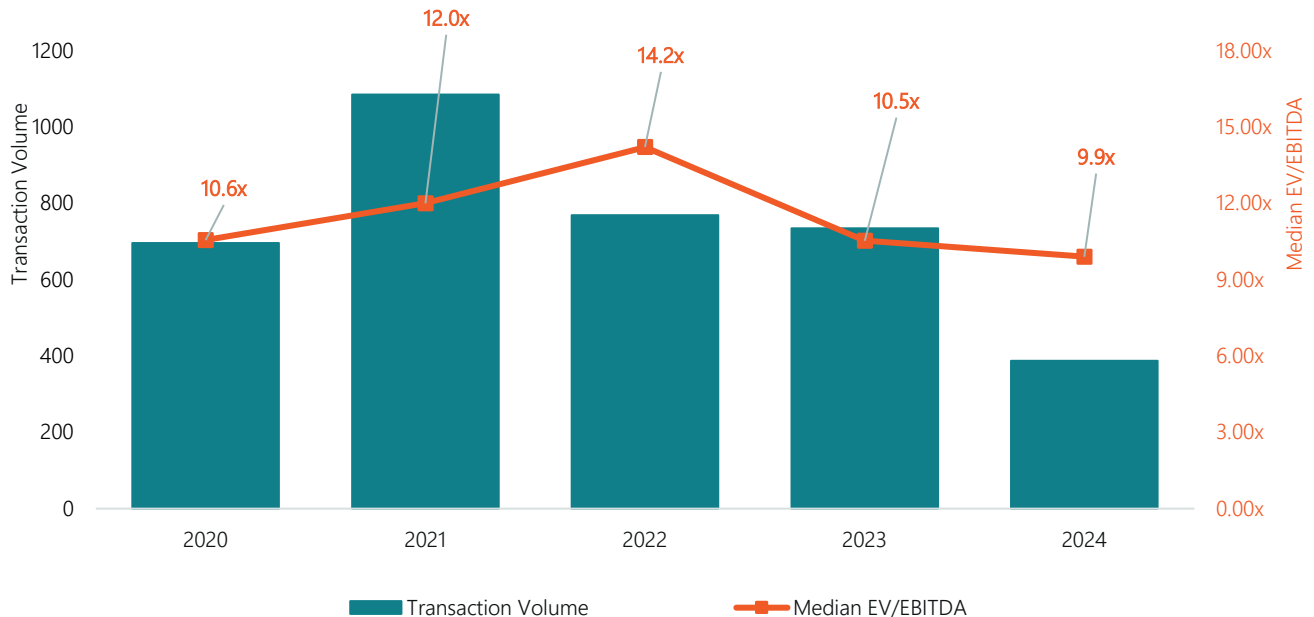


# Manufacturing

Quarterly Update | Q2 2024



### North American Manufacturing M&A Transactions



### M&A Market Update – Q2 2024

- Transaction volume in the North American manufacturing sector slowed, with 186 transactions reported in Q2 2024, a decrease of 16 when compared to Q1 2024. Year-over-year transaction volume increased slightly, however, with Q2 2023 reporting 177 transactions compared to 186 in Q2 2024.
- United States manufacturing transactions comprised 98.6% of the quarter's total transaction value, with the remaining 1.4% being attributable to transactions within the Canadian manufacturing sector.
- Strategic buyers were responsible for 82% of the Q2 2024 transaction volume, while financial buyers comprised the remaining 18%.
- Some notable transactions during Q2 2024 include:
  - Schlumberger Limited's proposed acquisition of ChampionX Corporation for \$7.8B. ChampionX Corporation provides chemical solutions, artificial lift systems, and engineered equipment and technologies to oil and gas companies worldwide. The company operates through four segments: Production Chemical Technologies, Production & Automation Technologies, Drilling Technologies, and Reservoir Chemical Technologies. The transaction represents an EV/Revenue multiple of 2.2x and an EV/EBITDA multiple of 10.3x and is expected to close in Q4 2024 or Q1 2025.
  - Prysmian S.p.A's acquisition of Encore Wire Corporation for \$4.2B. Encore Wire Corporation engages in the manufacture and sale of electrical building wires and cables in the United States. The company's products are used to distribute power from the transmission grid to the wall outlet or switch. The transaction represents an EV/EBITDA multiple of 8.2x. The transaction closed on July 2, 2024.
- Mid-market (sub \$500MM EV) transactions accounted for 5% of the overall transaction value in Q2 2024.

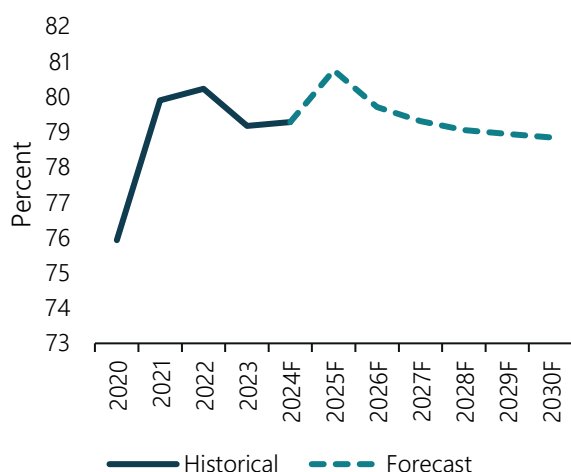
# Macroeconomic Indicators

The Canadian economy is expected to experience economic growth in the remainder of 2024, with real GDP projected to rise 1.5% in Q2 2024. In addition, inflation has continued to ease across Canada as monetary policy has helped to slow growth and reduce excess demand pressures. However, the housing market and labour costs continue to apply upward pressure. Inflation in June 2024 was 2.7%, a slight decline from 2.9% in March 2024.

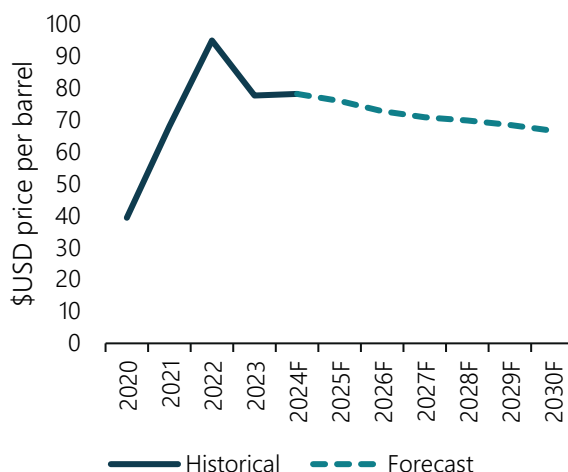
The Bank of Canada maintained its conservative GDP forecasts, with real GDP growth expected to be 2.5% in the second half of 2024 and 2% in 2025.

