

INDUSTRIALS & MANUFACTURING

Q1 2022 MARKET UPDATE

G2 Capital Advisors is pleased to present its Industrials & Manufacturing industry update for Q1 2022, providing commentary and analysis on M&A and market trends within the Industrials & Manufacturing sectors.

High profile cyberattacks are a potent reminder of growing technological vulnerabilities as manufacturers implement higher levels of automation. Adoption of “Industry 4.0” technology infrastructure is increasing the attack surface to include legacy systems not designed to defend against today’s sophisticated cyber criminal or rogue nation. Ransomware can trigger financial losses, but disruption to production and supply chains can cause harm beyond the initial shake-down. Breaches such as the Colonial Pipeline and SolarWinds attacks grab headlines and underscore the need to defend operations and silo production networks from companies’ external facing business networks. In response, manufacturers should audit not only their existing cyber defenses, but also the resiliency of their operations in the event of a cyber attack.

Cybersecurity plays a vital role in M&A strategy and execution. Firms considering a transaction should understand risks present in the form of data leaks, ransomware, and opportunities for malicious actors to use a transaction as a way to break into an acquiring company. According to IBM, more than half of companies wait until due diligence is completed to perform cybersecurity assessments. Considerations surrounding data privacy regulations, mandatory disclosure laws, and the risk of business interruption should be a priority for sellers and acquirors from the early stages of the transaction process.

BUILDING PRODUCTS




CONTAINERS / PACKAGING

METALS / MATERIALS

NICHE MANUFACTURING

DISTRIBUTION

SELECT INDUSTRY DEALS

ACQUIRER	TARGET	DESCRIPTION	ENTERPRISE VALUE	REVENUE	EBITDA
 woodgrain	 HUTTIG BUILDING PRODUCTS <small>Constructive Solutions Since 1885</small>	Huttig Building Products distributes millwork and building products for residential construction. The acquisition significantly increases Woodgrain’s distribution network, product offering, and value-added services	\$400MM	0.4x	5.8x
 ANGELES EQUITY PARTNERS	 RÖBEX	RöBEX is a precision integrator of industrial robots, that designs, builds and installs custom robotic systems. Angeles acquired RöBEX in conjunction with Mid-State Engineering, executing a thesis to invest in industrial automation in the face of broad-ranging labor issues	n/a	n/a	n/a
 Vantage	 JEEN International Corporation	JEEN International provides naturally derived specialty ingredients and blends for the personal care and cosmetics markets.	n/a	n/a	n/a
 TriMas	 INTERTECH	Intertech Plastics fabricates custom injection molding products for the consumer, medical, and specialty plastics markets	n/a	n/a	n/a
 SAFAR PARTNERS	 RIGHTHAND ROBOTICS	RightHand Robotics offers automated piece-picking technology to fulfill orders. RightHand raised \$66MM led by Safar Partners, THL, and SoftBank as the warehouse automation sector continues to heat up	\$240MM	~24x	n/a
 AGI	 EASTERN FABRICATORS	Eastern Fabricators designs, builds, and installs custom engineered stainless steel food processing systems	\$35MM	1.7x	5.6x

Source: S&P Capital IQ, IBM, company websites

SELECT ONGOING G2 PROJECTS

Farm & Industrial Supplier

PROJECT COB

Interim Management

About the Mandate:

G2 is focused on driving profitability and liquidity improvements and supporting negotiations with lenders. The Company distributes farm and industrial supplies, offering thousands of name-brand and hard to find products.

Seafood Processor / Distributor

PROJECT HARPOON

Sell-Side

About the Mandate:

G2 is currently serving as the sell-side advisor to a full-service seafood processing and delivery company. The Company offers a variety of wholesale fish products sourced through auctions in the Northeast and distributed globally via refrigerated trucks and air.

Aviation Operations

PROJECT RAPTOR

Financing

About the Mandate:

G2 is currently serving as the financial advisor for a provider of airlift support services. The Company serves a diverse customer base of government, institutional, and commercial clients with niche specialty in expeditionary and contingency air operations in challenging operating environments. The Company is looking to raise debt capital to provide dry powder for growth investments.

Integrated Handling Systems Provider

PROJECT AUTOMATION

Sell-Side

About the Mandate:

G2 is serving as the exclusive sell-side advisor to a provider of automated storage and retrieval systems and other warehouse automation solutions. The Company is a leading provider of industrial automation solutions serving the automated warehouse and production sectors

Provider of Tool Solutions

PROJECT PEAK

Buy-Side

About the Mandate:

G2 is currently serving as the buy-side advisor to a tool solutions provider, offering services, new tools, and resale products for the secondary woodworking, composite and metal industries across the U.S. and Canada. G2 is assisting the company's business development team with identifying and executing add-on acquisition opportunities.

Food Manufacturing Plant

PROJECT COAST

Sell-Side

About the Mandate:

G2 is currently advising on the sale of a frozen fruit manufacturing facility. The plant manufactures private label and branded frozen fruit and is a divestiture of a multinational agricultural corporation.

