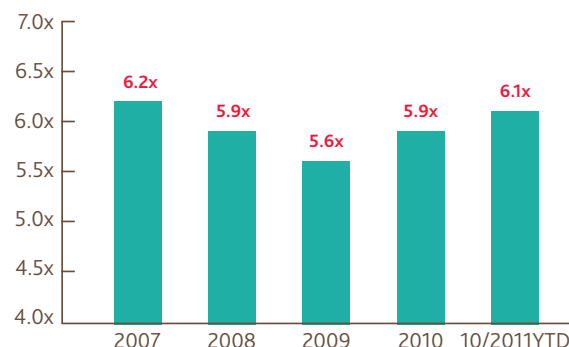
Source: BDO Research

Valuations

Valuations have risen during the past two years as well. As illustrated in Figure II, average EBITDA multiples paid for manufacturing companies bottomed in 2009 at 5.6x and expanded to 6.1x in 2011 (through October).

GF Data Resources (GF Data), the source for the data in Figure II, has noted a divergence in valuations between lower middle market and larger middle market companies in recent quarters. The data in Figure III indicates a low-end average multiple of 5.4x for manufacturing companies in the \$10 million-\$25 million valuation range and a 7.1x average multiple for manufacturing companies in the \$100 million-\$250 million range, demonstrating a "size premium."

Figure II
Average Enterprise Value/EBITDA Multiples – Manufacturing 2007A – 2011A (through October)

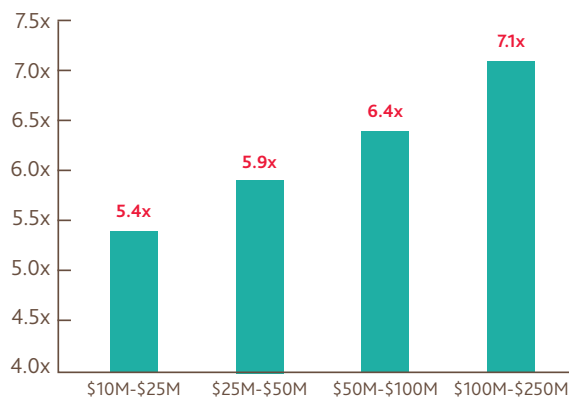


Source: GF Data Resources

Public company valuations in the Industrial Markets sector have also rebounded, up nearly 20 percent on average during the most recent quarter (see Appendix A). These same companies had flat stock prices over the last 12 months, however, indicating that private companies, which provide most if not all of the data illustrated in Figure II, have performed better than their publicly traded counterparts during the past year. At present, public companies in the Industrial Markets sector are valued at 9.04x EBITDA and 1.51x revenue, on average. Incorporating valuation discounts for lower average revenues, lack of marketability and systemic risk, these multiples are consistent with the private company data provided in Figures II and III.

The list of recent transactions in the Industrial Markets sector provided in Appendix B supports the overall valuation narrative. It indicates an average revenue multiple of 1.5x (for the 27 transaction sampling) and an average valuation of \$135 million.

Figure III
Average Enterprise Value/EBITDA Multiples – Manufacturing 2011A (YTD through October)



Source: GF Data Resources

▶ MARKET ANALYSIS

The trends in transaction activity and valuation multiples in the Industrial Markets sector are being driven by a variety of factors including:

- Cash in U.S. Corporations** – As analyzed and discussed in a recent BDO Capital report (M&A Newsletter – Middle Market Update, December 2011), non-financial U.S. corporations currently have approximately \$500B in excess liquidity on their balance sheets which equates to 7.2 percent of total assets versus the 5.1 percent historical average. Public companies in the Industrial Markets sector appear to be a part of this dynamic, with 8.5 percent of their assets sitting in cash (see Appendix A). This additional cash – which is the result of cost cutting, the pursuit of efficiencies and the sale of non-core assets – has been fueling transaction activity in recent quarters and is expected to continue doing so going forward. Indeed, corporations are necessarily turning to external initiatives (namely acquisitions) as they face limited opportunities for further internal improvement and organic growth.
- Cash with Private Equity Firms** – As illustrated in Figure I, PE investment in the Industrial Markets sector has expanded in recent quarters. We can expect this trend to continue given the PE community has an estimated \$436B in raised, but un-invested, capital at present (source: *PitchBook*). We can also expect PE investors to sell their current holdings with increasing frequency in coming quarters given the above-average age of their portfolio companies, currently at 4.83 years (34 percent longer than the 3.60 year average hold period registered in 2007).
- Debt Capital Markets** – Financial institutions have an abundance of capital to lend, with approximately \$1.8 trillion in liquidity. While cautious, particularly in funding acquisitions of companies with less than \$10 million in EBITDA, these institutions feel the same pressure to grow as all public companies. As such, there has been an expansion of leverage in recent quarters with Total Leverage-to-EBITDA increasing from 3.4x in Q1 2011 to 4.2x in Q3 2011 (for LBO-sponsored transactions with less than \$50 million in EBITDA). That said, aggregate loan volume has been down in Q3 and Q4 2011 versus Q2 2011 as lenders continue to focus more narrowly on supporting the higher quality, larger middle market companies seeking debt/acquisition capital. This is not to say, however, that smaller companies/transactions are not getting attention and funding – they are, just at lower debt multiples.
- Seller Dynamics** – In addition to the previously discussed pressure on PE professionals to sell given the average age of their investments, the entrepreneurial founder/owner is feeling some pressure as well. Due to the profound effects of the recession, many owners have delayed sale plans for several years now. Their focus has necessarily been inward, first to preserve value where possible and, more recently, to cautiously expand in an effort to return to previous performance levels and beyond. Many of these owners can now point to numerous quarters of performance improvement and value creation and, as such, are entering the sale market, albeit later than planned, and fueling the aforementioned upward trends in

transaction volume and valuation multiples. Adding to this dynamic, there is a notable sentiment among transaction advisors that more owners are/will be taking their companies to market in early 2012 in an effort to avoid potential additional transaction-related taxation in 2013 following the national elections in November.

▶ ECONOMIC INDICATORS

It is important to note that, while transaction activity has been trending upward, the rise has been volatile. The root cause of the volatility has been the national and global economic uncertainty and the continued deleveraging of U.S. households. These factors, and particularly troubles within the European Union, played a significant role in the dearth of companies completing transactions in late summer and early fall of 2011.

While economic uncertainties will continue to hamper the transaction marketplace, there are economic indicators that provide optimism, some of which bode particularly well for the Industrial Markets sector.

Conference Board Indexes

All of the Conference Board's indexes (Leading, Coincident and Lagging) were positive in the most recent month and for the previous six-month period (see Table 1). A Conference Board economist indicated in its November report that the Leading Index (LEI) points towards continued growth through winter and the possibility of gaining steam during spring of 2012. He further stated that the strong performance of the building permits component of the LEI indicates that the long decline in housing may finally be slowing. He cautioned, however, that global economic issues could derail this positive outlook.

TABLE 1 – Composite Economic Indexes

	Oct 2011	Nov 2011	6-Month Change May - Nov
Leading Index	117.4	118.0	2.8%
% Change month-over-month ("MoM")	0.9%	0.5%	
Coincident Index	103.6	103.7	0.8%
% Change MoM	0.2%	0.1%	
Lagging Index	110.8	110.9	1.4%
% Change MoM	0.6%	0.1%	

Source: The Conference Board

Manufacturing – Durable Goods

U.S. manufacturers of durable goods have been busier in recent quarters. New Orders, Shipments and Inventory Investment had each expanded materially in 2011, up by 11.0 percent, 9.7 percent and 11.6 percent, respectively (see Table 2). The November 2011 result (seasonally adjusted), marks four of the last five months showing expansion of New Orders, and may be indicating an acceleration in demand in the industrial sector (up 3.7 percent in November alone).

TABLE 2 – Manufacturing of Durable Goods (excluding Defense)

	Oct 2011	Nov 2011	YTD Change Nov 11 v 10
New Orders % Change MoM	\$191B 1.1%	\$198B 3.7%	11.0%
Shipments % Change MoM	\$195B 1.9%	\$194B -0.5%	9.7%
Inventories % Change MoM	\$341B 0.4%	\$343B 0.5%	11.6%

Source: U.S. Department of Commerce

Wholesale Trade – Durable Goods

While Sales have receded modestly in the most recent month reported, YTD expansion of Wholesale Sales and Inventories (see Table 3) mirrors the expansion of durable goods manufacturing noted above in Table 2. The willingness of customers to invest in durable goods is a positive sign for players in the Industrial Markets sector.