The Canadian Purchasing Manager's Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing and service sectors. The Canadian PMI slightly fell during Q2 2024, dropping from 49.8 points in March to 49.3 points in June.

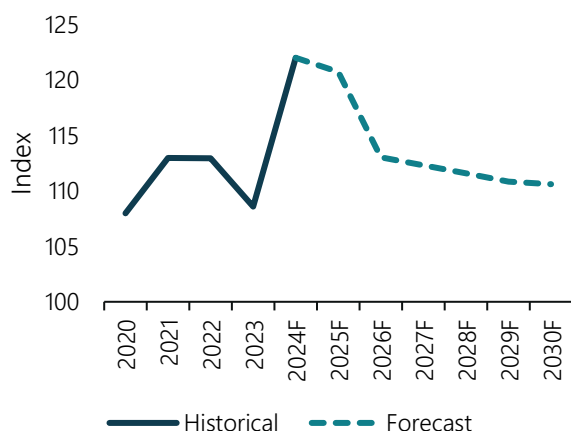
## Industrial Capacity Utilization



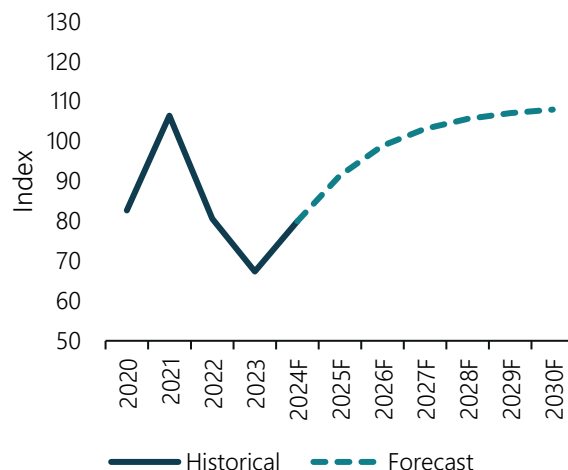
## World Price of Crude Oil



## Canadian-dollar Effective Exchange Rate Index



## Consumer Confidence Index



# Select Recent M&A Transactions



has acquired



Closed	June 3, 2024
TEV	\$645.8MM
TEV/EBITDA	9.6x
TEV/Revenue	1.7x

- **Certainteed Canada, Inc.** operates as a wholesaler of building materials and is a subsidiary of Compagnie de Saint-Gobain S.A.
- **Bailey-Hunt Limited**, through its subsidiaries, offers building solutions to both the commercial framing and drywall finishing residential markets. The company was incorporated in 2008 and is based in Concord, Canada.



is acquiring



Announced	June 3, 2024
TEV	\$565.0MM
TEV/EBITDA	~12.5x
TEV/Revenue	Not Disclosed

- **Nucor Corporation** engages in the manufacture and sale of steel and steel products. Nucor Corporation was founded in 1905 and is headquartered in Charlotte, North Carolina.
- **Rytec Corporation** designs, manufactures, and sells fabric, rigid rolling, folding/sliding, and rubber rolling doors. Rytec Corporation was founded in 1985 and is headquartered in Jackson, Wisconsin.

**CRANE**

has acquired



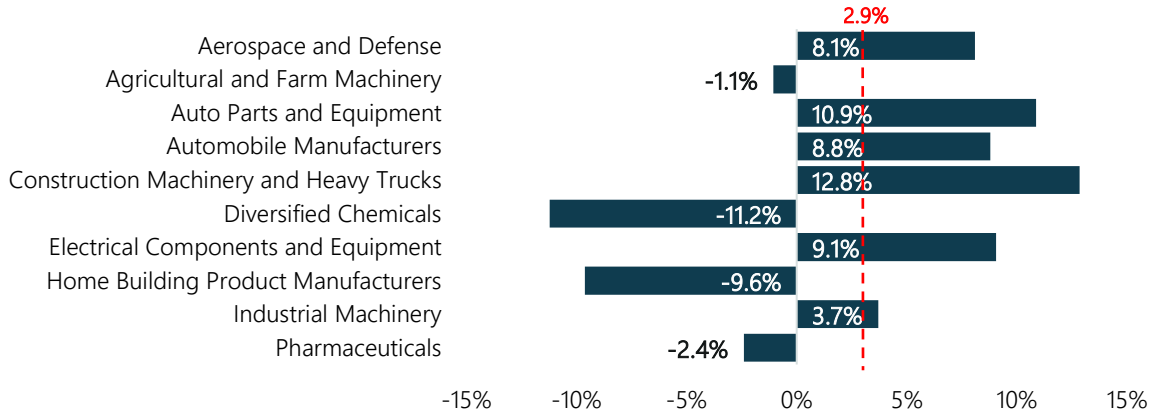
Closed	April 30, 2024
TEV	\$61.0MM
TEV/EBITDA	12.2x
TEV/Revenue	2.2x

- **Crane Company**, together with its subsidiaries, manufactures and sells engineered industrial products internationally. The company was founded in 1855 and is based in Stamford, Connecticut.
- **Cryoworks, Inc.** designs, manufactures, and installs cryogenic piping systems. The company was founded in 2009 and is headquartered in Jurupa Valley, California.