KEY I&M TRADING STATISTICS

Sector	Number of Companies	Median Enterprise Value (\$MM)	LTM ¹			
			Median Revenue Growth	Median EBITDA Growth	EV / Revenue	EV / EBITDA
Aerospace Manufacturing	17	\$8,246	1.0%	0.9%	1.9x	13.7x
Building Products	15	\$6,424	4.1%	2.0%	1.6x	9.8x
Chemicals	19	\$20,197	5.1%	4.5%	1.9x	8.9x
Construction	12	\$5,951	0.9%	3.2%	1.2x	13.1x
CPG	11	\$26,654	0.7%	-3.2%	2.8x	17.5x
Electrical Equipment	11	\$11,635	4.8%	4.2%	3.1x	16.2x
Food	13	\$30,571	1.3%	1.6%	2.3x	13.9x
Industrial Technology	10	\$38,797	2.0%	1.8%	3.8x	16.5x
Materials	15	\$19,399	4.5%	6.4%	3.7x	10.3x
Metals	12	\$10,661	14.4%	23.7%	0.8x	4.4x
Packaging	13	\$16,494	3.2%	1.9%	1.7x	10.1x
Plastics	12	\$5,722	4.7%	1.6%	1.1x	7.4x

Source: S&P Capital IQ

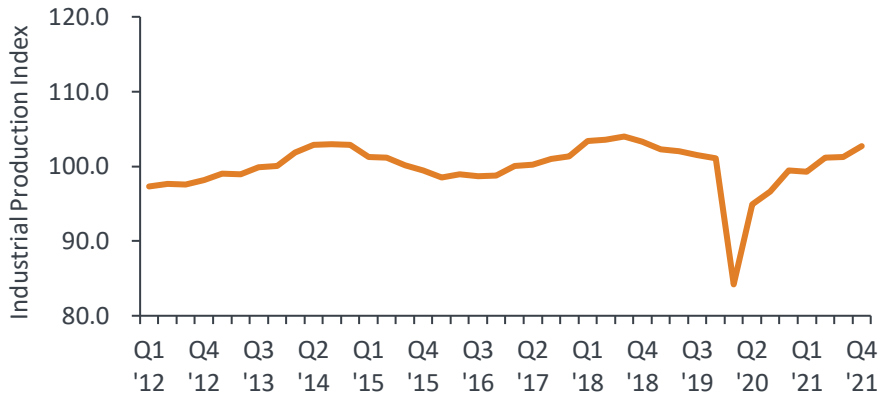
Q1 2022 M&A TRANSACTIONS

DATE	Acquirer	Target	DESCRIPTION	ENTERPRISE VALUE	REVENUE	EBITDA
Mar-2022	Schweitzer-Mauduit International, Inc.	Neenah, Inc.	Neenah, Inc., a specialty materials company, engages in the performance-based technical products, and fine paper and packaging products businesses in North America, Germany, Spain, and rest of Europe.	\$1,169.4	1.1x	10.0x
Mar-2022	Western Shield Acquisitions, LLC	All American Label Co.	All American Label Co. provides pressure sensitive label printing solutions in the United States and Mexico. It offers custom labels, stock labels, security labels, thermal transfer, and ribbons; and graphic design, plate making, printing, product management, packaging design, fulfillment, and inventory management services.	-	-	-
Mar-2022	Woodgrain Inc.	Huttig Building Products, Inc.	Huttig Building Products, Inc., together with its subsidiaries, distributes millwork, building materials, and wood products for new residential construction, in-home improvement, remodeling, and repair works in the United States.	\$400.0	0.4x	5.8x
Mar-2022	Rio Tinto Group; Rio Tinto International Holdings Limited	Turquoise Hill Resources Ltd.	Turquoise Hill Resources Ltd., together with its subsidiaries, operates as a mining company.	\$7,876.5	4.0x	6.6x
Mar-2022	AZZ Inc.	Precoat Metals Corp.	Precoat Metals Corp. provides coil coating services for buildings, housing, appliances, vehicles, offices, containers, and households.	\$1,283.0	1.8x	9.4x
Mar-2022	Angeles Equity Partners, LLC	RoBEX LLC	RoBEX LLC is a manufacturer of robotics integration products.	-	-	-
Mar-2022	Angeles Equity Partners, LLC	Mid-State Engineering & Testing, Inc.	Mid-State Engineering & Testing, Inc. engages in geotechnical design and consulting firm with a complete construction material.	-	-	-
Mar-2022	Vantage Specialty Chemicals, Inc.	JEEN International Corporation/BotanicalsPlus, Inc.	JEEN International provides naturally derived specialty ingredients and blends for the personal care and cosmetics markets.	-	-	-
Mar-2022	TriMas Corporation	Intertech Plastics, Inc.	Intertech Plastics, Inc. engages in fabricating custom injection molded products for application in consumer, medical, and specialty plastics markets in the Rocky Mountain region.	-	-	-
Feb-2022	Safar Partners, Thomas H. Lee Partners, SoftBank Vision Fund	RightHand Robotics, Inc.	RightHand Robotics, Inc. manufactures robotic order-picking systems.	\$240.0	~24x	-
Feb-2022	Clayton, Dubilier & Rice, LLC	Cornerstone Building Brands, Inc.	Cornerstone Building Brands, Inc., together with its subsidiaries, designs, engineers, manufactures, markets, and installs external building products for the commercial, residential, and repair and remodel markets in the United States, Canada, Mexico, and internationally.	\$6,117.7	1.1x	7.1x
Jan-2022	Ag Growth International Inc.	Eastern Fabricators Inc.	Eastern Fabricators Inc. is a Canadian industry, primarily for designing, building, and installing custom engineered stainless steel food processing systems.	\$35.4	1.7x	5.6x

