



### Quarterly Update

- Companies engaged in the manufacturing or distributing of flow control products such as valves, pumps, compressors, and filters are experiencing increased M&A interest.
- For those companies serving the water and wastewater end markets, the Infrastructure Investment and Jobs Act (IIJA) is driving significant growth by updating and replacing aging water infrastructure.
- The American Water Works Association estimates that the \$55B from the IIJA only covers 12% of the necessary investment required to fully upgrade water infrastructure, pointing to the likelihood of further investment once funding from the act expires in 2026.
- Companies serving the liquefied natural gas end market are also well-positioned for growth, as the U.S. has increased its LNG exports by 24% year over year since 2019 and recently became the world export leader, passing Australia and Qatar.
- Flow control products are mission-critical with high cost of failure, yet low priced and purchased routinely. These dynamics, coupled with water and LNG end market growth, is expected to drive M&A in the space in 2024.

### Recent Industrial Transactions

**PROFUSION**  
has been  
recapitalized by

**MIDWEST D**  
PRECISION PRODUCTS INC.  
Specialties for Pullnets  
has been acquired by  
**ANCRACARGO**  
a division of  
**THE HEICO COMPANIES**

**MPS**  
MULTI PARTS  
has been  
recapitalized by  
**RADIAL**

**JML OPTICAL**  
Custom Optics • Prototyping to Production  
a portfolio company of  
**Five Points CAPITAL**  
has been acquired by  
**THORLABS**

For more information and insights, please contact us:



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## Recent Selected Flow Control Transactions

### Pleuger Acquires AVI International



Target

PLEUGER

Buyer

FLACKS GROUP

Sponsor

- **February 2024** – PLEUGER, a leader in flow control and submersible motor manufacturing, has acquired AVI International, a Connecticut-based specialist in the upgrade, repair, and service of rotating equipment.
- AVI International serves the power generation, marine, wastewater treatment, and manufacturing industries.

### Core & Main to Acquire Dana Kepner



Target



Buyer

- **February 2024** – Core & Main has entered into an agreement to acquire Dana Kepner Company.
- Dana Kepner is a distributor of water, wastewater, and storm drainage products based in Denver with 19 locations across the U.S.
- Dana Kepner offers a variety of waterworks products including pipes, valves, and fittings.

### Control Devices Acquires Gilmore



Target



Buyer



Sponsor

- **January 2024** – Control Devices has acquired Gilmore, a designer and manufacturer of high-performance severe service valves and other flow control solutions headquartered in Houston.
- The acquisition expands Control Devices' flow control solutions portfolio while widening its reach in the oil and gas market.

### Holland Supply Acquires BPR Pumping



Target



Buyer



Sponsor

- **January 2024** – Holland Pump Supply has acquired BPR Pumping & Vacuum Solutions of Pearland, TX.
- BPR supplies products fluid dynamics, environmental safety, piping, and hose products and serves the municipal, construction, industrial, and mining industries in Texas and the Gulf Coast region.

### Relevant Industrial Acquires CHEMFLOW



Target



Buyer



Sponsor

- **January 2024** – Relevant Industrial has acquired CHEMFLOW Products and its subsidiaries, CHEMSeal Couplings and ChlorineValves.com
- CHEMFLOW is a value-added distributor specializing in precision-engineered flow control products for chemical services headquartered in Tomball, TX.

### DXP Completes Strategic Acquisition



Target



Buyer

- **January 2024** – DXP Enterprises (NASDAQ: DXPE) has acquired Hennesy Mechanical Sales, a leading manufacturers representative in the municipal water and wastewater treatment market.
- Hennesy provides industrial pump sales, service, and repair in Arizona, New Mexico, and West Texas and is headquartered in Phoenix, AZ.