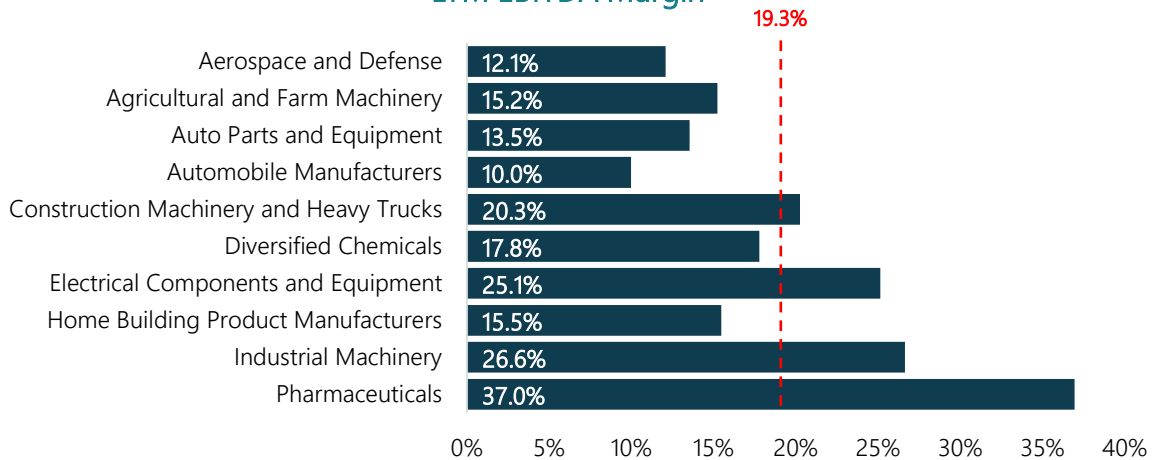
# Public Comparable Analysis

## Growth, Margins, and Multiples

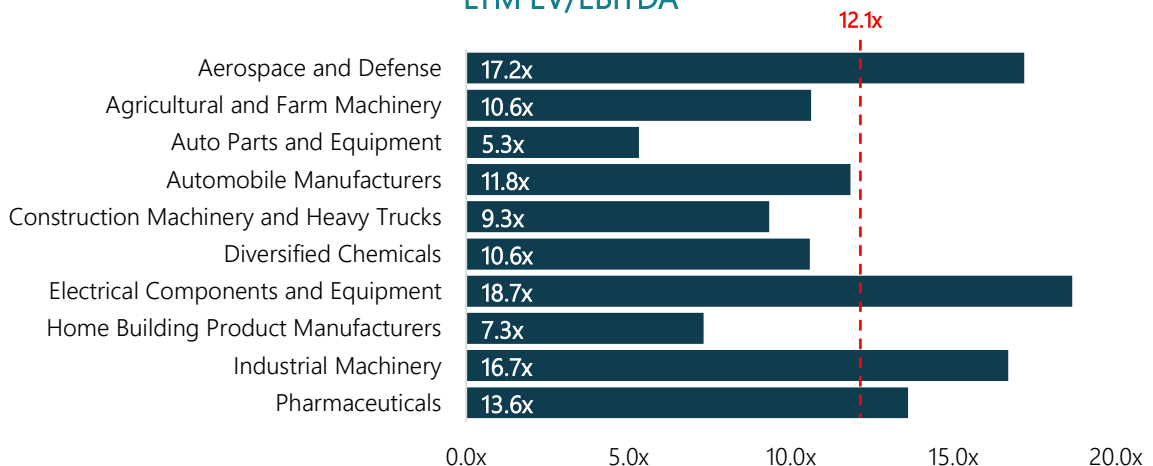
### LTM Revenue Growth



### LTM EBITDA Margin



### LTM EV/EBITDA



Source: Capital IQ. Data as of June 30, 2024.

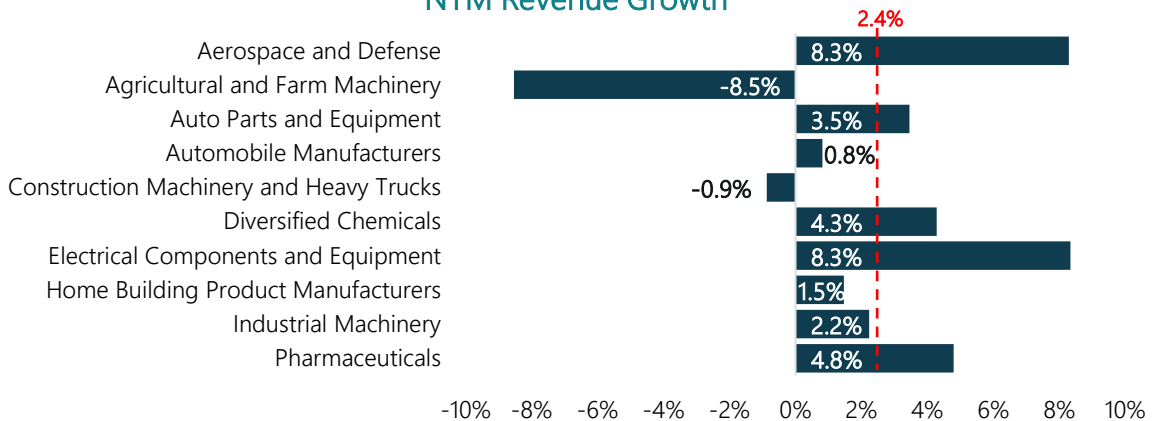
"LTM" refers to last twelve months. "NTM" refers to next twelve months.

Valuation details provided on pages 9 and 10.