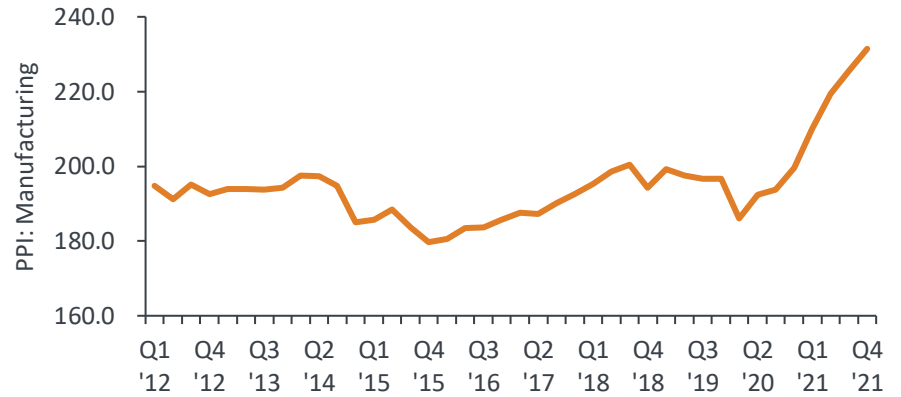
Source: S&P Capital IQ, company websites

MARKET INDICATORS

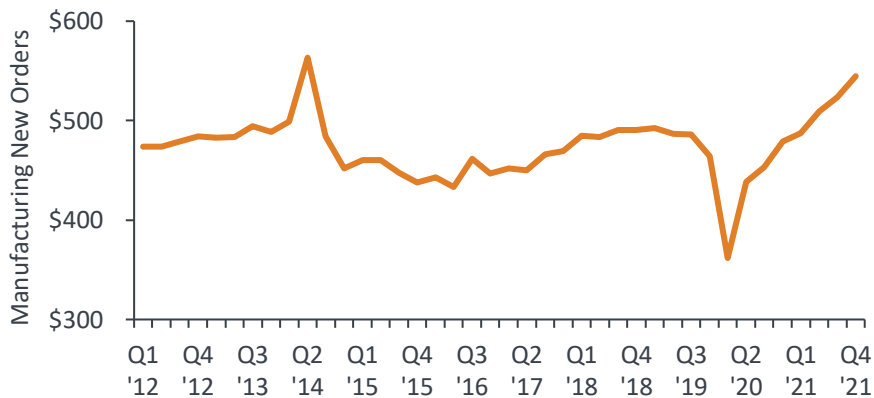
Industrial Production Index



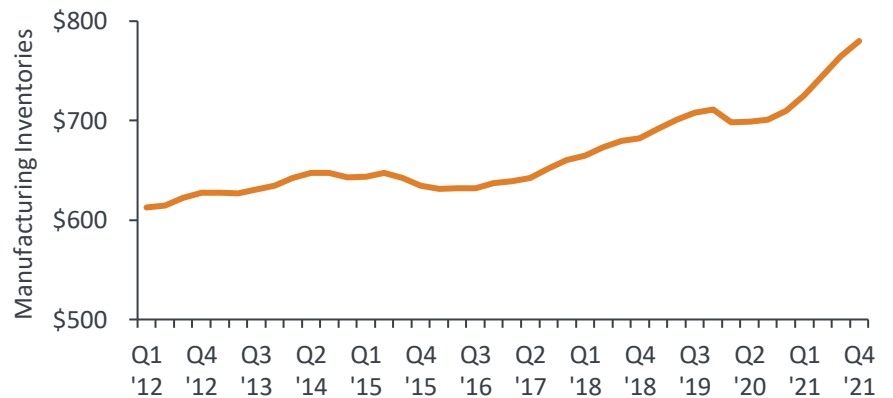
Producer Price Index: Manufacturing



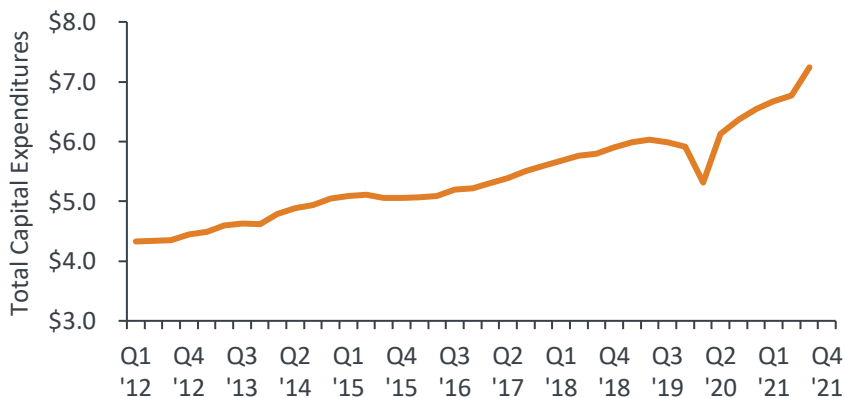
Manufacturing New Orders (\$B)