TABLE 3 – Wholesale Trade of Durable Goods

	Sep 2011	Oct 2011	YTD Change Oct 11 v 10
Sales % Change MoM	\$182B -0.5%	\$182B -0.1%	12.4%
Inventories % Change MoM	\$271B 0.4%	\$275B 0.8%	11.6%
	Sep 2011	Oct 2011	Oct 2010
Inventory/Sales Ratio	1.15	1.16	1.18

Source: U.S. Department of Commerce

Consumer Confidence

Consumer confidence is highly delicate at present and particularly sensitive to the ebbs and flows of global economic news. It has had a dramatic effect on business owners' willingness to go to market with their companies, as well as lender willingness to lend into acquisitions. The consumer confidence data tracked and reported by Reuters and the University of Michigan (see Table 4) indicates that sentiment is on an upswing, up 9.0 percent in December; however, its year-over-year indication, still down 6.2 percent, suggests substantial room for improvement.

TABLE 4 – Reuters/UofM Index of Consumer Sentiment

	Nov 2011	Dec 2011	YoY Change Dec 11/10
Reading % Change MoM	64.1	69.9 9.0%	-6.2%

► IN SUMMARY

Transaction activities and private company valuations in the Industrial Markets sector have been on the rise in recent quarters, now reaching pre-recession levels. These trends are being driven by several factors including the increasing willingness of strategic and PE investors to buy, fueled by an abundance of equity and debt capital, and the increasing willingness of business owners to sell, given that the ill-effects of the recession are now further back in the "rearview mirror." Certain economic indicators suggest that a healthy environment now exists for transaction activity and provide a reason for cautious optimism. Positive views of the current environment are highly sensitive to the volatility of national and global economic forces, which will likely cause continuing volatility in the transaction marketplace at least in the near-term.

APPENDIX A:

Publicly-Traded Companies in the Industrial Markets Sector (North America)