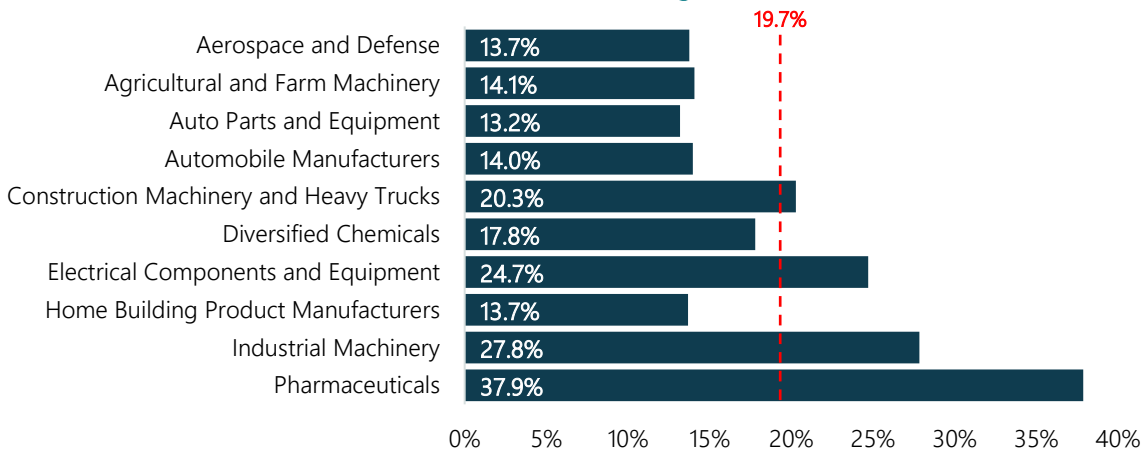
# Public Comparable Analysis

## Growth, Margins, and Multiples

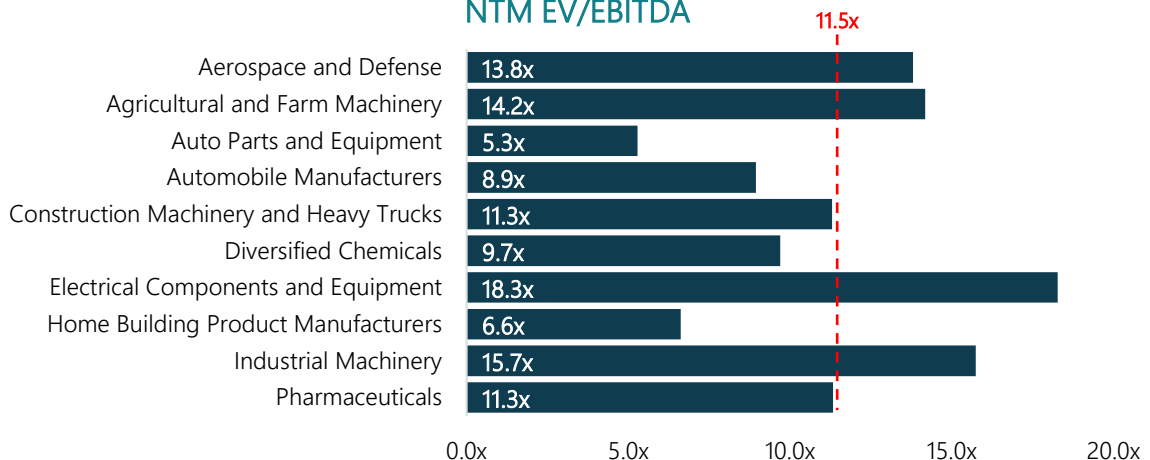
### NTM Revenue Growth



### NTM EBITDA Margin



### NTM EV/EBITDA



Source: Capital IQ. Data as of June 30, 2024.

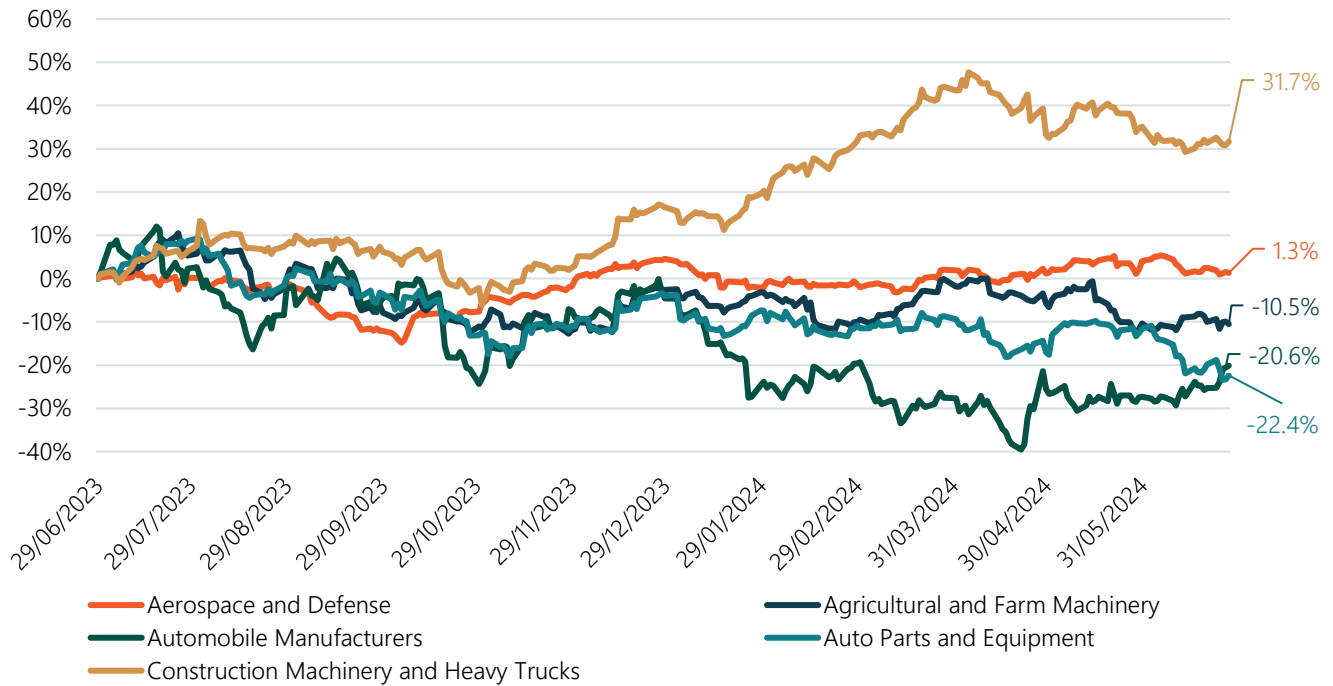
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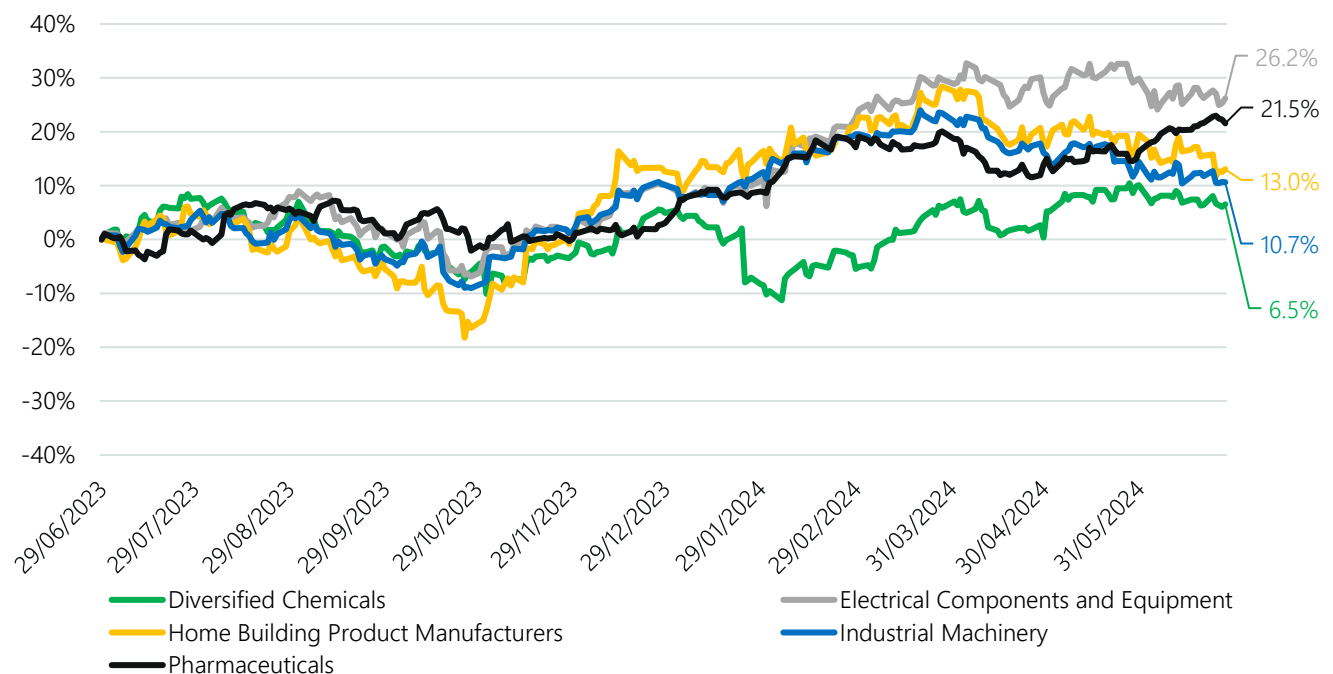
# Public Comparable Analysis