## EdgePoint Public Comparable Index Constituents

### Manufacturers

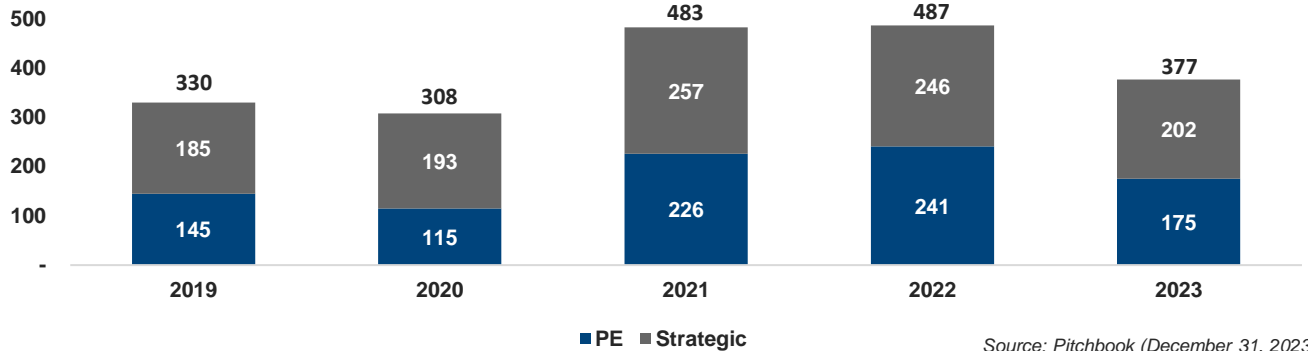
Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2024E	LTM	2024E	LTM	LTM	3-Yr. CAGR		
IDEX Corporation	\$ 17,852	44.2%	27.4%	\$ 897	\$ 925	19.6x	19.0x	\$ 3,274	2.9%	11.7%	\$ 225.60	97.4%
Ingersoll Rand Inc.	36,110	41.3%	24.2%	1,615	1,760	21.5x	20.4x	6,678	16.9%	25.7%	85.17	100.2%
Pentair plc	14,065	37.0%	20.8%	854	1,000	16.5x	14.1x	4,105	-0.4%	10.8%	74.09	98.2%
The Gorman-Rupp Company	1,305	29.8%	17.5%	116	119	11.2x	10.9x	660	26.6%	23.6%	35.55	96.9%
Xylem Inc.	30,716	36.9%	15.8%	1,164	1,684	26.7x	18.5x	7,364	33.4%	14.7%	121.86	97.8%
<b>Median</b>		<b>37.0%</b>	<b>20.8%</b>	<b>897</b>	<b>1,000</b>	<b>19.6x</b>	<b>18.5x</b>	<b>4,105</b>	<b>16.9%</b>	<b>14.7%</b>	<b>85.17</b>	<b>97.8%</b>
<b>Mean</b>		<b>37.8%</b>	<b>21.1%</b>	<b>929</b>	<b>1,097</b>	<b>19.1x</b>	<b>16.6x</b>	<b>4,416</b>	<b>15.9%</b>	<b>17.3%</b>	<b>108.45</b>	<b>98.1%</b>

### Distributors

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2024E	LTM	2024E	LTM	LTM	3-Yr. CAGR		
Core & Main, Inc.	\$ 9,962	27.2%	13.6%	\$ 900	\$ 903	10.2x	11.0x	\$ 6,636	1.7%	0.0%	\$ 42.60	100.4%
DNOW Inc.	885	23.2%	7.9%	183	174	4.3x	5.0x	2,313	14.4%	6.1%	9.76	65.6%
Flowsene Corporation	6,463	29.9%	11.7%	491	498	11.2x	13.0x	4,194	20.0%	3.2%	41.20	98.1%
MRC Global Inc.	1,726	19.8%	6.7%	236	254	6.2x	6.8x	3,513	10.5%	8.5%	10.65	77.2%
<b>Median</b>		<b>25.2%</b>	<b>9.8%</b>	<b>363</b>	<b>376</b>	<b>8.2x</b>	<b>8.9x</b>	<b>3,854</b>	<b>12.5%</b>	<b>4.7%</b>	<b>25.93</b>	<b>87.6%</b>
<b>Mean</b>		<b>25.0%</b>	<b>10.0%</b>	<b>452</b>	<b>457</b>	<b>8.0x</b>	<b>8.9x</b>	<b>4,164</b>	<b>11.7%</b>	<b>4.5%</b>	<b>26.05</b>	<b>85.3%</b>

Source: S&P CapIQ (February 9, 2024)

## Flow Control Deal Activity – Last Five Years



## Select Middle Market Flow Control Platforms (Date of Investment & Sponsor)