(\$ millions)	LTM Rev	Enterprise Value (EV)	EV to LTM		1 Yr Rev Growth	LTM Gross Margin	LTM EBITDA Margin	Cash to Total Assets	Stock Performance	
			Rev	EBITDA					Qtr	LTM
Diversified										
3M Co.	\$29,231	\$58,615	2.01x	8.01x	12.1%	47.2%	25.0%	15.1%	13.0%	-6.4%
Danaher Corp.	15,460	37,632	2.43x	12.19x	24.2%	51.1%	20.0%	1.6%	11.7%	-0.8%
Dover Corp.	8,231	11,950	1.45x	7.75x	26.0%	37.8%	18.7%	9.6%	23.6%	-1.7%
Honeywell International Inc.	36,825	45,618	1.24x	9.52x	16.3%	24.4%	13.0%	11.1%	22.9%	0.9%
Illinois Tool Works Inc.	17,836	25,684	1.44x	7.90x	16.9%	35.1%	18.2%	7.2%	11.6%	-13.6%
Tyco International Ltd.	17,355	24,306	1.40x	7.29x	2.0%	38.1%	19.2%	5.4%	14.3%	11.3%
Average	\$20,823	\$33,967	1.66x	8.78x	16.3%	39.0%	19.0%	8.4%	16.2%	-1.7%
Components and Machinery										
Actuant Corporation	1,520	2,020	1.33x	7.60x	26.0%	38.6%	17.5%	2.4%	13.6%	-16.4%
Caterpillar Inc.	55,702	90,978	1.63x	10.17x	47.8%	26.4%	16.1%	2.1%	21.0%	-4.6%
CLARCOR Inc.	1,095	2,379	2.17x	11.74x	12.8%	33.7%	18.5%	11.4%	19.6%	13.7%
Crane Co.	2,488	2,865	1.15x	8.01x	13.7%	34.0%	14.4%	7.7%	28.6%	11.7%
Donaldson Company, Inc.	2,365	5,025	2.12x	12.83x	19.1%	35.5%	16.6%	17.3%	22.7%	14.3%
Eaton Corporation	15,679	17,455	1.11x	8.11x	18.9%	30.0%	13.7%	4.6%	22.0%	-14.6%
EnPro Industries, Inc.	1,026	1,088	1.06x	7.64x	14.4%	35.2%	13.9%	1.8%	12.2%	-18.2%
Flowserve Corp.	4,385	5,696	1.30x	8.14x	7.2%	34.0%	16.0%	5.1%	31.5%	-17.5%
Gardner Denver Inc.	2,287	3,954	1.73x	8.95x	26.0%	34.1%	19.3%	6.8%	19.4%	9.6%
Kennametal Inc.	2,533	3,068	1.21x	6.42x	26.4%	37.5%	18.9%	3.9%	8.3%	-9.2%
Lincoln Electric Holdings Inc.	2,564	3,024	1.18x	9.28x	30.3%	26.6%	12.7%	16.4%	33.1%	16.1%
Mueller Industries Inc.	2,453	1,243	0.51x	7.16x	24.8%	12.6%	7.1%	33.0%	-1.5%	14.5%
Nordson Corporation	1,233	2,933	2.38x	8.44x	18.4%	60.7%	28.2%	2.9%	1.7%	-13.5%
Pall Corp.	2,841	6,704	2.36x	11.01x	15.5%	50.0%	21.4%	14.7%	33.6%	13.5%
Parker Hannifin Corporation	12,751	12,906	1.01x	6.71x	20.5%	24.3%	15.1%	4.1%	20.4%	-11.5%
Pentair, Inc.	3,345	4,666	1.40x	9.80x	12.3%	31.1%	14.2%	1.1%	2.8%	-10.4%
SPX Corporation	5,295	3,831	0.72x	7.86x	8.5%	28.4%	9.2%	6.4%	30.6%	-16.7%
Teledyne Technologies Inc.	1,889	2,290	1.21x	7.75x	20.8%	33.6%	15.6%	2.1%	12.6%	23.9%
Timken Co.	4,976	3,839	0.77x	4.47x	32.4%	26.1%	17.2%	9.8%	15.8%	-21.1%
TriMas Corporation	1,077	1,058	0.98x	6.19x	22.2%	29.1%	15.9%	1.1%	15.4%	-20.0%
Watts Water Technologies, Inc.	1,393	1,432	1.03x	7.51x	8.7%	36.3%	13.7%	14.0%	26.8%	-8.9%
Average	\$6,138	\$8,498	1.35x	8.37x	20.3%	33.2%	16.0%	8.0%	18.6%	-3.1%
Electrical/Electronic/Instruments										
Ametek Inc.	2,905	7,496	2.58x	10.91x	25.4%	34.2%	23.7%	5.4%	25.2%	4.3%
Emerson Electric Co.	24,222	36,859	1.52x	7.23x	15.1%	39.5%	21.0%	8.6%	10.5%	-20.2%
GrafTech International Ltd.	1,253	2,309	1.84x	9.61x	35.1%	24.6%	19.2%	0.5%	5.3%	-32.3%
Hubbell Inc.	2,771	3,940	1.42x	8.31x	11.1%	32.3%	17.1%	18.5%	33.6%	9.5%
Molex Inc.	3,626	3,580	0.99x	5.16x	12.2%	30.5%	19.2%	15.9%	16.4%	3.3%
Regal Beloit Corporation	2,637	3,023	1.15x	8.64x	22.9%	24.1%	13.3%	3.7%	11.2%	-26.1%
Rockwell Automation Inc.	6,000	10,172	1.70x	9.75x	23.5%	39.8%	17.4%	18.7%	28.6%	-0.2%
Thomas & Betts Corp.	2,226	2,933	1.32x	8.26x	17.3%	31.2%	16.0%	16.9%	35.4%	12.0%
Average	\$5,705	\$8,789	1.56x	8.48x	20.3%	32.0%	18.3%	11.0%	20.8%	-6.2%
Distribution										
Applied Industrial Technologies, Inc.	2,265	1,381	0.61x	7.59x	14.2%	27.8%	8.0%	8.1%	27.5%	5.6%
Fastenal Company	2,643	12,778	4.83x	21.87x	21.7%	52.1%	22.1%	8.3%	31.5%	46.7%
Genuine Parts Company	12,253	9,538	0.78x	9.74x	12.7%	28.8%	8.0%	9.2%	20.9%	19.8%
MSC Industrial Direct Co. Inc.	2,022	4,330	2.14x	11.43x	19.5%	46.5%	18.7%	7.7%	24.2%	7.9%
W.W. Grainger, Inc.	7,828	13,513	1.73x	11.58x	12.0%	43.0%	14.9%	7.9%	26.3%	36.9%
Watsco Inc.	2,989	2,457	0.82x	12.22x	8.7%	24.1%	6.7%	1.5%	27.5%	1.6%
Average	\$5,000	\$7,333	1.82x	12.41x	14.8%	37.1%	13.1%	7.1%	26.3%	19.7%
Average (all segments)	\$8,036	\$12,111	1.51x	9.04x	18.9%	34.4%	16.5%	8.5%	19.8%	-0.2%