## Performance Analysis

### Manufacturing Peer Group Stock Price Performance\*



### Manufacturing Peer Group Stock Price Performance\*



Source: Capital IQ. Data as of June 30, 2024.

Further details provided on pages 9 and 10.

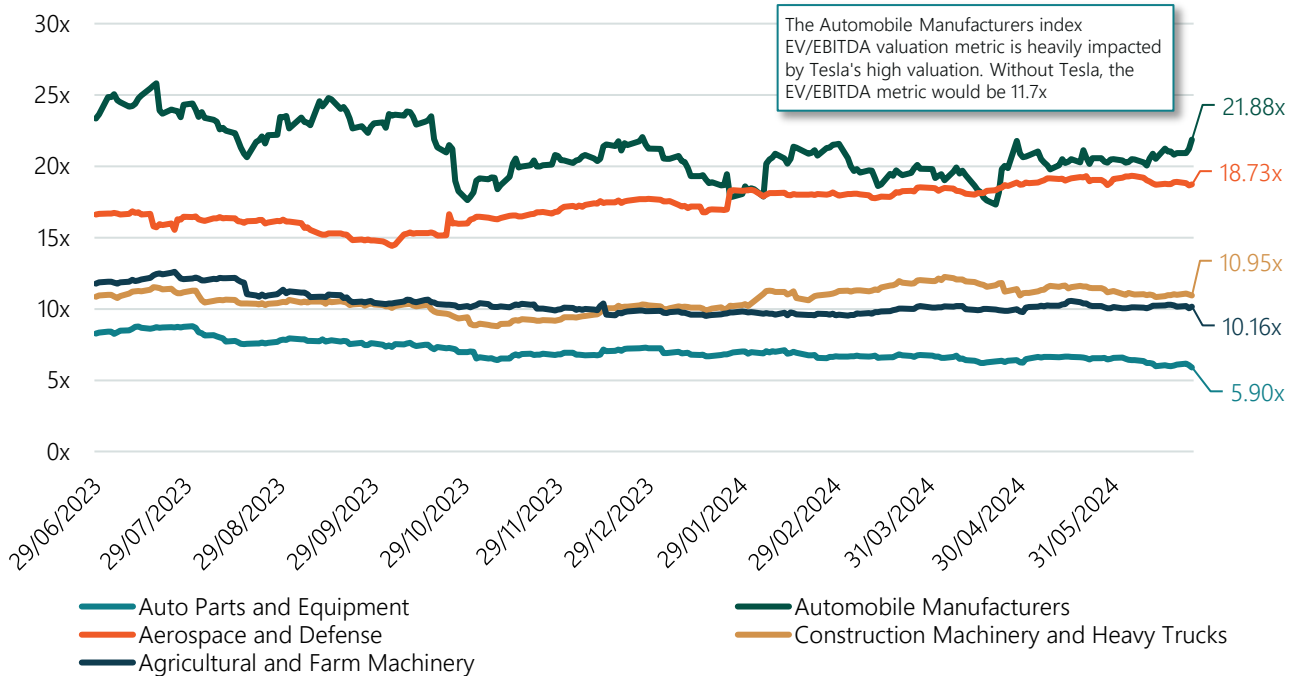
\*Peer group metrics are weighted by market capitalization