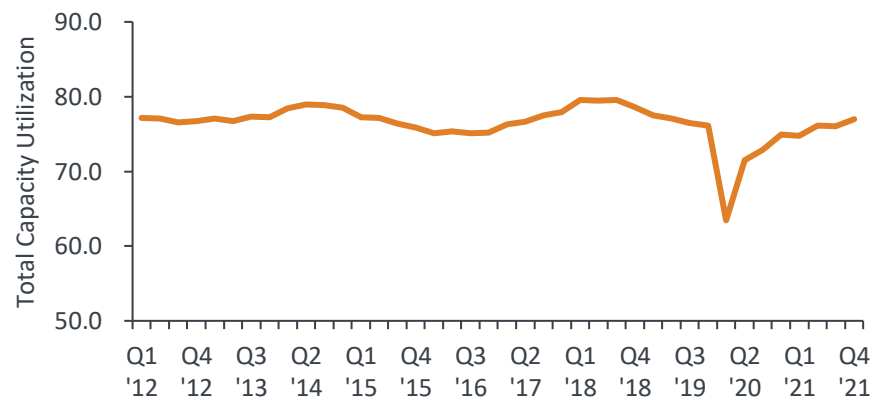
Manufacturing Total Inventories (\$B)



Total Capital Expenditures (\$TN)