APPENDIX B:

Recent Transactions in the Industrial Markets Sector – Q4 2011

Target	Buyer/Investor	Enterprise Value (\$ Mil)	Revenue Multiple	Target's Focus; Notes
December				
Catching Fluid Power Inc.	Kaman Industrial Technologies Corporation	na	na	Distributor of hydraulic, pneumatic, and fluid connector components
Lecco Industries Inc. (dba Blackhawk Specialty Company)	Distribution International Inc. / Audax Group	na	na	Distributor and fabricator of insulation materials and safety equipment
J Royal Co Inc.	Diploma plc	\$18.5	1.2x	Manufacturer of O-rings, seals and gaskets
Micro Power Electronics Inc. (selling investor - Weston Presidio)	Electrochem Solutions Inc. / Greatbatch Ltd.	\$69.9	na	Designer and manufacturer of portable power systems
Saylor Products Corporation	Breyden Products Inc.	na	na	Manufacturer of non-metallic flexible conduits for wiring applications
Tube Supply Inc.	AM Castle & Co.	\$165.0	0.8x	Distributor of tubular and bar products
ColorMatrix Corporation (selling investor - Audax Group)	PolyOne Corporation	\$486.0	2.6x	Manufacturer of additive, colorant and dosing technologies for thermoplastics applications
November				
Fairchild Industrial Products Company (selling investor - Hampshire Equity Partners)	Rotork plc	\$68.1	3.2x	Manufacturer of pneumatic and motion control solutions
Jevco International Inc.	Elmet Technologies Inc.	na	na	Manufacturer of spindle motors and components, collets, pressure feet, and tooling related components
Trantech Radiator Products Inc. (selling investors - Buckingham Capital and Cyprium)	Industrial Opportunity Partners	na	na	Manufacturer of specialty radiators used for cooling liquid filled transformers in electric power industry
Ideal Clamp Products Inc. (selling parent - Pinafore Holdings BV)	Industrial Growth Partners	na	na	Manufacturer of worm drive and specialty hose clamps for fastening and sealing applications
Quadra Inc.	Blue Point Capital Partners / Quality Synthetic Rubber Inc. (dba Tac Materials Inc.)	na	na	Manufacturer of elastomer, plastic and liquid silicone products
Lewis-Goetz & Company Inc. (selling investor - Audax Group)	Eriks NV	na	na	Manufacturer and distributor of rubber-related products; Estimated sales of \$400 million
October				
Arrowhead Electrical Products Inc.	Pfingsten Partners	na	na	Distributor of rotating electrical parts and related components - starters, alternators, generators
Fiber Materials Inc.	GrafTech International Ltd	\$14.0	na	Manufacturer of high temp materials, composites, carbon and graphite insulation, and carbon/carbon composite products
OneSource Distributors LLC (selling investor - Heritage Partners)	Sonepar USA Inc.	na	na	Distributor of electrical, automation and utility equipment and suppliers; Estimated sales of \$335 million
Weldship Corporation (selling investor - RAF Industries)	Market V ventures	na	na	Manufacturer and refurbisher of tube trailers and gas storage systems
Kenneth Crosby New York LLC	DXP Enterprises Inc.	na	na	Distributor of cutting tools, abrasives, fasteners, gauges, tools and related products; Estimated sales of \$49 million
South Bend Controls Inc. (selling parent - Koontz-Wagner Holdings)	Curtiss-Wright Controls Inc.	\$10.0	1.2x	Manufacturer of fluid control components
Nesco LLC (selling investor - HKW Capital Partners)	Platinum Equity	na	na	Distributor, seller and renter of utility vehicles
National Alloy and Equipment Inc.	Praxair Distribution Inc.	na	na	Supplier of welding equipment and related products (gases and other consumables)
GW Smith & Sons Inc.	Quaker Chemical Corporation	\$13.3	1.0x	Manufacturer of die casting lubricants
Brews Supply Ltd (selling investor - StoneBridge Merchant Capital)	WESCO Distribution Inc.	na	na	Wholesaler of electrical and utility products; Estimated sales of \$50 million
Cummins Filtration Inc. - Light Duty Filtration Business	Industrial Opportunity Partners	\$95.0	1.3x	Manufacturer of light-duty filtration products and exhaust systems for diesel powered engines
Power Holdings Inc. (selling investor - Bertram Capital Management)	Smiths Interconnect Inc.	\$235.0	na	Manufacturer of power distribution, conditioning and monitoring systems and equipment
Drives LLC (selling investors - Richard L Scott Investments, Northstar Capital)	Timken Co.	\$92.0	0.9x	Manufacturer of chain and auger products
YORK Label Inc. (selling investor - Diamond Castle Holdings)	Multi-Color Corp.	\$356.0	1.5x	Manufacturer of labeling and packaging solutions
Average		\$135.2	1.5x	