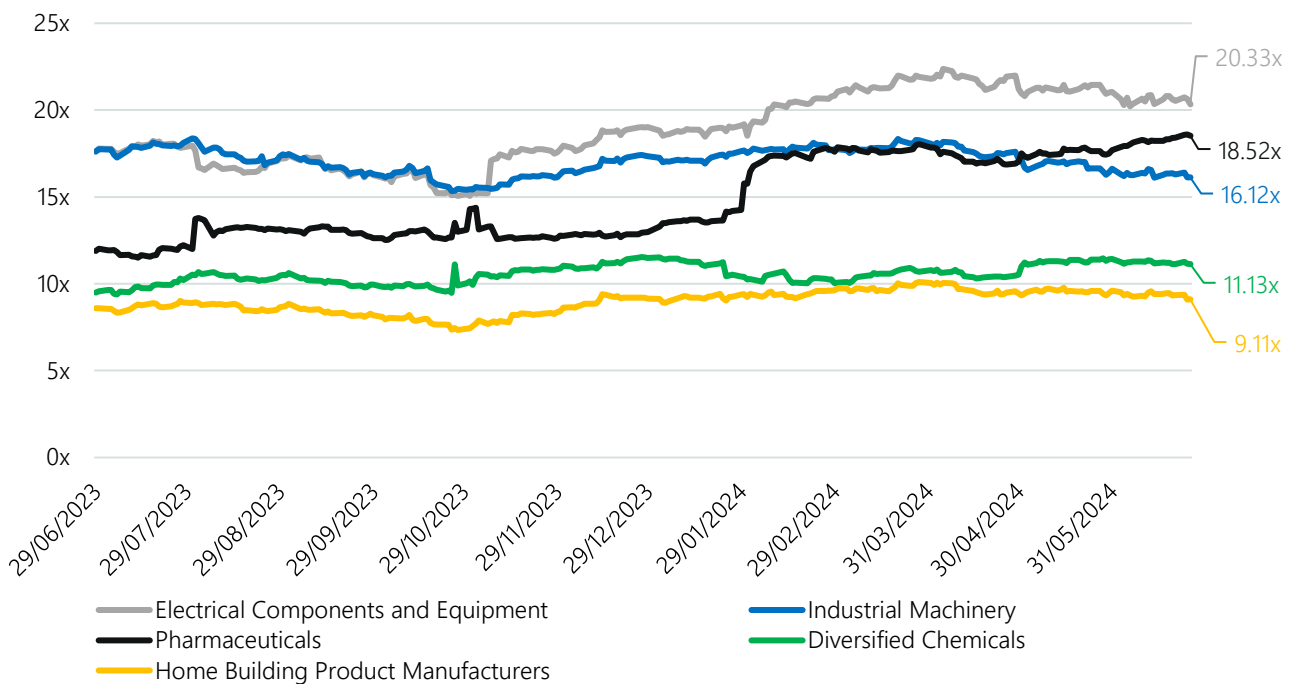
# Public Comparable Analysis

## Performance Analysis

### Manufacturing Peer Group EV/EBITDA Multiples



### Manufacturing Peer Group EV/EBITDA Multiples



Source: Capital IQ. Data as of June 30, 2024.

Further details provided on pages 9 and 10.

\*Peer group metrics are weighted by market capitalization



# Public Comparable Analysis

## Trading Multiples & Operating Statistics

(Figures In \$USD Millions, except percentages and ratios)

			LTM Operating Figures				NTM Consensus Estimates			Valuation	
			Revenue	Revenue Growth	EBITDA	EBITDA Margin	Revenue Growth	EBITDA Margin	EV/EBITDA	EV/EBITDA	LTM EV/REV
Company	Market Capitalization	Enterprise Value	Revenue	Revenue Growth	EBITDA	EBITDA Margin	Revenue Growth	EBITDA Margin	EV/EBITDA	EV/EBITDA	LTM EV/REV
Aerospace and Defense											
The Boeing Company	\$111,733	\$152,137	\$76,442	8.4%	\$3,132	4.1%	8.3%	6.7%	NM	48.6x	2.0x
RTX Corporation	\$133,252	\$173,551	\$71,011	3.6%	\$9,811	13.8%	12.6%	15.8%	13.7x	17.7x	2.4x
Lockheed Martin Corporation	\$112,075	\$128,703	\$69,640	5.3%	\$10,467	15.0%	0.6%	14.1%	13.1x	12.3x	1.8x
Northrop Grumman Corporation	\$64,516	\$79,266	\$40,122	8.1%	\$4,633	11.5%	3.5%	13.7%	13.9x	17.1x	2.0x
General Dynamics Corporation	\$79,476	\$89,503	\$43,122	8.1%	\$5,211	12.1%	10.8%	13.0%	14.4x	17.2x	2.1x
Median	\$111,733	\$128,703	\$69,640	8.1%	\$5,211	12.1%	8.3%	13.7%	13.8x	17.2x	2.0x
Mean	\$100,211	\$124,632	\$60,067	6.7%	\$6,651	11.3%	7.1%	12.7%	13.8x	22.6x	2.1x
Agricultural and Farm Machinery											
Deere & Company	\$102,961	\$165,835	\$58,604	(1.8%)	\$15,745	26.9%	(25.4%)	23.0%	16.5x	10.5x	2.8x
CNH Industrial N.V.	\$12,738	\$38,357	\$24,163	(0.4%)	\$3,585	14.8%	(10.6%)	12.2%	14.5x	10.7x	1.6x
The Toro Company	\$9,713	\$10,664	\$4,416	(8.4%)	\$690	15.6%	9.8%	15.8%	13.9x	15.4x	2.4x
AGCO Corporation	\$7,304	\$8,759	\$14,008	5.3%	\$2,043	14.6%	(6.5%)	12.3%	5.2x	4.3x	0.6x
Median	\$11,226	\$24,511	\$19,085	(1.1%)	\$2,814	15.2%	(8.5%)	14.1%	14.2x	10.6x	2.0x
Mean	\$33,179	\$55,904	\$25,298	(1.3%)	\$5,516	18.0%	(8.2%)	15.8%	12.5x	10.2x	1.9x
Auto Parts and Equipment											
Aptiv PLC	\$19,159	\$25,287	\$20,134	11.1%	\$2,748	13.6%	6.5%	15.3%	7.6x	9.2x	1.3x
Magna International Inc.	\$12,038	\$18,775	\$43,094	10.9%	\$4,370	10.1%	0.7%	9.1%	4.5x	4.3x	0.4x
Lear Corporation	\$6,486	\$9,114	\$23,616	9.7%	\$1,938	8.2%	2.6%	7.6%	4.8x	4.7x	0.4x
BorgWarner Inc.	\$7,345	\$10,392	\$14,410	18.7%	\$1,955	13.6%	3.5%	13.2%	5.3x	5.3x	0.7x
Autoliv, Inc.	\$8,568	\$10,327	\$10,568	8.2%	\$1,431	13.5%	4.1%	14.8%	6.0x	7.2x	1.0x
Median	\$8,568	\$10,392	\$20,134	10.9%	\$1,955	13.5%	3.5%	13.2%	5.3x	5.3x	0.7x
Mean	\$10,719	\$14,779	\$22,364	11.7%	\$2,488	11.8%	3.5%	12.0%	5.6x	6.1x	0.8x
Automobile Manufacturers											
Tesla, Inc.	\$631,078	\$614,928	\$94,745	10.1%	\$13,507	14.3%	9.2%	17.3%	NM	NM	6.5x
General Motors Company	\$52,983	\$161,129	\$174,871	8.8%	\$17,451	10.0%	0.8%	14.0%	6.5x	9.2x	0.9x
Ford Motor Company	\$50,064	\$176,613	\$177,494	7.5%	\$12,243	6.9%	(2.3%)	9.1%	11.3x	14.4x	1.0x
Median	\$52,983	\$176,613	\$174,871	8.8%	\$13,507	10.0%	0.8%	14.0%	8.9x	11.8x	1.0x
Mean	\$244,708	\$317,557	\$149,037	8.8%	\$14,400	10.4%	2.6%	13.5%	8.9x	11.8x	2.8x
Construction Machinery and Heavy Trucks											
Caterpillar Inc.	\$162,903	\$196,399	\$66,997	8.6%	\$16,240	24.2%	(0.9%)	23.4%	12.6x	12.1x	2.9x
Cummins Inc.	\$37,878	\$43,281	\$34,015	12.8%	\$5,065	14.9%	(4.2%)	15.3%	8.6x	8.5x	1.3x
PACCAR Inc	\$53,956	\$60,350	\$35,398	14.9%	\$6,473	18.3%	(14.2%)	17.5%	11.3x	9.3x	1.7x
Westinghouse Air Brake Technologies	\$27,878	\$31,577	\$9,980	15.7%	\$2,022	20.3%	5.4%	20.3%	14.8x	15.6x	3.2x
Allison Transmission Holdings, Inc.	\$6,640	\$8,488	\$3,083	8.8%	\$1,100	35.7%	0.7%	36.6%	7.5x	7.7x	2.8x
Median	\$37,878	\$43,281	\$34,015	12.8%	\$5,065	20.3%	(0.9%)	20.3%	11.3x	9.3x	2.8x
Mean	\$57,851	\$68,019	\$29,895	12.2%	\$6,180	22.7%	(2.6%)	22.6%	11.0x	10.7x	2.4x
Diversified Chemicals											
DuPont de Nemours, Inc.	\$33,653	\$40,468	\$11,981	(6.1%)	\$3,047	25.4%	3.8%	24.8%	13.0x	13.3x	3.4x
Eastman Chemical Company	\$11,521	\$16,291	\$9,108	(11.4%)	\$1,667	18.3%	4.8%	19.7%	8.7x	9.8x	1.8x
Huntsman Corporation	\$3,939	\$6,115	\$5,975	(19.7%)	\$537	9.0%	6.9%	8.8%	10.7x	11.4x	1.0x
The Chemours Company	\$3,361	\$6,877	\$5,841	(11.0%)	\$1,007	17.2%	1.2%	15.9%	7.2x	6.8x	1.2x
Median	\$7,730	\$11,584	\$7,542	(11.2%)	\$1,337	17.8%	4.3%	17.8%	9.7x	10.6x	1.5x
Mean	\$13,119	\$17,438	\$8,226	(12.0%)	\$1,565	17.5%	4.2%	17.3%	9.9x	10.3x	1.8x