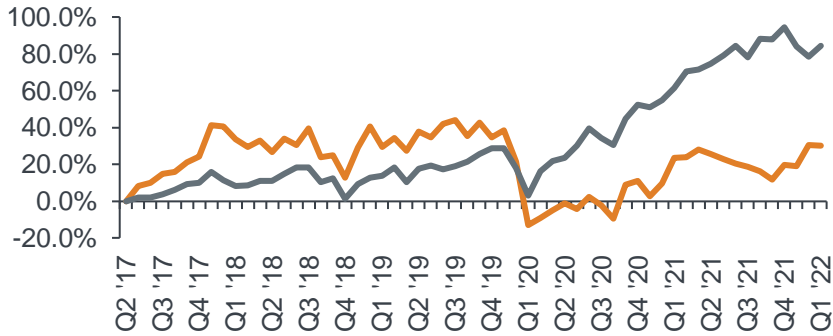
Total Capacity Utilization



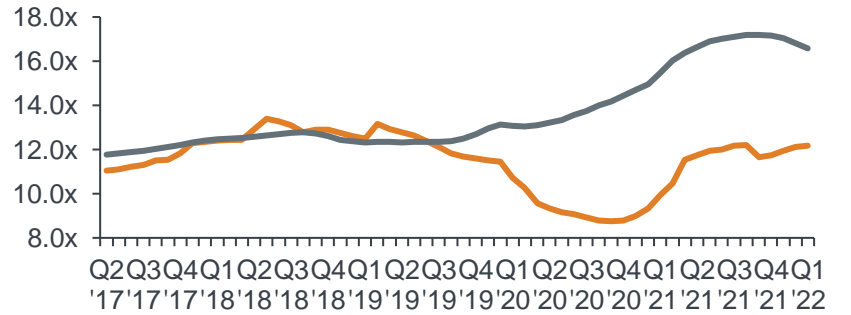
Source: Federal Reserve Economic Data

MARKET INDICATORS

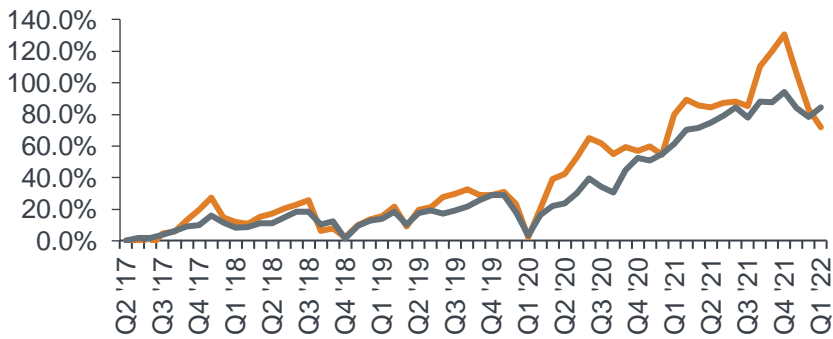
Aerospace Manufacturing Market Cap



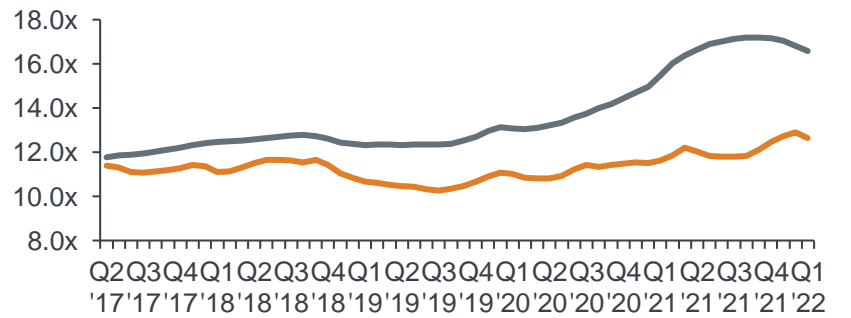
Aerospace Manufacturing EV / EBITDA



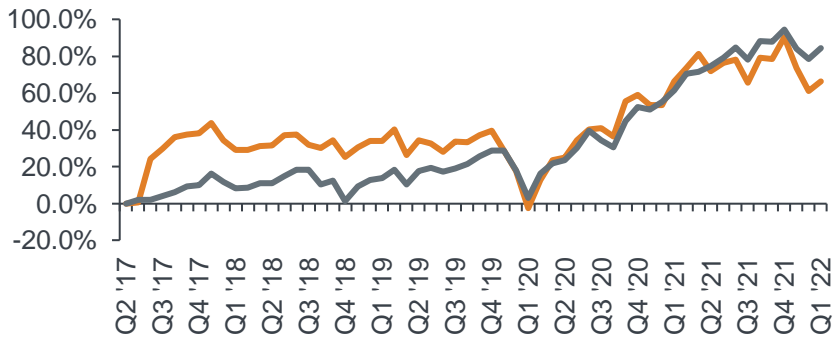
Building Products Market Cap



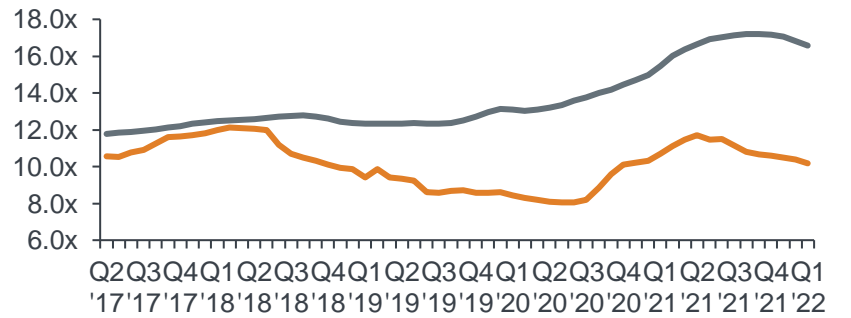