Source: Capital IQ

► BDO CAPITAL RECENT TRANSACTION

BDO Capital Advisors, LLC is pleased to announce that Advent International Corporation (Advent) has closed a significant majority investment in Morrison Supply Company (Morrison). As the exclusive financial advisor to Morrison, BDO Capital advised the shareholders on structuring and negotiating the transaction.

Morrison, founded in 1917, is the fourth largest distributor of plumbing and HVAC supplies in the United States, with a focus on the Southwest region. Morrison's investor, Advent, is a global private equity firm focused on mid to upper mid market buyouts and selective growth capital investments. BDO Capital Advisors sourced this transaction from BDO's Alliance network. The transaction was overseen by Director Kevin Sendlenski from BDO Capital Advisors' Boston office.



About BDO CAPITAL ADVISORS

BDO Capital Advisors, LLC is a middle market boutique investment bank that focuses on four product areas: mergers and acquisitions advisory, corporate finance capital raising, special situations advisory and board advisory. Through its highly experienced investment bankers, the firm has raised hundreds of millions of dollars in capital, been involved in the financial restructuring of hundreds of companies and generated approximately \$7 billion of shareholder transaction value in industries such as healthcare services, specialty manufacturing, software and information technology, specialty chemicals, and retail and consumer products. BDO Capital is a FINRA member firm.

BDO Capital Advisors, LLC is a separate legal entity and is an affiliated company of BDO USA, LLP, a Delaware limited liability partnership and national professional services firm. Through its affiliation with BDO's international network, BDO Capital has access to more than 300 corporate finance professionals domiciled in over 40 countries. For more information please visit: www.bdocap.com.

About BDO

BDO is the brand name for BDO USA, LLP, a U.S. professional services firm providing assurance, tax, financial advisory and consulting services to a wide range of publicly traded and privately held companies. For more than 100 years, BDO has provided quality service through the active involvement of experienced and committed professionals. The firm serves clients through more than 40 offices and more than 400 independent alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multinational clients through a global network of 1,118 offices in 135 countries.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms. For more information, please visit: www.bdo.com.

This publication has been carefully prepared, but should be seen as general guidance only. You should not act upon the information contained in this publication without obtaining specific professional advice. Please contact BDO Capital Advisors, LLC to discuss these matters in the context of your particular circumstances. BDO accepts no responsibility for any loss incurred as a result of acting on information in this publication.

BDO CAPITAL ADVISORS M&A CONTACTS:

KENNETH CSAPLAR

President
617-422-7578 (Direct)
617-513-8309 (Mobile)
kcsaplar@bdocap.com

JOHN (JACK) KEARNEY, SR.

Managing Director
214-665-0718 (Direct)
214-274-9189 (Mobile)
jkearney@bdocap.com

VALENTINA MIDURA

Managing Director
617-422-7593 (Direct)
978-873-1314 (Mobile)
vmidura@bdocap.com

DAN SHEA

Managing Director
310-557-8205 (Direct)
310-903-2163 (Mobile)
dshea@bdocap.com

ROBERT SNAPE

Managing Director
617-239-4177 (Direct)
339-236-1050 (Mobile)
bsnape@bdocap.com

KEVIN SENDLENSKI

Director
617-422-7536 (Direct)
617-970-7033 (Mobile)
kendlenski@bdocap.com