Source: Capital IQ. Data as of June 30, 2024.

"LTM" refers to last twelve months. "NTM" refers to next twelve months.

"NM" refers to not meaningful.

# Public Comparable Analysis

## Trading Multiples & Operating Statistics

(Figures in \$USD Millions, except percentages and ratios)

Company	Market Capitalization	Enterprise Value	LTM Operating Figures				NTM Consensus Estimates			Valuation	
			Revenue	Revenue Growth	EBITDA	EBITDA Margin	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Electrical Components and Equipment											
Emerson Electric Co.	\$63,023	\$78,021	\$16,529	14.1%	\$4,608	27.9%	8.7%	26.6%	16.3x	16.9x	4.7x
Eaton Corporation plc	\$125,357	\$132,738	\$23,656	10.6%	\$5,301	22.4%	7.9%	22.8%	22.9x	25.0x	5.6x
Rockwell Automation, Inc.	\$31,383	\$35,183	\$8,980	7.5%	\$1,946	21.7%	(2.7%)	21.7%	18.6x	18.1x	3.9x
AMETEK, Inc.	\$38,588	\$41,382	\$6,736	7.1%	\$2,151	31.9%	9.3%	31.2%	18.0x	19.2x	6.1x
Median	\$50,805	\$59,701	\$12,754	9.1%	\$3,379	25.1%	8.3%	24.7%	18.3x	18.7x	5.2x
Mean	\$64,588	\$71,831	\$13,975	9.8%	\$3,501	26.0%	5.8%	25.6%	18.9x	19.8x	5.1x

<b>Home Building Product Manufacturers</b>											
Masco Corporation	\$14,706	\$17,819	\$7,914	(6.4%)	\$1,602	20.2%	1.3%	19.2%	11.5x	11.1x	2.3x
Builders FirstSource, Inc.	\$16,894	\$20,443	\$17,105	(18.3%)	\$2,824	16.5%	4.5%	14.2%	8.0x	7.2x	1.2x
JELD-WEN Holding, Inc.	\$1,158	\$2,291	\$4,183	(8.6%)	\$320	7.6%	(3.8%)	8.9%	6.4x	7.2x	0.5x
Owens Corning	\$15,054	\$17,144	\$9,646	(1.0%)	\$2,323	24.1%	24.8%	23.2%	6.1x	7.4x	1.8x
American Woodmark Corporation	\$1,225	\$1,646	\$1,848	(10.6%)	\$266	14.4%	1.6%	13.1%	6.6x	6.2x	0.9x
Caesarstone Ltd.	\$173	\$200	\$533	(20.6%)	\$17	3.3%	(4.7%)	0.7%	NM	11.5x	0.4x
<b>Median</b>	<b>\$7,965</b>	<b>\$9,718</b>	<b>\$6,048</b>	<b>(9.6%)</b>	<b>\$961</b>	<b>15.5%</b>	<b>1.5%</b>	<b>13.7%</b>	<b>6.6x</b>	<b>7.3x</b>	<b>1.0x</b>
<b>Mean</b>	<b>\$8,202</b>	<b>\$9,924</b>	<b>\$6,871</b>	<b>(10.9%)</b>	<b>\$1,225</b>	<b>14.4%</b>	<b>4.0%</b>	<b>13.2%</b>	<b>7.7x</b>	<b>8.4x</b>	<b>1.2x</b>