Building Products EV / EBITDA



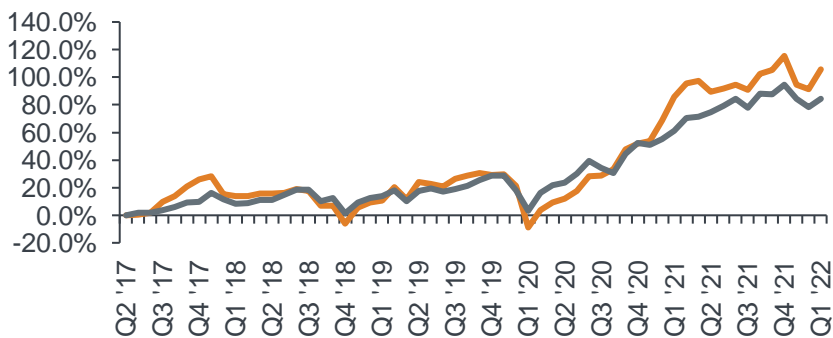
Chemicals Market Cap



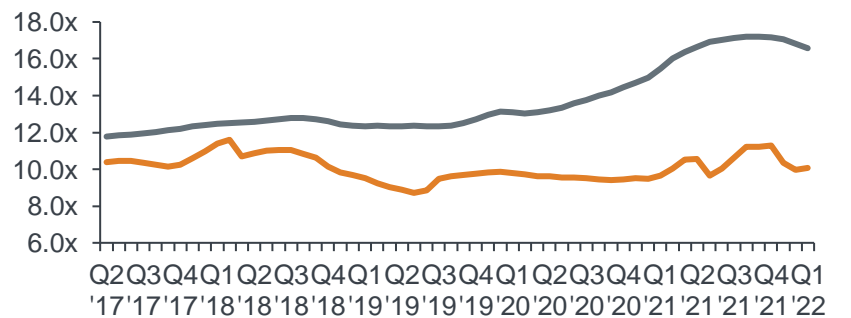
Chemicals EV / EBITDA



Construction Market Cap



Construction EV / EBITDA

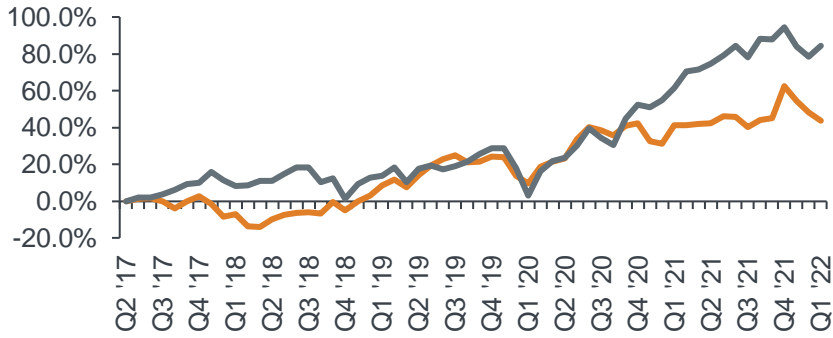


I&M Sector S&P 500

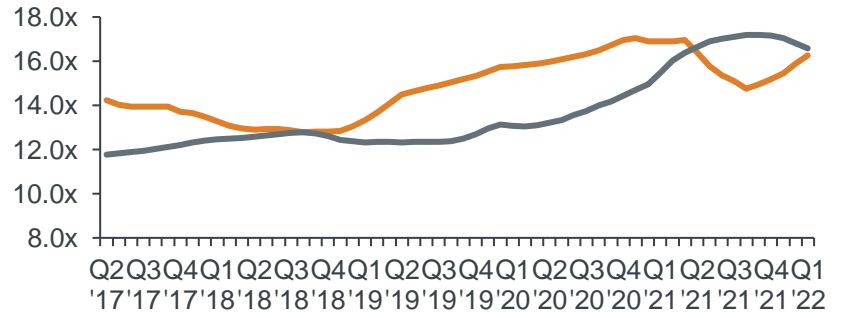
Source: S&P Capital IQ as of trading on March 31, 2021
Past performance is no guarantee of future results