<b>Industrial Machinery</b>											
Illinois Tool Works Inc.	\$70,709	\$78,076	\$16,061	0.3%	\$4,681	29.1%	2.2%	28.3%	16.8x	16.7x	4.9x
Parker-Hannifin Corporation	\$65,017	\$75,982	\$19,839	9.3%	\$5,284	26.6%	1.5%	24.8%	15.4x	14.4x	3.8x
Stanley Black & Decker, Inc.	\$12,293	\$20,154	\$15,719	(4.3%)	\$1,537	9.8%	(1.7%)	11.4%	11.4x	13.1x	1.3x
Fortive Corporation	\$26,085	\$29,329	\$6,129	3.7%	\$1,659	27.1%	5.3%	28.8%	15.7x	17.7x	4.8x
Ingersoll Rand Inc.	\$36,648	\$38,034	\$6,917	11.4%	\$1,798	26.0%	9.8%	27.8%	18.5x	21.1x	5.5x
<b>Median</b>	<b>\$36,648</b>	<b>\$38,034</b>	<b>\$15,719</b>	<b>3.7%</b>	<b>\$1,798</b>	<b>26.6%</b>	<b>2.2%</b>	<b>27.8%</b>	<b>15.7x</b>	<b>16.7x</b>	<b>4.8x</b>
<b>Mean</b>	<b>\$42,151</b>	<b>\$48,315</b>	<b>\$12,933</b>	<b>4.1%</b>	<b>\$2,992</b>	<b>23.7%</b>	<b>3.4%</b>	<b>24.2%</b>	<b>15.6x</b>	<b>16.6x</b>	<b>4.1x</b>

<b>Pharmaceuticals</b>											
Johnson & Johnson	\$351,760	\$359,174	\$86,576	(11.0%)	\$31,347	36.2%	3.4%	35.4%	11.1x	11.5x	4.1x
Merck & Co., Inc.	\$313,561	\$342,221	\$61,403	6.1%	\$21,550	35.1%	6.2%	45.3%	11.3x	15.9x	5.6x
Pfizer Inc.	\$158,551	\$216,800	\$54,889	(41.1%)	\$11,253	20.5%	9.6%	36.7%	10.0x	19.3x	3.9x
AbbVie Inc.	\$302,882	\$359,212	\$54,403	(4.1%)	\$26,421	48.6%	3.2%	47.4%	13.3x	13.6x	6.6x
Eli Lilly and Company	\$815,209	\$838,288	\$35,932	29.8%	\$13,545	37.7%	25.5%	39.0%	NM	NM	23.3x
Bristol-Myers Squibb Company	\$84,185	\$131,663	\$45,534	(0.7%)	\$18,618	40.9%	1.3%	18.0%	15.8x	7.1x	2.9x
<b>Median</b>	<b>\$308,222</b>	<b>\$350,698</b>	<b>\$54,646</b>	<b>(2.4%)</b>	<b>\$20,084</b>	<b>37.0%</b>	<b>4.8%</b>	<b>37.9%</b>	<b>11.3x</b>	<b>13.6x</b>	<b>4.9x</b>
<b>Mean</b>	<b>\$337,692</b>	<b>\$374,560</b>	<b>\$56,456</b>	<b>(3.5%)</b>	<b>\$20,456</b>	<b>36.5%</b>	<b>8.2%</b>	<b>37.0%</b>	<b>12.3x</b>	<b>13.5x</b>	<b>7.7x</b>

Source: Capital IQ. Data as of June 30, 2024.

"LTM" refers to last twelve months. "NTM" refers to next twelve months

"NM" refers to not meaningful.

# About Us

MNP Corporate Finance (MNPCF) has a dedicated team of over 100 M&A, capital markets, and due diligence professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

Our typical transactions range in value between \$3 million and \$300 million.

## Deal Experience

Since our inception, our team has advised on hundreds of transactions, in a wide range of industries with diverse enterprise values. In the past 10 years alone, we have completed over 285 transactions worth almost \$5 billion (not including due diligence engagements).

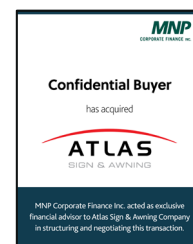
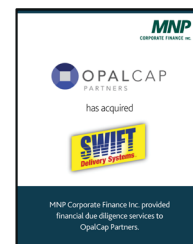
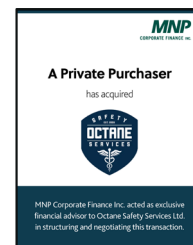
## Industry Experience

- Food & Beverage
- Retail & Distribution
- Manufacturing
- Agriculture
- Automotive
- Materials
- Healthcare
- Pharmaceutical
- Transportation
- Construction
- Software
- Financial Services
- Technology
- Energy
- Oilfield Services
- Real Estate

## Services

- Divestitures
- Acquisitions
- Debt Financing
- Due Diligence
- Transaction Advisory Services

## Recently Closed Deals (National)



# About Us

## Hands-on Approach

Current M&A transactions require a hands-on approach from start to finish including the active engagement of senior resources. Our senior resources are dedicated to our clients and are available as necessary and appropriate. We keep our clients regularly informed of the engagement status, issues we are encountering, successes and overall progress.

## Integrated Service Offering

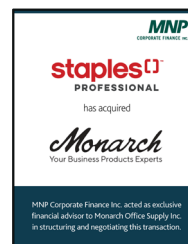
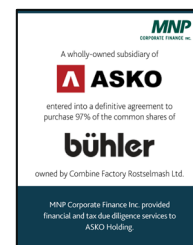
We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement and risk management.

## Local and International Reach

MNP is a participating firm within Praxity, a unique global alliance of independent accounting/advisory firms created to answer global business needs. As a member of Praxity, we are able to offer access to corporate finance, accounting and tax advisory services worldwide.



## Recently Closed Deals (National)

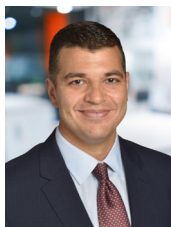


# Leadership Team

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