MARKET INDICATORS

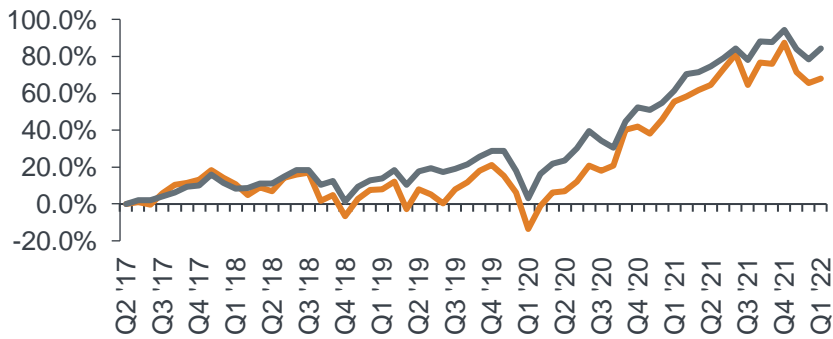
CPG Market Cap



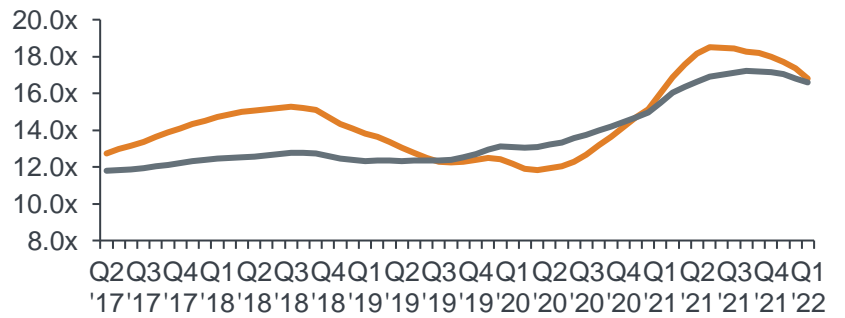
CPG EV / EBITDA



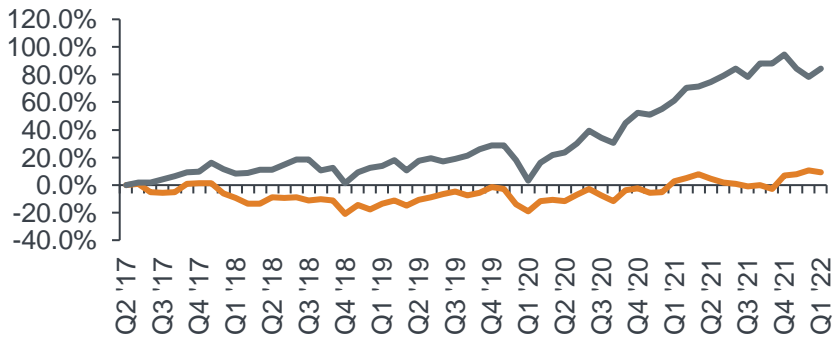
Electrical Equipment Market Cap



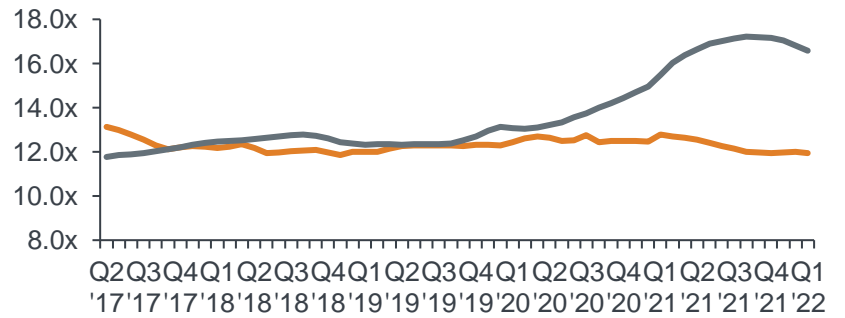
Electrical Equipment EV / EBITDA



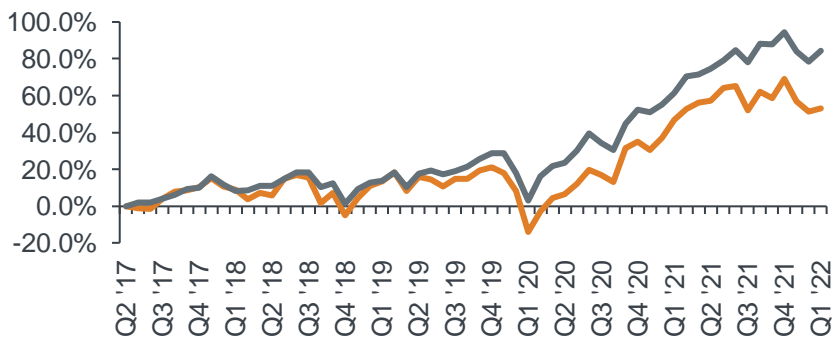
Food Market Cap



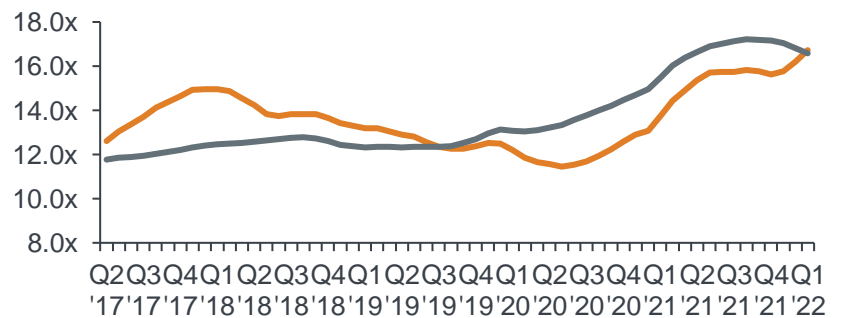
Food EV / EBITDA



Industrial Technology Market Cap



Industrial Technology EV / EBITDA

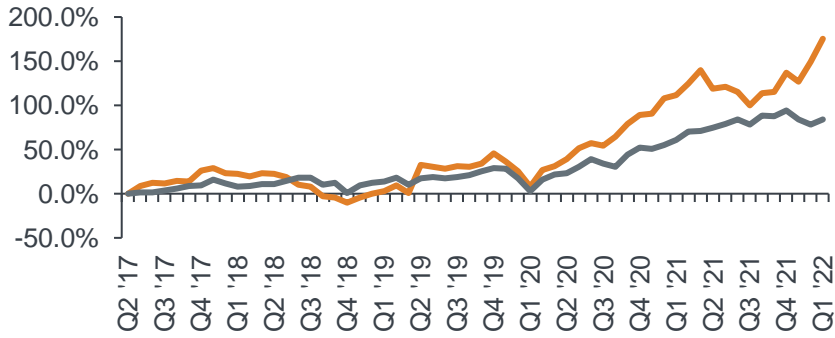


I&M Sector S&P 500

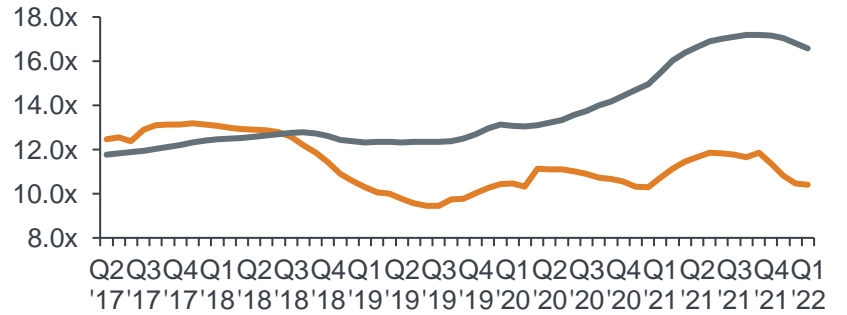
Source: S&P Capital IQ as of trading on March 31, 2021
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MARKET INDICATORS

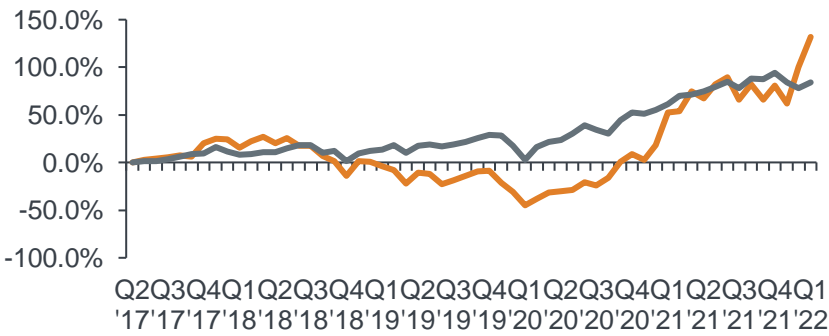
Materials Market Cap



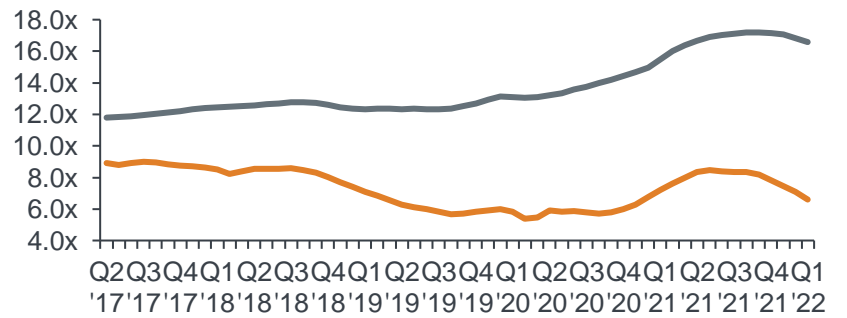
Materials EV / EBITDA



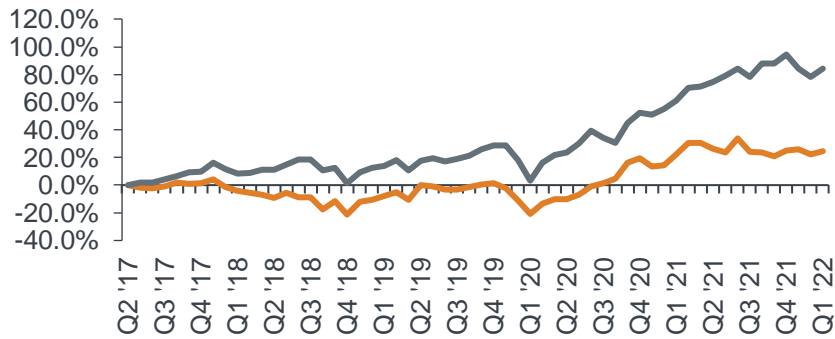
Metals Market Cap



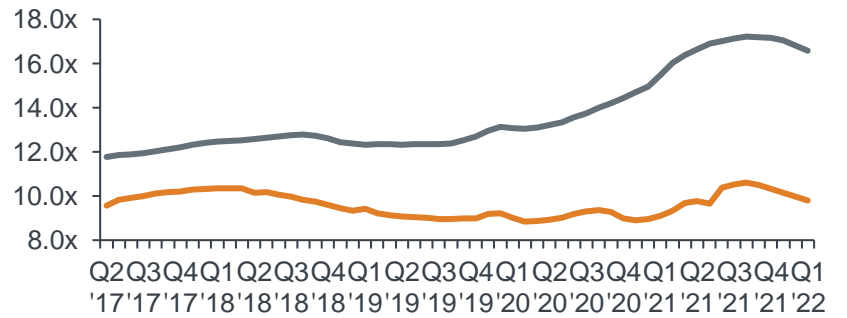
Metals EV / EBITDA



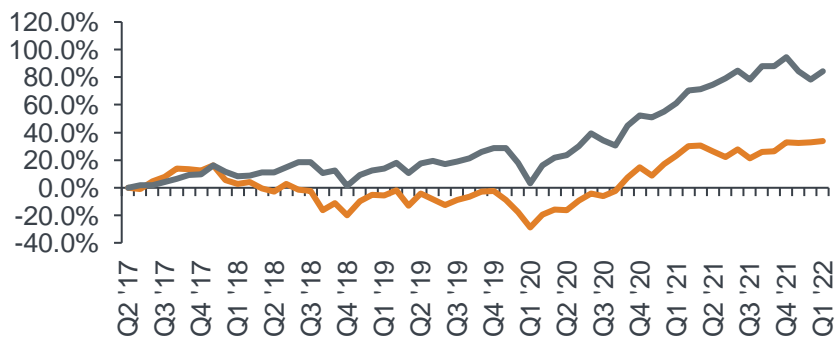
Packaging Market Cap



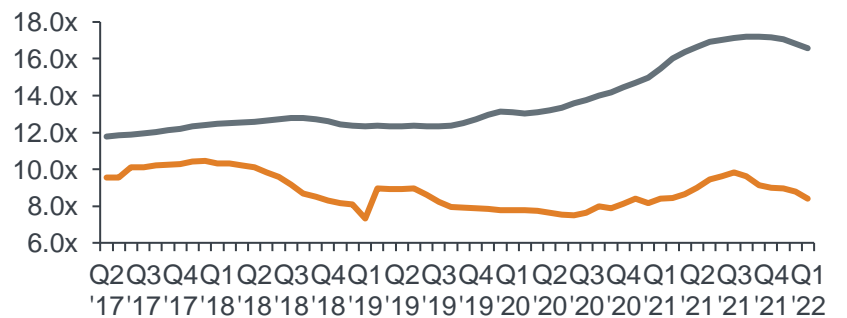
Packaging EV / EBITDA



Plastics Market Cap



Plastics EV / EBITDA



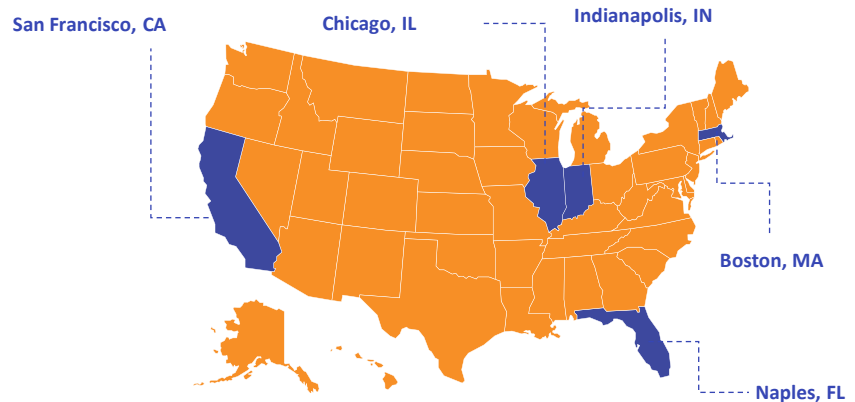
I&M Sector S&P 500

Source: S&P Capital IQ as of trading on March 31, 2021
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G2 FIRM OVERVIEW

Overview:

- 300+ mandates in 10 years
- \$4B total executed transaction value
- Extensive industry experience
- Robust strategic and sponsor relationships
- Active touchpoints with logical sellers and buyers

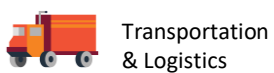


A Multi-faceted Platform:

Focused on crafting bespoke operational and financial advisory solutions for our corporate and investor clients. G2 works with clients across a range of situations.



Sector Expertise:



Transportation & Logistics

T&L Focus Sectors:

- Freight Forwarding
- Trucking / Final Mile
- Warehousing / Distribution
- Third Party Logistics (3PL)
- e-Commerce Fulfillment



Industrials & Manufacturing

I&M Focus Sectors:

- Building Products / Construction
- Metals / Materials
- Container / Packaging
- Niche Manufacturing
- Distribution



Technology & Business Services

TBS Focus Sectors:

- Tech-enabled Services
- BPO
- Managed Services
- Internet & Digital Media
- Business Services



Consumer & Retail

C&R Focus Sectors:

- Fast Moving Consumer Goods
- Retail & E-Commerce
- Quick Serve Restaurants
- Fast Casual Dining
- Marketing Services

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